ANALYTICAL PERSPECTIVES

BUDGET OF THE UNITED STATES GOVERNMENT

Fiscal Year 2001

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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.

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1. ECONOMIC ASSUMPTIONS

Introduction

The prudent macroeconomic policies pursued since 1993 have fostered the healthiest economy in over a generation. Budget surpluses have replaced soaring deficits. During this Administration, fiscal policy has been augmenting national saving, private investment, productivity, and economic growth, rather than restraining them. Monetary policy has helped reduce inflation while supporting economic growth, and minimizing the domestic effect of international financial dislocations.

These sound policies have contributed to another year of outstanding economic achievement—and hold the promise of more successes to come. Real Gross Domestic Product (GDP) rose 4.2 percent during 1999, the fourth consecutive year that growth has been four percent or more. The last time growth was this strong for so long was in the mid-1960s.

Strong and sustained growth has created abundant job opportunities and raised real wages. The Nation's payrolls expanded by 2.7 million jobs last year, bringing the total number of jobs created during this Administration to 20.4 million. The unemployment rate during the last three months of the year fell to 4.1 percent of the labor force, the lowest level since January 1970, and 3.2 percentage points lower than the rate in January 1993.

Despite robust growth and very low unemployment, inflation has remained low. The Consumer Price Index excluding the volatile food and energy components rose only 1.9 percent last year, the smallest increase since 1965. The combination of low inflation and low unemployment pulled the "Misery Index," defined as the sum of the inflation and unemployment rates, to the lowest level since 1965.

Households, businesses and investors have prospered in this environment. Wage growth has outpaced inflation during each of the last four years, reversing a two-decade decline in real earnings. In 1998, the poverty rate fell to the lowest level since 1980. Although the poverty rate for 1999 will not be known until later this year, another decline is likely in light of the economy's strong job gains and declining unemployment. The healthy economy boosted consumer optimism last year to the highest level on record.

Businesses' confidence in the future is evident in a willingness to invest heavily in new, capacity-enhancing plant, equipment and software. During the past seven years, equipment and software spending has risen at a double-digit pace, spurred by purchases of high-tech capital. Rapid growth of investment has helped return labor productivity growth to rates not seen since before the first oil crisis in 1973. Rapid productivity growth has enabled firms to achieve healthy increases in profits, and to raise real wages while still holding the line on prices.

Forward-looking financial markets have responded to these developments. The bull market in equities that began in 1994 continued in 1999. These past five years have recorded the largest percentage gains in stock prices in the postwar period. From December 31, 1994 to December 31, 1999, the Dow Jones Industrial Average rose 200 percent; the S&P 500 gained 220 percent; and the technology-laden NASDAQ soared 441 percent. During January, the Dow and the NASDAQ edged into record territory and the S&P 500 remained close to its record high.

Short- and long-term interest rates rose during 1999 in response to the increased demand for credit that accompanied strong private-sector growth and the Federal Reserve's tightening of monetary policy. Even so, long-term interest rates during 1998 and 1999 were still lower than in any year during the prior three decades. The real long-term interest rate (the nominal rate minus expected inflation), an important determinant of investment decisions, was also lower in these two years than in any other two-year period since 1980. As 2000 began, financial and nonfinancial market indicators were signaling that the economic outlook remains healthy.

The economy has outperformed the consensus forecast during the past seven years, and the Administration believes that it can continue to do so if sound fiscal policies are maintained. However, for purposes of budget planning, the Administration continues to choose projections that are close to the consensus of private forecasters. The Administration assumes that the economy will grow between 2.5 and 3.0 percent yearly through 2010, while unemployment, inflation and interest rates are projected to remain relatively low.

Even with the moderation in growth, the economy is expected to generate millions of new jobs. The unemployment rate, which by mainstream estimates is below the level consistent with stable inflation, is projected to edge up slightly until mid-2003. Thereafter, it is projected to average a relatively low 5.2 percent, the middle of the range that the Administration estimates is consistent with stable inflation in the long run. The Consumer Price Index (CPI), which rose 2.7 percent during 1999 because of rapidly rising energy prices, is projected to slow slightly in the next two years and then increase 2.6 percent per year on average through 2010. Short- and long-term interest rates are expected to remain in the neighborhood of the levels reached at the end of 1999.

As of December, this business cycle expansion had lasted 105 months since the trough in March 1991. If the expansion continues through February, as seems highly likely, it will exceed the previous longevity record of 106 months set by the Vietnam War expansion of the 1960s. If macroeconomic policies continue to foster high investment without engendering inflationary pressures, there is every reason to believe that this expansion will continue for many more years.

This chapter begins with a review of recent developments, and then discusses two statistical issues: the recent methodological improvements in the calculation of the Consumer Price Index, which slowed its rise; and the October comprehensive revisions to the National Income and Product Accounts, which incorporated computer software as a component of investment, among other changes. The chapter then presents the Administration's economic projections, followed by a comparison with the Congressional Budget Office's projections. The following sections present the impact of changes in economic assumptions since last year on the projected budget surplus, and the cyclical and structural components of the surplus. The chapter concludes with estimates of the sensitivity of the budget to changes in economic assumptions.

Recent Developments

The outstanding performance of the economy is due to a combination of several factors. First, macroeconomic policies have promoted strong growth with low inflation. Second, thanks in part to robust investment and new, high-tech means of communicating and doing business, labor productivity growth in the last four years has approached 3 percent per year—double the rate that prevailed during the prior two decades, and comparable to the high rates achieved during the first three decades following World War II. Third, inflation has been restrained by recession in much of the world and by the rising exchange value of the dollar. These forces together—plus intensified competition, including competition from foreign producers—have kept down commodity prices and prevented U.S. producers from raising prices. Finally, the labor market appears to have changed in ways that now permit the unemployment rate to fall to lower levels without triggering faster inflation.

Fiscal Policy: In 1992, the deficit reached a postwar record of $290 billion, representing 4.7 percent of GDP—and the prospects were for growing deficits for the foreseeable future. When this Administration took office in January 1993, it vowed to restore fiscal discipline. That goal has been amply achieved. By 1998, the budget moved into surplus for the first time since 1969; and in 1999 it recorded an even larger surplus of $124 billion. That is the largest surplus ever, and, at 1.4 percent of GDP, it is the largest as a share of the overall economy since 1951. This fiscal year, the surplus is projected to rise to $167 billion, or 1.7 percent of GDP. The dramatic shift from huge deficits to surpluses in the last seven years is unprecedented since the demobilization just after World War II.

The historic improvement in the Nation's fiscal position during this Administration is due in large measure to two landmark pieces of legislation, the Omnibus Budget Reconciliation Act of 1993 (OBRA) and the Balanced Budget Act of 1997 (BBA). OBRA enacted budget proposals that the Administration made soon after it came into office, and set budget deficits on a downward path. The deficit reductions following OBRA have far exceeded the predictions made at the time of its passage. OBRA was projected to reduce deficits by $505 billion over 1994–1998. The actual total deficit reduction during those years was more than twice that—$1.2 trillion. In other words, OBRA and subsequent developments enabled the Treasury to issue $1.2 trillion less debt than would have been required under previous estimates.

While OBRA fundamentally altered the course of fiscal policy towards lower deficits, it was not projected to eliminate the deficit; without further action, deficits were expected to begin to climb once again. To prevent this and bring the budget into unified surplus, the Administration negotiated the Balanced Budget Act with the Congress in the summer of 1997. The BBA was not expected to produce surpluses until 2002, but like OBRA, the results of pursuing a policy of fiscal discipline far exceeded expectations. The budget moved into surplus in 1998, four years ahead of schedule, and achieved an even larger surplus in 1999. OBRA 1993 and BBA 1997, together with subsequent developments, are estimated to have improved the unified budget balance compared with the pre-OBRA baseline by a cumulative total of $6.7 trillion over 1993–2005.

The better-than-expected budget results in recent years have contributed to the better-than-expected economic performance. Lower deficits and bigger surpluses helped promote a healthy, sustainable expansion by reducing the cost of capital, through both downward pressure on interest rates and higher prices for corporate equities. A lower cost of capital stimulated business capital spending, which expanded industrial capacity, boosted productivity growth, and restrained inflation. Rising equity prices also increased household wealth, optimism, and spending. The added impetus to consumer spending created new jobs and business opportunities. The faster-growing economy, in turn, boosted incomes and profits, which fed back into an even healthier budget.

Though the benefits of fiscal discipline have been widely recognized, the surprise in recent years has been the magnitude of the positive impact on the economy. Growth of production, jobs, incomes, and capital gains have all exceeded expectations. The outstanding economic performance during this Administration is proof positive of the lasting benefits of prudent fiscal policies.

Monetary Policy: During this expansion, the Federal Reserve tightened policy when inflation threatened to pick up, but eased when the expansion risked stalling out. In 1994 and early 1995, the monetary authority raised interest rates when rapid growth threatened to cause inflationary pressures. During 1995 and early 1996, however, the Federal Reserve reduced interest rates, because the expansion appeared to be slowing while higher inflation no longer threatened. From January 1996 until the fall of 1998, monetary policy remained essentially unchanged; the sole adjustment was a one-quarter percentage point increase in the federal funds rate target in March 1997 to 5½ percent.

During the second half of 1998, however, financial turmoil abroad threatened to spread to the United States. In addition, a large, highly leveraged U.S. hedge fund, which had borrowed heavily from major commercial and investment banks, nearly failed. In this environment, normal credit channels to even the most credit-worthy private businesses were disrupted. In response to these serious challenges to the financial system and the economy, the Federal Reserve quickly shifted policy by cutting the Federal funds rate by one-quarter percentage point on three occasions in just seven weeks—the swiftest easing since 1991, when the economy was just emerging from recession. By early 1999, those actions had restored normal credit flows and risk spreads among credit market instruments and returned the stock market to its upward trajectory.

With the return of financial market stability and amidst an environment of strong growth and falling unemployment, the Federal Reserve raised the Federal funds rate by one-quarter percentage point on three separate occasions during 1999, returning the rate to the 5½ percent level that prevailed before the 1998 international financial dislocation.

Real Growth: The economy expanded at a 3.7 percent annual rate over the first three quarters of 1999, and rose at an even faster 5.8 percent pace during the fourth quarter. Over the four quarters of the year, real GDP increased 4.2 percent, the fourth year in a row of robust growth exceeding 4.0 percent.

The fastest growing sector last year was again business spending on new equipment and software, which rose 11.0 percent during 1999. The biggest gains continued to be for information processing and software, with added impetus from the need to upgrade systems to be Y2K compliant. Investment in new structures, in contrast, edged down during 1999.

The exceptionally strong growth of spending for new equipment and software in recent years raised trend productivity growth. This helped to keep inflation in check by permitting firms to grant real wage increases without putting upward pressure on prices. The increase in productive capacity resulting from robust capital spending also eased the supply bottlenecks and strains that normally would accompany tight labor markets. In the fourth quarter of 1999, the manufacturing operating rate was below its long-term average, even though the unemployment rate was unusually low. Overall industrial capacity rose by more than 4 percent in each of the past six years—the fastest sustained increase in capacity in three decades.

The consumer sector, which accounts for two-thirds of GDP, made a significant contribution to last year's rapid growth, as it did in the previous two years. Consumer spending after adjustment for inflation rose 5.4 percent over the four quarters of 1999, the largest increase in a quarter century. Thanks to low unemployment, rising real incomes, extraordinary capital gains from the booming stock market and record levels of consumer confidence, households have the resources and willingness to spend heavily, especially on discretionary, big-ticket purchases. For example, sales of cars, minivans and other light-weight trucks reached nearly 17 million units last year, a new record.

In 1999, growth of consumer spending again outpaced even the strong growth of disposable personal income, pulling down the saving rate to 2.4 percent, the lowest level in the postwar period. Because of the enormous increase in household wealth created by the soaring stock market, households felt confident enough to boost spending by reducing saving out of current income.

Partly because of rising wealth, households took on considerably more debt. As a consequence, household debt service payments as a percent of disposable personal income rose from 11.7 percent at the end of 1992 to 13.4 percent in the third quarter of 1999. However, the ratio of debt service to income was still ¾ percentage point below its prior peak, suggesting that the household sector on average was not overextended, especially considering the rapid rise in household equity wealth.

The same factors spurring consumption pushed new and existing home sales during 1999 to their highest level since record-keeping began. The homeownership rate reached a record 66.8 percent last year. Buoyant sales and low inventories of unsold homes provided a strong incentive for new construction. Housing starts, which were already at a high level in 1998, increased further last year to the highest level since the mid-1980s. Residential investment, after adjustment for inflation, increased during the first half of the year but edged down during the second half, reflecting the peak in housing starts early in the year.

As a result of the healthier fiscal position of all levels of government, spending by the government sector rose more rapidly than it has in recent years. State and local consumption spending after adjustment for inflation rose 4.6 percent last year, while Federal Government spending increased 5.3 percent.

The foreign sector was the primary restraint on GDP growth in 1999, as during the prior two years. Although the economic recovery of our trading partners boosted our exports, this positive contribution to GDP growth was more than offset by the very rapid rise of imports that accompanied the exceptionally strong growth of U.S. domestic demand. Over the year, exports of goods and services after adjustment for inflation rose 4.0 percent, while imports soared 13.1 percent. As a result, the net export balance widened considerably, and restrained real GDP growth by an average of 1.2 percentage points per quarter—a larger drag on growth than during the two previous years when recessions abroad dramatically curtailed U.S. exports. The trade-weighted value for the dollar, which had risen strongly in recent years, was little changed, on average, during 1999. However, the dollar depreciated 7 percent against the Japanese yen, while it appreciated 15 percent against the newly launched Euro.

Labor Markets: At the start of the year, most forecasters had expected growth to slow significantly and the unemployment rate to rise. Instead, the economy continued to expanded at a rapid pace, pulling the unemployment rate down from 4.3 percent at the end of 1998 to 4.1 percent during the last three months of 1999. When the Administration took office, the unemployment rate was 7.3 percent. In December, forty-five States had unemployment rates of 5.0 percent or less; rates in the other five were between 5.1 and 6.1 percent. Significantly, all demographic groups have participated in the improved labor market. The unemployment rates for Hispanics and Blacks during 1999 were the lowest on record.

The Nation's payrolls expanded by a sizeable 2.7 million jobs last year. As in 1998, employment did not increase in all industries; mining and manufacturing, which are especially vulnerable to adverse developments in international trade, lost jobs. However, a greater number of jobs were created in the private service sector, construction, and State and local government. The abundance of employment opportunities last year kept the labor force participation rate at the record-high level set in 1997 and 1998, and pulled up the employment/population ratio to the highest level ever.

Inflation: Despite continued rapid economic growth and the low unemployment rate, inflation remained low last year, and the "core" rate even slowed. The core CPI, which excludes the volatile food and energy components, rose just 1.9 percent over the 12 months of 1999, down from 2.4 percent during 1998. Last year's rise in the core rate was the smallest since 1965. However, because of a sharp rise in energy prices, driven to a considerable extent by international economic recovery, the total CPI rose 2.7 percent last year—up from 1.6 percent during 1998, when energy prices fell substantially.

The broader GDP chain-weighted price index rose just 1.6 percent during 1999, not much higher than the 1.1 percent during the four quarters of 1998. This is the smallest two-year rise in overall prices since 1962–63. The favorable inflation performance was the result of intense competition, including from imports; very small increases in unit labor costs because of robust productivity growth; and perhaps structural changes in the link between unemployment and inflation.

Last year, however, import and export prices exerted less of a restraint on inflation than in prior years. Because of the overall stability of the dollar last year, import prices other than petroleum were about unchanged during 1999; by contrast, import prices had been falling for several years in response to the dollar's rise. Moreover, the price of imported petroleum products doubled last year as a result of a recovery in world demand and a cutback in OPEC production. On the other side of the ledger, prices of exported goods (a component of the GDP price index) were about unchanged during 1999, after having fallen in 1998; the dollar's stability enabled U.S. firms to avoid having to cut prices to remain competitive.

Real wages grew again in 1999; but even with the low unemployment, hourly earnings and the broader measures of compensation rose slightly less during 1999 than in the prior year. Robust investment in new equipment contributed to unusually strong productivity growth for this stage of an expansion, helping to restrain inflation by offsetting the nominal rise in labor compensation. Unit labor costs rose at only a 1.8 percent annual rate during the first three quarters of 1998, down from 2.1 percent during 1999.

The absence of any signs of a buildup of inflationary pressures despite low and falling unemployment and rapid growth has implications for the estimate of the level of unemployment that is consistent with stable inflation. This threshold has been called the NAIRU, or "nonaccelerating inflation rate of unemployment." Economists have been lowering their estimates of NAIRU in recent years in keeping with the accumulating experience of lower unemployment without higher inflation, even after taking into account the influence of temporary factors. The economic projections for this Budget assume that NAIRU is in a range centered on 5.2 percent in the long run. That is the same rate as in the *Mid-Session Review* published last June, but 0.1 percentage point less than estimated in the 2000 Budget assumptions, and 0.5 percentage point less than in the 1997 Budget. Most private forecasters have also reduced their estimates of NAIRU in recent years.

By the end of 1999, the unemployment rate was well below the current mainstream estimate of the long run NAIRU. The Administration's forecast for real growth over the next three years implies that unemployment will return to 5.2 percent by the middle of 2003.

Statistical Issues

Statistical agencies must constantly improve their measurement tools to keep up with rapid structural changes in the U.S. economy. Last year, the Bureau of Labor Statistics (BLS) implemented the latest in a series of planned improvements to the Consumer Price Index; and the Bureau of Economic Analysis (BEA) made significant methodological and statistical changes to the National Income and Product Accounts. On balance, these changes revised real GDP growth and labor productivity growth significantly upward in recent years.

Inflation: The CPI is not just another statistic. Perhaps more than any other statistic, it actually affects the incomes of governments, businesses and households via statutory and contractual cost-of-living adjustments.

As such, recent improvements in measurement of the CPI—which, on balance, have slowed its increase—have significant impacts throughout the economy. Because the CPI is used to deflate some nominal spending components of GDP as well as household incomes, compensation, and wages, a slower rise in the CPI translates directly into a faster measured real growth of such key indicators as GDP, productivity, household incomes and wages.

In recent years, considerable attention has been given to estimating the magnitude of the bias in the CPI and how best to reduce it. In December 1996, the Advisory Commission to Study the Consumer Price Index, appointed by the Senate Finance Committee, issued its recommendations on this subject.

Beginning in 1995, the Bureau of Labor Statistics instituted a number of important methodological improvements to the CPI. Taken together, these changes are estimated to result in about a 0.6 percentage point slower annual increase in the index in 1999 and every year thereafter compared with the methodologies and market basket used in 1994. The most recent significant change, instituted beginning with the January 1999 CPI release, replaced the fixed-weighted Laspeyres formula, which had been used to aggregate lower level components of the CPI, with a geometric mean formula for most such aggregates. A CPI calculated using geometric means more closely approximates a cost-of-living index. Unlike the fixed-weighted aggregation, the geometric mean formula assumes consumer spending patterns shift in response to changes in relative prices within categories of goods and services.

Also in 1999, BLS instituted new rotation procedures in its sampling of retail outlets where it selects items for price collection. The new procedures focus on expenditure categories rather than geographic areas, thereby enabling the CPI to incorporate price information on new, high-tech consumer products in a more timely fashion.

The next scheduled improvement will be an updating of the consumption expenditure weights used in the CPI effective with the release of the CPI for January of 2002, when weights based on spending patterns in 1999–2000 will replace the current 1993–95 market-basket weights. The BLS has announced that it will update expenditure weights every two years thereafter. It is expected that the shift to biennial updates of the weights will have little impact on measured inflation.

For the Federal Government, slower increases in the CPI mean that outlays for programs with cost-of-living adjustments tied to this index or its components—such as Social Security, Supplemental Security Income (SSI), retirement payments for railroad and Federal employees, and Food Stamps—will rise at a slower pace, more in keeping with true inflation, than they would have without these improvements. In addition, slower growth of the CPI will raise the growth of tax receipts because personal income tax brackets, the size of the personal exemptions, and eligibility thresholds for the Earned Income Tax Credit (EITC) are indexed to the CPI. Thus, the methodological improvements made in recent years act on both the outlays and receipts sides of the budget to increase the budget surpluses.

For the National Income and Product Accounts, the Bureau of Economic Analysis follows the convention that changes in concepts and methods of estimation are incorporated into the historical series whenever possible. In contrast, the Bureau of Labor Statistics (BLS) follows the convention that the historical CPI series is never revised. The reasoning is that the public is probably better served by having an unchanged CPI series for convenient use in contract escalation clauses rather than one that is revised historically and might trigger claims for payment adjustments with every revision.

The BLS, however, has recently published a research CPI series (the CPI-RS) that backcasts the current methods to 1978. (See "CPI Research Series Using Current Methods, 1978–98," *Monthly Labor Review,* June 1999, for the series and an explanation of all the methodological improvements instituted since 1978.) This methodologically consistent series shows a slower rise in inflation, and therefore a faster rise in real measures, than the official CPI: during these 21 years, the CPI-RS increased 4.28 percent per year on average compared with 4.73 percent for the CPI, a difference of 0.45 percentage point per year.

As discussed below, the National Income and Product Accounts had already incorporated many of the improvements in methods that have been made over the years in the CPI. The most recent significant improvement, the use of a geometric mean formula for combining lower level aggregates, was incorporated into the October benchmark national accounts for the period 1977–94; this change was already in the national accounts for the period since 1994.

National Income and Product Accounts: In October, the BEA released a comprehensive revision of the National Income and Product Accounts (NIPA), also referred to as a "benchmark" revision. These periodic revisions differ from the usual annual revisions in that they are much wider in scope and include definitional, methodological and classification changes in addition to incorporation of new and revised source data. The latest comprehensive revision significantly changed the definition and estimates of nominal and real GDP, investment, and saving. (For details about the revision, see the August, October and December, 1999 issues of the *Survey of Current Business.)*

Real and Nominal GDP: The most significant definitional change was the recognition of business and government expenditures on computer software (including the costs of in-house production of software) as investment, and therefore as a component of GDP and the Nation's capital stock. Until this revision, BEA had treated software, except that embedded in other equipment, as if it were an intermediate good, and had not counted it in GDP until it appeared as part of a final product. Intermediate goods do not add directly to GDP; capital goods do. (The Federal Government investment estimates presented in Chapter 6 of this volume also treat software as investment.)

The rapid growth of spending on software in recent years has made a significant contribution to the new, upwardly revised estimates of real GDP growth. Although real GDP growth was raised by 0.4 percentage point per year on average during 1987–93 and by a similar amount since then, the sources of the revision differ greatly between the two periods. During 1987–93, new definitions, notably the inclusion of spending on computer software as a component of investment, boosted growth by only 0.1 percentage point. The downward revision to inflation estimates, notably the incorporation of the geometric mean formula to estimate consumer price inflation, contributed another 0.3 percentage point. New source data did not make any contribution to the upward revision of real growth. In contrast, during 1994–98, about 0.2 percentage point of the upward revision was due to the inclusion of computer software; and another 0.2 percentage point was due to revised source data. Revisions to inflation hardly affected the estimate of real GDP growth.

The sources of the upward revision to nominal GDP provide another perspective on the importance of including software in the definition of GDP. For calendar year 1998, the benchmark revision in total raised nominal GDP by $249 billion, or 2.9 percent. Definitional sources, primarily the new classification of software, added $169 billion (2.0 percentage points). Statistical sources (including new and revised source data, the incorporation of the more recent input-output accounts, and preliminary data from the 1997 economic census) accounted for $80 billion (0.9 percentage point).

Saving: By including computer software spending as investment, the comprehensive revisions boosted measured gross business saving (or undistributed profits and capital consumption) but increased gross national saving much more than net national saving. That is because including software as investment also increases capital consumption (depreciation) more than undistributed profits. In fact, most of the gross investment in software, as measured in NIPA, goes to replace the large amount of software that is annually "used up" or depreciated through technical obsolescence, as reflected in the short service lives. Therefore, net saving is only a slightly larger share of Net Domestic Product in recent years than it was in the previous data, and for some prior years, in which capital consumption increased more as a result of the revision than did gross saving, the revised net saving rate is smaller than it was previously. It is only net saving and its counterpart, net investment, that adds to the Nation's net capital stock.

In addition to defining software spending as part of GDP, the comprehensive revisions made other changes in the NIPA definitions. These did not have a noticeable effect on nominal or real GDP or overall national saving; they did, however, affect measured saving of government and households. These definitional changes included:

- A shift in the classification of government employee pensions from the public sector to the private sector, which increased measured personal saving, and reduced the NIPA government surplus by an equal amount. (For an explanation of the differences between the NIPA definition of the Federal Government surplus and the unified surplus referred to in the Budget, see Chapter 16 of this volume.)
- Estate and gift taxes were reclassified as "capital transfers." This reduced government saving by reducing current receipts, and increased personal saving by reducing personal taxes.
- Federal investment grants were also reclassified as "capital transfers," which increased Federal saving by eliminating a category previously counted as a NIPA Federal government expenditure. As a counterpart, the reclassification reduced State and local government revenues and, therefore, the saving of that sector.

These changes affected the composition of saving, shifting some saving from the government sector to the household sector. The new methodology treats government employee pensions the same as private employee pensions: the contributions to the pension programs are treated as saving of the household sector; the earnings on pension fund assets are treated as household income; and the benefits paid by the pension funds are defined as transfers within the household sector, not part of government transfer payments. The net effect of these changes is to raise the NIPA measures of personal saving while lowering the NIPA government surplus. The previously reported nonoperating surplus of State and local governments, which was composed in large part of the difference between pension fund receipts and payments, was nearly eliminated by this change.

Productivity: The upward revisions to real GDP growth, and in particular, the even larger revisions to the growth of output in the Nation's nonfarm business sector, have significantly raised measured labor productivity growth—especially beginning in 1994, because of the inclusion of software spending and the revised source data.

The Administration had already raised its projections of real GDP and productivity growth in last summer's *Mid-Session Review*. The further increase in trend growth of GDP and productivity in the 2001 assumptions presented below reflects the new information in the benchmark revision that revealed that underlying source data in recent years have been revised upward.

Productivity growth, which had averaged 1.4 percent per year from 1994 through 1998, was revised up to 1.9 percent per year. During the four years through the third quarter of 1999, the most recent quarter available, productivity growth averaged an even faster 2.7 percent per year. In other words, the recent growth of productivity is double the pace experienced from 1973 to 1995, and on a par with the rapid rates that prevailed from the end of World War II until the first oil crisis in 1973.

The growth of productivity would be even faster in recent years if nonfarm business output were measured from the income side of the national accounts (using Gross Domestic Income) rather than from the slower-growing GDP product side. Since the third quarter of 1995, gross domestic income in real terms has grown 0.4 percentage point per year faster than the growth of GDP. That is because the statistical discrepancy—the difference between the product and income sides of the accounts—has shifted from $3 billion to –$141 billion over these four years. In principle, the product and income sides of the accounts should be equal. In practice, this does not occur because the two measures are estimated from different source data. What is unique about recent years, however, is the extent of the difference and the magnitude of the swing. Although there is no perfect measure of productivity and real growth, the income side perspective provides some reason to believe that productivity and real growth recently may have been even stronger than the official series suggest.

Economic Projections

The economy's outstanding performance last year—indeed, over the last seven years—and the maintenance of sound policies raise the possibility that future economic developments may continue even better than assumed. Nonetheless, it is prudent to base budget estimates on a conservative set of economic assumptions, close to the consensus of private-sector forecasts.

The economic assumptions summarized in Table 1–1 are predicated on the adoption of the policies proposed in this Budget. The maintenance of unified budget surpluses in the coming years is expected to contribute to continued favorable economic performance. Growing Federal Government surpluses reduce real interest rates, stimulate private-sector investment in new plant

Table 1–1. ECONOMIC ASSUMPTIONS [1]

(Calendar years; dollar amounts in billions)

	Actual 1998	Projections											
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Gross Domestic Product (GDP):													
Levels, dollar amounts in billions:													
Current dollars	8,760	9,232	9,685	10,156	10,621	11,105	11,644	12,236	12,847	13,477	14,118	14,777	15,471
Real, chained (1996) dollars	8,516	8,850	9,142	9,393	9,629	9,870	10,146	10,451	10,758	11,064	11,360	11,655	11,958
Chained price index (1996 = 100), annual average	102.9	104.3	105.9	108.1	110.3	112.5	114.8	117.1	119.4	121.8	124.3	126.8	129.4
Percent change, fourth quarter over fourth quarter:													
Current dollars	5.9	5.2	4.8	4.6	4.6	4.5	5.0	5.1	4.9	4.9	4.7	4.7	4.7
Real, chained (1996) dollars	4.6	3.8	2.9	2.6	2.5	2.5	3.0	3.0	2.9	2.8	2.6	2.6	2.6
Chained price index (1996 = 100)	1.1	1.4	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Percent change, year over year:													
Current dollars	5.5	5.4	4.9	4.9	4.6	4.6	4.9	5.1	5.0	4.9	4.8	4.7	4.7
Real, chained (1996) dollars	4.3	3.9	3.3	2.7	2.5	2.5	2.8	3.0	2.9	2.8	2.7	2.6	2.6
Chained price index (1996 = 100)	1.2	1.4	1.6	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Incomes, billions of current dollars:													
Corporate profits before tax	782	845	842	828	827	824	852	892	933	971	1,001	1,034	1,062
Wages and salaries	4,186	4,470	4,711	4,942	5,161	5,388	5,629	5,892	6,176	6,458	6,747	7,039	7,342
Other taxable income [2]	1,990	2,088	2,161	2,231	2,293	2,356	2,431	2,518	2,609	2,703	2,802	2,904	3,015
Consumer Price Index (all urban): [3]													
Level (1982–84 = 100), annual average	163.1	166.7	171.0	175.1	179.6	184.3	189.1	194.0	199.0	204.2	209.5	215.0	220.6
Percent change, fourth quarter over fourth quarter	1.5	2.7	2.3	2.5	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Percent change, year over year	1.6	2.2	2.6	2.4	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Unemployment rate, civilian, percent:													
Fourth quarter level	4.4	4.1	4.3	4.7	5.1	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2
Annual average	4.5	4.2	4.2	4.5	5.0	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2
Federal pay raises, January, percent:													
Military [4]	2.8	3.6	4.8	3.7	3.7	3.2	3.2	3.2	NA	NA	NA	NA	NA
Civilian [5]	2.8	3.6	4.8	3.7	3.7	3.2	3.2	3.2	NA	NA	NA	NA	NA
Interest rates, percent:													
91-day Treasury bills [6]	4.8	4.7	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2
10-year Treasury notes	5.3	5.6	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1

NA = Not Available.

[1] Based on information available as of late November 1999.

[2] Rent, interest, dividend and proprietor's components of personal income.

[3] Seasonally adjusted CPI for all urban consumers.

[4] Beginning with the 1999 increase, percentages apply to basic pay only; adjustments for housing and subsistence allowances will be determined by the Secretary of Defense.

[5] Overall average increase, including locality pay adjustments.

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

and equipment, boost productivity growth, and thereby raise real incomes and help keep inflation under control. The Federal Reserve is assumed to continue to pursue the goal of keeping inflation low while promoting growth.

The economy is likely to continue to grow during the next few years, although at a more moderate pace than during 1999. While job opportunities are expected to remain plentiful, the unemployment rate is projected to rise gradually to the range that mainstream private-sector forecasters estimate is consistent with stable inflation. New job creation will boost incomes and consumer spending, and keep confidence at a high level. Continued low inflation will support economic growth. Growth, in turn, will further help the budget balance.

Real GDP, Potential GDP and Unemployment: During 2000, real GDP is expected to rise 2.9 percent, then average 2.5 percent during the following three years. This shift to more moderate growth recognizes that by mainstream assumptions, growth must proceed at a pace below the Nation's potential GDP growth rate for a while; the unemployment rate would then rise somewhat, thereby avoiding a build-up of inflationary pressures. Beginning in 2004, real GDP growth is assumed to match the growth of potential GDP. Inflation-adjusted potential and actual growth are projected to moderate from 3.0 percent yearly during 2004–2005 to 2.6 percent during 2008–2010.

As has been the case throughout this expansion, business fixed investment is again expected to be the fastest-growing component of GDP, although capital spending is likely to slow from the double-digit pace of recent years. Consumer spending is also expected to moderate, as the stimulus from the soaring stock market of the last few years approaches its full effect. Although residential investment is also expected to benefit from relatively low mortgage rates and strong demand for second homes for vacation or retirement, the high level of housing starts in recent years and underlying demographic trends may tend to reduce future growth from the pace of the last few years.

The growth of the Federal and State/local government components of GDP is also projected to moderate from the pace of recent years. The net export balance is expected to be less of a restraint on growth this year than during 1998–99, because more moderate growth of domestic demand is expected to slow the growth of imports. After 2000, the foreign sector is projected to make a modest, positive contribution to GDP growth in each year, reflecting the fundamental competitiveness of U.S. business, and the increased demand for U.S. exports that is likely to accompany a sustained recovery of activity abroad.

The real GDP growth projection is consistent with a gradual rise in the unemployment rate to 5.2 percent by mid-2003. The unemployment rate is then projected to remain at that level on average thereafter, as real GDP growth returns to the Administration's estimate of the economy's potential growth rate.

Potential GDP growth depends largely on the trend growth of labor productivity in the nonfarm business sector and the growth of the labor force. Productivity growth is assumed to moderate gradually from the high rates of recent years. During 2000–2001, productivity is projected to rise 2.1 percent annually on average, then phase down to 1.8 percent (which is the average rate experienced during the 1990s after allowance is made for the procyclical behavior of productivity) from 2007 onwards. The productivity path in the projection is a conservative estimate that allows the near-term projection to rely more heavily on recent experience and the longer-term projection to rely on the productivity experience over a longer period.

The labor force component of potential GDP growth is assumed to rise 1.2 percent per year through 2007 and then slow to 1.0 percent yearly as the first of the baby-boomers begin to retire.

Inflation: With the unemployment rate well below mainstream estimates of the NAIRU, inflation is projected to creep up. The CPI is projected to increase 2.3 percent during this year, rising to 2.6 percent in 2002 and thereafter. The GDP chain-weighted price index is projected to increase 1.9 percent during 2000, and 2.0 percent thereafter.

The 0.6 percentage point difference between the CPI and the GDP chain-weighted price index matches the average difference between these two inflation measures during the past five years. The CPI tends to increase relatively faster than the GDP chain-weighted price index in part because sharply falling computer prices exert less of an impact on the CPI than on the GDP price measure.

In the 2000 budget, this "wedge" between the two measures was projected to be 0.2 percentage point. The larger wedge assumed in this projection tends to reduce the Federal budget surplus because Social Security payments and other indexed programs increase with the faster-rising CPI, while Federal revenues are expected to increase in step with the slower-rising GDP chain-weighted price index. In addition, a relatively faster-rising CPI reduces the rate of growth of Federal receipts because the CPI is used to index personal income tax brackets, the size of the personal exemptions, and the eligibility thresholds for the Earned Income Tax Credit.

Interest Rates: The assumptions, which were based on information as of late November, project stable short- and long-term interest rates. The 91-day Treasury bill rate is expected to average 5.2 percent over the forecast horizon; the yield on the 10-year Treasury bond is projected to average 6.1 percent. Since the completion of the assumptions, market rates have edged up somewhat.

Incomes: On balance, the share of total taxable income in nominal GDP is projected to decline gradually. This is primarily because the corporate profits share of GDP is expected to fall. That is a consequence of the expected rapid growth of depreciation, a component of business expenses. Robust growth of capital spending, especially on rapidly depreciating high-tech equipment and software, suggests that depreciation will account for an increasing share of GDP at the expense of the corporate profits share. The personal interest income share is also projected to decline, as interest rates remain relatively low and as households hold less Federal Government debt because of the projected unified budget surpluses. The share of labor compensation in GDP is expected to be little changed.

Comparison with CBO

The Congressional Budget Office (CBO) prepares the economic projections used by Congress in formulating budget policy. In the executive branch, this function is performed jointly by the Treasury, the Council of Economic Advisers (CEA), and the Office of Management and Budget (OMB). It is natural that the two sets of economic projections be compared with one another, but there are several important differences, along with the similarities, that should be kept in mind. The Administration's projections always assume that the President's policy proposals in the budget will be adopted in full. In contrast, CBO normally assumes that current law will continue to hold; thus, it makes a "pre-policy" projection. In recent years, and currently, CBO has made economic projections based on a fiscal policy similar to the budget's. An additional source of difference is that CBO and Administration forecasts are finalized at somewhat different times.

Table 1–2 presents a summary comparison of the Administration and CBO projections. Briefly, they are very similar for all the major variables affecting the budget outlook.

Real growth and unemployment: Over the 10-year projection horizon, the average rates of real GDP growth projected by CBO and the Administration are quite close. However, CBO projects somewhat faster growth through 2003 than does the Administration, while the Administration assumes somewhat faster growth than CBO during the following four years. During the last three years of the projection period, CBO projects a slight pickup in the growth rate to a faster pace than that projected by the Administration.

These differences in real growth contribute to the differences in the unemployment rate paths. While both projections assume that the rate will gradually rise to, and level off at, 5.2 percent, the Administration's projection reaches this sustainable level in 2003 while CBO's projection reaches it in 2008.

Inflation: The Administration and CBO forecast the same moderate rates of increase for the CPI for 2000 and 2001, and differ by only 0.1 percentage point thereafter, with the Administration higher. Over the same period, both project low and steady rates of increase

Table 1–2. COMPARISON OF ECONOMIC ASSUMPTIONS

(Calendar years; percent)

	Projections										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Real GDP (chain-weighted): [1]											
CBO January	2.9	3.0	2.7	2.6	2.6	2.7	2.7	2.7	2.8	2.9	2.9
2001 Budget	2.9	2.6	2.5	2.5	3.0	3.0	2.9	2.8	2.6	2.6	2.6
Chain-weighted GDP Price Index: [1]											
CBO January	1.7	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
2001 Budget	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Consumer Price Index (all-urban): [1]											
CBO January	2.3	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
2001 Budget	2.3	2.5	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Unemployment rate: [2]											
CBO January	4.1	4.2	4.4	4.7	4.8	5.0	5.0	5.1	5.2	5.2	5.2
2001 Budget	4.2	4.5	5.0	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2
Interest rates: [2]											
91-day Treasury bills:											
CBO January	5.4	5.6	5.3	4.9	4.8	4.8	4.8	4.8	4.8	4.8	4.8
2001 Budget	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2
10-year Treasury notes:											
CBO January	6.3	6.4	6.1	5.8	5.7	5.7	5.7	5.7	5.7	5.7	5.7
2001 Budget	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1
Taxable income (share of GDP): [3]											
CBO January	79.9	79.3	78.6	78.0	77.5	77.1	76.8	76.4	76.1	75.8	75.4
2001 Budget	79.6	78.8	78.0	77.2	76.5	76.0	75.6	75.2	74.7	74.3	73.8

[1] Percent change, fourth quarter over fourth quarter.

[2] Annual averages, percent.

[3] Taxable personal income plus corporate profits before tax.

for the GDP price index, with CBO's projection 0.3 percentage point lower in each year, 2000–2010.

Interest rates: The Administration and CBO have very similar paths for long- and short-term interest rates. In 2000 and 2001, CBO's rates are slightly higher; from 2003 onward, CBO's are slightly lower.

Income shares: Although both projections envision a decline in the total taxable income share of GDP, primarily because of a decline in the profits share, the CBO total taxable share is higher in every year, and declines more slowly, than the Administration's share.

Impact of Changes in the Economic Assumptions

The economic assumptions underlying this budget are similar to those of last year. Both budgets anticipated that achieving a fundamental shift in fiscal posture from large unified budget deficits to moderate unified budget surpluses would result in a significant boost in investment, which would serve to extend the economic expansion at a moderate pace while helping to maintain low, steady rates of inflation and unemployment. The shift to unified budget surpluses and the ensuing stronger investment were also expected to continue to have favorable effects on receipts and the budget balance, because of stronger profits, capital gains, and high taxable incomes.

The changes in the economic assumptions since last year's budget have been relatively modest, as Table 1–3 shows. The differences are primarily the result of economic performance in 1999 that has, once again, proven more favorable than was anticipated at the beginning of last year. Economic growth was stronger than expected in 1999, while inflation and unemployment were lower. Because of this favorable performance, the projected annual averages for the unemployment rate and GDP price index have again been reduced slightly this year—but conservatively. At the same time, interest rates are assumed in this budget to remain near their current low levels.

The net effects on the budget of these modifications in the economic assumptions are shown in Table 1–4. By far the largest effects come from higher receipts during 2000–2005 resulting from higher nominal incomes. In all years through 2005, there are higher outlays for interest due to the higher interest rates in the 2001 Budget assumptions than in the 2000 Budget assumptions, and, in most years, higher outlays for cost-of-living adjustments to Federal programs due to higher CPI inflation assumptions. On net, the changes in economic assumptions since last year increase unified budget surpluses by $61 billion to $85 billion a year.

Structural vs. Cyclical Balance

When the economy is operating above potential, as it is currently estimated to be, receipts are higher than they would be if resources were less fully employed, and outlays for unemployment-sensitive programs (such as unemployment compensation and food stamps) are lower. As a result, the deficit is smaller or the surplus

Table 1–3. COMPARISON OF ECONOMIC ASSUMPTIONS IN THE 2000 AND 2001 BUDGETS

(Calendar years; dollar amounts in billions)

	1999	2000	2001	2002	2003	2004	2005
Nominal GDP:							
2000 Budget assumptions [1]	9,108	9,495	9,899	10,345	10,823	11,325	11,850
2001 Budget assumptions	9,232	9,685	10,156	10,621	11,105	11,644	12,236
Real GDP (percent change): [2]							
2000 Budget assumptions	2.1	2.1	2.1	2.5	2.5	2.5	2.5
2001 Budget assumptions	3.8	2.9	2.6	2.5	2.5	3.0	3.0
GDP price index (percent change): [2]							
2000 Budget assumptions	1.9	2.1	2.1	2.1	2.1	2.1	2.1
2001 Budget assumptions	1.4	1.9	2.0	2.0	2.0	2.0	2.0
Consumer Price Index (percent change): [2]							
2000 Budget assumptions	2.3	2.3	2.3	2.3	2.3	2.3	2.3
2001 Budget assumptions	2.7	2.3	2.5	2.6	2.6	2.6	2.6
Civilian unemployment rate (percent): [3]							
2000 Budget assumptions	4.8	5.0	5.2	5.3	5.3	5.3	5.3
2001 Budget assumptions	4.2	4.2	4.5	5.0	5.2	5.2	5.2
91-day Treasury bill rate (percent): [3]							
2000 Budget assumptions	4.2	4.3	4.3	4.4	4.4	4.4	4.4
2001 Budget assumptions	4.7	5.2	5.2	5.2	5.2	5.2	5.2
10-year Treasury note rate (percent): [3]							
2000 Budget assumptions	4.9	5.0	5.2	5.3	5.4	5.4	5.4
2001 Budget assumptions	5.6	6.1	6.1	6.1	6.1	6.1	6.1

[1] Adjusted for October 1999 NIPA revisions.

[2] Fourth quarter-to-fourth quarter.

[3] Calendar year average.

Table 1–4. EFFECTS ON THE BUDGET OF CHANGES IN ECONOMIC ASSUMPTIONS SINCE LAST YEAR

(In billions of dollars)

	2000	2001	2002	2003	2004	2005
Budget totals under 2000 Budget economic assumptions and 2001 Budget policies:						
Receipts	1,899.3	1,947.5	2,004.1	2,076.2	2,166.4	2,259.3
Outlays	1,793.6	1,835.7	1,893.1	1,960.3	2,041.3	2,128.8
Unified budget surplus	**105.7**	**111.8**	**111.0**	**116.0**	**125.1**	**130.5**
Changes due to economic assumptions:						
Receipts	57.0	71.5	77.1	71.3	69.7	81.6
Outlays:						
Inflation	–1.8	–0.9	0.3	2.0	3.7	5.8
Unemployment	–7.8	–7.7	–3.5	–0.7	–0.9	–1.1
Interest rates	6.9	12.2	13.2	12.5	11.5	9.9
Interest on changes in borrowing	–1.4	–4.4	–7.8	–11.2	–14.4	–17.9
Total, outlay changes (net)	**–4.1**	**–0.7**	**2.2**	**2.6**	**–0.2**	**–3.4**
Increase in surplus	**61.0**	**72.2**	**74.9**	**68.7**	**69.9**	**85.0**
Budget totals under 2001 Budget economic assumptions and policies:						
Receipts	1,956.3	2,019.0	2,081.2	2,147.5	2,236.1	2,340.9
Outlays	1,789.6	1,835.0	1,895.3	1,962.9	2,041.1	2,125.5
Unified budget surplus	**166.7**	**184.0**	**185.9**	**184.6**	**195.0**	**215.4**

Note: The surplus allocation for debt reduction is part of the President's overall budgetary framework to extend the solvency of Social Security and Medicare, and is shown in Tale S–1 in Part 6 of the 2001 *Budget.*

is larger than it would be if unemployment were at the long-run NAIRU. The portion of the surplus or deficit that can be traced to this factor is called the cyclical surplus or deficit. The remainder, the portion that would remain with unemployment at the long-run NAIRU (consistent with a 5.2 percent unemployment rate), is called the structural surplus or deficit.

Changes in the structural balance give a better picture of the impact of budget policy on the economy than do changes in the unadjusted budget balance. The level of the structural balance also gives a clearer picture of the stance of fiscal policy, because this part of the surplus or deficit will persist even when the economy achieves permanently sustainable operating levels.

In the early 1990s, large swings in net outlays for deposit insurance (savings and loan and bank bailouts) had substantial impacts on deficits, but had little concurrent impact on economic performance. It therefore became customary to remove deposit insurance outlays as well as the cyclical component of the surplus or deficit from the actual surplus or deficit to compute the adjusted structural balance. This is shown in Table 1–5.

For the period 1999 through 2002, the unemployment rate is slightly below the long-run NAIRU of 5.2 percent, resulting in cyclical surpluses. Thereafter, unemployment is projected to equal the NAIRU, so the cyclical component of the surplus vanishes. Deposit insurance net outlays are now relatively small and do not change greatly from year to year. Two significant points are illustrated by this table. First, of the $415 billion swing in the actual budget balance between 1992 and 1999 (from a $290 billion deficit to a $124 billion surplus), 44 percent ($181 billion) resulted from cyclical improvement in the economy. The rest of the reduction stemmed in major part from policy actions—mainly those in the Omnibus Budget Reconciliation Act of 1993, which reversed a projected continued steep rise in the unified budget deficit and set the stage for the remarkable cyclical improvement that has occurred. Second, the structural surplus is expected to rise sub-

Table 1–5. ADJUSTED STRUCTURAL BALANCE

(In billions of dollars)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Unadjusted deficit (–) or surplus	–290.4	–255.0	–203.1	–163.9	–107.4	–21.9	69.2	124.4	166.7	184.0	185.9	184.6	195.0	215.4
Cyclical component	–106.1	–106.1	–73.0	–30.9	–13.1	16.7	48.3	74.8	74.1	57.9	35.4	15.2	1.7	....
Structural deficit (–) or surplus	–184.3	–148.9	–130.1	–133.0	–94.3	–38.6	21.0	49.6	92.6	126.1	150.5	169.5	193.3	215.4
Deposit insurance outlays	–2.3	–28.0	–7.6	–17.9	–8.4	–14.4	–4.4	–5.3	–1.4	–1.6	–1.3	–1.0	–0.7	0.2
Adjusted structural deficit (–) or surplus	–186.6	–176.9	–137.7	–150.9	–102.7	–53.0	16.6	44.3	91.2	124.5	149.2	168.5	192.5	215.7

stantially over the projection horizon—in part due to the effects of the Balanced Budget Act of 1997—even though the cyclical component of the surplus is projected to vanish by 2005.

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 surplus.

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 high rate of real GDP growth is generally associated with a declining rate of unemployment, while moderate or negative growth is usually accompanied by rising unemployment. In the long run, however, changes in the average rate of growth of real GDP are mainly due to changes in the rates of growth of productivity and labor supply, and are not necessarily associated with changes in the average rate of unemployment. Inflation and interest rates are also closely interrelated: a higher expected rate of inflation increases interest rates, while lower expected inflation reduces rates.

Changes in real GDP growth or inflation have a much greater cumulative effect on the budget over time if they are sustained for several years than if they last for only one year.

Highlights of the budget effects of the above rules of thumb are shown in Table 1–6.

If real GDP growth is lower by one percentage point in calendar year 2000 only, and the unemployment rate rises by one-half percentage point, the fiscal 2000 surplus would decrease by $10.5 billion; receipts in 2000 would be lower by about $8.5 billion, and outlays, primarily for unemployment-sensitive programs, would be higher by about $2.0 billion. In fiscal year 2001, the receipts shortfall would grow further to about $18.3 billion, and outlays would increase by about $6.8 billion relative to the base, even though the growth rate in calendar 2001 equals the rate originally assumed. This effect grows 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 higher deficits or smaller surpluses) 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 (2000–2005) 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 budget balance would be worsened by $179.3 billion relative to the base case by 2005.

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, resulting in a $145.5 billion worsening of the budget balance by 2005.

Joint changes in interest rates and inflation have a smaller effect on the budget balance 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 2000 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 2000 rise by $5.8 billion and receipts by $9.9 billion, for an increase of $4.1 billion in the 2000 surplus. In 2001, outlays would be above the base by $11.9 billion, due in part to lagged cost-of-living adjustments; receipts would rise $19.8 billion above the base, however, resulting in a $7.8 billion improvement in the budget balance. 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 $50.4 billion to outlays and $117.3 billion to receipts in 2005, for a net increase in the surplus of $66.9 billion.

The table shows the interest rate and the inflation effects separately. These separate effects for interest rates and inflation rates do not sum to the effects for simultaneous changes in both. This occurs because, when the unified budget is in surplus and some debt is being retired, the combined effects of two changes in assumptions affecting debt financing patterns and interest costs may differ from the sum of the separate effects, depending on assumptions about Treasury's selection of debt maturities to retire and the interest rates they bear. In any case, the sensitivity of the budget to interest rate changes has been greatly reduced since the budget shifted into unified surplus. The last entry in the table shows rules of thumb for the added interest cost associated with changes in the unified budget surplus.

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. However, the relationships between changes in income shares and changes in growth, inflation, and interest rates are too complex to be reduced to simple rules.

Table 1–6. SENSITIVITY OF THE BUDGET TO ECONOMIC ASSUMPTIONS

(In billions of dollars)

Budget effect	2000	2001	2002	2003	2004	2005
Real Growth and Employment						
Budgetary effects of 1 percent lower real GDP growth:						
For calendar year 2000 only: [1]						
Receipts	–8.5	–18.3	–21.5	–22.4	–23.3	–24.3
Outlays	2.0	6.8	7.6	9.4	11.4	13.5
Decrease in surplus (–)	–10.5	–25.2	–29.1	–31.7	–34.6	–37.8
Sustained during 2000–2005: [1]						
Receipts	–8.5	–27.1	–49.5	–73.2	–98.7	–126.4
Outlays	2.0	8.9	16.7	26.4	38.5	52.9
Decrease in surplus (–)	–10.5	–36.0	–66.1	–99.7	–137.2	–179.3
Sustained during 2000–2005, with no change in unemployment:						
Receipts	–8.5	–27.1	–49.5	–73.2	–98.7	–126.4
Outlays	0.2	1.2	3.4	7.1	12.3	19.1
Decrease in surplus (–)	–8.7	–28.3	–52.9	–80.3	–110.9	–145.5
Inflation and Interest Rates						
Budgetary effects of 1 percentage point higher rate of:						
Inflation and interest rates during calendar year 2000 only:						
Receipts	9.9	19.8	19.2	17.6	18.3	19.3
Outlays	5.8	11.9	9.5	8.3	7.9	7.7
Increase in surplus (+)	4.1	7.8	9.8	9.3	10.4	11.6
Inflation and interest rates, sustained during 2000–2005:						
Receipts	9.9	30.2	50.9	70.8	92.7	117.3
Outlays	5.8	17.5	26.8	35.3	43.0	50.4
Increase in surplus (+)	4.1	12.7	24.0	35.5	49.6	66.9
Interest rates only, sustained during 2000–2005:						
Receipts	1.4	3.5	4.4	4.8	5.1	5.5
Outlays	4.7	12.0	15.1	16.5	16.9	16.6
Decrease in surplus (–)	–3.4	–8.5	–10.7	–11.7	–11.8	–11.1
Inflation only, sustained during 2000–2005:						
Receipts	8.5	26.7	46.5	66.0	87.6	111.8
Outlays	1.1	5.7	12.3	19.8	27.8	36.2
Increase in surplus (+)	7.4	21.0	34.2	46.2	59.8	75.6
Interest Cost of Higher Federal Borrowing						
Outlay effect of $100 billion reduction in the 2000 unified surplus	2.8	5.7	6.0	6.4	6.7	7.1

* $50 million or less.

[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

A full evaluation of the Government's financial condition must consider a broad range of data—more than would usually be shown on a business balance sheet. A balanced assessment of the Government's financial condition requires several alternative perspectives. This chapter presents a framework for such analysis. No single table in this chapter is "the balance sheet" of the Federal Government. Rather, the chapter taken as a whole provides an overview of the Government's financial resources, the current and expected future claims on them, and what the taxpayer gets in exchange for these resources. This is the kind of assessment for which a financial analyst would turn to a business balance sheet, but expanded to take into account the Government's unique roles and circumstances.

Because of the differences between Government and business, and because there are serious limitations in the available data, this chapter's findings should be interpreted with caution. The conclusions are tentative and subject to future revision.

The presentation consists of three parts:

- The first part reports on what the Federal Government owns and what it owes. Table 2–1 summarizes this information. The assets and liabilities in this table are a useful starting point for analysis, but they are only a partial reflection of the full range of Government resources and responsibilities. Only those items actually owned by the Government are included in the table; but Government's resources extend beyond the assets defined in this narrow way. Government can rely on taxes and other measures to meet future obligations. Similarly, while the table's liabilities include all of the binding commitments resulting from prior Government action, Government's full responsibilities are much broader than this.
- The second part presents possible paths for extending the Federal budget, beginning with an extension of the 2001 Budget. Table 2–2 summarizes this information. This part offers the clearest indication of the long-run financial burdens that the Government faces and the resources that will be available to meet them. Some future claims on the Government deserve special emphasis because of their importance to individuals' retirement plans. Table 2–3 summarizes the condition of the Social Security and Medicare trust funds and how that condition has changed since 1998.
- The third part of the presentation features information on economic and social conditions which the Government affects by its actions. Table 2–4 presents summary data for national wealth while highlighting the Federal investments that have contributed to that wealth. Table 2–5 presents a small sample of economic and social indicators.

Relationship with FASAB Objectives

The framework presented here meets the stewardship objective[1] for Federal financial reporting recommended by the Federal Accounting Standards Advisory Board and adopted for use by the Federal Government in September 1993.

> Federal financial reporting should assist report users in assessing the impact on the country of the Government's operations and investments for the period and how, as a result, the Government's and the Nation's financial conditions have changed and may change in the future. Federal financial reporting should provide information that helps the reader to determine:
>
> 3a. Whether the Government's financial position improved or deteriorated over the period.
>
> 3b. Whether future budgetary resources will likely be sufficient to sustain public services and to meet obligations as they come due.
>
> 3c. Whether Government operations have contributed to the Nation's current and future well-being.

The presentation here explores an experimental approach for meeting this objective at the Government-wide level.

What Can Be Learned from a Balance Sheet Approach

The budget is an essential tool for allocating resources within the Federal Government and between the public and private sectors; but the standard budget presentation, with its focus on annual outlays, receipts, and the surplus/deficit, does not provide all the information needed for a full analysis of the Government's financial and investment decisions. A business may ultimately be judged by the bottom line in its balance sheet, but for the National Government, the ultimate test is how its actions affect the country.

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

QUESTIONS AND ANSWERS ABOUT THE GOVERNMENT'S "BALANCE SHEET"

1. According to Table 2–1, the Government's liabilities exceed its assets. No business could operate in such a fashion. Why does the Government not manage its finances more like a business?

Because the Federal Government is not a business. It has fundamentally different objectives, and so must operate in different ways. The primary goal of every business is to earn a profit. But in our free market system, the Federal Government leaves almost all activities at which a profit could be earned to the private sector. In fact, the vast bulk of the Federal Government's operations are such that it would be difficult or impossible to charge prices for them—let alone prices that would cover expenses. The Government undertakes these activities not to improve its own balance sheet, but to benefit the Nation—to foster not only monetary but also nonmonetary values. No business would—or should—sacrifice its own balance sheet to bolster that of the rest of the country.

For example, the Federal Government invests in education and research. The Government earns no direct return from these investments; but the Nation and its people are made richer. A business's motives for investment are quite different; business invests to earn a profit for itself, not others. Because the Federal Government's objectives are different, its balance sheet behaves differently, and should be interpreted differently.

2. But Table 2–1 seems to imply that the Government is insolvent. Is it?

No. Just as the Federal Government's responsibilities are of a different nature than those of a private business, so are its resources. Government solvency must be evaluated in different terms.

What the table shows is that those Federal obligations that are most comparable to the liabilities of a business corporation exceed the estimated value of the assets the Federal Government actually owns. However, the Government has access to other resources through its sovereign powers, which include taxation. These powers give the Government the ability to meet present obligations and those that are anticipated from future operations.

The financial markets clearly recognize this reality. The Federal Government's implicit credit rating is the best in the United States; lenders are willing to lend it money at interest rates substantially below those charged to private borrowers. This would not be true if the Government were really insolvent or likely to become so. Where governments totter on the brink of insolvency, lenders are either unwilling to lend them money, or do so only in return for a substantial interest premium.

However, the Federal Government's balance sheet was clearly worsened by the budget policies of the 1980s. Under President Clinton, the deterioration in the balance sheet has been halted, and as the budget has moved from deficit to surplus, the excess of Government liabilities over assets has leveled off and begun to shrink both in real terms and relative to the size of the economy.

3. The Government does not comply with the accounting requirements imposed on private businesses. Why does the Government not keep a proper set of books?

Because the Government is not a business, and its primary goal is not to earn profits or to enhance its own wealth, accounting standards designed to illuminate how much a business earns and how much equity it has would not provide useful information if applied to the Government, and might even be misleading. In recent years, the Federal Accounting Standards Advisory Board has developed, and the Federal Government has adopted, a conceptual accounting framework that reflects the Government's functions and answers the questions for which Government should be accountable. This framework addresses budgetary integrity, operating performance, stewardship, and systems and controls. The Board has also developed, and the Government has adopted, a full set of accounting standards. Federal agencies are issuing audited financial reports that follow these standards; an audited Government-wide consolidated financial report has been issued.

QUESTIONS AND ANSWERS ABOUT THE GOVERNMENT'S "BALANCE SHEET"—Continued

This chapter addresses the "stewardship objective"—assessing the interrelated condition of the Federal Government and of the Nation. The data in this chapter are intended to illuminate the trade-offs and connections between making the Federal Government "better off" and making the Nation "better off." There is no "bottom line" for the Government comparable to the net worth of a business corporation. Some analysts may find the absence of a bottom line to be frustrating. But pretending that there is such a number—when there clearly is not—does not advance the understanding of Government finances.

4. Why is Social Security not shown as a liability in Table 2–1?

Providing promised Social Security benefits is a political and moral responsibility of the Federal Government, but these benefits are not a liability in the usual sense. In the past, the Government has unilaterally decreased as well as increased Social Security benefits, and the Social Security Advisory Council has suggested further reforms that would alter future benefits if enacted by Congress. When the amount in question can be changed unilaterally, it is not ordinarily considered a liability.

Furthermore, there are other Federal programs that are very similar to Social Security in the promises they make—Medicare, Medicaid, Veterans pensions, and Food Stamps, to name a few. Should the future benefits expected from these programs also be treated as liabilities? It would be difficult to justify a different accounting treatment for them if Social Security were classified as a liability of the Government. There is no bright dividing line separating Social Security from other income-maintenance programs.

Finally, if future Social Security benefits were to be treated as liabilities, logic would suggest that future Social Security payroll tax receipts that are earmarked to finance those benefits ought to be considered assets. However, other tax receipts are not counted as assets; and drawing a line between Social Security taxes and other taxes would be questionable.

5. It is all very well to run a budget surplus now, but can it be sustained? When the baby-boom generation retires, will the deficit not return larger and meaner than ever before?

The aging of the U.S. population, which will become dramatically evident when the baby-boomers retire, poses serious long-term problems for the Federal budget and its major entitlement programs. However, the current budget surplus means the country will be better prepared to address these problems. If the surplus is maintained, there will be a significant decline in Federal debt which will substantially reduce Federal net interest payments. This is a key step towards keeping the budget in balance when the baby-boomers retire.

The second part of this chapter and the charts that accompany it show how the budget is likely to fare under various possible alternative scenarios.

QUESTIONS AND ANSWERS ABOUT THE GOVERNMENT'S "BALANCE SHEET"—Continued

6. Would it be sensible for the Government to borrow to finance needed capital—permitting a deficit in the budget—so long as it was no larger than the amount spent on Federal investments?

Probably not, first of all, the Government consumes capital each year in the process of providing goods and services to the public. The rationale for using Federal borrowing to finance investment really only applies to net investment, after depreciation is subtracted, because only net investment augments the Government's assets and offsets the increase in liabilities that result from borrowing. If the Government financed all new capital by borrowing, it should pay off the debt as the capital acquired in this way loses value. As discussed in Chapter 6 of Analytical Perspectives, net investment in physical capital owned by the Federal Government is estimated to have been negative recently, so no deficit spending would actually be justified by this borrowing-for-investment criterion.

The Federal Government also funds substantial amounts of physical capital that it does not own, such as highways and research facilities, and it funds investment in intangible "capital" such as education and training and the conduct of research and development. A private business would never borrow to spend on assets that would be owned by someone else. However, such spending is a principal function of Government. Chapter 6 shows that when these investments are also included, net investment is estimated to be slightly positive. It is not clear whether this type of capital investment would fall under the borrowing-for-investment criterion. Certainly, these investments do not create Federally owned assets, even though they are part of national wealth.

There is another hitch in the logic of borrowing to invest. Businesses expect investments to earn a profit from which to repay the financing costs. In contrast, the Federal Government does not generally expect to receive a direct payoff (in the form of higher tax receipts) from its investments, whether or not it owns them. In this sense, Government investments are no different from other Government expenditures, and the fact that they provide services over a longer period is no justification for excluding them when calculating the surplus/deficit.

Finally, the Federal Government must pursue policies that support the overall financial and economic well-being of the Nation. In this broader context, the Government may need to manage its fiscal policy to run a surplus, so as to augment private saving and investment even if this means paying for its own investments from current revenues, instead of borrowing in the credit market and crowding out private investment. Other considerations than the size of Federal investment need to be weighed in choosing the appropriate level of the surplus or deficit.

7. Is it misleading to include the Social Security surplus when measuring the Government's budget surplus?

Experts say that the Federal budget has three purposes: to plan the Government's fiscal program; to impose financial discipline on the Government's activities; and to measure the Government's effects on the economy. It should not be surprising that, with more than one purpose, the budget is routinely presented in more than one way. For years, there have been several alternative measures of the budget, each with its appropriate use. None of these measures is always right, or always wrong; it depends upon the purpose to which the budget is put.

QUESTIONS AND ANSWERS ABOUT THE GOVERNMENT'S "BALANCE SHEET"—Continued

For the purpose of measuring the Government's effects on the economy, it would be misleading to omit any part of the budget; doing so would simply miss part of what we were trying to measure. For example, we would need to know all of the Government's receipts and outlays to know whether it will have the wherewithal to meet its future obligations—such as Social Security. And for purposes of fiscal discipline, leaving out particular Government activities could be dangerous. In fact, the principle of a "unified," all-inclusive budget was established by President Johnson's Commission on Budget Concepts largely to forestall a trend toward moving favored programs off-budget—which had been done explicitly to shield those programs from scrutiny and funding discipline.

To plan the government's fiscal program, however, alternative perspectives can sometimes be useful. In particular, by law, Social Security has been moved off-budget. The purpose was to stress the need to provide independent, sustainable funding for Social Security in the long term; and to show the extent to which the rest of the budget had relied on annual Social Security surpluses to make up for its own shortfall. Policy under this Administration has been consistent with these goals. The non-Social Security deficit has been eliminated, and the President has made long-term Social Security soundness a key priority.

In sum, the budget is like a toolbox that contains different tools to perform different functions. There is a right tool for each task, but no one tool is right for every task. If we choose the right tool for the job at hand, we can achieve our objectives.

8. What good does it do for the Federal Government to run a budget surplus, if the surplus is only used to retire Government debt? Is this just another way of pouring the money down the drain?

When the Government retires its debt, it is not pouring money down the drain. The Government contributes to the accumulation of national wealth by using a budget surplus to repay Government debt. Because of the large budget deficits of the 1980s and early 1990s, Federal debt, measured relative to the size of the economy, has reached levels not seen since the early 1960s, although it is now on a downward trend. Further reducing the accumulated debt will have several desirable economic effects. It will help to hold down real interest rates, which is good for business investment and home ownership. Lowering the debt will give the Government more flexibility should it face an unexpected need to borrow in the future. When the Government uses a budget surplus to reduce its debt, it adds to national saving. Even though the Government is simply repaying its debt, the resources represented by the surplus are available for private investment in new plant and equipment, new homes, and other durable assets.

The data needed to judge Government's performance go beyond a simple measure of net assets. Consider, for example, Federal investments in education or infrastructure whose returns flow mainly to the private sector and which are often owned by households, private businesses or other levels of Government. From the standpoint of the Federal Government's "bottom line," these investments might appear to be unnecessary or even wasteful; but they make a real contribution to the economy and to people's lives. A framework for evaluating Federal finances needs to take Federal investments into account, even when the return they earn does not accrue to the Federal Government.

A good starting point for the evaluation of Government finances is to measure its assets and liabilities. An illustrative tabulation of net liabilities is presented below in Table 2–1, based on data from a variety of public and private sources. It has sometimes been suggested that the Federal Government's assets, if fully accounted for, would exceed its debts. Table 2–1 clearly shows that this is not correct. The Federal Government's assets are less than its debts; the deficits in the 1980s and early 1990s caused Government debts to increase far more than Government assets.

But that is not the end of the story. The Federal Government has resources that go beyond the assets that appear on a conventional balance sheet. These include the Government's sovereign powers to tax, regulate commerce, and set monetary policy. However, these powers call for special treatment in financial analysis. The best way to incorporate them is to make a long-run projection of the Federal budget (as is done in the second part of this chapter). The budget provides a comprehensive measure of the Government's annual cash flows. Projecting it forward shows how the Government is expected to use its powers to generate cash flows in the future.

On the other side of the ledger are the Government's binding obligations—such as Treasury debt and the present discounted value of Federal pension obligations to Government employees. These obligations have counterparts in the business world, and would appear on a business balance sheet. Accrued obligations for Government insurance policies and the estimated present value of failed loan guarantees and deposit insurance claims are also analogous to private liabilities, and are included in Table 2–1 with other Government liabilities. These formal obligations, however, are only a subset of the Government's financial responsibilities.

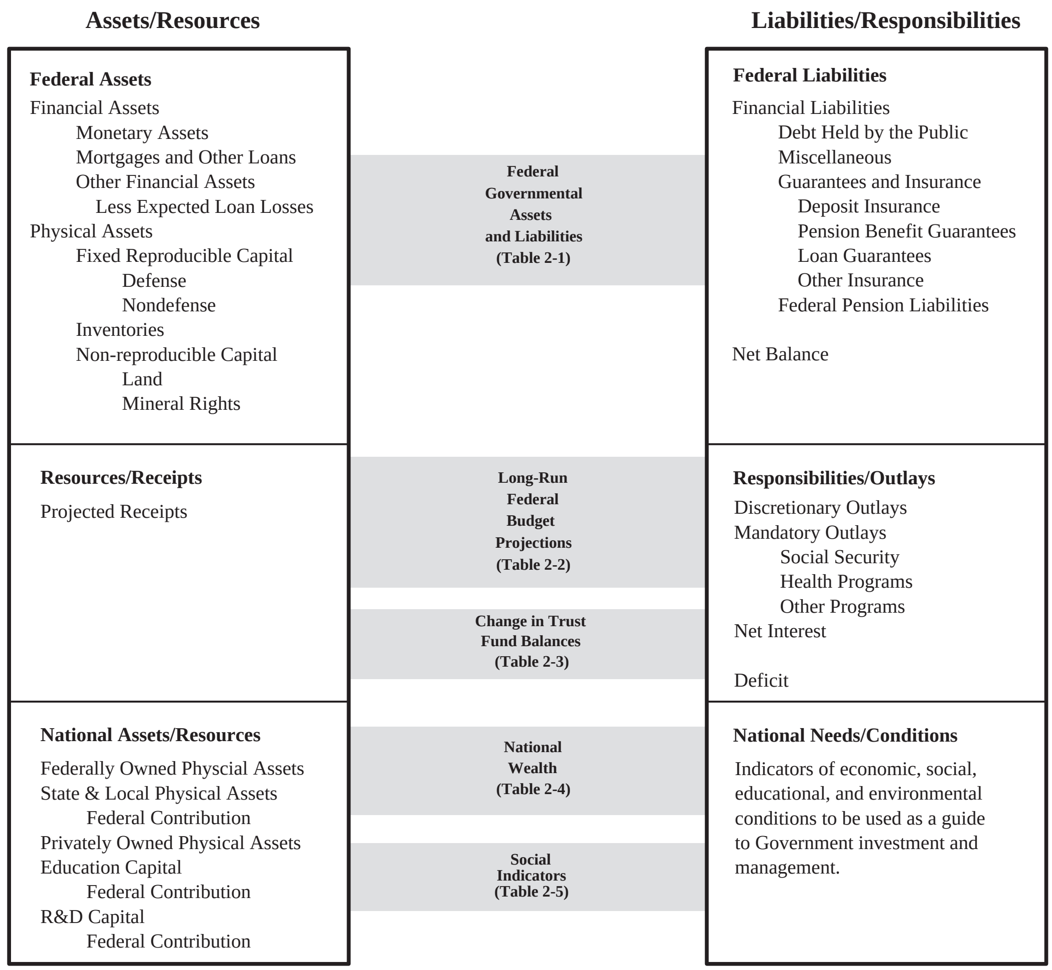
The Government has established a broad range of programs that dispense cash and other benefits to individual recipients. The Government is not constitutionally obligated to continue payments under these programs; the benefits can be modified or even ended at any time, subject to the decisions of the Nation's elected representatives in Congress. Such changes are a regular part of the legislative cycle. Allowing for the possibility of such changes, however, it is likely that many of these programs will remain Federal obligations in some form for the foreseeable future. Again, the best way to see how future responsibilities line up with future resources is to project the Federal budget forward far enough in time to capture the long-run effects of current and past decisions. Projections of this sort are presented in part two below.

The budget, even when projected far into the future, does not show whether the public is receiving value for its tax dollars. Information on that point requires performance measures for Government programs supplemented by appropriate information about conditions in the economy and society. Some such data are currently available, but more need to be developed to obtain a full picture. Examples of what might be done are also shown below.

The presentation that follows consists of a series of tables and charts. All of them taken together function as 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 Chart 2–1 shows the range of Federal resources, including assets the Government owns, tax receipts it can expect to collect, and national wealth that provides the base for Government revenues.
- Reading down the right-hand side reveals the full range of Federal obligations and responsibilities, beginning with Government's acknowledged liabilities based on past actions, such as the debt held by the public, and going on to include future budget outlays. This column ends with a set of indicators highlighting areas where Government activity affects society or the economy.

Chart 2-1. A Balance Sheet Presentation For The Federal Government



PART I—THE FEDERAL GOVERNMENT'S ASSETS AND LIABILITIES

Table 2–1 summarizes what the Government owes as a result of its past operations netted against the value of what it owns, for selected years beginning in 1960. Assets and liabilities are measured in terms of constant FY 1999 dollars. Ever since 1960, Government liabilities have exceeded the value of assets, but until the early 1980s the disparity was relatively small, and it was growing slowly (see chart 2–2).

In the late 1970s, a speculative run-up in the prices of oil, gold, and other real assets temporarily boosted the value of Federal holdings, but since then those prices have declined.[2] Currently, the total real value of Federal assets is estimated to be only about 18 percent greater than it was in 1960. Meanwhile, Federal liabilities have increased by 185 percent in real terms. The sharp decline in the Federal net asset position was principally due to large Federal budget deficits along with a drop in certain asset values. Currently, the net excess of liabilities over assets is about $3.2 trillion, or $11,600 per capita.

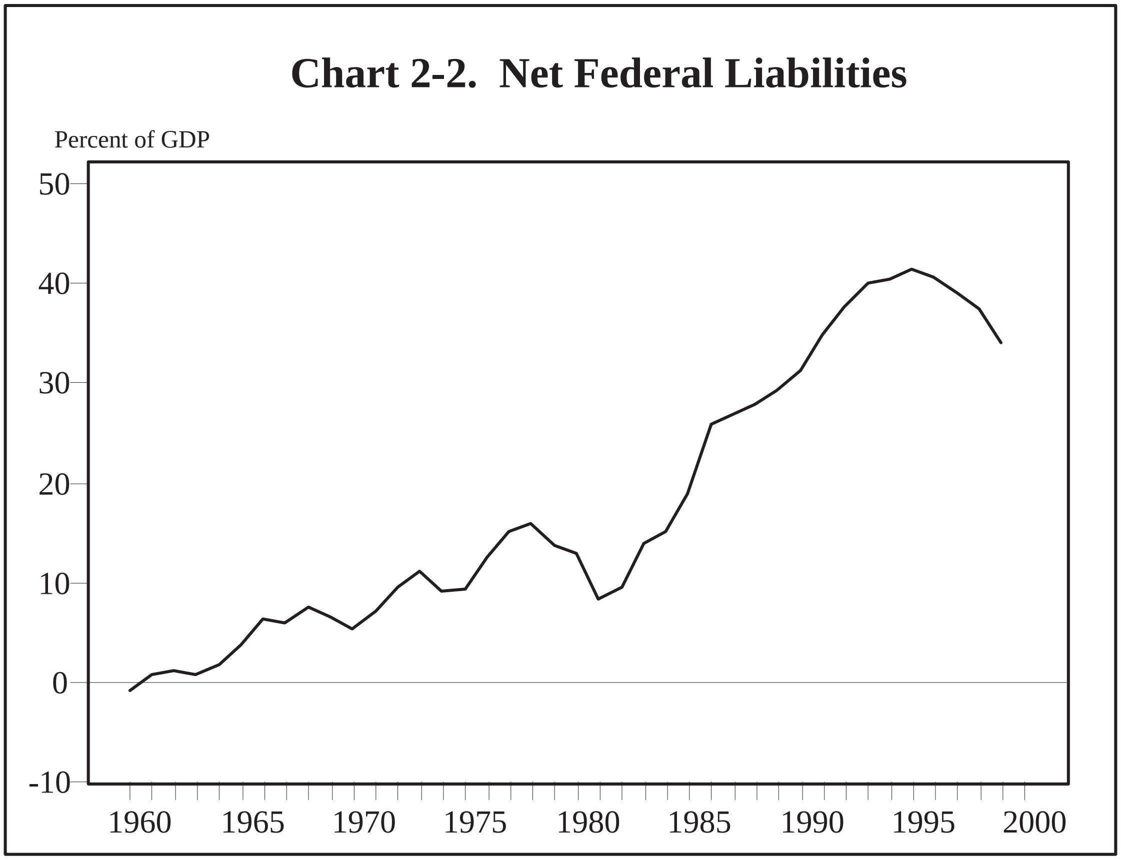
Table 2–1. GOVERNMENT ASSETS AND LIABILITIES*

(As of the end of the fiscal year, in billions of 1999 dollars)

	1960	1965	1970	1975	1980	1985	1990	1995	1997	1998	1999
ASSETS											
Financial Assets:											
Foreign Exchange, SDRs, and Gold	9	7	15	12	17	31	41	58	40	47	46
Cash and Checking Deposits	40	58	36	29	45	30	40	41	51	48	63
Other Monetary Assets	1	1	1	1	2	2	2	1	3	4	5
Mortgages	26	25	37	39	72	74	94	65	47	45	45
Other Loans	96	133	166	165	211	276	194	150	156	168	179
less Expected Loan Losses	–1	–3	–4	–9	–16	–16	–19	–23	–42	–46	–50
Other Treasury Financial Assets	49	66	48	45	63	89	150	172	158	153	164
Total	222	287	300	283	393	485	503	463	412	419	452
Fixed Reproducible Capital:	1,042	1,101	1,123	1,015	945	1,111	1,159	1,145	1,075	1,037	1,030
Defense	908	895	873	736	643	778	808	779	709	677	663
Nondefense	134	206	250	280	302	333	351	367	366	360	367
Inventories	254	220	204	182	224	259	229	162	139	136	135
Nonreproducible Capital	412	422	400	581	925	1,027	802	605	688	633	658
Land	89	124	154	239	303	327	328	251	265	279	294
Mineral Rights	323	299	246	342	621	701	474	354	423	354	364
Subtotal	1,708	1,743	1,727	1,778	2,093	2,397	2,190	1,913	1,902	1,806	1,823
Total Assets	**1,930**	**2,030**	**2,027**	**2,061**	**2,487**	**2,882**	**2,692**	**2,376**	**2,315**	**2,225**	**2,275**
LIABILITIES											
Financial Liabilities:											
Currency and SDRs	12	13	21	21	25	25	29	30	29	28	26
Debt held by the Public	1,085	1,118	1,011	1,024	1,263	2,105	2,875	3,821	3,867	3,771	3,633
Trade Payables	14	20	20	30	53	79	114	88	86	84	82
Miscellaneous	6	3	1	4	0	0	9	7	4	7	7
Total	1,117	1,154	1,053	1,079	1,342	2,209	3,027	3,946	3,986	3,890	3,748
Insurance Liabilities:											
Deposit Insurance	0	0	0	0	2	9	69	5	1	1	1
Pension Benefit Guarantee [1]	0	0	0	41	30	42	42	20	30	48	41
Loan Guarantees	0	0	2	6	12	10	15	29	31	29	29
Other Insurance	30	27	21	20	26	16	19	17	16	16	16
Subtotal	30	27	24	67	70	78	146	70	79	94	86
Federal Pension Liabilities	766	971	1,155	1,312	1,734	1,736	1,693	1,642	1,612	1,624	1,627
Total Liabilities	**1,913**	**2,152**	**2,232**	**2,457**	**3,147**	**4,023**	**4,866**	**5,658**	**5,676**	**5,609**	**5,461**
Balance	**17**	**–122**	**–205**	**–396**	**–660**	**–1,141**	**–2,173**	**–3,282**	**–3,362**	**–3,384**	**–3,186**
Addenda:.											
Balance Per Capita (in 1999 dollars)	**95**	**–626**	**–997**	**–1,836**	**–2,889**	**–4,771**	**–8,669**	**–12,444**	**–12,509**	**–12,474**	**–11,634**
Ratio to GDP (in percent)	**0.7**	**–3.9**	**–5.5**	**–9.4**	**–13.0**	**–19.0**	**–31.2**	**–41.4**	**–39.0**	**–37.6**	**–34.1**

* This table shows assets and liabilites for the Government as a whole excluding the Federal Reserve System.
[1] The model and data used to calculate this liability were revised for 1996–1999.

[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 and the Nation as a whole.



Assets

Table 2–1 shows a comprehensive list of assets—the financial and physical resources—owned by the Federal Government. The list corresponds to items that would appear on a typical balance sheet.

Financial Assets: According to the Federal Reserve Board's Flow-of-Funds accounts, the Federal Government's holdings of financial assets amounted to almost $0.5 trillion at the end of FY 1999. Government-held mortgages and other loans (measured in constant dollars) reached a peak in the mid-1980s. Since then, the value of Federal loans has declined. The holdings of mortgages, in particular, have declined sharply as holdings acquired from failed Savings and Loan institutions have been liquidated.

The face value of mortgages and other loans overstates their economic worth. OMB estimates that the discounted present value of future losses and interest subsidies on these loans is about $50 billion as of 1999. These estimated losses are subtracted from the face value of outstanding loans to obtain a better estimate of their economic worth.

Reproducible Capital: The Federal Government is a major investor in physical capital and computer software. Government-owned stocks of such capital amounted to about $1.0 trillion in 1999 (OMB estimate). About two-thirds of this capital took the form of defense equipment or structures.

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 (and of course, in a realistic sense, much of this land could or would never be sold). Researchers in the private sector have estimated what they are worth, and these estimates are extrapolated in Table 2–1. Private land values fell sharply in the early 1990s, although they have risen somewhat since 1993. It is assumed here that Federal land shared in the decline and the subsequent recovery. Oil prices declined sharply in 1997–1998 but rebounded sharply in 1999, causing the value of Federal mineral deposits to fluctuate. (The estimates omit other types of valuable assets owned by the Government, such as works of art or historical artefacts, simply because the valuation of such assets would have little realistic basis in fact, and because, as part of the Nation's historical heritage, most of these objects would never be sold.)

Total Assets: The total real value of Government assets is lower now than at the end of the 1980s, because of declines in defense capital and the real value of nonreproducible assets. Even so, the Government's holdings are vast. At the end of 1999, the value of

Government assets is estimated to have been about $2.3 trillion.

Liabilities

Table 2–1 includes those liabilities that would appear on a business balance sheet, and only those liabilities. These include various forms of Federal debt, Federal pension obligations to civilian and military employees, and the estimated liability arising from Federal insurance and loan guarantee programs.

Financial Liabilities: Financial liabilities amounted to about $3.7 trillion at the end of 1999. The single largest component was Federal debt held by the public, amounting to around $3.6 trillion. In addition to debt held by the public, the Government's financial liabilities include approximately $0.1 trillion in miscellaneous liabilities.

Guarantees and Insurance Liabilities: The Federal Government has contingent liabilities arising from loan guarantees and insurance programs. When the Government guarantees a loan or offers insurance, cash disbursements may initially be small or, if a fee is charged, the Government may even collect money; but the risk of future cash payments associated with such commitments can be very large. The figures reported in Table 2–1 are prospective estimates showing the current discounted value of expected future losses. The present value of all such losses taken together is less than $0.1 trillion. The resolution of the many failures in the Savings and Loan and banking industries has helped to reduce the liabilities in this category by more than 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. The discounted present value of the benefits is estimated to have been around $1.6 trillion at the end of FY 1999. [3]

The Balance of Net Liabilities

Because of its sovereign powers, the Government need not maintain a positive balance of net assets, and the rapid buildup in liabilities since 1980 has not damaged Federal creditworthiness. However, from 1980 to 1992, the balance between Federal liabilities and Federal assets did deteriorate at a very rapid rate. In 1980, the negative balance was only about 13 percent of GDP; by 1995, it was 41 percent of GDP. Since then, the net balance as a percentage of GDP has fallen for four straight years. The real value—adjusted for inflation—of net liabilities has also fallen by about $180 billion since 1997, reflecting the back-to-back budget surpluses in these years. If a budget surplus is maintained, the net balance will continue to improve.

PART II—THE BALANCE OF RESOURCES AND RESPONSIBILITIES

As noted in the preceding section, a business-type accounting of Government assets and liabilities does not reflect the Government's unique sovereign powers, such as taxation. The best way to examine the balance between future Government obligations and resources is by projecting the budget over a long enough period to reveal any long-run stresses. The budget provides a comprehensive measure of the Government's annual financial burdens and resources. By projecting annual receipts and outlays, it is possible to consider whether there will be sufficient resources to support all of the Government's ongoing obligations.

This part of the presentation describes long-run projections of the Federal budget that extend beyond the normal 5- to 10-year budget horizon. 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 evolving political preferences. Those uncertainties increase the further into the future the projections are pushed. Even so, long-run budget projections are needed to assess the full implications of current policies and to sound warnings about future problems that could be avoided by timely action. Federal responsibilities extend well beyond the next decade. There is no time limit on the Government's constitutional responsibilities, and programs like Social Security are intended to continue indefinitely.

It is evident even now that there will be mounting challenges to the budget early in this century. By 2008, the first of the huge baby-boom generation born after World War II will become eligible for early retirement under Social Security. In the years that follow there will be serious strains on the budget because of increased expenditures for Social Security and for the Government's health programs—Medicare and Medicaid—which serve the elderly. Long-range projections can help indicate how serious these strains might become and what would be needed to withstand them.

The retirement of the baby-boomers will dictate the timing of the future budgetary problem, but the underlying cause is deeper. U.S. population growth has been slowing down, and because of that and because people are living longer, a change is inevitably coming in the ratio of retirees to workers given current retirement patterns. That change has been held temporarily in abeyance as the baby-boom cohort has moved into its prime earning years, while the retirement of the much smaller cohorts born during the Great Depression and World War II has been holding down the rate of growth in the retired population. The suppressed budgetary pressures are likely to burst forth when the baby-

[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 1999 liability is extrapolated from recent trends.

boomers begin to retire. However, even after the baby-boomers have passed from the scene, later in the century, a higher ratio of retirees to workers will persist, given the underlying pattern of low fertility and improving longevity, with concomitant problems for Federal retirement programs. These same problems are gripping other developed nations, even those that never experienced a baby-boom; in fact, some of the nations that did not have baby-booms are facing demographic pressures already.

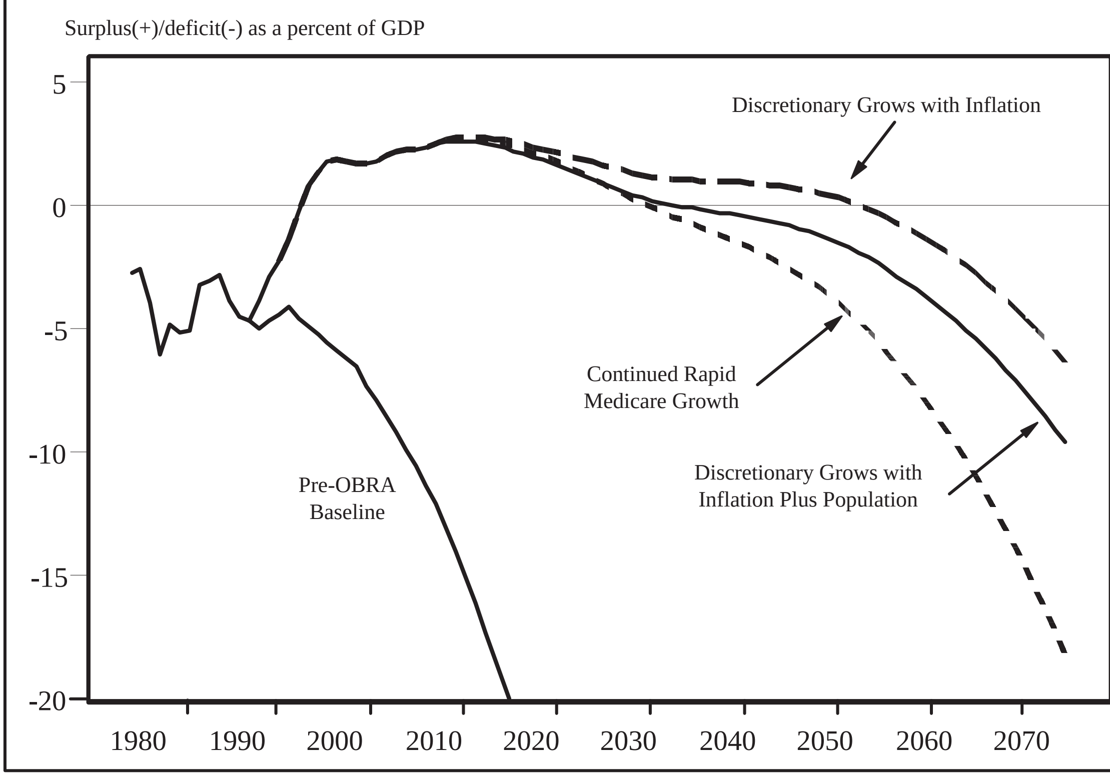
The Improvement in the Long-Range Outlook.— Since this Administration first took office, there has been a major change in the long-run budget outlook. In January 1993, the deficit was on an unstable trajectory. Had the policies then in place continued unchanged, the deficit was projected to mount steadily not only in dollar terms, but relative to the size of the economy.[4] The unified deficit was projected to rise to over 10 percent of GDP by 2010—an unprecedented level in peacetime—and to continue sharply upward thereafter. This pattern of rising deficits also would have driven Federal debt held by the public to unprecedented levels.

The Omnibus Budget Reconciliation Act of 1993 (OBRA) changed that. Not only did it reduce the near-term deficit, but, aided by the strong economy that it helped bring about, it also reduced the long-term deficit. Prior to enactment of the Balanced Budget Act in 1997, however, the deficit was still expected to persist into the long run, although at a more moderate level. Under the policies in place at the beginning of 1997, the deficit was projected to remain at around 1.5 percent of GDP through 2010, and only afterwards to begin a steady rise that would push it above 20 percent of GDP shortly after 2050.

The 1997 Balanced Budget Agreement (BBA) took the next major step by eliminating the deficit in the unified budget. When the BBA was passed, that was expected to happen in 2002; but the unexpected strength of the economy and the boom in the financial markets over the last four years have enabled the unified budget to reach balance much sooner than was expected. The unified budget is now projected to remain in surplus throughout the coming decade under policies in this budget. Extending those policies beyond the usual budget window, a unified budget surplus could be sustained for many years, although in the very long run a deficit is projected to reemerge absent further policy changes. How long the surplus will actually be preserved depends on certain key factors, some of the most important of which are illustrated in Chart 2–3.

[4] Over 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 1999 dollar by over 50 percent by 2030, and by 70 percent by the year 2050. For long-run comparisons, it is much more useful to examine the ratio of the surplus/deficit and other budget categories to the expected size of the economy as measured by GDP.

Chart 2-3. Long Run Budget Projections



Budget discipline is crucial for long-run budget stability. Another key factor is the expected growth of Federal health care costs. Chart 2–3 illustrates how the surplus varies depending on assumptions about future growth in discretionary spending and health care costs. The conventions adopted in past budgets were to assume future growth in discretionary spending sufficient to preserve a constant real level of spending, and to base long-range projections for Medicare on the latest projections of the Medicare actuaries as reflected in the annual Medicare Trustees' Report. Those projections include an expected slowdown in the rate of growth in real per capita Medicare spending. More rapid growth of Medicare, closer to the historical trend for the program, would result in a faster return to deficits, as shown in Chart 2–3.

Under most reasonable alternative assumptions, the long-run budget outlook contrasts favorably with the generally prevailing opinion among budget experts just a few years back. Then, it was held that the long-run outlook for the deficit was necessarily bleak. For some time, there has been a general consensus among demographers and economists that population trends in the 21st century would put strains on the budget, and it was thought until recently that those strains must inevitably lead to large deficits. For example, the 1994 report of the Bipartisan Commission on Entitlement and Tax Reform found a "long-term imbalance between the Government's entitlement promises and the funds it will have available to pay for them." The Congressional Budget Office (CBO) observed as recently as 1997: "If the budgetary pressure from both demography and health care spending is not relieved by reducing the growth of expenditures or increasing taxes, deficits will mount and seriously erode future economic growth."[5] On a narrower front, the annual trustees' reports for both Social Security and Medicare have projected for some time long-run actuarial deficiencies that would deplete those programs' Trust funds over the next several decades.

The consensus has shifted somewhat as a result of recent policy actions and because of the unexpected strength of the economy in the second half of the 1990s, which put the budget on a much sounder footing and thereby provided a better jumping-off point for long-range budget projections. The General Accounting Office (GAO) in its 1997 report on the long-run budget outlook observed that, "Major progress has been made on deficit reduction ... While our 1995 simulations showed deficits exceeding 20 percent of GDP by 2024 ..., our updated model results show that this point would not be reached until nearly 2050."[6] GAO continues to find that unsustainable deficits will emerge in the long run absent major entitlement reforms, but the date at which the deficit starts to rise has been postponed significantly as a result of recent actions.

Another sign of the shifting consensus is provided in CBO's latest long-run budget projections released in December 1999. Under current policies, CBO foresees a unified budget surplus through 2010, reaching 3 percent of GDP in that year.[7] As CBO correctly points out, how long the surplus can be extended depends on uncertain future policy and economic developments, but: "Saving all of the surpluses projected in CBO's 10-year baseline could delay the onset of serious fiscal problems until the second half of the next century." The summary measure that CBO uses to indicate the magnitude of the long-run fiscal imbalance—the permanent change in taxes needed to stabilize the ratio of publicly held Federal debt to GDP—has declined to 0.5 percent of GDP in its most optimistic projections, compared with a baseline projection of 5.4 percent of GDP in its May 1996 projections. Under other assumptions, CBO shows a larger imbalance, but even under its most pessimistic alternative, the imbalance is only about half as large as projected in 1996.

The main reason for this improvement in the outlook can be traced to the increase in the near-term budget surplus. If the surpluses are allowed to continue reducing Federal debt, as was done in 1998 and 1999, they will bring about dramatic reduction in Federal debt held by the public and in the Government's net interest payments over the next several years. In FY 1999, net interest amounted to 2½ percent of GDP. Under current estimates that could be cut to around ½ percent of GDP by 2010, and soon thereafter, if the surpluses were allowed to continue, the Government would begin to acquire financial assets that would generate interest income that would add to the unified budget surplus.

This means that when demographic pressures on Social Security and the Federal health programs begin to mount around that time, there would be more budgetary resources available to meet the problem, postponing the date on which a deficit in the unified budget reappears. While the long-range outlook for Social Security has improved only modestly, it now appears that there could be more resources available in the rest of the budget when the Social Security shortfall begins to emerge.

Economic and Demographic Projections.—Long-run budget projections require a long-run demographic and economic forecast—even though any such forecast is highly uncertain. The forecast used here extends the Administration's medium-term economic projections described in the first chapter of this volume, augmented by the long-run demographic projections from the most recent Social Security Trustees' Report.

- Inflation, unemployment and interest rates are assumed to hold stable at their values in the last year of the Administration budget projections, 2010—2.6 percent per year for CPI inflation, 5.2 percent for the unemployment rate, and 6.1 percent for the yield on 10-year Treasury notes.
- Productivity growth as measured by real GDP per hour is assumed to continue at the same constant rate as it averages in the Administration's me-

[5] *Long-Term Budgetary Pressures and Policy Options,* March 1997.

[6] *Analysis of Long-Term Fiscal Outlook,* October 1997.

[7] *The Long-Term Budget Outlook: An Update,* December 1999.

dium-term projections—1.7 percent per year. (In 1999, there were substantial upward revisions to recorded productivity growth, which have resulted in an increase in the budget projections for this series; see the discussion of statistical issues in Chapter 1 of this volume.)

- In line with the current projections of the Social Security Trustees, U.S. population growth is expected to slow over the next several decades. This is consistent with recent trends in the birth rate, and it allows for further reductions in mortality and continuing immigration at around current levels. The slowdown is expected to lower the rate of population growth from over 1 percent per year in the 1990s to about half that rate by 2025.
- Labor force participation is also expected to decline as the population ages and the proportion of retirees in the population increases. The Administration projects a somewhat higher rate of labor force participation over the next ten years than is assumed in the latest annual report of the Social Security Trustees. That difference in the level of labor force participation is preserved in the long-run projections.
- The projected rate of real economic growth in the long run is determined by labor force growth plus productivity growth. Because labor force growth is expected to slow and productivity growth is assumed to be constant, real GDP growth is expected to decline gradually after 2006 from around 3 percent per year to an average rate of just under 2 percent per year by 2020. This is a logical implication of the other assumptions which are based on reasonable forecasting conventions; however, it implies a marked departure from the historical rate of growth in the U.S. economy, which has averaged over 3 percent per year.

The economic projections described above are set by assumption and do not automatically change in response to changes in the budget outlook. This is unrealistic, but it simplifies comparisons of alternative policies. A more responsive (or dynamic) set of assumptions would serve mainly to strengthen conclusions reached by the current approach. Both CBO and GAO in their investigations of the long-run outlook have explored such feedback effects and found that they accelerate the destabilizing effects of sustained budget deficits. Similarly, but in the opposite direction, budget surpluses would be expected to lead to higher national saving, lower real interest rates, and more economic growth, which would increase Federal receipts and reduce outlays, further augmenting projected surpluses.

Alternative Budget Baselines.—Chart 2–3 above shows four alternative budget projections: one based on the policies in place prior to enactment of OBRA 1993 and three others showing current policy projections under alternative assumptions about discretionary spending and future Federal health care costs.[8] The chart illustrates the dramatic improvement in the deficit that has already been achieved. Furthermore, it shows that if the unified budget remains in surplus throughout the coming decade, as is now expected, the task of maintaining fiscal stability will be eased when the demographic bulge begins to hit after 2008. Table 2–2 shows long-range projections for the major categories of spending under the three current policy alternatives shown in Chart 2–3. Under each of these alternatives, the major entitlement programs are expected to absorb an increasing share of budget resources.

- Social Security benefits, driven by the retirement of the baby-boom generation, rise from 4.2 percent of GDP in 2000 to 6.7 percent in 2030. They continue to rise after that but more gradually, eventually reaching 7.4 percent of GDP by 2075.
- Federal Medicaid spending goes up from 1.2 percent of GDP in 2000 to 3.2 percent in 2030 and to 8.6 percent of GDP in 2075.
- Based on the Medicare actuaries' long-range projections of future health-care cost trends, Medicare spending would rise from 2.1 percent of GDP in 2000 to 4.1 percent in 2030 and 4.8 percent by 2075. If the real per capita growth rate in Medicare does not slow as much as the actuaries have assumed, the program could expand even more rapidly. In the alternative with faster spending growth, Medicare outlays reach 4.7 percent of GDP in 2030, and 8.9 percent by 2075.
- Assuming that discretionary spending grows only with inflation it would decline as a share of GDP, from 6.5 percent in 2000 to 3.9 percent in 2030 and 2.3 percent of GDP in 2075. The programs funded by this spending grow with inflation under this assumption, but they do not keep pace with population growth or any growth in real per capita income. Allowing discretionary spending to expand with both inflation and population would moderate the decline in spending as a share of GDP. Under this assumption, discretionary spending is 4.4 percent of GDP in 2030, and 2.9 percent of GDP in 2075.

The long-run budget outlook has been much improved by the actions taken by this Administration in cooperation with the Congress. Eliminating the unified deficit has set the budget on a solid footing for many years to come. Under a conservative extension of the Administration's latest economic assumptions and using various reasonable technical assumptions regarding future spending and taxes, the budget could continue in surplus for several decades.

As currently projected, receipts are higher and net interest outlays are lower than they were before meas-

[8] The President's budget program includes investing no more than 15 percent of the Social Security trust fund in corporate equities. To be conservative, these projections assume that the equities in the trust fund have the same yield as Government securities (so the equity investment does not add to the Government's projected investment income), and net the value of the equities against the amount of outstanding Federal debt. This yields the same numerical outcome as if Social Security did not invest in equities. If, as expected, Social Security equity investment yields a higher rate of return, the financial position of the Federal Government will be better than is presented in these projections.

Table 2–2. LONG–RUN BUDGET PROJECTIONS OF 2001 BUDGET POLICY

(Percent of GDP)

	1995	2000	2005	2010	2015	2020	2030	2040	2050	2060	2075
Discretionary Grows with Inflation											
Receipts	18.5	20.4	19.4	19.1	19.2	19.3	19.5	19.7	19.9	19.9	20.0
Outlays	20.7	18.7	17.6	16.7	16.5	16.9	18.2	18.7	19.3	21.1	26.3
Discretionary	7.4	6.5	5.8	5.1	4.7	4.4	3.9	3.4	3.1	2.7	2.3
Mandatory	10.1	9.9	10.4	11.1	12.0	13.3	15.6	16.7	17.6	19.1	22.1
Social Security	4.6	4.2	4.3	4.5	5.0	5.7	6.7	6.8	6.9	7.2	7.4
Medicare	2.1	2.1	2.3	2.5	2.9	3.3	4.1	4.4	4.4	4.5	4.8
Medicaid	1.2	1.2	1.5	1.8	2.1	2.4	3.2	4.0	5.0	6.2	8.6
Other	2.2	2.4	2.3	2.3	2.1	2.0	1.7	1.5	1.4	1.3	1.2
Net Interest	3.2	2.3	1.4	0.5	–0.3	–0.9	–1.4	–1.4	–1.3	–0.8	1.9
Surplus(+)/Deficit(–)	–2.2	1.7	1.8	2.4	2.7	2.5	1.4	1.0	0.5	–1.1	–6.3
Federal Debt Held by Public	49.2	36.3	21.3	7.1	–6.3	–16.9	–26.9	–26.9	–24.5	–13.8	37.3
Primary Surplus(+)/Deficit(–)	0.9	4.0	3.1	2.9	2.5	1.6	0.0	–0.5	–0.8	–2.0	–4.5
Discretionary Grows with Population and Inflation											
Receipts	18.5	20.4	19.4	19.1	19.2	19.3	19.5	19.7	19.9	19.9	20.0
Outlays	20.7	18.7	17.6	16.7	16.6	17.3	18.9	20.0	21.1	23.3	29.6
Discretionary	7.4	6.5	5.8	5.1	4.9	4.7	4.4	4.0	3.6	3.3	2.9
Mandatory	10.1	9.9	10.4	11.1	12.0	13.3	15.6	16.7	17.6	19.1	22.1
Social Security	4.6	4.2	4.3	4.5	5.0	5.7	6.7	6.8	6.9	7.2	7.4
Medicare	2.1	2.1	2.3	2.5	2.9	3.3	4.1	4.4	4.4	4.5	4.8
Medicaid	1.2	1.2	1.5	1.8	2.1	2.4	3.2	4.0	5.0	6.2	8.6
Other	2.2	2.4	2.3	2.3	2.1	2.0	1.7	1.5	1.4	1.3	1.2
Net Interest	3.2	2.3	1.4	0.5	–0.2	–0.8	–1.1	–0.7	–0.2	0.9	4.6
Surplus(+)/Deficit(–)	–2.2	1.7	1.8	2.4	2.6	2.1	0.6	–0.3	–1.2	–3.4	–9.6
Federal Debt Held by Public	49.2	36.3	21.3	7.1	–5.8	–15.1	–20.3	–13.3	–2.3	18.8	89.0
Primary Surplus(+)/Deficit(–)	0.9	4.0	3.1	2.9	2.3	1.3	–0.5	–1.0	–1.4	–2.5	–5.0
Continued Rapid Medicare Growth.											
Receipts	18.5	20.4	19.4	19.1	19.2	19.3	19.5	19.7	19.9	19.9	20.0
Outlays	20.7	18.7	17.6	16.7	16.5	17.1	19.1	20.9	23.2	27.3	38.1
Discretionary	7.4	6.5	5.8	5.1	4.7	4.4	3.9	3.4	3.1	2.7	2.3
Mandatory	10.1	9.9	10.4	11.1	12.0	13.5	16.3	18.0	19.5	21.7	26.2
Social Security	4.6	4.2	4.3	4.5	5.0	5.7	6.7	6.8	6.9	7.2	7.4
Medicare	2.1	2.1	2.3	2.5	2.9	3.4	4.7	5.7	6.3	7.1	8.9
Medicaid	1.2	1.2	1.5	1.8	2.1	2.4	3.2	4.0	5.0	6.2	8.6
Other	2.2	2.4	2.3	2.3	2.1	2.0	1.7	1.5	1.4	1.3	1.2
Net Interest	3.2	2.3	1.4	0.5	–0.3	–0.8	–1.2	–0.6	0.6	2.9	9.6
Surplus(+)/Deficit(–)	–2.2	1.7	1.8	2.4	2.7	2.3	0.5	–1.2	–3.3	–7.4	–18.2
Federal Debt Held by Public	49.2	36.3	21.3	7.1	–6.3	–16.4	–21.6	–9.6	–13.5	56.5	186.0
Primary Surplus(+)/Deficit(–)	0.9	4.0	3.1	2.9	2.5	1.4	–0.7	–1.8	–2.7	–4.6	–8.6

ures were taken to bring down the deficit, but the long-run demographic challenge has not been changed, and rising per capita health care costs are also likely to continue to put pressure on the budget. Extending the 2001 budget under the assumption that discretionary spending grows with inflation, a primary, or non-interest, deficit reappears in 2030. Although the underlying imbalance remains small, and the unified budget is projected to continue in surplus for many more years, a sustained primary deficit is sufficient to begin a slow but irreversible spiral. The recurrence of a unified deficit is inevitable once this spiral is set in motion unless there are future changes in policy that eliminate the primary deficit.[9] Under the alternative baselines shown in Chart 2–3 and Table 2–2, the primary deficit would reappear even sooner. When discretionary spending grows with both population and inflation, the primary deficit reappears in 2027, and when Medicare grows more rapidly, it also recurs in 2027. In all cases, a unified deficit reappears before the end of the 75-year forecast period.

[9] The primary or non-interest surplus is the difference between all outlays, excluding interest, and total receipts. It is positive even when the total budget is in deficit provided that interest outlays exceed the overall deficit. A relatively small primary surplus can stabilize the budget even when the total budget is in deficit, and similarly, even a small primary deficit can destabilize a budget. The mathematics are inexorable.

The Effects of Alternative Economic and Technical Assumptions.—The results discussed above are sensitive to changes in underlying economic and technical assumptions. The three alternatives in Table 2–2 illustrate the impact of some of the key assumptions, but other scenarios are also possible. While the budget could remain under control for several decades before underlying problems reemerge, other assumptions can produce more pessimistic—or more optimistic—outcomes. Some of the most important of these alternative economic and technical assumptions and their effects on the budget outlook are described below. Each highlights one of the key uncertainties in the outlook. Generally, negative possibilities receive more attention than positive ones in these scenarios, because the dangers would seem to be greater in this direction.

1. *Discretionary Spending:* By convention, the current services estimates of discretionary spending are as-

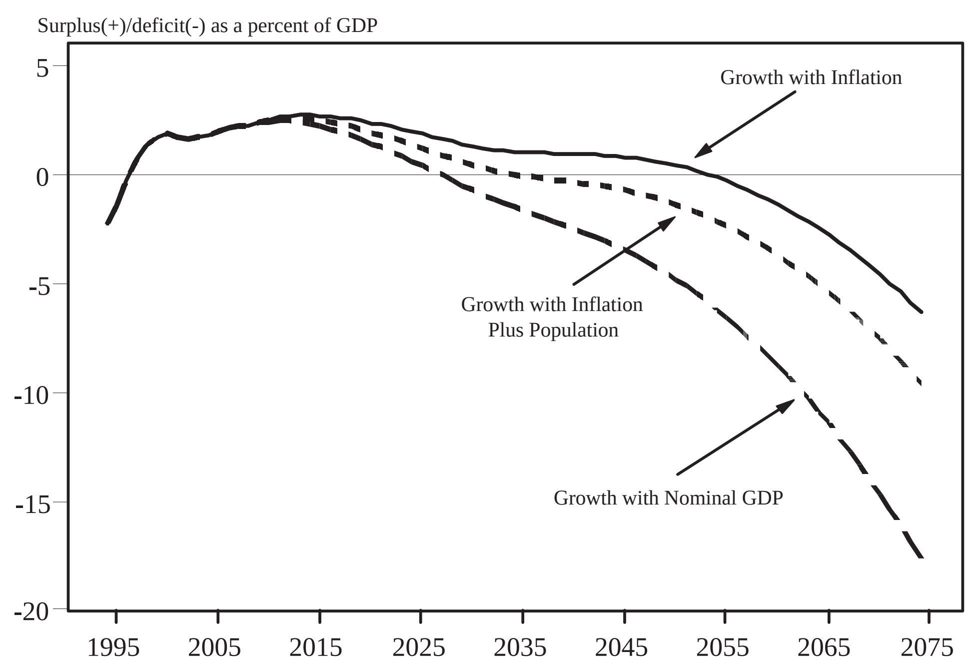
sumed to rise only with the rate of inflation. This assumption, or any other, is essentially arbitrary, because discretionary spending is always determined annually through the legislative process, and no formula can dictate future spending in the absence of legislation. The current services assumption implies that the real value of Federal services is unchanging over time, which has the implication that the size of Federal discretionary spending would shrink relative to the size of the economy. It also implies that the Nation's future defense needs do not vary systematically from currently projected levels.

One alternative to this assumption has already been presented in Chart 2–3 and Table 2–2. The second alternative for current policy considered there allows discretionary spending to increase with both population and inflation. Discretionary spending is frozen in real per capita terms, but not in absolute terms. This might be the appropriate assumption for such domestic activities as those of the FBI or the Social Security Administration (for program administration, not benefit costs), which are sensitive to population trends.

Some budget analysts have assumed alternatively that discretionary spending is proportional to GDP in the long run; this requires it to increase in real terms whenever there is positive real economic growth. That is a more generous assumption for Government spending than the current services assumption or even the assumption of constant real per capita spending. It might be argued that with rising real per capita incomes, the public demand for Government services—more national parks, better roads, and additional Federal support for scientific research—will increase as well. Some of these demands might be met within fixed real spending limits through increased productivity in the Federal sector, such as has accompanied recent reductions of the Federal workforce. The assumption also flies in the face of recent experience; since its peak in 1968, the discretionary spending share of GDP has been cut in half—from 13.6 percent to 6.5 percent in 2000. Thus, there are arguments on both sides. Chart 2–4 compares the baseline alternatives with a scenario in which discretionary spending rises in step with nominal GDP.

2. *Health Spending:* After 2010, which is the last year of the standard budget estimates, real per capita growth rates for Medicare benefits are based on the actuarial projections in the latest report of the Medicare Trustees. These projections slow down markedly in the long run. At some point, spending for Medicare must grow at approximately the same rate as GDP. Eventually, the rising trend in health care costs for both Government and the private sector will have to end, but it is hard to know when and how that will happen. Improved health and increased longevity are highly valued, and society may be willing to spend an even larger share of income on them than it has heretofore. As an alternative, one of the current policy baselines allows real per capita Medicare benefits to rise at an annual rate of 2¼ percent per year. This is about twice as fast as the actuarial assumption, and implies a rapidly rising level of Medicare spending for many years

Chart 2-4. Alternative Discretionary Spending Assumptions



to come. Eventually, Medicare would approach 9 percent of GDP on this assumption (see Table 2–2).

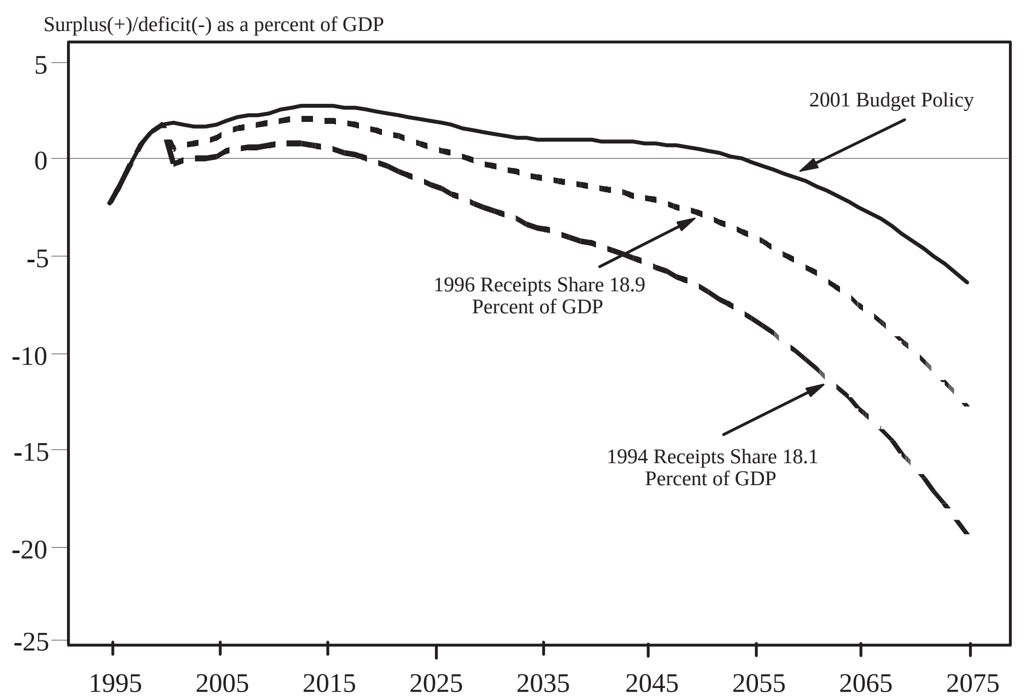
3. *Taxes:* In the absence of policy changes, the ratio of taxes to GDP is not assumed to vary much in these long-range projections. Individual income taxes tend to rise relative to income, because the assumed rate of real income growth implies some "real bracket creep." The tax code is indexed for inflation, but not for increases in real income. Eventually, a larger percentage of taxpayers will be in higher tax brackets and this will raise the ratio of taxes to income. However, other Federal taxes tend to decline in real terms in the absence of policy changes. Many excise taxes are set in nominal terms, so collections tend to decline as a share of GDP. In the very long run, Federal receipts are projected to rise by about 1 percentage point of GDP compared with their level in 2010.

The starting point for these projections is the current ratio of Federal receipts to GDP. That ratio reached 20.0 percent in 1999, and it is expected to be 20.4 percent in 2000—the highest levels since World War II. This was not the result of new Federal taxes. Tax rates have been essentially unchanged since 1994, when the changes enacted in OBRA took effect. Since then, however, tax collections as a share of GDP have risen about two percentage points. The reasons for this increase are not yet fully understood. The rapid rise in the stock market, which has generated large capital gains for investors and made possible lucrative stock options and bonuses for executives, is generally believed to be a major factor. This Budget assumes that there will be some moderation in the ratio of receipts to GDP over the next few years. The share of revenues in the medium term is below the peak levels recently experienced. Even so, receipts are projected to remain above their historical average relative to the economy. Should the share of tax receipts instead return to near its historical average that would have an adverse effect on the long-range budget projections.

In Chart 2–5, the current services baseline is compared with two alternatives for receipts. In one, the share of receipts is assumed to return to the level posted in 1996, 18.9 percent of GDP; in the other, to its level in 1994, before the recent runup in the revenue share—18.1 percent of GDP. The return to these earlier levels is completed by 2001. Afterwards, the current services rules apply, under which the share of receipts rises over time, but at a very gradual rate. The difference in the starting point for taxes can alter the outlook for the surplus/deficit quite dramatically. This is another example of how small differences in the primary surplus can eventually produce large effects on the total surplus/deficit.

4. *Alternative Uses of the Budget Surpluses:* Current projections show the unified budget in surplus for several decades under a wide range of assumptions. These surpluses dramatically reduce debt held by the public and net interest outlays, which in turn augments the surpluses. In a sense, a budget surplus that is used to reduce debt feeds on itself by reducing future interest outlays. Thus, if these surpluses were limited by increased spending or reduced taxes, it would change the

Chart 2-5. Alternative Receipts Assumptions



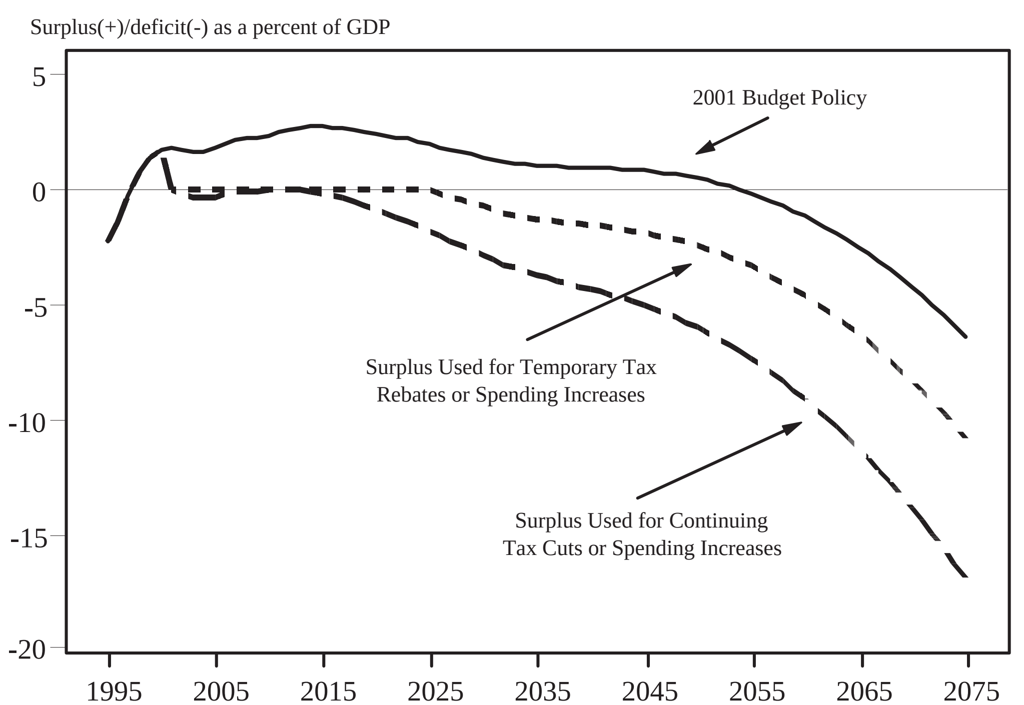
outlook. Chart 2–6 shows the budget's path if it were held exactly in balance rather than being allowed to run surpluses. This would require policy changes to increase spending or reduce taxes. These changes could take two general forms. The spending or tax changes made possible by the surpluses could be purely temporary. This would be the case for tax rebates or one-time grants. If such changes were made, program spending and receipts could eventually return to their original baseline paths after the temporary spending and taxes came to an end, although interest spending would be permanently higher. Alternatively, the spending increases or tax reductions could be permanently built into the budget. This would be the case if the changes took form of tax rate cuts or increases in entitlements. Such changes would alter the baselines for outlays or receipts permanently, and have a larger long-run effect on the projected surplus. In both cases, the deficit returns sooner than it would if the surplus were used to reduce debt.

5. *What Happens When the Federal Debt Is Repaid?* A surplus means the Government takes in more receipts from the public than it pays out in the form of Government outlays. The extra receipts are used to retire debt. This is not unlike a family paying off its mortgage, and like a family with a mortgage, the Government may eventually be free from debt. This has happened only once before in the history of the United States, and then only briefly a century and a half ago; but with the current level of projected surpluses, such an eventuality has become a real possibility. When the budget window closes in 2010, the Administration projects that debt held by the public will be 7 percent of GDP, a lower level than at any time since before the United States entered World War I.

With unified budget surpluses projected to be running between 2 and 3 percent of GDP, it is obvious where the debt is headed. All of the debt held by the public could be repaid. At that point, any further surpluses would no longer be used to retire Federal debt; instead, they would have to be accumulated in the form of Federal assets. Assuming the Government used them to acquire financial reserves, these reserves would earn interest which would add to the surplus further adding to the assets. In the long-run budget projections, Federal financial assets continue to build up until shifts in the underlying budgetary position cause the surplus gradually to unwind. Eventually, a deficit reappears and the assets are drawn down; ultimately, Federal debt is issued again. It is a measure of the severity of the impending demographic pressures that the national asset does not grow into the indefinite future—which it could, just as easily as did the national debt in the adverse projections of just a few years ago.

Such a scenario is somewhat artificial and would have been thought most unlikely just a few years ago, but to assume any other approach would require a policy judgment. The purpose of these long-range projec-

Chart 2.6. Alternative Uses Of The Surplus



tions, is to show what would happen to the budget if current policies were extended. That assumption implies that, with sufficient discipline, the Federal debt would be repaid under an extension of current budget policies and a Federal asset accumulated. Given the ground rules, the base scenario presents that result.

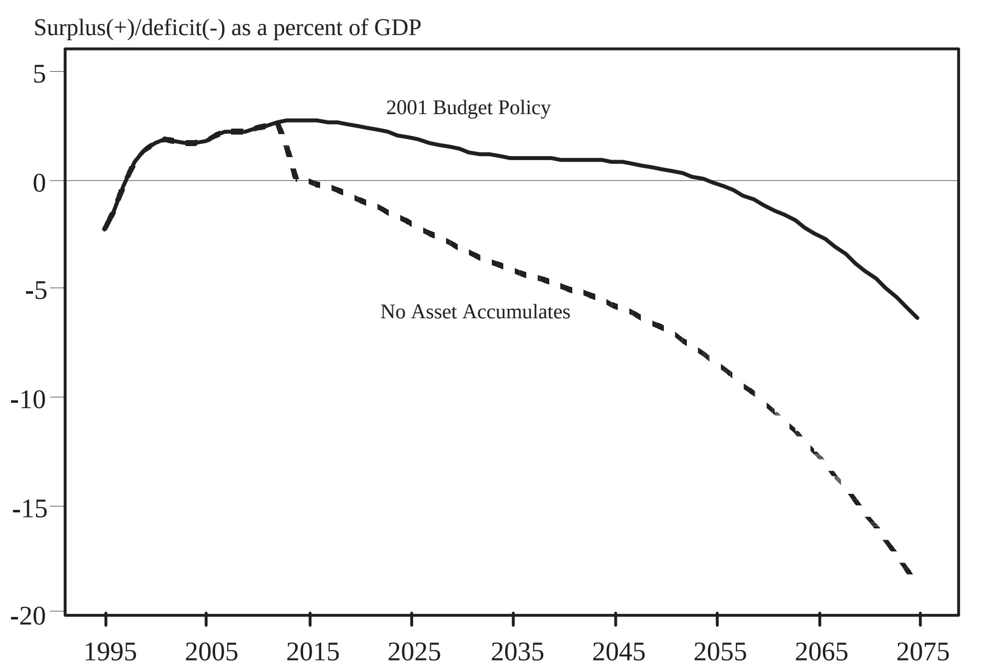
Chart 2–7 compares the current services baseline with a scenario in which spending is permanently increased or taxes permanently cut when Federal debt held by the public reaches zero. Without the national asset, the deficit reappears much sooner. The interest earned by the asset is no longer available to fill the budgetary hole when the drain of future entitlement claims begins to mount.

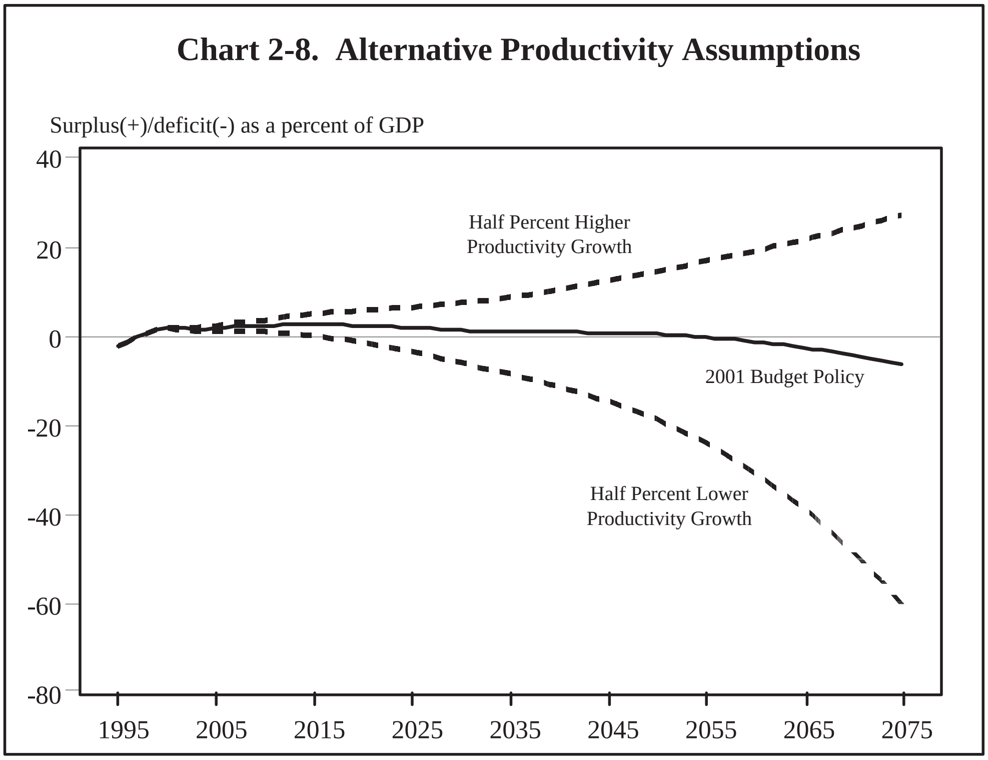
6. *Productivity:* Productivity growth in the U.S. economy slowed after 1973. This slowdown was responsible for the slower rise in U.S.real incomes after that time. Recently, productivity growth has increased. Since the end of 1995, productivity has grown about as fast as it did during the 25-year period prior to 1973. The revival of productivity growth is one of the most welcome developments of the last several years. Productivity is affected by changes in the budget surplus/deficit which alter the level of national saving and investment, but many other factors also influence productivity as well. The surplus/deficit in turn is affected by changes in productivity growth which determine the size of the economy, and hence future receipts. Two alternative scenarios illustrate what would happen to the budget deficit if productivity growth were either higher or lower than assumed. A higher rate of growth would make the task of preserving a balanced budget much easier; indeed, it would permit expanded spending or reduced taxes without worsening the budget picture. A lower productivity growth rate would have the opposite effect. Chart 2–8 shows how the surplus/deficit varies with changes of one-half percentage point of average productivity growth in either direction.

7. *Population:* In the long run, shifting demographic patterns are the main source of change in these projections. The changing rate of population growth feeds into real economic growth through its effect on labor supply and employment. Changing demographic patterns also affect entitlement spending, contributing to the surge of spending expected for Social Security, Medicare, and Medicaid. The key assumptions underlying these demographic projections concern future fertility, mortality and immigration.

- The main reason for the projected slowdown in population growth in the 21st century is the expected continuation of a low fertility rate. Since 1990, the number of births per woman in the United States has averaged between 2.0 and 2.1, slightly below the replacement rate needed to maintain a constant population. The fertility rate was even lower than this in the 1970s and 1980s. The demographic projections assume that fertility will average around 1.9 births per woman in the future. Fertility is hard to predict. Both the baby boom in the 1940s and 1950s and the baby bust in the 1960s and 1970s surprised demographers. A return to higher fertility rates is possible, but

Chart 2-7. Alternative Assumptions About a Federal "Asset"





so is another drop in fertility. The U.S. fertility rate has never fallen below 1.7, but such low rates have been observed recently in some European countries. Chart 2–9 shows the effects of alternative fertility assumptions on the surplus/deficit; higher fertility contributes to a larger labor force, increased aggregate incomes, and revenues; and hence increases the projected surplus. Lower fertility has the opposite effect.

- The increasing proportion of the elderly projected for the U.S. population is due to both low fertility, which reduces the number of children per adult, and longer lifespans. Since 1970, the average lifespan for U.S. women has increased from 74.9 years to 79.5 years, and it is projected to rise to 82.8 years by 2050. Men do not live as long as women on average, but their lifespan has also increased from 67.2 years in 1970 to 73.6 years in 1999, and it is expected to reach 78.1 years by 2050. If the U.S. population were to experience much slower improvements in mortality, than in the recent past, the relatively shorter lifespans would help to improve the surplus/deficit by reducing Social Security benefits. Conversely, if the population were to live significantly longer than is now expected, the outlook for the surplus/deficit would worsen. This is illustrated in Chart 2–10. Last year, the technical panel to the Social Security Advisory Board recommended raising expected lifespans in the annual Trustees' Report. The recommendation essentially is to adopt what had been the high-cost assumption as the intermediate or base case. This would raise expected lifespans in 2050 to 85.6 years for women and to 80.8 years for men.
- A final factor influencing long-run projections is the rate of immigration. The United States is an open society. In the 19th century, a huge wave of immigration helped build the country; the last two decades of the 20th century have witnessed another burst of immigration. The net flow of legal immigrants has been averaging around 850,000 per year since 1992, while illegal immigration adds to these figures. This is the highest absolute rate in U.S. history, but as a percentage of population it is only about a third as high as immigration was in 1901–1910. Chart 2–11 presents alternatives in which future immigration is held to zero and allowed to rise 50 percent above and below the intermediate actuarial assumptions in the Social Security Trustees' Report.

Conclusion.—Under President Clinton, the long-run budget outlook has improved significantly. When this Administration took office, the deficit was projected to continue spiraling out of control until, early in the 21st century, it was projected to reach levels seen before only during major wars. The outlook now is drastically different. Under current policy assumptions, the unified budget surpluses in 1998–1999 mark the beginning of a period of sustained budget surpluses. Eventually, without further reforms to the entitlement programs, a return to budget deficits is still projected, but how soon this will occur is difficult to estimate. A quick

Chart 2-9. Alternative Fertility Assumptions

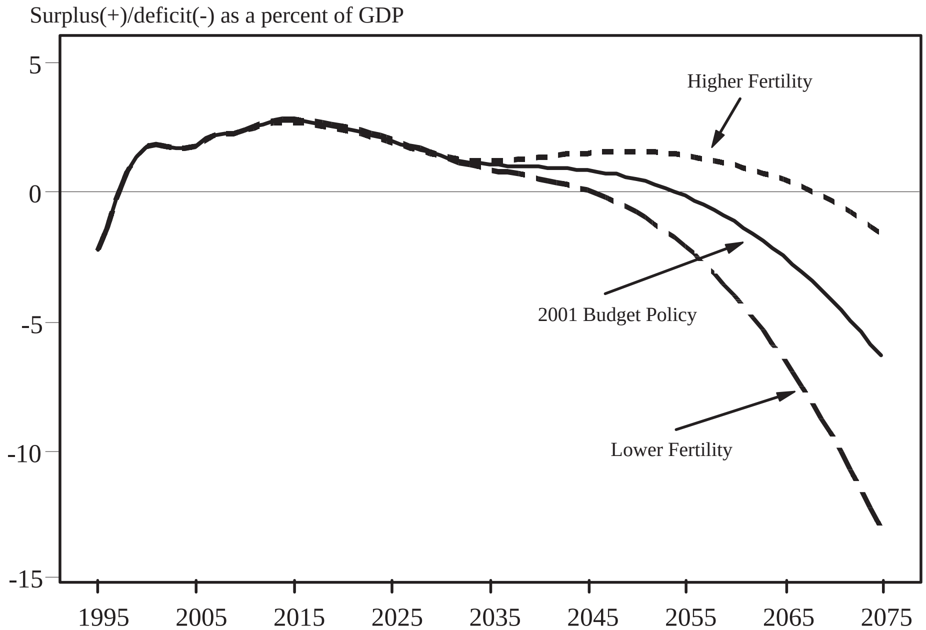
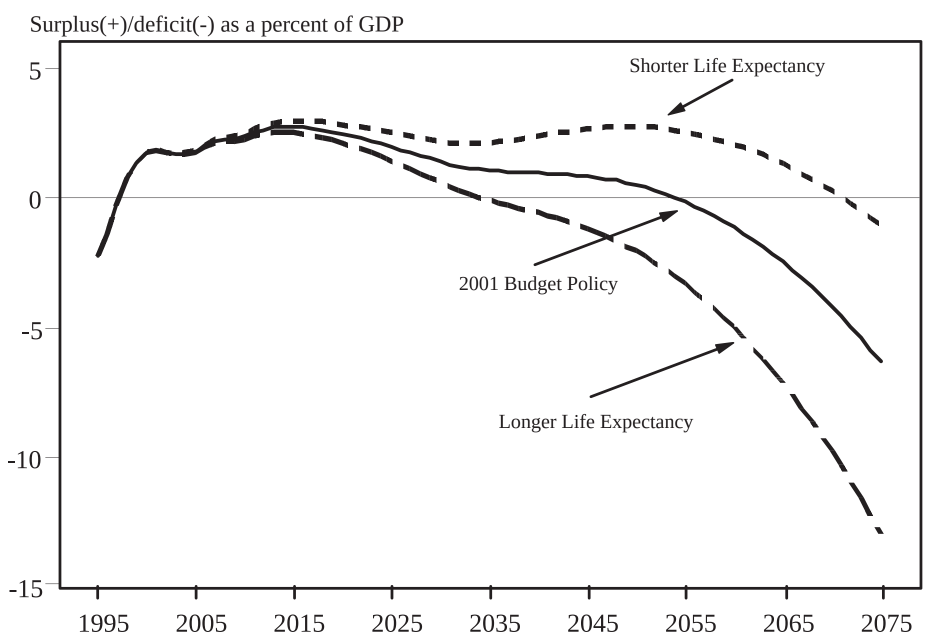


Chart 2-10. Alternative Mortality Assumptions



return to deficits can be avoided with continued budget discipline. Both Social Security and Medicare confront long-run deficits in their respective Trust Funds, which must be addressed regardless of the prospects for the unified surplus. But the favorable outlook for the unified budget should make it easier to solve these otherwise difficult problems.

Actuarial Balance in the Social Security and Medicare Trust Funds

The Trustees for the Social Security and Hospital Insurance Trust Funds issue annual reports that include projections of income and outgo for these funds over a 75-year period. These projections are based on different methods and assumptions than the long-run budget projections presented above, although the budget projections do rely on the Social Security assumptions for population growth and labor force growth after the year 2010. Even with these differences, the message is similar: The retirement of the baby-boom generation coupled with expected high rates of growth in per capita health care costs will exhaust the Trust Funds unless further remedial action is taken.

The Trustees' reports feature the 75-year actuarial balance of the Trust Funds as a summary measure of their financial status. For each Trust Fund, the balance is calculated as the change in receipts or program benefits (expressed as a percentage of taxable payroll) that would be needed to preserve a small positive balance in the Trust Fund at the end of 75 years.

Table 2–3 shows the changes in the 75-year actuarial balances of the Social Security and Medicare Trust Funds from 1998 to 1999. There was a small improvement in the consolidated OASDI Trust fund and a larger gain in the HI Trust Fund. The changes were due to revisions in the actuarial assumptions. In the case of the OASDI funds, a small improvement in the economic assumptions was made; while for the HI program the actuaries revised their view of likely health care cost trends, which helped to prolong the projected surplus in the Trust Fund. The Trustees now project that the HI Trust Fund will not be depleted until 2015, which they describe as "a substantial improvement over prior estimates."

Chart 2-11. Alternative Immigration Assumptions

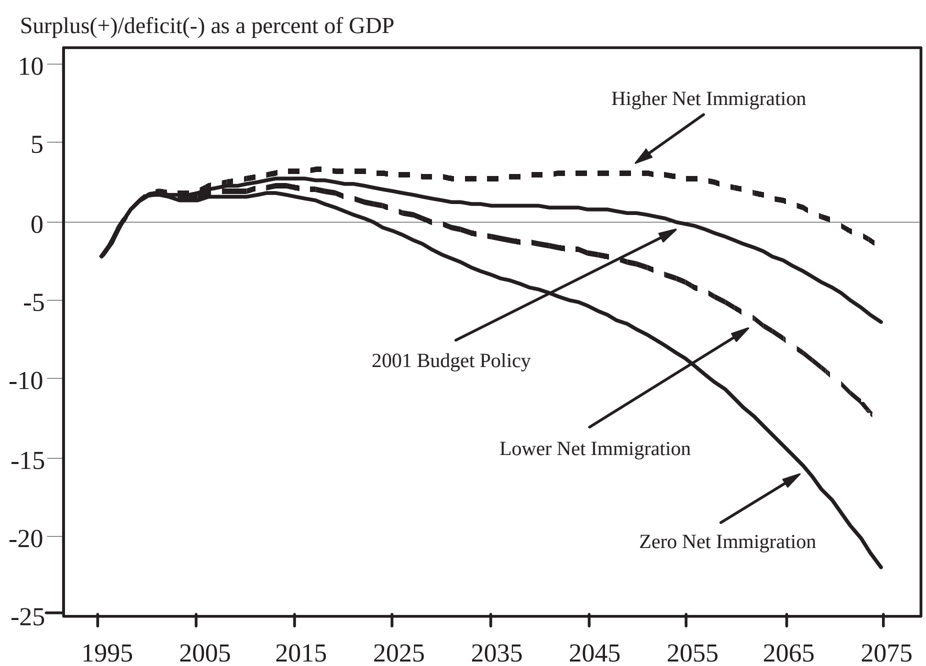


Table 2–3. CHANGE IN 75–YEAR ACTUARIAL BALANCE FOR OASDI AND HI TRUST FUNDS (INTERMEDIATE ASSUMPTIONS)

(As a percent of taxable payroll)

	OASI	DI	OASDI	HI
Actuarial balance in 1998 Trustees' Report	**–1.81**	**–0.38**	**–2.19**	**–2.10**
Changes in balance due to changes in:				
Legislation	0.00	0.00	0.00	0.00
Valuation period	–0.07	–0.01	–0.08	–0.05
Economic and demographic assumptions	0.16	0.02	0.18	0.01
Technical and other assumptions	0.02	0.00	0.02	0.68
Total Changes	0.10	0.02	0.12	0.64
Actuarial balance in 1999 Trustees' Report	**–1.70**	**–0.36**	**–2.07**	**–1.46**

PART III—NATIONAL WEALTH AND WELFARE

Unlike a private corporation, the Federal Government routinely invests in ways that do not add directly to its assets. For example, Federal grants are frequently used to fund capital projects 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 and would not show up on a conventional Federal balance sheet.

The Federal Government also invests in education and research and development (R&D). These outlays contribute to future productivity and are analogous to an investment in physical capital. Indeed, economists have computed stocks of human and knowledge capital to reflect the accumulation of such investments. Nonetheless, such hypothetical capital stocks are obviously not owned by the Federal Government, nor would they appear on a conventional balance sheet.

To show the importance of these kinds of issues, Table 2–4 presents a national balance sheet. It includes estimates of national wealth classified into three categories: physical assets, education capital, and R&D capital. The Federal Government has made contributions to each of these categories of capital, and these contributions are shown separately in the table. Data in this table are especially uncertain, because of the strong assumptions needed to prepare the estimates.

The conclusion of the table is that Federal investments are responsible for about 7 percent of total national wealth. This may seem like a small fraction, but it represents a large volume of capital—$4.8 trillion. The Federal contribution is down from around 9 percent in the mid-1980s, and from around 12 percent in 1960. Much of this reflects the shrinking size of the defense capital stocks, which have gone down from 12 percent of GDP to 7 percent since the end of the Cold War.

Table 2–4. NATIONAL WEALTH

(As of the end of the fiscal year, in trillions of 1999 dollars)

	1960	1965	1970	1975	1980	1985	1990	1995	1997	1998	1999
ASSETS											
Publically Owned Physical Assets:											
Structures and Equipment	2.0	2.4	2.9	3.4	3.6	3.9	4.2	4.7	4.9	4.8	4.8
Federally Owned or Financed	1.2	1.3	1.4	1.5	1.6	1.8	2.0	2.0	2.0	2.0	2.0
Federally Owned	1.0	1.1	1.1	1.0	0.9	1.1	1.2	1.1	1.1	1.0	1.0
Grants to State and Local Governments	0.1	0.2	0.3	0.5	0.6	0.7	0.8	0.9	1.0	1.0	1.0
Funded by State and Local Governments	0.8	1.0	1.4	1.9	2.1	2.1	2.3	2.6	2.8	2.8	2.7
Other Federal Assets	0.7	0.6	0.6	0.8	1.1	1.3	1.0	0.8	0.8	0.8	0.8
Subtotal	2.7	3.0	3.5	4.2	4.8	5.2	5.3	5.4	5.7	5.6	5.6
Privately Owned Physical Assets:											
Reproducible Assets	6.5	7.5	9.2	11.7	15.2	16.2	18.4	20.2	21.4	22.2	23.2
Residential Structures	2.5	2.9	3.5	4.5	6.1	6.3	7.3	8.2	8.7	9.1	9.4
Nonresidential Plant & Equipment	2.6	3.0	3.7	4.9	6.3	6.9	7.7	8.3	8.8	9.2	9.7
Inventories	0.6	0.7	0.8	1.0	1.2	1.2	1.3	1.3	1.3	1.3	1.4
Consumer Durables	0.8	0.9	1.1	1.3	1.6	1.7	2.2	2.4	2.5	2.6	2.7
Land	2.0	2.4	2.7	3.6	5.4	6.1	6.0	4.8	5.1	5.3	5.6
Subtotal	8.5	9.8	11.9	15.4	20.6	22.3	24.4	25.0	26.5	27.6	28.8
Education Capital:											
Federally Financed	0.1	0.1	0.2	0.3	0.4	0.6	0.7	0.8	0.9	1.0	1.0
Financed from Other Sources	5.8	7.4	10.0	12.3	15.9	19.3	24.9	27.5	29.7	31.5	33.3
Subtotal	5.8	7.5	10.2	12.6	16.4	19.8	25.6	28.3	30.6	32.5	34.3
Research and Development Capital:											
Federally Financed R&D	0.2	0.3	0.5	0.5	0.6	0.6	0.8	0.9	0.9	0.9	0.9
R&D Financed from Other Sources	0.1	0.2	0.3	0.4	0.4	0.6	0.8	1.0	1.2	1.2	1.3
Subtotal	0.3	0.5	0.7	0.9	1.0	1.3	1.6	1.9	2.1	2.2	2.2
Total Assets	**17.3**	**20.8**	**26.2**	**33.0**	**42.8**	**48.6**	**56.9**	**60.6**	**64.8**	**67.8**	**70.9**
Net Claims of Foreigners on U.S. (+)	-0.1	-0.2	-0.1	-0.1	-0.3	0.0	0.8	1.5	2.2	2.5	3.5
Balance	**17.4**	**21.0**	**26.4**	**33.1**	**43.1**	**48.5**	**56.1**	**59.1**	**62.6**	**65.2**	**67.4**
ADDENDA:											
Per Capita Balance (thousands of dollars)	96.1	107.8	128.7	153.2	188.7	203.0	223.7	224.3	232.9	240.5	246.1
Ratio of Balance to GDP (in percent)	7.0	6.7	7.1	7.8	8.5	8.1	8.0	7.5	7.3	7.3	7.2
Total Federally Funded Capital (trillions of 1999 dollars)	0.4	0.5	0.8	1.2	2.1	3.1	3.8	4.2	4.5	4.6	4.8
Percent of National Wealth	11.9	11.3	10.3	9.3	8.6	8.9	8.0	7.6	7.4	7.1	7.1

Physical Assets:

The physical assets in the table include stocks of plant and equipment, office buildings, residential structures, land, and the Government's physical assets such as military hardware and highways. Automobiles and consumer appliances are also included in this category. The total amount of such capital is vast, around $34 trillion in 1999; by comparison, GDP was about $9 trillion.

The Federal Government's contribution to this stock of capital includes its own physical assets plus $1 trillion in accumulated grants to State and local Governments for capital projects. The Federal Government has financed about one-fourth 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.

This table includes an estimate of the stock of capital represented by the Nation's investment in formal education and training. The estimate is based on the cost of replacing the years of schooling embodied in the U.S. population aged 16 and over; in other words, the idea is to measure how much it would cost to reeducate the U.S. workforce at today's prices (rather than at its original cost). This is more meaningful economically than the historical cost, and is comparable to the measures of physical capital presented earlier.

Although this is a relatively crude measure, it does provide a rough order of magnitude for the current value of the investment in education. According to this measure, the stock of education capital amounted to $34 trillion in 1999, of which about 3 percent was financed by the Federal Government. It is equal in total value to the Nation's stock of physical capital. The main investors in education capital have been State and local governments, parents, and students themselves (who forgo earning opportunities in order to acquire education).

Even broader concepts of human capital have been suggested. Not all useful training occurs in a schoolroom or in formal training programs at work. Much informal learning occurs within families or on the job, but measuring its value is very difficult. However, labor compensation amounts to about two-thirds of national income, and thinking of this income as the product of human capital suggests that the total value of human capital might be two times the estimated value of physical capital. Thus, the estimates offered here are in a sense conservative, because they reflect the costs of acquiring only formal education and training.

Research and Development Capital:

Research and Development can also be thought of as an investment, because R&D represents a current expenditure that is made in the expectation of earning a future return. After adjusting for depreciation, the flow of R&D investment can be added up to provide an estimate of the current R&D stock.[10] That stock is estimated to have been about $2 trillion in 1999. Although this is a large amount of research, it is a relatively small portion of total National wealth. Of this stock, about 40 percent was funded by the Federal Government.

Liabilities:

When considering how much the United States owes as a Nation, the debts that Americans owe to one another cancel out. This means they do not belong in Table 2–4, which is intended to show National totals only, but it does not mean they are unimportant. (An unwise buildup in debt, most of which was owed to other Americans, was partly responsible for the recession of 1990–1991 and the sluggishness of the early stages of the recovery that followed.) The only debt that appears in Table 2–4 is the debt that Americans owe to foreign investors. America's foreign debt has been increasing rapidly in recent years, because of the continuing deficit in the U.S. current account which has been rising; but even so, the size of this debt remains small compared with the total stock of U.S. assets. It amounted to 5 percent of the total assets in Table 2–4 in 1999.

Most Federal debt does not appear in Table 2–4 because it is held by Americans; only that portion of the Federal debt held by foreigners is included. However, comparing the Federal Government's net liabilities with total national wealth gives another indication of the relative magnitude of the imbalance in the Government's accounts. Currently, the Federal net asset imbalance, as estimated in Table 2–1, amounts to about 5 percent of net U.S. wealth as shown in Table 2–4.

[10] R&D depreciates in the sense that the economic value of applied research and development tends to decline with the passage of time, as still newer ideas move the technological frontier.

Trends in National Wealth

The net stock of wealth in the United States at the end of 1999 was about $67 trillion. Since 1980, the stocks of it has increased in real terms at an average annual rate of 2.4 percent per year—only half the 4.7 percent real growth rate it averaged from 1960 to 1980. Public physical capital formation has slowed even more drastically. Since 1980, the stock of public physical capital has increased at an annual rate of only 0.8 percent, compared with 2.9 percent over the previous 20 years.

The net stock of private nonresidential plant and equipment grew 2.3 percent per year from 1980 to 1999, compared with 4.5 percent in the 1960s and 1970s; and the stock of business inventories increased even less, just 0.6 percent per year on average since 1980. However, private nonresidential fixed capital has increased more rapidly since 1992—3.2 percent per year—reflecting the recent investment boom.

The accumulation of education capital, as measured here, has also slowed down since 1980, but not as much. It grew at an average rate of 5.2 percent per year in the 1960s and 1970s, about 0.9 percentage point faster than the average rate of growth in private physical capital during the same period. Since 1980, education capital has grown at a 4.0 percent annual rate. This reflects the extra resources devoted to schooling in this period, and the fact that such resources were increasing in economic value. R&D stocks have grown at about 4.4 percent per year since 1980, the fastest growth rate for any major category of investment over this period, but slower than the growth of R&D in the 1960s and 1970s.

Other Federal Influences on Economic Growth

Federal policies contributed to the slowdown in capital formation that occurred after 1980. Federal investment decisions, as reflected in Table 2–4, obviously were important, but the Federal Government also contributes to wealth in ways that cannot be easily captured in a formal presentation. The Federal Reserve's monetary policy affects the rate and direction of capital formation in the short run, and Federal regulatory and tax policies also affect how capital is invested, as do the Federal Government's policies on credit assistance and insurance.

One important channel of influence is the Federal budget surplus/deficit, which determines the size of Federal saving when it is positive or the Federal borrowing requirement when it is negative. Had deficits been smaller in the 1980s, the gap between Federal liabilities and assets shown in Table 2–1 would be smaller today. It is also likely that, had the more than $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 3 to 5 percent larger in 1999 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 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 a limited subset drawn from the vast array of available data 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 to varying degrees by many Government policies and programs, as well as by external factors beyond the Government's control. They do not measure the outcomes of Government policies, because they generally do not show 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

Table 2–5. ECONOMIC AND SOCIAL INDICATORS

General categories	Specific measures	1960	1965	1970	1975	1980	1985	1990	1995	1997	1998	1999
Economic:												
Living Standards	Real GDP per person (1996 dollars)	13,038	15,454	17,306	18,751	21,398	23,857	26,734	28,647	30,467	31,472	32,407
	average annual percent change (5-year trend)	NA	3.5	2.3	1.6	2.7	2.2	2.3	1.4	2.5	2.9	2.9
	Median Income (1998 dollars):.											
	All Households	NA	NA	34,471	34,224	35,076	35,778	37,343	36,446	37,581	38,885	NA
	Married Couple Families	29,730	34,626	41,504	43,120	45,832	47,112	49,754	50,335	52,395	54,180	NA
	Female Householder, No Spouse Present	15,024	16,834	20,101	19,850	20,614	20,693	21,116	21,061	21,350	22,163	NA
	Income Share of Lower 60 percent of All Families	34.8	35.2	35.2	35.2	34.5	32.7	32.0	30.3	29.8	29.8	NA
	Poverty Rate (percent) [1]	22.2	17.3	12.6	12.3	13.0	14.0	13.5	13.8	13.3	12.7	NA
Economic Security	Civilian Unemployment (percent)	5.5	4.5	4.9	8.5	7.1	7.2	5.5	5.6	5.0	4.5	4.2
	CPI-U (Percent Change)	1.7	1.6	5.8	9.1	13.5	3.5	5.4	2.8	2.3	1.6	2.2
Employment Prospects	Increase in Total Payroll Employment (millions)	–0.5	2.9	–0.5	0.4	0.2	2.5	0.3	2.2	3.4	2.9	NA
	Managerial or Professional Jobs (percent of total)	NA	NA	NA	NA	NA	24.1	25.8	28.3	29.1	29.6	NA
Wealth Creation	Net National Saving Rate (percent of GDP)	10.2	12.1	8.2	6.5	7.5	6.0	4.6	4.7	6.2	6.6	6.5
Innovation	Patents Issued to U.S. Residents (thousands)	42.1	54.1	50.1	40.5	40.8	43.5	53.0	64.5	70.0	90.7	NA
	Multifactor Productivity (average annual percent change)	1.0	3.1	1.0	1.2	0.7	0.6	0.3	0.2	0.6	NA	NA
Social:												
Families	Children Living with Mother Only (percent of all children)	9.2	10.2	11.6	16.4	18.6	20.2	21.6	24.0	23.2	23.6	NA
Safe Communities	Violent Crime Rate (per 100,000 population) [2]	160	199	364	482	597	557	732	685	611	566	521
	Murder Rate (per 100,000 population) [2]	5	5	8	10	10	8	9	8	7	6	5
	Murders/Nonnegligent Manslaughter per 100,000 Persons Age 14 to 17).	NA	NA	NA	11	13	10	24	24	17	NA	NA
Health and Illness	Infant Mortality (per 1000 Live Births) [3]	26.0	24.7	20.0	16.1	12.6	10.6	9.2	7.6	7.2	7.2	NA
	Low Birthweight [<2,500 gms] Babies (percent)	7.7	8.3	7.9	7.4	6.8	6.8	7.0	7.3	7.5	7.6	NA
	Life Expectancy at birth (years)	69.7	70.2	70.8	72.6	73.7	74.7	75.4	75.8	76.5	76.7	NA
	Cigarette Smokers (percent population 18 and older)	NA	42.3	39.5	36.5	33.2	30.0	25.4	24.7	24.7	NA	NA
	Bed Disability Days (average days per person)	6.0	6.2	6.1	6.6	7.0	6.1	6.2	6.1	NA	NA	NA
Learning	High School Graduates (percent of population 25 and older).	44.6	49.0	55.2	62.5	68.6	73.9	77.6	81.7	82.1	82.8	NA
	College Graduates (percent of population 25 and older)	8.4	9.4	11.0	13.9	17.0	19.4	21.3	23.0	23.9	24.4	NA
	National Assessment of Educational Progress [3].											
	Mathematics High School Seniors	NA	NA	NA	302	300	301	305	307	NA	NA	NA
	Science High School Seniors	NA	NA	305	293	286	288	290	295	NA	NA	NA
Participation	Voting for President (percent eligible population)	62.8	NA	NA	NA	52.8	NA	NA	NA	NA	NA	NA
	Voting for Congress (percent eligible population)	58.5	NA	43.5	NA	47.6	NA	33.1	NA	NA	33.4	NA
	Individual Charitable Giving per Capita (1999 dollars)	218	261	313	332	362	373	413	398	423	NA	NA
Environment:												
Air Quality	Nitrogen Oxide Emissions (thousand short tons)	14,140	17,424	21,369	23,151	24,875	23,488	23,436	23,768	23,576	NA	NA
	Sulfur Dioxide Emissions (thousand short tons)	22,245	26,380	31,161	28,011	25,905	23,230	23,678	19,189	NA	NA	NA
	Lead Emissions (thousand short tons)	NA	NA	221	160	74	23	5	4	4	NA	NA
Water Quality	Population Served by Secondary Treatment or Better (millions).	NA	NA	NA	NA	NA	134	155	166	NA	NA	NA

[1] The poverty rate does not reflect noncash government transfers such as Medicaid or food stamps.

[2] Not all crimes are reported, and the fraction that go unreported may have varied over time, 1999 data are preliminary.

[3] Some data from the national educational assessments have been interpolated.

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 decline in Federal net assets, however, provides an automatic stabilizer for the private sector. State and local Governments and private budgets are strengthened by allowing the Federal budget to go into 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 and weakening the other sectors.

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.

It is worth noting that, in recent years, many of the indicators in this table have turned around. The improvement in economic conditions has been widely noted, but there have also been some significant social improvements. Perhaps most notable has been the turnaround in the crime rate. Since reaching a peak in the early 1990s, the violent crime rate has fallen by over 25 percent, and preliminary data suggest that the improvement continued in 1999. The turnaround is especially dramatic in the murder rate, which is lower now than at any time since the 1960s. Government policies are only one set of factors in this remarkable reversal, but more effective policing along with broader changes that have helped improve economic prospects for all Americans appear to be having a good effect.

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 here offers a useful way to examine the financial aspects of Federal policies. Increased Federal support for investment, the promotion of national saving through fiscal policy, 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 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. The gold stock was revalued using the market value for gold.

Physical Assets:

Fixed Reproducible Capital: Estimates were developed from the OMB historical data base for physical capital outlays and software purchases. The data base extends back to 1940 and was supplemented by data from other selected sources for 1915–1939. The source data are in current dollars. To estimate investment flows in constant dollars, it was necessary to deflate the nominal investment series. This was done using price deflators for Federal investment from the National Income and Product Accounts.

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 for oil deposits from the Producer Price Index for Crude Energy Materials.

Liabilities:

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

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

Pension Liabilities: For 1979–1998, 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 extrapolations. The estimate for 1999 is a projection.

Long-Run Budget Projections

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

Demographic and Economic Projections: For the years 2000–2010, the assumptions are identical to those used in the budget. These budget assumptions reflect the President's policy proposals. The long-run projections extend these budget assumptions by holding inflation, interest rates, and unemployment constant at the levels assumed in the final year of the budget. Population growth and labor force growth are extended using the intermediate assumptions from the 1999 Social Security Trustees' report. 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.

Budget Projections: For the budget period through 2010, the projections follow the budget. Beyond the budget horizon, 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 is projected according to current services assumptions in which it grows at the composite rate of inflation in Federal pay and non-pay spending; it is also projected on alternative assumptions which permit it to grow with both inflation and population, and also to grow with nominal GDP. Social Security is projected by the Social Security actuaries using these long-range assumptions. Medicare and Federal pensions are derived from the most recent actuarial forecasts available at the time the budget was prepared, repriced using Administration inflation assumptions. OMB's Health Division projects Medicaid outlays based on the economic and demographic projections in the model. 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 Federal investment flows described in Chapter 6. Federal grants for State and local Government capital are 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 revised capital stock data prepared by the Bureau of Economic Analysis extrapolated for 1998–1999.

Privately Owned Physical Assets: Data are from the Flow-of-Funds national balance sheets and from the private net capital stock estimates prepared by the Bureau of Economic Analysis extrapolated for 1998–1999 using investment data 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.

Estimates of students' forgone earnings are based on the year-round, full-time earnings of 18–24 year olds with selected educational attainment levels. These year-round earnings are reduced by 25 percent because students are usually out of school three months of the year. For high school students, these adjusted earnings are further reduced by the unemployment rate for 16–17 year olds; for college students, by the unemployment rate for 20–24 year olds. Yearly earnings by age and educational attainment are from *Money Income in the United States,* series P60, published by the Bureau of the Census.

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 because these outlays are classified elsewhere as investment in physical capital. The data also exclude outlays under the GI Bill; outlays for graduate and post-graduate education spending in HHS, Defense and Agriculture; and most outlays for vocational training.

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

Research and Development Capital: The stock of R&D capital financed by the Federal Government was developed from a data base that measures the conduct of R&D. The data exclude Federal outlays for physical capital used in R&D because such outlays are classified elsewhere as investment in federally financed physical capital. Nominal outlays were deflated using the GDP deflator to convert them to constant dollar values.

Federally funded capital stock estimates were prepared using the perpetual inventory method in which annual investment flows are cumulated to arrive at a capital stock. This stock was adjusted for depreciation by assuming an annual rate of depreciation of 10 percent on the estimated stock of 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 estimated based on data from the National Science Foundation, Surveys of Science Resources. The industry-financed R&D stock component is estimated 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 such general sources as the annual *Economic Report of the President* and the *Statistical Abstract of the United States,* and from the agencies' Web sites.

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 Federal Government's sovereign or governmental powers. The difference between receipts and outlays determines the surplus or deficit.

The Federal Government also collects income from the public from market-oriented activities. Collections from these activities, which are subtracted from gross outlays, rather than added to taxes and other governmental receipts, are discussed in the following chapter.

Growth in receipts.—Total receipts in 2001 are estimated to be $2,019.0 billion, an increase of $62.8 billion or 3.2 percent relative to 2000. 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 3.8 percent between 2001 and 2005, rising to $2,340.9 billion.

As a share of GDP, receipts are projected to decline from 20.4 percent in 2000 to 19.4 percent in 2005.

Table 3–1. RECEIPTS BY SOURCE—SUMMARY

(In billions of dollars)

Source	1999 actual	Estimate					
		2000	2001	2002	2003	2004	2005
Individual income taxes	879.5	951.6	972.4	995.2	1,025.6	1,066.1	1,116.8
Corporation income taxes	184.7	192.4	194.8	195.4	195.7	200.0	205.9
Social insurance and retirement receipts	611.8	650.0	682.1	712.2	741.7	771.3	815.3
(On-budget)	(167.4)	(173.3)	(182.2)	(189.9)	(197.4)	(204.7)	(216.7)
(Off-budget)	(444.5)	(476.8)	(499.9)	(522.2)	(544.2)	(566.7)	(598.6)
Excise taxes	70.4	68.4	76.7	79.8	80.8	81.8	83.4
Estate and gift taxes	27.8	30.5	32.3	34.9	36.3	38.7	37.0
Customs duties	18.3	20.9	20.9	22.6	24.3	25.7	27.9
Miscellaneous receipts	34.9	42.5	39.9	41.2	43.2	52.6	54.5
Total receipts	**1,827.5**	**1,956.3**	**2,019.0**	**2,081.2**	**2,147.5**	**2,236.1**	**2,340.9**
(On-budget)	*(1,383.0)*	*(1,479.5)*	*(1,519.1)*	*(1,559.0)*	*(1,603.2)*	*(1,669.4)*	*(1,742.3)*
(Off-budget)	*(444.5)*	*(476.8)*	*(499.9)*	*(522.2)*	*(544.2)*	*(566.7)*	*(598.6)*

Table 3–2. EFFECT ON RECEIPTS OF CHANGES IN THE SOCIAL SECURITY TAXABLE EARNINGS BASE

(In billions of dollars)

	Estimate				
	2001	2002	2003	2004	2005
Social security (OASDI) taxable earnings base increases:.					
$76,200 to $80,100 on Jan. 1, 2001	1.8	4.8	5.2	5.7	6.3
$80,100 to $83,700 on Jan. 1, 2002	....	1.6	4.3	4.7	5.2
$83,700 to $87,300 on Jan. 1, 2003	....	....	1.6	4.3	4.7
$87,300 to $90,600 on Jan. 1, 2004	....	....	....	1.5	4.0
$90,600 to $93,900 on Jan. 1, 2005	....	....	....	....	1.5

ENACTED LEGISLATION

Several laws were enacted in 1999 that have an effect on governmental receipts. The major legislative changes affecting receipts are described below.

To Extend the Tax Benefits Available With Respect to Services Performed in a Combat Zone to Services Performed in the Federal Republic of Yugoslavia (Serbia/Montenegro) and Certain Other Areas, and for Other Purposes.—This Act, which was signed by President Clinton on April 19, 1999, provides the same tax relief to military personnel participating in Operation Allied Force as that provided as a consequence of the Executive Order that designates the Kosovo area of operations as a combat zone. In addition, this Act extends the tax filing and payment deadlines provided as a consequence of the Executive Order to military personnel outside the United States who are deployed outside their duty station as part of Operation Allied Force.

Under the Executive Order, which was issued by President Clinton on April 13, 1999, the Kosovo area of operations, including the above airspace, encompasses The Federal Republic of Yugoslavia (Serbia/Montenegro), Albania, the Adriatic Sea, and the Ionian Sea above the 39th parallel. The tax benefits provided military personnel serving in those areas include extension of deadlines for filing and paying taxes; exemption of military pay earned while serving in the combat zone (subject to a dollar limit for commissioned officers) from withholding and income tax; and, exemption of toll telephone calls originating in the combat zone from the telephone excise tax.

Miscellaneous Trade and Technical Corrections Act of 1999—This Act makes miscellaneous technical and clerical corrections to U.S. trade laws, corrects obsolete references, and authorizes the temporary suspension or refund of tariffs on over 120 categories of imported items. These items include 13 inch televisions, chemicals (some of which are used to develop cancer and AIDS-fighting drugs), textile printing machines, weaving machines, manufacturing equipment, certain rocket engines, and a number of pigments and dyes. The Act also extends tariff credits for wages paid in the production of watches in the Virgin Islands to the production of fine jewelry. The receipt losses associated with the tariff refunds and suspensions are offset by a provision that clarifies the tax treatment of certain corporate restructuring transactions, which is described below.

Restrict basis creation through section 357(c).—A transferor generally is required to recognize gain on a transfer of property in certain tax-free exchanges to the extent that the sum of the liabilities assumed, plus those to which the transferred property is subject, exceeds the transferor's basis in the property. This gain recognition to the transferor generally increases the basis of the transferred property in the hands of the transferee. However, if a recourse liability is secured by multiple assets, prior law was unclear as to whether a transfer of one asset, where the transferor remains liable, is a transfer of property "subject to" the liability. Similar issues exist with respect to nonrecourse liabilities. Under this provision, the distinction between the assumption of a liability and the acquisition of an asset subject to a liability generally is eliminated. Except as provided in regulations, a recourse liability is treated as assumed to the extent that the transferee has agreed and is expected to satisfy the liability (whether or not the transferor has been relieved of the liability). Except as provided in regulations, a nonrecourse liability is treated as assumed by the transferee of any asset subject to the liability. However, the amount of nonrecourse liability treated as assumed is reduced by the amount of the liability that an owner of other assets not transferred to the transferee and also subject to the liability has agreed with the transferee to satisfy, and is expected to satisfy, up to the fair market value of such other assets. The transferor's recognition of gain as a result of assumption of liability shall not increase the transferee's basis in the transferred asset to an amount in excess of its fair market value. Moreover, if no person is subject to U.S. tax on gain recognized as the result of the assumption of a nonrecourse liability, then the transferee's basis in the transferred assets is increased only to the extent such basis would be increased if the transferee had assumed only a ratable portion of the liability, based on the relative fair market value of all assets subject to such nonrecourse liability. The Treasury Department has authority to prescribe regulations necessary to carry out the purposes of the provision, and to apply the treatment set forth in this provision where appropriate elsewhere in the Internal Revenue Code. This provision applies to transfers made after October 18, 1998.

Consolidated Appropriations Act for FY 2000.—This Act, which was signed by President Clinton on November 30, 1999, makes progress on several important fronts: it puts education first, makes America a safer place, strengthens our effort to preserve natural areas and protect our environment, and strengthens America's leadership role in the world. Although most of the provisions in this Act affect Federal spending programs, a transfer from the surplus funds of the Federal Reserve System to the Treasury of $3.752 billion in FY 2000 affects governmental receipts.

Ticket to Work and Work Incentives Improvement Act of 1999.—This Act, which was signed by President Clinton on December 17, 1999, ensures that individuals with disabilities have a greater opportunity to participate in the workforce and in the American Dream and extends important tax provisions. Despite these accomplishments, the President is disappointed that this Act includes a provision for a special allowance adjustment for student loans, that it delays the implementation of a proposed Department of Health and Human Services final rule on the distribution of human organs for transplantation, and that the revenue losses are not fully offset. The major provisions of this Act affecting governmental receipts are described below.

Expired and Expiring Provisions

Extend minimum tax relief for individuals.—Certain nonrefundable personal tax credits (dependent care credit, credit for the elderly and disabled, adoption credit, child tax credit, credit for interest on certain home mortgages, HOPE Scholarship and Lifetime Learning credit, and the D.C. homebuyer's credit) are provided under current law. Generally, these credits are allowed only to the extent that the individual's regular income tax liability exceeds the individual's tentative minimum tax. An additional child tax credit is provided under current law to families with three or more qualifying children. This credit, which may be offset against social security payroll tax liability (provided that liability exceeds the amount of the earned income credit), is reduced by the amount of the individual's minimum tax liability (that is, the amount by which the individual's tentative minimum tax exceeds the individual's regular tax liability). For taxable year 1998, prior law allowed nonrefundable personal tax credits to offset regular income tax liability in full (as opposed to only the amount by which the regular tax liability exceeded the tentative minimum tax). In addition, for taxable year 1998, the additional child credit provided to families with three or more qualifying children was not reduced by the amount of the individual's minimum tax liability. This Act extends the provision that allows the nonrefundable personal tax credits to offset regular income tax liability in full to taxable years beginning in 1999. For taxable years beginning in 2000 and 2001 the nonrefundable personal credits may offset both the regular tax and the minimum tax. In addition, for taxable years beginning in 1999, 2000, and 2001, the additional child credit provided to families with three or more qualifying children will not be reduced by the amount of the individual's minimum tax liability.

Extend and modify research and experimentation tax credit.—The 20-percent tax credit for certain research and experimentation expenditures is extended to apply to qualifying expenditures paid or incurred during the period July 1, 1999 through June 30, 2004. In addition, effective for taxable years beginning after June 30, 1999, the credit rate applicable under the alternative incremental research credit is increased by one percentage point per step, and the definition of qualified research is expanded to include research undertaken in Puerto Rico and possessions of the United States. Under this Act, credits attributable to the period beginning on July 1, 1999 and ending on September 30, 2000 may not be taken into account in determining any amount required to be paid for any purpose under the Internal Revenue Code prior to October 1, 2000. On or after October 1, 2000, such credits may be taken into account through the filing of an amended return, an application for expedited refund, an adjustment of estimated taxes, or other means that are allowed by the Internal Revenue Code. Similarly, research credits that are attributable to the period beginning on October 1, 2000 and ending on September 30, 2001 may not be taken into account in determining any amount required to be paid for any purpose under the Internal Revenue Code prior to October 1, 2001.

Extend exceptions provided under subpart F for certain active financing income.—Under the Subpart F rules, certain U.S. shareholders of a controlled foreign corporation (CFC) are subject to U.S. tax currently on certain income earned by the CFC, whether or not such income is distributed to the shareholders. The income subject to current inclusion under the subpart F rules includes "foreign personal holding company income" and insurance income. The U.S. 10-percent shareholders of a CFC also are subject to current inclusion with respect to their shares of the CFC's foreign base company services income (income derived from services performed for a related person outside the country in which the CFC is organized). For taxable years beginning in 1998 and 1999, certain income derived in the active conduct of a banking, financing, insurance, or similar business is excepted from the Subpart F rules regarding the taxation of foreign personal holding company income and foreign base company services income. This Act extends the exception for two years, with very minor modifications, to apply to taxable years beginning in 2000 and 2001.

Extend suspension of net income limitation on percentage depletion from marginal oil and gas wells.—Taxpayers are allowed to recover their investment in oil and gas wells through depletion deductions. For certain properties, deductions may be determined using the percentage depletion method; however, in any year, the amount deducted generally may not exceed 100 percent of the net income from the property. For taxable years beginning after December 31, 1997 and before January 1, 2000, domestic oil and gas production from "marginal" properties is exempt from the 100-percent of net income limitation. This Act extends the exemption to apply to taxable years beginning after December 1, 1999 and before January 1, 2002.

Extend the work opportunity tax credit.—The work opportunity tax credit provides an incentive for employers to hire individuals from certain targeted groups. The credit equals a percentage of qualified wages paid during the first year of the individual's employment with the employer. The credit percentage is 25 percent for employment of at least 120 hours but less than 400 hours and 40 percent for employment of 400 or more hours. This Act extends the credit to apply to individuals who begin work on or after July 1, 1999 and before January 1, 2002.

Extend the welfare-to-work tax credit.—The welfare-to-work tax credit enables employers to claim a tax credit on the first $20,000 of eligible wages paid to certain long-term family assistance recipients. The credit is 35 percent of the first $10,000 of eligible wages in the first year of employment and 50 percent of the first $10,000 of eligible wages in the second year of employment. Under this Act the credit is extended to apply to individuals who begin work on or after July 1, 1999 and before January 1, 2002.

Extend 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. The exclusion is limited to $5,250 of educational assistance with respect to an individual during a calendar year and applies whether or not the education is job-related. The exclusion, which is limited to undergraduate courses, is extended to apply to courses beginning after May 31, 2000 and before January 1, 2002.

Extend and modify wind and biomass tax credit and expand eligible biomass sources.—Taxpayers are provided a 1.5-cent-per-kilowatt-hour tax credit, adjusted for inflation after 1992, for electricity produced from wind or "closed-loop" biomass. Under prior law, the credit applies to electricity produced by a facility placed in service before July 1, 1999, and is allowable for production during the 10-year period after a facility is originally placed in service. This Act extends the credit to apply to facilities placed in service after June 30, 1999 and before January 1, 2002. Electricity produced at a wind facility placed in service during this period does not qualify for the credit, however, if it is sold pursuant to a pre-1987 contract that has not been modified to limit the purchaser's obligation to acquire electricity at above-market prices. The Act also expands the credit to apply to poultry waste facilities placed in service after December 31, 1999 and before January 1, 2002.

Extend Generalized System of Preferences (GSP).—Under GSP, duty-free access is provided to over 4,000 items from eligible developing countries that meet certain worker rights, intellectual property protection, and other criteria. This program, which had expired after June 30, 1999, is extended through September 30, 2001. Refunds of any duty paid between June 30, 1999 and December 17, 1999 are provided upon request of the importer.

Extend authority to issue Qualified Zone Academy Bonds.—The Taxpayer Relief Act of 1997 (TRA97) included a provision that allows State and local governments to issue "qualified zone academy bonds," the interest on which is effectively paid by the Federal government in the form of an annual income tax credit. The proceeds of the bonds must be used for teacher training, purchases of equipment, curricular development, and rehabilitation and repairs at certain public school facilities. Under TRA97, a nationwide total of $400 million of qualified zone academy bonds was authorized to be issued in each of calendar years 1998 and 1999. Effective December 17, 1999, an additional $400 million of qualified zone academy bonds is authorized to be issued in each of calendar years 2000 and 2001. In addition, unused authority arising in 1998 and 1999 may be carried forward for up to three years and unused authority arising in 2000 and 2001 may be carried forward for up to two years.

Extend tax credit for first-time D.C. homebuyers.—The tax credit (up to $5,000) provided for the first-time purchase of a principal residence in the District of Columbia, which was scheduled to expire after December 31, 2000, is extended to apply to residences purchased on or before December 31, 2001.

Extend expensing of brownfields remediation costs.—Taxpayers can elect to treat certain environmental remediation expenditures that would otherwise be chargeable to capital account as deductible in the year paid or incurred. The ability to deduct such expenditures is extended for one year, to apply to expenditures paid or incurred before January 1, 2002.

Time-Sensitive Provisions

Prohibit disclosure of advanced pricing agreements (APAs) and APA background files.—Returns and return information, as defined by the Internal Revenue Service (IRS), are confidential and cannot be disclosed unless authorized by the Internal Revenue Code. In contrast, written determinations issued by the IRS generally are available for public inspection. The APA program is an alternative dispute resolution program conducted by the IRS, which resolves international transfer pricing issues prior to the filing of the corporate tax return. To resolve such issues, the taxpayer submits detailed and confidential financial information, business plans and projections to the IRS for consideration. This Act confirms that APAs and related background information are confidential return information and not written determinations available for public inspection. Effective December 17, 1999, APAs or related background files are prohibited from being released to the public, regardless of whether the APA was executed before or after that date. The Treasury Department also is required to produce an annual report that contains general and statistical information about the APA program, and general descriptions of the APAs concluded during the year.

Provide authority to postpone certain tax-related deadlines by reason of year 2000 (Y2K) failures.—The Secretary of the Treasury is permitted to postpone, on a taxpayer-by-taxpayer basis, certain tax-related deadlines for a period of up to 90 days, if he determines that the taxpayer has been affected by an actual Y2K related failure. In order to be eligible for relief, the taxpayer must have made a good faith, reasonable effort to avoid any Y2K related failures.

Expand list of taxable vaccines.—Under prior law an excise tax of $.75 per dose is levied on the following vaccines: diphtheria, pertussis, tetanus, measles, mumps, rubella, polio, HIB (haemophilus influenza type B), hepatitis B, rotavirus gastroenteritis, and varicella (chickenpox). This Act adds any conjugate vaccine against streptococcus pneumoniae to the list of taxable vaccines, effective for vaccines sold by a manufacturer or importer after December 17, 1999.

Delay requirement that registered motor fuels terminals offer dyed fuel as a condition of registration.—With limited exceptions, excise taxes are imposed on all highway motor fuels when they are removed from a registered terminal facility, unless the fuel is indelibly dyed and is destined for a nontaxable use. Terminal facilities are not permitted to receive and store nontaxed motor fuels unless they are registered with the IRS. Prior law requires that effective July 1, 2000, in order to be registered, a terminal must offer for sale both dyed and undyed fuel (the "dyed-fuel mandate"). Under this Act the effective date of the dyed-fuel mandate is postponed until January 1, 2002.

Provide that Federal production payments to farmers are taxable in the year received. —A taxpayer generally is required to include an item in income no later than the time of its actual or constructive receipt, unless such amount properly is accounted for in a different period under the taxpayer's method of accounting. If a taxpayer has an unrestricted right to demand the payment of an amount, the taxpayer is in constructive receipt of that amount whether or not the taxpayer makes the demand and actually receives the payment. Under production flexibility contracts entered into between certain eligible owners and producers and the Secretary of Agriculture, as provided in the Federal Agriculture Improvement and Reform Act of 1996 (FAIR Act), annual payments are made at specific times during the Federal government's fiscal year. One-half of each annual payment is to be made on either December 15 or January 15 of the fiscal year, at the option of the recipient; the remaining one-half is to be paid no later than September 30 of the fiscal year. The option to receive the payment on December 15 potentially results in the constructive receipt (and thus potential inclusion in income) of one-half of the annual payment at that time, even if the option to receive the amount on January 15 is elected. For fiscal year 1999, as provided under The Emergency Farm Financial Relief Act of 1998, all payments are to be paid at such time or times during the fiscal year as the recipient may specify. This option to receive all of the 1999 payment in calendar year 1998 potentially results in constructive receipt (and thus potential inclusion in income) in that year, whether or not the amounts are actually received. The Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, provided that effective for production flexibility contract payments made in taxable years ending after December 31, 1995, the time a production flexibility contract payment is to be included in income is to be determined without regard to the options granted for payment. Effective December 17, 1999, this Act provides that any unexercised option to accelerate the receipt of any payment under a production flexibility contract that is payable under the FAIR Act is to be disregarded in determining the taxable year in which such payment is properly included in gross income. Options to accelerate payments that are enacted in the future are covered by this rule, providing the payment to which they relate is mandated by the Fair Act as in effect on the date of enactment of this Act.

Revenue Offset Provisions

Modify estimated tax requirements of individuals.—An individual taxpayer generally is subject to an addition to tax for any underpayment of estimated tax. An individual generally does not have an underpayment of estimated tax if timely estimated tax payments are made at least equal to: (1) 100 percent of the tax shown on the return of the individual for the preceding tax year (the "100 percent of last year's liability safe harbor") or (2) 90 percent of the tax shown on the return for the current year. For any individual with an adjusted gross income (AGI) of more than $150,000 as shown on the return for the preceding taxable year, the 100 percent of last year's liability safe harbor generally is modified to be a 110 percent of last year's liability safe harbor. However, under prior law, the 110 percent of last year's liability safe harbor for individuals with AGI of more than $150,000 was modified for taxable years beginning in 1999 through 2002, as follows: for taxable years beginning in 1999 the safe harbor is 105 percent; for taxable years beginning in 2000 and 2001 the safe harbor is 106 percent, and for taxable years beginning in 2002, the safe harbor is 112 percent. Under this Act the estimated tax safe harbor for individuals with AGI of more than $150,000 is modified as follows: for taxable years beginning in 2000 the safe harbor is 108.6 percent and for taxable years beginning in 2001 the safe harbor is 110.0 percent.

Clarify the tax treatment of income and losses on derivatives.—Capital gain treatment applies to gain on the sale or exchange of a capital asset. Gain or loss on other assets (stock in trade or other types of inventory, property used in a trade or business that is real property or subject to depreciation, accounts or notes receivable acquired in the ordinary course of a trade or business, certain copyrights, and U.S. government publications) generally is considered ordinary. This Act adds three categories to the list of assets the gain or loss on which is considered ordinary for Federal income tax purposes: commodities derivatives held by commodities derivatives dealers, hedging transactions, and supplies of a type regularly consumed by the taxpayer in the ordinary course of a taxpayer's trade or business. In defining a hedging transaction, the Act replaces the "risk reduction" standard with a "risk management" standard with respect to ordinary property held or certain liabilities incurred, and provides that the definition of a hedging transaction includes a transaction entered into primarily to mange such other risks as the Secretary of the Treasury may prescribe in regulations. These changes are effective for any instrument held, acquired or entered into; any transaction entered into; and any supplies held or acquired on or after December 17, 1999.

Expand reporting of cancellation of indebtedness income.—Gross income generally includes income from the discharge of indebtedness. If a bank, thrift institution, or credit union discharges $600 or more of any indebtedness of a debtor, the institution must report such discharge to the debtor and the IRS. This Act extends these reporting requirements to additional entities involved in the trade or business of lending (such as finance companies and credit card companies, whether or not they are affiliated with a financial institution), effective for discharges of indebtedness occurring after December 31, 1999.

Limit conversion of character of income from constructive ownership transactions with respect to partnership interests.—A pass-thru entity, such as a partnership, generally is not subject to Federal income tax. Instead, each owner includes his/her share of a pass-thru entity's income, gain, deduction or credit in his/her own taxable income. The character of the income generally is determined at the entity level and flows through to the owners. A taxpayer can enter into a derivatives transaction that is designed to give the taxpayer the economic equivalent of an ownership interest in a partnership but that is not itself a current ownership interest in the partnership. These so-called "constructive ownership" transactions purportedly allow taxpayers to defer income and to convert ordinary income and short-term capital gain into long-term capital gain. This Act treats long-term capital gain recognized from a constructive ownership transaction as ordinary income to the extent the long-term capital gain recognized from the transaction exceeds the long-term capital gain that could have been recognized had the taxpayer invested in the partnership interest directly. In addition, an interest charge is imposed on the amount of gain that is treated as ordinary income. These changes are effective with respect to transactions entered into on or after July 12, 1999. Generally any contract, option or any other arrangement that is entered into or exercised on or after that date, which extends or otherwise modifies the terms of a transaction entered into prior to such date, will be treated as a transaction entered into on or after July 12, 1999.

Extend and modify qualified transfers of excess pension assets used for retiree health benefits.—A pension plan may provide medical benefits to retired employees through a section 401(h) account that is a part of the pension plan. Qualified transfers of excess assets of a defined benefit pension plan (other than a multiemployer plan) to a section 401(h) account are permitted, subject to amount and frequency limitations, use requirements, deduction limitations, and vesting and minimum benefit requirements. This Act extends the ability of employers to transfer excess defined benefit pension plan assets to 401(h) accounts through December 31, 2005. In addition, effective with respect to qualified transfers made after December 17, 1999, the minimum benefit requirement is replaced with a minimum cost requirement.

Modify installment method for accrual basis taxpayers.—Generally, an accrual method requires a taxpayer to recognize income when all events have occurred that fix the right to its receipt and its amount can be determined with reasonable accuracy. The installment method of accounting provides an exception to these general recognition principles by allowing a taxpayer to defer recognition of income from the disposition of certain property until payment is received. To the extent that an installment obligation is pledged as security for any indebtedness, the net proceeds of the secured indebtedness are treated as a payment on such obligation, thereby triggering the recognition of income. This Act generally prohibits the use of the installment method of accounting for dispositions of property that would otherwise be reported for Federal income tax purposes using an accrual method of accounting. The present-law exceptions regarding the availability of the installment method for use by cash method taxpayers, for dispositions of property used or produced in the trade or business of farming, and for dispositions of timeshares or residential lots are not affected by this change. This Act also modifies the pledge rule to provide that entering into any arrangement that gives the taxpayer the right to satisfy an obligation with an installment note will be treated in the same manner as the direct pledge of the installment note. These changes are effective with respect to sales or other dispositions entered into on or after December 17, 1999.

Deny charitable contribution deduction for transfers associated with split-dollar insurance arrangements.—A taxpayer who itemizes deductions generally is allowed to deduct charitable contributions paid during the taxable year. The amount of the deduction allowable for a taxable year with respect to any charitable contribution depends on the type of property contributed, the type of organization to which the property is contributed, and the income of the taxpayer. In general, to be deductible as a charitable contribution, a payment to charity must be a gift made without receipt of adequate consideration and with donative intent. Under a charitable split-dollar insurance arrangement, a taxpayer typically transfers funds to a charity with the understanding that the charity will use the funds to pay premiums on a cash value life insurance policy that benefits both the charity and members of the transferor's family, either directly or indirectly through a family trust or partnership. This Act eliminates such abuses of the charitable contributions deduction by denying a charitable contribution deduction for any transfer to a charity in connection with a charitable split-dollar insurance transaction. Specifically, the denial of the deduction applies if, in connection with the transfer, the charity directly or indirectly pays, or has previously paid, any premium on any "personal benefit contract" with respect to the transferor, or there is an understanding or expectation that any person will directly or indirectly pay any premium on any "personal benefit contract" with respect to the transferor. A personal benefit contract with respect to the transferor is any life insurance, annuity, or endowment contract for whom the direct or indirect beneficiary under the contract is the transferor, any member of the transferor's family or any other person (other than a charitable organization) designated by the transferor. The Act also imposes an excise tax on any participating charity equal to the amount of any premiums paid by the charity on such a "personal benefit contract" in connection with a charitable split-dollar insurance transaction. The deduction is denied for any transfers after February 8, 1999 and the excise tax applies to premiums paid after December 17, 1999.

Require basis adjustments when a partnership distributes certain stock to a corporate partner.—Under prior law, generally no gain or loss was recognized on the receipt by a corporation of property distributed in complete liquidation of a subsidiary corporation in which it owned 80-percent of the stock. The basis of property received by the distributee in such a liquidation was the same as it was in the hands of the subsidiary. This Act provides for a reduction in basis of the assets of a corporation if stock in that corporation is distributed by the partnership to a corporate partner that, as a result of the distribution and related transactions, owns 80 percent or more of the stock of such corporation. The amount of the reduction generally equals the amount of the excess of the partnership's adjusted basis in the stock of the distributed corporation immediately before the distribution, over the corporate partner's basis in that stock immediately after the distribution, subject to certain limitations. The corporate partner must recognize long-term capital gain to the extent the amount of the basis reduction exceeds the basis of the property of the distributed corporation. This change generally is effective for distributions made after July 14, 1999, except that in the case of a corporation that is a partner in a partnership on July 14, 1999, the provision is effective for distributions by that partnership to the corporation after December 17, 1999 (or, for a corporation that so elects, distributions after June 30, 2001).

Modify rules relating to real estate investment trusts (REITs).—REITs generally are restricted to owning passive investments in real estate and certain securities. Under prior law, no single corporation could account for more than five percent of the total value of a REIT's assets, and a REIT could not own more than 10-percent of the outstanding voting securities of any issuer. Through the use of non-voting preferred stock and multiple subsidiaries, up to 25 percent of the value of a REIT's assets could consist of subsidiaries that conduct otherwise impermissible activities. Under this Act, the 10-percent vote test is changed to a 10-percent "vote or value" test, meaning that a REIT cannot own more than 10 percent of the outstanding voting securities or more than 10 percent of the total value of securities of a single issuer. In addition, taxable REIT subsidiaries owned by a REIT cannot represent more than 20 percent of the value of a REIT's assets. For purposes of the 10-percent value test, securities are generally defined to exclude safe harbor debt owned by a REIT. In addition, an exception to the limitation on ownership of securities of a single issuer applies in the case of a "taxable REIT subsidiary" that meets certain requirements. The Act also provides rules for the operation of hotels and health care facilities; defines "independent contractor" for certain purposes; modifies REIT distribution requirements to conform to the rules for regulated investment companies (RICs); modifies earnings and profits rules for RICs and REITs; and replaces the prior law adjusted basis comparison with a fair market comparison, in determining whether certain rents from personal property exceed a 15-percent limit. These provisions generally are effective for taxable years beginning after December 31, 2000, with transition for certain REIT holdings and leases in effect on July 12, 1999.

Modify estimated tax rules for closely held REITs.—If a person has a direct interest or a partnership interest in income-producing assets that produce income throughout the year, that person's estimated tax payments generally must reflect the quarterly amounts expected from the asset. However, a dividend distribution of earnings from a REIT is considered for estimated tax purposes when the dividend is paid. To take advantage of this deferral of estimated taxes, some corporations have established closely held REITS that may make a single distribution for the year, timed such that it need not be taken into account under the estimated tax rules as early as would be the case if the assets were directly held by the controlling entity. Effective for estimated tax payments due on or after November 15, 1999, with respect to a closely held REIT, this Act provides that any person owning at least 10 percent of the vote or value of the REIT is required to accelerate the recognition of year-end dividends attributable to the closely held REIT.

Other Provisions

Simplify foster child definition under the earned income tax credit (EITC).—This Act clarifies the definition of foster child for purposes of claiming the EITC. Effective for taxable years beginning after December 31, 1999, the foster child must be the taxpayer's sibling (or a descendant of the taxpayer's sibling), or be placed in the taxpayer's home by an agency of a State or one of its political subdivisions or a tax-exempt child placement agency licensed by a State.

Allow members of the clergy to revoke exemption from Social Security and Medicare coverage.—Under current law, ministers of a church who are opposed to participating in the Social Security and Medicare programs on religious principles may reject coverage by filing with the IRS before the tax filing date for their second year of work in the ministry. This Act provides an opportunity for members of the clergy to revoke their exemptions from Social Security and Medicare coverage during a 2-year period beginning January 1, 2000.

ADMINISTRATION PROPOSALS

The President's plan targets tax relief to provide assistance in obtaining higher education for working families, to relieve poverty and revitalize lower-income communities, and to make health care more affordable. The President's plan also provides relief from the marriage penalty and provides child-care assistance, promotes retirement savings, provides relief from the alternative minimum tax and other simplifications of the tax laws, encourages philanthropy, and offers assistance in bridging the digital divide. The President's plan also contains measures that will curtail the proliferation of corporate tax shelters, restrict the use of overseas tax havens, and close other loopholes and tax subsidies.

PROVIDE TAX RELIEF

Expand Educational Opportunities

Provide College Opportunity tax cut—Under current law, individuals may claim a Lifetime Learning credit equal to 20 percent of qualified tuition and related expenses up to $5,000 (increasing to $10,000 in 2003) incurred during the year for post-secondary education for the taxpayer, the taxpayer's spouse, or one or more dependents. The credit phases out for taxpayers filing joint returns with modified AGI from $80,000 to $100,000, and $40,000 to $50,000 for single taxpayers. The phase-out ranges will be adjusted for inflation occurring after 2000. To further assist taxpayers in obtaining post-secondary education throughout their lifetimes, the Administration proposes that the Lifetime Learning credit rate be increased to 28 percent. In addition, the phase-out range for the credit would be increased to $100,000 to $120,000 of modified AGI for joint returns and $50,000 to $60,000 of modified AGI for single taxpayers. To guarantee that all eligible taxpayers receive the full value of this education assistance, taxpayers may elect to deduct qualified tuition and related expenses instead of claiming the credit.

Provide incentives for public school construction and modernization.—The Administration proposes to institute a new program of Federal tax assistance for public elementary and secondary school construction or rehabilitation. Under the proposal, State and local governments (including U.S. possessions) would be able to issue up to $22 billion of "qualified school modernization bonds," $11 billion in each of 2001 and 2002. In addition, $200 million of qualified school modernization bonds in each of 2001 and 2002 would be allocated for the construction and renovation of Bureau of Indian Affairs funded schools. Holders of these bonds would receive annual Federal income tax credits, set according to market interest rates by the Treasury Department, in lieu of interest. Issuers would be responsible for repayment of principal. These qualified school modernization bonds would be similar to qualified zone academy bonds (QZABs), created by TRA97 and extended by the Ticket to Work and Work Incentives Improvement Act of 1999. QZABs allow bonds to be issued for certain public schools with the interest on the bonds effectively paid by the Federal government in the form of an annual income tax credit. The proceeds of these bonds can be used for teacher training, purchases of equipment, curricular development, and rehabilitation and repair of the school facilities. The Administration proposes to authorize the issuance of additional QZABs of $1.0 billion in 2001 and $1.4 billion in 2002, and to allow the proceeds of these bonds also to be used for school construction.

Expand exclusion for employer-provided educational assistance to include graduate education.—Certain amounts paid by an employer for educational assistance provided to an employee currently are excluded from the employee's gross income for income and payroll tax purposes. The exclusion is limited to $5,250 of educational assistance with respect to an individual during a calendar year and applies whether or not the education is job-related. The exclusion currently is limited to undergraduate courses beginning before January 1, 2002. The exclusion previously applied to graduate courses that began before July 1, 1996. The Administration proposes to reinstate the exclusion for graduate education for courses beginning on or after July 1, 2000 and before January 1, 2002.

Eliminate 60-month limit on student loan interest deduction.—Current law provides an income tax deduction for certain interest paid on a qualified education loan during the first 60 months that interest payments are required, effective for interest due and paid after December 31, 1997. The maximum deduction available is $2,500 for years after 2000 (for years 1998, 1999 and 2000, the limits are $1,000, $1,500 and $2,000, respectively) and the deduction is phased out for taxpayers with AGI between $40,000 and $55,000 (between $60,000 and $75,000 for joint filers). The 60-month limitation under current law adds significant complexity and administrative burdens for taxpayers, lenders, loan servicing agencies, and the IRS. Thus, to simplify the calculation of deductible interest payments, reduce administrative burdens, and provide longer-term relief to low- and middle-income taxpayers with large educational debt, the Administration proposes to eliminate the 60-month limitation. This proposal would be effective for interest due and paid on qualified education loans after December 31, 2000.

Eliminate tax when forgiving student loans subject to income contingent repayment.—Students who borrow money to pay for postsecondary education through the Federal government's Direct Loan program may elect income contingent repayment of the loan. If they elect this option, their loan repayments are adjusted in accordance with their income. If after the borrower makes repayments for a twenty-five year period any loan balance remains, it is forgiven. The Administration proposes to eliminate any Federal income tax the borrower may otherwise owe as a result of the forgiveness of the loan balance. The proposal would be effective for loan cancellations after December 31, 2000.

Provide tax relief for participants in certain Federal education programs.—Present law provides tax-free treatment for certain scholarship and fellowship grants used to pay qualified tuition and related expenses, but not to the extent that any grant represents compensation for services. In addition, tax-free treatment is provided for certain discharges of student loans on condition that the individual works for a certain period of time in certain professions for any of a broad class of employers. To extend tax-free treatment to education awards under certain Federal programs, the Administration proposes to amend current law to provide that any amounts received by an individual under the National Health Service Corps (NHSC) Scholarship Program or the Armed Forces Health Professions Scholarship and Financial Assistance Program are "qualified scholarships" excludable from income, without regard to the recipient's future service obligation. In addition, the proposal would provide an exclusion from income for any repayment or cancellation of a student loan under the NHSC Scholarship Program, the Americorps Education Award Program, or the Armed Forces Health Professions Loan Repayment Program. The exclusion would apply only to the extent that the student incurred qualified tuition and related expenses for which no education credit was claimed during academic periods when the student loans were incurred. The proposal would be effective for awards received after December 31, 2000.

Provide Poverty Relief and Revitalize Communities

Increase and simplify the Earned Income Tax Credit (EITC).—Low- and moderate-income workers may be eligible for the EITC. For every dollar a low-income worker earns up to a limit, between 7 and 40 cents are provided as a tax credit. The applicable credit rate depends on the presence and number of children in the worker's family. Above $13,030 ($5,930 if the taxpayer does not reside with children), the size of the tax credit is gradually phased out. Although the EITC lifts millions out of poverty each year, poverty among children living in larger families remains at unacceptably high levels. Because the credit initially increases as income rises, the EITC rewards marriage for very low-income workers. But the EITC also causes marriage penalties among two-earner couples whose income falls in or above the credit's phase-out range. Further, while the EITC has been shown, on net, to increase work effort, phasing out the credit results in high marginal tax rates for recipients in the phase-out range. To address these problems, the Administration proposes that the credit rate be increased from 40 percent to 45 percent for families with three or more children. If both spouses work and earn at least $725, the credit would begin to phase out at $14,480 ($7,380 if the couple does not reside with children). For taxpayers with two or more children, the phase-out rate would be reduced from 21.06 percent to 19.06 percent.

Under current law, nontaxable earned income, such as 401(k) contributions, is included in earned income for purposes of calculating the EITC. To encourage retirement savings, simplify the calculation of earned income, and improve compliance, the Administration is proposing that these nontaxable forms of income would no longer count toward eligibility for the EITC. The proposal would be effective for taxable years beginning after December 31, 1999.

A proposed technical correction would clarify that taxpayers are eligible to receive the small credit for workers without qualifying children, if they cannot claim the credit for workers with children because their child does not have a social security number. The proposed change will also clarify that taxpayers may not receive any credit (even the small credit for workers without qualifying children), if their child is not taken into account because another taxpayer who may claim the child has higher modified AGI.

Increase and index low-income housing tax credit per-capita cap.—Low-income housing tax credits provide an incentive to build and make available affordable rental housing units to households with low incomes. The amount of the first-year credits that can be awarded in each State is currently limited to $1.25 per capita. That limit has not been changed since it was established in 1986. The Administration proposes to increase the annual State limitation to $1.75 per capita effective for calendar year 2001 and to index that amount for inflation, beginning with calendar year 2002. The proposed increases in this cap will permit additional new and rehabilitated low-income housing to be provided while still encouraging State housing agencies to award the credits to projects that best meet specific needs.

Provide New Markets Tax Credit.—Businesses located in low-income urban and rural communities often lack access to sufficient equity capital. To help attract new capital to these businesses, taxpayers would be allowed a credit against Federal income taxes for certain investments made to acquire stock or other equity interests in a community development investment entity selected by the Treasury Department to receive a credit allocation. Selected community development investment entities would be required to use the investment proceeds to provide capital to businesses located in low-income communities. During the period 2001-2005, the Treasury Department would authorize selected community development investment entities to issue $15 billion of new stock or equity interests with respect to which credits could be claimed. The credit would be allowed for each year during the five-year period after the stock or equity interest is acquired from the selected community development investment entity, and the credit amount that could be claimed for each of the five years would equal six percent of the amount paid to acquire the stock or equity interest from the community development investment entity. The credit would be subject to current-law general business credit rules, and would be available for qualified investments made after December 31, 2000.

Expand Empowerment Zone (EZ) tax incentives and authorize additional EZs.—The Omnibus Budget Reconciliation Act of 1993 (OBRA93) authorized a Federal demonstration project in which nine EZs and 95 empowerment communities were designated in a competitive application process. Among other benefits, businesses located in the nine original EZs are eligible for four Federal tax incentives: an employment wage credit; an additional $20,000 per year of section 179 expensing; a new category of tax-exempt private activity bonds; and "brownfields" expensing for certain environmental remediation expenses. The Taxpayer Relief Act of 1997 (TRA97) authorized the designation of two additional EZs, which generally are eligible for the same tax incentives that are available within the EZs authorized by OBRA93. In addition, TRA97 authorized the designation of another 20 EZs (so-called "Round II EZs") that are eligible for the same tax incentives (other than the employment wage credit) available in the 11 other EZs. To date, the EZ program has promoted significant economic development, but these communities still do not fully share in the nation's general prosperity. Therefore, the Administration proposes that the EZ program be extended and strengthened by making the employment wage credit available in all existing 31 EZs through 2009. Furthermore, the Administration proposes that, beginning in 2001, an additional $35,000 (rather than $20,000) per year of section 179 expensing be allowed in all EZs, and that enhanced tax-exempt financing benefits for private business activities be available in all EZs. (As described below, the Administration's budget proposes a permanent extension of the "brownfields" expensing for EZs and other targeted areas.) Finally, the Administration proposes that an additional 10 EZs be designated as of January 1, 2002. Businesses located within these 10 new EZs will be eligible for the full range of tax incentives available in the other EZs.

Provide Better America Bonds to improve the environment.—Under current law, State and local governments may issue tax-exempt bonds to finance purely public environmental projects. Certain other environmental projects may also be financed with tax-exempt bonds, but are subject to an overall cap on private-purpose tax-exempt bonds. The subsidy provided with tax-exempt bonds may not provide a deep enough subsidy to induce State and local governments to undertake beneficial environmental infrastructure projects. The Administration proposes to allow State and local governments (including U.S. possessions and Indian tribal governments) to issue tax credit bonds (similar to existing Qualified Zone Academy Bonds) to finance projects to protect open spaces or otherwise to improve the environment. Significant public benefits would be provided by creating more livable urban and rural environments; creating forest preserves near urban areas; protecting water quality; rehabilitating land that has been degraded by toxic or other wastes or destruction of its ground cover; improving parks; and reestablishing wetlands. A total of $2.15 billion of bond authority would be authorized for each of the five years beginning in 2001. The Environmental Protection Agency, in consultation with other agencies, would allocate the bond authority based on competitive applications. The bonds would have a maximum maturity of 15 years and the bond issuer effectively would receive an interest-free loan for the term of the bonds. During that interval, bond holders would receive Federal income tax credits in lieu of interest.

Permanently extend the expensing of brownfields remediation costs.—Under TRA97, taxpayers can elect to treat certain environmental remediation expenditures that would otherwise be chargeable to capital accounts as deductible in the year paid or incurred. The provision does not apply to expenditures paid or incurred after December 31, 2001. The Administration proposes that the provision be made permanent.

Expand tax incentives for specialized small business investment companies (SSBICs).—Current law provides certain tax incentives for investment in SSBICs. The Administration proposes to enhance the tax incentives for SSBICs. First, the existing provision allowing a tax-free rollover of the proceeds of a sale of publicly-traded securities into an investment in a SSBIC would be modified to extend the rollover period to 180 days, to allow investment in the preferred stock of a SSBIC, to eliminate the annual caps on the SSBIC rollover gain exclusion, and to increase the lifetime caps to $750,000 per individual and $2,000,000 per corporation. Second, the proposal would allow a SSBIC to convert from a corporation to a partnership within 180 days of enactment without giving rise to tax at either the corporate or shareholder level, but the partnership would remain subject to an entity-level tax upon ceasing activity as a SSBIC or at any time that it disposes of assets that it holds at the time of conversion on the amount of "built-in" gains inherent in such assets at the time of conversion. Third, the proposal would make it easier for a SSBIC to meet the qualifying income, distribution of income, and diversification of assets tests to qualify as a tax-favored regulated investment company. Finally, in the case of a direct or indirect sale of SSBIC stock that qualifies for treatment under section 1202, the proposal would raise the exclusion of gain from 50 percent to 60 percent. The tax-free rollover and section 1202 provisions would be effective for sales occurring after the date of enactment. The regulated investment company provisions would be effective for taxable years beginning on or after the date of enactment.

Bridge the Digital Divide

Encourage sponsorship of qualified zone academies and technology centers.—Under current law, State and local governments can issue qualified zone academy bonds to fund improvements in certain "qualified zone academies" which provide elementary or secondary education. To encourage corporations to become sponsors of such academies and technology centers, a tax credit would be provided equal to 50 percent of the amount of corporate sponsorship payments made to a qualified zone academy, or a public library or community technology center, located in (or adjacent to) a designated empowerment zone or enterprise community. The credit would be available for corporate cash contributions, but only if a credit allocation has been made with respect to the contribution by the local governmental agency with responsibility for implementing the strategic plan of the empowerment zone or enterprise community. Up to $8 million of credits could be allocated with respect to each of the existing 31 empowerment zones (and each of the 10 additional empowerment zones proposed to be designated under the Administration's budget); and up to $2 million of credits could be allocated with respect to each of the designated enterprise communities. The credit would be subject to the current-law general business credit rules, and would be effective for sponsorship payments made after December 31, 2000.

Extend and expand enhanced deduction for corporate donations of computers.—The current-law enhanced deduction for contributions of computer technology and equipment for elementary or secondary school purposes is scheduled to expire for taxable years beginning after December 31, 2000. The Administration proposes extending this provision through June 30, 2004. In addition, to promote access of all persons to computer technology and training, the enhanced deduction would be expanded to apply to contributions of computer equipment to a public library or community technology center located in a designated empowerment zone or enterprise community, or in a census tract with a poverty rate of 20 percent or more.

Provide tax credit for workplace literacy, basic education, and basic computer skills training.—Under current law, employers may deduct the costs of providing workplace literacy, basic education, and basic computer skill programs to employees, but no tax credits are allowed for any employer-provided education. As a result, employers lack sufficient incentive to provide basic education programs, the benefits of which are more difficult for employers to capture through increased productivity than the benefits of job-specific education. The Administration proposes to allow employers who provide certain workplace literacy, English literacy, basic education, or basic computer training for their eligible employees to claim a credit against Federal income taxes equal to 20 percent of the employer's qualified expenses, up to a maximum credit of $1,050 per participating employee. Qualified education would be limited to basic instruction at or below the level of a high school degree, English literacy instruction, or basic computer skills. Eligible employees in basic education or computer training generally would not have received a high school degree or its equivalent. Instruction would be provided either by the employer, with curriculum approved by the State Adult Education Authority, or by local education agencies or other providers certified by the Department of Education. The credit would be available for taxable years beginning after December 31, 2000.

Make Health Care More Affordable

Assist taxpayers with long-term care needs.—Current law provides a tax deduction for certain long-term care expenses. However, the deduction does not assist with all long-term care expenses, especially the costs of informal family caregiving. The Administration proposes to provide a new long-term care tax credit of $3,000. The credit could be claimed by a taxpayer for himself or herself or for a spouse or dependent with long-term care needs. To qualify for the credit, an individual with long-term care needs must be certified by a licensed physician as being unable for at least six months to perform at least three activities of daily living without substantial assistance from another individual due to loss of functional capacity. An individual may also qualify if he or she requires substantial supervision to be protected from threats to his or her own health and safety due to severe cognitive impairment and has difficulty with one or more activities of daily living or certain other age-appropriate activities. For purposes of the proposed credit, the current-law dependency tests would be liberalized, raising the gross income limit and allowing taxpayers to use a residency test rather than a support test. The credit would be phased out in combination with the child credit and the disabled worker credit for taxpayers with AGI in excess of the following thresholds: $110,000 for married taxpayers filing a joint return, $75,000 for a single taxpayer or head of household, and $55,000 for married taxpayers filing a separate return. The credit would be phased in at $1,000 in 2001, $1,500 in 2002, $2,000 in 2003, $2,500 in 2004, and $3,000 in 2005 and subsequent years.

Encourage COBRA continuation coverage.—Current law provides a tax preference for employer-provided group health plans, but not for individually purchased health insurance coverage except to the extent that medical expenses exceed 7.5 percent of AGI or the individual has self-employment income. The Administration proposes to make health insurance more affordable for workers in transition and for retiring workers by providing a nonrefundable tax credit for the purchase of COBRA coverage. Individuals would receive a 25-percent tax credit for their own contributions towards COBRA coverage. The proposal would be effective for taxable years beginning after December 31, 2001.

Provide tax credit for Medicare buy-in program.—The Administration proposes to make health insurance more affordable for older workers, retirees and displaced workers by providing a 25-percent nonrefundable tax credit for individuals purchasing health insurance through a newly created Medicare buy-in program. Under a separate proposal, all individuals at least sixty-two years of age and under sixty-five years of age, and workers displaced from their jobs who are at least fifty-five years of age and under sixty-two years of age, would be eligible to buy into Medicare. Taxpayers would be eligible for a credit of 25 percent of premiums paid under the Medicare buy-in program prior to age sixty-five. The proposal would be effective for taxable years beginning after December 31, 2001.

Provide tax relief for workers with disabilities.—Under current law, disabled taxpayers may claim an itemized deduction for impairment-related work expenses. The Administration proposes to allow disabled workers to claim a $1,000 credit. This credit would help compensate people with disabilities for both formal and informal costs associated with work (e.g., personal assistance to get ready for work or special transportation). In order to be considered a worker with disabilities, a taxpayer must submit a licensed physician's certification that the taxpayer has been unable for at least 12 months to perform at least one activity of daily living without substantial assistance from another individual. A severely disabled worker could potentially qualify for both the proposed long-term care and disabled worker tax credits. The credit would be phased out in combination with the child credit and the proposed long-term care credit for taxpayers with AGI in excess of the following thresholds: $110,000 for married taxpayers filing a joint return, $75,000 for a single taxpayer or head of household, and $55,000 for married taxpayers filing a separate return. The proposal would be effective for taxable years beginning after December 31, 2000.

Provide tax relief to encourage small business health plans.—Small businesses generally face higher costs in establishing and operating health plans than do larger employers. Health benefit purchasing coalitions provide an opportunity for small businesses to offer a greater choice of health plans to their workers and to purchase health insurance at a reduced cost. The formation of these coalitions, however, has been hindered by limited access to capital. The Administration proposes to establish a temporary, special tax rule in order to facilitate the formation of health benefit purchasing coalitions. The special rule would facilitate private foundation grants and loans to fund initial operating expenses of qualified coalitions by treating such grants and loans as being made for exclusively charitable purposes. The special foundation rule would apply to grants and loans made prior to January 1, 2009 for initial operating expenses incurred prior to January 1, 2011. In addition, in order to encourage the use of qualified coalitions by small businesses, the Administration proposes a temporary tax credit for small employers that currently do not provide health insurance to their workforces. The credit would equal 20 percent of small employer contributions to employee health plans purchased through a qualified coalition. The credit would be available to employers with at least two, but not more than 50 employees, counting only employees with annual compensation of at least $10,000 in the prior calendar year. The maximum per policy credit amount would be $400 per year for individual coverage and $1,000 per year for family coverage. The credit would be allowed with respect to employer contributions made during the first 24 months that the employer purchases health insurance through a qualified coalition, and would be subject to the overall limitations of the general business credit. The proposed credit would be effective for taxable years beginning after December 31, 2000 for health plans established before January 1, 2009.

Encourage development of vaccines for targeted diseases.—The proposed tax credit would encourage development of new vaccines for diseases that occur primarily in developing countries by providing a market for successful vaccines. The proposal would provide a credit against Federal income taxes for sales of a qualifying vaccine to a qualifying organization. The credit would equal 100 percent of the amount paid by the qualifying organization. A qualifying organization would be a nonprofit organization that purchases and distributes vaccines for developing countries. A qualifying vaccine would be a vaccine for targeted diseases that receives FDA approval as a new drug after the date of enactment. The targeted diseases would include malaria, tuberculosis, HIV/AIDS, and certain other infectious diseases. The credit would be available only if a credit allocation has been made with respect to the sale of a qualifying vaccine to a qualifying organization by the U.S. Agency for International Development (AID). For the period 2002 - 2010, AID would be allowed to designate up to $1 billion of sales as eligible for the credit ($100 million per year for 2002 through 2006 and $125 million per year for 2007 through 2010). Unallocated amounts for any year would be carried over and available for allocation in the ten following years.

Strengthen Families and Improve Work Incentives

Provide marriage penalty relief and increase standard deduction.—Under current law, the standard deduction for single filers is estimated to be $4,500 in 2001. For married couples who file joint individual returns, the standard deduction will be $7,550, which is less than the combined amount for two single individuals. To reduce marriage penalties, the Administration proposes to increase the standard deduction for two-earner couples to double the amount of the standard deduction for single filers. The increase would be phased in evenly over five years. When fully phased in, the increase (at 2001 levels) would be $1,450. In addition, beginning in 2005, the Administration proposes to increase the standard deduction by $250 for single filers, $350 for heads of household, and $500 for joint filers.

Increase, expand, and simplify child and dependent care tax credit.—Under current law, taxpayers may receive a nonrefundable tax credit for a percentage of certain child care expenses they pay in order to work. The credit rate is phased down from 30 percent of expenses (for taxpayers with AGI of $10,000 or less) to 20 percent (for taxpayers with AGI above $28,000). The Administration believes that the maximum credit rate is too low. Moreover, because it is nonrefundable, many families who have significant child care costs and relatively low incomes are not eligible for the maximum credit. To alleviate the burden of child care costs for these families, the Administration proposes to make the credit refundable. Under the proposal, the maximum credit rate would be increased from 30 percent to 40 percent in 2003, and to 50 percent in 2005 and subsequent years. The credit would become refundable in 2003. Eligibility for the maximum credit rate would be extended to taxpayers with AGI of $30,000 or less. The credit rate would be reduced by one percentage point for every $1,000 of AGI above $30,000 but would not be less than 20 percent.

Under current law, no additional tax assistance under the child and dependent care tax credit is provided to families with infants, who require intense and sustained care. Furthermore, parents who themselves care for their infants, instead of incurring out-of-pocket child care expenses, receive no benefit under the child and dependent care tax credit. In order to provide assistance to these families, the Administration proposes to supplement the credit with an additional, nonrefundable credit for all taxpayers with children under the age of one, whether or not they incur out-of-pocket child care expenses. The amount of additional credit would be the applicable credit rate multiplied by $500 for a child under the age of one ($1,000 for two or more children under the age of one).

The Administration also proposes to simplify eligibility for the credit by eliminating a complicated household maintenance test. Certain credit parameters would be indexed. The proposal would be effective for taxable years beginning after December 31, 2000.

Provide tax incentives for employer-provided child-care facilities.—The Administration proposes to provide taxpayers a credit equal to 25 percent of expenses incurred to build or acquire a child care facility for employee use, or to provide child care services to children of employees directly or through a third party. Taxpayers also would be entitled to a credit equal to 10 percent of expenses incurred to provide employees with child care resource and referral services. A taxpayer's credit could not exceed $150,000 in a single year. Any deduction the taxpayer would otherwise be entitled to take for the expenses would be reduced by the amount of the credit. Similarly, the taxpayer's basis in a facility would be reduced to the extent that a credit is claimed for expenses of constructing or acquiring the facility. The credit would be effective for taxable years beginning after December 31, 2000.

Promote Expanded Retirement Savings, Security, and Portability

The Administration proposes further expansions of retirement savings incentives, including initiatives that would expand retirement plan coverage and other workplace-based savings opportunities, particularly for moderate- and lower-income workers not currently covered by employer-sponsored plans. Many of the new provisions are focused on employees of small businesses, a group that currently has low pension coverage. Other proposals enhance the fairness of plans by improving existing retirement plans for employers of all sizes, increase retirement security for women, promote portability, expand workers' and spouses' rights to know about their retirement benefits, and simplify pension rules. These provisions generally are effective for taxable years beginning after 2000.

Encourage Retirement Savings

The Administration proposes two major initiatives designed to encourage retirement savings for moderate- and lower-income workers.

Establish Retirement Savings Accounts.—Current law tax incentives to save through Individual Retirement Accounts (IRAs) and pensions provide little impetus to saving by moderate- and lower-income workers. The Administration's proposal would create Retirement Savings Accounts, in which participants' voluntary contributions are matched by employers or financial institutions. The match will be provided in the form of a tax credit. Participation by financial institutions and taxpayers would be voluntary. Financial institutions could also claim a $10 tax credit to defray the administrative costs of establishing each new account.

Under the proposal, eligible taxpayers would qualify for a match. Participants would make voluntary contributions to an account at a participating financial institution or employer-sponsored qualified retirement plan. Workers would receive a basic match of as much as 100 percent for up to $1,000 in contributions ($500 from 2002 to 2004). They would also qualify for a supplemental match of up to $100 for the first $100 contributed to the account.

The basic match phases down to 20 percent for taxpayers with AGI in the following ranges: between $25,000 and $50,000 ($20,000 and $40,000 from 2002 to 2004) for married taxpayers filing a joint return, $18,750 to $37,500 ($15,000 to $30,000 from 2002 to 2004) for taxpayers filing a head-of-household return, and $12,500 to $25,000 ($10,000 to $20,000 from 2002 to 2004) for single taxpayers. The supplemental match phases out over the same income ranges. The 20 percent basic match is available for taxpayers with AGI up to $80,000 ($40,000 from 2002 to 2004) on joint returns, $60,000 ($30,000 from 2002 to 2004) on head-of-household returns and $40,000 ($20,000 from 2002 to 2004) on single returns.

Taxpayers with at least $5,000 in earnings (which could be joint earnings for married taxpayers filing a joint return) and aged 25 to 60 would be eligible for the match. Withdrawals for certain special purposes would be permitted after five years; withdrawals for other purposes would not be permitted until retirement. The tax treatment would be similar to that afforded deductible IRAs or contributions to employer pensions: contributions would be excludable from income, earnings would not be taxed, but withdrawals would be included in taxable income.

The credits would be effective for tax years beginning after December 31, 2001.

Provide small business tax credit for automatic contributions for non-highly compensated employees.—Small employers could claim a nonrefundable tax credit equal to 50 percent of qualifying contributions made on behalf of non-highly compensated employees. Qualifying contributions are nonelective contributions to defined contribution plans of at least one percent of pay and nonelective or matching contributions of up to an additional two percent of pay (for a total of three percent of pay). Alternatively, qualifying contributions could be benefits accrued under a non-integrated defined benefit plan if equivalent to a three-percent nonelective contribution (in accordance with regulations that could provide simplified methods for defined benefit plans to qualify for the credit). Contributions must be vested at least as fast as either a three-year cliff or five-year graded schedule, must be subject to withdrawal restrictions, and must be allocated in proportion to pay. Credits claimed for subsequently forfeited contributions would be subject to recapture at a rate of 35 percent. An employer could claim the credit for three years. The credit would be effective for tax years beginning after December 31, 2001 and ending on or before December 31, 2009.

Expand Pension Coverage for Employees of Small Business

The Administration proposes a number of other incentives to encourage the adoption of retirement plans by small employers, generally those that have 100 or fewer employees with $5,000 or more of compensation in the preceding year.

Provide tax credit for plan start up and administrative expenses.—The Administration proposes a three-year tax credit for the administrative and retirement education expenses of any small business that sets up a new qualified defined benefit or defined contribution plan (including a 401(k) plan), savings incentive match plan for employees (SIMPLE), simplified employee pension (SEP), or payroll deduction IRA arrangement. The credit would cover 50 percent of the first $2,000 in administrative and retirement education expenses for the plan or arrangement for the first year of the plan and 50 percent of the first $1,000 of such expenses for each of the second and third years. The tax credit would help promote new plan sponsorship by targeting a tax benefit to employers adopting new plans or payroll deduction IRA arrangements, providing a marketing tool to financial institutions and advisors promoting new plan adoption, and increasing awareness of retirement savings options. The credit would be available for plans established after 1998 and before 2010.

Provide for payroll deduction IRAs.—Employers could offer employees the opportunity to make IRA contributions on a pre-tax basis through payroll deduction. Providing employees an exclusion from income (in lieu of a deduction) is designed to increase saving among workers in businesses that do not offer a retirement plan. Signing up for payroll deduction is easy for an employee. In addition, saving is facilitated because it becomes automatic as salary reduction contributions continue each paycheck after an employee's initial election. Peer group participation may also encourage employees to save more. Finally, the favorable tax treatment of salary reductions would encourage participation.

Provide for the SMART plan.—In addition to tax credits for qualified retirement plans, the Administration is proposing a new small business defined benefit type plan (the "SMART" plan) for calendar years beginning after 2000. The SMART plan combines certain key features of defined benefit plans and defined contribution plans: guaranteed minimum retirement benefits, an option for payments over the course of an employee's retirement years, and Pension Benefit Guaranty Corporation insurance, together with individual account balances that can benefit from favorable investment returns and have enhanced portability.

Enhance the 401(k) SIMPLE plan.—The Administration proposes expanding the small business 401(k) SIMPLE plan and making it significantly more flexible without sacrificing fairness in the allocation of contributions to moderate- and lower-wage employees. The proposal would make three major changes to the existing 401(k) SIMPLE plan nonelective contribution alternative. First, non-highly compensated employees would be permitted to contribute up to $10,500 a year. Second, the employer's options under a 401(k) SIMPLE plan would be expanded: instead of being required to make a two-percent nonelective employer contribution (with a $6,000 employee contribution limit), employers could opt to make a one-percent, two-percent, three-percent or higher nonelective employer contribution (subject to the requirement that all eligible employees receive the same rate of nonelective contribution). The one-percent 401(k) SIMPLE plan would allow highly compensated employees to contribute up to $3,000 to the plan if the employer made a non-integrated, fully vested, withdrawal-restricted one-percent automatic contribution on behalf of all employees. The proposal would not change the current-law two-percent 401(k) SIMPLE plan, with its $6,000 contribution limit, except to restrict application of the $6,000 limit to highly compensated employees, allowing others to contribute up to $10,500. In addition, as is the case under current law with the 401(k) nonelective safe harbor, an employer could make a three-percent (or greater) nonelective contribution, permitting all employees, including highly compensated ones, to contribute up to $10,500. Third, employers would have the flexibility to wait until as late as December 1 of the year for which the contribution is made to assess their financial situation for the year and decide on the level of their nonelective contribution.

Eliminate IRS user fees for small business plan determination letters.—The Administration proposes the elimination of user fees for requests made after the date of enactment for an initial determination letter from the IRS for a qualified retirement plan maintained by a small business. To obtain the relief, the request must be made during the first five plan years.

Permit certain S corporation shareholders and partners to borrow from plans.—S corporation shareholders and partners owning less than 20 percent of the business would be able to borrow from the employer's qualified retirement plan in which they participate under the same rules that apply to all qualified plan participants for loans first made or refinanced after 2000.

Enhance Fairness in Pension Plans

The Administration proposes modifications to the vesting rules, the contribution and deduction limits, and the 401(k) safe harbor plan rules to enhance the fairness of pensions to moderate- and lower-income workers.

Accelerate vesting for qualified plans.—The Administration proposes accelerating the current-law five-year (or seven-year graded) allowable vesting schedule for qualified retirement plans. Given the mobile nature of today's workforce, particularly of working women, there is a significant risk that many participants will leave employment before fully vesting in their retirement benefits. Under the proposal, plans would be required to provide that an employee would be fully vested after completing three years of service or would vest in annual 20 percent increments beginning after one year of service. In addition, time off under the Family and Medical Leave Act (FMLA) of up to 12 weeks of unpaid leave to care for a new child, to care for a family member who has a serious health condition, or because the worker has a serious health condition would be included in service for determining retirement plan vesting and eligibility to participate in the plan.

Modify contribution and annual addition limitations.—The deduction limits for profit sharing plans and the percentage-of-pay limitations of defined contribution plans would be liberalized to ensure that non-highly compensated employees' benefits are not inappropriately limited. The general 15-percent deduction limit for stock bonus and profit sharing plans would be increased by the amount of elective contributions on behalf of non-highly compensated employees participating in the plan that exceed, in the aggregate, 15 percent of compensation otherwise paid or accrued on behalf of such non-highly compensated employees. For purposes of determining the employer's deduction under the combined plan limit that applies when an employer has both a pension plan and a stock bonus or profit sharing plan in which the same employee participates, elective contributions on behalf of non-highly compensated employees would be disregarded. In addition, the 15-percent-of-compensation deduction limit would be further liberalized by treating certain salary reduction amounts as compensation in determining the deduction limits. The proposal also would increase the maximum allowable annual addition for defined contribution plans from 25 percent to 35 percent of compensation.

Expand coverage of non-highly compensated employees under 401(k) safe harbor plans.—The Administration would modify the section 401(k) matching formula safe harbor by requiring that, in addition to the matching contribution, either (1) the employer make a contribution of one percent of compensation for each eligible non-highly compensated employee, regardless of whether the employee makes elective contributions, or (2) the plan provide for current and newly hired employees to be automatically enrolled in the 401(k) plan at a three-percent contribution rate (where employees can elect other rates, including zero contribution). The proposal would also permit nonelective contributions to replace matching contributions in the 401(k) matching formula safe harbor.

Simplify the definition of highly compensated employee.—The Administration proposes to simplify the definition of highly compensated employee by eliminating the top-paid group election. Under the simplified definition, an employee would be treated as highly compensated if the employee (1) was a five-percent owner at any time during the year or the preceding year, or (2) had compensation in excess of $80,000 (as adjusted) for the preceding year.

Clarify the division of Section 457 assets upon divorce.—To make consistent the treatment of retirement benefits upon divorce, the Administration proposes to extend to section 457(b) plans the qualified domestic relations order (QDRO) regime that applies to distributions from a qualified plan made to a spouse, former spouse or alternate payee. Accordingly, the proposal would not tax the employee on distributions from a section 457(b) plan made to an alternate payee pursuant to a QDRO and also clarifies that a section 457(b) plan will not be treated as violating the restrictions on distributions when it honors the terms of a QDRO.

Offer joint and 75-percent survivor annuity option.—Current law requires certain pension plans to offer to pay pension benefits as a joint and survivor annuity; frequently, the benefit for the surviving spouse is reduced to 50 percent of the monthly benefit paid when both spouses were alive. Under the proposal, plans that are subject to the joint and survivor annuity rules would be required to offer an option that pays a survivor benefit equal to at least 75 percent of the benefit the couple received while both were alive. This option would be especially helpful to women because they tend to live longer than men and because many aged widows have incomes below the poverty level.

Promote Retirement Savings Portability

The Administration proposes significant changes to promote the portability and encourage the preservation of retirement savings.

Encourage pension asset preservation by default rollover to IRA.—The direct rollover rules would be modified to encourage preservation of retirement assets by making a direct rollover the default option for eligible rollover distributions from a qualified retirement plan, section 403(b) annuity or governmental section 457(b) plan. The new rule would apply where a participant is entitled to an eligible rollover distribution from a qualified retirement plan, 403(b) annuity or governmental section 457(b) plan, the distribution is greater than $1,000, and the distribution is subject to nonconsensual cashout under the plan (i.e, does not exceed $5,000 or is made after normal retirement age). In these circumstances, the distribution would be required to be directly rolled over to an eligible retirement plan (including an IRA), unless the participant affirmatively elects to receive the distribution in cash. For convenience, the rollover IRA could be designated when the employee becomes a participant in the plan; alternatively, it could be designated at termination of employment. If the participant fails to designate a rollover plan or IRA and does not affirmatively elect to receive the distribution in cash, then involuntary cashout amounts could be transferred to an IRA designated by the payor (for the benefit of the participant) or, at the election of the plan sponsor, retained in the plan.

Expand permitted rollovers of employer-provided retirement savings.—Under current law, rollovers are not allowed between qualified retirement plans, section 403(b) tax-sheltered annuities and governmental section 457(b) plans. The Administration proposes that an eligible rollover distribution from a qualified retirement plan, a section 403(b) tax-sheltered annuity, or a governmental section 457(b) plan could be rolled over to a traditional IRA, a qualified retirement plan, a section 403(b) annuity, or a governmental section 457(b) plan. Amounts distributed from a governmental section 457(b) plan would be subject to the early withdrawal tax to the extent the distribution consists of amounts attributable to rollovers from another type of plan. A governmental section 457(b) plan would be required to separately account for such amounts. To facilitate the preservation of the retirement savings of participants in governmental section 457(b) plans and to rationalize the treatment of different types of broad-based retirement plans, the Administration also proposes to extend the direct rollover and withholding rules to governmental section 457(b) plans. These plans, like qualified plans, would be required to provide written notification to participants regarding eligible rollover distributions (but would not be required to accept rollovers). Finally, the proposal would allow eligible rollover distributions to be rolled over from a qualified trust sponsored by a previous employer to a Federal employee's Thrift Savings Plan (TSP) account.

Permit consolidation of retirement savings.—The Administration's proposal would allow individuals to consolidate their IRA funds and their workplace retirement savings in a single fund. Individuals who have IRAs with deductible IRA contributions would be permitted to transfer funds from their IRAs to their qualified defined contribution retirement plan, 403(b) tax-sheltered annuity or governmental section 457(b) plan, provided that the retirement plan trustee could qualify as an IRA trustee. In addition, the proposal would allow individuals to roll over after-tax IRA or employer plan contributions to their new employer's defined contribution plan or to an IRA if the plan or IRA provider agrees to track and report the after-tax portion of the rollover for the individual. Finally, surviving spouses would be permitted to roll over distributions to a qualified plan, 403(b) annuity or governmental section 457(b) plan.

Allow purchase of service credits in governmental defined benefit plans.—Employees of State and local governments, particularly teachers, often move between states and school districts in the course of their careers. Under State law, they often can purchase service credits in their State defined benefit pension plans for time spent in another state or district and earn a pension reflecting a full career of employment in the state in which they conclude their career. Under current law, these employees cannot make a tax-free transfer of the money they have saved in their 403(b) plan or governmental 457(b) plan to purchase these credits and often lack other resources to use for this purpose. Under the proposal, State and local government employees would be able to use funds from these retirement savings plans to purchase service credits through a direct transfer without first having to take a taxable distribution of these amounts.

Allow immediate participation in Federal Thrift Savings Plan (TSP).—Under the Administration's proposal, all waiting periods for Federal employees' participation in TSP (including matching and nonelective contributions) would be eliminated for new hires and rehires.

Improve Pension Security

The Administration proposes a number of changes to improve pension security in defined benefit plans.

Modify pension plan deduction rules.—For defined benefit plans, the change in the full funding limitation based on current liability would be phased in more quickly, so that this limitation would be 170 percent of current liability for years beginning after December 31, 2003. In addition, the ten-percent excise tax on nondeductible contributions would not apply to the extent a contribution is nondeductible solely as a result of the current liability full funding limit. The special deduction rule for terminating plans would be modified so that, at plan termination, all contributions needed to satisfy the plan's liabilities would be immediately deductible. In the case of a plan with fewer than 100 participants, liabilities attributable to recent benefit increases for highly compensated employees would be disregarded for this purpose.

Simplify full funding limitation for multiemployer plans.—The limit on deductible contributions based on a specified percentage of current liability would be eliminated for multiemployer defined benefit plans. Therefore, the annual deduction for contributions to such a plan would be limited to the amount by which the plan's accrued liability exceeds the value of the plan's assets.

Modify defined benefit limit rules for multiemployer plans.—Defined benefit limits applicable to multiemployer defined benefit plans would be modified to eliminate the 100-percent-of-compensation limit (but not the $135,000 limit) for such plans. In addition, the special early retirement provisions for determining the defined benefit limit that currently apply to defined benefit plans sponsored by governments, tax-exempt organizations and merchant marine would be expanded to include multiemployer plans. Finally, the rule requiring aggregation of benefits provided from a single employer for purposes of the defined benefit limit would be modified so as not to require aggregation of a multiemployer defined benefit plan and a single employer defined benefit plan for purposes of the 100-percent-of-compensation limit.

Increase Disclosure and Right to Know

The Administration proposes to improve disclosure to workers and their spouses.

Improve disclosure for plan amendments that significantly reduce future benefit accruals.—The Administration's proposal would strengthen the existing disclosure requirements that apply when a pension plan is amended to significantly reduce the rate of future benefit accrual. The proposal would require that the notice summarize the important terms of the amendment, including identification of the effective date of the amendment, a statement that the amendment is expected to significantly reduce the rate of future benefit accrual, a general description of how the amendment significantly reduces the rate of future benefit accrual, and a description of the class or classes of participants to whom the amendment applies. Participants must receive the notice at least 45 days before the effective date of the plan amendment. If the plan has at least 100 active participants, the plan administrator would also be required to provide affected participants an enhanced advance notice of the amendment that describes, and illustrates using specific examples, the impact of the amendment on representative affected participants; to make available the formulas and factors used in those examples in order to permit similar calculations to be made; and to make available a follow-up individualized benefit statement estimating the participant's projected retirement benefits. Regulations could exempt certain amendments, such as amendments that do not make a fundamental change in a plan's formula.

Pension "right-to-know" proposals.—The Administration's proposal would enhance workers' and spouses' rights to know about their pension benefits by, among other things, requiring that the same explanation of a pension plan's survivor benefits that is provided to a participant be provided to the participant's spouse.

Provide AMT Relief for Families and Simplify the Tax Laws

Provide adjustments for personal exemptions and the standard deduction in the individual alternative minimum tax (AMT).—The Administration is concerned that the AMT imposes financial and compliance burdens upon taxpayers that have few preference items and were not the originally intended targets. In particular, the Administration is concerned that the individual AMT may act to erode the benefits of dependent personal exemptions and standard deductions that are intended to provide relief for middle-income taxpayers—especially those with larger families. For example, under current law, a couple with five children and $70,000 of income that claims the standard deduction would be subject to the AMT in 2000. In response, the Administration proposes to phase out the tax preference status of dependent exemptions under the AMT; that is, when fully phased in, claiming children as personal exemptions on a tax return would not cause a taxpayer to be subject to the AMT. For tax years 2000 through 2007, only the first two dependent exemptions would be AMT preference items; in 2008 and 2009, only the first exemption would be a preference; in 2010 and thereafter, dependent exemptions would no longer be treated as an AMT preference. The Administration also proposes to allow taxpayers who claim the standard deduction for regular income tax purposes to claim the same standard deduction for AMT purposes for tax years 2000 and 2001. That provision would complement the provision enacted in 1999 that allows the use of personal credits against the AMT through 2001.

Simplify and increase standard deduction for dependent filers.—Currently, the standard deduction for tax filers who can be claimed as dependents by another taxpayer is the smaller of the standard deduction for single taxpayers ($4,400 for tax year 2000) or the special standard deduction for dependent filers. The special standard deduction is the larger of (1) $700 (for tax year 2000) or (2) the individual's earned income plus $250 (for tax year 2000). The current provision requires dependents to file a tax return if they have at least $250 of interest and dividends from their savings and their earnings plus income from savings is at least $700. To simplify the standard deduction and increase it for dependent filers, the Administration proposes that, beginning in 2000, the standard deduction for dependent filers would be the individual's earned income plus $700 (indexed after 2000), but not more than the regular standard deduction. This proposal would reduce the number of dependent filers required to file a tax return by 400,000 and simplify filing for other dependents with earned income.

Replace support test with residency test (limited to children).—Under current law, taxpayers must provide over half the support of individuals claimed as dependents on their tax return. Under the proposal, taxpayers would be allowed to claim their children as dependents by meeting a residency test instead of a support test. If the child is 18 or younger (23 or younger if a full-time student) and is the taxpayer's son, daughter, stepchild, or grandchild, then the support test may be waived if the taxpayer lives with the child for over half the year. A twelve-month test would apply to foster children. If more than one taxpayer could claim the child as a dependent under the proposed rule, the taxpayer with the highest AGI would be entitled to the dependency exemption. The proposal would be effective for taxable years beginning after December 31, 2000.

Index maximum exclusion for capital gains on sale of principal residence.—Under current law, taxpayers can generally exclude up to $250,000 ($500,000 for married taxpayers filing joint returns) of gain on the sale of a principal residence. To be eligible for the full exclusion, the taxpayer must have owned the residence and occupied it as a principal residence for at least two of the five years preceding the sale. A taxpayer may claim the deduction only once in any two-year period. Under the proposal, the maximum exclusion amounts would be indexed for inflation effective January 1, 2001. The proposal will prevent inflation from subjecting more taxpayers to tax when they sell their homes, and will prevent more taxpayers from having to maintain complex records regarding the cost of their homes.

Provide tax credit to encourage electronic filing of individual income tax returns.—Under current law, tax return preparation costs of individuals, including any costs of electronic filing, may be deducted only by taxpayers who itemize deductions and then only to the extent that such costs, in combination with most other miscellaneous itemized deductions, exceed two percent of AGI. The proposal would provide a temporary, refundable tax credit for the electronic filing of individual income tax returns. The credit would be for tax years 2001 through 2006 and would be $10 for each electronically filed return, and $5 for each TeleFile return (which are filed by entering information through the keypads of telephones). The credit would encourage taxpayers to try electronic return or Telefile submission, which reduces taxpayer errors and the need for subsequent contacts between the taxpayer and the IRS and which permits taxpayers to receive their tax refunds faster. The credit would help the IRS achieve the goal set in the 1998 IRS Restructuring and Reform Act of having 80 percent of 2006 returns filed electronically. No later than tax year 2002, the IRS would be required to offer one or more options to the public, through contract arrangements with the private sector, for preparing and filing individual income tax returns over the Internet at no cost to the taxpayer.

Clarify the tax treatment of disabled workers in a sheltered workshop.—The Administration's proposal would provide a limited exclusion from the definition of "employment" for certain services rendered by disabled individuals in a sheltered workshop program effective the date of enactment. The exclusion would be limited to service (1) performed for a period of no more than 18 months under a minimum wage exemption certificate issued by the Department of Labor and (2) provided in a sheltered workshop operated by a section 501(c)(3) organization or a State or local government. However, organizations could voluntarily agree to provide coverage, pursuant to an agreement with the Social Security Administration. Corresponding changes would be made to the Social Security Act.

Simplify, retarget and expand expensing for small business.—In place of depreciation, a taxpayer with a sufficiently small amount of annual investment may elect to deduct up to $20,000 of the cost of qualifying property (generally depreciable tangible property) placed in service in taxable year 2000. The deductible amount rises to $24,000 in 2001 and 2002, and to $25,000 in 2003 and subsequent taxable years. The Administration proposes to increase the amount of investment that can be expensed to $25,000 in taxable year 2001; thereafter, this amount would be increased for inflation in increments of $1,000. In addition, the Administration proposes certain modifications to better target the applicability of expensing, to allow the deduction to be claimed at the entity level for flow-through businesses, and to make certain computer software eligible for expensing.

Provide optional Self-employment Contributions Act (SECA) computations.—Self-employed individuals currently may elect to increase their self-employment income for purposes of obtaining social security coverage. Current law provides more liberal treatment for farmers as compared to other self-employed individuals. The Administration proposes to extend the favorable treatment currently accorded to farmers to other self-employed individuals. The proposal would be effective for taxable years beginning after December 31, 2000.

Clarify rules relating to certain disclaimers.—Under current law, if a person refuses to accept (disclaims) a gift or bequest prior to accepting the transfer (or any of its benefits), the transfer to the disclaiming person generally is ignored for Federal transfer tax purposes. Current law is unclear as to whether certain transfer-type disclaimers benefit from rules applicable to other disclaimers under the estate and gift tax. Current law is also silent as to the income tax consequences of a disclaimer. The Administration proposes to extend to transfer-type disclaimers the rule permitting disclaimer of an undivided interest in property as well as the rule permitting a spouse to disclaim an interest that will pass to a trust for the spouse's benefit. The proposal also clarifies that disclaimers are effective for income tax purposes. The proposal would apply to disclaimers made after the date of enactment.

Simplify the foreign tax credit limitation for dividends from 10/50 companies.—TRA97 modified the regime applicable to indirect foreign tax credits generated by dividends from so-called 10/50 companies. Specifically, the Act retained the prior law "separate basket" approach with respect to pre-2003 distributions by such companies, adopted a "single basket" approach with respect to post-2002 distributions by such companies of their pre-2003 earnings, and adopted a "look-through" approach with respect to post-2002 distributions by such companies of their post-2002 earnings. The application of the three approaches results in significant additional complexity. The proposal would simplify the application of the foreign tax credit limitation significantly by applying a look-through approach immediately to dividends paid by 10/50 companies, regardless of the year in which the earnings and profits out of which the dividends are paid were accumulated (including pre-2003 years). The proposal would be effective for taxable years beginning after December 31, 1999.

Provide interest treatment for dividends paid by certain regulated investment companies to foreign persons.—Under current law, foreign investors in U.S. bond and money-market mutual funds are effectively subject to withholding tax on interest income and short term capital gains derived through such funds. Foreign investors that hold U.S. debt obligations directly generally are not subject to U.S. taxation on such interest income and gains. This proposal would eliminate the discrepancy between these two classes of foreign investors by eliminating the U.S. withholding tax on distributions from U.S. mutual funds that hold substantially all of their assets in cash or U.S. debt securities (or foreign debt securities that are not subject to withholding tax under foreign law). The proposal is designed to enhance the ability of U.S. mutual funds to attract foreign investors and to eliminate complications now associated with the structuring of vehicles for foreign investment in U.S. debt securities. The proposal would be effective for mutual fund taxable years beginning after the date of enactment.

Expand declaratory judgment remedy for noncharitable organizations seeking determinations of tax-exempt status. —Under current law, organizations seeking tax-exempt status as charities are allowed to seek a declaratory judgment as to their tax status if their application is denied or delayed by the IRS. A noncharity (an organization not described in section 501(c)(3)) that applies to the IRS for recognition of its tax-exempt status faces potential tax liability if its application ultimately is denied by the IRS. This creates uncertainty for the noncharity, particularly when the IRS determination is delayed for a significant period of time. To reduce this uncertainty, the declaratory judgment procedure available to charities under current-law section 7428 would be expanded, so that if the application of any organization seeking tax-exempt status under section 501(c) is pending with the IRS for more than 270 days, and the organization has exhausted all administrative remedies available within the IRS, then the organization could seek a declaratory judgment as to its tax-exempt status from the United States Tax Court. The proposal would be effective for applications for recognition of tax-exempt status filed after December 31, 2000.

Simplify the active trade or business requirement for tax-free spin-offs.—In order to satisfy the active trade or business requirement for tax-free spin-offs, split-offs, and split-ups, the distributing corporation and the controlled corporation both must be engaged in the active conduct of a trade or business. If a corporation is not itself active, it may satisfy the active trade or business test indirectly, but only if substantially all of its assets consist of stock and securities of a controlled corporation that is engaged in an active trade or business. Because the substantially all standard is much higher than that required if the corporation is active itself, a taxpayer often must engage in pre-distribution restructurings that it otherwise would not have undertaken. There is no clear policy reason that the standards for meeting the active trade or business requirement should differ depending upon whether a corporation is considered to be active on a direct or indirect basis. Therefore, the Administration proposes to simplify the requirement by removing the substantially all test and generally allowing an affiliated group to satisfy the active trade or business requirement as long as the affiliated group, taken as a whole, is considered active. This proposal would be effective for transactions after the date of enactment.

Modify translation of foreign withholding taxes by accrual basis taxpayers.—Under current law, taxpayers who take foreign income taxes into account when accrued generally are required to translate such taxes into dollars by using the average exchange rate for the taxable year to which such taxes relate. This rule was intended to be a simplification measure that would reduce the need for accrual basis taxpayers to redetermine the amount of foreign tax credits claimed with respect to foreign taxes accrued prior to the date of payment. This rule may not clearly reflect income, however, in the case of foreign withholding taxes paid by an accrual basis taxpayer, because such taxes are never accrued prior to the date the tax is paid (regardless of the taxpayer's method of accounting). Moreover, certain taxpayers that receive income subject to withholding taxes (such as regulated investment companies with a taxable year that differs from the calendar year) may find it impossible to comply with current law. The proposal would provide that foreign withholding taxes are to be translated at the spot rate on the date of payment, regardless of the method of accounting of the taxpayer. The proposal would be effective for taxable years beginning after the date of enactment.

Eliminate duplicate penalties for failure to file annual reports.—Employer penalties for failure to file an annual report would be simplified by eliminating the Internal Revenue Code penalties for a plan to which ERISA applies. Certain other ERISA reporting penalties would be modified or eliminated.

Clarify foreign tax credit rules to provide the circumstances under which a domestic corporation that owns a foreign corporation through a partnership will be eligible for the deemed-paid credit.—A domestic corporation that is a U.S. shareholder of a controlled foreign corporation (CFC) can claim deemed-paid foreign tax credits with respect to foreign taxes paid by the CFC on the subpart F income that the U.S. shareholder currently includes in income to the same extent that it would be so allowed if the subpart F inclusion were treated as an actual dividend distribution. To be eligible for the deemed-paid credit on an actual dividend distribution, a domestic corporation must own 10% or more of the voting stock of the foreign corporation from which it receives the dividend. Under current law, it is not clear how to apply the deemed-paid foreign tax credit rules when a foreign corporation is owned through a partnership. The proposal would provide that the deemed-paid credit is available to a domestic corporation that, through a partnership, owns 10% or more of the voting stock of a foreign corporation from which it receives its proportionate share of dividend income. This rule would apply to both foreign and U.S. partnerships. For purposes of this provision, a foreign partnership would be treated as a tier under the rule that allows the deemed-paid credit only with respect to taxes paid by foreign corporations that are not below the sixth tier.

Encourage Philanthropy

Allow deduction for charitable contributions by non-itemizing taxpayers.—To provide an incentive for taxpayers who use the standard deduction to make large charitable contributions, the Administration proposes a deduction for substantial charitable contributions made by taxpayers who do not itemize their deductions. Under current law, individual taxpayers who itemize their deductions generally may claim a deduction (subject to certain percentage limitations) for contributions made to qualified charitable organizations. However, individual taxpayers who elect the standard deduction (so-called "non-itemizers") may not claim a deduction for charitable contributions, although the standard deduction theoretically includes an allowance for moderate amounts of charitable giving. The proposal would allow taxpayers who are non-itemizers to deduct 50 percent of their charitable contributions in excess of $1,000 ($2,000 for married taxpayers filing jointly) for taxable years beginning after December 31, 2000 and before January 1, 2006. For taxable years beginning after December 31, 2005, non-itemizers would be allowed to deduct 50 percent of their charitable contributions in excess of $500 ($1,000 for married taxpayers filing jointly).

Simplify and reduce the excise tax on foundation investment income.—Under current law, private foundations generally are subject to a two-percent excise tax on their net investment income. In some cases, the excise tax rate is reduced to one percent, provided that current-year grantmaking by the foundation is determined under a complex formula to not fall below the average level of the foundation's grantmaking in the five preceding taxable years (with certain adjustments). This complex formula creates a perverse incentive for foundations not to significantly increase their grantmaking for charitable purposes in any particular year, because if a foundation does so, it becomes more difficult for the foundation to qualify for the reduced one-percent excise tax rate in subsequent years. Accordingly, the Administration proposes that the excise tax on private foundation investment income be simplified by reducing the general two-percent excise tax rate to a 1.25-percent excise tax rate that would apply in all cases. The complex formula for determining whether a foundation is maintaining its historic level of charitable grantmaking, and the special excise tax rate available to only some foundations, would be repealed. Thus, private foundations would not suffer adverse excise tax consequences if they respond to charitable needs by significantly increasing their grantmaking in a particular year. The proposal would be effective for taxable years beginning after December 31, 2000.

Increase limit on charitable donations of appreciated property.—Under current law, charitable contributions made by individuals who do not claim the standard deduction are deductible for income tax purposes, up to certain limits depending on the type of property donated and whether the donee organization qualifies as a public charity or private foundation. Contributions made by an individual to a public charity generally are deductible in an amount not exceeding 50 percent of the individual's AGI for the current year (with any remaining amount carried over for up to five taxable years). In the case of contributions made by an individual to a private foundation, a 30-percent AGI limitation generally applies. However, in the case of donated stock and other non-cash contributions, a 30-percent AGI limitation applies to gifts to public charities, and a 20-percent AGI limitation applies to gifts to private foundations. These special contribution limits for non-cash gifts create unnecessary complexity and could discourage gifts of valuable or unique property to charitable organizations. Therefore, the Administration proposes that the special contribution limits for non-cash gifts be repealed, effective for contributions made after December 31, 2000.

Clarify public charity status of donor advised funds.—-In recent years, there has been an explosive growth in so-called "donor advised funds" maintained by charitable corporations. These funds generally permit a donor to claim a current charitable contribution deduction for amounts contributed to a charity and to provide ongoing advice regarding the investment or distribution of such amounts, which are maintained by the charity in a separate fund or account. In the absence of clear guidelines, donor advised funds potentially may be used to provide donors with the benefits normally associated with private foundations (such as control over grantmaking), without the regulatory safeguards that apply to private foundations. Therefore, the Administration proposes that current-law rules be clarified so that a charitable corporation which, as its primary activity, operates donor advised funds may qualify as a publicly supported organization only if: (1) there is no material restriction or condition that prevents the corporation from freely and effectively employing the contributed assets in furtherance of its exempt purposes; (2) distributions from donor advised funds are made only to public charities (or private operating foundations); and (3) the corporation distributes annually for charitable purposes an amount equal to at least five percent of the fair market value of the corporation's aggregate investment assets. The proposal also would clarify that, for purposes of the section 4958 excise tax on certain excess benefit transactions, a person who provides advice with respect to a particular donor advised fund maintained by a public charity is treated as having substantial influence with respect to that particular fund.

Promote Energy Efficiency and Improve the Environment

Buildings

Provide tax credit for energy-efficient building equipment.—No income tax credit is provided currently for investment in energy-efficient building equipment. The Administration proposes to provide a new tax credit for the purchase of certain highly efficient building equipment technologies, including fuel cells, electric heat pump water heaters, and natural gas heat pumps. The credit would equal 20 percent of the amount of qualified investment, subject to caps of $500 per kilowatt for fuel cells, $500 per unit for electric heat pump water heaters, and $1,000 per unit for natural gas heat pumps. The credit would be available for the four-year period beginning January 1, 2001 and ending December 31, 2004.

Provide tax credit for new energy-efficient homes.—No income tax credit is provided currently for investment in energy-efficient homes. The Administration proposes to provide a tax credit to taxpayers who purchase, as a principal residence, certain newly constructed homes that are highly energy efficient. The credit would equal $1,000 or $2,000 depending upon the home's energy efficiency. The $1,000 credit would be available for homes purchased between January 1, 2001 and December 31, 2003 that reduce energy usage by at least 30 percent relative to the standard under the 1998 International Energy Conservation Code (IECC). The $2,000 credit would be available for homes purchased between January 1, 2001 and December 31, 2005 that reduce energy usage by at least 50 percent relative to the IECC standard.

Transportation

Extend electric vehicle tax credit and provide tax credit for hybrid vehicles.—Under current law, a 10-percent tax credit up to $4,000 is provided for the cost of a qualified electric vehicle. The full amount of the credit is available for purchases prior to 2002. The credit begins to phase down in 2002 and is not available after 2004. The Administration proposes to extend the present $4,000 credit through 2006 and to allow the full amount of the credit to be available for qualified electric vehicles through 2006. The Administration also proposes to provide a tax credit of up to $3,000 for purchases of a qualified hybrid vehicle after December 31, 2002 and before January 1, 2007. A qualified hybrid vehicle is a road vehicle that can draw propulsion energy from both of the following on-board sources of stored energy: a consumable fuel and a rechargeable battery. The amount of the credit would depend upon the vehicle's design performance. The credit would be available for all qualifying light vehicles including cars, minivans, sport utility vehicles, and light trucks.

Industry

Provide 15-year depreciable life for distributed power property.—Distributed power technologies can be more energy efficient and generate fewer greenhouse gases than conventional generation methods. To promote the use of these technologies, the Administration proposes to simplify and rationalize the current system for assigning cost recovery periods to certain depreciable property by assigning a single 15-year recovery period to qualifying distributed power property. Distributed power property would include depreciable assets used by a taxpayer to produce electricity for use in a nonresidential or residential building that is used in the taxpayer's trade or business. Such property also would include depreciable assets used to generate electricity for primary use in an industrial manufacturer's process or plant activity, provided such assets had a rated total capacity in excess of 500 kilowatts. Qualifying property could be used to produce thermal energy or mechanical power for use in a heating or cooling application. However, at least 40 percent of the total useful energy produced in a commercial or residential setting must consist of electrical power. When used in an industrial setting, at least 40 percent of produced energy must be used in the taxpayer's manufacturing process or plant activity. In addition, a taxpayer would be required to have a reasonable expectation that no more than 50 percent of the produced electricity would be sold to, or used by, unrelated persons. The proposal would apply to assets placed in service after the date of enactment.

Clean Energy Sources

Extend and modify the tax credit for producing electricity from certain sources.—Current law provides taxpayers a 1.5-cent-per-kilowatt-hour tax credit, adjusted for inflation after 1992, for electricity produced from wind or "closed-loop" biomass. The electricity must be sold to an unrelated third party and the credit applies to the first 10 years of production. The current credit applies only to facilities placed in service before January 1, 2002, after which it expires. The Administration proposes to extend the current credit for wind and closed-loop biomass for two and one-half years, to facilities placed in service before July 1, 2004, and to expand eligible biomass to include certain biomass from forest-related resources, agricultural sources and other sources for facilities placed in service after December 31, 2000 and before January 1, 2006. Biomass facilities that were placed in service before July 1, 1999 would be eligible for a credit of 1.0 cent per kilowatt hour for electricity produced from the newly eligible sources from January 1, 2001 through December 31, 2003. A 0.5-cent-per-kilowatt-hour tax credit would also be allowed for cofiring biomass in coal plants from January 1, 2001 through December 31, 2005. In addition, electricity produced from methane from certain facilities would be eligible for the following credits: (1) 1.5 cent per kilowatt hour for methane produced from landfills not subject to EPA's 1996 New Source Performance Standards/Emissions Guidelines (NSPS/EG), or (2) 1.0 cent per kilowatt hour for methane produced from landfills subject to NSPS/EG. The credit would apply to facilities placed in service after December 31, 2000 and before January 1, 2006.

Provide tax credit for solar energy systems.—Current law provides a 10-percent business energy investment tax credit for qualifying equipment that uses solar energy to generate electricity, to heat or cool, to provide hot water for use in a structure, or to provide solar process heat. The Administration proposes a new tax credit for purchasers of roof-top photovoltaic systems and solar water heating systems located on or adjacent to the building for uses other than heating swimming pools. The proposed credit would be equal to 15 percent of qualified investment up to a maximum of $1,000 for solar water heating systems and $2,000 for rooftop photovoltaic systems. The credit would apply only to equipment placed in service after December 31, 2000 and before January 1, 2006 for solar water heating systems, and after December 31, 2000 and before January 1, 2008 for rooftop photovoltaic systems. (Taxpayers would choose between the proposed tax credit and the current-law tax credit for each investment.)

Electricity Restructuring

Revise tax-exempt bond rules for electric power facilities.—To encourage restructuring the nation's electric power industry so that consumers benefit from competition, rules relating to the use of tax-exempt bonds to finance electric power facilities would be modified. To encourage public power systems to implement retail competition, outstanding bonds issued to finance transmission facilities would continue their tax-exempt status if private use resulted from allowing nondiscriminatory open access to those facilities. Outstanding bonds issued to finance generation or distribution facilities would continue their tax-exempt status if the issuer implements retail competition. To support fair competition within the restructured industry, interest on newly issued bonds to finance electric generation or transmission facilities would not be exempt. Distribution facilities could continue to be financed with tax-exempt bonds. These changes would be effective upon enactment.

Modify taxation of contributions to nuclear decommissioning funds.—Under current law, deductible contributions to nuclear decommissioning funds are limited to the amount included in the taxpayer's cost of service for ratemaking purposes. For deregulated utilities, this limitation may result in the denial of any deduction for contributions to a nuclear decommissioning fund. The Administration proposes to repeal the limitation for taxable years beginning after December 31, 2000. As under current law, deductible contributions would not be permitted to exceed the amount the IRS determines to be necessary to provide for level funding of an amount equal to the taxpayer's decommissioning costs.

Modify International Trade Provisions

Extend and modify Puerto Rico economic-activity tax credit.—The Puerto Rico and possessions tax credit was repealed in 1996. However, both the income-based credit and the economic-activity-based credit remain available for certain business operations conducted in taxable years beginning before January 1, 2006, subject to base-period caps. To provide a more efficient tax incentive for the economic development of Puerto Rico and to continue the shift from an income-based credit to an economic-activity-based credit that was begun in 1993, the proposal would modify the phase-out of the economic-activity-based credit for Puerto Rico by (1) opening it to newly established business operations during the phase-out period, effective for taxable years beginning after December 31, 1999, and (2) extending the phase-out period through taxable years beginning before January 1, 2009.

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 eligible developing countries that meet certain worker rights, intellectual property protection, and other criteria. The Administration proposes to extend the program, which expires after September 30, 2001, through June 30, 2004. The Administration also is proposing to: (1) enhance trade benefits, through December 31, 2010, for subsaharan African countries undertaking strong economic reforms; (2) grant, through September 30, 2004, duty-free treatment to certain imports from the Southeast Europe countries and territories of Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Former Yugoslav Republic of Macedonia, Romania, Slovenia, Kosovo and Montenegro; and (3) provide, through December 31, 2004, expanded trade benefits mainly on textiles and apparel to Caribbean Basin countries that meet new eligibility criteria. These proposals will help Caribbean Basin countries prepare for a future free trade agreement with the United States and respond to the effects of Hurricanes George and Mitch, and will help the countries of Southeast Europe rebuild and reintegrate their economies and work toward achieving lasting political stability in the region.

Levy tariff on certain textiles and apparel products produced in the Commonwealth of the Northern Mariana Islands (CNMI).—The Administration is proposing a tariff on textile and apparel products that are produced in the CNMI without certain percentages of workers who are U.S. citizens, nationals or permanent residents or citizens of the Pacific island nations freely associated with the U.S.

Miscellaneous Provisions

Make first $2,000 of severance pay exempt from income tax.—Under current law, payments received by a terminated employee are taxable as compensation. The Administration proposes to allow an individual to exclude up to $2,000 of severance pay from income when certain conditions are met. First, the severance must result from a reduction in force by the employer. Second, the individual must not obtain a job within six months of separation with compensation at least equal to 95 percent of his or her prior compensation. Third, the total severance payments received by the employee must not exceed $75,000. The exclusion would be effective for severance pay received in taxable years beginning after December 31, 2000 and before January 1, 2004.

Exempt Holocaust reparations from Federal income tax.—The Internal Revenue Code defines gross income as "gross income from whatever source derived," except for certain items specifically exempt or excluded by statute. Although the United States - Federal Republic of Germany Income Tax Convention and a series of rulings issued by the IRS provide that certain Holocaust-related reparations are exempt from Federal income tax, there is no explicit statutory exception from gross income for amounts received by Holocaust victims or their heirs. In recent years, several countries and companies within those countries have acknowledged that they have not made adequate compensation or restitution to victims or their heirs for the deprivations inflicted upon them during the Nazi Holocaust, and have agreed to establish funds or to make direct payments of cash or property to such individuals. To provide clarity and relief for Holocaust victims and their families, the Administration proposes a statutory exemption from gross income for any amount received by an individual or heir of an individual from Holocaust-related funds and settlements, including in compensation for or recovery of property confiscated in connection with the Holocaust. The proposal would be effective for amounts received on or after January 1, 2000. No inference is intended as to the tax treatment of amounts received prior to that date.

ELIMINATE UNWARRANTED BENEFITS AND ADOPT OTHER REVENUE MEASURES

The President's plan closes tax shelters and other loopholes, curtails unwarranted corporate tax subsidies, improves tax compliance and adopts other revenue measures.

Limit Benefits of Corporate Tax Shelter Transactions

The Administration continues to be concerned about the use and proliferation of corporate tax shelters and their effect upon both the corporate tax base and the integrity of the tax system as a whole. The primary goals of corporate tax shelters are to manufacture tax benefits that can be used to offset unrelated income of the taxpayer or to create tax-favored or tax-exempt economic income.

The growing use of corporate tax shelters was further described by the Treasury Department in its White Paper entitled, The Problem of Corporate Tax Shelters: Discussion, Analysis and Legislative Proposals, issued in July 1999. The paper concludes that corporate tax shelters are best addressed by increasing disclosure of corporate tax shelter activities, increasing and strengthening the substantial understatement penalty, codifying the judicially-created economic substance doctrine, and providing consequences to all parties to the transaction

(e.g., promoters, advisors, and tax-indifferent, accommodating parties.)

The Administration proposes several general remedies to curb the growth of corporate tax shelters that focus on these four themes. In addition, the Administration proposes to modify the treatment of certain specific transactions that provide sheltering potential. No inference is intended as to the treatment of any of these transactions under current law.

Increase disclosure of certain transactions.—Greater disclosure of corporate tax shelter transactions will discourage some corporations from engaging in such activity and would aid the IRS in identifying questionable transactions and enforcing current law. The Administration proposes to require disclosure of certain reportable transactions. Disclosure would be required if a transaction possesses certain objective characteristics common to corporate tax shelter transactions. Disclosure would be made on a short form or statement that provides the essence of the transaction, is filed with the IRS National Office and with the tax return by the due date of the return, and is signed by a corporate officer with the appropriate knowledge of the transaction. Significant monetary and procedural remedies would be imposed upon failure to provide the required disclosure. The proposal would be effective for transactions entered into after the date of first committee action.

Modify substantial understatement penalty for corporate tax shelters.—The current 20-percent substantial understatement penalty imposed on corporate tax shelter items can be avoided if the corporate taxpayer had reasonable cause for the tax treatment of the item and acted in good faith. In order to change the cost-benefit analysis of entering a corporate tax shelter, the Administration proposes to increase the substantial understatement penalty on corporate tax shelter items to 40 percent. In order to encourage disclosure, the penalty will be reduced to 20 percent if the corporate taxpayer provides the requisite disclosure of the transaction. The 20-percent penalty for disclosed transactions could be avoided by a showing that the taxpayer reasonably believed that it had a strong chance of sustaining its tax position and acted in good faith. The proposal would be effective for transactions entered into after the date of first committee action.

Codify the economic substance doctrine.—The "economic substance" doctrine is a longstanding, judicially-created standard providing that in order for a transaction to be respected for tax purposes, it must be imbued with economic substance. The economic substance doctrine requires an analysis and balancing of the claimed tax benefits from a transaction with the pre-tax profit of the transaction. The Administration proposes codifying the economic substance standard. Under the proposal, a transaction will not be respected for tax purposes if the present value of the expected economic profit from the transaction is insignificant compared to the present value of the expected tax benefits. Similar rules would apply to financing transactions. The proposal would apply to transactions entered into on or after the date of first committee action.

Tax income from corporate tax shelters involving tax-indifferent parties.—The Federal income tax system has many participants who are indifferent to tax consequences (e.g., foreign persons, tax-exempt organizations, and Native American tribal organizations). Many corporate tax shelters rely on tax-indifferent participants who absorb taxable income generated by the shelters so that corresponding losses or deductions can be allocated to taxable participants. The proposal would provide that any income received by a tax-indifferent person with respect to a corporate tax shelter would be taxable to the extent the person is trading on its special tax status. The proposal would be effective for transactions entered into on or after the date of first committee action.

Impose a penalty excise tax on certain fees received by promoters and advisors..—Users of corporate tax shelters often pay large fees to promoters and advisors with respect to the shelter transactions. The proposal would impose a 25-percent penalty excise tax on fees received in connection with the promotion of corporate tax shelters and the rendering of certain tax advice related to corporate tax shelters. The proposal would be effective for payments made on or after the date of first committee action.

Require accrual of income on forward sale of corporate stock.—There is little substantive difference between a corporate issuer's current sale of its stock for deferred payment and an issuer's forward sale of the same stock. In both cases, a portion of the deferred payment compensates the issuer for the time-value of money during the term of the contract. Under current law, the issuer must recognize the time-value element of the deferred payment as interest if the transaction is a current sale for deferred payment but not if the transaction is a forward contract. Under the proposal, the issuer would be required to recognize the time-value element of the forward contract as well. The proposal would be effective for forward contracts entered into after the date of first committee action.

Modify treatment of ESOP as S corporation shareholder.—Pursuant to provisions enacted in 1996 and 1997, an employee stock ownership plan (ESOP) may be a shareholder of an S corporation and the ESOP's share of the income of the S corporation is not subject to tax until distributed to the plan beneficiaries. The Administration proposes to require ESOPs that are not broad based to pay tax on S corporation income (including capital gains on the sale of stock) as the income is earned and to allow the ESOP a deduction for distributions of such income to plan beneficiaries. The deduction would apply only to the extent distributions exceed all prior undistributed amounts that were previously not subject to unrelated business income tax. The proposal would be effective for taxable years beginning on or after the date of first committee action. In addition, the proposal would be effective for acquisitions of S corporation stock by an ESOP after such date and for S corporation elections made on or after such date.

Limit dividend treatment for payments on certain self-amortizing stock.—Under current law, distributions of property by a corporation to its shareholders are treated as dividends to the extent of the current or accumulated earnings and profits of the corporation. The Treasury Department previously became aware of certain abusive transactions involving so-called "fast-pay" stock. Under a typical fast-pay arrangement, a corporation that is subject to tax only at the shareholder level (a conduit entity) issues preferred stock to one class of investors and common stock to a second class of investors. The preferred stock is economically self-amortizing because the distributions made with respect to the stock (although treated entirely as dividends under current law) represent in part a return of the investors' investment and in part a return on their investment. While The Treasury Department has issued regulations that recharacterize a fast-pay arrangement involving certain domestic conduit entities, legislation limiting the dividend characterization on self-amortizing stock (including self-amortizing stock issued by foreign conduit entities) may be a more comprehensive solution. The proposal would provide that, in the case of a distribution with respect to self-amortizing stock issued by a conduit entity (including a foreign conduit entity), the amount treated as a dividend shall not exceed the amount of the distribution that would have been characterized as interest had the self-amortizing stock been a debt instrument. The proposal would be effective for distributions with respect to self-amortizing stock made after the date of enactment.

Prevent serial liquidation of U.S. subsidiaries of foreign corporations.—When a domestic corporation distributes a dividend to a foreign corporation, it is subject to U.S. withholding tax. In contrast, if a domestic corporation distributes earnings in a subsidiary liquidation under section 332, the foreign shareholder generally is not subject to any withholding tax. Relying on section 332, some foreign corporations have used holding companies to avoid the withholding tax. They establish U.S. holding companies to receive tax-free dividends from operating subsidiaries, and then liquidate the holding companies, thereby avoiding the withholding tax. Subsequently, they re-establish the holding companies to receive future dividends. The proposal would impose withholding tax on any distribution made to a foreign corporation in complete liquidation of a U.S. holding company if the holding company was in existence for less than 5 years. The proposal would also achieve a similar result with respect to serial terminations of U.S. branches. The proposal would be effective for liquidations and terminations occurring on or after the date of enactment.

Prevent capital gains avoidance through basis shift transactions involving foreign shareholders.—A distribution in redemption of stock generally is treated as a dividend if it does not result in a meaningful reduction in the shareholder's proportionate interest in the distributing corporation, measured with reference to certain constructive ownership rules, including option attribution. If an amount received in redemption of stock is treated as a distribution of a dividend, the basis of the remaining stock generally is increased to reflect the basis of the redeemed stock. The basis of the remaining stock is not increased, however, to the extent that the basis of the redeemed stock was reduced or eliminated pursuant to the extraordinary dividend rules. In certain circumstances, these rules require a corporate shareholder to reduce the basis of stock with respect to which a dividend is received by the nontaxed portion of the dividend, which generally equals the amount of the dividend that is offset by the dividends received deduction. To prevent taxpayers from attempting to offset capital gains by generating artificial capital losses through basis shift transactions involving foreign shareholders, the Administration proposes to treat the portion of a dividend that is not subject to current U.S. tax as a nontaxed portion. Similar rules would apply in the event that the foreign shareholder is not a corporation. The proposal would be effective for distributions on or after the date of first committee action.

Prevent mismatching of deductions and income inclusions in transactions with related foreign persons.—Current law provides that if any debt instrument having original issue discount (OID) is held by a related foreign person, any portion of such OID shall not be allowable as a deduction to the issuer until paid. Section 267 and the regulations thereunder apply similar rules to other expenses and interest owed to related foreign persons. These general rules are modified, however, so that a deduction is allowed when the OID is includible in the income of a foreign personal holding company (FPHC), controlled foreign Department corporation (CFC), or passive foreign investment company (PFIC). The Treasury Department has learned of certain structured transactions (involving both U.S. payors and U.S.-owned foreign payors) designed to allow taxpayers inappropriately to take advantage of the current rules by accruing deductions to related FPHCs, CFCs or PFICs, without the U.S. owners of such related entities taking into account for U.S. tax purposes an amount of income appropriate to the accrual. This results in an improper mismatch of deductions and income. The proposal would provide that deductions for amounts accrued but unpaid to related foreign CFCs, PFICs or FPHCs would be allowable only to the extent the amounts accrued by the payor are, for U.S. tax purposes, reflected in the income of the direct or indirect U.S. owners of the related foreign person. The proposal would contain an exception for certain short term transactions entered into in the ordinary course of business. The Secretary of Treasury would be granted regulatory authority to provide exceptions from these rules. The proposal would be effective for amounts accrued on or after the date of first committee action.

Prevent duplication or acceleration of loss through assumption of certain liabilities.—Generally, if as part of a transaction in which one or more persons contribute property in exchange for the stock of a corporation that they control immediately thereafter, the corporation also assumes a liability of a transferor, the transferor's basis in the stock of the controlled corporation is reduced by the amount of the liability assumed. To facilitate the incorporation of certain businesses that have liabilities that have not yet given rise to a deduction, special rules apply to provide that the assumption of such liabilities does not reduce the transferor's basis in the stock of the controlled corporation. Relying on these special rules and other authority, some taxpayers have attempted to accelerate or duplicate deductions for certain losses by separating liabilities from the associated business or assets, contributing them to a corporation, and selling stock in that corporation at a purported loss. The Administration proposes that if the basis of stock received by a transferor as part of a tax-free exchange with a controlled corporation exceeds its fair market value, then the basis of the stock received would be reduced (but not below the fair market value) by the amount of a fixed or contingent liability that is assumed by the controlled corporation and that did not otherwise reduce the transferor's basis in the corporation's stock. Except as provided by the Secretary of Treasury , the proposal would not apply where the trade or business or substantially all the assets associated with the liability are also transferred to the controlled corporation. Regulations would be issued to prevent the acceleration or duplication of losses through the assumption of liabilities in transactions involving partnerships, and may also be issued to modify the rules of this proposal as applied to S corporations. The proposal and the regulations addressing transactions involving partnerships would be effective for assumptions of liability on or after October 19, 1999. Regulations addressing transactions involving S corporations would be effective on or after October 19, 1999, or such later date as may be prescribed by such rules.

Amend 80/20 company rules.—Interest or dividends paid by a so-called "80/20 company" generally are partially or fully exempt from U.S. withholding tax. A U.S. corporation is treated as an 80/20 company if at least 80 percent of the gross income of the corporation for the three-year period preceding the year of the payment is foreign source income attributable to the active conduct of a foreign trade or business (or the foreign business of a subsidiary). Certain foreign multinationals improperly seek to exploit the rules applicable to 80/20 companies in order to avoid U.S. withholding tax liability on earnings of U.S. subsidiaries that are distributed abroad. The proposal would prevent taxpayers from avoiding withholding tax through manipulations of these rules. The proposal would limit the amount of interest and dividends exempt from withholding to the amount of foreign active business income received by the U.S. corporation during the 3-year testing period. The proposal would apply to interest or dividends paid or accrued more than 30 days after the date of enactment.

Modify corporate-owned life insurance (COLI) rules.—In general, interest on indebtedness with respect to life insurance, endowment or annuity contracts is not deductible unless the insurance contract insures the life of a "key person" of a business. In addition, interest deductions of a business generally are reduced under a proration rule if the business owns or is a direct or indirect beneficiary with respect to certain insurance contracts. The COLI proration rules generally do not apply if the contract covers an individual who is a 20-percent owner of the business or is an officer, director, or employee of such business. These exceptions still permit leveraged businesses to fund significant amounts of deductible interest and other expenses with tax-exempt or tax-deferred inside buildup on contracts insuring employees, officers, directors, and shareholders. The Administration proposes to repeal the exception under the COLI proration rules for contracts insuring employees, officers or directors (other than certain contracts insuring 20-percent owners) of the business. The proposal also would conform the key person exception for disallowed interest deductions attributable to indebtedness with respect to life insurance contracts to the modified 20-percent owner exception in the COLI proration rules. The proposal would be effective for taxable years beginning after date of enactment.

Require lessors of tax-exempt-use property to include service contract options in lease term.—Under current law, a lessor of tax-exempt-use property is allowed depreciation deductions computed on a straight-line basis over a period of not less than 125 percent of the term of the lease. The existing depreciation rules do not consider service contracts, which can be structured to resemble leases. In recent years, lessors have attempted to accelerate depreciation deductions by structuring transactions that have a relatively short lease followed by a service contract. The proposal would require lessors to include the term of service contracts in the lease term for purposes of determining the depreciation period. The proposal would be effective for leases entered into after the date of enactment.

Financial Products

Require banks to accrue interest on short-term obligations.—Under current law, a bank (regardless of its accounting method) must accrue as ordinary income interest, including original issue discount, on short-term obligations. Some court cases have held that banks that use the cash receipts and disbursements method of accounting do not have to accrue stated interest and original issue discount on short-term loans made in the ordinary course of the bank's business. The Administration believes it is inappropriate to treat these short-term loans differently than other short-term obligations held by the bank. The Administration's proposal would clarify that banks must accrue interest and original issue discount on all short-term obligations, including loans made in the ordinary course of the bank's business, regardless of the banks' overall accounting method. The proposal would be effective for obligations acquired (including originated) on or after the date of enactment. No inference is intended regarding the current-law treatment of these transactions.

Require current accrual of market discount by accrual method taxpayers.—Under current law, a taxpayer that holds a debt instrument with market discount is not required to include the discount in income as it accrues, even if the taxpayer uses an accrual method of accounting. Under the proposal, a taxpayer that uses an accrual method of accounting would be required to include market discount in income as it accrues. The proposal would also cap the amount of market discount on distressed debt instruments. The proposal would be effective for debt instruments acquired on or after the date of enactment.

Modify and clarify certain rules relating to debt-for-debt exchanges.—Under current law, an issuer can inappropriately accelerate interest deductions by refinancing a debt instrument in a debt-for-debt exchange at a time when the issuer's cost of borrowing has declined. The proposal would spread the issuer's net deduction for bond repurchase premium in a debt-for-debt exchange over the term of the new debt instrument using constant yield principles. In addition, the proposal would modify the measurement of the net income or deduction in debt-for-debt exchanges involving contingent payment debt instruments. Finally, the proposal would modify the measurement of taxable boot to the holder in debt-for-debt exchanges that are part of corporate reorganizations. The proposal would apply to debt-for-debt exchanges occurring on or after the date of enactment.

Modify and clarify the straddle rules.—A "straddle" is the holding of two or more offsetting positions with respect to actively-traded personal property. If a taxpayer enters into a straddle, the taxpayer must defer the recognition of loss from the "loss leg" of the straddle until the taxpayer recognizes the offsetting gain from the "gain leg" of the straddle. Further, the taxpayer must capitalize the net interest and carrying charges properly attributable to the straddle. The proposal would modify and clarify a number of provisions under the straddle rules. In particular, to match the timing of straddle losses with related gains, the proposal would provide that loss realized on one leg of a straddle would be capitalized into the other leg of the straddle. This capitalization would operate as an ordering rule eliminating the need for an identification rule when the legs are of different sizes. In addition, to ensure that the loss on a straddle leg is properly measured, the proposal would require taxpayers that physically settle certain derivatives contracts to determine the amount of the loss subject to deferral under the straddle rules immediately before the physical settlement. The proposal would also repeal the current-law exception from the straddle rules for certain offsetting positions in stock. Finally, the proposal would clarify that a debt instrument issued by a taxpayer may itself be a leg in a straddle and would clarify the situations in which interest and carrying charges are considered properly allocable to a straddle and, therefore, must be capitalized. The proposal would be effective for certain losses incurred and certain straddles entered into on or after the date of first committee action.

Provide generalized rules for all stripping transactions.—Under current law, it may be possible to separate the right to receive income from the ownership of underlying income-producing property (other than debt). In many cases, the tax treatment of income-stripping transactions does not clearly reflect the parties' economic income from the transactions. As a result, it is possible for taxpayers to structure income-stripping transactions that exploit deficiencies of current law. The proposal would eliminate these planning opportunities by treating income-stripping transactions as loans. Under this approach, the owner of the property would be required to account for income from the property in the period in which it was earned. The proposal would be effective for income-stripping transactions entered into after the date of first committee action.

Require ordinary treatment for certain dealers of commodities and equity options.—Under current law, certain dealers of commodities and equity options treat the income from their day-to-day trading or dealing activities as giving rise to capital gain. Dealers of other property typically treat the income from their day-to-day dealing activities as giving rise to ordinary income. The proposal would require commodities and equity-option dealers to treat the income from their day-to-day activities as giving rise to ordinary income, not capital gain. The proposal would be effective for tax years beginning after the date of enactment.

Prohibit tax deferral on contributions of appreciated property to swap funds.—A swap fund is an investment partnership that is designed to allow taxpayers holding large blocks of appreciated stock to diversify their stock investments without recognizing gain and paying tax. Typically, a fund is established into which wealthy individuals transfer their stock. In exchange for the transferred stock, these individuals receive an interest in the fund. Under current law, these individuals do not have to recognize gain if more than 20 percent of the fund's assets are comprised of non-marketable securities. The proposal would prohibit the deferral of gain where the fund is a passive investment vehicle. The proposal would be effective for transfers occurring on or after the date of enactment.

Corporate Provisions

Conform control test for tax-free incorporations, distributions, and reorganizations.—For tax-free incorporations, tax-free distributions, and reorganizations, "control" is defined as the ownership of 80 percent of the voting stock and 80 percent of the number of shares of all other classes of stock of the corporation. This test is easily manipulated by allocating voting power among the shares of a corporation, allowing corporations to retain control of a corporation but sell a significant amount of the value of the corporation. In contrast, the necessary "ownership" for tax-free liquidations, qualified stock purchases, and affiliation is at least 80 percent of the total voting power of the corporation's stock and at least 80 percent of the total value of the corporation's stock. The Administration proposes to conform the control requirement for tax-free incorporations, distributions, and reorganizations with that used for determining affiliation. This proposal is effective for transactions on or after the date of enactment.

Treat receipt of tracking stock in certain distributions and exchanges as the receipt of property.—"Tracking stock" is an economic interest that is intended to relate to and track the economic performance of one or more separate assets of the issuer, and gives its holder a right to share in the earnings or value of less than all of the corporate issuer's earnings or assets. Tracking stock issued by a corporation represents an economic interest different than non-tracking stock of the issuer. Under the proposal, the receipt of tracking stock in a distribution made by a corporation with respect to its stock and tracking stock received in exchange for other stock in the issuing corporation would be treated as the receipt of property by the shareholders. Under this proposal, the Secretary of Treasury would have authority to treat tracking stock as nonstock (debt, a notional principal contract, etc.) or as stock of another entity as appropriate to prevent avoidance. No inference is intended regarding the tax treatment of tracking stock under current law. This proposal is effective for tracking stock issued on or after the date of enactment.

Require consistent treatment and provide basis allocation rules for transfers of intangibles in certain nonrecognition transactions.—No gain or loss will be recognized if one or more persons transfer property to a controlled corporation (or partnership) solely in exchange for stock in the corporation (or a partnership interest). Where there is a transfer of less than "all substantial rights" to use property, the Internal Revenue Service's position is that such transfer will not qualify as a tax-free exchange. However, the Claims Court rejected the Service's position in *E.I. Du Pont de Nemours and Co. v. U.S.,* holding that any transfer of something of value could be a "transfer" of "property." The inconsistency between the positions has resulted in whipsaw of the government. The Administration proposes to provide that a transfer of an interest in intangible property constituting less than all of the substantial rights of the transferor will not fail to qualify for tax-free treatment solely because the transferor does not transfer all rights, title and interest in an intangible asset, and the transferor must allocate the basis of the intangible between the retained rights and the transferred rights based upon respective fair market values. Consistent reporting by the transferor and the transferee would be required. This proposal is effective for transfers after the date of enactment.

Modify tax treatment of certain reorganizations involving portfolio stock.—If a target corporation owns stock in the acquiring corporation and wants to combine with the acquiring corporation in a downstream reorganization, the target corporation transfers its assets to the acquiring corporation and the shareholders of the target corporation receive stock of the acquiring corporation in exchange for their target corporation stock. Alternatively, if the acquiring corporation owns stock in the target corporation, the target corporation can merge upstream, transfer its assets upstream, or merge sideways into a subsidiary of the acquiring corporation with the other shareholders of target receiving acquiring corporation stock. Under current law, all of these reorganizations qualify for tax-free treatment. Under the proposal, where a target corporation holds less than 20 percent of the stock of an acquiring corporation and the target corporation combines with the acquiring corporation in a reorganization in which the acquiring corporation is the survivor, the target corporation must recognize gain, but not loss, as if it distributed the acquiring corporation stock that it held immediately prior to the reorganization. Alternatively, where an acquiring corporation owns less than 20 percent of a target corporation and the target corporation combines with the acquiring corporation or a subsidiary of the acquiring corporation, the acquiring corporation must recognize gain, but not loss, as if it had sold its target corporation stock immediately before the reorganization. Nonrecognition treatment would continue to apply to other assets transferred by the target corporation and to the target corporation shareholders. This proposal is effective for transactions on or after the date of enactment.

Modify definition of nonqualified preferred stock.—Subject to certain exceptions, in otherwise tax-free transactions, the receipt of nonqualified preferred stock is treated as money or other property and, thus, gain may be recognized. Under current law, nonqualified preferred stock is defined as stock which is "limited and preferred as to dividends and does not participate in corporate growth to any significant extent." Taxpayers may be taking positions that are inconsistent with the policy of the nonqualified preferred stock provisions (i.e., nonrecognition treatment is inappropriate where taxpayers receive relatively secure instruments in exchange for relatively risky instruments), by including illusory participation rights or including terms that taxpayers argue create an "unlimited" dividend. The proposal would clarify the definition of preferred stock to eliminate taxpayer arguments that stock issued is nominally participating or unlimited as to dividends. The proposal would apply to transactions that occur after the date of first committee action.

Modify estimated tax provision for deemed asset sales—Taxpayers can make an election to treat certain sales of stock as sales of assets. This election may be made up to 8 1/2 months after the stock sale. Taxpayers may be taking the position that they do not have to pay any estimated taxes until after the 8 1/2 month period has expired and rely on current law as providing that there will be no penalty for nonpayment. The proposal would clarify the estimated tax provisions to require that estimated taxes be paid based upon gain from either the stock sale or the deemed asset sale. The proposal would apply to transactions that occur after the date of first committee action.

Modify treatment of transfers to creditors in divisive reorganizations.—In order to separate businesses in a tax-free spin-off, a corporation (distributing) will not recognize gain or loss on the contribution of property to a controlled corporation solely in exchange for stock or securities of the controlled corporation. Under current law, if the distributing corporation also receives other property or money, it will not recognize gain as long as it distributes the property or money to its creditors in connection with the reorganization. The amount of property or money that may be distributed to creditors without gain to the distributing corporation is unlimited. Thus, taxpayers may avoid gain that otherwise would be recognized if liabilities are assumed by the controlled corporation that exceed the basis of assets contributed. The proposal would limit the amount of property or money that the distributing corporation can distribute to creditors without gain to the amount of basis of the assets contributed to the controlled corporation in the reorganization. In addition, the proposal would provide that acquisitive reorganizations would no longer be subject to gain recognition where liabilities are assumed in excess of the basis of assets transferred. The proposal would be effective for transactions on or after the date of enactment.

Passthroughs

Provide mandatory basis adjustments for partners that have a significant net built-in loss in partnership property.—Currently, a partner's share of basis in partnership property is adjusted in the case of a distribution of partnership property or a sale of a partnership interest only if the partnership has a special election in effect. The electivity of these provisions has created numerous opportunities for abuse by taxpayers. Accordingly, the Administration proposes that the basis adjustment rules would be made mandatory with respect to any partner (treating related persons as one person), whose share of net built-in loss in partnership property is equal to the greater of $250,000 or ten percent of the partner's total share of partnership assets (measured by reference to fair market value). In calculating the ten-percent threshold, property acquired by the partnership with a principal purpose of allowing a partner or partners to avoid the limitation would be disregarded. The proposal would be effective for distributions and transfers of partnership interest after the date of enactment.

Modify treatment of closely held REITs.—When originally enacted, the real estate investment trust (REIT) legislation was intended to provide a tax-favored vehicle through which small investors could invest in a professionally managed real estate portfolio. REITs are intended to be widely held entities, and certain requirements of the REIT rules are designed to ensure this result. Among other requirements, in order for an entity to qualify for REIT status, the beneficial ownership of the entity must be held by 100 or more persons. In addition, a REIT cannot be closely held, which generally means that no more than 50 percent of the value of the REIT's stock can be owned by five or fewer individuals during the last half of the taxable year. Certain attribution rules apply in making this determination. The Administration is aware of a number of tax avoidance transactions involving the use of closely held REITs. In order to meet the 100 or more shareholder requirement, the REIT generally issues common stock, which is held by one shareholder, and a separate class of non-voting preferred stock with a relatively nominal value, which is held by 99 "friendly" shareholders. The closely held limitation does not disqualify the REITs that are utilizing this ownership structure because the majority shareholders of these REITs are not individuals. The Administration proposes to impose as an additional requirement for REIT qualification that no person can own stock of a REIT possessing 50 percent or more of the total combined voting power of all classes of voting stock or 50 percent or more of the total value of all shares of all classes of stock. For purposes of determining a person's stock ownership, rules similar to current-law rules would apply and stapled entities would be treated as one person. The proposal would be effective for entities electing REIT status for taxable years beginning on or after the date of first committee action.

Apply regulated investment company (RIC) excise tax to undistributed profits of REITs.—As a result of legislation passed in 1999, a REIT, like a RIC, is only required to distribute 90 percent of its REIT taxable income in order to maintain REIT status. A RIC is subject to a four-percent excise tax on the excess of the required distribution for a calendar year over the distributed amount for such calendar year.

The required distribution is equal to the sum of 98 percent of the RIC's ordinary income for the calendar year and 98 percent of the RIC's capital gain net income for the one-year period ending on October 31 of such calendar year. REITs are subject to a similar rule, except that the required distribution is equal to the sum of 85 percent of the REIT's ordinary income for the calendar year and 95 percent of the REIT's capital gain net income for such calendar year. In order to conform the treatment of REITs and RICs, the Administration proposes to modify the definition of required distribution for REITs, requiring a distribution of 98 percent of ordinary and capital gain income in order to avoid the four-percent excise tax. The proposal would be effective for calendar years beginning after December 31, 2000.

Allow RICs a dividends paid deduction for redemptions only in cases where the redemption represents a contraction in the RIC.—Under current law, a RIC is allowed a dividends paid deduction for dividends paid to shareholders. If a RIC redeems a shareholder's stock, the RIC can generally treat a portion of the redemption payment as a dividend for purpose of computing the dividends paid deduction. In situations where the redemption represents a contraction in the size of the RIC, this treatment ensures that the remaining shareholders of the RIC are taxed on no more than their pro rata share of the RIC's income. In situations where the redemption is accompanied by near simultaneous investments in the RIC by other investors, the RIC is in essentially the same position it would be in had the redeeming shareholder sold its shares in the RIC directly to the new investors. In this case, it is inappropriate to give the RIC a dividends paid deduction for the redemption. The proposal, therefore, allows a RIC to claim a dividends paid deduction with respect to a redemption only if the redemption represents a net contraction in the size of the RIC. The proposal would be effective for taxable years beginning after the date of enactment.

Require Real Estate Mortgage Investment Conduits (REMICs) to be secondarily liable for the tax liability of REMIC residual interest holders.—A REMIC is a statutory pass-through vehicle designed to facilitate the securitization of mortgages. A REMIC holds mortgages and issues one or more classes of debt instruments, called REMIC regular interests, that are entitled to the cash flows from the underlying mortgages. A REMIC also issues a REMIC residual interest. The holder of the REMIC residual interest must include in income the taxable income of the REMIC. In many cases, when it is issued the REMIC residual interest has a negative value because the reasonably anticipated net tax liability associated with holding the residual is greater than the value of the cash flows on the residual. Many holders of REMIC residual interests do not pay their tax liabilities when due. To ensure that the tax on REMIC residuals is paid when due, the proposal would require a REMIC to be secondarily liable for the tax liability of its residual interest. Under the proposal, if the tax on the residual was not paid when due, the REMIC would be required to pay the tax. Similar rules would apply with respect to Financial Asset Securitization Investment Trusts (FASITs). The proposal would be effective for REMICs and FASITs created after the date of enactment.

Tax Accounting

Deny change in method treatment to tax-free formations.—Generally, a taxpayer that desires to change its method of accounting must obtain the consent of the IRS Commissioner. In addition, in certain reorganization transactions a corporation acquiring assets generally is required to use the method of accounting used for those assets by the distributor or transferor corporation. Under current law, this carryover rule does not apply to tax-free contributions to a corporation or to a partnership. Consequently, taxpayers who transfer assets to a subsidiary or a partnership in such transactions may avail themselves of a new method of accounting without obtaining the consent of the IRS Commissioner. The Administration proposes to expand the transactions to which the carryover of method of accounting rules and the regulations thereunder apply to include tax-free contributions to corporations or partnerships, effective for transfers on or after the date of enactment.

Deny deduction for punitive damages.—The current deductibility of most punitive damage payments undermines the role of such damages in discouraging and penalizing certain undesirable actions or activities. The Administration proposes to disallow any deduction for punitive damages paid or incurred by the taxpayer, whether upon a judgment or in settlement of a claim. Where the liability for punitive damages is covered by insurance, such damages paid or incurred by the insurer would be included in the gross income of the insured person. The insurer would be required to report such payments to the insured person and to the IRS. The proposal would apply to damages paid or incurred on or after the date of enactment.

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 or 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 similar 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.

Disallow interest on debt allocable to tax-exempt obligations.—No income tax deduction is allowed for interest on debt used directly or indirectly to acquire or hold investments that produce tax-exempt income. The determination of whether debt is used to acquire or hold tax-exempt investments differs depending on the holder of the instrument. For banks and a limited class of other financial institutions, debt generally is treated as financing all of the taxpayer's assets proportionately. Securities dealers are not included in the definition of "financial institution," and under a special rule are subject to a disallowance of a much smaller portion of their interest deduction. For other financial intermediaries, such as finance companies, that are also not included in the narrow definition of "financial institutions," deductions are disallowed only when indebtedness is incurred or continued for the purpose of purchasing or carrying tax-exempt investments. These taxpayers are therefore able to reduce their tax liabilities inappropriately through the double Federal tax benefits of interest expense deductions and tax-exempt interest income, notwithstanding that they operate similarly to banks. Effective for taxable years beginning after the date of enactment, with respect to obligations acquired on or after the date of first committee action, the Administration proposes that all financial intermediaries, other than insurance companies (which are subject to a separate regime), be treated the same as banks are treated under current law with regard to deductions for interest on debt used directly or indirectly to acquire or hold tax-exempt obligations.

Require capitalization of mutual fund commissions.—An expenditure that results in significant future benefits generally must be capitalized in order to match the expenditure with the revenues of the taxable period to which it is properly attributable. Under current securities law, a distributor of mutual fund shares may be compensated by the fund over a period of years or by the investors on redemption with respect to "Class B" shares it distributes. However, the distributor typically will pay an up-front commission to a broker to sell Class B shares to an investor. In order to more accurately match the income and expenses of mutual fund distributors, the Administration proposes that commissions paid to a broker by a distributor would be capitalized and recovered over six years (the period investors would have to hold shares without incurring a fee on redemption). The proposal would be effective for commissions paid or incurred in taxable years ending after the date of enactment. No inference is intended with respect to the treatment of distributor's commissions under current law.

Cost Recovery

Provide consistent amortization periods for intangibles.—Under current law, start-up and organizational expenditures are amortized at the election of the taxpayer over a period of not less than five years. Current law requires certain acquired intangible assets (goodwill, trademarks, franchises, patents, etc.) to be amortized over 15 years. The Administration believes that, to encourage the formation of new businesses, a fixed amount of start-up and organizational expenditures should be currently deductible. Thus, the proposal would allow a taxpayer to elect to deduct up to $5,000 each of start-up or organizational expenditures. However, for each taxpayer, the $5,000 amount is reduced (but not below zero) by the amount by which the cumulative cost of start-up or organizational expenditures exceeds $50,000. Start-up and organizational expenditures not currently deductible would be amortized over a 15-year period consistent with the amortization period for acquired intangible assets. The proposal generally would be effective for start-up and organizational expenditures incurred in taxable years beginning on or after the date of enactment.

Clarify recovery period of utility grading costs.—A taxpayer is allowed as a depreciation deduction a reasonable allowance for the exhaustion, wear and tear, and obsolescence of property that is used in a trade or business or held for the production of income. For most tangible property placed in service after 1986, the amount of the depreciation deduction is determined under the modified accelerated cost recovery system (MACRS) using a statutorily prescribed depreciation method, recovery period, and placed in service convention. The recovery period may be determined by reference to the statutory recovery period or to the list of class lives provided by the Treasury Department. Electric and gas utility clearing and grading costs incurred to extend distribution lines and pipelines have not been assigned a class life. By default, such assets have a seven-year recovery period under MACRS. The Administration believes that applying the default rule to electric and gas utility clearing and grading costs is inappropriate. For example, the electric utility transmission and distribution lines and the gas utility trunk pipelines benefitted by the clearing and grading costs have MACRS recovery periods of 20 years and 15 years, respectively. The proposal would assign depreciable electric and gas utility clearing and grading costs incurred to locate transmission and distribution lines and pipelines to the class life assigned to the benefitted assets, giving these costs a recovery period of 20 years and 15 years, respectively. The proposal would be effective for electric and gas utility clearing and grading costs incurred on or after the date of enactment.

Apply rules generally applicable to acquisitions of intangible assets to acquisitions of professional sports franchises.—In general, the purchase price allocated to most intangible assets (including franchise rights) acquired in connection with the acquisition of a trade or business must be capitalized and amortized over a 15-year period. These rules were enacted in 1993 to minimize disputes regarding the proper treatment of acquired intangible assets. Special rules apply to intangible assets acquired in connection with a professional sports franchise. The 15-year amortization rules do not apply and special allocation rules apply to the purchase price. In order to provide consistent treatment among different trades or businesses and to minimize disputes regarding intangible assets acquired in connection with a professional sports franchise, the Administration proposes to repeal the special rules applicable to professional sports franchise acquisitions and apply the rules generally applicable to most intangible assets. The proposal would be effective for acquisitions after the date of enactment.

Insurance

Require recapture of policyholder surplus accounts.—Between 1959 and 1984, stock life insurance companies deferred tax on a portion of their profits. These untaxed profits were added to a policyholders surplus account (PSA). In 1984, Congress precluded life insurance companies from continuing to defer tax on future profits through PSAs. However, companies were permitted to continue to defer tax on their existing PSAs, and to pay tax on the previously untaxed profits in the PSAs only in certain circumstances. There is no remaining justification for allowing these companies to continue to defer tax on profits they earned between 1959 and 1984. Most pre-1984 policies have terminated, because pre-1984 policyholders have surrendered their pre-1984 contracts for cash, ceased paying premiums on those contracts, or died. The Administration proposes that companies generally would be required to include in their gross income over five years their PSA balances as of the beginning of the first taxable year starting after the date of enactment.

Modify rules for capitalizing policy acquisition costs of life insurance companies.—Under current law, insurance companies capitalize varying percentages of their net premiums for certain types of insurance contracts, and generally amortize these amounts over 10 years (5 years for small companies). These capitalized amounts are intended to serve as proxies for each company's commissions and other policy acquisition expenses. However, data reported by insurance companies to State insurance regulators each year indicate that the insurance industry is capitalizing substantially less than its actual policy acquisition costs, which results in a mismatch of income and deductions. The Administration proposes that insurance companies be required to capitalize modified percentages of their net premiums for certain lines of business. This change would be treated as a change in the insurance company's method of accounting. The modified percentages would more accurately reflect the ratio of actual policy acquisition expenses to premiums and the typical useful lives of the contracts. To ensure that companies never are required to capitalize more under this proxy approach than they would capitalize under normal tax accounting rules, companies that have low policy acquisition costs generally would be permitted to capitalize their actual policy acquisition costs.

Increase the proration percentage for property casualty (P&C) insurance companies.—In computing their underwriting income, P&C insurance companies deduct reserves for losses and loss expenses incurred. These loss reserves are funded in part with the company's investment income. In 1986, Congress reduced the reserve deductions of P&C insurance companies by 15 percent of the tax-exempt interest or the deductible portion of certain dividends received. In 1997, Congress expanded the 15-percent proration rule to apply to the inside buildup on certain insurance contracts. The existing 15-percent proration rule still enables P&C insurance companies to fund a substantial portion of their deductible reserves with tax-exempt or tax-deferred income. Other financial intermediaries, such as life insurance companies, banks and brokerage firms, are subject to more stringent proration rules that substantially reduce or eliminate their ability to use tax-exempt or tax-deferred investments to fund currently deductible reserves or to deduct interest expense. Effective for taxable years beginning after the date of enactment, with respect to investments acquired on or after the date of first committee action, the Administration proposes to increase the proration percentage to 25 percent.

Modify rules that apply to sales of life insurance contracts.—The sale of a life insurance contract insuring a person who is neither terminally nor chronically ill results in taxable income to the seller equal to the difference between the sales price and the seller's basis in the contract. Buyers generally are not required to report information to the IRS on these transactions. The buyer, who receives the death benefit when the insured dies, generally is liable for tax on his profit from the transaction under the "transfer for value" rules. However, the life insurance company generally is not required to report the death benefit payment. Moreover, the rule that the buyer's profits are taxable can be circumvented. The proposal would modify the transfer for value rules so they could no longer be circumvented. The proposal also would modify the reporting rules to require the buyer of a life insurance contract with a large death benefit to report information on the sale to the IRS, to the issuer of the life insurance contract, and to the seller of the life insurance contract. In addition, the proposal would modify the reporting rules to require that payment of death benefits under such previously-sold contracts be reported to the IRS and to the payee. The proposal would be effective for sales of life insurance contracts and payments of death benefits after the date of enactment.

Modify rules that apply to tax-exempt property casualty insurance companies.—Under current law, an insurance company with up to $350,000 of premium income is tax-exempt, regardless of the amount of investment income it has. Another provision allows certain small insurance companies to elect to be taxed only on their net investment income. Premiums of companies in the same controlled group are combined for purposes of determining whether an entity is eligible for tax exemption. An excise tax is imposed on premiums paid to foreign companies with respect to policies insuring U.S. risks. Current law allows foreign insurance companies to elect to be taxed as domestic companies if they meet certain requirements. These rules have been used by U.S. persons to shift assets into tax-free or tax-preferred affiliated insurance companies, which often are located in tax havens and issue "insurance" that is generated directly or indirectly by the U.S. person. The proposal would modify current law, beginning the first taxable year after date of enactment, so that all items of gross income of all affiliated companies would be aggregated in determining whether an insurance company qualifies for tax-exempt status. Also, tax-exempt status would not be available to foreign insurance companies beginning the first taxable year after the date of enactment. Conforming amendments would be made to the current-law election to be taxed on investment income. The proposal also would modify current law so that the election to be taxed as a U.S. corporation would not be available to a foreign company formed after the date of first Committee action, and would not be available beginning in the second year after the date of enactment for any other foreign company that would otherwise qualify for a tax exemption under current law.

Exempt Organizations

Subject investment income of trade associations to tax.—Trade associations described in section 501(c)(6) are generally exempt from Federal income tax, but are subject to tax on their unrelated business income. To eliminate the current-law bias in favor of trade association members' making and deducting advance payments to fund future collective activities of the trade association, the proposal would subject trade associations to unrelated business income tax on their net investment income in excess of $10,000 for any taxable year. As under current-law rules for certain other tax-exempt organizations, investment income would not be subject to tax under the proposal to the extent that it is set aside for a specified charitable purpose. In addition, any gain from the sale of property used directly in the performance of the trade association's exempt function would not be subject to tax under the proposal to the extent that the sale proceeds are used to purchase replacement exempt-function property. The proposal would be effective for taxable years beginning after December 31, 2000.

Impose penalty for failure to file an annual information return.—To encourage voluntary compliance and assist the IRS in its enforcement efforts, the proposal would impose a penalty on split-interest trusts (such as charitable remainder trusts, charitable lead trusts, and pooled income funds) that fail to file an annual information return on Form 5227. Form 5227 contains information regarding the trust's financial activities and whether the trust is subject to certain excise taxes. Under the proposal, any failure to file Form 5227 would be subject to a penalty of $20 per day (up to a maximum of $10,000 per return) or, in the case of any trust with income in excess of $250,000, $100 per day (up to a maximum of $50,000 per return). In addition, any trustee who knowingly fails to file Form 5227, unless such failure is not willful and is due to reasonable cause, would be jointly and severally liable for the amount of the penalty. The proposal would be effective for any return the due date for which is after the date of enactment.

Estate and Gift

Restore phaseout of unified credit for large estates.—Prior to TRA97, the benefit of both the estate tax graduated rate brackets below fifty-five percent and the unified credit were phased out by imposing a five-percent surtax on estates with a value above $10 million. When TRA97 increased the unified credit amount, the phase out of the unified credit was inadvertently omitted. The Administration proposes to restore the surtax in order to phase out the benefits of the unified credit as well as the graduated estate tax brackets. The proposal would be effective for decedents dying after the date of enactment.

Require consistent valuation for estate and income tax purposes.—The basis of property acquired from a decedent generally is its fair market value on the date of death. Property included in the gross estate of a decedent is valued also at its fair market value on the date of death. Recipients of lifetime gifts generally take a carryover basis in the property received. The Administration proposes to impose a duty of consistency on heirs receiving property from a decedent, requiring such heirs to use the value as reported on the estate tax return as the basis for the property for income tax purposes. Estates would be required to notify heirs (and the IRS) of such values. In addition, donors making lifetime gifts would be required to notify the recipients of such gifts (and the IRS) of the donor's basis in the property at the time of the gift, as well as any gift tax paid with respect to the gift. This proposal would be effective for gifts made after, and decedents dying after, the date of enactment.

Require basis allocation for part sale, part gift transactions.—In a part gift, part sale transaction, the donee/purchaser takes a basis equal to the greater of the amount paid by the donee or the donor's adjusted basis at the time of the transfer. The donor/seller uses adjusted cost basis in computing the gain or loss on the sale portion of the transaction. The Administration proposes to rationalize basis allocation in a part gift, part sale transaction by requiring the basis of the property to be allocated ratably between the gift portion and the sale portion based on the fair market value of the property on the date of transfer and the consideration paid. This proposal would be effective for transactions entered into on or after the date of enactment.

Conform treatment of surviving spouses in community property States.—If joint property is owned by spouses in a non-community property state, a surviving spouse receives a stepped-up basis only in the half of the property owned by the deceased spouse. In contrast, when a spouse dies owning community property, the surviving spouse is entitled to a stepped-up basis not only in the half of the property owned by the deceased spouse, but also in the half of the property already owned by the surviving spouse prior to the decedent's death. The Administration proposes to eliminate the stepped-up basis in the part of the community property owned by the surviving spouse prior to the deceased spouse's death. The half of the community property owned by the deceased spouse would continue to be entitled to a stepped-up basis upon death. This treatment will be consistent with the treatment of joint property owned by spouses in a non-community property State. This proposal would be effective for decedents dying after the date of enactment.

Include qualified terminable interest property (QTIP) trust assets in surviving spouse's estate.—A marital deduction is allowed for qualified terminable interest property (QTIP) passing to a qualifying trust for a spouse either by gift or by bequest. The value of the recipient spouse's estate includes the value of any such property in which the decedent had a qualifying income interest for life and a deduction was allowed under the gift or estate tax. In some cases, taxpayers have attempted to whipsaw the government by claiming the deduction in the first estate and then arguing against inclusion in the second estate due to some technical flaw in the QTIP election. The Administration proposes that, if a deduction is allowed under the QTIP provisions, inclusion is required in the beneficiary spouse's estate. The proposal would be effective for decedents dying after the date of enactment.

Eliminate non-business valuation discounts.—Under current law, taxpayers are claiming large discounts on the valuation of gifts and bequests of interests in entities holding marketable assets. Because these discounts are inappropriate, the Administration proposes to eliminate valuation discounts except as they apply to active businesses. Interests in entities generally would be required to be valued for gift and estate tax purposes at a proportional share of the net asset value of the entity to the extent that the entity holds non-business assets. The proposal would be effective for gifts made after, and decedents dying after, the date of enactment.

Eliminate gift tax exemption for personal residence trusts.—Current law excepts transfers of personal residences in trust from the special valuation rules applicable when a grantor retains an interest in a trust. The Administration proposes to repeal this personal residence trust exception. Thereafter, if a residence is to be used to fund a grantor retained interest trust, the trust would be required to pay out the required annuity or unitrust amount or else the grantor's retained interest would be valued at zero for gift tax purposes. This proposal would be effective for transfers in trust after the date of enactment.

Modify requirements for annual exclusion for gifts.—Currently, annual gifts of present interests of up to $10,000 (in 2000) per donor per donee are excepted from the gift tax. The decision in *Crummey v. Commissioner* held that a transfer in trust is a transfer of a present interest if the beneficiary has a right to withdraw the property from the trust for a limited period of time. Two recent cases expanded on the *Crummey* rule by holding that the annual exclusion is available, even where the person holding the withdrawal power is not a primary beneficiary of the trust. The Administration proposes to modify the annual exclusion rule as it applies to gifts and trusts so that a transfer to a trust would qualify only if: (1) during the life of the individual who is the beneficiary of the trust, no portion of the corpus or income of the trust may be distributed to or for the benefit of any person other than the beneficiary, and (2) the trust does not terminate before the beneficiary dies, the assets of the trust will be includible in the gross estate of the beneficiary. A withdrawal right would not be sufficient to create a present interest. This proposal would be effective for gifts completed after December 31, 2000. A grandfather rule would allow continued use of Crummey powers in existing irrevocable trusts, but only to the extent that the Crummey powers are held by primary noncontingent beneficiaries.

Pensions

Increase elective withholding rate for nonperiodic distributions from deferred compensation plans. —The Administration proposes increasing the current 10-percent elective withholding rate for nonperiodic distributions (such as certain lump sums) from pensions, IRAs and annuities to 15 percent, which more closely approximates the taxpayer's income tax liability for the distribution effective for distributions after 2001. The withholding would not apply to eligible rollover distributions.

Increase excise tax for excess IRA contributions.—Excess IRA contributions are currently subject to an annual 6-percent tax rate. With high investment returns, this annual 6-percent rate may be insufficient to discourage contributions in excess of the current limits for IRAs. The Administration proposes increasing from 6 percent to 10 percent the excise tax on excess contributions to IRAs for taxable years after the year the excess contribution is made. Thus, the 6-percent rate would continue to apply for the year of the excess contribution and the higher annual rate would only apply if the excess amounts are not withdrawn from the IRA. This increase would be effective for taxable years beginning after 2000.

Limit pre-funding of welfare benefits for 10 or more employer plans.—Current law generally limits the ability of employers to claim a deduction for amounts used to prefund welfare benefits. An exception is provided for certain arrangements where 10 or more employers participate because it is believed that such relationships involve risk-sharing similar to insurance which will effectively eliminate any incentive for participating employers to prefund benefits . However, as a practical matter, it has proven difficult to enforce the risk-sharing requirements in the context of certain arrangements. The Administration proposes limiting the 10 or more employer plan funding exception to medical, disability, and group-term life insurance benefits because these benefits do not present the same risk of prefunding abuse. Thus, effective for contributions paid after the date of first committee action, the existing deduction rules of the Internal Revenue Code would apply to prevent an employer who contributes to a 10 or more employer plan from claiming a current deduction for supplemental unemployment benefits, severance pay or life insurance (other than group-term life insurance) benefits to be paid in future years.

Subject signing bonuses to employment taxes.—Bonuses paid to individuals for signing a first contract of employment are ordinary income in the year received. The Administration proposes to clarify that these amounts are treated as wages for purposes of income tax withholding and FICA taxes effective after date of enactment. No inference is intended with respect to the application of prior law withholding rules to signing bonuses.

Clarify employment tax treatment of choreworkers.—Choreworkers, individuals paid by State agencies to provide domestic services for disabled and elderly individuals, often provide services for more than one disabled or elderly individual. The Administration's proposal would clarify that State agencies, and not the disabled or elderly individual receiving the services, are responsible for withholding and employment taxes for choreworkers effective for wages paid after 2000. For this purpose, all wages paid by the State agency to a choreworker are treated as paid by a single employer.

Prohibit IRAs from investing in foreign sales corporations.—Foreign sales corporations (FSCs) are foreign corporations whose income is partially subject to US tax. IRAs were never intended to be able to invest in FSCs. The proposal would prohibit an IRA from investing in a FSC effective after the date of first committee action.

Compliance

Tighten the substantial understatement penalty for large corporations.—Currently taxpayers may be penalized for erroneous, but non-negligent, return positions if the amount of the understatement is "substantial" and the taxpayer did not disclose the position in a statement with the return. "Substantial" is defined as 10 percent of the taxpayer's total current tax liability, but this can be a very large amount. This has led some large corporations to take aggressive reporting positions where huge amounts of potential tax liability are at stake—in effect playing the audit lottery—without any downside risk of penalties if they are caught, because the potential tax still would not exceed 10 percent of the company's total tax liability. To discourage such aggressive tax planning, the Administration proposes that any deficiency greater than $10 million be considered "substantial" for purposes of the substantial understatement penalty, whether or not it exceeds 10 percent of the taxpayer's liability. The proposal, which would be effective for taxable years beginning after the date of enactment, would affect only taxpayers that have tax liabilities greater than or equal to $100 million.

Require withholding on certain gambling winnings.—Proceeds of most wagers with odds of less than 300 to 1 are exempt from withholding, as are all bingo and keno winnings. The Administration proposes to 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 start of the first calendar quarter that is at least 30 days after the date of enactment.

Require information reporting for private separate accounts.—Direct investments generally result in taxable income each year of dividends and interest, plus taxable gain or loss for changes in the value of the securities in the year that such securities are sold. In contrast, investments held through insurance contracts—called separate accounts—generally give rise to tax-free or tax-deferred income unless the policyholder has too much control over the contract's investments. Insurance companies sometimes create private separate accounts through which only one or a small group of policyholders may invest their funds. These policyholders generally exercise investor control, and thus are liable for income tax each year on the investment income earned. However, the IRS has no efficient way to identify which insurance contracts' funds are invested through private separate accounts. The Administration proposal would require insurance companies to report each insurance contract with funds invested through private separate accounts, and the policyholder taxpayer identification number and earnings for such contract. The proposal would be effective for taxable years beginning after the date of enactment.

Increase penalties for failure to file correct information returns.—Any person who fails to file required information returns in a timely manner or incorrectly reports such information 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, not to exceed $250,000 if not corrected at all) may not be sufficient to encourage timely and accurate reporting. The Administration proposes to increase the general penalty amount, subject to the overall dollar limitations, 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.

Miscellaneous

Modify deposit requirement for Federal Unemployment Act (FUTA).—Beginning in 2005, 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 preceding year was $1,100 or more.

Reinstate Oil Spill Liability Trust Fund tax.—Before January 1, 1995, a five-cents-per-barrel excise tax was imposed on domestic crude oil and imported oil and 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 September 30, 2001 and before October 1, 2010. The tax would be suspended for a given calendar quarter if the unobligated Trust Fund balance at the end of the preceding quarter exceeded $5 billion.

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). The Administration proposes to repeal percentage depletion for non-fuel minerals mined on Federal lands where the mining rights were originally acquired under the 1872 law, and on private lands acquired under the 1872 law. The proposal would be effective for taxable years beginning after the date of enactment.

Impose excise tax on purchase of structured settlements.—Current law facilitates the use of structured personal injury settlements because recipients of annuities under these settlements are less likely than recipients of lump sum awards to consume their awards too quickly and require public assistance. Consistent with that policy, this favorable treatment is conditional upon a requirement that the periodic payments cannot be accelerated, deferred, increased or decreased by the injured person. Nonetheless, certain factoring companies are able to purchase a portion of the annuities from the recipients for heavily discounted lump sums. These purchases are inconsistent with the policy underlying favorable tax treatment of structured settlements. Accordingly, the Administration proposes to impose on any person who purchases (or otherwise acquires for consideration) a structured settlement payment stream, a 40-percent excise tax on the difference between the amount paid by the purchaser to the injured person and the undiscounted value of the purchased payment stream unless such purchase is pursuant to a court order finding that the extraordinary and unanticipated needs of the original intended recipient render such a transaction desirable. The proposal would apply to purchases occurring on or after the date of enactment. No inference is intended as to the contractual validity of the purchase or the effect of the purchase transaction on the tax treatment of any party other than the purchaser.

Require taxpayers to include rental income of residence in income without regard to the period of rental.—Under current law, rental income is generally includable in income and the deductibility of expenses attributable to the rental property is subject to certain limitations. An exception to this general treatment applies if a dwelling is used by the taxpayer as a residence and is rented for less than 15 days during the taxable year. The income from such a rental is not included in gross income and no expenses arising from the rental are deductible. The Administration proposes to repeal this 15-day exception. The proposal would apply to taxable years beginning after December 31, 2000.

Eliminate installment payment of heavy vehicle use tax.—An annual tax is imposed on the use of heavy (at least 55,000 pounds) highway vehicles. The tax year is July 1 through June 30 and the tax return is generally due on August 31 of the year to which it relates. A taxpayer may, however, elect to pay the tax in installments. The installment option generally permits payment of one quarter of the tax on each of the following dates: August 31, December 31, March 31, and

June 30. States are required to obtain evidence, before issuing tags for a vehicle, that the use tax return has been filed and any tax due with the return (generally only the first installment) has been paid. To foster compliance, the Administration proposes to eliminate the installment option for taxable years beginning after June 30, 2002. Thus, heavy vehicle owners would be required to pay the entire tax with their returns and would be unable to obtain State tags without providing proof of full payment.

Require recognition of gain on sale of principal residence if acquired in a tax-free exchange within five years of sale.—Gain of up to $250,000 ($500,000 in the case of a joint return) from the sale or exchange of property is excluded from income if, during the five-year period ending on the date of the sale or exchange, the property has been owned and used by the taxpayer as the taxpayer's principal residence for periods aggregating two years or more. No gain or loss is recognized if property held for use in a trade or business or for investment is exchanged solely for other like-kind property held for use in a trade or business or for investment. The current-law exclusion for principal residences, in combination with the tax-free like-kind exchange provision, allows planning opportunities for taxpayers who wish to liquidate real property held for use in a trade or business or for investment. Such planning opportunities are beyond the intended scope of the principal residence exclusion. The Administration proposes to require recognition of gain on the sale of property that has been owned and used by the taxpayer as the taxpayer's principal residence for periods aggregating two years or more if the property was acquired in a tax-free like-kind exchange within five years of the sale. The proposal would be effective for sales after the date of enactment.

International

Identified Tax Havens

The Administration is concerned about the use of tax havens. Tax havens facilitate tax avoidance and evasion and many of them, through strict confidentiality rules, substandard regulatory regimes, and uncooperative information exchange practices, inhibit our law enforcement capabilities. The Administration proposes several remedies to reduce the attractiveness of, and increase access to information about activity in, certain tax havens identified by the Secretary of the Treasury ("Identified Tax Havens"). To identify tax havens that will be subject to these rules, the Secretary of the Treasury will use criteria including, but not limited to, whether a jurisdiction imposes no or nominal taxation, either generally or on specific classes of capital income, has strict confidentiality rules and practices, and has ineffective information exchange practices.

Require reporting of all payments to identified tax havens—The proposal would provide that all payments to entities, including corporations, partnerships and disregarded entities, branches, trusts, accounts or individuals resident or located in Identified Tax Havens must be reported on the taxpayer's annual return unless: (1) information regarding the payment would be available to the IRS upon request or otherwise, or (2) the payment is less than $10,000. Failure to report a covered payment would result in the imposition of a penalty equal to 20 percent of the amount of the payment. Special rules would apply to certain financial services businesses that would permit reporting certain payments on an aggregate basis. An anti-abuse rule would require aggregation of related payments for purposes of determining whether a payment is under $10,000. The proposal would be effective for payments made after the date of enactment.

Impose limitations on certain tax attributes and income flowing through Identified Tax Havens.—Current rules deny foreign tax credits for taxes paid to (1) countries whose governments the U.S. does not recognize, (2) countries with respect to which the U.S. has severed diplomatic relations, or (3) countries that the State Department cites as supporting international terrorism. In addition, the foreign tax credit limitation and other rules are applied separately to income attributable to such countries. The proposal would apply similar rules to Identified Tax Havens. In addition, the proposal would reduce by a factor (similar to the international boycott factor) a taxpayer's (1) otherwise allowable foreign tax credit or FSC benefit attributable to income from an Identified Tax Haven, and (2) the income, attributable to an Identified Tax Haven, that is otherwise eligible for deferral. This reduction of tax benefits would be based on a fraction the numerator of which is the sum of the taxpayer's income and gains from an Identified Tax Haven and the denominator of which is the taxpayer's total non-U.S. income and gains. The proposal would be effective for taxable years beginning after the date of enactment.

Mark-to-Market Proposals

Modify treatment of built-in losses and other attributes trafficking.—Under current law, a taxpayer that becomes subject to U.S. taxation may take the position that it determines its beginning bases in its assets under U.S. tax principles as if the taxpayer had historically been subject to U.S. tax. Other tax attributes are computed similarly. A taxpayer may thus "import" built-in losses or other favorable tax attributes incurred outside U.S. taxing jurisdiction to offset income or gain that would otherwise be subject to U.S. tax. To prevent this ability to import "built-in" losses or other favorable attributes, the proposal would eliminate tax attributes (including built-in items) and mark-to-market bases when an entity or an asset becomes relevant for U.S. tax purposes. The proposal would be effective for transactions in which assets or entities become relevant for U.S. tax purposes on or after the date of enactment.

Simplify taxation of property that no longer produces income effectively connected with a U.S. trade or business.—Under current law, a foreign person is subject to tax in the United States on net income that is effectively connected with a U.S. trade or business ("ECI"). If a foreign person transfers property from a U.S. trade or business to its foreign office, the United States retains the right to tax all of the gain realized from a subsequent disposition of the property if the disposition occurs within ten years of the time the property ceased to be used in the U.S. trade or business. The United States also retains, for ten years, the right to tax deferred income from an asset attributable to a U.S. trade or business. These rules are difficult to administer and may in some cases result in the United States taxing gain that economically accrued after the property was removed from U.S. taxing jurisdiction. The proposal would mark to market property (including rights to deferred income) at the time that the property ceases to be used in, or attributable to, a U.S. trade or business. The proposal would be effective for property that ceases to be used in, or attributable to, a U.S. trade or business after the date of enactment.

Prevent avoidance of tax on U.S.-accrued gains (expatriation).—-Under current rules, persons renouncing U.S. citizenship for tax-avoidance purposes are subject to U.S. taxation for ten years after renunciation. Although these rules were modified in 1996, they are still easily avoided and impose significant administrative burdens on both taxpayers and the Government. The proposal would simplify and toughen the taxation of expatriates by repealing the current regime and imposing a one-time tax on accrued gains at the time of expatriation. Also, if an expatriate subsequently makes a gift or bequest to a U.S. person, the proposal would treat the gift as gross income to the U.S. recipient, taxable at the highest marginal rate applicable to gifts and bequests. In addition, the proposal would amend a 1996 law (the "Reed Amendment"), which requires the Attorney General to deny re-entry to a tax-motivated expatriate, to coordinate it with the tax proposal, and improve the enforceability of both the tax proposal and the Reed Amendment. The proposal would apply for individuals expatriating on or after the date of first committee action.

Other International Provisions

Expand ECI rules to include certain foreign source income.—-Under current rules, only certain enumerated types of foreign source income of a nonresident (rents, royalties, interest, dividends and sales of inventory property) can be treated as effectively connected with a U.S. trade or business ("ECI") and thus subject to net basis taxation. Economic equivalents of such enumerated types of foreign source income, such as interest equivalents (including letter of credit fees) and dividend equivalents, cannot constitute ECI under any circumstances. Moreover, some excluded foreign source income can in large part be attributable to business activities that take place in the United States. For example, a foreign satellite corporation with an office, satellite ground station or other fixed place of business in the United States may earn income with respect to the leasing of a satellite. Under current rules, such foreign source income would not be subject to U.S. tax as ECI even if it is attributable to the foreign corporation's U.S. office. The proposal would expand the categories of foreign source income that could constitute ECI to include interest equivalents and dividend equivalents and to include other income that is attributable to an office or other fixed place of business in the U.S. The proposal would be effective for taxable years beginning after date of enactment.

Limit basis step-up for imported pensions.—Under current law, a nonresident alien individual who anticipates receiving a distribution from a foreign pension plan may, under certain circumstances, establish U.S. residency, receive the distribution, claim a high basis in the plan distribution, and pay little or no U.S. tax on the distribution. Moreover, as a result of certain existing U.S. tax treaties, the individual may pay no foreign tax on the distribution. The proposal would prevent individuals from utilizing internal law and U.S. tax treaties to produce double non-taxation on foreign pension plan distributions. The proposal would modify the Internal Revenue Code to give an individual basis in a foreign pension plan distribution only to the extent the individual previously has been subject to tax (either in the United States or the foreign jurisdiction) on the amounts being distributed. The proposal would be effective for distributions occurring on or after the date of enactment.

Replace sales-source rules.—If inventory is manufactured in the United States and sold abroad, Treasury regulations provide that 50 percent of the income from such sales is treated as earned in production activities and 50 percent in sales activities. The income from the production activities is sourced on the basis of the location of assets held or used to produce the income. The income from the sales activities (the remaining 50 percent) is sourced based on where title to the inventory transfers. If inventory is purchased in the United States and sold abroad, 100 percent of the sales income generally is deemed to be foreign source. These rules generally produce more foreign source income for United States tax purposes than is subject to foreign tax. This generally increases the U.S. exporters' foreign tax credit limitation and allows U.S. exporters that operate in high-tax foreign countries to credit against their U.S. tax liability foreign income taxes levied in excess of the U.S. income tax rate. The proposal would require that the allocation between production and sales be based on actual economic activity. The proposal would be effective for taxable years beginning after the date of enactment.

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 Administration proposes to 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 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. tax treaty obligations that allow a credit for taxes paid or accrued on certain oil or gas income.

Recapture overall foreign losses when controlled foreign corporation (CFC) stock is disposed.— Under the interest allocation rules of section 864(e), the value of stock in a CFC is added to the value of directly-owned foreign assets, and then compared to the value of domestic assets of a corporation (or a group of affiliated U.S. corporations) for purposes of determining how much of the corporation's interest deductions should be allocated against foreign income and how much against domestic income. If these deductions against foreign income result in (or increase) an overall foreign loss which is then applied against U.S. income, section 904(f) recapture rules require subsequent foreign income or gain to be recharacterized as domestic. Recapture can take place when a taxpayer disposes of directly-owned foreign assets, for example. However, there may be no recapture when a shareholder disposes of stock in a CFC. The proposal would correct that asymmetry by providing that property subject to the recapture rules upon disposition under section 904(f)(3) would include stock in a CFC. The proposal would be effective on or after the date of enactment.

Modify foreign office material participation exception applicable to inventory sales attributable to nonresident's U.S. office.—In the case of a sale of inventory property that is attributable to a nonresident's office or other fixed place of business within the United States, the sales income is generally U.S. source. The income is foreign source, however, if the inventory is sold for use, disposition, or consumption outside the United States and the nonresident's foreign office or other fixed place of business materially participates in the sale. The proposal would provide that the foreign source exception shall apply only if an income tax equal to at least 10 percent of the income from the sale is actually paid to a foreign country with respect to such income. The proposal thereby ensures that the United States does not cede its jurisdiction to tax such sales unless the income from the sale is actually taxed by a foreign country at some minimal level. The proposal would be effective for transactions occurring on or after the date of enactment.

OTHER PROVISIONS THAT AFFECT RECEIPTS

Reinstate environmental tax imposed on corporate taxable income and deposited in the Hazardous Substance Superfund Trust Fund.—Under prior law, a tax equal to 0.12 percent of alternative minimum taxable income (with certain modifications) in excess of $2 million was 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, 1999 and before January 1, 2011.

Reinstate excise taxes deposited in the Hazardous Substance Superfund Trust Fund.—The excise taxes that were 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, 2010. These taxes expired on December 31, 1995.

Convert a portion of the excise taxes deposited in the Airport and Airway Trust Fund to cost-based user fees assessed for Federal Aviation Administration (FAA) services.—The excise taxes that are levied on domestic air passenger tickets and flight segments, international departures and arrivals, and domestic air cargo are proposed to be reduced over time as more efficient, cost-based user fees for air traffic services are phased in beginning in fiscal year 2001. The Administration proposes to phase in implementation of the new fees over two years and raise sufficient revenue (excise taxes plus new fees) to support expected FAA operational and capital needs in the subsequent year.

Increase excise tax on tobacco products and levy a youth smoking assessment on tobacco manufacturers. —Under current law, the 34-cents-per-pack excise tax on cigarettes is scheduled to increase by 5-cents-per-pack effective January 1, 2002. The Administration proposes to accelerate the scheduled 5-cents-per-pack increase in the excise tax on cigarettes and to increase the tax by an additional 25-cents-per-pack effective October 1, 2000. Tax rates on other taxable tobacco products will increase proportionately. In addition, beginning after 2003, the Administration proposes to levy an assessment on tobacco manufacturers if the youth smoking rate is not reduced by 50 percent.

Recover State bank supervision and regulation expenses (receipt effect).—The Administration proposes to require the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve to recover their respective costs for supervision and regulation of State-chartered 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 recoveries.

Maintain Federal Reserve surplus transfer to the Treasury.—In FY 2000, the Federal Reserve System transferred $3.752 billion from its capital account surplus funds to the Treasury. The Administration proposes in FY 2001 that the Federal Reserve System maintain the capital account surplus fund at the post-transfer level.

Restore premiums for the United Mine Workers of America Combined Benefit Fund.—The Administration proposes legislation to restore the previous calculation of premiums charged to coal companies that employed the retired miners that have been assigned to them. By reversing the court decision of *National Coal v. Chater*, this legislation will restore a premium calculation that supports medical cost containment.

Extend abandoned mine reclamation fees.—The abandoned mine reclamation fees, which are scheduled to expire on September 30, 2004, are proposed to be extended through September 30, 2014. These fees, which are levied on coal operators, generally are the lesser of 15 cents per ton for coal produced by underground mining and 35 cents per ton for coal produced by surface mining, or 10 percent of the value of the coal at the mine. Amounts collected will be used to continue abandoned coal mine reclamation. The coal mining states and Indian Tribes have identified over $4.2 billion in remaining restoration needs. Each year, states, Indian Tribes and Federal agencies identify additional needs.

Replace Harbor Maintenance Tax with the Harbor Services User Fee (receipt effect).—The Administration proposes to replace the ad valorem Harbor Maintenance Tax with a cost-based user fee, the Harbor Services User Fee. The user fee will finance construction and operation and maintenance of harbor activities performed by the Army Corps of Engineers, the costs of operating and maintaining the Saint Lawrence Seaway, and the costs of administering the fee. Through appropriation acts, the fee will raise an average of $980 million annually through FY 2005, which is less than would have been raised by the Harbor Maintenance Tax before the Supreme Court decision that the ad valorem tax on exports was unconstitutional.

Revise Army Corps of Engineers regulatory program fees.—The Army Corps of Engineers has not changed the fee structure of its regulatory program since 1977. The Administration proposes to pursue reasonable changes that would reduce the fees paid from many applicants and increase recovery from commercial applicants.

Roll back Federal employee retirement contributions.—The Administration proposes to roll back to pre-1999 levels the higher retirement contributions required of Federal employees by the Balanced Budget Act of 1997. The rollback is proposed to take effect in January 2001.

Provide government-wide buyout authority (receipt effect).—The Administration proposes to provide government-wide buyout authority, which will lower employee contributions to the civil service retirement fund.

Table 3–3. EFFECT OF PROPOSALS ON RECEIPTS

(In millions of dollars)

	Estimate						
	2000	2001	2002	2003	2004	2005	2001–2005
Provide tax relief:							
Expand educational opportunities:							
Provide College Opportunity tax cut	....	–395	–2,009	–2,323	–3,103	–3,262	–11,092
Provide incentives for public school construction and modernization	....	–36	–174	–419	–739	–1,020	–2,388
Expand exclusion for employer-provided educational assistance to include graduate education	–66	–275	–90	....	....	....	–365
Eliminate 60-month limit on student loan interest deduction	....	–23	–80	–87	–89	–93	–372
Eliminate tax when forgiving student loans subject to income contingent repayment	....	....	....	....	....	....	....
Provide tax relief for participants in certain Federal education programs	....	–3	–7	–7	–7	–6	–30
Subtotal, expand educational opportunities	–66	–732	–2,360	–2,836	–3,938	–4,381	–14,247
Provide poverty relief and revitalize communities:							
Increase and simplify the Earned Income Tax Credit (EITC) [1]	....	–2,293	–1,936	–1,967	–1,992	–2,001	–10,189
Increase and index low-income housing tax credit per-capita cap	....	–6	–55	–168	–306	–448	–983
Provide New Markets Tax Credit	....	–30	–222	–515	–743	–940	–2,450
Extend Empowerment Zone (EZ) tax incentives and authorize additional EZs	....	–36	–167	–333	–452	–568	–1,556
Provide Better America Bonds to improve the environment	....	–8	–41	–112	–214	–315	–690
Permanently extend the expensing of brownfields remediation costs	....	....	–98	–152	–146	–140	–536
Expand tax incentives for specialized small business investment companies (SSBICs)	–*	–*	–*	–*	–*	–*	–*
Bridge the Digital Divide	....	–107	–272	–344	–289	–207	–1,219
Subtotal, provide poverty relief and revitalize communities	....	–2,480	–2,791	–3,591	–4,142	–4,619	–17,623
Make health care more affordable:							
Assist taxpayers with long-term care needs [2]	....	–109	–1,150	–1,681	–2,427	–3,028	–8,395
Encourage COBRA continuation coverage	....	....	–41	–858	–1,149	–1,286	–3,334
Provide tax credit for Medicare buy-in program	....	....	–5	–105	–140	–164	–414
Provide tax relief for workers with disabilities [2]	....	–18	–128	–143	–158	–165	–612
Provide tax relief to encourage small business health plans	....	–1	–9	–22	–35	–38	–105
Encourage development of vaccines for targeted diseases	....	....	....	....	....	....	....
Subtotal, make health care more affordable [2]	....	–128	–1,333	–2,809	–3,909	–4,681	–12,860
Strengthen families and improve work incentives:							
Provide marriage penalty relief and increase standard deduction	....	–248	–843	–1,536	–2,130	–4,637	–9,394
Increase, expand, and simplify child and dependent care tax credit [2]	....	–121	–589	–922	–1,288	–1,643	–4,563
Provide tax incentives for employer-provided child-care facilities	....	–42	–88	–121	–140	–148	–539
Subtotal, strengthen families and improve work incentives [2]	....	–411	–1,520	–2,579	–3,558	–6,428	–14,496
Promote expanded retirement savings, security, and portability:							
Establish Retirement Savings Accounts	....	....	–657	–2,185	–2,290	–4,034	–9,166
Provide small business tax credit for automatic contributions for non-highly compensated employees	....	....	–157	–648	–1,878	–3,074	–5,757
Provide tax credit for plan start up and administrative expenses; provide for payroll deduction IRAs	–1	–18	–35	–61	–92	–135	–341
Provide for the SMART plan	....	–44	–65	–66	–68	–70	–313
Enhance the 401(k) SIMPLE plan	....	–25	–61	–108	–161	–236	–591
Accelerate vesting for qualified plans	....	214	137	104	66	29	550
Other changes affecting retirement savings, security and portability	....	–53	–207	–288	–377	–450	–1,375
Subtotal, promote expanded retirement savings, security and portability	–1	74	–1,045	–3,252	–4,800	–7,970	–16,993
Provide AMT relief for families and simplify the tax laws:							
Provide adjustments for personal exemptions and the standard deduction in the individual alternative minimum tax (AMT)	–72	–377	–544	–996	–1,312	–1,650	–4,879
Simplify and increase standard deduction for dependent filers	–7	–42	–29	–33	–51	–37	–192
Replace support test with residency test (limited to children)	....	–66	–97	–102	–107	–112	–484
Provide tax credit to encourage electronic filing of individual income tax returns [2]	....	....	–192	–207	–208	–209	–816
Simplify, retarget and expand expensing for small business	....	–217	–206	–19	–86	–135	–663
Simplify the foreign tax credit limitation for dividends from 10/50 companies	–80	–168	–102	–46	10	27	–279
Other simplification	–1	–17	–23	–27	–30	–35	–132
Subtotal, provide AMT relief for families and simplify the tax laws [2]	–160	–887	–1,193	–1,430	–1,784	–2,151	–7,445
Encourage philanthropy:							
Allow deduction for charitable contributions by non-itemizing taxpayers	....	–516	–1,062	–733	–765	–817	–3,893
Simplify and reduce the excise tax on foundation investment income	....	–49	–70	–71	–73	–75	–338
Increase limit on charitable donations of appreciated property	....	–7	–47	–29	–20	–12	–115

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

(In millions of dollars)

	Estimate						
	2000	2001	2002	2003	2004	2005	2001–2005
Clarify public charity status of donor advised funds	*	*	*	*	*	*	*
Subtotal, encourage philanthropy	....	–572	–1,179	–833	–858	–904	–4,346
Promote energy efficiency and improve the environment:							
Provide tax credit for energy-efficient building equipment	....	–18	–35	–49	–71	–28	–201
Provide tax credit for new energy-efficient homes	....	–82	–150	–194	–134	–73	–633
Extend electric vehicle tax credit and provide tax credit for hybrid vehicles	....	....	–4	–182	–700	–1,192	–2,078
Provide 15-year depreciable life for distributed power property	....	–1	–1	–2	–3	–3	–10
Extend and modify the tax credit for producing electricity from certain sources	....	–91	–173	–220	–231	–261	–976
Provide tax credit for solar energy systems	....	–9	–19	–25	–34	–45	–132
Subtotal, promote energy efficiency and improve the environment	....	–201	–382	–672	–1,173	–1,602	–4,030
Electricity restructuring	....	3	11	20	30	41	105
Modify international trade provisions:							
Extend and modify Puerto Rico economic-activity tax credit	....	–35	–67	–101	–134	–166	–503
Extend GSP and modify other trade provisions [3]	–10	–454	–858	–940	–884	–248	–3,384
Levy tariff on certain textiles/apparel produced in the CNMI [3]	....	....	169	169	169	169	676
Subtotal, modify international trade provisions [3]	–10	–489	–756	–872	–849	–245	–3,211
Miscellaneous provisions:							
Make first $2,000 of severance pay exempt from income tax	....	–43	–174	–180	–138	....	–535
Exempt Holocaust reparations from Federal income tax	–4	–17	–18	–19	–15	....	–69
Subtotal, miscellaneous provisions	–4	–60	–192	–199	–153	....	–604
Subtotal, provide tax relief [2 3]	**–241**	**–5,883**	**–12,740**	**–19,053**	**–25,134**	**–32,940**	**–95,750**
Refundable credits	....	**–23**	**–679**	**–736**	**–2,218**	**–2,343**	**–5,999**
Total gross tax relief including refundable credits [3]	**–241**	**–5,906**	**–13,419**	**–19,789**	**–27,352**	**–35,283**	**–101,749**
Eliminate unwarranted benefits and adopt other revenue measures:							
Limit benefits of corporate tax shelter transactions:							
Increase disclosure of certain transactions, modify substantial understatement penalty for corporate tax shelters, codify the economic substance doctrine, tax income from shelters involving tax-indifferent parties and impose a penalty excise tax on certain fees received by promotors and advisors	....	1,872	1,392	1,357	1,351	1,374	7,346
Require accrual of income on forward sale of corporate stock	1	5	10	15	21	26	77
Modify treatment of ESOP as S corporation shareholder	....	15	47	67	88	104	321
Limit dividend treatment for payments on certain self-amortizing stock	....	22	37	39	40	42	180
Prevent serial liquidation of U.S. subsidiaries of foreign corporations	12	20	19	19	19	18	95
Prevent capital gains avoidance through basis shift transactions involving foreign shareholders	71	328	121	65	45	26	585
Prevent mismatching of deductions and income in transactions with related foreign persons	....	62	108	112	117	122	521
Prevent duplication or acceleration of loss through assumption of certain liabilities	4	34	36	37	38	40	185
Amend 80/20 company rules	....	21	46	53	54	56	230
Modify corporate-owned life insurance (COLI) rules	....	176	340	417	489	548	1,970
Require lessors of tax-exempt-use property to include service contract options in lease term	....	6	11	17	24	30	88
Interaction	–42	–239	–175	–157	–157	–160	–888
Subtotal, limit benefits of corporate tax shelter transactions	46	2,322	1,992	2,041	2,129	2,226	10,710
Other proposals:							
Require banks to accrue interest on short-term obligations	6	63	21	4	5	5	98
Require current accrual of market discount by accrual method taxpayers	1	7	13	19	25	31	95
Modify and clarify certain rules relating to debt-for-debt exchanges	9	73	74	71	70	70	358
Modify and clarify the straddle rules	14	30	34	33	34	35	166
Provide generalized rules for all stripping transactions	7	18	22	21	19	18	98
Require ordinary treatment for certain dealers of commodities and equity options	16	29	31	31	31	31	153
Prohibit tax deferral on contributions of appreciated property to swap funds	....	2	5	8	10	11	36
Conform control test for tax-free incorporations, distributions, and reorganizations	13	34	41	39	38	39	191
Treat receipt of tracking stock in certain distributions and exchanges as the receipt of property	28	108	158	153	149	151	719
Require consistent treatment and provide basis allocation rules for transfers of intangibles in certain nonrecognition transactions	1	41	51	53	55	57	257
Modify tax treatment of certain reorganizations involving portfolio stock	17	49	66	71	77	83	346
Modify definition of nonqualified preferred stock	11	53	61	64	67	54	299

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

(In millions of dollars)

	Estimate						
	2000	2001	2002	2003	2004	2005	2001–2005
Modify estimated tax provision for deemed asset sales	....	314	90	–23	–15	–8	358
Modify treatment of transfers to creditors in divisive reorganizations	3	15	18	19	20	21	93
Provide mandatory basis adjustments for partners that have a significant net built-in loss in partnership property	–41	50	52	55	60	58	275
Modify treatment of closely held REITs	....	1	4	8	12	17	42
Apply RIC excise tax to undistributed profits of REITs	....	....	1	1	1	1	4
Allow RICs a dividends paid deduction for redemptions only in cases where the redemption represents a contraction in the RIC	....	99	489	457	429	405	1,879
Require REMICs to be secondarily liable for the tax liability of REMIC residual interest holders	....	5	17	29	42	55	148
Deny change in method treatment to tax-free formations	3	59	59	59	61	63	301
Deny deduction for punitive damages	16	92	130	137	144	151	654
Repeal lower-of-cost-or-market inventory accounting method	....	459	447	371	372	154	1,803
Disallow interest on debt allocable to tax-exempt obligations	4	11	18	24	30	35	118
Require capitalization of mutual fund commissions	....	23	111	98	83	64	379
Provide consistent amortization periods for intangibles	....	–216	–220	34	259	445	302
Clarify recovery period of utility grading costs	12	40	65	82	91	99	377
Apply rules generally applicable to acquisitions of tangible assets to acquisitions of professional sports franchises	2	43	73	113	141	139	509
Require recapture of policyholder surplus accounts	....	65	174	285	522	782	1,828
Modify rules for capitalizing policy acquisition costs of life insurance companies	....	536	1,820	2,191	2,413	1,328	8,288
Increase the proration percentage for P&C insurance companies	....	48	82	98	115	133	476
Modify rules that apply to sales of life insurance contracts	....	13	35	39	43	48	178
Modify rules that apply to tax-exempt property casualty insurance companies	....	12	22	23	24	25	106
Subject investment income of trade associations to tax	....	180	309	325	341	358	1,513
Impose penalty for failure to file an annual information return	....	....	24	23	22	21	90
Restore phaseout of unified credit for large estates	....	33	70	78	83	106	370
Require consistent valuation for estate and income tax purposes	1	5	10	14	18	21	68
Require basis allocation for part sale, part gift transactions	....	2	3	4	5	5	19
Conform treatment of surviving spouses in community property States	3	19	42	59	75	92	287
Include QTIP trust assets in surviving spouse's estate	....	....	2	2	2	2	8
Eliminate non-business valuation discounts	....	271	575	600	636	618	2,700
Eliminate gift tax exemption for personal residence trusts	....	–1	–1	....	5	14	17
Modify requirements for annual exclusion for gifts	....	....	20	20	22	20	82
Increase elective withholding rate for nonperiodic distributions from deferred compensation plans	....	....	47	3	3	3	56
Increase excise tax for excess IRA contributions	....	1	12	13	14	14	54
Limit pre-funding of welfare benefits for 10 or more employer plans	....	92	156	159	151	150	708
Subject signing bonuses to employment taxes	....	5	3	3	3	2	16
Clarify employment tax treatment of choreworkers	....	48	64	64	63	63	302
Prohibit IRAs from investing in foreign sales corporations	3	16	29	30	32	33	140
Tighten the substantial understatement penalty for large corporations	....	26	44	45	41	37	193
Require withholding on certain gambling winnings	....	20	1	1	1	1	24
Require information reporting for private separate accounts	....	5	10	14	18	21	68
Increase penalties for failure to file correct information returns	....	6	15	15	9	10	55
Modify deposit requirement for FUTA	....	....	....	....	....	1,583	1,583
Reinstate Oil Spill Liability Trust Fund tax [3]	....	....	253	261	264	266	1,044
Repeal percentage depletion for non-fuel minerals mined on Federal and formerly Federal lands	....	94	96	97	99	101	487
Impose excise tax on purchase of structured settlements	6	7	5	2	....	–2	12
Require taxpayers to include rental income of residence in income without regard to the period of rental	....	4	11	12	12	13	52
Eliminate installment payment of heavy vehicle use tax [3]	....	....	378	27	30	32	467
Require recognition of gain on sale of principal residence if acquired in a tax-free exchange within five years of the sale	....	10	13	11	11	11	56
Limit benefits of transactions with "Identified Tax Havens"	....	36	52	40	36	35	199
Modify treatment of built-in losses and other attributes trafficking	1	78	136	143	151	161	669
Simplify taxation of property that no longer produces income effectively connected with a U.S. trade or business	*	*	*	*	*	*	*
Prevent avoidance of tax on U.S.-accrued gains (expatriation)	3	28	58	107	155	212	560
Expand ECI rules to include certain foreign source income	....	22	38	39	41	42	182
Limit basis step-up for imported pensions	2	26	33	34	36	38	167
Replace sales-source rules	....	320	570	600	630	660	2,780
Modify rules relating to foreign oil and gas extraction income	....	5	69	112	118	124	428
Recapture overall foreign losses when CFC stock is disposed	1	1	*	*	*	*	1
Modify foreign office material participation exception applicable to inventory sales attributable to nonresident's U.S. office	1	7	10	11	11	11	50

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

(In millions of dollars)

	Estimate						
	2000	2001	2002	2003	2004	2005	2001–2005
Subtotal, other proposals [3]	143	3,542	7,221	7,635	8,565	9,478	36,441
Subtotal, eliminate unwarranted benefits and adopt other revenue measures [3]	**189**	**5,864**	**9,213**	**9,676**	**10,694**	**11,704**	**47,151**
Net tax relief including refundable credits [3]	**–52**	**–42**	**–4,206**	**–10,113**	**–16,658**	**–23,579**	**–54,598**
Other provisions that affect receipts:							
Reinstate environmental tax on corporate taxable income [4]	....	725	432	438	434	437	2,466
Reinstate Superfund excise taxes [3]	152	707	762	772	785	797	3,823
Convert Airport and Airway Trust Fund taxes to a cost-based user fee system [3]	....	724	1,399	1,500	1,522	1,522	6,667
Increase excise tax on tobacco products and levy a youth smoking assessment on tobacco manufacturers [3]	446	4,084	3,738	3,532	10,140	9,700	31,194
Recover State bank supervision and regulation expenses (receipt effect) [3]	....	78	82	86	90	95	431
Maintain Federal Reserve surplus transfer to the Treasury	....	3,752	....	....	....	....	3,752
Restore premiums for United Mine Workers of America Combined Benefit Fund	....	11	10	10	9	9	49
Extend abandoned mine reclamation fees [3]	....	....	....	....	....	218	218
Replace Harbor Maintenance tax with the Harbor Services User Fee (receipt effect) [3]	....	–549	–602	–647	–681	–718	–3,197
Revise Army Corps of Engineers regulatory program fees [3]	....	5	5	5	5	5	25
Roll back Federal employee retirement contributions	....	–427	–619	–160	....	....	–1,206
Provide Government-wide buyout authority (receipt effect)	....	–9	–18	–9	....	....	–36
Total, other provisions [3 4]	**598**	**9,101**	**5,189**	**5,527**	**12,304**	**12,065**	**44,186**

* $500,000 or less

[1] The proposal to increase and simplify the Earned Income Tax Credit has both receipts and outlay effects. The receipts effect for the proposal is –$305 million, –$304 million, –$314 million, –$326 million and –$339 million for fiscal years 2001–2005, respectively. The outlay effect is $2,003 million, $1,936 million, $1,967 million, $1,992 million and $2,001 million for fiscal years 2001–2005, respectively.

[2] Amounts shown are the effect on receipts.

[3] Net of income offsets

[4] Net of deductibility for income tax purposes

Table 3–4. RECEIPTS BY SOURCE

(In millions of dollars)

Source	1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
Individual income taxes (federal funds):							
Existing law	879,480	951,945	978,249	1,005,714	1,040,248	1,086,039	1,143,081
Proposed Legislation (PAYGO)	....	–359	–5,634	–10,125	–14,215	–19,554	–25,821
Legislative proposal, discretionary offset	....	....	–205	–397	–424	–432	–432
Total individual income taxes	**879,480**	**951,586**	**972,410**	**995,192**	**1,025,609**	**1,066,053**	**1,116,828**
Corporation income taxes:							
Federal funds:							
Existing law	184,670	192,285	189,594	190,189	191,800	196,090	205,076
Proposed Legislation (PAYGO)	....	110	3,942	4,405	3,105	3,150	....
Legislative proposal, discretionary offset	....	....	119	102	110	119	131
Total Federal funds corporation income taxes	184,670	192,395	193,655	194,696	195,015	199,359	205,207
Trust funds:							
Hazardous substance superfund	10	....	....	....	....	....	....
Proposed Legislation (PAYGO)	....	....	1,115	664	674	668	673
Total corporation income taxes	**184,680**	**192,395**	**194,770**	**195,360**	**195,689**	**200,027**	**205,880**
Social insurance and retirement receipts (trust funds):							
Employment and general retirement:							
Old age and survivors insurance (Off-budget)	383,559	408,583	427,322	446,421	465,244	484,401	511,676
Disability insurance (Off-budget)	60,909	68,180	72,573	75,805	79,003	82,259	86,890
Hospital insurance	132,268	136,515	143,695	150,290	156,694	163,258	172,612
Railroad retirement:							
Social Security equivalent account	1,515	1,639	1,674	1,697	1,719	1,740	1,762
Rail pension and supplemental annuity	2,629	2,621	2,661	2,699	2,736	2,773	2,803
Total employment and general retirement	580,880	617,538	647,925	676,912	705,396	734,431	775,743
On-budget	136,412	140,775	148,030	154,686	161,149	167,771	177,177
Off-budget	444,468	476,763	499,895	522,226	544,247	566,660	598,566
Unemployment insurance:							
Deposits by States [1]	19,894	21,453	23,327	24,529	25,594	26,273	27,411
Proposed Legislation (PAYGO)	....	....	....	....	....	....	1,297
Federal unemployment receipts [1]	6,475	6,668	6,873	7,010	7,127	7,260	7,405
Proposed Legislation (PAYGO)	....	....	....	....	....	....	286
Railroad unemployment receipts [1]	111	67	54	97	123	124	102
Total unemployment insurance	26,480	28,188	30,254	31,636	32,844	33,657	36,501
Other retirement:							
Federal employees' retirement—employee share	4,400	4,221	4,269	4,194	3,547	3,197	3,028
Proposed Legislation (non-PAYGO)	....	....	–9	–18	–9	....	....
Proposed Legislation (PAYGO)	....	....	–427	–619	–160	....	....
Non-Federal employees retirement [2]	73	74	68	63	51	46	43
Total other retirement	4,473	4,295	3,901	3,620	3,429	3,243	3,071
Total social insurance and retirement receipts	**611,833**	**650,021**	**682,080**	**712,168**	**741,669**	**771,331**	**815,315**
On-budget	167,365	173,258	182,185	189,942	197,422	204,671	216,749
Off-budget	444,468	476,763	499,895	522,226	544,247	566,660	598,566
Excise taxes:							
Federal funds:							
Alcohol taxes	7,386	7,267	7,150	7,158	7,120	7,091	7,080
Proposed Legislation (PAYGO)	....	–32	32	....	....	....	....
Tobacco taxes	5,400	6,742	7,158	7,844	8,013	7,938	7,869
Proposed Legislation (PAYGO)	....	594	5,446	4,985	4,709	4,018	3,756
Transportation fuels tax	849	787	808	793	811	817	836
Telephone and teletype services	5,185	5,500	5,821	6,142	6,471	6,833	7,231
Ozone depleting chemicals and products	105	73	73	22	9	....	....
Other Federal fund excise taxes	368	2,174	2,200	2,114	1,997	1,987	2,030

Table 3–4. RECEIPTS BY SOURCE—Continued

(In millions of dollars)

Source	1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
Proposed Legislation (PAYGO)	....	38	–74	–65	–69	–73	–77
Total Federal fund excise taxes	19,293	23,143	28,614	28,993	29,061	28,611	28,725
Trust funds:							
Highway	39,299	34,311	35,148	35,597	36,229	36,870	37,622
Proposed Legislation (PAYGO)	....	....	....	383	32	35	37
Airport and airway	10,391	9,222	9,645	10,173	10,630	11,333	12,115
Legislative proposal, discretionary offset	....	....	965	1,866	1,999	2,030	2,030
Aquatic resources	374	336	341	376	380	395	401
Black lung disability insurance	596	577	591	606	619	628	636
Inland waterway	104	104	107	109	111	114	116
Hazardous substance superfund	11	....	....	....	....	....	....
Proposed Legislation (PAYGO)	....	204	942	1,016	1,031	1,046	1,063
Oil spill liability	....	173	....	....	....	....	....
Proposed Legislation (PAYGO)	....	....	....	338	348	351	355
Vaccine injury compensation	130	131	134	137	139	141	110
Leaking underground storage tank	216	183	189	191	195	198	202
Total trust funds excise taxes	51,121	45,241	48,062	50,792	51,713	53,141	54,687
Total excise taxes	**70,414**	**68,384**	**76,676**	**79,785**	**80,774**	**81,752**	**83,412**
Estate and gift taxes:							
Federal funds	27,782	30,482	31,975	34,172	35,494	37,831	36,151
Proposed Legislation (PAYGO)	....	4	329	721	777	846	878
Total estate and gift taxes	**27,782**	**30,486**	**32,304**	**34,893**	**36,271**	**38,677**	**37,029**
Customs duties:							
Federal funds	17,727	20,149	21,405	23,430	25,262	26,554	27,921
Proposed Legislation (PAYGO)	....	–13	–569	–880	–990	–917	–71
Trust funds	609	739	797	870	932	978	1,030
Proposed Legislation (PAYGO)	....	....	–30	–30	–30	–30	–30
Legislative proposal, discretionary offset	....	....	–732	–803	–863	–908	–958
Total customs duties	**18,336**	**20,875**	**20,871**	**22,587**	**24,311**	**25,677**	**27,892**
MISCELLANEOUS RECEIPTS: [3]							
Miscellaneous taxes	101	119	121	124	126	129	132
Proposed youth smoking assessment (PAYGO)	....	....	....	....	....	7,379	7,280
United Mine Workers of America combined benefit fund	148	142	138	132	127	122	118
Proposed Legislation (PAYGO)	....	....	11	10	10	9	9
Deposit of earnings, Federal Reserve System	25,917	32,452	25,664	30,196	31,296	32,489	33,662
Legislative proposal, discretionary offset	....	....	3,856	109	115	120	126
Defense cooperation	....	6	6	6	6	6	6
Fees for permits and regulatory and judicial services	6,572	7,509	7,965	8,726	9,549	10,378	10,972
Proposed Legislation (PAYGO)	....	....	–2	–7	–7	....	290
Legislative proposal, discretionary offset	....	....	7	7	7	7	7
Fines, penalties, and forfeitures	2,738	2,188	2,157	1,966	1,977	1,977	1,979
Gifts and contributions	186	281	188	156	150	148	149
Refunds and recoveries	–733	–192	–191	–190	–190	–190	–190
Total miscellaneous receipts	**34,929**	**42,505**	**39,920**	**41,235**	**43,166**	**52,574**	**54,540**
Total budget receipts	**1,827,454**	**1,956,252**	**2,019,031**	**2,081,220**	**2,147,489**	**2,236,091**	**2,340,896**
On-budget	1,382,986	1,479,489	1,519,136	1,558,994	1,603,242	1,669,431	1,742,330
Off-budget	444,468	476,763	499,895	522,226	544,247	566,660	598,566

[1] Deposits by States cover the benefit part of the program. Federal unemployment receipts cover administrative costs at both the Federal and State levels. Railroad unemployment receipts cover both the benefits and administrative costs of the program for the railroads.

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

[3] Includes both Federal and trust funds.

4. USER FEES AND OTHER COLLECTIONS

In addition to collecting taxes and other receipts by the exercise of its sovereign powers, which is discussed in the previous chapter, the Federal Government collects income from the public from market-oriented activities. Examples of these collections include the sale of postage stamps and electricity, 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.

Depending on the laws that authorize the collections, they can be credited directly to expenditure accounts as "offsetting collections," where they are usually available for expenditure without further action by Congress, or they are credited to receipt accounts as "offsetting receipts," which may be appropriated to expenditure accounts through action by the Congress. The budget refers to them as offsetting collections and offsetting receipts, because they are subtracted from gross outlays rather than added to taxes on the receipts side of the budget. 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.[1]

Offsetting collections and receipts include most user fees, which are discussed below, as well as some amounts that are not user fees. Table 4–1 summarizes these transactions. For 2001, total offsetting collections and receipts from the public are estimated to be $214.8 billion, and total user fees are estimated to be $148.6 billion.

The following section discusses user fees and the Administration's user fee proposals. The subsequent section displays more information on offsetting collections and receipts. The offsetting collections and receipts by agency are also displayed in Table 20–1, "Outlays to the Public, Net and Gross," which appears in Chapter 20 of this volume.

TABLE 4–1. GROSS OUTLAYS, USER FEES, OTHER OFFSETTING COLLECTIONS AND RECEIPTS FROM THE PUBLIC, AND NET OUTLAYS

(In billions of dollars)

	Actual 1999	Estimate 2000	Estimate 2001
Gross outlays	1,910.3	2,001.6	2,049.8
Offsetting collections and receipts from the public:			
User fees[1]	137.0	137.6	147.2
Other	70.3	74.4	67.6
Subtotal, offsetting collections and receipts from the public	207.3	212.0	214.8
Net outlays	1,703.0	1,789.6	1,835.0

[1] Total user fees are shown below. They include user fees that are classified on the receipts side of the budget in addition to the amounts shown on this line. For additional details of total user fees, see Table 4–2. "Total User Fee Collections."

Total user fees:			
Offsetting collections and receipts from the public	137.0	137.6	147.2
Receipts	1.0	1.1	1.5
Total user fees	138.0	138.7	148.6

USER FEES

I. Introduction and Background

The Federal Government may charge user fees to those who benefit directly from a particular activity or those subject to regulation. According to the definition of user fees used in this chapter, Table 4–2 shows that user fees were $138.0 billion in 1999, and are estimated to increase to $138.7 billion in 2000 and to $148.6 billion in 2001, growing to an estimated $176.4 billion in 2005, including the user fee proposals proposed in this budget, which are shown in Table 4–3. This table shows that the Administration is proposing to increase user fees by an estimated $3.8 billion in 2001, growing to an estimated $7.7 billion in 2005.

Definition. The term "user fee" as defined here is fees, charges, and assessments levied on a class directly benefiting from, or subject to regulation by, a government program or activity, and to be utilized solely to support the program or activity. In addition, the payers of the fee must be limited to those benefiting from, or subject to regulation by, the program or activity, and may not include the general public or a broad segment of the public. The user fee must be authorized for use only to fund the specified programs or activities for which it is charged, including directly associated agency functions, not for unrelated programs or activities and not for the broad purposes of the Government or an agency.

[1] Showing collections from business-type transactions as offsets on the spending side of the budget follows the concept recommended by the 1967 *Report of the President's Commission on Budget Concepts.* The concept is discussed in Chapter 24: "Budget System and Concepts and Glossary" in this volume.

Why User Fees?

- The term "user fee" refers to Government charges to those who use a Government good or service or are subject to Government regulation. For example:
  —Park entrance fees charged to visitors to national parks
  —Meat, poultry, and egg inspection fees
  —Tennessee Valley Authority proceeds from power sales
  —Proceeds from the lease of federally-owned buildings and facilities
  —Flood insurance premiums
  —Sales of commemorative coins
- User fees are earmarked to fund part or all of the cost of providing the service or regulation by crediting them to a program account instead of to the general fund of the Treasury.
- User fees are different from general revenue, because they are not collected from the general public or broad segments of the public (e.g., income taxes or customs duties) and they are not used for the general purposes of government (e.g., national defense).
- Users are more willing to support and pay fees when they are dedicated to maintaining or improving the quality of the programs that affect them directly.
- Government program managers may be more diligent about collecting and spending fees when funding for their programs depends on fees, instead of appropriations of general taxpayer money.
- Administration policy is to shift to user fee funding wherever appropriate. However, essential government services will continue to be supported by general fund appropriations from the Treasury as necessary.
- The Administration's user fee proposals generally require authorizing legislation to authorize the fees first and appropriations action before the fees can actually be collected and spent. This is done to preserve the traditional roles of the authorizing and appropriations committees in Congress and to conform to the "scoring" conventions of the Budget Enforcement Act.

- Examples of business-type or market-oriented user fees include fees for the sale of postal services (the sale of stamps), electricity (e.g., sales by the Tennessee Valley Authority), payments for Medicare voluntary supplemental medical insurance, life insurance premiums for veterans, recreation fees for parks, NASA fees for shuttle services, the sale of weather maps and related information by the Department of Commerce, the sale of commemorative coins, and fees for the sale of books.
- Examples of regulatory and licensing user fees include fees for regulating the nuclear energy industry, bankruptcy filing fees, immigration fees, food inspection fees, passport fees, and patent and trademark fees.

User fees do not include all offsetting collections and receipts, such as the interest and repayments received from credit programs; proceeds from the sale of loans and other financial investments; interest, dividends, and other earnings; cost sharing contributions; the sale of timber, minerals, oil, commodities, and other natural resources; proceeds from asset sales (property, plant, and equipment); Outer Continental Shelf receipts; or spectrum auction proceeds. Neither do they include earmarked taxes (such as taxes paid to social insurance programs or excise taxes), or customs duties, fines, penalties, and forfeitures.

Alternative definitions. The definition used in this chapter is useful because it identifies goods, services, and regulations financed by earmarked collections and receipts.[2] Other definitions may be used for other purposes, such as establishing policy for charging prices to the public for goods and services regardless of whether the proceeds are earmarked.

Alternative definitions could, for example:

- be narrower than the one used here, by excluding regulatory fees and analyzing them as a separate category.
- be broader than the one used here, by:
  —eliminating the requirement that fees be earmarked. The definition would then include fees that go to the general fund in addition to those that are earmarked to finance the related activity.
  —including the sale of resources as well as goods and services, such as natural resources (e.g., timber, oil, or minerals) and property, plant, and equipment.
  —interpreting more broadly whether a program has private beneficiaries, or whether the proceeds are earmarked to benefit directly those paying the fee. A broader interpretation might include beneficiary- or liability-based excise taxes.[3]

What is the purpose of user fees? The purpose of user fees is to improve the efficiency and equity of certain Government activities, and to reduce the bur-

[2] The definition used here is similar to one the House of Representatives uses as a guide for purposes of committee jurisdiction. The definition helps differentiate between taxes, which are under the jurisdiction of the Ways and Means Committee, and fees, which can be under the jurisdiction of other committees. See the Congressional Record, January 3, 1991, p. H31, item 8.

[3] Beneficiary- and liability-based taxes are terms taken from the Congressional Budget Office, *The Growth of Federal User Charges,* August 1993, and updated in October 1995. Examples of beneficiary-based taxes include taxes on gasoline, which finance grants to States for highway construction, or taxes on airline tickets, which finance air traffic control activities and airports. An example of a liability-based tax is the excise tax that helps fund the hazardous substance superfund in the Environmental Protection Agency. This tax is paid by industry groups to finance environmental cleanup activities related to the industry activity but not necessarily caused by the payer of the fee.

den on the taxpayer to finance activities whose benefits accrue to a relatively limited number of people.

- User fees that are set to cover the costs of production of goods and services can provide *efficiency* in the allocation of resources within the economy. They allocate goods and services to those who value them the most, and they signal to the government how much of the goods or services it should provide. Prices in private, competitive markets serve the same purposes.
- User fees for goods and services that do not have special social benefits improve *equity,* or fairness, by requiring that those who benefit from an activity are the same people who pay for it. The public often perceives user fees as fair because those who benefit from the good or service pay for it in whole or in part, and those who do not benefit do not pay.

When should the Government charge a fee? Discussions of whether to finance spending with a tax or a fee often focus on whether the benefits of the activity are to the public in general or to a limited group of people. As a general rule, if the benefits accrue to the public in general, then the program should be financed by taxes paid by the public; in contrast, if the benefits accrue to a limited number of private individuals or groups, then the program should be financed by fees paid by the private beneficiaries. For Federal programs where the benefits are entirely public or entirely private, applying this rule is relatively easy. For example, according to this rule, the benefits from national defense accrue to the public in general and should be (and are) financed by taxes. In contrast, the benefits of electricity sold by the Tennessee Valley Authority accrue exclusively to those using the electricity, and should be (and are) financed by user fees.

In many cases, however, an activity has benefits that accrue to both public and to private groups, and it may be difficult to identify how much of the benefits accrue to each. Because of this, it can be difficult to know how much of the program should be financed by taxes and how much by fees. For example, the benefits from recreation areas are mixed. Fees for visitors to these areas are appropriate because the visitors benefit directly from their visit, but the public in general also benefits because these areas protect the Nation's natural and historical heritage now and for posterity.

As a further complication, where a fee may be appropriate to finance all or part of an activity, some consideration must be given to the ease of administering the fee.

What should be the amount of the fee? For programs that have private beneficiaries, the amount of the fee should depend on the costs of producing the goods or services and the portion of the program that is for private benefits. If the benefit is primarily private, and any public benefits are incidental, the Administration supports fees that cover the full cost to the Government, including both direct and indirect costs.[4]

The Administration is working to put cost accounting systems in place across the Government that would make the calculation of full cost more feasible. The difficulties in measuring full cost are associated in part with allocating to an activity the full costs of capital, retirement benefits, and insurance, as well as other Federal costs that may appear in other parts of the budget. Guidance in the Statement of Federal Financial Accounting Standards No. 4, *Managerial Cost Accounting Concepts and Standards for the Federal Government* (July 31, 1995), should underlie cost accounting in the Federal Government.

Classification of user fees in the budget. As shown in Table 4–1, most user fees are classified as offsets to outlays on the spending side of the budget, but a few are classified on the receipts side of the budget. An estimated $1.5 billion in 2001 are classified this way and are included in the totals described in Chapter 3. "Federal Receipts." They are classified as receipts because they are regulatory fees collected by the Federal Government by the exercise of its sovereign powers.

The remaining user fees, an estimated $147.2 billion in 2001, are classified as offsetting collections and receipts on the spending side of the budget. Some of these are collected by the Federal Government by the exercise of its sovereign powers and would normally appear on the receipts side of the budget, but are required by law to be classified as offsetting collections or receipts.

- An estimated $107.0 billion of user fees for 2001 are credited directly to expenditure accounts, and are generally available for expenditure when they are collected, without further action by the Congress.
- An estimated $40.1 billion for 2001 are deposited in offsetting receipt accounts, and generally are not available to be spent unless appropriated by the Congress each year.

As a further classification, the following Tables 4–2 and 4–3 identify the fees as *discretionary* or *mandatory*. These classifications are terms from the Budget Enforcement Act of 1990 as amended and are used frequently in the analysis of the budget. "Discretionary" in this chapter refers to fees generally controlled through annual appropriations acts and under the jurisdiction of the appropriations committees in the Congress. These fees offset discretionary spending under the discretionary caps. "Mandatory" refers to fees controlled by permanent laws and under the jurisdiction of the authorizing committees. These fees are subject to rules of paygo, whereby changes in law affecting mandatory programs and receipts cannot result in a net cost. Mandatory spending is sometimes referred to as direct spending.

[4] Policies for setting user charges are promulgated in OMB Circular No. A–25: "User Charges" (July 8, 1993). These policies are required regardless of whether or not the proceeds are earmarked to finance the related activity.

These and other classifications are discussed further in this volume in Chapter 24, "Budget System and Concepts and Glossary."

II. Current User Fees

As shown in Table 4–2, "Total User Fee Collections," total user fee collections (including those proposed in this budget) are estimated to be $148.6 billion in 2001, increasing to $176.4 billion in 2005. User fee collections by the Postal Service, Medicare premiums, and foreign military sales are the largest and are estimated to be more than two-thirds of all existing user fee collections in 2001.

User fee collections are used to offset outlays in both the discretionary and mandatory parts of the budget. Discretionary user fee collections are estimated to be $16.6 billion in 2001. The Administration is proposing to make collections from Federal Aviation Administration (FAA) cost-based user fees, the new harbor services fee, and proposed fees for the Federal Deposit Insurance Corporation available to offset discretionary spending.

III. User Fee Proposals

The Administration is proposing the new or increased user fees shown in Table 4–3: "User Fee Proposals." These proposals would increase user fee collections by an estimated $3.8 billion in 2001, increasing to $7.7 billion in 2005.

A. User Fee Proposals to Offset Discretionary Spending

1. Proposals for Discretionary User Fees

a. Offsetting collections deposited in appropriation accounts

Department of Agriculture

Food Safety and Inspection Service meat, poultry, and egg inspection fees.—This budget proposes a new user fee for the Food Safety and Inspection Service. Under the proposed fee the meat, poultry and egg industries would be required to reimburse the Federal government for the cost of the salaries and benefits and other direct costs for all in-plant inspection. The proposal would transfer the cost of Federal inspection services to the industries that directly benefit, and would ensure that sufficient resources are available to provide the level of in-plant inspection necessary to meet the demands of industry. The cost of the user fee would amount to less than one cent per pound of meat inspected.

Animal and Plant Health Inspection Service (APHIS).—The budget proposes to establish fees to cover the cost of providing animal welfare inspections to recipients of APHIS services such as animal research centers, humane societies, and kennels. Fees would also be established to cover the cost of issuing biotechnology certificates to firms that manufacture products derived through biotechnological innovation.

Grain Inspection, Packers and Stockyards Administration (GIPSA) licensing fees.—The budget proposes to charge the grain industry for GIPSA's costs to review and maintain standards (such as grain quality and classification) that are used by the industry. In addition, an annual licensing fee is proposed to fund GIPSA activities that ensure the integrity of the livestock, meat and poultry market and marketplace, such as fostering open competition, and protecting consumers and businesses from unfair practices.

Department of Commerce

National Oceanic and Atmospheric Administration (NOAA), navigational assistance fees.—The Administration proposes to levy a fee on U.S. and foreign commercial cargo carriers to recover the cost of navigational assistance services, such as nautical charting, provided by NOAA.

Fisheries management fees.—The budget proposes to levy a fee to recover a portion of the costs of providing fisheries management and enforcement services.

Department of Health and Human Services

Food and Drug Administration (FDA) fees.—The budget seeks $19 million in new fees to finance FDA activities for the review of new medical devices and food additives, and for food export certifications. These fees will be used to augment current funding for these activities.

Health Care Financing Administration (HCFA).—These proposals would establish fees for a variety of activities associated with the Medicare program, including:

Managed care application and renewal fees.—The Administration proposes to charge managed care organizations a fee to cover the cost of reviewing initial applications and renewing annual contracts with Medicare. Proceeds from this fee would be used to offset funding for Federal administrative expenses related to managed care organization applications and renewals.

Provider initial certification fees.—The Administration proposes to levy a fee on providers (e.g., home health agencies and skilled nursing facilities) who wish to enter the Medicare program. The fee would vary by type of provider. Proceeds from this fee would be used to offset survey and certification funding.

Table 4–2. TOTAL USER FEE COLLECTIONS

(In millions of dollars)

	1999 actual	Estimates					
		2000	2001	2002	2003	2004	2005
Receipts							
Proposed FAA user fees to replace excise taxes [1]	....	....	965	1,866	1,999	2,030	2,030
Harbor maintenance and inland waterway fees [2]	553	675	....	....	....	....	....
Agricultural quarantine inspection fees	172	188	215	217	220	223	225
Other governmental receipt user fees	248	255	281	286	287	293	298
Subtotal, governmental receipts	973	1,118	1,461	2,369	2,506	2,546	2,553
Offsetting Collections and Receipts from the Public							
Discretionary							
Department of Agriculture: Food safety inspection and other fees	167	186	735	735	737	741	746
Department of Commerce: Patent and trademark, fees for weather services, and other fees	1,021	1,123	1,304	1,304	1,319	1,352	1,382
Department of Defense: Commissary and other fees	7,345	6,438	6,366	6,347	6,347	6,347	6,347
Department of Energy: Federal Energy Regulation Commission and other fees	508	631	655	645	643	641	619
Department of Health and Human Services: Food and Drug Administration, Health Care Financing Administration, and other fees	316	338	657	657	664	681	696
Department of the Interior: Bureau of Land Management and other fees	235	260	250	250	252	260	264
Department of Justice: Antitrust and other fees	343	314	590	590	596	611	625
Department of State: Visa, passport, and other fees	365	411	451	451	456	468	478
Department of Transportation: Coast Guard and other fees	83	104	464	888	897	921	942
Department of the Treasury: Sale of commemorative coins and other fees	1,906	1,935	1,854	1,854	1,876	1,923	1,965
Department of Veterans Affairs: Medical care and other fees	577	603	496	496	501	515	525
National Aeronautics and Space Administration: Reimbursement for the use of NASA services	848	956	875	875	875	875	875
Federal Communications Commission: Regulatory and other fees	173	191	200	200	202	207	212
Federal Trade Commission: Regulatory and other fees	97	111	165	165	167	171	175
Legislative Branch: Library of Congress and copyright fees	85	119	114	114	114	114	114
National Credit Union Administration: Stock subscription fees	102	111	121	121	122	125	128
Nuclear Regulatory Commission: Regulatory fees	442	447	454	454	459	471	481
Panama Canal Commission: Fees for use of the canal	756	176	....	....	....	....	....
Securities and Exchange Commission: Regulatory fees	591	634	650	650	658	674	689
All other agencies, discretionary user fees	144	150	199	187	188	191	195
Subtotal, discretionary offsetting collections and receipts	16,104	15,238	16,600	16,983	17,073	17,288	17,458
Mandatory							
Department of Agriculture: Federal crop insurance and other fees	883	1,111	1,586	1,557	1,633	1,697	1,727
Department of Defense: Commissary surcharge and other fees	257	276	275	275	275	275	275
Department of Energy: Proceeds from the sale of energy and other fees:	2,889	2,489	2,697	3,162	3,234	3,195	3,140
Department of Health and Human Services: Medicare Part B insurance premiums, and other fees	21,570	21,744	23,169	25,631	28,214	30,854	33,694
Department of the Interior: Recreation and other fees	610	575	586	604	621	629	637
Department of Justice: Immigration and other fees	1,300	1,498	1,483	1,488	1,516	1,524	1,531
Department of Labor: Insurance premiums to guarantee private pensions and other fees	460	824	1,083	1,013	1,087	1,160	1,233
Department of the Treasury: Customs, bank regulation, and other fees	1,813	1,871	1,922	2,001	2,074	2,150	2,229
Department of Veterans Affairs: Veterans life insurance and other fees	1,696	1,651	1,724	1,720	1,686	1,643	1,606
Corps of Engineers: Harbor services and other fees	40	41	1,007	1,004	1,002	1,038	1,056
Federal Emergency Management Agency: Flood insurance fees	1,416	1,545	1,756	1,868	1,986	2,121	2,266
International Assistance Programs: Foreign military sales	11,624	10,560	10,760	10,890	10,920	11,020	11,150
Office of Personnel Management: Federal employee health and life insurance fees	6,093	6,620	7,140	7,677	8,286	8,909	9,539
Federal Deposit Insurance Corporation: Deposit insurance fees	860	374	590	664	1,014	1,548	2,336
National Credit Union Administration: Credit union share insurance and other fees	350	308	326	300	321	347	388
Postal Service: Fees for postal services (e. g., sale of stamps)	61,957	63,998	67,421	70,000	72,750	74,100	75,650
Tennessee Valley Authority: Proceeds from the sale of energy	6,818	6,590	6,718	6,826	7,078	7,419	7,565
All other agencies, mandatory user fees	244	287	315	326	313	329	339
Subtotal, mandatory offsetting collections and receipts	120,880	122,362	130,558	137,006	144,010	149,958	156,361
Subtotal, offsetting collections and receipts	136,984	137,600	147,158	153,989	161,083	167,246	173,819
TOTAL, User fees	**137,957**	**138,718**	**148,619**	**156,358**	**163,589**	**169,792**	**176,372**

[1] Gross revenue increase from proposed fees. Current aviation excise taxes, which are not user fees, will gradually be converted to cost-based user fees. While considered governmental receipts, the following proceeds from the fees, net of income tax offsets, would be made available to offset discretionary spending:

	1999	2000	2001	2002	2003	2004	2005	2000–05
FAA collections available for spending	....	....	724	1,399	1,499	1,522	1,522	6,667

[2] The Budget proposes to convert proceeds to offsetting collections for the Corps of Engineers. While the fee collection will be mandatory, proceeds from the fee will be made available to offset discretionary spending.

Table 4–3. USER FEE PROPOSALS

(estimated collections in millions of dollars)

	2001	2002	2003	2004	2005	2001–2005
A. USER FEE PROPOSALS TO OFFSET DISCRETIONARY SPENDING						
1. Proposals for Discretionary User Fees						
a. Offsetting collections deposited in appropriation accounts						
Department of Agriculture						
Food Safety Inspection Service fees	534	641	641	641	641	3,098
Animal and Plant Health Inspection Service	11	11	11	11	11	55
Grain Inspection, Packers and Stockyards Administration	23	23	23	23	23	115
Department of Commerce						
National Oceanic and Atmospheric Administration, Navigational assistance fees	14	14	14	14	14	70
Fisheries management fees	20	20	20	20	20	100
Department of Health and Human Services						
Food and Drug Administration fees	19	19	19	19	19	95
Health Care Financing Administration fee proposals:						
Managed care application and renewal fees	21	21	21	21	21	105
Provider initial certification fees	13	13	13	13	13	65
Provider recertification fees	50	50	50	50	50	250
Paper claims submission fees	83	83	83	83	83	415
Duplicate and unprocessable claims fees	53	53	53	53	53	265
Increase Medicare+Choice fees	131	130	129	128	128	646
Nursing home criminal abuse registry fee	4	4	4	4	4	20
Department of the Interior						
User fees on Outer Continental Shelf lands	10	10	10	10	10	50
Department of Justice						
Hart-Scott Rodino pre-merger filing fees	38	38	38	38	38	190
Department of Transportation						
Coast Guard, navigational services fees	212	636	644	660	674	2,826
Federal Railroad Administration, rail safety inspection fees	103	103	103	103	103	515
Hazardous materials transportation safety fees	19	19	19	19	19	95
Surface Transportation Board fees	17	17	17	17	17	85
Department of the Treasury						
Customs, automation modernization fee	210	210	210	210	210	1,050
Federal Trade Commission						
Hart-Scott Rodino pre-merger filing fees	38	38	38	38	38	190
National Transportation Safety Board						
Commercial accident investigation fees	10	10	10	10	10	50
b. Offsetting collections deposited in receipt accounts						
Department of Justice						
Immigration premium processing fee	17	17	17	17	17	85
Increase inspection user fees	167	167	167	167	167	835
Department of Transportation						
Pipeline safety fees	11	12	12	12	12	59
Environmental Protection Agency						
Pesticide registration fees	16	....	....	....	....	16
Pre-manufacture notice (PMN) fees	4	8	8	8	8	36
Nuclear Regulatory Commission						
Extend Nuclear Regulatory Commission user fees	295	295	295	295	295	1,475
Subtotal, proposals for discretionary user fees	2,143	2,662	2,669	2,684	2,698	12,856
2. Proposals for Mandatory User Fees to Offset Discretionary Spending						
a. Offsetting collections deposited in appropriation accounts						
Federal Deposit Insurance Corporation						
State bank exam fees	92	96	102	106	111	507
b. Offsetting collections deposited in receipt accounts						
Corps of Engineers						
Harbor services user fee, replaces harbor maintenance tax [1]	417	361	313	315	296	1,702
c. Receipts						
Department of Transportation						
Federal Aviation Administration cost-based user fees (governmental receipt) [2]	965	1,866	1,999	2,030	2,030	8,890
Subtotal, proposals for mandatory user fees to offset discretionary spending	1,474	2,323	2,414	2,451	2,437	11,099
Subtotal, user fee proposals to offset discretionary spending	3,617	4,985	5,083	5,135	5,135	23,955

Table 4–3. USER FEE PROPOSALS—Continued

(estimated collections in millions of dollars)

	2001	2002	2003	2004	2005	2001–2005
B. USER FEE PROPOSALS TO OFFSET MANDATORY SPENDING						
a. Offsetting collections deposited in appropriation accounts						
Department of Agriculture						
Federal crop insurance	69	....	....	....	....	69
Department of Labor						
Implement alien labor certification fees	138	122	122	122	122	626
Federal Emergency Management Agency						
Flood map license fee for flood map modernization	104	107	109	112	114	546
b. Offsetting collections deposited in receipt accounts						
Department of Agriculture						
Recreation and entrance fees	....	28	36	48	50	162
Concession, land use, right of way, and filming permits	6	7	13	13	13	52
Department of Health and Human Services						
Medicare premiums	–180	226	392	418	590	1,446
Department of the Interior						
Recreation and entrance fees	....	73	74	76	74	297
Filming and special use permits fees	3	3	4	4	5	19
Hardrock mining production fees	....	8	26	26	26	86
Department of the Treasury						
Customs, extend conveyance/passenger fee	....	....	....	424	465	889
Customs, extend merchandise processing fee	....	....	....	1,036	1,059	2,095
Subtotal user fee proposals to offset mandatory spending	140	574	776	2,279	2,518	6,287
Total user fee proposals	**3,757**	**5,559**	**5,859**	**7,414**	**7,653**	**30,242**

[1] The amounts shown here are the amounts available to offset discretionary spending. This is the total amount from the proposed harbor services user fee, less three-fourths (to account for the income tax offset) of the tax revenues that would be lost from repealing the existing harbor maintenance tax.

[2] Gross revenue increase from proposed fees. Current aviation excise taxes, which are not user fees, will gradually be converted to cost-based user fees. While considered governmental receipts, the following proceeds from the fees, net of income tax offsets, would be made to offset discretionary spending:

	2001	2002	2003	2004	2005	2001–05
FAA collections available for spending	724	1,399	1,499	1,522	1,522	6,667

Provider recertification fees.—The Administration proposes to levy a fee on providers who are recertified for the Medicare program. By statute, skilled nursing facilities must be surveyed every year, home health agencies every three years, and other providers about once every ten years. The fee would be charged every year to spread the costs of the certification program over time. Proceeds from this fee would be used to offset survey and certification funding.

Paper claims submission fees.—The Administration proposes to charge providers $1.00 for every paper claim submitted for payment because of the additional cost of processing paper rather than electronic claims. Rural providers and very small providers who may not be able to purchase the necessary hardware to comply with electronic claims transmission would be exempt from the fee. Proceeds from the fee would be used to offset Contractor funding related to claims processing.

Duplicate and unprocessable claims fees.—The Administration proposes to charge Medicare providers $1.00 for each duplicate and unprocessable claim submitted for payment to the Health Care Financing Administration. Proceeds from the fee would be used to offset Contractor funding related to claims processing.

Increase in the Medicare+Choice fees.—The Administration proposes to increase the fee on Medicare+Choice plans by approximately $131 million in 2001. The fee was authorized at $100 million in the Balanced Budget Act of 1997 but reduced to approximately $19 million (for 2001) by the Balanced Budget Refinement Act of 1999. This increase would be used to maintain the current level of effort in providing information to Medicare beneficiaries regarding the Medicare+Choice program.

Nursing home criminal abuse registry fee.—The Administration proposes to charge nursing facilities a fee to query a nursing home criminal abuse registry. Proceeds from the fee would be used to fund the operation and maintenance of the registry.

Department of the Interior

User fees on Outer Continental Shelf lands.—The Administration proposes new and modifications to existing user fees on the Minerals Management Service program that supports energy and mineral exploration, development and production on the Outer Continental lands such as increasing rental rates, implementing a bidding fee, and charging for violation re-inspections. Collections would be available upon appropriation to fund royalty and offshore minerals management activities.

Department of Justice

Hart-Scott-Rodino pre-merger filing fees.—The Administration proposes to restructure the Hart- Scott-

Rodino fee, which is charged to acquiring firms in mergers. Fees are collected by the Federal Trade Commission (FTC) and divided evenly between the FTC and the Antitrust Division in the Department of Justice.

Department of Transportation

Coast Guard, navigational services fees.—The Administration proposes to levy a fee on U.S. and foreign commercial cargo and cruise vessels for the use of Coast Guard navigational assistance services. Navigational assistance services include the placement and maintenance of buoys and other short-range aids-to-navigation, radio navigation, ice breaking, and vessel traffic services. Fishing and recreational vessels would be exempt.

Federal Railroad Administration, rail safety inspection fees.—This proposed fee would offset the costs of the Federal Railroad Administration's safety inspection program. An estimated $103 million in fees would be collected from railroad carriers based upon a calculation of their rail usage.

Hazardous materials transportation safety fees.—Beginning late in 2001, hazardous materials transportation safety activities previously financed by general fund appropriations to the Research and Special Programs Administration are proposed to be financed instead by an increase in hazardous materials registration fees. Authorizing legislation will be proposed to increase the fees paid by shippers and carriers of hazardous materials by an estimated $19 million in 2001 to fund these safety activities.

Surface Transportation Board fees.—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.

Department of the Treasury

Customs, automation modernization fee.—The Administration proposes to establish a fee to offset the costs of modernizing automated commercial operations of the U. S. Customs Service. Fees would finance the development of the Automated Commercial Environment (ACE), which is critical to maintain the ability of the U. S. Customs Service to process the increasing volume of trade. Subsequent to the budget, authorization legislation will be transmitted to allow the Secretary to establish the fee.

Federal Trade Commission (FTC)

Hart-Scott-Rodino pre-merger filing fees.—The Administration proposes to restructure the Hart- Scott-Rodino fee, which is charged to acquiring firms in mergers. Fees are collected by the Federal FTC and divided evenly between the FTC and the Antitrust Division in the Department of Justice.

National Transportation Safety Board (NTSB)

Commercial accident investigation fees.—To offset a portion of the growing cost of commercial accident investigations by the NTSB, a new aviation accident recovery and investigation fee is proposed. This fee, which would be paid by commercial air, motor, ocean, rail, and pipeline carriers based on an approximation of risk, would collect an estimated $10 million in 2001.

b. Offsetting collections deposited in receipt accounts

Department of Justice

Immigration premium processing fee.—This is a voluntary fee paid in addition to existing user fees charged for business visa processing that will guarantee expedited processing and direct liaison with the Immigration and Naturalization Service (INS). The INS estimates that $17 million of the projected $80 million in annual receipts will be used for expedited processing. The remainder will be earmarked for fraud investigations ($8 million), reduction of backlog, and infrastructure improvements ($55 million).

Increase inspection user fees.—Congress established the user fee account to cover the full cost of air and sea passenger inspections. The Administration is proposing to increase the per passenger inspection fee from $6 to $8 and eliminate an exemption from the inspection fee for cruise ship passengers. The increase will be used solely to defray inspection expenses.

Department of Transportation

Pipeline safety fees.—The Administration proposes to increase offsetting collections from the pipeline safety fund by an estimated $11 million in user fees in 2001. These fees would fund grants to States to inspect intrastate pipelines, damage prevention grants to implement best practices of damage prevention, and additional research, training and risk assessment.

Environmental Protection Agency

Pesticide registration fees.—The budget proposes to reinstate pesticide registration fees that are statutorily suspended through 2001. These fees would be used to offset the cost of reviewing applications for pesticide registrations, amendments to registrations, and experimental use permits.

Pre-manufacturing notification (PMN) fees.—The Administration proposes to eliminate the statutory cap on PMN fees and to increase fees charged to chemical producers to recover the cost of reviewing notifications of new chemicals prior to production.

Nuclear Regulatory Commission (NRC)

Extend Nuclear Regulatory Commission user fees.—Under current law, the NRC must recover approximately 100 percent of its budget (less appropriations from the Nuclear Waste Fund) from licensing, inspection, and annual fees charged to its applicants and licensees through 2000. Unless the law is extended, this requirement will revert to 33 percent of NRC's budget. Because of fairness and equity concerns related to charging NRC licensees for expenses that do not provide a direct benefit to them, the Administration proposes to extend the requirement to collect fees at approximately 98 percent of the NRC's budget in 2001, 96 percent in 2002, 94 percent in 2003, 92 percent in 2004, and 90 percent in 2005.

2. Proposals for Mandatory User Fees to Offset Discretionary Spending

a. Offsetting collections deposited in appropriation accounts

Federal Deposit Insurance Corporation (FDIC)

Recovery of supervision and regulation expenses.—The Administration proposes to require the FDIC and the Federal Reserve to recover their respective costs for supervision and regulation of state-chartered banks and bank holding companies. Currently, supervision and regulation expenses are funded from deposit insurance premiums (FDIC) and interest earnings on Treasury securities (Federal Reserve). The FDIC's collections would finance its state bank supervision and regulation operations.

b. Offsetting collections deposited in receipt accounts

Corps of Engineers

Harbor services fee.—The Administration proposes to replace collection of the ad valorem harbor maintenance tax with a cost-based user fee, the harbor services user fee. The user fee will finance construction, operation, and maintenance of harbor activities performed by the Corps of Engineers, the costs of operating and maintaining the Saint Lawrence Seaway, and the costs of administering the fee. Through appropriations acts, the fee will raise an average of $980 million annually through 2005, which is less than would have been raised by the harbor maintenance tax before the Supreme Court decision that the ad valorem tax on exports was unconstitutional. While the collections from the harbor services fee would be mandatory, collections would be available to offset discretionary spending.

c. Receipts

Department of Transportation

Federal Aviation Administration (FAA), cost-based user fees.—The Budget proposes to reduce the existing aviation excise taxes over time as more efficient, cost-based user fees for air traffic services are phased in beginning in 2001. Under this proposal, the collections each year from the new cost-based user fees and the existing excise taxes combined would be equal to the total budget resources requested for the FAA in each succeeding year. In 2001, this proposal would result in the collection of $1.0 billion in additional aviation user charges. These charges will be deposited into a governmental receipt account and be made available for FAA discretionary spending.

B. User Fee Proposals to Offset Mandatory Spending

a. Offsetting collections deposited in appropriation accounts

Department of Agriculture

Federal crop insurance.—The President's Budget contains a proposal to strengthen the farm safety net that includes nearly $1 billion in crop insurance reforms. These reforms include a crop insurance premium discount which is expected to attract new participants to the crop insurance program and induce current participants to purchase higher coverage levels. Both of these expected outcomes will result in an increase in gross premiums, a portion of which are paid by producers. The estimated increase in producer-paid premiums as a result of the safety net proposal is $69 million, as shown in Table 4–3.

Department of Labor

Implement alien labor certification fees.—The proposal would establish a new fee, charged to businesses, for processing of alien labor certification applications by the Department of Labor. The fee proceeds would offset the costs of administering and enforcing the alien labor program, and provide reemployment and training assistance to U.S. workers who have been dislocated from their jobs.

Federal Emergency Management Agency (FEMA)

Flood map license fee.—The Administration proposes to establish a $12 license fee on the use of FEMA's flood hazard maps to support a multi-year program to update and modernize FEMA's inventory of flood-plain maps (100,000 maps). Accurate and easy to use flood hazard maps are essential in determining if a property is located in a flood plain. The maps allow lenders to meet their statutory obligation of requiring the risk-prone homes they insure to carry flood insurance, and allow homeowners to assess their risk of flood damage. The maps are the basis for developing appropriate risk-based flood insurance premium charges, and improved maps will result in a more actuarially sound insurance program.

b. Offsetting collections deposited in receipt accounts

Department of Agriculture

Recreation and entrance fees.—The Administration proposes to permanently extend the current pilot program which expires in 2001. The United States Forest Service would be allowed to collect increased recreation and entrance fees and use the receipts without further appropriation for facility improvements and new services. The Forest Service would also be authorized to use collections from existing fees for similar improvements and services.

Concession, land use, right of way, and filming permits. This budget proposes to collect fair market value from a variety of forest uses, including special use permits for rights-of-way on Forest Service lands (e.g., for oil and gas pipelines, phone lines, and optic cables), recreational concessions, marinas, and film, motion picture, and other similar uses. Funds would be available for spending one year after these collections.

Department of Health and Human Services

Medicare premiums for retirees under the age of 65 and displaced workers.—The Administration proposes, in the context of the President's Medicare Reform Plan, to charge premiums based on an actuarially fair rate to people between the ages of 62 and 65 and displaced workers between 55 and 61 who elect to participate in the Medicare buy-in premium based program. This increase in premium collections is offset by the reduction in premium collections due to the Medicare savings proposals.

Medicare premiums for prescription drug benefit.—The President's Medicare reform plan includes a prescription drug benefit which is financed through a 50 percent premium. After paying the premium, Medicare beneficiaries receive first-dollar coverage of prescription drugs up to a $5,000 limit once the benefit is fully implemented.

Department of the Interior

Recreation and entrance fees.—The Administration proposes to permanently extend the current pilot program which expires in 2001. The National Park Service, Fish and Wildlife Service, and the Bureau of Land Management would be allowed to collect increased recreation and entrance fees and use the receipts without further appropriation for facility improvements and new services.

Filming and special use permits fees.—The Administration proposes to authorize the National Park Service and other land management agencies, including the Department of Agriculture's Forest Service, to increase fees for permits to use land and facilities for the making of motion pictures, television productions, still photos, sound tracks and other similar purposes. Collections would be available without further appropriations to cover related Government costs (as currently authorized) and provide a fair return to the Government.

Hardrock mining production fees.—The Administration proposes to charge mining companies a 5% fee on net smelter production from hard rock mining on public domain or reserved public domain Federal lands.

Department of the Treasury

Extend Customs conveyance and passenger and merchandise processing fees.—Under existing legislation, the Customs Conveyance/Passenger Fee and the Merchandise Processing Fee will expire on September 30, 2003. The Administration proposes to extend both of these fees starting on October 1, 2003.

OTHER OFFSETTING COLLECTIONS AND RECEIPTS

Table 4–4 shows that total offsetting collections and receipts from the public are estimated to be $214.8 billion in 2001. Of these, an estimated $141.4 billion are offsetting collections credited to appropriation accounts and an estimated $73.4 billion are deposited in offsetting receipt accounts.

The user fees in Table 4–4 were discussed in the previous section. Major offsetting collections deposited in expenditure accounts that are not user fees are pre-credit reform loan repayments, collections from States to supplement payments in the supplemental security income program, and collections for the Federal Savings and Loan resolution fund. Major offsetting receipts that are not user fees include spectrum auction receipts, rents and royalties for oil and gas on the Outer Continental Shelf, and interest income.

Table 4–5 includes all offsetting receipts 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 to be $413.2 billion in 2001—$339.9 billion are intragovernmental transactions, and $73.4 billion are from the public, shown in the table as proprietary receipts and offsetting governmental receipts.

As noted above, offsetting collections and receipts by agency are also displayed in Table 20–1, "Outlays to the Public, Net and Gross," which appears in Chapter 20 of this volume.

Table 4–4. OFFSETTING COLLECTIONS AND RECEIPTS FROM THE PUBLIC

(In millions of dollars)

	1999 Actual	Estimate	
		2000	2001
Offsetting collections credited to expenditure accounts:			
User fees:			
Postal service stamps and other postal fees	61,957	63,998	67,421
Defense Commissary Agency	4,967	4,999	4,999
Employee contributions for employees and retired employees health benefits funds	4,853	5,249	5,622
Sale of energy:			
Tennessee Valley Authority	6,818	6,590	6,718
Bonneville Power Administration	2,539	2,309	2,345
All other user fees	17,904	17,290	19,929
Subtotal, user fees	99,038	100,435	107,034
Other collections credited to expenditure accounts:			
Pre-credit reform loan repayments	14,919	14,977	14,787
Supplemental security income (collections from the States)	3,219	3,310	3,410
Federal Savings and Loan Insurance Corporation resolution fund	3,784	2,188	624
All other collections	15,417	16,524	15,564
Subtotal, other collections	37,339	36,999	34,385
Subtotal, collections credited to expenditure accounts	136,377	137,434	141,419
Offsetting receipts:			
User fees:			
Medicare premiums	21,561	21,735	23,160
Foreign military sales program	11,624	10,560	10,760
Immigration fees	1,053	1,219	1,389
Customs fees	1,210	1,255	1,294
All other user fees	2,498	2,396	3,521
Subtotal, user fees deposited in receipt accounts	37,946	37,165	40,124
Other collections deposited in receipt accounts:			
Spectrum auction receipts	1,505	2,076	3,559
OCS rents, bonuses, and royalties	3,098	3,550	3,691
Interest income	9,441	10,971	13,564
All other collections deposited in receipt accounts	18,941	20,794	12,426
Subtotal, other collections deposited in receipt accounts	32,985	37,391	33,240
Subtotal, collections deposited in receipt accounts	70,931	74,556	73,364
Total, offsetting collections and receipts from the public	**207,308**	**211,990**	**214,783**
Total, offsetting collections and receipts excluding off-budget	145,331	147,976	147,346
ADDENDUM:			
User fees that are offsetting collections and receipts [1]	136,984	137,600	147,158
Other offsetting collections and receipts from the public	70,324	74,390	67,625
Total, offsetting collections and receipts from the public	**207,308**	**211,990**	**214,783**

[1] Excludes user fees that are classified on the receipts side of the budget. For total user fees, see Table 4.1 or Table 4.2.

Table 4–5. OFFSETTING RECEIPTS BY TYPE

(In millions of dollars)

Source	1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
INTRAGOVERNMENTAL TRANSACTIONS							
On-budget receipts:							
Federal intrafund transactions:							
Distributed by agency:							
Interest from the Federal Financing Bank	2,503	2,412	2,159	1,988	1,853	2,205	2,472
Interest on Government capital in enterprises	1,473	1,634	1,633	1,400	1,269	1,138	1,059
Other	1,119	1,721	2,084	2,190	2,298	2,361	2,354
Proposed Legislation (non-PAYGO)	....	....	65	79	82	85	96
Total Federal intrafunds	5,095	5,767	5,941	5,657	5,502	5,789	5,981
Trust intrafund transactions:							
Distributed by agency:							
Payments to railroad retirement	3,816	3,760	3,637	3,749	3,763	3,786	3,810
Other	....	1	1	1	1	1	1
Total trust intrafunds	3,816	3,761	3,638	3,750	3,764	3,787	3,811
Total intrafund transactions	8,911	9,528	9,579	9,407	9,266	9,576	9,792
Interfund transactions:							
Distributed by agency:							
Federal fund payments to trust funds:							
Contributions to insurance programs:							
Military retirement fund	15,250	15,302	15,914	16,551	17,213	17,901	18,618
Supplementary medical insurance	62,185	65,063	69,777	75,983	83,259	89,121	96,212
Proposed Legislation (non-PAYGO)	....	....	–280	–780	3,636	9,668	11,404
Hospital insurance	7,367	7,865	7,571	7,855	8,409	8,952	9,476
Proposed Legislation (non-PAYGO)	....	....	15,400	12,600	....	....	....
Railroad social security equivalent fund	98	105	88	88	89	91	94
Rail industry pension fund	394	265	238	243	248	255	262
Civilian supplementary retirement contributions	21,706	21,496	21,760	22,074	22,491	22,860	23,250
Proposed Legislation (non-PAYGO)	....	....	1	1	1	2	3
Unemployment insurance	403	399	454	474	500	543	574
Other contributions	438	541	441	492	488	485	482
Proposed Legislation (non-PAYGO)	....	....	38	37	36	36	34
Miscellaneous payments	597	960	569	577	566	570	580
Proposed Legislation (non-PAYGO)	....	....	1,467	–1	–1	–1	–1
Subtotal	108,438	111,996	133,438	136,194	136,935	150,483	160,988
Trust fund payments to Federal funds:							
Quinquennial adjustment for military service credits	....	....	1,152	....	....	....	....
Other	1,082	1,051	1,076	1,103	1,130	1,160	1,188
Proposed Legislation (non-PAYGO)	....	....	3,226	....	....	....	....
Subtotal	1,082	1,051	5,454	1,103	1,130	1,160	1,188
Total interfunds distributed by agency	109,520	113,047	138,892	137,297	138,065	151,643	162,176
Undistributed by agency:							
Employer share, employee retirement (on-budget):							
Civil service retirement and disability insurance (CSRDI)	9,094	8,879	9,335	9,729	9,839	10,344	10,895
Proposed Legislation (non-PAYGO)	....	....	–34	22	–17	–24	–26
CSRDI from Postal Service	6,001	6,437	6,624	6,799	6,919	7,041	7,166
Hospital insurance (contribution as employer) [1]	1,965	2,043	2,093	2,211	2,292	2,384	2,499
Postal employer contributions to FHI	611	633	659	687	717	749	781
Military retirement fund	10,417	11,454	11,413	11,781	12,114	12,459	12,825
Other Federal employees retirement	121	129	135	141	144	150	157
Total employer share, employee retirement (on-budget)	28,209	29,575	30,225	31,370	32,008	33,103	34,297
Interest received by on-budget trust funds	66,561	71,291	73,735	76,779	79,629	82,210	84,782
Proposed Legislation (non-PAYGO)	....	65	377	1,413	2,297	2,556	2,804
Total interfund transactions undistributed by agency	94,770	100,931	104,337	109,562	113,934	117,869	121,883

Table 4–5. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

Source	1999 Actual	Estimate					
		2000	2001	2002	2003	2004	2005
Total interfund transactions	204,290	213,978	243,229	246,859	251,999	269,512	284,059
Total on-budget receipts	213,201	223,506	252,808	256,266	261,265	279,088	293,851
Off-budget receipts:							
Interfund transactions:							
Distributed by agency:							
Federal fund payments to trust funds:							
Old-age, survivors, and disability insurance	10,824	11,663	10,985	11,494	12,048	12,813	13,725
Undistributed by agency:							
Employer share, employee retirement (off-budget)	7,385	7,860	8,212	8,919	9,493	10,144	10,905
Proposed Legislation (non-PAYGO)	....	....	–271	–321	–285	–289	–291
Interest received by off-budget trust funds	52,070	59,656	68,138	77,622	87,895	98,812	110,493
Total off-budget receipts:	70,279	79,179	87,064	97,714	109,151	121,480	134,832
Total intragovernmental transactions	**283,480**	**302,685**	**339,872**	**353,980**	**370,416**	**400,568**	**428,683**
PROPRIETARY RECEIPTS FROM THE PUBLIC							
Distributed by agency:							
Interest:							
Interest on foreign loans and deferred foreign collections	888	753	749	758	823	812	806
Interest on deposits in tax and loan accounts	935	1,152	1,104	1,052	1,052	1,052	1,052
Other interest (domestic—civil) [2]	7,617	9,066	10,369	11,372	12,368	13,324	14,216
Total interest	9,440	10,971	12,222	13,182	14,243	15,188	16,074
Royalties and rents	1,097	1,510	1,318	1,355	1,339	1,354	1,401
Proposed Legislation (PAYGO)	....	....	....	9	33	33	33
Sale of products:							
Sale of timber and other natural land products	366	618	453	438	423	446	425
Proposed Legislation (non-PAYGO)	....	....	–1	–1	–1	–1	–1
Proposed Legislation (PAYGO)	....	....	219	262	288	286	293
Sale of minerals and mineral products	38	27	21	21	14	20	17
Sale of power and other utilities	731	737	776	758	753	750	690
Other	65	61	59	64	64	65	66
Total sale of products	1,200	1,443	1,527	1,542	1,541	1,566	1,490
Fees and other charges for services and special benefits:							
Medicare premiums and other charges (trust funds)	21,561	21,735	23,340	25,396	27,813	30,427	33,095
Proposed Legislation (PAYGO)	....	....	–180	226	8,052	10,921	13,703
Nuclear waste disposal revenues	662	663	550	550	550	545	535
Veterans life insurance (trust funds)	204	189	179	168	157	145	133
Other [2]	1,860	1,892	2,565	2,520	2,543	2,578	2,619
Proposed Legislation (non-PAYGO)	....	....	–3	–3	–3	–3	–3
Proposed Legislation (PAYGO)	....	....	–157	–66	–56	–42	–41
Legislative proposal, discretionary offset	....	....	966	963	960	996	1,015
Total fees and other charges	24,287	24,479	27,260	29,754	40,016	45,567	51,056
Sale of Government property:							
Sale of land and other real property	58	59	114	419	79	77	77
Proposed Legislation (PAYGO)	....	....	3	5	13	14	14
Military assistance program sales (trust funds)	11,624	10,560	10,760	10,890	10,920	11,020	11,150
Other	172	170	220	224	188	73	88
Total sale of Government property	11,854	10,789	11,097	11,538	11,200	11,184	11,329
Realization upon loans and investments:							
Foreign military credit sales	367	....	....	....	....	....	....
Negative subsidies and downward reestimates	5,914	10,606	894	5,176	5,424	5,690	6,323
Repayment of loans to foreign nations	175	253	254	67	80	81	87
Other	96	84	88	136	116	113	111
Total realization upon loans and investments	6,552	10,943	1,236	5,379	5,620	5,884	6,521

Table 4–5. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

Source	1999 Actual	Estimate					
		2000	2001	2002	2003	2004	2005
Recoveries and refunds [2]	3,831	4,028	3,406	4,440	3,436	3,514	3,688
Proposed Legislation (PAYGO)	....	....	22	–180	–16	–24	–21
Legislative proposal, discretionary offset	....	....	1,309	....	....	....	....
Miscellaneous receipt accounts [2]	4,724	1,426	1,436	1,437	1,442	1,449	1,452
Total proprietary receipts from the public distributed by agency	62,985	65,589	60,833	68,456	78,854	85,715	93,023
Undistributed by agency:							
Other interest: Interest received from Outer Continental Shelf escrow account	1	....	1,342	....	....	....	....
Rents and royalties on the Outer Continental Shelf:							
Rents and bonuses	791	365	809	401	277	249	236
Royalties	2,307	3,185	2,882	2,881	2,705	2,604	2,469
Sale of major assets	....	....	....	....	323	....	....
Total proprietary receipts from the public undistributed by agency	3,099	3,550	5,033	3,282	3,305	2,853	2,705
Total proprietary receipts from the public [3]	**66,084**	**69,139**	**65,866**	**71,738**	**82,159**	**88,568**	**95,728**
OFFSETTING GOVERNMENTAL RECEIPTS							
Distributed by agency:							
Regulatory fees	3,020	3,264	3,640	3,603	3,692	2,318	2,342
Proposed Legislation (non-PAYGO)	....	....	20	8	8	8	8
Proposed Legislation (PAYGO)	....	....	....	....	....	1,460	1,524
Other	74	77	79	81	6	6	6
Undistributed by agency:							
Spectrum auction proceeds	1,753	2,076	3,559	5,535	2,480	770	675
Proposed Legislation (non-PAYGO)	....	....	200	200	200	200	200
Total offsetting governmental receipts	**4,847**	**5,417**	**7,498**	**9,427**	**6,386**	**4,762**	**4,755**
Total offsetting receipts	**354,411**	**377,241**	**413,236**	**435,145**	**458,961**	**493,898**	**529,166**

[1] Includes provision for covered Federal civilian employees and military personnel.
[2] Includes both Federal funds and trust funds.
[3] Consists of:

	1999 Actual	*Estimate*					
		2000	*2001*	*2002*	*2003*	*2004*	*2005*
Federal funds	27,796	35,402	30,725	34,052	34,218	35,065	36,661
Trust funds	38,267	33,708	35,099	37,644	47,899	53,461	59,025
Off-budget	21	29	42	42	42	42	42

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. They are alternatives to other policy instruments, such as spending or regulatory programs, as means of achieving Federal policy goals. Tax expenditures are created for a variety of reasons: to encourage certain activities, to improve fairness, to ease compliance with and administration of the tax system, and to reduce certain tax-induced distortions. The Congressional Budget Act of 1974 (Public Law 93–344) requires that a list of tax expenditures be included in the budget.

The largest tax expenditures tend to be associated with the individual income tax. For example, sizeable tax preferences are provided for pension contributions and earnings, employer contributions for medical insurance, mortgage interest payments on owner-occupied homes, capital gains, and payments of State and local individual income and property taxes. Tax expenditures under the corporate income tax tend to be related to the rate of cost recovery for various investments; as is discussed below, the extent to which these provisions are classified as tax expenditures varies according to the conceptual baseline used. Charitable contributions and credits for State taxes on bequests are the largest tax expenditures under the unified transfer (i.e., estate and gift) tax.

Because of potential interactions among provisions, this chapter does not present a grand total for the revenue loss estimated from tax expenditures. Moreover, past tax changes entailing broad elimination of tax expenditures were generally accompanied by changes in tax rates or other basic provisions, so that the net effects on Federal revenues were considerably (if not totally) offset. Nevertheless, in aggregate, tax expenditures have revenue impacts of hundreds of billions of dollars, and are some of the most important ways in which the Federal Government affects economic decisions and social welfare.

Tax expenditures relating to the individual and corporate income taxes are considered first in this chapter. They are estimated for fiscal years 1999–2005 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 relating to the unified transfer tax are considered in a section at the end of the chapter.

The section of the chapter on performance measures and economic effects presents information related to assessment of the effect of tax expenditures on the achievement of program performance goals. This section is a complement to the government-wide performance plan required by the Government Performance and Results Act of 1993. Tax expenditures are also discussed in Section V of the Budget, which considers the Federal Government's spending, regulatory, and tax policies across functional areas.

TAX EXPENDITURES IN THE INCOME TAX

Tax Expenditure Estimates

The Treasury Department prepared all tax expenditure estimates presented here based upon tax law enacted as of December 31, 1999. Expired or repealed provisions are not listed if their revenue effects result only from taxpayer activity occurring before fiscal year 1999. Due to the time required to estimate the large number of tax expenditures, the estimates are based on mid-session economic assumptions; exceptions are the earned income tax credit and child credit provisions, which involve outlay components and hence are updated to reflect the economic assumptions used elsewhere in the budget.

The total revenue loss estimates for tax expenditures for fiscal years 1999–2005 are displayed according to 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 tables.

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 could be stock-holders, employees, customers, or others, depending on economic forces.

Table 5–3 ranks the major tax expenditures by fiscal year 2001 revenue loss. This table merges several individual entries provided in Table 5–1; for example, Table 5–3 contains one merged entry for charitable contributions instead of the three separate entries found in Table 5–1.

Interpreting Tax Expenditure Estimates

The revenue loss estimates shown for individual tax expenditures in Tables 5–1, 5–2, and 5–3 do not necessarily equal the increase in Federal revenues (or the change in the budget balance) that would result from repealing these 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, because 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 estimates in Table 5–1 (as well as those in Table 5–5, which are also based on summing individual and corporate estimates) should be regarded as approximations.

Revenues raised by changes to tax expenditures are sensitive to timing effects and effective dates. Changes in some provisions could yield their full potential revenue gains relatively quickly, whereas changes to other provisions would only gradually yield their full revenue potential, especially if certain deductions or exemptions were grandfathered.

The annual value of tax expenditures for tax deferrals is reported on a cash basis in all tables except Table 5–4. 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. Although such estimates are useful as a measure of cash flows into the Government, they do not 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 on major tax provisions may have some impact on overall levels of income and rates of economic growth and, thus, on the budget economic assumptions. In practice, 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 5–4 for provisions that involve tax deferrals or other 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 1999 which cause the deferrals or other long-term revenue effects. For instance, a pension contribution in 1999 would cause a deferral of tax payments on wages in 1999 and on pension earnings on this contribution (e.g., interest) in later years. In some future year, however, the 1999 pension contribution and accrued earnings would be paid out and taxes would 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 5–1. TOTAL REVENUE LOSS ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX

(In millions of dollars)

		Total revenue loss from corporate and individual Income taxes							
		1999	2000	2001	2002	2003	2004	2005	2001–2005
	National Defense								
1	Exclusion of benefits and allowances to armed forces personnel	2,120	2,140	2,160	2,180	2,200	2,220	2,240	11,000
	International affairs:								
2	Exclusion of income earned abroad by U.S. citizens	2,330	2,550	2,790	3,040	3,285	3,545	3,825	16,485
3	Exclusion of certain allowances for Federal employees abroad	635	665	695	725	760	795	830	3,805
4	Exclusion of income of foreign sales corporations	3,640	3,890	4,160	4,460	4,770	5,100	5,460	23,950
5	Inventory property sales source rules exception	1,050	1,100	1,150	1,250	1,350	1,450	1,550	6,750
6	Deferral of income from controlled foreign corporations (normal tax method)	5,800	6,200	6,600	7,000	7,450	7,900	8,400	37,350
7	Deferred taxes for financial firms on certain income earned overseas	960	1,190	1,290	540	0	0	0	1,830
	General science, space, and technology:								
8	Expensing of research and experimentation expenditures (normal tax method)	1,890	1,865	1,885	1,965	2,090	2,245	2,410	10,595
9	Credit for increasing research activities	1,705	1,010	3,360	3,710	2,970	2,605	1,505	14,150
	Energy:								
10	Expensing of exploration and development costs, fuels	–80	–15	–30	–10	15	15	15	5
11	Excess of percentage over cost depletion, fuels	265	275	280	280	285	290	290	1,425
12	Alternative fuel production credit	1,025	960	905	845	125	125	125	2,125
13	Exception from passive loss limitation for working interests in oil and gas properties	30	25	25	25	25	25	25	125
14	Capital gains treatment of royalties on coal	65	65	70	70	75	80	85	380
15	Exclusion of interest on energy facility bonds	115	115	115	120	120	120	120	595
16	Enhanced oil recovery credit	225	260	295	340	390	450	515	1,990
17	New technology credit	50	60	80	90	90	90	85	435
18	Alcohol fuel credits [1]	15	15	15	15	15	15	15	75
19	Tax credit and deduction for clean-fuel burning vehicles	85	90	105	100	80	55	20	360
20	Exclusion from income of conservation subsidies provided by public utilities	85	80	80	80	85	85	85	415
	Natural resources and environment:								
21	Expensing of exploration and development costs, nonfuel minerals	15	15	20	20	20	20	20	100
22	Excess of percentage over cost depletion, nonfuel minerals	225	230	245	250	265	275	285	1,320
23	Exclusion of interest on bonds for water, sewage, and hazardous waste facilities	460	460	470	475	480	480	490	2,395
24	Capital gains treatment of certain timber income	65	65	70	70	75	80	85	380
25	Expensing of multiperiod timber growing costs	495	500	530	565	590	605	630	2,920
26	Investment credit and seven-year amortization for reforestation expenditures	10	10	10	15	15	15	15	70
27	Tax incentives for preservation of historic structures	210	220	240	250	265	280	295	1,330
	Agriculture:								
28	Expensing of certain capital outlays	70	70	75	75	80	85	90	405
29	Expensing of certain multiperiod production costs	85	85	90	95	105	110	110	510
30	Treatment of loans forgiven for solvent farmers	10	10	10	10	10	10	10	50
31	Capital gains treatment of certain income	635	665	695	725	760	795	830	3,805
32	Income averaging for farmers	75	75	80	80	80	85	85	410
33	Deferral of gain on sale of farm refiners	10	10	10	10	15	15	15	65
	Commerce and housing:								
	Financial institutions and insurance:								
34	Exemption of credit union income	1,470	1,550	1,650	1,765	1,890	2,020	2,155	9,480
35	Excess bad debt reserves of financial institutions	60	65	55	45	35	20	5	160
36	Exclusion of interest on life insurance savings	13,920	14,985	16,130	17,365	18,870	20,130	21,680	94,175
37	Special alternative tax on small property and casualty insurance companies	5	5	5	5	5	5	5	25
38	Tax exemption of certain insurance companies owned by tax-exempt organizations	220	225	235	240	250	255	265	1,245
39	Small life insurance company deduction	100	100	100	100	100	105	105	510
	Housing:								
40	Exclusion of interest on owner-occupied mortgage subsidy bonds	905	915	920	930	940	950	955	4,695
41	Exclusion of interest on rental housing bonds	155	155	160	160	160	160	160	800
42	Deductibility of mortgage interest on owner-occupied homes	56,920	58,815	60,925	63,240	65,955	68,965	72,160	331,245
43	Deductibility of State and local property tax on owner-occupied homes	21,215	22,185	23,075	24,000	24,980	25,915	26,840	124,810
44	Deferral of income from post-1987 installment sales	995	1,015	1,035	1,055	1,075	1,095	1,115	5,375
45	Capital gains exclusion on home sales	18,000	18,540	19,095	19,670	20,260	20,870	21,495	101,390
46	Exception from passive loss rules for $25,000 of rental loss	5,315	5,035	4,790	4,555	4,330	4,100	3,885	21,660
47	Credit for low-income housing investments	2,820	3,055	3,195	3,300	3,405	3,485	3,540	16,925
48	Accelerated depreciation on rental housing (normal tax method)	3,710	3,985	4,225	4,500	4,765	4,975	5,145	23,610
	Commerce:								
49	Cancellation of indebtedness	40	25	15	15	20	20	25	95
50	Exceptions from imputed interest rules	160	160	160	165	165	165	165	820
51	Capital gains (except agriculture, timber, iron ore, and coal) (normal tax method)	39,405	40,575	41,780	43,025	44,300	45,615	46,965	221,685
52	Capital gains exclusion of small corporation stock	5	5	5	5	5	5	5	25
53	Step-up basis of capital gains at death	25,800	27,090	28,240	29,370	30,545	31,765	33,035	152,955
54	Carryover basis of capital gains on gifts	175	185	195	205	210	220	230	1,060
55	Ordinary income treatment of loss from small business corporation stock sale	35	35	40	40	40	40	40	200

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

(In millions of dollars)

		Total revenue loss from corporate and individual Income taxes							
		1999	2000	2001	2002	2003	2004	2005	2001–2005
56	Accelerated depreciation of buildings other than rental housing (normal tax method)	1,660	710	–435	–755	–1,115	–1,695	–2,145	–6,145
57	Accelerated depreciation of machinery and equipment (normal tax method)	26,445	27,740	32,830	33,345	34,265	36,390	37,330	174,160
58	Expensing of certain small investments (normal tax method)	1,465	1,590	1,925	1,965	1,920	1,895	1,905	9,610
59	Amortization of start-up costs (normal tax method)	200	205	205	215	215	220	225	1,080
60	Graduated corporation income tax rate (normal tax method)	6,360	6,300	6,275	6,460	6,490	6,710	6,815	32,750
61	Exclusion of interest on small issue bonds	310	315	315	320	320	325	330	1,610
	Transportation:								
62	Deferral of tax on shipping companies	15	15	15	15	15	15	15	75
63	Exclusion of reimbursed employee parking expenses	1,725	1,805	1,895	1,995	2,100	2,210	2,330	10,530
64	Exclusion for employer-provided transit passes	130	150	170	190	215	235	260	1,070
	Community and regional development:								
65	Investment credit for rehabilitation of structures (other than historic)	25	25	30	30	30	30	30	150
66	Exclusion of interest for airport, dock, and similar bonds	730	735	740	750	755	765	770	3,780
67	Exemption of certain mutuals' and cooperatives' income	60	60	60	65	65	65	70	325
68	Empowerment zones and enterprise communities	330	445	500	465	330	300	260	1,855
69	Expensing of environmental remediation costs	115	150	175	60	–30	–35	–30	140
	Education, training, employment, and social services:								
	Education:								
70	Exclusion of scholarship and fellowship income (normal tax method)	1,085	1,110	1,120	1,130	1,140	1,150	1,165	5,705
71	HOPE tax credit	4,595	4,925	5,125	5,145	4,745	4,615	5,335	24,965
72	Lifetime Learning tax credit	2,170	2,375	2,420	2,465	4,405	4,430	4,630	18,350
73	Education Individual Retirement Accounts	0	10	25	40	60	80	105	310
74	Deductibility of student-loan interest	240	265	310	350	375	395	430	1,860
75	Deferral for State prepaid tuition plans	120	175	225	275	320	350	385	1,555
76	Exclusion of interest on student-loan bonds	245	250	255	255	255	260	260	1,285
77	Exclusion of interest on bonds for private nonprofit educational facilities	590	595	600	600	610	615	620	3,045
78	Credit for holders of zone academy bonds	5	10	20	35	50	65	70	240
79	Exclusion of interest on savings bonds redeemed to finance educational expenses	10	15	15	15	15	20	20	85
80	Parental personal exemption for students age 19 or over	915	965	1,015	1,055	1,105	1,155	1,185	5,515
81	Child credit [2]	19,435	19,575	19,480	18,970	18,155	17,535	16,855	90,995
82	Deductibility of charitable contributions (education)	2,525	2,650	2,765	2,910	3,035	3,140	3,300	15,150
83	Exclusion of employer-provided educational assistance	220	235	250	175	0	0	0	425
	Training, employment, and social services:								
84	Work opportunity tax credit	270	455	465	350	215	95	35	1,160
85	Welfare-to-work tax credit	35	60	80	80	60	25	10	255
86	Exclusion of employer-provided child care	645	670	700	725	765	805	850	3,845
87	Adoption assistance	125	140	140	125	40	15	10	330
88	Exclusion of employee meals and lodging (other than military)	650	680	710	740	775	810	845	3,880
89	Credit for child and dependent care expenses	2,420	2,390	2,360	2,330	2,305	2,275	2,250	11,520
90	Credit for disabled access expenditures	50	50	55	55	55	60	60	285
91	Expensing of costs of removing certain architectural barriers to the handicapped	0	0	5	5	5	5	5	25
92	Deductibility of charitable contributions, other than education and health	19,220	20,015	20,860	21,780	22,750	23,765	24,895	114,050
93	Exclusion of certain foster care payments	35	40	40	45	45	50	50	230
94	Exclusion of parsonage allowances	320	340	365	390	415	445	475	2,090
	Health:								
95	Exclusion of employer contributions for medical insurance premiums and medical care	69,610	75,095	80,570	86,175	90,655	95,960	102,725	456,085
96	Self-employed medical insurance premiums	935	1,250	1,380	1,545	2,070	2,905	3,210	11,110
97	Workers' compensation insurance premiums	4,420	4,585	4,555	4,935	5,120	5,315	5,515	25,440
98	Medical Savings Accounts	20	30	30	30	30	30	25	145
99	Deductibility of medical expenses	3,695	3,910	4,160	4,440	4,720	5,005	5,305	23,630
100	Exclusion of interest on hospital construction bonds	1,210	1,225	1,235	1,250	1,265	1,275	1,290	6,315
101	Deductibility of charitable contributions (health)	2,675	2,800	2,930	3,080	3,210	3,315	3,490	16,025
102	Tax credit for orphan drug research	70	80	90	100	115	130	140	575
103	Special Blue Cross/Blue Shield deduction	245	315	200	135	180	245	315	1,075
	Income security:								
104	Exclusion of railroad retirement system benefits	395	405	410	415	420	430	430	2,105
105	Exclusion of workers' compensation benefits	5,185	5,330	5,785	6,040	6,310	6,575	6,865	31,575
106	Exclusion of public assistance benefits (normal tax method)	345	360	375	390	405	420	435	2,025
107	Exclusion of special benefits for disabled coal miners	75	75	70	70	65	60	55	320
108	Exclusion of military disability pensions	130	130	135	140	140	145	150	710
	Net exclusion of pension contributions and earnings:								
109	Employer plans	83,780	88,830	92,390	97,085	102,575	108,020	113,705	513,775
110	Individual Retirement Accounts	13,350	15,050	15,975	17,030	17,630	18,250	18,750	87,635
111	Keogh plans	5,230	5,550	5,895	6,255	6,635	7,040	7,465	33,290
	Exclusion of other employee benefits:								

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

(In millions of dollars)

		Total revenue loss from corporate and individual Income taxes							
		1999	2000	2001	2002	2003	2004	2005	2001–2005
112	Premiums on group term life insurance	1,700	1,740	1,780	1,820	1,860	1,915	1,970	9,345
13	Premiums on accident and disability insurance	185	195	205	215	225	235	245	1,125
114	Income of trusts to finance supplementary unemployment benefits	0	0	0	5	5	5	5	20
115	Special ESOP rules	1,130	1,175	1,205	1,250	1,300	1,360	1,425	6,540
116	Additional deduction for the blind	30	30	30	30	35	35	35	165
117	Additional deduction for the elderly	1,785	1,830	1,890	1,955	1,985	2,030	2,110	9,970
118	Tax credit for the elderly and disabled	35	35	35	35	35	35	35	175
119	Deductibility of casualty losses	255	265	275	285	295	310	325	1,490
120	Earned income tax credit [3]	4,825	4,700	4,790	4,985	5,205	5,440	5,740	26,160
	Social Security:								
	Exclusion of social security benefits:								
121	Social Security benefits for retired workers	17,135	18,010	18,885	19,995	21,230	22,505	16,515	99,130
122	Social Security benefits for disabled	2,390	2,595	2,830	3,090	3,375	3,700	3,150	16,145
123	Social Security benefits for dependents and survivors	3,775	3,900	4,050	4,210	4,385	4,555	3,625	20,825
	Veterans benefits and services:								
124	Exclusion of veterans death benefits and disability compensation	2,940	3,070	3,200	3,335	3,490	3,655	3,830	17,510
125	Exclusion of veterans pensions	65	70	75	80	85	85	90	415
126	Exclusion of GI bill benefits	75	85	90	90	95	100	105	480
127	Exclusion of interest on veterans housing bonds	40	40	40	40	40	40	40	200
	General purpose fiscal assistance:								
128	Exclusion of interest on public purpose bonds	22,750	22,975	23,205	23,440	23,670	23,905	24,145	118,365
129	Deductibility of nonbusiness State and local taxes other than on owner-occupied homes	37,740	40,240	42,390	44,735	47,610	50,530	53,480	238,745
130	Tax credit for corporations receiving income from doing business in U.S. possessions	2,515	2,590	2,670	2,600	2,550	2,600	2,650	13,070
	Interest:								
131	Deferral of interest on U.S. savings bonds	1,015	1,065	1,115	1,175	1,235	1,295	1,355	6,175
	Addendum: Aid to State and local governments:								
	Deductibility of:								
	Property taxes on owner-occupied homes	21,215	22,185	23,075	24,000	24,980	25,915	26,840	124,810
	Nonbusiness State and local taxes other than on owner-occupied homes	37,740	40,240	42,390	44,735	47,610	50,530	53,480	238,745
	Exclusion of interest on State and local bonds for:								
	Public purposes	22,750	22,975	23,205	23,440	23,670	23,905	24,145	118,365
	Energy facilities	115	115	115	120	120	120	120	595
	Water, sewage, and hazardous waste disposal facilities	460	460	470	475	480	480	490	2,395
	Small-issues	310	315	315	320	320	325	330	1,610
	Owner-occupied mortgage subsidies	905	915	920	930	940	950	955	4,695
	Rental housing	155	155	160	160	160	160	160	800
	Airports, docks, and similar facilities	730	735	740	750	755	765	770	3,780
	Student loans	245	250	255	255	255	260	260	1,285
	Private nonprofit educational facilities	590	595	600	600	610	615	620	3,045
	Hospital construction	1,210	1,225	1,235	1,250	1,265	1,275	1,290	6,315
	Veterans' housing	40	40	40	40	40	40	40	200
	Credit for holders of zone academy bonds	5	10	20	35	50	65	70	240

[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: 1999 $760; 2000 $800; 2001 $805; 2002 $810; 2003 $815; 2004 $825; and 2005 $830.

[2] The figures in the table indicate the effect of the child tax credit on receipts. The effect on outlays (in millions of dollars) is as follows: 1999 $445; 2000 $550; 2001 $520; 2002 $505; 2003 $460; 2004 $450; and 2005 $420.

[3] 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: 1999 $25,632; 2000 $25,676; 2001 $25,799; 2002 $26,876; 2003 $27,638; 2004 $28,701; and 2005 $29,722.

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. Provisions with estimates that rounded to zero in each year are not included in the table.

Table 5–2. CORPORATE AND INDIVIDUAL INCOME TAX REVENUE LOSS ESTIMATES FOR TAX EXPENDITURES

(In millions of dollars)

		Revenue Loss															
		Corporations								Individuals							
		1999	2000	2001	2002	2003	2004	2005	2001–2005	1999	2000	2001	2002	2003	2004	2005	2001–2005
	National Defense																
1	Exclusion of benefits and allowances to armed forces personnel	....	....	....	....	....	....	....	....	2,120	2,140	2,160	2,180	2,200	2,220	2,240	11,000
	International affairs:																
2	Exclusion of income earned abroad by U.S. citizens	....	....	....	....	....	....	....	....	2,330	2,550	2,790	3,040	3,285	3,545	3,825	16,485
3	Exclusion of certain allowances for Federal employees abroad	....	....	....	....	....	....	....	....	635	665	695	725	760	795	830	3,805
4	Exclusion of income of foreign sales corporations	3,640	3,890	4,160	4,460	4,770	5,100	5,460	23,950	....	....	....	....	....	....	....	....
5	Inventory property sales source rules exception	1,050	1,100	1,150	1,250	1,350	1,450	1,550	6,750	....	....	....	....	....	....	....	....
6	Deferral of income from controlled foreign corporations (normal tax method)	5,800	6,200	6,600	7,000	7,450	7,900	8,400	37,350	....	....	....	....	....	....	....	....
7	Deferred taxes for financial firms on certain income earned overseas	960	1,190	1,290	540	0	0	0	1,830	....	....	....	....	....	....	....	....
	General science, space, and technology:																
8	Expensing of research and experimentation expenditures (normal tax method)	1,855	1,830	1,850	1,925	2,050	2,200	2,365	10,390	35	35	35	40	40	45	45	205
9	Credit for increasing research activities	1,675	995	3,300	3,650	2,925	2,565	1,490	13,930	30	15	60	60	45	40	15	220
	Energy:																
10	Expensing of exploration and development costs, fuels	–70	–15	–30	–10	15	15	15	5	–10	0	0	0	0	0	0	0
11	Excess of percentage over cost depletion, fuels	220	225	230	230	235	240	240	1,175	45	50	50	50	50	50	50	250
12	Alternative fuel production credit	975	915	860	805	125	125	125	2,040	50	45	45	40	0	0	0	85
13	Exception from passive loss limitation for working interests in oil and gas properties	....	....	....	....	....	....	....	....	30	25	25	25	25	25	25	125
14	Capital gains treatment of royalties on coal	....	....	....	....	....	....	....	....	65	65	70	70	75	80	85	380
15	Exclusion of interest on energy facility bonds	30	30	30	30	30	30	30	150	85	85	85	90	90	90	90	445
16	Enhanced oil recovery credit	205	235	270	310	355	410	470	1,815	20	25	25	30	35	40	45	175
17	New technology credit	45	50	60	70	70	70	65	335	5	10	20	20	20	20	20	100
18	Alcohol fuel credits [1]	10	10	10	10	10	10	10	50	5	5	5	5	5	5	5	25
19	Tax credit and deduction for clean-fuel burning vehicles	70	75	85	80	65	45	15	290	15	15	20	20	15	10	5	70
20	Exclusion from income of conservation subsidies provided by public utilities	–5	–5	–5	–5	0	0	0	–10	90	85	85	85	85	85	85	425
	Natural resources and environment:																
21	Expensing of exploration and development costs, nonfuel minerals	10	10	15	15	15	15	15	75	5	5	5	5	5	5	5	25
22	Excess of percentage over cost depletion, nonfuel minerals	180	185	195	200	210	220	230	1,055	45	45	50	50	55	55	55	265
23	Exclusion of interest on bonds for water, sewage, and hazardous waste facilities	115	115	120	120	120	120	125	605	345	345	350	355	360	360	365	1,790
24	Capital gains treatment of certain timber income	....	....	....	....	....	....	....	....	65	65	70	70	75	80	85	380
25	Expensing of multiperiod timber growing costs	305	310	330	350	365	375	390	1,810	190	190	200	215	225	230	240	1,110
26	Investment credit and seven-year amortization for reforestation expenditures	....	....	....	....	....	....	....	....	10	10	10	15	15	15	15	70
27	Tax incentives for preservation of historic structures	170	180	195	205	215	230	240	1,085	40	40	45	45	50	50	55	245
	Agriculture:																
28	Expensing of certain capital outlays	10	10	10	10	10	10	10	50	60	60	65	65	70	75	80	355
29	Expensing of certain multiperiod production costs	10	10	10	10	15	15	15	65	75	75	80	85	90	95	95	445
30	Treatment of loans forgiven for solvent farmers	....	....	....	....	....	....	....	....	10	10	10	10	10	10	10	50
31	Capital gains treatment of certain income	....	....	....	....	....	....	....	....	635	665	695	725	760	795	830	3,805
32	Income averaging for farmers	....	....	....	....	....	....	....	....	75	75	80	80	80	85	85	410
33	Deferral of gain on sale of farm refiners	10	10	10	10	15	15	15	65								
	Commerce and housing:																
	Financial institutions and insurance:																
34	Exemption of credit union income	1,470	1,550	1,650	1,765	1,890	2,020	2,155	9,480	....	....	....	....	....	....	....	....
35	Excess bad debt reserves of financial institutions	60	65	55	45	35	20	5	160	....	....	....	....	....	....	....	....

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

(In millions of dollars)

		Revenue Loss															
		Corporations								Individuals							
		1999	2000	2001	2002	2003	2004	2005	2001–2005	1999	2000	2001	2002	2003	2004	2005	2001–2005
36	Exclusion of interest on life insurance savings	420	450	485	520	565	605	650	2,825	13,500	14,535	15,645	16,845	18,305	19,525	21,030	91,350
37	Special alternative tax on small property and casualty insurance companies	5	5	5	5	5	5	5	25	....	....	....	....	....	....	....	....
38	Tax exemption of certain insurance companies owned by tax-exempt organizations	220	225	235	240	250	255	265	1,245	....	....	....	....	....	....	....	....
39	Small life insurance company deduction	100	100	100	100	100	105	105	510	....	....	....	....	....	....	....	....
	Housing:																
40	Exclusion of interest on owner-occupied mortgage subsidy bonds	230	230	230	235	235	240	240	1,180	675	685	690	695	705	710	715	3,515
41	Exclusion of interest on rental housing bonds	40	40	40	40	40	40	40	200	115	115	120	120	120	120	120	600
42	Deductibility of mortgage interest on owner-occupied homes	....	....	....	....	....	....	....	....	56,920	58,815	60,925	63,240	65,955	68,965	72,160	331,245
43	Deductibility of State and local property tax on owner-occupied homes	....	....	....	....	....	....	....	....	21,215	22,185	23,075	24,000	24,980	25,915	26,840	124,810
44	Deferral of income from post-1987 installment sales	260	265	270	275	280	285	290	1,400	735	750	765	780	795	810	825	3,975
45	Capital gains exclusion on home sales	....	....	....	....	....	....	....	....	18,000	18,540	19,095	19,670	20,260	20,870	21,495	101,390
46	Exception from passive loss rules for $25,000 of rental loss	....	....	....	....	....	....	....	....	5,315	5,035	4,790	4,555	4,330	4,100	3,885	21,660
47	Credit for low-income housing investments	2,115	2,290	2,395	2,475	2,555	2,615	2,655	12,695	705	765	800	825	850	870	885	4,230
48	Accelerated depreciation on rental housing (normal tax method)	110	120	135	160	180	200	230	905	3,600	3,865	4,090	4,340	4,585	4,775	4,915	22,705
	Commerce:																
49	Cancellation of indebtedness	....	....	....	....	....	....	....	....	40	25	15	15	20	20	25	95
50	Exceptions from imputed interest rules	....	....	....	....	....	....	....	....	160	160	160	165	165	165	165	820
51	Capital gains (except agriculture, timber, iron ore, and coal) (normal tax method)	....	....	....	....	....	....	....	....	39,405	40,575	41,780	43,025	44,300	45,615	46,965	221,685
52	Capital gains exclusion of small corporation stock	....	....	....	....	....	....	....	....	5	5	5	5	5	5	5	25
53	Step-up basis of capital gains at death	....	....	....	....	....	....	....	....	25,800	27,090	28,240	29,370	30,545	31,765	33,035	152,955
54	Carryover basis of capital gains on gifts	....	....	....	....	....	....	....	....	175	185	195	205	210	220	230	1,060
55	Ordinary income treatment of loss from small business corporation stock sale	....	....	....	....	....	....	....	....	35	35	40	40	40	40	40	200
56	Accelerated depreciation of buildings other than rental housing (normal tax method)	1,195	655	230	15	–260	–625	–905	–1,545	465	55	–665	–770	–855	–1,070	–1,240	–4,600
57	Accelerated depreciation of machinery and equipment (normal tax method)	21,100	22,085	26,970	27,265	27,965	29,825	30,465	142,490	5,345	5,655	5,860	6,080	6,300	6,565	6,865	31,670
58	Expensing of certain small investments (normal tax method)	395	490	630	665	630	625	645	3,195	1,070	1,100	1,295	1,300	1,290	1,270	1,260	6,415
59	Amortization of start-up costs (normal tax method)	120	125	125	130	130	135	135	655	80	80	80	85	85	85	90	425
60	Graduated corporation income tax rate (normal tax method)	6,360	6,300	6,275	6,460	6,490	6,710	6,815	32,750	....	....	....	....	....	....	....	....
61	Exclusion of interest on small issue bonds	80	80	80	80	80	80	85	405	230	235	235	240	240	245	245	1,205
	Transportation:																
62	Deferral of tax on shipping companies	15	15	15	15	15	15	15	75	....	....	....	....	....	....	....	....
63	Exclusion of reimbursed employee parking expenses	....	....	....	....	....	....	....	....	1,725	1,805	1,895	1,995	2,100	2,210	2,330	10,530
64	Exclusion for employer-provided transit passes	....	....	....	....	....	....	....	....	130	150	170	190	215	235	260	1,070
	Community and regional development:																
65	Investment credit for rehabilitation of structures (other than historic)	15	15	15	15	15	15	15	75	10	10	15	15	15	15	15	75
66	Exclusion of interest for airport, dock, and similar bonds	185	185	185	190	190	195	195	955	545	550	555	560	565	570	575	2,825
67	Exemption of certain mutuals' and cooperatives' income	60	60	60	65	65	65	70	325	....	....	....	....	....	....	....	....
68	Empowerment zones and enterprise communities	150	205	220	185	130	110	90	735	180	240	280	280	200	190	170	1,120
69	Expensing of environmental remediation costs	95	125	145	50	–25	–30	–25	115	20	25	30	10	–5	–5	–5	25

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

(In millions of dollars)

		Revenue Loss															
		Corporations								Individuals							
		1999	2000	2001	2002	2003	2004	2005	2001–2005	1999	2000	2001	2002	2003	2004	2005	2001–2005
	Education, training, employment, and social services:																
	Education:																
70	Exclusion of scholarship and fellowship income (normal tax method)	....	....	....	....	....	....	....	....	1,085	1,110	1,120	1,130	1,140	1,150	1,165	5,705
71	HOPE tax credit	....	....	....	....	....	....	....	....	4,595	4,925	5,125	5,145	4,745	4,615	5,335	24,965
72	Lifetime Learning tax credit	....	....	....	....	....	....	....	....	2,170	2,375	2,420	2,465	4,405	4,430	4,630	18,350
73	Education Individual Retirement Accounts	....	....	....	....	....	....	....	....	0	10	25	40	60	80	105	310
74	Deductibility of student-loan interest	....	....	....	....	....	....	....	....	240	265	310	350	375	395	430	1,860
75	Deferral for State prepaid tuition plans	....	....	....	....	....	....	....	....	120	175	225	275	320	350	385	1,555
76	Exclusion of interest on student-loan bonds	60	65	65	65	65	65	65	325	185	185	190	190	190	195	195	960
77	Exclusion of interest on bonds for private nonprofit educational facilities	150	150	150	150	155	155	155	765	440	445	450	450	455	460	465	2,280
78	Credit for holders of zone academy bonds	5	10	20	35	50	65	70	240	....	....	....	....	....	....	....	....
79	Exclusion of interest on savings bonds redeemed to finance educational expenses	....	....	....	....	....	....	....	....	10	15	15	15	15	20	20	85
80	Parental personal exemption for students age 19 or over	....	....	....	....	....	....	....	....	915	965	1,015	1,055	1,105	1,155	1,185	5,515
81	Child credit [2]	....	....	....	....	....	....	....	....	19,435	19,575	19,480	18,970	18,155	17,535	16,855	90,995
82	Deductibility of charitable contributions (education)	485	515	545	595	615	610	650	3,015	2,040	2,135	2,220	2,315	2,420	2,530	2,650	12,135
83	Exclusion of employer-provided educational assistance	....	....	....	....	....	....	....	....	220	235	250	175	0	0	0	425
	Training, employment, and social services:																
84	Work opportunity tax credit	230	385	395	300	185	80	30	990	40	70	70	50	30	15	5	170
85	Welfare-to-work tax credit	30	50	65	70	50	20	10	215	5	10	15	10	10	5	0	40
86	Exclusion of employer-provided child care	....	....	....	....	....	....	....	....	645	670	700	725	765	805	850	3,845
87	Adoption assistance	....	....	....	....	....	....	....	....	125	140	140	125	40	15	10	330
88	Exclusion of employee meals and lodging (other than military)	....	....	....	....	....	....	....	....	650	680	710	740	775	810	845	3,880
89	Credit for child and dependent care expenses	....	....	....	....	....	....	....	....	2,420	2,390	2,360	2,330	2,305	2,275	2,250	11,520
90	Credit for disabled access expenditures	15	15	15	15	15	15	15	75	35	35	40	40	40	45	45	210
91	Expensing of costs of removing certain architectural barriers to the handicapped	0	0	5	5	5	5	5	25								
92	Deductibility of charitable contributions, other than education and health	600	635	680	740	760	755	805	3,740	18,620	19,380	20,180	21,040	21,990	23,010	24,090	110,310
93	Exclusion of certain foster care payments	....	....	....	....	....	....	....	....	35	40	40	45	45	50	50	230
94	Exclusion of parsonage allowances	....	....	....	....	....	....	....	....	320	340	365	390	415	445	475	2,090
	Health:																
95	Exclusion of employer contributions for medical insurance premiums and medical care	....	....	....	....	....	....	....	....	69,610	75,095	80,570	86,175	90,655	95,960	102,725	456,085
96	Self-employed medical insurance premiums	....	....	....	....	....	....	....	....	935	1,250	1,380	1,545	2,070	2,905	3,210	11,110
97	Workers' compensation insurance premiums	....	....	....	....	....	....	....	....	4,420	4,585	4,555	4,935	5,120	5,315	5,515	25,440
98	Medical Savings Accounts	....	....	....	....	....	....	....	....	20	30	30	30	30	30	25	145
99	Deductibility of medical expenses	....	....	....	....	....	....	....	....	3,695	3,910	4,160	4,440	4,720	5,005	5,305	23,630
00	Exclusion of interest on hospital construction bonds	305	310	310	315	320	320	325	1,590	905	915	925	935	945	955	965	4,725
101	Deductibility of charitable contributions (health)	585	620	660	720	740	735	780	3,635	2,090	2,180	2,270	2,360	2,470	2,580	2,710	12,390
102	Tax credit for orphan drug research	70	80	90	100	115	130	140	575	....	....	....	....	....	....	....	....
103	Special Blue Cross/Blue Shield deduction	245	315	200	135	180	245	315	1,075	....	....	....	....	....	....	....	....
	Income security:																
104	Exclusion of railroad retirement system benefits	....	....	....	....	....	....	....	....	395	405	410	415	420	430	430	2,105
105	Exclusion of workers' compensation benefits	....	....	....	....	....	....	....	....	5,185	5,330	5,785	6,040	6,310	6,575	6,865	31,575
106	Exclusion of public assistance benefits (normal tax method)	....	....	....	....	....	....	....	....	345	360	375	390	405	420	435	2,025

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

(In millions of dollars)

		Revenue Loss															
		Corporations								Individuals							
		1999	2000	2001	2002	2003	2004	2005	2001–2005	1999	2000	2001	2002	2003	2004	2005	2001–2005
107	Exclusion of special benefits for disabled coal miners									75	75	70	70	65	60	55	320
108	Exclusion of military disability pensions									130	130	135	140	140	145	150	710
	Net exclusion of pension contributions and earnings:																
109	Employer plans									83,780	88,830	92,390	97,085	102,575	108,020	113,705	513,775
110	Individual Retirement Accounts									13,350	15,050	15,975	17,030	17,630	18,250	18,750	87,635
111	Keogh plans									5,230	5,550	5,895	6,255	6,635	7,040	7,465	33,290
	Exclusion of other employee benefits:																
112	Premiums on group term life insurance									1,700	1,740	1,780	1,820	1,860	1,915	1,970	9,345
113	Premiums on accident and disability insurance									185	195	205	215	225	235	245	1,125
114	Income of trusts to finance supplementary unemployment benefits	0	0	0	5	5	5	5	20								
115	Special ESOP rules	860	890	915	950	990	1,040	1,090	4,985	270	285	290	300	310	320	335	1,555
116	Additional deduction for the blind									30	30	30	30	35	35	35	165
117	Additional deduction for the elderly									1,785	1,830	1,890	1,955	1,985	2,030	2,110	9,970
118	Tax credit for the elderly and disabled									35	35	35	35	35	35	35	175
119	Deductibility of casualty losses									255	265	275	285	295	310	325	1,490
120	Earned income tax credit [3]									4,825	4,700	4,790	4,985	5,205	5,440	5,740	26,160
	Social Security:																
	Exclusion of social security benefits:																
121	Social Security benefits for retired workers									17,135	18,010	18,885	19,995	21,230	22,505	16,515	99,130
122	Social Security benefits for disabled									2,390	2,595	2,830	3,090	3,375	3,700	3,150	16,145
123	Social Security benefits for dependents and survivors									3,775	3,900	4,050	4,210	4,385	4,555	3,625	20,825
	Veterans benefits and services:																
124	Exclusion of veterans death benefits and disability compensation									2,940	3,070	3,200	3,335	3,490	3,655	3,830	17,510
125	Exclusion of veterans pensions									65	70	75	80	85	85	90	415
126	Exclusion of GI bill benefits									75	85	90	90	95	100	105	480
127	Exclusion of interest on veterans housing bonds	10	10	10	10	10	10	10	50	30	30	30	30	30	30	30	150
	General purpose fiscal assistance:																
128	Exclusion of interest on public purpose bonds	5,735	5,790	5,850	5,910	5,965	6,025	6,085	29,835	17,015	17,185	17,355	17,530	17,705	17,880	18,060	88,530
129	Deductibility of nonbusiness State and local taxes other than on owner-occupied homes									37,740	40,240	42,390	44,735	47,610	50,530	53,480	238,745
130	Tax credit for corporations receiving income from doing business in U.S. possessions	2,515	2,590	2,670	2,600	2,550	2,600	2,650	13,070								
	Interest:																
131	Deferral of interest on U.S. savings bonds									1,015	1,065	1,115	1,175	1,235	1,295	1,355	6,175
	Addendum: Aid to State and local governments:																
	Deductibility of:																
	Property taxes on owner-occupied homes									21,215	22,185	23,075	24,000	24,980	25,915	26,840	124,810
	Nonbusiness State and local taxes other than on owner-occupied homes									37,740	40,240	42,390	44,735	47,610	50,530	53,480	238,745
	Exclusion of interest on State and local bonds for:																
	Public purposes	5,735	5,790	5,850	5,910	5,965	6,025	6,085	29,835	17,015	17,185	17,355	17,530	17,705	17,880	18,060	88,530
	Energy facilities	30	30	30	30	30	30	30	150	85	85	85	90	90	90	90	445
	Water, sewage, and hazardous waste disposal facilities	115	115	120	120	120	120	125	605	345	345	350	355	360	360	365	1,790
	Small-issues	80	80	80	80	80	80	85	405	230	235	235	240	240	245	245	1,205
	Owner-occupied mortgage subsidies	230	230	230	235	235	240	240	1,180	675	685	690	695	705	710	715	3,515
	Rental housing	40	40	40	40	40	40	40	200	115	115	120	120	120	120	120	600
	Airports, docks, and similar facilities	185	185	185	190	190	195	195	955	545	550	555	560	565	570	575	2,825
	Student loans	60	65	65	65	65	65	65	325	185	185	190	190	190	195	195	960
	Private nonprofit educational facilities	150	150	150	150	155	155	155	765	440	445	450	450	455	460	465	2,280
	Hospital construction	305	310	310	315	320	320	325	1,590	905	915	925	935	945	955	965	4,725
	Veterans' housing	10	10	10	10	10	10	10	50	30	30	30	30	30	30	30	150

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

(In millions of dollars)

		Revenue Loss															
		Corporations								Individuals							
		1999	2000	2001	2002	2003	2004	2005	2001–2005	1999	2000	2001	2002	2003	2004	2005	2001–2005
	Credit for holders of zone academy bonds	5	10	20	35	50	65	70	240	....	....	....	....	....	....	....	....

[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: 1999 $760; 2000 $800; 2001 $805; 2002 $810; 2003 $815; 2004 $825; and 2005 $830.

[2] The figures in the table indicate the effect of the child tax credit on receipts. The effect on outlays (in millions of dollars) is as follows: 1999 $445; 2000 $550; 2001 $520; 2002 $505; 2003 $460; 2004 $450; and 2005 $420.

[3] 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: 1999 $25,632; 2000 $25,676; 2001 $25,799; 2002 $26,876; 2003 $27,638; 2004 $28,701; and 2005 $29,722.

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. Provisions with estimates that rounded to zero in each year are not included in the table.

Table 5–3. MAJOR TAX EXPENDITURES IN THE INCOME TAX, RANKED BY TOTAL 2001 REVENUE LOSS

(In millions of dollars)

Provision	2001	2001–2005
Net exclusion of pension contributions and earnings: Employer plans	92,390	513,775
Exclusion of employer contributions for medical insurance premiums and medical care	80,570	456,085
Deductibility of mortgage interest on owner-occupied homes	60,925	331,245
Deductibility of nonbusiness State and local taxes other than on owner-occupied homes	42,390	238,745
Capital gains (except agriculture, timber, iron ore, and coal) (normal tax method)	41,780	221,685
Accelerated depreciation of machinery and equipment (normal tax method)	32,830	174,160
Step-up basis of capital gains at death	28,240	152,955
Deductibility of charitable contributions, total	26,555	145,225
Exclusion of interest on public purpose bonds	23,205	118,365
Deductibility of State and local property tax on owner-occupied homes	23,075	124,810
Child credit [2]	19,480	90,995
Capital gains exclusion on home sales	19,095	101,390
Exclusion of Social Security benefits for retired workers	18,885	99,130
Exclusion of interest on life insurance savings	16,130	94,175
Net exclusion of pension contributions and earnings: Individual Retirement Accounts	15,975	87,635
Deferral of income from controlled foreign corporations (normal tax method)	6,600	37,350
Graduated corporation income tax rate (normal tax method)	6,275	32,750
Net exclusion of pension contributions and earnings: Keogh plans	5,895	33,290
Exclusion of workers' compensation benefits	5,785	31,575
HOPE tax credit	5,125	24,965
Exclusion of interest on non-public purpose State and local debt	4,850	24,720
Earned income tax credit [3]	4,790	26,160
Exception from passive loss rules for $25,000 of rental loss	4,790	21,660
Workers' compensation insurance premiums	4,555	25,440
Accelerated depreciation on rental housing (normal tax method)	4,225	23,610
Exclusion of income of foreign sales corporations	4,160	23,950
Deductibility of medical expenses	4,160	23,630
Exclusion of Social Security benefits for dependents and survivors	4,050	20,825
Credit for increasing research activities	3,360	14,150
Exclusion of veterans death benefits and disability compensation	3,200	17,510
Credit for low-income housing investments	3,195	16,925
Exclusion of Social Security benefits for disabled	2,830	16,145
Exclusion of income earned abroad by U.S. citizens	2,790	16,485
Tax credit for corporations receiving income from doing business in U.S. possessions	2,670	13,070
Lifetime Learning tax credit	2,420	18,350
Credit for child and dependent care expenses	2,360	11,520
Exclusion of benefits and allowances to armed forces personnel	2,160	11,000
Expensing of certain small investments (normal tax method)	1,925	9,610
Exclusion of reimbursed employee parking expenses	1,895	10,530
Additional deduction for the elderly	1,890	9,970
Expensing of research and experimentation expenditures (normal tax method)	1,885	10,595
Exclusion of other employee benefits: Premiums on group term life insurance	1,780	9,345
Exemption of credit union income	1,650	9,480
Self-employed medical insurance premiums	1,380	11,110
Deferred taxes for financial firms on certain income earned overseas	1,290	1,830
Special ESOP rules	1,205	6,540
Inventory property sales source rules exception	1,150	6,750
Exclusion of scholarship and fellowship income (normal tax method)	1,120	5,705
Deferral of interest on U.S. savings bonds	1,115	6,175
Deferral of income from post-1987 installment sales	1,035	5,375
Parental personal exemption for students age 19 or over	1,015	5,515
Alternative fuel production credit	905	2,125
Exclusion of employee meals and lodging (other than military)	710	3,880
Exclusion of employer-provided child care	700	3,845
Capital gains treatment of certain income from agriculture	695	3,805
Exclusion of certain allowances for Federal employees abroad	695	3,805
Expensing of multiperiod timber growing costs	530	2,920
Excess of percentage over cost depletion, fuels and nonfuel minerals	525	2,745
Empowerment zones and enterprise communities	500	1,855
Work opportunity tax credit	465	1,160
Exclusion of railroad retirement system benefits	410	2,105
Exclusion of public assistance benefits (normal tax method)	375	2,025
Exclusion of parsonage allowances	365	2,090
Deductibility of student-loan interest	310	1,860
Enhanced oil recovery credit	295	1,990
Deductibility of casualty losses	275	1,490
Exclusion of employer-provided educational assistance	250	425
Tax incentives for preservation of historic structures	240	1,330
Tax exemption of certain insurance companies owned by tax-exempt organizations	235	1,245

Table 5–3. MAJOR TAX EXPENDITURES IN THE INCOME TAX, RANKED BY TOTAL 2001 REVENUE LOSS—Continued

(In millions of dollars)

Provision	2001	2001–2005
Deferral for State prepaid tuition plans	225	1,555
Amortization of start-up costs (normal tax method)	205	1,080
Exclusion of other employee benefits: Premiums on accident and disability insurance	205	1,125
Special Blue Cross/Blue Shield deduction	200	1,075
Carryover basis of capital gains on gifts	195	1,060
Expensing of environmental remediation costs	175	140
Exclusion for employer-provided transit passes	170	1,070
Exceptions from imputed interest rules	160	820
Adoption assistance	140	330
Exclusion of military disability pensions	135	710
Tax credit and deduction for clean-fuel burning vehicles	105	360
Small life insurance company deduction	100	510
Expensing of certain multiperiod production costs	90	510
Exclusion of GI bill benefits	90	480
Tax credit for orphan drug research	90	575
Welfare-to-work tax credit	80	255
Income averaging for farmers	80	410
New technology credit	80	435
Exclusion from income of conservation subsidies provided by public utilities	80	415
Exclusion of veterans pensions	75	415
Expensing of certain capital outlays	75	405
Capital gains treatment of royalties on coal	70	380
Exclusion of special benefits for disabled coal miners	70	320
Capital gains treatment of certain timber income	70	380
Exemption of certain mutuals' and cooperatives' income	60	325
Credit for disabled access expenditures	55	285
Excess bad debt reserves of financial institutions	55	160
Ordinary income treatment of loss from small business corporation stock sale	40	200
Exclusion of certain foster care payments	40	230
Tax credit for the elderly and disabled	35	175
Medical Savings Accounts	30	145
Additional deduction for the blind	30	165
Investment credit for rehabilitation of structures (other than historic)	30	150
Education Individual Retirement Accounts	25	310
Exception from passive loss limitation for working interests in oil and gas properties	25	125
Credit for holders of zone academy bonds	20	240
Expensing of exploration and development costs, nonfuel minerals	20	100
Cancellation of indebtedness	15	95
Alcohol fuel credits [1]	15	75
Exclusion of interest on savings bonds redeemed to finance educational expenses	15	85
Deferral of tax on shipping companies	15	75
Deferral of gain on sale of farm refiners	10	65
Investment credit and seven-year amortization for reforestation expenditures	10	70
Treatment of loans forgiven for solvent farmers	10	50
Capital gains exclusion of small corporation stock	5	25
Special alternative tax on small property and casualty insurance companies	5	25
Expensing of costs of removing certain architectural barriers to the handicapped	5	25
Income of trusts to finance supplementary unemployment benefits	0	20
Expensing of exploration and development costs, fuels	–30	5
Accelerated depreciation of buildings other than rental housing (normal tax method)	–435	–6,145

[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: 1999 $760; 2000 $800; 2001 $805; 2002 $810; 2003 $815; 2004 $825; and 2005 $830.

[2] The figures in the table indicate the effect of the child tax credit on receipts. The effect on outlays (in millions of dollars) is as follows: 1999 $445; 2000 $550; 2001 $520; 2002 $505; 2003 $460; 2004 $450; and 2005 $420.

[3] 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: 1999 $25,630; 2000 $25,675; 2001 $25,800; 2002 $26,875; 2003 $27,640; 2004 $28,700; and 2005 $29,720.

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. Provisions with estimates that rounded to zero in each year are not included in the table.

Note: Three categories in the table are aggregated: Deductibility of charitable contributions, exclusion of interest for non-public purpose State and local debt, and excess of percentage over cost depletion for fuels and nonfuel minerals.

Table 5–4. PRESENT VALUE OF SELECTED TAX EXPENDITURES FOR ACTIVITY IN CALENDAR YEAR 1999

(In millions of dollars)

	Provision	Present Value of Revenue Loss
1	Deferral of income from controlled foreign corporations (normal tax method)	5,960
2	Deferred taxes for financial firms on income earned overseas	965
3	Expensing of research and experimentation expenditures (normal tax method)	2,570
4	Expensing of exploration and development costs—fuels	110
5	Expensing of exploration and development costs—nonfuels	10
6	Expensing of multiperiod timber growing costs	240
7	Expensing of certain multiperiod production costs—agriculture	90
8	Expensing of certain capital outlays—agriculture	75
9	Deferral of income on life insurance and annuity contracts	22,100
10	Accelerated depreciation of rental housing (normal tax method)	2,845
11	Accelerated depreciation of buildings other than rental housing (normal tax method)	335
12	Accelerated depreciation of machinery and equipment (normal tax method)	32,780
13	Expensing of certain small investments (normal tax method)	1,030
14	Amortization of start-up costs (normal tax method)	170
15	Deferral of tax on shipping companies	15
16	Deferral for state prepaid tuition plans	170
17	Credit for holders of zone academy bonds	220
18	Credit for low-income housing investments	2,730
19	Exclusion of pension contributions—employer plans	95,620
20	Exclusion of IRA contributions and earnings	6,005
21	Exclusion of contributions and earnings for Keogh plans	3,510
22	Exclusion of interest on public-purpose bonds	26,995
23	Exclusion of interest on non-public purpose bonds	3,950
24	Deferral of interest on U.S. savings bonds	405

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 5–5.

The outlay-equivalent 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 5–5. OUTLAY EQUIVALENT ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX

(In millions of dollars)

		Outlay Equivalents							
		1999	2000	2001	2002	2003	2004	2005	2001–2005
	National Defense								
1	Exclusion of benefits and allowances to armed forces personnel	2,470	2,495	2,520	2,545	2,570	2,600	2,630	12,865
	International affairs:								
2	Exclusion of income earned abroad by U.S. citizens	3,940	4,270	4,625	5,000	5,370	5,760	6,185	26,940
3	Exclusion of income of foreign sales corporations	5,600	5,980	6,400	6,860	7,340	7,850	8,400	36,850
4	Inventory property sales source rules exception	1,620	1,690	1,770	1,920	2,080	2,230	2,380	10,380
5	Deferral of income from controlled foreign corporations (normal tax method)	5,800	6,200	6,600	7,000	7,450	7,900	8,400	37,350
6	Deferred taxes for financial firms on income earned overseas	960	1,190	1,290	540	0	0	0	1,830
	General science, space, and technology:								
7	Expensing of research and experimentation expenditures (normal tax method)	1,890	1,865	1,875	1,960	2,090	2,245	2,415	10,585
8	Credit for increasing research activities	2,625	1,550	5,175	5,710	4,570	4,010	2,320	21,785
	Energy:								
9	Expensing of exploration and development costs, fuels	–80	–20	–30	–10	15	15	15	5
10	Excess of percentage over cost depletion, fuels	325	330	335	340	345	350	355	1,725
11	Alternative fuel production credit	1,495	1,400	1,315	1,235	775	180	180	3,685
12	Exception from passive loss limitation for working interests in oil and gas properties	30	25	25	25	25	25	25	125
13	Capital gains treatment of royalties on coal	85	85	95	95	100	105	115	510
14	Exclusion of interest on energy facility bonds	165	165	165	170	170	170	170	845
15	Enhanced oil recovery credit	315	360	415	480	550	635	730	2,810
16	New technology credit	70	85	120	130	125	125	125	625
17	Alcohol fuel credits [1]	15	15	15	15	15	15	15	75
18	Tax credit and deduction for clean-fuel burning vehicles	110	125	135	125	105	70	25	460
19	Exclusion from income of conservation subsidies provided by public utilities	115	110	105	110	115	115	115	560
	Natural resources and environment:								
20	Expensing of exploration and development costs, nonfuel minerals	15	15	15	15	15	20	20	85
21	Excess of percentage over cost depletion, nonfuel minerals	275	285	295	310	320	335	350	1,610
22	Exclusion of interest on bonds for water, sewage, and hazardous waste facilities	660	660	670	680	685	685	705	3,425
23	Capital gains treatment of certain timber income	85	85	95	95	100	105	115	510
24	Expensing of multiperiod timber growing costs	495	500	530	565	585	610	630	2,920
25	Investment credit and seven-year amortization for reforestation expenditures	15	15	15	15	15	15	15	75
26	Tax incentives for preservation of historic structures	205	225	240	255	265	280	295	1,335
	Agriculture:								
27	Expensing of certain capital outlays	65	70	75	75	80	85	85	400
28	Expensing of certain multiperiod production costs	85	85	90	95	100	105	110	500
29	Treatment of loans forgiven for solvent farmers	10	10	10	10	10	10	10	50
30	Capital gains treatment of certain income	845	885	925	965	1,015	1,060	1,105	5,070
31	Income averaging for farmers	75	75	80	80	80	85	85	410
32	Deferral of gain on sale of farm refiners	10	10	10	10	15	15	15	65
	Commerce and housing:								
	Financial institutions and insurance:								
33	Exemption of credit union income	1,910	2,015	2,160	2,320	2,490	2,675	2,865	12,510
34	Excess bad debt reserves of financial institutions	75	85	70	55	40	25	5	195
35	Exclusion of interest on life insurance savings	13,920	14,985	16,130	17,365	18,870	20,130	21,680	94,175
36	Special alternative tax on small property and casualty insurance companies	5	5	5	5	5	5	5	25
37	Tax exemption of certain insurance companies owned by tax-exempt organizations	295	300	315	320	335	340	355	1,665
38	Small life insurance company deduction	135	135	135	135	135	140	140	685
	Housing:								
39	Exclusion of interest on owner-occupied mortgage subsidy bonds	1,300	1,310	1,320	1,330	1,345	1,365	1,370	6,730
40	Exclusion of interest on rental housing bonds	220	220	230	230	230	230	230	1,150
41	Deductibility of mortgage interest on owner-occupied homes	56,920	58,815	60,925	63,240	65,955	68,965	72,160	331,245
42	Deductibility of State and local property tax on owner-occupied homes	21,215	22,185	23,075	24,000	24,980	25,915	26,840	124,810
43	Deferral of income from post-1987 installment sales	995	1,015	1,035	1,055	1,075	1,095	1,115	5,375
44	Capital gains exclusion on home sales	22,500	23,175	23,870	24,590	25,325	26,090	26,870	126,745
45	Exception from passive loss rules for $25,000 of rental loss	5,315	5,035	4,790	4,555	4,330	4,100	3,885	21,660
46	Credit for low-income housing investments	0	0	0	5	5	5	5	20
47	Accelerated depreciation on rental housing (normal tax method)	3,710	3,985	4,225	4,495	4,760	4,975	5,145	23,600
	Commerce:								
48	Cancellation of indebtedness	40	25	15	15	20	20	25	95
49	Exceptions from imputed interest rules	160	160	160	165	165	165	165	820
50	Capital gains (except agriculture, timber, iron ore, and coal) (normal tax method)	52,540	54,100	55,705	57,365	59,065	60,820	62,620	295,575
51	Capital gains exclusion of small corporation stock	5	5	5	5	5	5	5	25
52	Step-up basis of capital gains at death	34,400	36,120	37,655	39,160	40,725	42,355	44,045	203,940
53	Carryover basis of capital gains on gifts	175	185	195	205	210	220	230	1,060
54	Ordinary income treatment of loss from small business corporation stock sale	45	45	55	55	55	55	55	275
55	Accelerated depreciation of buildings other than rental housing (normal tax method)	1,655	705	–435	–755	–1,110	–1,695	–2,140	–6,135

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

(In millions of dollars)

		Outlay Equivalents							
		1999	2000	2001	2002	2003	2004	2005	2001–2005
56	Accelerated depreciation of machinery and equipment (normal tax method)	26,440	27,735	32,825	33,340	34,260	36,380	37,325	174,130
57	Expensing of certain small investments (normal tax method)	1,465	1,590	1,920	1,965	1,915	1,890	1,900	9,590
58	Amortization of start-up costs (normal tax method)	200	205	205	215	215	220	225	1,080
59	Graduated corporation income tax rate (normal tax method)	9,790	9,690	9,655	9,940	9,985	10,325	10,485	50,390
60	Exclusion of interest on small issue bonds	445	450	450	460	460	465	475	2,310
	Transportation:								
61	Deferral of tax on shipping companies	20	20	20	20	20	20	20	100
62	Exclusion of reimbursed employee parking expenses	2,225	2,330	2,450	2,575	2,710	2,855	3,005	13,595
63	Exclusion for employer-provided transit passes	180	205	235	265	295	330	360	1,485
	Community and regional development:								
64	Investment credit for rehabilitation of structures (other than historic)	25	25	25	25	25	25	30	130
65	Exclusion of interest for airport, dock, and similar bonds	1,045	1,050	1,060	1,075	1,085	1,095	1,105	5,420
66	Exemption of certain mutuals' and cooperatives' income	60	60	60	65	65	65	70	325
67	Empowerment zones and enterprise communities	325	445	500	470	325	300	265	1,860
68	Expensing of environmental remediation costs	150	200	235	80	–40	–50	–40	185
	Education, training, employment, and social services:								
	Education:								
69	Exclusion of scholarship and fellowship income (normal tax method)	1,190	1,220	1,235	1,240	1,255	1,265	1,280	6,275
70	HOPE tax credit	5,890	6,310	6,570	6,595	6,080	5,915	6,845	32,005
71	Lifetime Learning tax credit	2,780	3,045	3,100	3,160	5,645	5,675	5,935	23,515
72	Education Individual Retirement Accounts	0	10	25	40	60	80	105	310
73	Deductibility of student-loan interest	300	335	390	440	470	495	535	2,330
74	Deferral for State prepaid tuition plans	120	175	225	275	320	355	385	1,560
75	Exclusion of interest on student-loan bonds	355	360	365	365	365	370	370	1,835
76	Exclusion of interest on bonds for private nonprofit educational facilities	845	855	860	860	875	880	890	4,365
77	Credit for holders of zone academy bonds	5	15	30	50	75	90	100	345
78	Exclusion of interest on savings bonds redeemed to finance educational expenses	15	20	20	20	20	30	30	120
79	Parental personal exemption for students age 19 or over	1,010	1,070	1,125	1,165	1,225	1,280	1,310	6,105
80	Child credit [2]	25,915	26,100	25,975	25,290	24,205	23,385	22,475	121,330
81	Deductibility of charitable contributions (education)	3,435	3,685	3,850	4,040	4,250	4,395	4,610	21,145
82	Exclusion of employer-provided educational assistance	275	290	310	215	0	0	0	525
	Training, employment, and social services:								
83	Work opportunity tax credit	270	455	465	350	215	95	35	1,160
84	Welfare-to-work tax credit	35	60	80	80	60	25	10	255
85	Exclusion of employer provided child care	860	890	930	970	1,020	1,075	1,135	5,130
86	Adoption assistance	160	175	180	160	55	20	10	425
87	Exclusion of employee meals and lodging (other than military)	795	830	865	905	945	990	1,030	4,735
88	Credit for child and dependent care expenses	3,225	3,185	3,145	3,110	3,075	3,035	3,000	15,365
89	Credit for disabled access expenditures	65	65	75	75	75	80	80	385
90	Expensing of costs of removing certain architectural barriers to the handicapped	0	0	5	5	5	5	5	25
91	Deductibility of charitable contributions, other than education and health	25,750	26,955	28,115	29,380	30,790	32,200	33,755	154,240
92	Exclusion of certain foster care payments	45	50	50	55	55	60	60	280
93	Exclusion of parsonage allowances	395	420	450	480	515	550	585	2,580
	Health:								
94	Exclusion of employer contributions for medical insurance premiums and medical care	88,730	95,950	103,085	110,390	115,840	122,545	131,495	583,355
95	Self-employed medical insurance premiums	1,145	1,535	1,700	1,900	2,550	3,580	3,955	13,685
96	Workers' compensation insurance premiums	5,520	5,730	5,945	6,170	6,400	6,645	3,895	29,055
97	Medical Savings Accounts	30	40	45	45	45	40	35	210
98	Deductibility of medical expenses	3,695	3,910	4,160	4,440	4,720	5,005	5,305	23,630
99	Exclusion of interest on hospital construction bonds	1,735	1,755	1,770	1,790	1,815	1,830	1,850	9,055
100	Deductibility of charitable contributions (health)	3,640	3,910	4,095	4,300	4,525	4,665	4,900	22,485
101	Tax credit for orphan drug research	70	80	90	100	115	130	140	575
102	Special Blue Cross/Blue Shield deduction	325	420	270	180	240	325	420	1,435
	Income security:								
103	Exclusion of railroad retirement system benefits	395	405	410	415	420	430	430	2,105
104	Exclusion of workers' compensation benefits	5,185	5,330	5,785	6,040	6,310	6,575	6,865	31,575
105	Exclusion of public assistance benefits (normal tax method)	345	360	375	390	405	420	435	2,025
106	Exclusion of special benefits for disabled coal miners	75	75	70	70	65	60	55	320
107	Exclusion of military disability pensions	130	130	135	140	140	145	150	710
	Net exclusion of pension contributions and earnings:								
108	Employer plans	97,960	104,060	108,190	113,770	120,275	126,700	133,400	602,335
109	Individual Retirement Accounts	18,290	20,025	21,360	22,770	23,695	24,645	25,445	117,915
110	Keogh plans	6,630	7,040	7,475	7,930	8,415	8,925	9,465	42,210
	Exclusion of other employee benefits:								
111	Premiums on group term life insurance	2,240	2,290	2,340	2,395	2,445	2,520	2,590	12,290

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

(In millions of dollars)

		Outlay Equivalents							
		1999	2000	2001	2002	2003	2004	2005	2001–2005
112	Premiums on accident and disability insurance	235	250	260	275	290	305	315	1,445
113	Income of trusts to finance supplementary unemployment benefits	0	0	0	5	5	5	5	20
114	Special ESOP rules	1,565	1,630	1,670	1,730	1,800	1,885	1,975	9,060
115	Additional deduction for the blind	35	35	40	40	40	45	45	210
116	Additional deduction for the elderly	2,155	2,215	2,285	2,360	2,400	2,455	2,555	12,055
117	Tax credit for the elderly and disabled	45	45	45	45	45	45	45	225
118	Deductibility of casualty losses	280	290	300	315	325	340	355	1,635
119	Earned income tax credit [3]	5,360	5,220	5,320	5,540	5,785	6,045	6,380	29,070
	Social Security:								
	Exclusion of social security benefits:								
120	Social Security benefits for retired workers	17,135	18,010	18,885	19,995	21,230	22,505	16,515	99,130
121	Social Security benefits for disabled	2,390	2,595	2,830	3,090	3,375	3,700	3,150	16,145
122	Social Security benefits for dependents and survivors	3,775	3,900	4,050	4,210	4,385	4,555	3,625	20,825
	Veterans benefits and services:								
123	Exclusion of veterans death benefits and disability compensation	2,940	3,070	3,200	3,335	3,490	3,655	3,830	17,510
124	Exclusion of veterans pensions	65	70	75	80	85	85	90	415
125	Exclusion of GI bill benefits	75	85	90	90	95	100	105	480
126	Exclusion of interest on veterans housing bonds	60	60	60	60	60	60	60	300
	General purpose fiscal assistance:								
127	Exclusion of interest on public purpose bonds	32,600	32,925	33,250	33,590	33,920	34,255	34,600	169,615
128	Deductibility of nonbusiness State and local taxes other than on owner-occupied homes	37,740	40,240	42,390	44,735	47,610	50,530	53,480	238,745
129	Tax credit for corporations receiving income from doing business in U.S. possessions	3,590	3,700	3,815	3,715	3,640	3,715	3,785	18,670
	Interest:								
130	Deferral of interest on U.S. savings bonds	1,015	1,065	1,115	1,175	1,235	1,295	1,355	6,175
	Addendum: Aid to State and local governments:								
	Deductibility of:								
	Property taxes on owner-occupied homes	21,215	22,185	23,075	24,000	24,980	25,915	26,840	124,810
	Nonbusiness State and local taxes other than on owner-occupied homes	37,740	40,240	42,390	44,735	47,610	50,530	53,480	238,745
	Exclusion of interest on State and local bonds for:								
	Public purposes	32,600	32,925	33,250	33,590	33,920	34,255	34,600	169,615
	Energy facilities	165	165	165	170	170	170	170	845
	Water, sewage, and hazardous waste disposal facilities	660	660	670	680	685	685	705	3,425
	Small-issues	445	450	450	460	460	465	475	2,310
	Owner-occupied mortgage subsidies	1,300	1,310	1,320	1,330	1,345	1,365	1,370	6,730
	Rental housing	220	220	230	230	230	230	230	1,150
	Airports, docks, and similar facilities	1,045	1,050	1,060	1,075	1,085	1,095	1,105	5,420
	Student loans	355	360	365	365	365	370	370	1,835
	Private nonprofit educational facilities	845	855	860	860	875	880	890	4,365
	Hospital construction	1,735	1,755	1,770	1,790	1,815	1,830	1,850	9,055
	Veterans' housing	60	60	60	60	60	60	60	300
	Credit for holders of zone academy bonds	5	15	30	50	75	90	100	345

[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: 1999 $760; 2000 $800; 2001 $805; 2002 $810; 2003 $815; 2004 $825; and 2005 $830.

[2] The figures in the table indicate the effect of the child tax credit on receipts. The effect on outlays (in millions of dollars) is as follows: 1999 $445; 2000 $550; 2001 $520; 2002 $505; 2003 $460; 2004 $450; and 2005 $420.

[3] 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: 1999 $25,632; 2000 $25,676; 2001 $25,799; 2002 $26,876; 2003 $27,638; 2004 $28,701; and 2005 $29,722.

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. Provisions with estimates that rounded to zero in each year are not included in the table.

Tax Expenditure Baselines

A tax expenditure is a preferential exception to the baseline provisions of the tax structure. The 1974 Congressional Budget Act did not, however, specify the baseline provisions of the tax law. Deciding whether provisions are preferential exceptions, therefore, is a matter of judgment. 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 reported 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 patterned on a comprehensive income tax, but 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. Tax expenditures under the reference law baseline are generally tax expenditures under the normal tax baseline, but 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 only when it is 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).

Although 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.

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

[3] In the case 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.

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.

Beyond these examples, there are still more areas of difference where the Joint Committee on Taxation considers a somewhat broader set of tax expenditures under its normal tax baseline than under the reference baseline considered here.

Performance Measures and the Economic Effects of Tax Expenditures

The Government Performance and Results Act of 1993 (GPRA) directs Federal agencies to develop annual and strategic plans for their programs and activities. These plans set out performance objectives to be achieved over a specific time period. Most of these objectives will be achieved through direct expenditure programs. However, tax expenditures may also contribute to achieving these goals. The report of the Senate Governmental Affairs Committee on GPRA[4] calls on the Executive branch to undertake a series of analyses to assess the effect of specific tax expenditures on the achievement of agencies' performance objectives.

One finding of pilot studies on selected tax expenditures undertaken by Treasury's Office of Tax Analysis is that much of the data needed for thorough analysis are not currently available. Hence, assessment of data needs and availability from Federal statistical agencies, program-agency studies, or private-sector sources, should prove valuable to broader efforts to assess the effects of tax expenditures and to compare their effectiveness with other policy means of achieving important public objectives. This effort will complement information published by the Joint Committee on Taxation and the Senate Budget Committee on tax expenditures.[5]

Over the next few years, the Executive Branch's focus will be on the availability of the data needed to assess the effects of the tax expenditures designed to increase savings. As one part of this effort, Treasury's Office of Tax Analysis and its Statistics of Income Division (IRS) are developing the specifications for a new data sample which will follow the same individual income tax filers over an extended period of time. Such a sample is called a "panel" sample. Current economic analyses of the effect of Federal tax laws are generally based on data from "cross-section" samples, which capture the demographic and economic circumstances of individuals and the provisions of Federal tax law only at a single point in time. However, over time, the demographic and economic status of individuals changes in ways that can significantly change how they are affected by current (or proposed) Federal tax laws. In addition, some provisions of the tax law have effects over multiple years, and the effects of some tax provisions change over time due to phase-ins, phase-outs, and other factors. The new panel sample will capture the changing demographic and economic circumstances of individuals and the effects of changes in tax law over an extended period of time. Data from the panel sample will therefore permit more extensive, and better, analyses of many tax provisions than can be performed using only cross-section data. In particular, data from the panel sample will enhance our ability to analyze the effect of tax expenditures designed to increase savings. Other efforts to improve data available for the analysis of savings tax expenditures will be undertaken over the next several years by OMB, Treasury and other agencies.

Comparison of tax expenditure, spending, and regulatory policies. Tax expenditures by definition work through the tax system and, particularly, the income tax. Thus, they may be relatively advantageous policy approaches when the benefit or incentive is related to income and is intended to be widely available.[6] Because there is an existing public administrative and private compliance structure for the tax system, the incremental administrative and compliance costs for a tax expenditure may be low in some cases. In addition, some tax expenditures actually simplify the tax system (for example, the exclusion for up to $500,000 of capital gains on home sales). Tax expenditures also implicitly subsidize certain activities. Spending, regulatory or tax-disincentive policies, can also modify behavior, but may have different economic effects. Finally, a variety of tax expenditure tools can be used—e.g., deductions, credits, exemptions and deferrals; floors and ceilings; and phase-ins and phase-outs, dependent on income, expenses, or demographic characteristics (age, number of family members, etc.). This wide range means that tax expenditures can be flexible and can have very different economic effects.

Tax expenditures also have limitations. In many cases they add to the complexity of the tax system, which raises both administrative and compliance costs. For example, various holding periods and tax rates for capital gains can complicate filing and decisionmaking. The income tax system may have little or no contact with persons who have no or very low incomes, and does not inquire into certain characteristics of individ-

[4] Committee on Government Affairs, United States Senate, "Government Performance and Results Act of 1993" (Report 103–58, 1993).

[5] Joint Committee on Taxation, "Estimates of Federal Tax Expenditures for Fiscal Years 1999–1993," JCS–7–98, December 14, 1998; and Committee on the Budget, United States Senate, "Tax Expenditures: Compendium of Background Material on Individual Provisions," prepared by the Congressional Research Service (S. Prt. 104–69, December 1996).

[6] Although this section focuses upon tax expenditures under the income tax, tax preferences also arise under the unified transfer, payroll, and excise tax systems. Such preferences can be useful when they relate to the bases of those taxes, such as an excise tax exemption for certain types of consumption that are deemed meritorious.

uals used in some spending programs, such as wealth. These features may reduce the effectiveness of tax expenditures for addressing certain income-transfer objectives. Tax expenditures also generally do not enable the same degree of agency discretion as outlay programs. For example, grant or direct Federal service delivery programs can prioritize which activities are addressed with what amount of resources in a way that is difficult to emulate with tax expenditures. Finally, tax expenditures may not receive the same frequency or level of scrutiny afforded to other programs.

Outlay programs, in contrast, have advantages where direct government service provision is particularly warranted—such as equipping and providing the armed forces or administering the system of justice. Outlay programs may also be specifically designed to meet the needs of low-income families who would not otherwise be subject to income taxes or need to file a return. Outlay programs may also receive more year-to-year oversight and fine tuning through the legislative and executive budget process. In addition, the availability of many different types of spending programs—including direct government provision; credit programs; and payments to State and local governments, the private sector, or individuals in the form of grants or contracts—provides flexibility for policy design. On the other hand, certain outlay programs—such as direct government service provision—may rely less directly on economic incentives and private-market provision than tax incentives, which may reduce the relative efficiency of spending programs for some goals. Spending programs also require resources to be raised via taxes, user charges, or government borrowing. Finally, spending programs, particularly on the discretionary side, may respond less readily to changing activity levels and economic conditions than tax expenditures.

Regulations have more direct and immediate effects than outlay and tax-expenditure programs because regulations apply directly and immediately to the regulated party (i.e., the intended actor)—generally in the private sector. Regulations can also be fine-tuned more quickly than tax expenditures, because they can generally be changed by the executive branch without legislation. Like tax expenditures, regulations often rely largely upon voluntary compliance, rather than detailed inspections and policing. As such, the public administrative costs tend to be modest, relative to the private resource costs associated with modifying activities. Historically, regulations have tended to rely on proscriptive measures, as opposed to economic incentives. This reliance can diminish their economic efficiency, although this feature can also promote full compliance where (as in certain safety-related cases) policymakers believe that trade-offs with economic considerations are not of paramount importance. Also, regulations generally do not directly affect Federal outlays or receipts. Thus, like tax expenditures, they may escape the type of scrutiny that outlay programs receive. However, most regulations are subjected to a formal type of benefit-cost analysis that goes well beyond the analysis required for outlays and tax-expenditures. To some extent, the GPRA requirement for performance evaluation will address this lack of formal analysis.

Some policy objectives are achieved using multiple approaches. For example, minimum wage legislation, the earned income tax credit, and the food stamp program are regulatory, tax expenditure, and direct outlay programs, respectively, all having the objective of improving the economic welfare of low-wage workers.

Tax expenditures, like spending and regulatory programs, have a variety of objectives and effects. These include: encouraging certain types of activities (e.g., saving for retirement or investing in certain sectors); increasing certain types of after-tax income (e.g., favorable tax treatment of social security income); reducing private compliance costs and government administrative costs (e.g., the exclusion for up to $500,000 of capital gains on home sales); and promoting tax neutrality (e.g., accelerated depreciation in the presence of inflation). Some of these objectives are well suited to quantitative measurement, while others are less well suited. Also, many tax expenditures, including those cited above, may have more than one objective. For example, accelerated depreciation may encourage investment. In addition, the economic effects of particular provisions can extend beyond their intended objectives (e.g., a provision intended to promote an activity or raise certain incomes may have positive or negative effects on tax neutrality).

Performance measurement is generally concerned with inputs, outputs, and outcomes. In the case of tax expenditures, the principal input is usually the tax revenue loss. Outputs are quantitative or qualitative measures of goods and services, or changes in income and investment, directly produced by 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 certain investment activity, an increase in the amount of investment would likely be a key output. The resulting production from that investment, and, in turn, the associated improvements in national income, welfare, or security, could be the outcomes of interest. For other provisions, such as those designed to address a potential inequity or unintended consequence in the tax code, an important performance measure might be how they change effective tax rates (the discounted present value of taxes owed on new investments or incremental earnings) or excess burden (an economic measure of the distortions caused by taxes). Effects on the incomes of members of particular groups may be an important measure for certain provisions.

An overview of evaluation issues by budget function. The discussion below considers the types of measures that might be useful for some major programmatic groups of tax expenditures. The discussion is intended to be illustrative and not all encompassing. However, it is premised on the assumption that the data needed to perform the analysis are available or can be developed. In practice, data availability is likely to be a major challenge, and data constraints may limit the assessment of the effectiveness of many provisions. In addition, such assessments can raise significant challenges in economic modeling.

National defense.—Some tax expenditures are intended to assist governmental activities. For example, tax preferences for military benefits reflect, among other things, the view that benefits such as housing, subsistence, and moving expenses are intrinsic aspects of military service, and are provided, in part, for the benefit of the employer, the U.S. Government. Tax benefits for combat service are intended to reduce tax burdens on military personnel undertaking hazardous service for the Nation. A portion of the tax expenditure associated with foreign earnings is targeted to benefit U.S. Government civilian personnel working abroad by offsetting the living costs that can be higher than those in the United States. These tax expenditures should be considered together with direct agency budget costs in making programmatic decisions.

International affairs.—Tax expenditures are also aimed at promoting U.S. exports. These include the exclusion for income earned abroad by nongovernmental employees and preferences for income from exports and U.S.-controlled foreign corporations. Measuring the effectiveness of these provisions raises challenging issues. In addition to determining their effectiveness in markets of the benefitting firms, analysis should consider the extent to which macroeconomic factors lead to offsetting effects, such as increased imports, which could moderate any net effects on employment, national output, and trade deficits. Similar issues arise in the case of export promotion programs supported by outlays.

General science, space and technology; energy; natural resources and the environment; agriculture; and commerce and housing.—A series of tax expenditures reduces the cost of investment, both in specific activities—such as research and experimentation, extractive industries, and certain financial activities—and more generally, through accelerated depreciation for plant and equipment. These provisions can be evaluated along a number of dimensions. For example, it could be useful to consider the strength of the incentives by measuring their effects on the cost of capital (the interest rate which investments must yield to cover their costs) and effective tax rates. The impact of these provisions on the amounts of corresponding forms of investment—such as research spending, exploration activity, or equipment—might also be estimated. In some cases, such as research, there is evidence that the investment can provide significant positive externalities—that is, economic benefits that are not reflected in the market transactions between private parties. It could be useful to quantify these externalities and compare them with the degree of tax subsidy provided. Measures could also indicate the provisions' effects on production from these investments—such as numbers or values of patents, energy production and reserves, and industrial production. Issues to be considered include the extent to which the preferences increase production (as opposed to benefitting existing producers) and their cost-effectiveness relative to other policies. Analysis could also consider objectives that are more difficult to measure but still are ultimate goals, such as promoting the Nation's technological base, energy security, environmental quality, or economic growth. Such an assessment is likely to involve tax analysis as well as consideration of non-tax matters such as market structure, scientific, and other information (such as the effects of increased domestic fuel production on imports from various regions, or the effects of various energy sources on the environment).

Housing investment also benefits from tax expenditures, including the mortgage interest deduction and preferential treatment of capital gains on homes. Measures of the effectiveness of these provisions could include their effects on increasing the extent of home ownership and the quality of housing. In addition, the mortgage interest deduction offsets the taxable nature of investment income received by homeowners, so the relationship between the deduction and such earnings is also relevant to evaluation of this provision. Similarly, analysis of the extent of accumulated inflationary gains is likely to be relevant to evaluation of the capital gains preference for home sales. Deductibility of State and local property taxes assists with making housing more affordable as well as easing the cost of providing community services through these taxes. Provisions intended to promote investment in rental housing could be evaluated for their effects on making such housing more available and affordable. These provisions should then be compared with alternative programs that address housing supply and demand.

Transportation.—Employer-provided parking is a fringe benefit that, for the most part, is excluded from taxation. The tax expenditure revenue loss estimates reflect the cost of parking that is leased by employers for employees; an estimate is not currently available for the value of parking owned by employers and provided to their employees. The exclusion for employer-provided transit passes is intended to promote use of this mode of transportation, which has environmental and congestion benefits. The tax treatments of these different benefits could be compared with alternative transportation policies.

Community and regional development.—A series of tax expenditures is intended to promote community and regional development by reducing the costs of financing specialized infrastructure, such as airports, docks, and stadiums. Empowerment zone and enterprise community provisions are designed to promote activity in disadvantaged areas. These provisions can be compared with grants and other policies designed to spur economic development.

Education, training, employment, and social services.—Major provisions in this function are intended to promote post-secondary education, to offset costs of raising children, and to promote a variety of charitable activities. The education incentives can be compared with loans, grants, and other programs designed to promote higher education and training. The child credits are intended to adjust the tax system for the costs of raising children; as such, they could be compared to other Federal tax and spending policies, including related features of the tax system, such as personal exemptions (which are not defined as a tax expenditure). Evaluation of charitable activities requires consideration of the beneficiaries of these activities, who are generally not the parties receiving the tax reduction.

Health.—Individuals also benefit from favorable treatment of employer-provided health insurance. Measures of these benefits could include increased coverage and pooling of risks. The effects of insurance coverage on final outcome measures of actual health (e.g., infant mortality, days of work lost due to illness, or life expectancy) or intermediate outcomes (e.g., use of preventive health care or health care costs) could also be investigated.

Income security, social security, and veterans benefits and services.—Major tax expenditures in the income security function benefit 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 incomes, private savings, and national savings (which would include the effect on private savings as well as public savings or deficits). Interactions with other programs, including social security, also may merit analysis. As in the case of employer-provided health insurance, analysis of employer-provided pension programs requires imputing the benefits provided at the firm level to individuals.

Other provisions principally affect the incomes of members of certain groups, rather than affecting incentives. For example, tax-favored treatment of social security benefits, certain veterans benefits, and deductions for the blind and elderly provide increased incomes to eligible parties. The earned-income tax credit, in contrast, should be evaluated for its effects on labor force participation as well as the income it provides lower-income workers.

General purpose fiscal assistance and interest.—The tax-exemption for public purpose State and local bonds reduces the costs of borrowing for a variety of purposes (borrowing for non-public purposes is reflected under other budget functions). The deductibility of certain State and local taxes reflected under this function primarily relates to personal income taxes (property tax deductibility is reflected under the commerce and housing function). Tax preferences for Puerto Rico and other U.S. possessions are also included here. These provisions can be compared with other tax and spending policies as means of benefitting fiscal and economic conditions in the States, localities, and possessions. Finally, the tax deferral for interest on U.S. savings bonds benefits savers who invest in these instruments. The extent of these benefits and any effects on Federal borrowing costs could be evaluated.

The above illustrative discussion, although broad, is nevertheless incomplete, both for the provisions mentioned and the many that are not explicitly cited. Developing a framework that is sufficiently comprehensive, accurate, and flexible to reflect the objectives and effects of the wide range of tax expenditures will be a significant challenge. OMB, Treasury, and other agencies will work together, as appropriate, to address this challenge. As indicated above, over the next few years the Executive Branch's focus will be on the availability of the data needed to assess the effects of the tax expenditures designed to increase savings.

Descriptions of Income Tax Provisions

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

National Defense

1. ***Benefits and allowances to armed forces personnel.—***The housing and meals provided military personnel, either in cash or in kind, as well as certain amounts of pay related to combat service, are excluded from income subject to tax.

International Affairs

2. ***Income earned abroad.—***U.S. citizens who lived abroad, worked in the private sector, and satisfyied a foreign residency requirement in 1999 may exclude up to $74,000 in foreign earned income from U.S. taxes. The exclusion increases in 2000, 2001, and 2002 to $76,000, $78,000, and $80,000, respectively. In addition, if these taxpayers receive a specific allowance for foreign housing from their employers, they may also exclude the value of that allowance. If they do not receive a specific allowance for housing expenses, they may deduct against their U.S. taxes that portion of such expenses that exceeds one-sixth the salary of a civil servant at grade GS-14, step 1 ($63,567 in 1999). Beginning this year, the value of U.S. tax benefits provided to employees of the U.S. government who live and work overseas is not included under this heading. Those tax benefits now are included under their own heading, Exclusion of Certain Allowances for Federal Employees Abroad (#3).

3. ***Exclusion of Certain Allowances for Federal Employees Abroad.—***U.S. Federal civilian employees and Peace Corps members who work outside the continental United States are allowed to exclude from U.S. taxable income certain special allowances they receive to compensate them for the relatively high costs associated with living overseas. The allowances supplement wage income and cover expenses like rent, education, and the cost of travel to and from the United States.

4. ***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.

5. ***Sales 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. The sales source rules for inventory property allow U.S. exporters to use more foreign tax credits by allowing the exporters to attribute a larger portion of their earnings abroad than would be the case if the allocation of earnings was based on actual economic activity.

6. ***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 considered to be subject to U.S. taxation, whether or not distributed. Thus, the normal tax method considers the amount of controlled foreign corporation income not distributed to a U.S. shareholder as tax-deferred income.

7. ***Exceptions under subpart F for active financing income.***—Financial firms can defer taxes on income earned overseas in an active business. Taxes on income earned through December 31, 2001 can be deferred. The Tax Relief Extension Act of 1999 extended the expiration date from December 31, 1999 to December 31, 2001.

General Science, Space, and Technology

8. ***Expensing R&E expenditures.***—Research and experimentation (R&E) projects can be viewed as investments because, if successful, their benefits accrue for several years. It is often difficult, however, to identify whether a specific R&E project is successful and, if successful, what its expected life will be. Under the normal tax method, 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.

9. ***R&E credit.***—The research and experimentation (R&E) credit, which expired on June 30, 1999, was reinstated (retroactively) in the Tax Relief Extension Act of 1999 for five years (through June 30, 2004). The Act also increased the credit rates for the alternative credit by one percentage point and extended the research credit to include research conducted in Puerto Rico and the U.S. possessions. The tax credit is 20 percent of qualified research expenditures in excess of a base amount. The base amount is generally determined by multiplying a "fixed-base percentage" by the average amount of the company's gross receipts for the prior four years. The taxpayer's fixed base percentage generally is the ratio of its research expenses to gross receipts for 1984 through 1988. Taxpayers may also elect an alternative credit regime. Under the alternative credit regime the taxpayer is assigned a three-tiered fixed-base percentage that is lower than the fixed-base percentage that would otherwise apply, and the credit rate is reduced (the rates range from 2.65 percent to 3.75 percent). A 20-percent credit with a separate threshold is provided for a taxpayer's payments to universities for basic research.

Energy

10. ***Exploration and development costs.***—For successful investments in domestic oil and gas wells, intangible drilling costs (e.g., wages, the costs of using machinery for grading and drilling, 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 deduct only 70 percent of such costs and must 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.

11. ***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.

12. ***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. The credit is generally available if the price of oil stays below $29.50 (in 1979 dollars). The credit generally expires on December 31, 2002.

13. ***Oil and gas exception to passive loss limitation.***—Owners of working interests in oil and gas properties are exempt from the "passive income" limitations. As a result, 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.

14. ***Capital gains treatment of royalties on coal.***—Sales of certain coal under royalty contracts can be treated as capital gains rather than ordinary income.

15. ***Energy facility bonds.***—Interest earned on State and local bonds used to finance construction of certain energy facilities is tax-exempt. These bonds are generally subject to the State private-activity bond annual volume cap.

16. ***Enhanced oil recovery credit.***—A credit is provided equal to 15 percent of the taxpayer's costs for tertiary oil recovery on U.S. projects. 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.

17. ***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 on or before December 31, 2001. The Tax Relief Extension Act of 1999 extended the expiration date from June 30, 1999 to December 31, 2001 and expanded the credit to apply to electricity produced from poultry waste facilities (placed in service after December 31, 1999).

18. ***Alcohol fuel credits.***—An income tax credit is provided for ethanol that is derived from renewable sources and used as fuel. The credit equals 54 cents per gallon in 1998, 1999, and 2000; 53 cents per gallon in 2001 and 2002; 52 cents per gallon in 2003 and 2004; and 51 cents per gallon in 2005, 2006, and 2007. To the extent that ethanol is mixed with taxable motor fuel to create gasohol, taxpayers may claim an exemption of the Federal excise tax rather than the income tax credit. In addition, small ethanol producers are eligible for a separate 10 cents per gallon credit.

19. ***Credit and deduction for clean-fuel vehicles and property.***—A tax credit of 10 percent (not to exceed $4,000) is provided for purchasers of electric vehicles. Purchasers of other clean-fuel burning vehicles and owners of clean-fuel refueling property may deduct part of their expenditures. The credit and deduction are phased out from 2002 through 2005.

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

Natural Resources and Environment

21. **Exploration and development costs.**—Certain capital outlays associated with exploration and development of nonfuel minerals may be expensed rather than depreciated over the life of the asset.

22. ***Percentage depletion.***—Most nonfuel mineral extractors may use percentage depletion rather than cost depletion, with percentage depletion rates ranging from 22 percent for sulfur to 5 percent for sand and gravel.

23. ***Sewage, water, and hazardous waste bonds.***—Interest earned on State and local bonds used to finance the construction of sewage, water, or hazardous waste facilities is tax-exempt. These bonds are generally subject to the State private-activity bond annual volume cap.

24. ***Capital gains treatment of certain timber.***—Certain timber sold under a royalty contract can be treated as a capital gain rather than ordinary income.

25. ***Expensing multiperiod timber growing costs.***—Most of the production costs of growing timber may be expensed rather than capitalized and deducted when the timber is sold. In most other industries, these costs are capitalized under the uniform capitalization rules.

26. ***Credit and seven-year amortization for reforestation.***—A 10-percent investment tax credit is allowed for up to $10,000 invested annually to clear land and plant trees for the production of timber. Up to $10,000 in forestation investment may also be amortized over a seven-year period rather than capitalized and deducted when the trees are sold or harvested. The amount of forestation investment that may be amortized is not reduced by any of the allowable investment credit.

27. ***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

28. ***Expensing certain capital outlays.***—Farmers, except for certain agricultural corporations and partnerships, are allowed to expense 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.

29. ***Expensing multiperiod livestock and crop production costs.***—The production of livestock and crops with a production period of less than two years is exempt 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.

30. ***Loans forgiven solvent farmers.***—Farmers are forgiven the tax liability on certain forgiven debt. Normally, a debtor must include the amount of loan forgiveness as income 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. For insolvent (bankrupt) debtors, however, the amount of loan forgiveness reduces carryover losses, then unused credits, and then basis; any remainder of the forgiven debt is excluded from tax. Farmers with forgiven debt are considered insolvent for tax purposes, and thus qualify for income tax forgiveness.

31. ***Capital gains treatment of certain income.***— Certain agricultural income, such as unharvested crops, can be treated as capital gains rather than ordinary income.

32. ***Income averaging for farmers.***—Taxpayers can lower their tax liability by averaging, over the prior three-year period, their taxable income from farming.

33. ***Deferral of gain on sales of farm refiners.***— A taxpayer who sells stock in a farm refiner to a farmers' cooperative can defer recognition of gain if the taxpayer reinvests the proceeds in qualified replacement property.

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 be classified under the energy, natural resources and environment, agriculture, or transportation categories.

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

35. ***Bad debt reserves.***—Small (less than $500 million in assets) commercial banks, mutual savings banks, and savings and loan associations may deduct additions to bad debt reserves in excess of actually experienced losses.

36. ***Deferral of income on life insurance and annuity contracts.***—Favorable tax treatment is provided for investment income within qualified life insurance and annuity contracts. Investment income earned on qualified life insurance contracts held until death is permanently exempt from income tax. Investment income distributed prior to the death of the insured is tax-deferred, if not tax-exempt. Investment income earned on annuities is treated less favorably than income earned on life insurance contracts, but it benefits from tax deferral without annual contribution or income limits generally applicable to other tax-favored retirement income plans.

37. ***Small property and casualty insurance companies.***—Insurance companies that have annual net premium incomes of less than $350,000 are exempt from tax; those with $350,000 to $2.1 million of net premium incomes may elect to pay tax only on the income earned by their investment portfolio.

38. ***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 exempt from tax.

39. ***Small life insurance company deduction.***— Small life insurance companies (gross assets of less than $500 million) can deduct 60 percent of the first $3 million of otherwise taxable income. The deduction phases out for otherwise taxable income between $3 million and $15 million.

40. ***Mortgage housing bonds.***—Interest earned on State and local bonds used to finance homes purchased by first-time, low-to-moderate-income buyers is tax-exempt. The amount of State and local tax-exempt bonds that can be issued to finance such private activity is limited. The combined volume cap for mortgage housing bonds, rental housing bonds, student loan bonds, and industrial development bonds is $50 per capita ($150 million minimum) per State. The volume cap increases to $55 per capita ($165 million minimum) in 2003 and ratably annually thereafter until the cap reaches $75 per capita ($225 million minimum) in 2007. States may issue mortgage credit certificates (MCCs) in lieu of mortgage revenue bonds. MCCs entitle home buyers to income tax credits for a specified percentage of interest on qualified mortgages. The total amount of MCCs issued by a State cannot exceed 25 percent of its annual ceiling for mortgage-revenue bonds.

41. ***Rental housing bonds.***—Interest earned on State and local government bonds used to finance multifamily rental housing projects is tax-exempt. At least 20 percent (15 percent in targeted areas) of the units must be 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.

42. ***Interest on owner-occupied homes.***—Owner-occupants of homes may deduct mortgage interest 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.

43. ***Taxes on owner-occupied homes.***—Owner-occupants of homes may deduct property taxes on their primary and secondary residences even though they are not required to report the value of owner-occupied housing services as gross income.

44. ***Installment sales.***—Dealers in real and personal property (i.e., sellers who regularly hold property for sale or resale) cannot defer taxable income from installment sales until the receipt of the loan repayment. Nondealers (i.e., sellers of real property used in their business) are required to pay interest 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 pay-

ment of a market rate of interest eliminates the benefit of the tax deferral. The tax exemption for nondealers with total installment obligations of less than $5 million is, therefore, a tax expenditure.

45. ***Capital gains exclusion on home sales.***—A homeowner can exclude from tax up to $500,000 ($250,000 for singles) of the capital gains from the sale of a principal residence. The exclusion may not be used more than once every two years.

46. ***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 exempt from this rule.

47. ***Low-income housing credit.***—Taxpayers who invest in certain low-income housing are eligible for a tax credit. The credit rate is set so that the present value of the credit is equal to 70 percent for new construction and 30 percent for (1) housing receiving other Federal benefits (such as tax-exempt bond financing), or (2) substantially rehabilitated existing housing. The credit is allowed in equal amounts over 10 years. State agencies determine who receives the credit; States are limited in the amount of credit they may authorize annually to $1.25 per resident.

48. ***Accelerated depreciation of rental property.***—The tax depreciation allowance provisions are part of the reference law rules, and thus do not give rise to tax expenditures under the reference method. Under the normal tax method, however, a 40-year tax life for depreciable real property is the norm. Thus, a statutory depreciation period for rental property of 27.5 years is a tax expenditure. In addition, tax expenditures arise from pre-1987 tax allowances for rental property.

49. ***Cancellation of indebtedness.***—Individuals are not required to report the cancellation of certain indebtedness as current income. If the canceled debt is not reported as current income, however, the basis of the underlying property must be reduced by the amount canceled.

50. ***Imputed interest rules.***—Holders (issuers) of debt instruments are generally required to report interest earned (paid) in the period it accrues, not when paid. In addition, the amount of interest accrued is determined by the actual price paid, not by the stated principal and interest stipulated in the instrument. In general, any debt associated with the sale of property worth less than $250,000 is excepted from the general interest accounting rules. This general $250,000 exception is not a tax expenditure under reference law but is under normal law. Exceptions above $250,000 are a tax expenditure under reference law; these exceptions include the following: (1) sales of personal residences worth more than $250,000, and (2) sales of farms and small businesses worth between $250,000 and $1 million.

51. ***Capital gains (other than agriculture, timber, iron ore, and coal).***—Capital gains on assets held for more than 1 year are taxed at a lower rate than ordinary income. The lower rate on capital gains is considered a tax expenditure under the normal tax method but not under the reference law method.

For assets held for more than 1 year, the top tax rate is 20 percent (10 percent for taxpayers who would otherwise pay capital gains tax at the 15-percent rate).

In addition, for assets acquired after December 31, 2000, the maximum capital gains tax rates for assets held more than 5 years are 8 percent and 18 percent (rather than 10 percent and 20 percent). On January 1, 2001, taxpayers may mark-to-market existing assets to start the 5-year holding period.

52. ***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.

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

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

55. ***Ordinary income treatment of losses from sale of small business corporate stock shares.***—Up to $100,000 in losses from the sale of small business corporate stock (capitalization less than $1 million) may be treated as ordinary losses. Such losses would, thus, not be subject to the $3,000 annual capital loss write-off limit.

56. ***Accelerated depreciation of non-rental-housing buildings.***—The tax depreciation allowance provisions are part of the reference law rules, and thus do not give rise to tax expenditures under reference law. Under normal law, however, a 40-year life for non-rental-housing buildings is the norm. Thus, the 39-year depreciation period for property placed in service after February 25, 1993, the 31.5-year depreciation period for property placed in service from 1987 to February 25, 1993, and the pre-1987 depreciation periods create a tax expenditure.

57. ***Accelerated depreciation of machinery and equipment.***—The tax depreciation allowance provisions are part of the reference law rules, and thus do not give rise to tax expenditures under reference law. Statutory depreciation of machinery and equipment, however, is accelerated somewhat relative to the normal tax baseline, creating a tax expenditure.

58. ***Expensing of certain small investments.***—In 1999, qualifying investments in tangible property up to $19,000 can be expensed rather than depreciated

over time. (The expensing limit increases annually until 2003, when it reaches $25,000). To the extent that qualifying investment during the year exceeds $200,000, the amount eligible for expensing is decreased. In 1999, the amount expensed is completely phased out when qualifying investments exceed $219,000.

59. ***Business start-up costs.***—When taxpayers enter into a new business, certain start-up expenses, such as the cost of legal services, are normally incurred. Taxpayers may elect to amortize these outlays over 60 months even though they are similar to other payments made for nondepreciable intangible assets that are not recoverable until the business is sold. The normal tax method treats this amortization as a tax expenditure; the reference tax method does not.

60. ***Graduated corporation income tax rate schedule.***—The corporate income tax schedule is graduated, with rates of 15 percent on the first $50,000 of taxable income, 25 percent on the next $25,000, and 34 percent on the next $9.925 million. Compared with a flat 34-percent rate, the lower rates provide an $11,750 reduction in tax liability for corporations with taxable income of $10 million. This benefit is recaptured for corporations with taxable incomes exceeding $100,000 by a 5-percent additional tax on corporate incomes in excess of $100,000, but less than $335,000.

The corporate tax rate is 35 percent on income over $10 million. Compared with a flat 35-percent tax rate, the 34-percent rate provides a $100,000 reduction in tax liability for corporations with taxable incomes of $10 million. This benefit is recaptured for corporations with taxable incomes exceeding $15 million by a 3-percent additional tax on income over $15 million but less than $18.33 million. Because the corporate rate schedule is part of reference tax law, it is not considered 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 is considered a tax expenditure under this concept.

61. ***Small issue industrial development bonds.***—Interest earned on small issue industrial development bonds (IDBs) issued by State and local governments to finance manufacturing facilities is tax-exempt. Depreciable property financed with small issue IDBs must be depreciated, however, using the straight-line method. The annual volume of small issue IDBs is subject to the unified volume cap discussed in the mortgage housing bond section above.

Transportation

62. ***Deferral of tax on U.S. shipping companies.***—Certain companies that operate U.S. flag vessels can defer 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 investments. Once indefinite, the deferral has been limited to 25 years since January 1, 1987.

63. ***Exclusion of employee parking expenses.***—Employee parking expenses that are paid for by the employer or that are received in lieu of wages are excludable from the income of the employee. In 1999, the maximum amount of the parking exclusion was $175 (indexed, except in 1999) per month. The tax expenditure estimate does not include parking at facilities owned by the employer.

64. ***Exclusion of employee transit pass expenses.***—Transit passes, tokens, fare cards, and vanpool expenses paid for by an employer or provided in lieu of wages to defray an employee's commuting costs are excludable from the employee's income. In 1999, the maximum amount of the exclusion wasis $65 (indexed, except in 1999) per month.

Community and Regional Development

65. ***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. The taxpayer's recoverable basis must be reduced by the amount of the credit.

66. ***Airport, dock, and similar facility bonds.***—Interest earned on State and local bonds issued to finance high-speed rail facilities and government-owned airports, docks, wharves, and sport and convention facilities is tax-exempt. These bonds are not subject to a volume cap.

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

68. ***Empowerment zones and enterprise communities.***—Qualifying businesses in designated economically depressed areas can receive tax benefits such as an employer wage credit, increased expensing of investment in equipment, special tax-exempt financing, and accelerated depreciation. A tax credit for contributions to certain community development corporations can also be available. In addition, certain first-time buyers of a principal residence in the District of Columbia can receive a tax credit on homes purchased on or before December 31, 2001, and investors in certain D.C. property can receive a capital gains break.

69. ***Expensing of environmental remediation costs.***—Taxpayers who clean up hazardous substances at a qualified site may expense the clean-up costs, rather than capitalize the costs, even though the expenses will generally increase the value of the property significantly or appreciably prolong the life of the property. The expensing only applies to clean-up costs incurred on or before December 31, 2001. Tax Relief Extension Act of 1999 extended the expiration date from December 31, 2000 to December 31, 2001.

Education, Training, Employment, and Social Services

70. ***Scholarship and fellowship income.***—Scholarships and fellowships are excluded from taxable income to the extent they pay for tuition and course-related expenses of the grantee. Similarly, tuition reductions for employees of educational institutions and their families are not included in taxable income. 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, this exclusion is not a tax expenditure because this method does not include either gifts or price reductions in a taxpayer's gross income. The exclusion, however, is considered a tax expenditure under the normal tax method, which includes gift-like transfers of government funds in gross income (many scholarships are derived directly or indirectly from government funding).

71. ***HOPE tax credit.***—The non-refundable HOPE tax credit allows a credit for 100 percent of an eligible student's first $1,000 of tuition and fees and 50 percent of the next $1,000 of tuition and fees. The credit only covers tuition and fees paid during the first two years of a student's post-secondary education. The credit is phased out ratably for taxpayers with modified AGI between $80,000 and $100,000 ($40,000 and $50,000 for singles).

72. ***Lifetime Learning tax credit.***—The non-refundable Lifetime Learning tax credit allows a credit for 20 percent of an eligible student's tuition and fees. For tuition and fees paid before January 1, 2003, the maximum credit per return is $1,000. For tuition and fees paid after December 31, 2002, the maximum credit per return is $2,000. The credit is phased out ratably for taxpayers with modified AGI between $80,000 and $100,000 ($40,000 and $50,000 for singles). The credit applies to both undergraduate and graduate students.

73. ***Education Individual Retirement Accounts.***—Contributions to an education IRA are not tax-deductible. Investment income earned by education IRAs is not taxed when earned, and investment income from an education IRA is tax-exempt when withdrawn to pay for a student's tuition and fees. The maximum contribution to an education IRA is $500 per year per beneficiary. The maximum contribution is phased down ratably for taxpayers with modified AGI between $150,000 and $160,000 ($95,000 and $110,000 for singles). Contributions may not be made to an education IRA in any year in which a contribution has been made to a State tuition plan for the same beneficiary.

74. ***Student-loan interest.***—Taxpayers may claim an above-the-line deduction of up to $2,500 ($1,000 in 1998, $1,500 in 1999, and $2,000 in 2000) on interest paid on an education loan. Interest may only be deducted for the first five years in which interest payments are required. The maximum deduction is phased down ratably for taxpayers with modified AGI between $60,000 and $75,000 ($40,000 and $55,000 for singles).

75. ***State prepaid tuition plans.***—Some States have adopted prepaid tuition plans and prepaid room and board plans, which allow persons to pay in advance for college expenses for designated beneficiaries. Taxes on the earnings from these plans are paid by the beneficiaries and are deferred until the tuition is actually paid.

76. ***Student-loan bonds.***—Interest earned on State and local bonds issued to finance student loans is tax-exempt. The volume of all such private activity bonds that each State may issue annually is limited.

77. ***Bonds for private nonprofit educational institutions.***—Interest earned on State and local government bonds issued to finance the construction of facilities used by private nonprofit educational institutions is not taxed. The aggregate volume of all such private activity bonds that each State may issue during any calendar year is limited.

78. ***Credit for holders of zone academy bonds.***—Financial institutions that own zone academy bonds receive a non-refundable tax credit (set by the Treasury Department) rather than interest. The credit is included in gross income. Proceeds from zone academy bonds may only be used to improve impoverished schools. The total amount of zone academy bonds that may be issued is limited to $1.6 billion—$400 million in each year between 1998 and 2001. The Tax Relief Extension Act of 1999 allowed bonds to be issued in 2000 and 2001.

79. ***U.S. savings bonds for education.***—Interest earned on U.S. savings bonds issued after December 31, 1989 is tax-exempt if the bonds are transferred to an educational institution to pay for educational expenses. The tax exemption is phased out for taxpayers with AGI between $79,650 and $109,650 ($53,100 and $68,100 for singles) in 1999.

80. ***Dependent students age 19 or older.***—Taxpayers may claim personal exemptions for dependent children age 19 or over who (1) receive parental support payments of $1,000 or more per year, (2) are full-time students, and (3) do not claim a personal exemption on their own tax returns.

81. ***Child credit.***—Taxpayers with children under age 17 can qualify for a $500 child credit. The credit is phased out for taxpayers at the rate of $50 per $1,000 of modified AGI above $110,000 ($75,000 for singles). The child credit is refundable for taxpayers with three or more children.

82. ***Charitable contributions to educational institutions.***—Taxpayers may deduct contributions to nonprofit educational institutions. Taxpayers who donate capital assets to educational institutions can deduct the assets' current value without being taxed on any appreciation in value. An individual's total charitable contribution generally may not exceed 50 percent of adjusted gross income; a corporation's total charitable contributions generally may not exceed 10 percent of pre-tax income.

83. ***Employer-provided educational assistance.***—Employer-provided educational assistance is excluded

from an employee's gross income even though the employer's costs for this assistance are a deductible business expense. This exclusion applies only to non-graduate courses beginning on or before December 31, 2001. The Tax Relief Extension Act of 1999 extended the expiration date from May 31, 2000 to December 31, 2001.

84. ***Work opportunity tax credit.***—Employers can claim a tax credit for qualified wages paid to individuals who begin work on or before December 31, 2000 and who are certified as members of various targeted groups. The Tax Relief Extension Act of 1999 extended the expiration date from June 30, 1999 to December 31, 2000. The amount of the credit that can be claimed is 25 percent for employment of less than 400 hours and 40 percent for employment of 400 hours or more. The maximum credit per employee is $2,400 and can only be claimed on the first year of wages an individual earns from an employer. Employers must reduce their deduction for wages paid by the amount of the credit claimed.

85. ***Welfare-to-work tax credit.***—An employer is eligible for a tax credit on the first $20,000 of eligible wages paid to qualified long-term family assistance recipients during the first two years of employment. The credit is 35 percent of the first $10,000 of wages in the first year of employment and 50 percent of the first $10,000 of wages in the second year of employment. The maximum credit is $8,500 per employee. The credit applies to wages paid to employees who are hired on or before December 31, 2001. The Tax Relief Extension Act of 1999 extended the expiration date from June 30, 1999 to December 31, 2001.

86. ***Employer-provided child care.***—Employer-provided child care is excluded from an employee's gross income even though the employer's costs for the child care are a deductible business expense.

87. ***Adoption credit and exclusion.***—Taxpayers can receive a nonrefundable tax credit for qualified adoption expenses. The maximum credit is $5,000 per child ($6,000 for special needs adoptions, except foreign adoptions). The credit is phased-out ratably for taxpayers with modified AGI between $75,000 and $115,000. Unused credits may be carried forward. In lieu of the tax credit, taxpayers may exclude qualified adoption expenses from income, subject to the same maximum amounts and phase-out as the credit. The non-special needs adoption assistance and foreign special needs assistance expire on December 31, 2001.

88. ***Employer-provided meals and lodging.***—Employer-provided meals and lodging are excluded from an employee's gross income even though the employer's costs for these items are a deductible business expense.

89. ***Child and dependent care expenses.***—Married couples with child and dependent care expenses may claim a tax credit 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.

90. ***Disabled access expenditure credit.***—Small businesses (less than $1 million in gross receipts or fewer than 31 full-time employees) can claim a 50-percent credit for expenditures in excess of $250 to remove access barriers for disabled persons. The credit is limited to $5,000.

91. ***Expensing costs of removing architectural barriers.***—Taxpayers can expense (up to $15,000 annually) the cost of removing architectural barriers to the handicapped rather than depreciate the cost over the useful life of the asset.

92. ***Charitable contributions, other than education and health.***—Taxpayers may deduct contributions to charitable, religious, and certain other nonprofit organizations. Taxpayers who donate capital assets to charitable organizations can deduct the assets' current value without being taxed on any appreciation in value. An individual's total charitable contribution generally may not exceed 50 percent of adjusted gross income; a corporation's total charitable contributions generally may not exceed 10 percent of pre-tax income.

93. ***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 excluded from the gross incomes of foster parents; the expenses they incur are nondeductible.

94. ***Parsonage allowances.***—The value of a minister's housing allowance and the rental value of parsonages are not included in a minister's taxable income.

Health

95. ***Employer-paid medical insurance and expenses.***—Employer-paid health insurance premiums and other medical expenses (including long-term care) are deducted as a business expense by employers, but they are not included in employee gross income. The self-employed also may deduct part of their family health insurance premiums.

96. ***Self-employed medical insurance premiums.***—Self-employed taxpayers may deduct a percentage of their family health insurance premiums. Taxpayers without self-employment income are not eligible for the special percentage deduction. The deductible percentage is 60 percent in 1999 through 2001, 70 percent in 2002, and 100 percent in 2003 and thereafter.

97. ***Workers compensation insurance premiums.***—Workers compensation insurance premiums are paid by employers and deducted as a business expense, but the premiums are not included in employee gross income.

98. ***Medical savings accounts.***—Some employees may deduct annual contributions to a medical savings

account (MSA); employer contributions to MSAs (except those made through cafeteria plans) for qualified employees are also excluded from income. An employee may contribute to an MSA in a given year only if the employer does not contribute to the MSA in that year. MSAs are only available to self-employed individuals or employees covered under an employer-sponsored high deductible health plan of a small employer. The maximum annual MSA contribution is 75 percent of the deductible under the high deductible plan for family coverage (65 percent for individual coverage). Earnings from MSAs are excluded from taxable income. Distributions from an MSA for medical expenses are not taxable. The number of taxpayers who may benefit annually from MSAs is generally limited to 750,000. No new MSAs may be established after December 31, 2000.

99. ***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.

100. ***Hospital construction bonds.***—Interest earned on State and local government debt issued to finance hospital construction is excluded from income subject to tax.

101. ***Charitable contributions to health institutions.***—Individuals and corporations may deduct contributions to nonprofit health institutions. Tax expenditures resulting from the deductibility of contributions to other charitable institutions are listed under the education, training, employment, and social services function.

102. ***Orphan drugs.***—Drug firms can claim a tax credit of 50 percent of the costs for clinical testing required by the Food and Drug Administration for drugs that treat rare physical conditions or rare diseases.

103. ***Blue Cross and Blue Shield.***—Blue Cross and Blue Shield health insurance providers in existence on August 16, 1986 and certain other nonprofit health insurers are provided exceptions from otherwise applicable insurance company income tax accounting rules that substantially reduce (or even eliminate) their tax liabilities.

Income Security

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

105. ***Workers' compensation benefits.***—Workers compensation provides payments to disabled workers. These benefits, although income to the recipients, are not subject to the income tax.

106. ***Public assistance benefits.***—Public assistance benefits are excluded from tax. The normal tax method considers cash transfers from the government as taxable and, thus, treats the exclusion for public assistance benefits as a tax expenditure.

107. ***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.

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

109. ***Employer-provided pension contributions and earnings.***—Certain employer contributions to pension plans are excluded from an employee's gross income even though the employer can deduct the contributions. In addition, the tax on the investment income earned by the pension plans is deferred until the money is withdrawn.

110. ***401(k) plans and Individual Retirement Accounts.***—Individual taxpayers can take advantage of several different tax-preferenced retirement plans: deductible IRAs, non-deductible IRAs, Roth IRAs, and 401(k) plans (and 401(k)-type plans like 403(b) plans and the government's Thrift Savings Plan).

In 1999, an employee could exclude up to $10,000 (indexed) of wages from AGI under a qualified arrangement with an employer's 401(k). Employees can annually contribute to a deductible IRA up to $2,000 (or 100 percent of compensation, if less) or $4,000 on a joint return with only one working spouse if: (a) neither the individual nor spouse is an active participant in an employer-provided retirement plan, or (b) their AGI is below $40,000 ($25,000 for singles). The IRA deduction is phased out for taxpayers with AGI between $50,000 and $60,000 ($30,000 and $40,000 for singles). The phase-out range increases annually until it reaches $80,000 to $100,000 in 2007 ($50,000 to $60,000 for singles). Taxpayers whose AGI is above the start of the IRA phase-out range or who are active participants in an employer-provided retirement plan can contribute to a non-deductible IRA. The tax on the investment income earned by 401(k) plans, non-deductible IRAs, and deductible IRAs is deferred until the money is withdrawn.

An employed taxpayer can make a non-deductible contribution of up to $2,000 (a non-employed spouse can also contribute up to $2,000 if a joint return is filed) to a Roth IRA. Investment income of a Roth IRA is not taxed when earned. Withdrawals from a Roth IRA are tax free if (1) the Roth IRA was opened at least 5 years before the withdrawal, and (2) the taxpayer either (a) is at least 59-1/2, (b) dies, (c) is disabled, or (d) purchases a first-time house. The maximum contribution to a Roth IRA is phased out for taxpayers with AGI between $150,000 and $160,000 ($95,000 and $110,000 for singles). Total annual contributions to a taxpayer's deductible, non-deductible, and Roth IRAs cannot exceed $2,000 ($4,000 for joints).

111. ***Keogh plans.***—Self-employed individuals 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. In addition, the tax on the investment income earned by Keogh plans is deferred until the money is withdrawn.

112. ***Employer-provided life insurance benefits.***—Employer-provided life insurance benefits are excluded from an employee's gross income even though the employer's costs for the insurance are a deductible business expense.

113. ***Employer-provided accident and disability benefits.***—Employer-provided accident and disability benefits are excluded from an employee's gross income even though the employer's costs for the benefits are a deductible business expense.

114. ***Employer-provided supplementary unemployment benefits.***—Employer-provided supplementary unemployment benefits are excluded from an employee's gross income even though the employer's costs for the benefits are a deductible business expense.

115. ***Employer Stock Ownership Plan (ESOP) provisions.***—ESOPs are a special type of tax-exempt employee benefit plan. 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; (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) employees who sell appreciated company stock to the ESOP may defer any taxes due until they withdraw benefits; and (4) dividends paid to ESOP-held stock are deductible by the employer.

116. ***Additional deduction for the blind.***—Taxpayers who are blind may take an additional $1,000 standard deduction if single, or $800 if married.

117. ***Additional deduction for the elderly.***—Taxpayers who are 65 years or older may take an additional $1,000 standard deduction if single, or $800 if married.

118. ***Tax credit for the elderly and disabled.***—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. Income is limited to no more than $5,000 for single individuals or married couples filing a joint return where only one spouse is 65 years of age or older, and up to $7,500 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.

119. ***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. Taxpayers, however, may deduct uninsured casualty and theft losses of more than $100 each, but only to the extent that total losses during the year exceed 10 percent of AGI.

120. ***Earned income tax credit (EITC).***—The EITC may be claimed by low income workers. For a family with one qualifying child, the credit is 34 percent of the first $6,800 of earned income in 1999. The credit is 40 percent of the first $9,540 of income for a family with two or more qualifying children. When the taxpayer's income exceeds $12,460, 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 $26,928 of modified adjusted gross income ($30,580 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 1999, the credit is 7.65 percent of the first $4,530 of earned income. When the taxpayer's income exceeds $5,670, the credit is phased out at the rate of 7.65 percent. It is completely phased out at $10,200 of modified 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 owed through the individual income tax system are refundable to individuals. This portion of the credit is shown as an outlay, while the amount that offsets tax liabilities is shown as a tax expenditure.

Social Security

121. ***Social Security 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.

122. ***Social Security benefits for the disabled.***—Benefit payments from the Social Security Trust Fund, for disability and for dependents and survivors, are excluded from the beneficiaries' gross incomes.

123. ***Social Security benefits for dependents and survivors.***—Benefit payments from the Social Security

Trust Fund for dependents and survivors are excluded from the beneficiaries' gross income.

Veterans Benefits and Services

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

125. ***Veterans pension payments.***—Pension payments made by the Veterans Administration are excluded from gross income.

126. ***G.I. Bill benefits.***—G.I. Bill benefits paid by the Veterans Administration are excluded from gross income.

127. ***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

128. ***Public purpose State and local bonds.***—Interest earned on State and local government bonds issued to finance public purpose construction (e.g., schools, roads, sewers) is tax-exempt.

129. ***Deductibility of certain nonbusiness State and local taxes.***—Taxpayers may deduct State and local income taxes and property taxes even though these taxes primarily pay for services that, if purchased directly by taxpayers, would not be deductible.

130. ***Business income earned in U.S. possessions.***—U.S. corporations receiving income from investments or businesses located in a U.S. possession (e.g., Puerto Rico) can claim a credit against U.S. tax, which effectively excludes some of this income from tax. The credit expires December 31, 2005.

Interest

131. ***U.S. savings bonds.***—Taxpayers may defer paying tax on interest earned on U.S. savings bonds until the bonds are redeemed.

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 (indexed) 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 lifetime credit is provided against the tax in determining the final amount of transfer taxes that are due and payable. For decedents dying in 1999, this credit allows each taxpayer to make a $650,000 tax-free transfer of assets that otherwise would be liable to the unified transfer tax. This figure is scheduled to increase in steps to $1 million in 2005.[7]
- *Time when tax is due and payable.* Donors are required to pay the tax annually as gifts are made. The generation-skipping transfer tax is payable by the donees whenever they accede to the gift. The net estate tax liability is due and payable within nine months after the decedent's death. The Internal Revenue Service may grant an extension of up to 10 years for a reasonable cause. Interest is charged on the unpaid tax liability at a rate equal to the cost of Federal short-term borrowing, plus three percentage points.

Tax Expenditures by Function

The estimates of tax expenditures in the Federal unified transfer tax for fiscal years 1999–2005 are dis-

[7] 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 lease 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.

played by functional category in Table 5–6. 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

1. ***Donations of conservation easements.***—Bequests of property and easements (in perpetuity) for conservation purposes can be excluded from taxable estates. Use of the property and easements must be restricted to at least one of the following purposes: outdoor recreation or scenic enjoyment for the general public; protection of the natural habitats of fish, wildlife, plants, etc.; and preservation of historic land areas and structures. Conservation gifts are similarly excluded from the gift tax. Up to 40 percent of the value of land subject to certain conservation easements may be excluded from taxable estates; the maximum amount of the exclusion is $200,000 in 1999 and increases by $100,000 in each year through 2002.

Agriculture

2. ***Special-use valuation of farms.***—Up to $750,000 (indexed) in farmland owned and operated by a decedent and/or a member of the family may be valued for estate tax purposes on the basis of its “continued use” as farmland if: (1) the value of the farmland is at least 25 percent of the gross estate; (2) the entire value of all farm property is at least 50 percent of the gross estate; and (3) family heirs to the farm agree to continue to operate the property as a farm for at least 10 years.

3. ***Tax deferral of closely held farms.***—The tax on a decedent’s farm can be deferred for up to 14 years if the value of the farm is at least 35 percent of the net estate. For the first 4 years of deferral, no tax need be paid. During the last 10 years of deferral, the tax liability must be paid in equal annual installments. Throughout the 14 year period, interest is charged at a special, favorable rate.

Commerce and Housing

4. ***Special-use valuation of closely-held businesses.***—The special-use valuation rule available for family farms is also available for nonfarm family businesses. To be eligible for the special-use valuation, the same three conditions previously described must be met.

5. ***Tax deferral of closely-held businesses.***—The tax-deferral rule available for family farms is also available for nonfarm family businesses. To be eligible for the tax deferral, the value of stock in closely-held corporations must exceed 35 percent of the decedent’s gross estate, less debt and funeral expenses.

6. ***Exclusion for family-owned businesses.***—Certain family-owned businesses that are bequeathed to qualified heirs can be excluded from taxable estates. The exclusion generally cannot exceed $1.3 million less the exemption value of the unified credit. The exclusion is recaptured if certain conditions are not maintained for 10 years.

Education, Training, Employment, and Social Services

7. ***Charitable contributions to educational institutions.***—Bequests to educational institutions can be deducted from taxable estates.

8. ***Charitable contributions, other than education and health.***—Bequests to charitable, religious, and certain other nonprofit organizations can be deducted from taxable estates.

Health

9. ***Charitable contributions to health institutions.***—Bequests to health institutions can be deducted from taxable estates.

General Government

10. ***State and local death taxes.***—A credit against the Federal estate tax is allowed for State taxes on bequests. The amount of this credit is determined by a rate schedule that reaches a maximum of 16 percent of the taxable estate in excess of $60,000.

Table 5–6. REVENUE LOSS ESTIMATES FOR TAX EXPENDITURES IN THE FEDERAL UNIFIED TRANSFER TAX

(In millions of dollars)

	Description	1999	2000	2001	2002	2003	2004	2005	2001–2005
	Natural Resources and Environment:								
1	Donations of conservation easements	10	25	40	55	75	95	105	370
	Agriculture:								
2	Special use valuation of farm real property	95	100	105	110	115	125	120	575
3	Tax deferral of closely held farms	5	15	20	20	20	25	30	115
	Commerce:								
4	Special use valuation of real property used in closely held businesses	10	10	10	10	15	15	15	65
5	Tax deferral of closely held business	35	100	110	110	120	130	180	650
6	Exclusion for family owned businesses	505	520	535	550	495	440	395	2,415
	Education, training, employment, and social services:								
7	Deduction for charitable contributions (education)	682	760	830	855	910	930	1,020	4,545
8	Deduction for charitable contributions (other than education and health)	2,015	2,240	2,450	2,525	2,680	2,750	3,015	13,420
	Health:								
9	Deduction for charitable contributions (health)	615	685	750	775	820	840	925	4,110
	General government:								
10	Credit for State death taxes	5,825	6,070	6,345	6,640	6,945	7,265	7,595	34,790

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 capital assets used to provide Federal services, and efforts to improve planning and budgeting for these assets. An Appendix to Part II presents the "Principles of Budgeting for Capital Asset Acquisitions," which are being used to guide the analysis of Administration requests for spending for capital assets;
- a presentation of trends in the stock of federally financed physical capital, research and development, and education;
- alternative capital budget and capital expenditure presentations; and
- projections of Federal physical capital outlays and recent assessments of public civilian capital needs, as required by the Federal Capital Investment Program Information Act of 1984.

The President's Commission to Study Capital Budgeting

The President established the Commission to Study Capital Budgeting in 1997 with a charge to prepare a wide-ranging report on different aspects of capital budgeting including practices outside the Federal Government, the definition of capital, the role of depreciation, and the effect of a capital budget on budgeting choices, macroeconomic stabilization, and budgetary discipline. The Commission issued its report in February 1999. The Commission proposed a series of recommendations to improve each part of the budget process: setting priorities, making current budget decisions, reporting on these decisions, and subsequently evaluating them.

The Commission's broadest and most fundamental conclusion was that insufficient attention is paid to the long-run consequences of all budget decisions. The report included two recommendations to facilitate the setting of priorities among all programs, not just those involving capital expenditures. The first recommended integration of the planning under the Government Performance and Results Act (GPRA) with budgeting in the form of annually revised five-year plans, and greater emphasis by decision-makers in the Executive Branch and Congress on the longer-run implications of current year decisions. The second recommended an ongoing effort within the Federal government to analyze the benefits and costs of all major government programs as a guide to future policies. The report also recommended evaluating the benefits and costs of major investment projects undertaken in the past.

In the instructions for the FY 2001 budget, the Administration encouraged agencies to integrate their annual performance plan and budget justification. Although time for this undertaking was short, several agencies submitted integrated documents or more information on the budgetary resources to be applied to specific performance objectives. The same instructions provided guidance for the first annual performance reports due to Congress this March. They are to include, not only comparisons of actual performance with the projected levels that had been set forth in agency performance plans and analysis of those comparisons, but also summaries of all program evaluations, cost-benefit studies, and other policy, program, and management analyses. As noted in Section V of the Budget, the Admini-

(Continued on next page)

The President's Commission to Study Capital Budgeting—Continued

stration's Priority Management Objective #1 includes implementing greater integration of planning with budgeting, informing both with performance measures, and working to align cost with programs to better track what taxpayers are getting for their dollars. These steps will provide needed improvements to essential information and infrastructure to support attention to program performance and the long-range consequences of budget decisions in future years.

The Commission did not endorse a single definition of capital, but said distinctions among different types of capital spending were warranted for different purposes. It did not recommend changing the budget to make the size of the deficit or surplus depend on the amount of expenditures defined as capital, to finance capital spending by borrowing, or to make a single decision about how much to spend for "capital" under some definition. The Commission found that the current system has biases toward both too much and too little capital spending, but did not believe anyone could say authoritatively which effect was stronger. It recommended up-front full funding for capital projects, or usable segments thereof, and strict adherence to existing rules that govern the scoring of leases. The Administration plans to continue these policies.

However, the Commission concluded that capital spending is inefficiently allocated among projects, and that the current process shortchanges the maintenance of existing assets. To promote better planning and budgeting of capital expenditures for federally owned facilities, the Commission recommended that the Executive Branch and the Congress experiment with capital acquisition funds (CAFs) that would help smooth lumpiness in appropriations by aggregating capital requests for the agency, and match cost with program results by a capital usage charge on the asset-using programs. Another recommendation was to experiment with incentives for agencies to manage their assets more efficiently, for example by permitting them to keep a limited portion of revenues from selling assets. Other recommendations concerned developing and publishing more detailed information about the composition and condition of capital assets, and retrospectively assessing the extent to which major investment projects have produced returns in excess of the cost of capital.

The Administration is exploring options for capital acquisition funds as part of its effort to integrate planning and budgeting, and to charge for resources in alignment with their use to achieve program results. Implementation would require better information on existing assets, and would provide an incentive for more attention to efficient asset management. The *Capital Programming Guide* is being updated to provide specific examples and to improve understanding of the linkages between its four stages: planning, budgeting, acquisition, and management-in-use. In particular, this will emphasize how knowledge of the condition, maintenance, use, and value of existing assets feed back into the next cycle of planning. An inter-agency task force is working to develop standardized methods to estimate deferred maintenance. Meanwhile, a variety of other efforts are ongoing to improve information on existing assets and new capital projects and to more fully implement existing guidance on improving capital planning and acquisition. Furthermore, the General Services Administration has developed a draft legislative proposal allowing agencies to keep a share of the proceeds from disposing of real property, which should give them an incentive to dispose of real property they no longer need.

[1] *The Report of the President's Commission to Study Capital Budgeting* (February 1999) was published by the U.S. Government Printing Office and is also available, together with testimony and other supporting materials, on the Internet at http:/www.whitehouse.gov/pcscb.

Part I: DESCRIPTION OF FEDERAL INVESTMENT

For almost fifty 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. Again this year the discussion of the composition of investment includes estimates of budget authority as well as outlays and extends these estimates four years beyond the budget year, to 2005.

The classification of spending between 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. The budget further classifies investments into those that are grants to State and local governments, such as grants for highways or for elementary and secondary education, and all other investments, called "direct Federal programs," in this analysis. This "direct Federal" category consists primarily of spending for assets owned by the Federal Government, such as defense weapons systems and general purpose office buildings, but also includes grants to private organizations and individuals for investment, such as capital grants to Amtrak or higher education loans directly to individuals.

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 and education.
- Focusing on the role of investment in improving national productivity and enhancing economic growth would exclude items such as national defense assets, the direct benefits of which enhance national security rather than economic growth.
- Concern with the efficiency of Federal operations would confine the coverage to investments that 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 it is the recipient jurisdiction, not the Federal Government, that 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 grants are classified as physical investment, although some may be spent for current purposes. General purpose fiscal assistance is classified as current spending, although some may be spent by recipient jurisdictions on physical investment.

Second, some spending could be classified in more than one category of investment. For example, outlays 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 24, "Budget System and Concepts and Glossary."

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

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 $240.2 billion in 1999. They are estimated to increase to $254.3 billion in 2000 and to increase further to $267.2 billion in 2001. Major Federal investment will comprise an estimated 14.6 percent of total Federal outlays in 2001 and 2.7 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 $130.2 billion in 2001. Physical investment outlays are for construction and rehabilitation, the purchase of major equipment, and the purchase or sale of land and structures. An estimated three-fifths of these outlays are for direct physical investment by the Federal Government, with the remaining 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 $53.9 billion in 1999 and are estimated to increase to $56.2 billion in 2001. Almost all of these outlays, or $51.1 billion, are for the procurement of weapons and other defense equipment, and the remainder is primarily for construction on military bases, family housing for military personnel, and Department of Energy defense facilities. These outlays are estimated to increase in 2002 and beyond in response to increases in defense budget authority enacted for 2000 and requested for 2001 and later years in this budget.

Outlays for direct physical investment for nondefense purposes are estimated to be $22.4 billion in 2001. These outlays include $13.3 billion for construction and rehabilitation. This amount includes funds for 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; facilities for space and science programs, and Indian Health Service hospitals and clinics. Outlays for the acquisition of major equipment are estimated to be $8.2 billion in 2001. The largest amounts are for the air traffic control system and the Postal Service. For the purchase or sale of land and structures, disbursements are estimated to exceed collections by $0.8 billion in 2001. These purchases are largely for buildings and land for parks and other recreation purposes.

Grants to State and local governments for physical investment are estimated to be $51.7 billion in 2001. Almost two-thirds of these outlays, or $33.6 billion, are to assist States and localities with transportation infra-

Table 6–1. COMPOSITION OF FEDERAL INVESTMENT OUTLAYS

(In billions of dollars)

	1999 actual	Estimate	
		2000	2001
Federal Investment			
Major public physical capital investment:			
Direct Federal:			
National defense	53.9	53.3	56.2
Nondefense	20.8	22.4	22.4
Subtotal, direct major public physical capital investment	74.7	75.7	78.5
Grants to State and local governments	43.9	48.7	51.7
Subtotal, major public physical capital investment	118.6	124.4	130.2
Conduct of research and development:			
National defense	40.3	40.4	40.9
Nondefense	33.9	36.1	39.4
Subtotal, conduct of research and development	74.1	76.5	80.4
Conduct of education and training:			
Grants to State and local governments	28.4	33.1	34.9
Direct Federal	19.0	20.3	21.7
Subtotal, conduct of education and training	47.4	53.4	56.6
Total, major Federal investment outlays	**240.2**	**254.3**	**267.2**
MEMORANDUM			
Major Federal investment outlays:			
National defense	94.2	93.7	97.1
Nondefense	146.0	160.6	170.1
Total, major Federal investment outlays	240.2	254.3	267.2
Miscellaneous physical investments:			
Commodity inventories	–*	–0.2	–0.3
Other physical investment (direct)	2.6	3.3	4.1
Total, miscellaneous physical investment	2.5	3.1	3.8
Total, Federal investment outlays, including miscellaneous physical investment	242.7	257.4	271.0

* Indicates $50 million or less.

structure, primarily highways. 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 $80.4 billion in 2001. These outlays are devoted to increasing basic scientific knowledge and promoting 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 $40.9 billion in 2001, 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 $39.4 billion in 2001. This 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 $56.6 billion in 2001. 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 $34.9 billion in 2001, more than three-fifths 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 Federal education and training outlays are estimated to be $21.7 billion in 2001. Programs in this category are primarily aid for higher education through student financial assistance, loan subsidies, the veterans GI bill, and health training programs.

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

Miscellaneous Physical Investment Outlays

In addition to the categories of major Federal investment, several miscellaneous categories of investment outlays are shown at the bottom of Table 6–1. These items, all for physical investment, are generally unrelated to improving Government 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 $0.3 billion in 2001.

Outlays for other miscellaneous physical investment are estimated to be $4.1 billion in 2001. This category includes primarily conservation programs. These are entirely direct Federal outlays.

Detailed Tables on Investment Spending

This section provides data on budget authority as well as outlays for major Federal investment. These estimates extend four years beyond the budget year to 2005. Table 6–2 displays budget authority (BA) and outlays (O) by major programs according to defense and nondefense categories. The greatest level of detail appears in Table 6–3, which shows budget authority and outlays divided according to grants to State and local governments and direct Federal spending. Miscellaneous investment is not included in these tables because it is generally unrelated to improving Government operations or enhancing economic activity.

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

(in millions of dollars)

Description		1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
NATIONAL DEFENSE								
Major public physical investment:								
Construction and rehabilitation	**BA**	**5,083**	**5,556**	**4,568**	**4,775**	**4,434**	**4,590**	**4,810**
	O	4,871	4,915	5,120	4,577	4,471	4,444	4,588
Acquisition of major equipment	**BA**	**51,165**	**54,351**	**60,045**	**62,276**	**65,915**	**67,063**	**70,444**
	O	49,040	48,444	51,076	53,405	59,248	62,874	65,607
Purchase or sale of land and structures	**BA**	**–31**	**–30**	**–27**	**–29**	**–29**	**–29**	**–29**
	O	–31	–30	–27	–29	–29	–29	–29
Subtotal, major public physical investment	**BA**	**56,217**	**59,877**	**64,586**	**67,022**	**70,320**	**71,624**	**75,225**
	O	53,880	53,329	56,169	57,953	63,690	67,289	70,166
Conduct of research and development	**BA**	**41,275**	**41,263**	**41,369**	**41,867**	**41,096**	**40,890**	**39,794**
	O	40,276	40,409	40,914	40,990	40,827	40,621	39,987
Conduct of education and training (civilian)	**BA**	**3**	**8**	**7**	**10**	**10**	**10**	**10**
	O	6	8	7	10	10	10	10
Subtotal, national defense investment	**BA**	**97,495**	**101,148**	**105,962**	**108,899**	**111,426**	**112,524**	**115,029**
	O	94,162	93,746	97,090	98,953	104,527	107,920	110,163
NONDEFENSE								
Major public physical investment:								
Construction and rehabilitation:								
Highways	**BA**	**29,164**	**31,115**	**33,339**	**30,579**	**30,595**	**31,192**	**31,802**
	O	22,723	25,420	27,210	27,875	27,348	27,166	27,184
Mass transportation	**BA**	**4,753**	**5,513**	**6,136**	**6,558**	**7,025**	**7,166**	**7,309**
	O	4,024	4,301	4,466	5,223	5,740	6,403	6,755
Rail transportation	**BA**	**6**	**11**	**37**	**37**	**37**	**18**	**18**
	O	61	61	10	26	32	32	27
Air transportation	**BA**	**2,382**	**1,973**	**2,037**	**2,088**	**2,142**	**2,198**	**2,254**
	O	1,619	1,969	1,984	2,031	2,086	2,144	2,191
Community development block grants	**BA**	**4,893**	**4,781**	**4,900**	**4,900**	**4,959**	**5,077**	**5,188**
	O	4,804	4,856	4,826	4,957	4,998	5,073	4,979
Other community and regional development	**BA**	**1,552**	**1,523**	**2,015**	**2,015**	**2,034**	**2,085**	**2,124**
	O	1,289	1,512	1,572	1,713	1,868	2,019	2,078
Pollution control and abatement	**BA**	**4,118**	**4,064**	**3,505**	**3,505**	**3,545**	**3,628**	**3,706**
	O	3,749	3,917	4,111	4,065	4,013	4,012	4,045
Water resources	**BA**	**3,176**	**3,166**	**3,782**	**3,819**	**3,866**	**3,965**	**4,056**
	O	2,845	3,771	3,740	3,821	3,974	4,009	4,106
Housing assistance	**BA**	**6,982**	**6,849**	**7,196**	**7,196**	**7,282**	**7,463**	**7,627**
	O	6,389	7,122	7,675	7,479	7,779	8,443	8,656
Energy	**BA**	**957**	**977**	**865**	**906**	**892**	**1,128**	**1,200**
	O	955	975	863	903	889	1,126	1,198
Veterans hospitals and other health	**BA**	**1,479**	**1,237**	**1,323**	**1,325**	**1,316**	**1,345**	**1,376**
	O	1,427	1,302	1,402	1,399	1,350	1,352	1,368
Postal Service	**BA**	**1,629**	**1,457**	**1,017**	**1,485**	**1,742**	**1,509**	**1,625**
	O	1,675	1,225	1,044	1,457	1,574	1,609	1,580
GSA real property activities	**BA**	**1,452**	**753**	**1,501**	**1,199**	**1,180**	**1,189**	**1,154**
	O	958	976	1,116	1,155	1,295	1,387	1,324
Other programs	**BA**	**3,760**	**2,815**	**3,932**	**4,125**	**4,024**	**3,721**	**3,768**
	O	2,884	3,734	3,644	3,711	3,993	3,950	3,756
Subtotal, construction and rehabilitation	**BA**	**66,303**	**66,234**	**71,585**	**69,737**	**70,639**	**71,684**	**73,207**
	O	55,402	61,141	63,663	65,816	66,939	68,726	69,249
Acquisition of major equipment:								
Air transportation	**BA**	**2,130**	**2,032**	**2,455**	**2,505**	**2,567**	**2,643**	**2,733**
	O	2,234	1,806	1,965	2,294	2,410	2,576	2,650
Postal Service	**BA**	**580**	**848**	**818**	**745**	**744**	**530**	**610**
	O	467	736	714	778	588	832	520
Other	**BA**	**5,754**	**5,230**	**6,422**	**6,384**	**6,388**	**6,398**	**6,490**
	O	4,598	5,480	5,568	5,953	6,207	6,217	6,340
Subtotal, acquisition of major equipment	**BA**	**8,464**	**8,110**	**9,695**	**9,634**	**9,699**	**9,571**	**9,833**
	O	7,299	8,022	8,247	9,025	9,205	9,625	9,510
Purchase or sale of land and structures	**BA**	**676**	**921**	**688**	**365**	**375**	**700**	**704**
	O	1,014	910	866	581	640	896	921

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

(in millions of dollars)

Description		1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
Other physical assets (grants)	BA	**990**	**1,074**	**1,481**	**1,504**	**1,555**	**1,587**	**1,629**
	O	1,048	1,023	1,280	1,314	1,379	1,446	1,491
Subtotal, major public physical investment	BA	**76,433**	**76,339**	**83,449**	**81,240**	**82,268**	**83,542**	**85,373**
	O	64,763	71,096	74,056	76,736	78,163	80,693	81,171
Conduct of research and development:								
General science, space and technology	BA	**12,983**	**13,386**	**14,355**	**14,792**	**15,297**	**15,928**	**16,345**
	O	12,547	13,100	13,564	14,327	15,098	15,638	16,191
Energy	BA	**1,196**	**1,259**	**1,340**	**1,341**	**1,356**	**1,401**	**1,432**
	O	1,285	1,373	1,543	1,660	1,667	1,660	1,658
Transportation	BA	**1,665**	**1,495**	**1,534**	**1,524**	**1,557**	**1,583**	**1,601**
	O	1,582	1,249	1,507	1,531	1,558	1,581	1,597
Health	BA	**15,476**	**17,683**	**18,634**	**18,626**	**18,821**	**19,283**	**19,706**
	O	13,696	15,448	17,703	18,759	18,652	18,895	19,284
Natural resources and environment	BA	**1,997**	**1,911**	**1,941**	**1,943**	**1,967**	**2,017**	**2,062**
	O	1,732	1,671	1,689	1,748	1,797	1,825	1,852
All other research and development	BA	**3,245**	**3,294**	**3,504**	**3,379**	**3,423**	**3,506**	**3,581**
	O	3,018	3,213	3,441	3,560	3,712	3,793	3,873
Subtotal, conduct of research and development	BA	**36,562**	**39,028**	**41,308**	**41,605**	**42,421**	**43,718**	**44,727**
	O	33,860	36,054	39,447	41,585	42,484	43,392	44,455
Conduct of education and training:								
Education, training, employment and social services:								
Elementary, secondary, and vocational education	BA	**16,804**	**17,113**	**26,744**	**26,742**	**26,876**	**27,161**	**27,419**
	O	17,530	21,240	22,406	24,088	26,590	26,916	27,170
Higher education	BA	**13,674**	**12,356**	**13,448**	**14,849**	**16,046**	**16,436**	**17,086**
	O	11,773	11,634	12,387	4,043	5,130	15,833	16,397
Research and general education aids	BA	**2,277**	**2,303**	**2,424**	**2,439**	**2,477**	**2,504**	**2,560**
	O	2,036	2,409	2,427	2,389	2,407	2,463	2,514
Training and employment	BA	**6,683**	**2,849**	**5,997**	**5,950**	**6,022**	**6,171**	**6,306**
	O	4,890	6,024	6,441	5,930	6,186	6,108	6,152
Social services	BA	**7,371**	**6,668**	**9,187**	**8,910**	**9,060**	**9,299**	**9,524**
	O	7,178	7,708	8,277	8,697	8,715	8,841	9,033
Subtotal, education, training, and social services	BA	**46,809**	**41,289**	**57,800**	**58,890**	**60,481**	**61,571**	**62,895**
	O	43,407	49,015	51,938	45,147	49,028	60,161	61,266
Veterans education, training, and rehabilitation	BA	**1,360**	**1,697**	**1,886**	**1,906**	**1,909**	**1,925**	**1,955**
	O	1,643	1,737	1,937	1,904	1,909	1,923	1,968
Health	BA	**1,021**	**1,090**	**1,067**	**1,067**	**1,079**	**1,103**	**1,125**
	O	891	1,007	1,050	1,083	1,071	1,083	1,104
Other education and training	BA	**1,663**	**1,680**	**1,824**	**1,724**	**1,745**	**1,790**	**1,835**
	O	1,453	1,641	1,658	1,717	1,755	1,761	1,779
Subtotal, conduct of education and training	BA	**50,853**	**45,756**	**62,577**	**63,587**	**65,214**	**66,389**	**67,810**
	O	47,394	53,400	56,583	49,851	53,763	64,928	66,117
Subtotal, nondefense investment	BA	**163,848**	**161,123**	**187,334**	**186,432**	**189,903**	**193,649**	**197,910**
	O	146,017	160,550	170,086	168,172	174,410	189,013	191,743
Total, Federal investment	BA	**261,343**	**262,271**	**293,296**	**295,331**	**301,329**	**306,173**	**312,939**
	O	240,179	254,296	267,176	267,125	278,937	296,933	301,906

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

(in millions of dollars)

Description		1999 Actual	Estimate					
			2000	2001	2002	2003	2004	2005
GRANTS TO STATE AND LOCAL GOVERNMENTS								
Major public physical investments:								
Construction and rehabilitation:								
Highways	BA	28,964	31,115	33,339	30,579	30,595	31,192	31,802
	O	22,722	25,416	27,205	27,875	27,348	27,166	27,184
Mass transportation	BA	4,753	5,517	6,136	6,558	7,025	7,166	7,309
	O	4,024	4,301	4,466	5,223	5,740	6,403	6,755
Rail transportation	BA	....	....	....	....	....	....	....
	O	32	17	....	....	....	....	....
Air transportation	BA	2,322	1,896	1,950	1,999	2,050	2,103	2,158
	O	1,565	1,896	1,899	1,943	1,994	2,049	2,095
Pollution control and abatement	BA	2,769	2,787	2,071	2,071	2,096	2,147	2,195
	O	2,180	2,470	2,726	2,656	2,551	2,486	2,466
Other natural resources and environment	BA	52	46	17	17	17	18	18
	O	53	72	59	39	34	26	27
Community development block grants	BA	4,893	4,781	4,900	4,900	4,959	5,077	5,188
	O	4,804	4,856	4,826	4,957	4,998	5,073	4,979
Other community and regional development	BA	1,208	1,210	T21,435	1,435	1,449	1,483	1,511
	O	983	1,252	1,222	1,307	1,356	1,447	1,493
Housing assistance	BA	6,956	6,821	7,156	7,156	7,242	7,422	7,585
	O	6,368	7,096	7,643	7,440	7,739	8,402	8,614
Other construction	BA	166	264	251	253	254	260	264
	O	126	220	294	305	295	283	287
Subtotal, construction and rehabilitation	BA	52,083	54,437	57,255	54,968	55,687	56,868	58,028
	O	42,857	47,596	50,340	51,745	52,055	53,335	53,900
Other physical assets	BA	1,050	1,121	1,639	1,662	1,694	1,691	1,737
	O	1,081	1,102	1,344	1,416	1,505	1,581	1,609
Subtotal, major public physical capital	BA	53,133	55,558	58,894	56,630	57,381	58,559	59,767
	O	43,938	48,698	51,684	53,161	53,560	54,916	55,509
Conduct of research and development:								
Agriculture	BA	239	257	273	258	261	268	273
	O	210	233	255	239	256	261	261
Other	BA	178	209	239	228	227	230	233
	O	98	134	222	227	232	234	236
Subtotal, conduct of research and development	BA	417	466	512	486	488	498	506
	O	308	367	477	466	488	495	497
Conduct of education and training:								
Elementary, secondary, and vocational education	BA	15,548	15,336	22,582	22,441	22,549	22,776	22,983
	O	16,684	20,035	20,804	21,267	22,789	22,793	22,969
Higher education	BA	157	190	233	233	236	242	248
	O	65	157	190	168	175	220	225
Research and general education aids	BA	573	438	508	524	532	522	532
	O	389	592	501	476	479	490	497
Training and employment	BA	5,110	1,774	3,882	3,852	3,898	3,995	4,082
	O	3,712	4,558	4,938	4,394	4,585	4,465	4,476
Social services	BA	7,072	6,340	8,814	8,753	8,901	9,136	9,358
	O	7,027	7,235	7,933	8,485	8,560	8,691	8,880
Agriculture	BA	437	434	443	428	433	444	454
	O	416	460	432	433	438	444	451
Other	BA	114	114	119	117	117	121	123
	O	92	107	108	114	111	111	113
Subtotal, conduct of education and training	BA	29,011	24,626	36,581	36,348	36,666	37,236	37,780
	O	28,385	33,144	34,906	35,337	37,137	37,214	37,611
Subtotal, grants for investment	BA	82,561	80,650	95,987	93,464	94,534	96,293	98,051
	O	72,631	82,209	87,067	88,964	91,185	92,625	93,617
DIRECT FEDERAL PROGRAMS								
Major public physical investment:								
Construction and rehabilitation:								
National defense:								
Military construction	BA	3,553	4,053	3,193	3,625	3,255	3,376	3,568

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

(in millions of dollars)

Description		1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
	O	3,369	3,274	3,660	3,468	3,335	3,292	3,407
Family housing	BA	**709**	**772**	**752**	**527**	**549**	**566**	**581**
	O	731	898	801	445	464	467	481
Atomic energy defense activities and other	BA	**821**	**731**	**623**	**623**	**630**	**648**	**661**
	O	771	743	659	664	672	685	700
Subtotal, national defense	BA	**5,083**	**5,556**	**4,568**	**4,775**	**4,434**	**4,590**	**4,810**
	O	4,871	4,915	5,120	4,577	4,471	4,444	4,588
International affairs	BA	**544**	**370**	**726**	**824**	**922**	**1,021**	**1,021**
	O	368	395	455	565	650	732	782
General science, space, and technology	BA	**424**	**377**	**612**	**621**	**625**	**632**	**640**
	O	413	494	616	634	641	646	655
Water resources projects	BA	**3,124**	**3,125**	**3,765**	**3,802**	**3,849**	**3,947**	**4,038**
	O	2,793	3,705	3,682	3,783	3,941	3,984	4,080
Other natural resources and environment	BA	**1,818**	**1,699**	**1,810**	**1,813**	**1,828**	**1,867**	**1,903**
	O	1,809	1,845	1,742	1,756	1,800	1,871	1,926
Energy	BA	**957**	**977**	**865**	**906**	**892**	**1,128**	**1,200**
	O	955	975	863	903	889	1,126	1,198
Postal Service	BA	**1,629**	**1,457**	**1,017**	**1,485**	**1,742**	**1,509**	**1,625**
	O	1,675	1,225	1,044	1,457	1,574	1,609	1,580
Transportation	BA	**501**	**224**	**284**	**286**	**292**	**280**	**285**
	O	242	309	269	287	287	294	296
Housing assistance	BA	**26**	**28**	**40**	**40**	**40**	**41**	**42**
	O	21	26	32	39	40	41	42
Veterans hospitals and other health facilities	BA	**1,389**	**1,147**	**1,263**	**1,265**	**1,255**	**1,283**	**1,312**
	O	1,387	1,238	1,317	1,314	1,275	1,292	1,308
Federal Prison System	BA	**364**	**441**	**713**	**807**	**590**	**137**	**140**
	O	387	365	568	650	811	650	376
GSA real property activities	BA	**1,452**	**753**	**1,501**	**1,199**	**1,180**	**1,189**	**1,154**
	O	958	976	1,116	1,155	1,295	1,387	1,324
Other construction	BA	**1,992**	**1,199**	**1,734**	**1,721**	**1,738**	**1,783**	**1,819**
	O	1,537	1,992	1,619	1,528	1,681	1,759	1,782
Subtotal, construction and rehabilitation	BA	**19,303**	**17,353**	**18,898**	**19,544**	**19,387**	**19,407**	**19,989**
	O	17,416	18,460	18,443	18,648	19,355	19,835	19,937
Acquisition of major equipment:								
National defense:								
Department of Defense	BA	**50,983**	**54,191**	**59,890**	**62,121**	**65,760**	**66,902**	**70,281**
	O	48,824	48,282	50,918	53,243	59,082	62,706	65,436
Atomic energy defense activities	BA	**182**	**160**	**155**	**155**	**155**	**161**	**163**
	O	216	162	158	162	166	168	171
Subtotal, national defense	BA	**51,165**	**54,351**	**60,045**	**62,276**	**65,915**	**67,063**	**70,444**
	O	49,040	48,444	51,076	53,405	59,248	62,874	65,607
General science and basic research	BA	**398**	**410**	**476**	**481**	**477**	**482**	**488**
	O	372	382	411	448	473	481	488
Space flight, research, and supporting activities	BA	**666**	**582**	**587**	**586**	**558**	**559**	**555**
	O	662	581	575	581	562	554	551
Energy	BA	**123**	**121**	**118**	**241**	**247**	**165**	**187**
	O	123	121	118	241	247	165	187
Postal Service	BA	**580**	**848**	**818**	**745**	**744**	**530**	**610**
	O	467	736	714	778	588	832	520
Air transportation	BA	**2,130**	**2,032**	**2,455**	**2,505**	**2,567**	**2,643**	**2,733**
	O	2,234	1,806	1,965	2,294	2,410	2,576	2,650
Water transportation (Coast Guard)	BA	**418**	**254**	**343**	**343**	**347**	**356**	**364**
	O	266	282	269	313	317	328	340
Other transportation (railroads)	BA	**609**	**571**	**989**	**521**	**527**	**540**	**552**
	O	244	597	598	686	901	958	1,025
Social security	BA	....	....	....	....	....	....	....
	O	72	44	21	22	24	26	27
Hospital and medical care for veterans	BA	**253**	**550**	**626**	**626**	**634**	**649**	**663**
	O	172	474	561	555	562	574	587
Department of Justice	BA	**389**	**566**	**612**	**613**	**619**	**636**	**650**
	O	338	686	570	628	644	659	673

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

(in millions of dollars)

Description		1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
Department of the Treasury	BA	**852**	**293**	**403**	**571**	**574**	**581**	**588**
	O	594	489	406	452	516	530	539
GSA general supply fund	BA	**585**	**610**	**644**	**676**	**709**	**744**	**781**
	O	534	610	644	676	709	744	781
Other	BA	**1,401**	**1,226**	**1,466**	**1,568**	**1,557**	**1,582**	**1,554**
	O	1,188	1,135	1,331	1,249	1,126	1,063	1,024
Subtotal, acquisition of major equipment	BA	**59,569**	**62,414**	**69,582**	**71,752**	**75,475**	**76,530**	**80,169**
	O	56,306	56,387	59,259	62,328	68,327	72,364	74,999
Purchase or sale of land and structures:								
National defense	BA	**–31**	**–30**	**–27**	**–29**	**–29**	**–29**	**–29**
	O	–31	–30	–27	–29	–29	–29	–29
International affairs	BA	**83**	**254**	**27**	**31**	**35**	**38**	**38**
	O	83	167	177	195	204	186	194
Privatization of Elk Hills	BA	....	....	....	....	**–323**	....	....
	O	....	....	....	....	–323	....	....
Other	BA	**593**	**667**	**661**	**334**	**663**	**662**	**666**
	O	931	743	689	386	759	710	727
Subtotal, purchase or sale of land and structures	BA	**645**	**891**	**661**	**336**	**346**	**671**	**675**
	O	983	880	839	552	611	867	892
Subtotal, major public physical investment	BA	**79,517**	**80,658**	**89,141**	**91,632**	**95,208**	**96,608**	**100,833**
	O	74,705	75,728	78,541	81,526	88,293	93,065	95,828
Conduct of research and development:								
National defense								
Defense military	BA	**38,569**	**38,471**	**38,254**	**38,752**	**37,945**	**37,633**	**36,492**
	O	37,571	37,619	37,805	37,845	37,653	37,364	36,691
Atomic energy and other	BA	**2,706**	**2,792**	**3,115**	**3,115**	**3,151**	**3,257**	**3,302**
	O	2,705	2,790	3,109	3,145	3,174	3,257	3,296
Subtotal, national defense	BA	**41,275**	**41,263**	**41,369**	**41,867**	**41,096**	**40,890**	**39,794**
	O	40,276	40,409	40,914	40,990	40,827	40,621	39,987
International affairs	BA	**190**	**142**	**114**	**114**	**115**	**118**	**120**
	O	220	179	189	304	329	342	365
General science, space and technology								
NASA	BA	**8,281**	**8,481**	**8,813**	**9,240**	**9,732**	**10,291**	**10,614**
	O	8,316	8,479	8,503	8,849	9,419	9,938	10,388
National Science Foundation	BA	**2,477**	**2,676**	**3,193**	**3,189**	**3,227**	**3,306**	**3,378**
	O	2,144	2,364	2,701	3,010	3,196	3,229	3,323
Department of Energy	BA	**2,225**	**2,229**	**2,349**	**2,363**	**2,338**	**2,331**	**2,353**
	O	2,087	2,257	2,360	2,468	2,483	2,471	2,480
Subtotal, general science, space and technology	BA	**13,173**	**13,528**	**14,469**	**14,906**	**15,412**	**16,046**	**16,465**
	O	12,767	13,279	13,753	14,631	15,427	15,980	16,556
Energy	BA	**1,196**	**1,259**	**1,340**	**1,341**	**1,356**	**1,401**	**1,432**
	O	1,285	1,373	1,543	1,660	1,667	1,660	1,658
Transportation:								
Department of Transportation	BA	**428**	**422**	**566**	**535**	**542**	**555**	**571**
	O	395	403	511	540	516	527	538
NASA	BA	**1,098**	**924**	**819**	**851**	**877**	**888**	**887**
	O	1,117	759	826	815	869	883	887
Subtotal, transportation	BA	**2,722**	**2,605**	**2,725**	**2,727**	**2,775**	**2,844**	**2,890**
	O	2,797	2,535	2,880	3,015	3,052	3,070	3,083
Health:								
National Institutes of Health	BA	**14,778**	**16,900**	**17,909**	**17,909**	**18,098**	**18,546**	**18,953**
	O	13,027	14,702	16,932	18,025	17,930	18,172	18,553
All other health	BA	**688**	**772**	**714**	**706**	**712**	**725**	**741**
	O	659	735	760	723	711	711	719
Subtotal, health	BA	**15,466**	**17,672**	**18,623**	**18,615**	**18,810**	**19,271**	**19,694**

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

(in millions of dollars)

Description		1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
	O	13,686	15,437	17,692	18,748	18,641	18,883	19,272
Agriculture	**BA**	**1,049**	**1,148**	**1,177**	**1,117**	**1,133**	**1,158**	**1,181**
	O	990	1,069	1,139	1,147	1,168	1,178	1,188
Natural resources and environment	**BA**	**1,997**	**1,911**	**1,941**	**1,943**	**1,967**	**2,017**	**2,062**
	O	1,732	1,671	1,689	1,748	1,797	1,825	1,852
National Institute of Standards and Technology	**BA**	**392**	**336**	**449**	**449**	**454**	**466**	**476**
	O	404	377	412	387	441	458	468
Hospital and medical care for veterans	**BA**	**641**	**652**	**652**	**652**	**660**	**676**	**691**
	O	637	643	666	658	663	678	693
All other research and development	**BA**	**705**	**710**	**760**	**710**	**722**	**742**	**762**
	O	539	676	739	785	807	825	846
Subtotal, conduct of research and development	**BA**	**77,420**	**79,825**	**82,165**	**82,986**	**83,029**	**84,110**	**84,015**
	O	73,828	76,096	79,884	82,109	82,823	83,518	83,945
Conduct of education and training:								
Elementary, secondary, and vocational education	**BA**	**1,256**	**1,777**	**4,162**	**4,301**	**4,327**	**4,385**	**4,436**
	O	846	1,205	1,602	2,821	3,801	4,123	4,201
Higher education	**BA**	**13,517**	**12,166**	**13,215**	**14,616**	**15,810**	**16,194**	**16,838**
	O	11,708	11,477	12,197	3,875	4,955	15,613	16,172
Research and general education aids	**BA**	**1,704**	**1,865**	**1,916**	**1,915**	**1,945**	**1,982**	**2,028**
	O	1,647	1,817	1,926	1,913	1,928	1,973	2,017
Training and employment	**BA**	**1,573**	**1,075**	**2,115**	**2,098**	**2,124**	**2,176**	**2,224**
	O	1,178	1,466	1,503	1,536	1,601	1,643	1,676
Health	**BA**	**1,007**	**1,076**	**1,053**	**1,053**	**1,065**	**1,088**	**1,110**
	O	877	993	1,036	1,068	1,056	1,068	1,088
Veterans education, training, and rehabilitation	**BA**	**1,360**	**1,697**	**1,886**	**1,906**	**1,909**	**1,925**	**1,955**
	O	1,643	1,737	1,937	1,904	1,909	1,923	1,968
General science and basic reserach	**BA**	**673**	**684**	**750**	**725**	**734**	**752**	**768**
	O	560	649	680	691	709	720	736
National defense	**BA**	**3**	**8**	**7**	**10**	**10**	**10**	**10**
	O	6	8	7	10	10	10	10
International affairs	**BA**	**293**	**209**	**226**	**226**	**229**	**234**	**239**
	O	273	247	226	231	235	236	238
Other	**BA**	**459**	**581**	**673**	**399**	**405**	**417**	**432**
	O	277	665	570	475	432	415	410
Subtotal, conduct of education and training	**BA**	**21,845**	**21,138**	**26,003**	**27,249**	**28,558**	**29,163**	**30,040**
	O	19,015	20,264	21,684	14,524	16,636	27,724	28,516
Subtotal, direct Federal investment	**BA**	**178,782**	**181,621**	**197,309**	**201,867**	**206,795**	**209,880**	**214,888**
	O	167,548	172,087	180,109	178,161	187,752	204,308	208,289
Total, Federal investment	**BA**	**261,343**	**262,271**	**293,296**	**295,331**	**301,329**	**306,173**	**312,939**
	O	240,179	254,296	267,176	267,125	278,937	296,933	301,906

Part II: PLANNING, BUDGETING, AND ACQUISITION OF CAPITAL ASSETS

The previous section discussed Federal investment broadly defined. The focus of this section is much narrower—the review of planning and budgeting during the past year and the resultant budget proposals for capital assets owned by the Federal Government and used to deliver Federal services. Capital assets consist of Federal buildings, information technology, and other facilities and major equipment, including weapons systems, federally owned infrastructure, and space satellites.[1] With proposed major agency restructuring, organizational streamlining, and other reforms, good planning may suggest reduced spending for some assets, such as office buildings, and increased spending for others, such as information technology, to increase the productivity of a smaller workforce.

In recent years the Administration and the Congress have reviewed the Federal Government's performance in planning, budgeting, risk management, and the acquisition of capital assets. The reviews indicate that the performance is uneven across the Government; the problems have many causes, and as a result, there is no single solution. However, in meeting the objective of improving the Government's performance, it is essential that the caliber of Government planning and budgeting for capital assets be improved.

Improving Planning, Budgeting, and Acquisition of Capital Assets

Risk Management

Recent Executive Branch reviews have found a recurring theme in many capital asset acquisitions—that risk management should become more central to the planning, budgeting, and acquisition process. Failure to analyze and manage the inherent risk in all capital asset acquisitions may have contributed to cost overruns, schedule shortfalls, and acquisitions that fail to perform as expected. Failure to adopt capital asset requirements that are within the capabilities of the market and budget limitations may also have contributed to these problems. For each major project a risk analysis that includes how risks will be isolated, minimized, monitored, and controlled may help prevent these problems. The proposals in this budget, together with recent legislation enacted by Congress, are designed to help the Government manage better its portfolio of capital assets.

Long-Term Planning and Analysis

Planning and managing capital assets, especially better management of risk, has historically been a low priority for some agencies. Attention focuses on coming-year appropriations, and justifications are often limited to 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.

A need for better risk management, integrated life-cycle planning, and operation of capital assets at many agencies was evident in the Executive Branch reviews. 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.

Congressional concern.—Congress has expressed its concern about planning for capital assets with legislation and other actions that complement Administration efforts to ensure better performance:

- The Government Performance and Results Act of 1993 (GPRA) is designed to help ensure that program objectives are more clearly defined and resources are focused on meeting these objectives.
- The Federal Acquisition Streamlining Act of 1994 (FASA), Title V, requires agencies to improve the management of large acquisitions. Title V requires agencies to institute a performance-based planning, budgeting, and management approach to the acquisition of capital assets. As a result of improved planning efforts, agencies are required to establish cost, schedule, and performance goals that have a high probability of successful achievement. For projects that are not achieving 90 percent of original goals, agencies are required to discuss corrective actions taken or planned to bring the project within goals. If they cannot be brought within goals, agencies should identify how and why the goals should be revised, whether the project is still cost beneficial and justified for continued funding, or whether the project should be canceled.
- The Clinger-Cohen Act of 1996 is designed to ensure that information technology acquisitions support agency missions developed pursuant to GPRA. The Clinger-Cohen Act also requires a performance-based planning, budgeting, and management approach to the acquisition of capital assets.
- The General Accounting Office published a study, *Budget Issues: Budgeting for Federal Capital* (November 1996), written in response to a congressional request, which recommended that the Office of Management and Budget (OMB) continue its focus on capital assets.

Administration concern.—Since 1994, the Administration has devoted particular attention to improving the process of planning, budgeting, and acquiring capital assets. After seeking out and analyzing the problems, which differed from agency to agency, OMB issued guidance on this issue in 1994. This guidance has been

[1] This is almost the same as the definition in Part I of this chapter for spending for direct Federal construction and rehabilitation, major equipment, and purchase of land, except that capital assets excludes grants to private groups for these purposes (e.g., grants to universities for research equipment and grants to AMTRAK). A more complete definition can be found in the glossary to the "Principles of Budgeting for Capital Asset Acquisitions," which is at the end of this Part.

issued for several years, most recently as OMB Circular A–11: Part 3: "Planning, Budgeting, and Acquisition of Capital Assets" (July 1999) (hereafter referred to as Part 3). Part 3 identified other OMB guidance on this issue.[2]

Part 3 requests agencies to approach planning for capital 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 is required, along with risk analysis and assessment of alternative means of acquiring assets. The Administration proposes to make agencies responsible for using good capital programming principles for managing the capital assets they use, and to work throughout the coming year to improve agency practices in risk management, planning, budgeting, acquisition, and operation of these assets.

In support of this, in July 1997 OMB issued a *Capital Programming Guide*, a Supplement to Part 3. This Guide was developed by an interagency task force with representation from 14 executive agencies and the General Accounting Office. The Guide's purpose is to provide professionals in the Federal Government a basic reference on capital assets management principles to assist them in planning, budgeting, acquiring, and managing the asset once in use. The Guide emphasizes risk management and the importance of analyzing capital assets as a portfolio. In addition, other recent actions by the Administration include:

- OMB memorandum 97–02, "Funding Information Systems Investments" (October 25, 1996) was issued to establish clear and concise decision criteria regarding investments in major information technology investments. This guidance is now part OMB Circular A–11.
- As part of this budget, the Administration is:
  —requesting full funding in regular or advance appropriations for new capital projects and for many capital projects formerly funded incrementally. These requests are shown in Table 6–5 and discussed in the accompanying text.
  —reissuing the "Principles of Budgeting for Capital Asset Acquisitions," which appear at the end of this Part. These principles offer guidelines to agencies to help carry out better planning, analysis, risk management, and budgeting for capital asset acquisitions.

From Planning to Budgeting

Long-range agency plans should channel fully justified budget-year and out-year capital acquisition proposals into the budget process. Agencies were asked to submit projections of both budget authority and outlays for high-priority capital asset proposals not only for the budget year but for the four subsequent years through 2005 as well. In addition, agency-specific capital asset issues were highlighted in the agency reviews.

Attention was given to whether the "lumpiness" of some capital assets—large one-year temporary increases in funding—disadvantaged them in the budget review process. In some cases, agencies aggregate capital asset acquisitions into budget accounts containing only such acquisitions; such accounts tend to smooth out year-to-year changes in budget authority and outlays and avoid crowding other expenditures. In other cases, agencies or program managers do not hesitate to request "spikes" 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. Part 3 encouraged agencies to accommodate justified spikes in their own internal reviews.

Full funding of capital 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. Full funding was endorsed by the General Accounting Office in its report, *Budgeting for Federal Capital* (November 1996). This rule is followed for most Department of Defense procurement and construction programs and for General Services Administration buildings. In other areas, however, too often it is not. When it is not followed and capital assets are funded in increments, without certainty if or when future funding will be available, it can and occasionally does result in poor risk management, weak 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. Full funding is also an important element in managing large acquisitions effectively and holding management responsible for achieving goals. As noted at the beginning of this chapter, the *Report of the President's Commission to Study Capital Budgeting* endorsed full funding of capital assets.

This budget requests full funding with regular or advance appropriations for new capital projects and for many capital projects funded incrementally in the past. Projects that might have been funded in increments in past years and are fully funded in this budget are identified below in Table 6–5 and discussed in the accompanying text. Efforts continue to include full funding for new capital projects, or at least economically

[2] Other guidance published by OMB with participation by other agencies includes: (1) OMB Circular No. A–109, *Major System Acquisitions,* which establishes policies for planning major systems that are generally applicable to capital 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 capital 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 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 A–130, *Management of Federal Information Resources* (February 20, 1996), which provides principles for internal management and planning practices for information systems and technology (a further revision is currently under review); and (6) OMB Circular No. A–127, *Financial Management Systems,* which prescribes policies and standards for executive departments and agencies to follow in developing, evaluating, and reporting on financial management systems.

and programmatically viable segments (or modules) of new projects.

Other budgeting issues.—Other budgeting decisions can also aid in acquiring capital assets. Availability of funds for one year often may not be enough time to complete the acquisition process. Most agencies request that funds be available for more than one year to complete acquisitions efficiently, and Part 3 encourages this. As noted, many agencies aggregate asset acquisition in budget accounts to avoid lumpiness. In some cases, these are revolving funds that "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 align them better with program outputs and outcomes and to charge the appropriate account with significant costs used to achieve these results. The asset acquisition rental accounts, mentioned above, would contribute to this. Budgeting this way would provide information and incentives for better resource allocation among programs and a continual search for better ways to deliver services. It would also provide incentives for efficient capital asset acquisition and management.

Acquisition of Capital Assets

Improved planning, budgeting, and acquisition strategies are necessary to increase the ability of agencies to acquire capital assets within, or close to, the original estimates of cost, schedule, and performance used to justify project budgets and to maintain budget discipline. The Administration initiative along with enactment of FASA (Title V) and the Clinger-Cohen Act require agencies to institute a performance-based planning, budgeting, and management approach to the acquisition of capital assets.

OMB, working with the agencies over the last several years, began separate but related efforts to develop an integrated management approach that employs performance based acquisition management as part of a disciplined capital programming process. The Administration also wants the capital asset acquisition goals incorporated into the annual performance plan called for by GPRA so that a unified picture of agency management activities is presented and acquisition performance goals are linked to the achievement of program and policy goals. This integrated approach will not only eliminate duplication in reporting agency actions but, most importantly, will foster more effective implementation of performance-based acquisition management.

One of the first efforts was the issuance of OMB Circular A–11, Part 3, "Planning, Budgeting and Acquisition of Capital Assets," in July 1996. Part 3 has been reissued annually since then. The *Capital Programming Guide* was issued as a Supplement to Part 3 in June 1997. These documents present unified guidance on planning, budgeting, acquisition, and management of capital assets. They also present unified guidance designed to coordinate the collection of agency information for reports to the Congress required by FASA Title V. Part 3 for this year asked agencies to report on all major acquisitions and provide information on the extent of planning and risk mitigation efforts accomplished for new projects to ensure a high probability that the cost, schedule and performance goals established will be successfully achieved. For ongoing projects agencies are to provide information on the achievement of, or deviation from, goals. For projects that are not achieving 90 percent of original goals, agencies are required to discuss corrective actions taken, or contemplated, to bring the project within goals. If the project cannot be brought within goals, agencies should explain how and why the goals should be revised and whether the project is still cost beneficial and justifies continued funding, or whether the project should be canceled. Approved acquisition goals submitted with the 2001 budget are the baseline goals for all future monitoring of project progress for both management purposes and reporting to Congress as required by FASA Title V. This more disciplined capital management approach is new to many agencies, and some agencies were not yet able to provide all the required information for all major acquisitions for this year. OMB expects that agencies will be able to meet the requirements for next year's budget.

Part 3 incorporates OMB memorandum 97–02, "Funding Information Systems Investments" (October 25, 1996), which was issued to establish clear and concise decision criteria regarding investments in major information technology investments. These policy documents establish the general presumption that OMB will recommend new or continued funding only for those major investments in assets that comply with good capital programming principles.

At the Appendix to this Part are the "Principles of Budgeting for Capital Asset Acquisitions," which incorporate the above criteria and expand coverage to all capital investments. The Administration recognizes that many agencies are in the middle of projects initiated prior to enactment of the Clinger-Cohen Act and FASA Title V, and may not be able to satisfy the criteria immediately. For those systems that do not satisfy the criteria, the Administration considered requests to use 2000 and 2001 funds to support reevaluation and replanning of the project as necessary to achieve compliance with the criteria or to determine that the project would not meet the criteria and should be canceled.

As a result of these two initiatives, capital asset acquisitions are to have baseline cost, schedule, and performance goals for future tracking purposes or they are to be either reevaluated and changed or canceled if no longer cost beneficial.

Outlook

The effort to improve planning and budgeting for capital assets will continue in 2000 and 2001.

- The Administration will work with the Congress to increase the number of projects that are fully funded with regular or advance appropriations.
- OMB will be working with congressional committees, the President's Management Council, the Chief Financial Officers Council, the Chief Infor-

mation Officers Council, the Procurement Executives Council, and other groups to help agencies with their responsibility for capital assets through the alignment of budgetary resources with program results. OMB will also work with these groups to implement the "Principles of Budgeting for Capital Asset Acquisitions," which are shown as an Appendix to this Part.

- Interagency working groups will be established to address: (1) program manager qualification standards; (2) enhanced systems of incentives to encourage excellence in the acquisition workforce; and (3) government-wide implementation of performance-based management systems (e.g., earned value or similar systems) to monitor achievement or deviation from goals of in-process acquisitions.
- In the review process, proposals for the acquisition of capital 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 propose full funding for acquisitions in their budget requests.

Table 6–4. CAPITAL ASSET ACQUISITIONS

(Budget authority in billions of dollars)

	1999 actual	2000 estimate	2001 proposed
MAJOR ACQUISITIONS			
Construction and rehabilitation:			
Defense military construction and family housing	4.3	4.8	3.9
Corps of Engineers	2.7	2.7	3.4
General Services Administration	1.5	0.8	1.5
Department of Energy	1.2	1.1	1.2
Other agencies	7.8	6.4	7.0
Subtotal, construction and rehabilitation	17.4	15.8	17.0
Major equipment:			
Department of Defense	51.0	54.2	[1] 59.9
Department of Transportation	2.5	2.2	2.8
General Services Administration	0.6	0.6	0.7
Department of Justice	0.4	0.6	0.6
NASA	0.7	0.6	0.6
Department of Commerce	0.6	0.6	0.6
Department of Veterans Affairs	0.3	0.6	0.6
Other agencies	2.7	2.2	2.5
Subtotal, major equipment	58.8	61.6	68.4
Purchases of land and structures	0.6	0.9	0.7
Total, major acquisitions [2]	76.9	78.3	86.0

[1] Does not include $0.4 billion of non-equipment expenditures related to procurement for 2001. The 2001 request for total Procurement for the Department of Defense is $60.3 billion.

[2] This total is derived from the direct Federal major public physical investment budget authority on Table 6–3 ($89.1 billion for 2001). Table 6–4 excludes an estimate of spending for assets not owned by the Federal Government ($3.1 billion for 2001).

Major Acquisition Proposals

For the definition of major capital assets described above, this budget requests $86.0 billion of budget authority for 2001. This includes $63.8 billion for the Department of Defense and $22.2 billion for other agencies. The major requests are shown in the accompanying Table 6–4: "Capital Asset Acquisitions," which distributes the funds according to the categories for construction and rehabilitation, major equipment, and purchases of land and structures.

Construction and Rehabilitation

This budget includes $17.0 billion of budget authority for 2001 for construction and rehabilitation.

Department of Defense.—The budget requests $3.9 billion for 2001 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.

Corps of Engineers.—This budget requests $3.4 billion for 2001 for construction and rehabilitation for the Corps of Engineers. These funds finance construction, rehabilitation, and related activity for water resources development projects that provide navigation, flood control, environmental restoration, and other benefits.

General Services Administration (GSA).—The 2001 budget includes $1.5 billion in budget authority for GSA for the construction or major renovation of buildings. These funds will allow for new construction and the acquisition of courthouses, border stations, and general purpose office space in locations where long-term needs show that ownership is preferable to leasing.

Department of Energy.—This budget requests $1.2 billion for 2001 for construction and rehabilitation for the Department of Energy. One of the largest projects is the National Ignition Facility, which will be used to perform experiments, including inertial confinement fusion experiments, at high pressures and temperatures. The Spallation Neutron Source is discussed in the text that accompanies Table 6–5.

Other agencies.—This budget includes $7.0 billion for construction and rehabilitation for other agencies in 2001. The largest items are for the Postal Service ($1.0 billion); the Department of the Interior ($1.0 billion), largely for the Bureau of Indian Affairs, water resources, and parks; and the Department of Justice ($0.8 billion), mostly for prisons.

Major Equipment

This category covers capital purchases for major equipment, including weapons systems; information technology, such as computer hardware, major software, and renovations required for this equipment; and other types of equipment. This budget requests $68.4 billion in budget authority for 2001 for the purchase of major equipment. For information on information technology investments, see Chapter 23 in this volume, "Program

Performance Benefits from Major Information Technology Investments."

Department of Defense.—The budget includes $59.9 billion for equipment purchases and $0.4 billion for non-equipment purchases related to procurement for 2001 of weapons systems, related support equipment, and purchase of other capital goods. This includes tactical fighter aircraft, airlift aircraft, naval vessels, tanks, helicopters, missiles, and vehicles.

Department of Transportation.—The budget requests $2.8 billion in budget authority for the Department of Transportation for major equipment, which includes $2.4 billion to modernize the air traffic control system and $0.3 billion for the Coast Guard to acquire vessels and other equipment. Requests for advance appropriations for the air traffic control system in the Federal Aviation Administration are discussed with Table 6–5.

Department of Justice.—The budget requests $0.6 billion for the Department of Justice, largely for the Federal Bureau of Investigation and the Drug Enforcement Administration.

National Aeronautics and Space Administration (NASA).—The budget requests $0.6 billion in budget authority to procure major equipment for programs in human space flight, science, aeronautics, and technology. Most of the equipment is to be acquired for Space Shuttle upgrades, such as orbiter improvements, Space Shuttle main engines, solid rocket booster improvements, and launch site equipment.

Department of Commerce.—The budget requests $0.6 billion for the Department of Commerce, largely for the continued acquisition of more sophisticated and advanced weather satellites and related technology.

Department of Veterans Affairs.—This budget requests $0.6 billion for medical equipment for health care facilities. These funds will be used to continue to provide quality health care services for veterans.

Other agencies.—This budget requests $2.5 billion for major equipment for other agencies for 2001. The largest amount is for the Postal Service ($0.8 billion). Other agencies include the General Services Administration ($0.7 billion), largely for vehicles; and the Department of Energy ($0.5 billion) for science and other projects.

Purchase and Sale of Land and Structures

This budget includes $0.7 billion for 2001 for the purchase of land and structures. This includes $0.4 billion for purchases by the Department of the Interior for parks and other recreational purposes.

Full Funding of Major Projects

This budget proposes full funding for new capital projects and for many projects formerly funded incrementally. The requests for advance appropriations shown in Table 6–5 demonstrate the Administration's continuing support for full funding of capital investments.

The importance of full funding was discussed earlier in this Part and is also explained in the "Principles of Budgeting for Capital Asset Acquisitions," which appears as an Appendix to this Part. Full funding was also supported by the *Report of the President's Commission to Study Capital Budgeting*, as noted at the beginning of this chapter.

This budget requests $5.9 billion in budget authority for 2001 and $22.9 billion in advance appropriations for later years, for a total request of $28.8 billion for these projects for these years.

Department of Commerce

National Oceanic and Atmospheric Administration (NOAA).—This budget requests $635 million for 2001 and $6,417 million in advance appropriations for capital asset acquisitions in NOAA for 2002–2019.

These acquisitions support the largest modernization in the history of the National Weather Service. The modernization is well underway and demonstrating improvements in weather forecasts and warnings that lead to lives and property saved. The budget supports this multi-year effort to develop and deploy advanced technology, including advanced radar equipment, other ground observing systems, and geostationary and polar-orbiting satellites that will greatly improve the timeliness and accuracy of severe weather and flood warnings while reducing staffing requirements.

Department of Defense

This budget requests $821million in advance appropriations for 2002–2005 to fully fund selected military construction and family housing projects in the Department of Defense. The budget requests $414 million for these projects in 2001.

Department of Energy

This budget requests $281 million in 2001 and $797 million in advance appropriations to finance the Spallation Neutron Source (SNS). This facility is being built at Oak Ridge National Laboratory in Tennessee and will deliver the world's highest power neutron pulse to a suite of "best of class" scientific instruments. Neutron scattering and materials irradiation research helps scientists design higher performing electronic, magnetic, ceramic, and plastic materials and design better pharmaceuticals by providing information about the shapes of biological molecules.

Department of Health and Human Services

This budget requests $259 million for 2001 in regular appropriations and $109 million in advance appropriations for projects in the Department of Health and Human Services for the Food and Drug Administration, the Indian Health Service, the Centers for Disease Control and Prevention, and the National Institutes of Health. The funds will allow for the construction of new facilities and improvements to existing facilities.

Department of the Interior

National Park Service.—This budget requests $20 million in budget authority for 2001 and $49 million in advance appropriations for 2002–2004 to fully fund projects in the National Park Service.

Table 6–5. PROPOSED SPENDING TO FULLY FUND SELECTED CAPITAL ASSET ACQUISITIONS

(Budget authority in millions of dollars)

	Regular appro-priations 2001	Advance appropriations					
		2002	2003	2004	2005	After 2005	Total Ad-vance Appro-priations
DEPARTMENT OF COMMERCE							
National Oceanic and Atmospheric Administration Procurement, acquisition and construction	635	732	705	706	657	3,617	6,417
DEPARTMENT OF DEFENSE							
Military construction and family housing	414	510	231	61	19	....	821
DEPARTMENT OF ENERGY							
Science programs	281	300	232	150	115	....	797
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Food and Drug Administration	20	23	....	....	....	....	23
Indian Health Service	65	18	....	....	....	....	18
Centers for Disease Control and Prevention	127	21	21	....	....	....	42
National Institutes of Health	47	26	....	....	....	....	26
Subtotal, Department of Health and Human Services	259	88	21	....	....	....	109
DEPARTMENT OF THE INTERIOR							
National Park Service: Construction and major maintenance	20	21	17	11	....	....	49
DEPARTMENT OF JUSTICE							
Federal Prison System buildings and facilities	713	791	535	....	....	....	1,326
DEPARTMENT OF STATE							
Embassy security, construction, and maintenance	500	650	800	950	950	....	3,350
DEPARTMENT OF TRANSPORTATION							
Federal Aviation Administration: Facilities and equipment	622	638	590	565	537	614	2,944
DEPARTMENT OF THE TREASURY							
Internal Revenue Service: Information technology investments	119	375	....	....	....	....	375
DEFENSE CIVILIAN PROGRAMS							
Armed forces retirement home	8	6	....	....	....	....	6
GENERAL SERVICES ADMINISTRATION							
Federal buildings fund	101	219	163	96	....	....	478
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION							
Human space flight	2,115	1,859	1,452	1,327	1,275	....	5,913
NATIONAL SCIENCE FOUNDATION							
Major research equipment	119	144	58	50	14	....	266
SMITHSONIAN INSTITUTION							
Repair, restoration, and alteration of facilities	17	17	18	....	....	....	35
Construction	2	2	....	....	....	....	2
Subtotal, Smithsonian Institution	19	19	18	....	....	....	37
Total	**5,925**	**6,352**	**4,822**	**3,916**	**3,567**	**4,231**	**22,888**

Note: For these capital projects, budget authority for the project is requested partly in the budget year and partly in future years in advance appropriations.

Department of Justice

This budget requests $713 million in 2001 and advanced appropriations of $791 million in 2002 and $535 million in 2003 for the Federal Prison System to support a multi-year prison construction program aimed at reversing worsening overcrowding in Federal facilities.

Department of State

This budget requests $500 million in regular appropriations in 2001 and $3,350 million in advance appropriations for 2002–2005 for embassy and consultate construction. This request would support a program to provide a sustained, increasing funding path to meet overseas facility security needs.

Department of Transportation

Federal Aviation Administration.—This budget requests $622 million in 2001 and an additional $2,944 million for 2002–2008 for 11 multi-year capital projects to improve and modernize the FAA's air traffic control, communications, and aviation weather information systems. These projects are: Aviation Weather Services Improvements, Terminal Digital Radar, Terminal Automation (STARS), Wide Area Augmentation System for GPS, Display System Replacement, Weather and Radar Processor, Voice Switching and Control System, Oceanic Automation, Aeronautical Data Link, Operational and Supportability Implementation System (OASIS), and Beacon Interrogation Replacement.

Department of the Treasury

Internal Revenue Service (IRS).—This budget requests $119 million in 2001 and $375 million in advance appropriations for 2002 to finance information technology investments. The IRS and the Treasury Department are significantly modifying the business plans for modernizing the IRS tax administration and systems by focusing on reengineering work processes and exploring private sector technology opportunities. These efforts will ensure that future capital investments by the IRS will improve customer service by providing alternative means of filing returns and paying taxes, improve telephone service for taxpayers; and give employees immediate access to complete information and modern tools to do their jobs.

Defense Civilian Programs

Armed Forces Retirement Home. This request for $8 million in regular appropriations in 2001 and $6 million in 2002 in advance appropriations will allow for construction of a 110-bed health care addition to the Naval home in Gulfport, Mississippi.

General Services Administration

This budget requests $101 million for 2001 and $478 million in advance appropriations for 2002–2004. The Budget requests $219 million in advance appropriations for 2002, including $185 million for the construction of new laboratory and office space for the Food and Drug Administration's Center for Devices and Radiological Health in White Oak, Maryland, and $34 million for construction of a new office building to replace the deteriorating National Oceanic and Atmospheric Administration building in Suitland, Maryland. In addition, advance appropriations of $163 million in 2003 and $96 million in 2004 are provided for the FDA consolidation project in White Oak, MD.

National Aeronautics and Space Administration (NASA)

Human Space Flight (International Space Station).—This budget requests $2,115 million in budget authority for 2001, and $5,913 million in advance appropriations over the years 2002–2005 for the space station. This will be an international laboratory in low earth orbit on which American, Russian, Canadian, European, and Japanese astronauts will conduct unique scientific and technological investigations in a microgravity environment. During 1993 the program underwent a major redesign to reduce program costs. The first two launches beginning construction of the Station took place in 1998 and final assembly will be complete by 2005. Advance appropriations will enable NASA to complete the development program on schedule and at minimal total cost.

National Science Foundation (NSF)

This budget requests $119 million in 2001 and $266 million in advance appropriations for 2002–2005 for five NSF projects.

The Large Hadron Collider will be the largest particle accelerator in the world and will be owned and operated by the European Laboratory for Particle Physics (CERN). NSF is collaborating with the Department of Energy in the development of detectors for the project.

The Network for Earthquake Engineering Simulation is a network to connect and integrate a distributed collection of earthquake engineering facilities that will facilitate the future replacement of mechanical earthquake simulation with model-based computer simulation.

The Terascale Computing System will provide two sites in the United States with supercomputer capability of at least 10 teraflops that will be available for use by U.S. researchers through a merit-based, competitive process.

Earthscope: SAFOD/U.S. Array is an array of seismic instruments that will be displayed at depth in the San Andreas fault and on the surface throughout the United States to greatly improve resolution of subsurface and fault structure.

The National Ecological Observatory Network is a pole-to-pole network of research sites with state-of-the-art platforms and equipment to enable ecological and biocomplexity research.

Smithsonian Institution

The budget requests $19 million in budget authority in 2001 and $37 million in advance appropriations for 2002–2003 primarily for the major capital renewal of the Patent Office Building. This building houses the Smithsonian's Museum of American Art and the National Portrait Gallery.

Appendix to Part II: PRINCIPLES OF BUDGETING FOR CAPITAL ASSET ACQUISITIONS

Introduction and Summary

The Administration plans to use the following principles in budgeting for capital asset acquisitions. These principles address planning, costs and benefits, financing, and risk management requirements that should be satisfied before a proposal for the acquisition of capital assets can be included in the Administration's budget. A Glossary describes key terms. A *Capital Programming Guide* has been published that provides detailed information on planning and acquisition of capital assets.

The principles are organized in the following four sections:

A. *Planning.* This section focuses on the need to ensure that capital assets support core/priority missions of the agency; the assets have demonstrated a projected return on investment that is clearly equal to or better than alternative uses of available public resources; the risk associated with the assets is understood and managed at all stages; and the acquisition is implemented in phased, successive segments, unless it can be demonstrated there are significant economies of scale at acceptable risk from funding more than one segment or there are multiple units that need to be acquired at the same time.

B. *Costs and Benefits.* This section emphasizes that the asset should be justified primarily by benefit-cost analysis, including life-cycle costs; that all costs are understood in advance; and that cost, schedule, and performance goals are identified that can be measured using an earned value management system or similar system.

C. *Principles of Financing.* This section stresses that useful segments are to be fully funded with regular or advance appropriations; that as a general rule, planning segments should be financed separately from procurement of the asset; and that agencies are encouraged to aggregate assets in capital acquisition accounts and take other steps to accommodate lumpiness or "spikes" in funding for justified acquisitions.

D. *Risk Management.* This section is to help ensure that risk is analyzed and managed carefully in the acquisition of the asset. Strategies can include separate accounts for capital asset acquisitions, the use of apportionment to encourage sound management, and the selection of efficient types of contracts and pricing mechanisms in order to allocate risk appropriately between the contractor and the Government. In addition cost, schedule, and performance goals are to be controlled and monitored by using an earned value management system or a similar system; and if progress toward these goals is not met there is a formal review process to evaluate whether the acquisition should continue or be terminated.

A Glossary defines key terms, including capital assets. As defined here, capital assets are land, structures, equipment, and intellectual property (including software) that are used by the Federal Government, including weapon systems. Not included are grants to States or others for their acquisition of capital assets.

A. Planning

Investments in major capital assets proposed for funding in the Administration's budget should:

1. support core/priority mission functions that need to be performed by the Federal Government;
2. be undertaken by the requesting agency because no alternative private sector or governmental source can support the function more efficiently;
3. support work processes that have been simplified or otherwise redesigned to reduce costs, improve effectiveness, and make maximum use of commercial, off-the-shelf technology;
4. demonstrate a projected return on the investment that is clearly equal to or better than alternative uses of available public resources. Return may include: improved mission performance in accordance with measures developed pursuant to the Government Performance and Results Act; reduced cost; increased quality, speed, or flexibility; and increased customer and employee satisfaction. Return should be adjusted for such risk factors as the project's technical complexity, the agency's management capacity, the likelihood of cost overruns, and the consequences of under- or non-performance;
5. for information technology investments, be consistent with Federal, agency, and bureau information architectures which: integrate agency work processes and information flows with technology to achieve the agency's strategic goals; reflect the agency's technology vision and compliance plan for this budget year; and specify standards that enable information exchange and resource sharing, while retaining flexibility in the choice of suppliers and in the design of local work processes;
6. reduce risk by: avoiding or isolating custom-designed components to minimize the potential adverse consequences on the overall project; using fully tested pilots, simulations, or prototype implementations when necessary before going to production; establishing clear measures and accountability for project progress; and, securing substantial involvement and buy-in throughout the project from the program officials who will use the system;
7. be implemented in phased, successive segments as narrow in scope and brief in duration as practicable, each of which solves a specific part of an overall mission problem and delivers a measurable net benefit independent of future segments, unless it can be demonstrated that there are significant economies of scale at acceptable risk from funding more than one segment or there are multiple units that need to be acquired at the same time; and

8. employ an acquisition strategy that appropriately allocates risk between the Government and the contractor, effectively uses competition, ties contract payments to accomplishments, and takes maximum advantage of commercial technology.

Prototypes require the same justification as other capital assets.

As a general presumption, the Administration will recommend new or continued funding only for those capital asset investments that satisfy good capital programming policies. Funding for those projects will be recommended on a phased basis by segment, unless it can be demonstrated that there are significant economies of scale at acceptable risk from funding more than one segment or there are multiple units that need to be acquired at the same time. (For more information, see the Glossary entry, "capital project and useful segments of a capital project.")

The Administration recognizes that many agencies are in the middle of ongoing projects, and they may not be able immediately to satisfy the criteria. For those projects that do not satisfy the criteria, OMB will consider requests to use 2000 and 2001 funds to finance additional planning, as necessary, to support the establishment of realistic cost, schedule, and performance goals for the completion of the project. This planning could include: the redesign of work processes, the evaluation of alternative solutions, the development of information system architectures, and, if necessary, the purchase and evaluation of prototypes. Realistic goals are necessary for agency portfolio analysis to determine the viability of the project, to provide the basis for fully funding the project to completion, and setting the baseline for management accountability to deliver the project within goals.

Because the Administration considers this information essential to agencies' long-term success, the Administration will use this information both in preparing its budget and, in conjunction with cost, schedule, and performance data, as apportionments are made. Agencies are encouraged to work with their OMB representative to arrive at a mutually satisfactory process, format, and timetable for providing the requested information.

B. Costs and Benefits

The justification of the project should evaluate and discuss the extent to which the project meets the above criteria and should also include:

1. an analysis of the project's total life-cycle costs and benefits, including the total budget authority required for the asset, consistent with policies described in OMB Circular A–94: "Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs" (October 1992);
2. an analysis of the risk of the project including how risks will be isolated, minimized, monitored, and controlled, and, for major programs, an evaluation and estimate by the Chief Financial Officer of the probability of achieving the proposed goals;
3. if, after the planning phase, the procurement is proposed for funding in segments, an analysis showing that the proposed segment is economically and programmatically justified—that is, it is programmatically useful if no further investments are funded, and in this application its benefits exceed its costs; and
4. show cost, schedule, and performance goals for the project (or the useful segment being proposed) that can be measured throughout the acquisition process using an earned value management system or similar system. Earned value is described in OMB Circular A–11, Part 3, "Planning, Budgeting and Acquisition of Capital Assets," (July 1999), Appendix 300C.

C. Principles of Financing

Principle 1: Full Funding

Budget authority sufficient to complete a useful segment of a capital project (or the entire capital project, if it is not divisible into useful segments) must be appropriated before any obligations for the useful segment (or project) may be incurred.

Explanation: Good budgeting requires that appropriations for the full costs of asset acquisition be enacted in advance to help ensure that all costs and benefits are fully taken into account at the time decisions are made to provide resources. Full funding with regular appropriations in the budget year also leads to tradeoffs within the budget year with spending for other capital assets and with spending for purposes other than capital assets. Full funding increases the opportunity to use performance-based fixed price contracts, allows for more efficient work planning and management of the capital project, and increases the accountability for the achievement of the baseline goals.

When full funding is not followed and capital projects or useful segments are funded in increments, without certainty if or when future funding will be available, the result is sometimes poor planning, acquisition of assets not fully justified, higher acquisition costs, cancellation of major projects, the loss of sunk costs, or inadequate funding to maintain and operate the assets.

Principle 2: Regular and Advance Appropriations

Regular appropriations for the full funding of a capital project or a useful segment of a capital project in the budget year are preferred. If this results in spikes that, in the judgment of OMB, cannot be accommodated by the agency or the Congress, a combination of regular and advance appropriations that together provide full *funding for a capital project or a useful segment should be proposed in the budget.*

Explanation: Principle 1 (Full Funding) is met as long as a combination of regular and advance appropriations provide budget authority sufficient to complete the capital project or useful segment. Full funding in the budget year with regular appropriations alone is preferred because it leads to tradeoffs within the budget year with spending for other capital assets and with spending for purposes other than capital assets. In contrast, full funding for a capital project over several years with regular appropriations for the first year and advance appropriations for subsequent years may bias tradeoffs in the budget year in favor of the proposed asset because with advance appropriations the full cost of the asset is not included in the budget year. Advance appropriations, because they are scored in the year they become available for obligation, may constrain the budget authority and outlays available for regular appropriations of that year.

If, however, the lumpiness caused by regular appropriations cannot be accommodated within an agency or Appropriations Subcommittee, advance appropriations can ameliorate that problem while still providing that all of the budget authority is enacted in advance for the capital project or useful segment. The latter helps ensure that agencies develop appropriate plans and budgets and that all costs and benefits are identified prior to providing resources. In addition, amounts of advance appropriations can be matched to funding requirements for completing natural components of the useful segment. Advance appropriations have the same benefits as regular appropriations for improved planning, management, and accountability of the project.

Principle 3: Separate Funding of Planning Segments

As a general rule, planning segments of a capital project should be financed separately from the procurement of a useful asset.

Explanation: The agency must have information that allows it to plan the capital project, develop the design, and assess the benefits, costs, and risks before proceeding to procurement of the useful asset. This is especially important for high risk acquisitions. This information comes from activities, or planning segments, that include but are not limited to market research of available solutions, architectural drawings, geological studies, engineering and design studies, and prototypes. The construction of a prototype that is a capital asset, because of its cost and risk, should be justified and planned as carefully as the project itself. The process of gathering information for a capital project may consist of one or more planning segments, depending on the nature of the asset. Funding these segments separately will help ensure that the necessary information is available to establish cost, schedule, and performance goals before proceeding to procurement.

If budget authority for planning segments and procurement of the useful asset are enacted together, the Administration may wish to apportion budget authority for one or several planning segments separately from procurement of the useful asset.

Principle 4: Accommodation of Lumpiness or "Spikes" and Separate Capital Acquisition Accounts

To accommodate lumpiness or "spikes" in funding justified capital acquisitions, agencies, working with OMB, are encouraged to aggregate financing for capital asset acquisitions in one or several separate capital acquisition budget accounts within the agency, to the extent possible within the agency's total budget request.

Explanation: Large, temporary, year-to-year increases in budget authority, sometimes called lumps or spikes, may create a bias against the acquisition of justified capital assets. Agencies, working with OMB, should seek ways to avoid this bias and accommodate such spikes for justified acquisitions. Aggregation of capital acquisitions in separate accounts may:

- reduce spikes within an agency or bureau by providing roughly the same level of spending for acquisitions each year;
- help to identify the source of spikes and to explain them. Capital acquisitions are more lumpy than operating expenses; and with a capital acquisition account, it can be seen that an increase in operating expenses is not being hidden and attributed to one-time asset purchases;
- reduce the pressure for capital spikes to crowd out operating expenses; and
- improve justification and make proposals easier to evaluate, since capital acquisitions are generally analyzed in a different manner than operating expenses (e.g., capital acquisitions have a longer time horizon of benefits and life-cycle costs).

D. Risk Management

Risk management should be central to the planning, budgeting, and acquisition process. Failure to analyze and manage the inherent risk in all capital asset acquisitions may contribute to cost overruns, schedule shortfalls, and acquisitions that fail to perform as expected. For each major capital project a risk analysis that includes how risks will be isolated, minimized, monitored, and controlled may help prevent these problems.

The project cost, schedule and performance goals established through the planning phase of the project are the basis for approval to procure the asset and the basis for assessing risk. During the procurement phase performance-based management systems (earned value or similar system) must be used to provide contractor and Government management visibility on the achievement of, or deviation from, goals until the asset is accepted and operational. If goals are not being met, performance-based management systems allow for early identification of problems, potential corrective actions, and changes to the original goals needed to complete the project and necessary for agency portfolio analysis decisions. These systems also allow for Administration decisions to recommend meaningful modifications for increased funding to the Congress, or termination of the project, based on its revised expected return on investment in comparison to alternative uses of the funds. Agencies must ensure that the necessary acquisition strategies are implemented to reduce the risk of cost escalation and the risk of failure to achieve schedule and performance goals. These strategies may include:

1. having budget authority appropriated in separate capital asset acquisition accounts;
2. apportioning budget authority for a useful segment;
3. establishing thresholds for cost, schedule, and performance goals of the acquisition, including return on investment, which if not met may result in cancellation of the acquisition;
4. selecting types of contracts and pricing mechanisms that are efficient and that provide incentives to contractors in order to allocate risk appropriately between the contractor and the Government;
5. monitoring cost, schedule, and performance goals for the project (or the useful segment being proposed) using an earned value management system or similar system. Earned value is described in OMB Circular A–11, Part 3, "Planning, Budgeting and Acquisition of Capital Assets" (July 1999), Appendix 300C; and
6. if progress is not within 90 percent of goals, or if new information is available that would indicate a greater return on investment from alternative uses of funds, institute senior management review of the project through portfolio analysis to determine the continued viability of the project with modifications, or the termination of the project, and the start of exploration for alternative solutions if it is necessary to fill a gap in agency strategic goals and objectives.

E. Glossary

Appropriations

An appropriation provides budget authority that permits Government officials to incur obligations that result in immediate or future outlays of Government funds.

Regular annual appropriations: These appropriations are:

- enacted normally in the current year;
- scored entirely in the budget year; and
- available for obligation in the budget year and subsequent years if specified in the language. (See "Availability," below.)

Advance appropriations: Advance appropriations may be accompanied by regular annual appropriations to provide funds available for obligation in the budget year as well as subsequent years. Advance appropriations are:

- enacted normally in the current year;
- scored after the budget year (e.g., in each of one, two, or more later years, depending on the language); and
- available for obligation in the year scored and subsequent years if specified in the language. (See "Availability," below.)

Availability: Appropriations made in appropriations acts are available for obligation only in the budget year unless the language specifies that an appropriation is available for a longer period. If the language specifies that the funds are to remain available until the end of a certain year beyond the budget year, the availability is said to be "multi-year." If the language specifies that the funds are to remain available until expended, the availability is said to be "no-year." Appropriations for major procurements and construction projects are typically made available for multiple years or until expended.

Capital Assets

Capital assets are land, structures, equipment, and intellectual property (including software) that are used by the Federal Government and have an estimated useful life of two years or more. Capital assets exclude items acquired for resale in the ordinary course of operations or held for the purpose of physical consumption such as operating materials and supplies. The cost of a capital asset includes both its purchase price and all other costs incurred to bring it to a form and location suitable for its intended use.

Capital assets may be acquired in different ways: through purchase, construction, or manufacture; through a lease-purchase or other capital lease, regardless of whether title has passed to the Federal Government; through an operating lease for an asset with an estimated useful life of two years or more; or through exchange. Capital assets include leasehold improvements and land rights; assets owned by the Federal Government but located in a foreign country or held by others (such as Federal contractors, state and local governments, or colleges and universities); and assets whose ownership is shared by the Federal Government with other entities. Capital assets include not only the assets as initially acquired but also additions; improvements; replacements; rearrangements and reinstallations; and major repairs but not ordinary repairs and maintenance.

Examples of capital assets include the following, but are not limited to them: office buildings, hospitals, laboratories, schools, and prisons; dams, power plants, and water resources projects; furniture, elevators, and printing presses; motor vehicles, airplanes, and ships; satellites and space exploration equipment; information technology hardware and software; and Department of Defense weapons systems. Capital assets may or may not be capitalized (i.e., recorded in an entity's balance sheet) under Federal accounting standards. Examples of capital assets not capitalized are Department of Defense weapons systems, heritage assets, stewardship land, and some software. Capital assets do not include grants for acquiring capital assets made to State and local governments or other entities (such as National Science Foundation grants to universities or Department of Transportation grants to AMTRAK). Capital assets also do not include intangible assets such as the knowledge resulting from research and development or the human capital resulting from education and training, although capital assets do include land, structures, equipment, and intellectual property (including software) that the Federal Government uses in research and development and education and training.

Capital Project and Useful Segments of a Capital Project

The total capital project, or acquisition of a capital asset, includes useful segments that are either planning segments or useful assets.

Planning segments: A planning segment of a capital project provides information that allows the agency to develop the design; assess the benefits, costs, and risks; and establish realistic baseline cost, schedule, and performance goals before proceeding to full acquisition of the useful asset (or canceling the acquisition). This information comes from activities, or planning segments, that include but are not limited to market research of available solutions, architectural drawings, geological studies, engineering and design studies, and prototypes. The process of gathering information for a capital project may consist of one or more planning segments, depending on the nature of the asset. If the project includes a prototype that is a capital asset, the prototype may itself be one segment or may be divisible into more than one segment. Because of uncertainty regarding the identification of separate planning segments for research and development activities, the application of full funding concepts to research and development planning will need more study.

Useful asset: A useful asset is an economically and programmatically separate segment of the asset procurement stage of the capital project that provides an asset for which the benefits exceed the costs, even if no further funding is appropriated. The total capital asset procurement may include one or more useful assets, although it may not be possible to divide all procurements in this way. Illustrations follow:

Illustration 1: If the construction of a building meets the justification criteria and has benefits greater than its costs without further investment, then the construction of that building is a "useful segment." Excavation is not a useful segment because no useful asset results from the excavation alone if no further funding becomes available. For a campus of several buildings, a useful segment is one complete building if that building has programmatic benefits that exceed its costs regardless of whether the other buildings are constructed, even though that building may not be at its maximum use.

Illustration 2: If the full acquisition is for several items (e.g., aircraft), the useful segment would be the number of complete aircraft required to achieve benefits that exceed costs even if no further funding becomes available. In contrast, some portion of several aircraft (e.g., engines for five aircraft) would not be a useful segment if no further funding is available, nor would one aircraft be a useful segment if two or more are required for benefits to exceed costs.

Illustration 3: For information technology, a module (the information technology equivalent of "useful segment") is separable if it is useful in itself without subsequent modules. The module should be designed so that it can be enhanced or integrated with subsequent modules if future funding becomes available.

Earned Value

Earned value refers to a performance-based management system for establishing baseline cost, schedule, and performance goals for a capital project and measuring progress against the goals. Earned value is described in OMB Circular A–11, Part 3, "Planning, Budgeting and Acquisition of Capital Assets" (July 1999), Appendix 300C.

Funding

Full funding: Full funding means that appropriations—regular appropriations or advance appropriations—are enacted that are sufficient in total to complete a useful segment of a capital project before any obligations may be incurred for that segment. Full funding for an entire capital project is required if the project cannot be divided into more than one useful segment. If the asset can be divided into more than one useful segment, full funding for a project may be desirable, but is not required to constitute full funding.

Incremental (partial) funding: Incremental (partial) funding means that appropriations—regular appropriations or advance appropriations—are enacted for just part of a useful segment of a capital project, if the project has useful segments, or for part of the capital project as a whole, if it is not divisible into useful segments. Under incremental funding for a capital asset, which is not permitted under these principles, the funds could be obligated to start the segment (or project) despite the fact that they are insufficient to complete a useful segment or project.

Risk Management

Risk management is an organized method of identifying and measuring risk and developing, selecting, and managing options for handling these risks. Before beginning any procurement, managers should review and revise as needed the acquisition plan to ensure that risk management techniques considered in the planning phase are still appropriate.

There are three key principles for managing risk when procuring capital assets: (1) avoiding or limiting the amount of development work; (2) making effective use of competition and financial incentives; and (3) establishing a performance-based acquisition management system that provides for accountability for program successes and failures, such as an earned value system or similar system.

There are several types of risk an agency should consider as part of risk management. The types of risk include:

- schedule risk;
- cost risk;
- technical feasibility;
- risk of technical obsolescence;
- dependencies between a new project and other projects or systems (e.g., closed architectures); and
- risk of creating a monopoly for future procurement.

Part III: FEDERALLY FINANCED CAPITAL STOCKS

Federal investment spending 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.

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 ages, wears out, is accidentally damaged, 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 activities, 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 beginning with pre-school education and extending through graduate studies and adult education. 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 reduces the capital stock. Gross investment less depreciation is net investment. A limitation of the perpetual inventory method is that investment spending may not accurately measure 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 especially difficult to apply to assets that do not have a private market, such as highways or weapons systems.

In contrast to physical and R&D stocks, the estimate of the education stock is based on the replacement cost method. Data on the total years of education of 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 uncertainty about the useful lives and depreciation rates of different types of assets, incomplete data for historical outlays, and imprecision in the deflators used to express costs in constant dollars.

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 6–6 shows the value of the net federally financed physical capital stock since 1960, in constant fiscal year 1996 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 amounted to $2,013 billion in 1999 and is estimated to increase slightly to $2,065 billion by 2001. In 1999, the national defense capital stock accounted for $671 billion, or 33 percent of the total, and nondefense stocks for $1,342 billion, or 67 percent of the total.

Real stocks of defense and nondefense capital show very different trends. Nondefense stocks have grown consistently since 1970, increasing from $536 billion in 1970 to $1,342 billion in 1999. With the investments proposed in the budget, nondefense stocks are estimated to grow to $1,417 billion in 2001. During the 1970s, the nondefense capital stock grew at an average annual rate of 4.3 percent. In the 1980s, however, the growth rate slowed to 2.7 percent annually, with growth continuing at about that rate since then.

Real 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 the early 1980s, however, a large defense buildup began to increase the stock of defense capital. By 1987, the defense stock had exceeded its size at the height of the Vietnam War. In the last few years, depreciation on this increased stock and a slower pace of defense investment have begun to reduce the stock from its recent levels. The stock is estimated to fall from $671 billion in 1999 to $648 billion in 2001.

[3] Constant dollar stock estimates are expressed in chained 1996 dollars, consistent with the October 1999 revisions to the National Income and Product Accounts (NIPAs). The shift to a more recent base year changes the reported level of real stocks, but leaves the year-to-year trends largely the same.

Table 6–6. NET STOCK OF FEDERALLY FINANCED PHYSICAL CAPITAL

(In billions of 1996 dollars)

Fiscal Year	Total	National Defense	Nondefense								
			Total Non-defense	Direct Federal Capital			Capital Financed by Federal Grants				
				Total	Water and Power	Other	Total	Trans-portation	Commu-nity and Regional	Natural Resources	Other
Five year intervals:											
1960	978	682	296	145	89	56	151	93	27	21	10
1965	1,056	644	412	181	108	72	231	163	33	23	12
1970	1,200	664	536	205	123	82	331	237	47	27	20
1975	1,245	587	658	226	139	88	432	291	75	41	25
1980	1,338	518	820	253	159	94	567	350	116	76	26
1985	1,550	606	944	278	171	107	666	406	140	96	25
1990	1,823	756	1,068	309	180	129	759	473	151	108	27
Annual data:											
1995	1,956	742	1,214	347	187	160	867	546	160	117	44
1996	1,969	721	1,248	355	188	168	893	562	163	119	49
1997	1,982	701	1,281	362	187	175	919	578	166	120	54
1998	1,993	685	1,308	364	187	178	944	594	169	121	60
1999	2,013	671	1,342	372	187	185	970	611	171	123	65
2000 est.	2,038	658	1,380	380	188	192	1,000	631	174	124	71
2001 est.	2,065	648	1,417	387	189	199	1,030	651	177	125	77

Another trend in the Federal physical capital stocks is the shift from direct Federal assets to grant-financed assets. In 1960, 49 percent of federally financed nondefense capital was owned by the Federal Government, and 51 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 1999, 28 percent of the nondefense stock was owned by the Federal Government and 72 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 grown only slowly 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 increased about 30 percent since the mid-1980s.

Table 6–7 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, however, net investment has been negative in some years, indicating that new investment has not been sufficient to offset estimated depreciation. The net investment in this table is the change in the net nondefense physical capital stock displayed in Table 6–6.

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 6–8, the R&D capital stock financed by Federal outlays is estimated to be $898 billion in 1999 in constant 1996 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 1999 was about evenly divided between defense and nondefense. Although investment in defense R&D has exceeded that of nondefense R&D in every year since 1981, the nondefense R&D stock is actually the larger of the two, because of the different emphasis on basic research and applied research and development. Defense R&D spending is heavily concentrated in applied research and development, which depreciates much more quickly than basic research. The stock of 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 1990 led to a more rapid growth of the R&D stock. Since then, real defense R&D outlays have tapered off, depreciation has grown, and, as a result, the net defense R&D stock has stabilized.

The growth of the nondefense R&D stock slowed from the 1970s to the late 1980s, from an annual rate of

Table 6–7. COMPOSITION OF GROSS AND NET FEDERAL AND FEDERALLY FINANCED NONDEFENSE PUBLIC PHYSICAL INVESTMENT

(In billions of 1996 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 environment	Other
Five year intervals:															
1960	26.6	5.7	21.0	9.8	3.3	6.4	3.4	3.0	16.9	2.3	14.5	13.8	0.1	0.1	0.5
1965	35.4	7.8	27.6	11.7	4.3	7.4	3.4	4.0	23.8	3.6	20.2	17.0	2.2	0.4	0.5
1970	33.9	10.2	23.7	7.4	5.0	2.5	2.0	0.4	26.5	5.2	21.3	13.3	5.4	1.0	1.7
1975	34.8	12.3	22.4	10.1	5.4	4.7	3.7	1.0	24.6	6.9	17.7	8.0	4.4	4.6	0.7
1980	49.2	15.0	34.2	12.0	6.0	6.1	3.9	2.1	37.1	9.0	28.1	13.6	7.7	7.0	–0.2
1985	46.2	18.0	28.1	14.1	7.4	6.7	2.2	4.6	32.1	10.7	21.4	14.2	4.1	3.2	–0.1
1990	46.5	22.4	24.1	16.2	10.2	6.1	1.9	4.1	30.3	12.2	18.1	13.0	1.6	2.0	1.4
Annual data:															
1995	59.9	26.1	33.9	19.5	12.2	7.4	1.4	6.0	40.4	13.9	26.5	16.4	2.7	2.0	5.4
1996	61.1	26.9	34.1	20.7	12.6	8.1	0.4	7.7	40.3	14.3	26.0	16.1	3.0	1.5	5.5
1997	60.9	27.8	33.1	20.0	13.1	6.9	–0.5	7.5	40.9	14.8	26.1	16.5	2.8	1.4	5.3
1998	55.7	28.5	27.2	15.5	13.3	2.2	–0.4	2.6	40.2	15.2	25.0	15.5	2.7	1.0	5.8
1999	63.1	29.2	33.9	21.1	13.6	7.4	0.2	7.2	42.1	15.6	26.5	17.4	2.7	1.1	5.2
2000 est.	67.7	30.1	37.6	22.3	14.0	8.3	1.1	7.2	45.4	16.1	29.3	19.5	2.7	1.3	5.7
2001 est.	68.8	31.1	37.7	21.9	14.5	7.4	0.8	6.6	46.9	16.6	30.3	20.1	2.5	1.5	6.2

Table 6–8. NET STOCK OF FEDERALLY FINANCED RESEARCH AND DEVELOPMENT [1]

(In billions of 1996 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	245	15	231	202	63	139	447	78	370
1975	260	19	240	247	91	155	507	111	396
1980	263	23	240	292	124	169	555	147	408
1985	302	28	274	319	164	155	621	192	429
1990	379	34	345	360	215	145	739	249	490
Annual data:									
1995	398	40	358	434	277	157	832	317	515
1996	400	41	359	447	289	157	847	331	516
1997	402	42	359	461	303	158	863	345	518
1998	403	43	359	477	315	161	879	359	521
1999	404	44	360	494	329	165	898	373	524
2000 est.	405	46	359	512	343	169	917	389	528
2001 est.	405	47	359	532	359	173	938	406	532

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

3.8 percent in the 1970s to a rate of 1.8 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 6–9, the federally financed education stock is estimated at $964 billion in 1999 in constant 1996 dollars, rising to $1,085 billion in 2001. 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.

Despite a slowdown in growth during the early 1980s, the stock grew at an average annual rate of 5.4 percent from 1970 to 1999, 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 6–9. NET STOCK OF FEDERALLY FINANCED EDUCATION CAPITAL

(In billions of 1996 dollars)

Fiscal Year	Total Education Stock	Elementary and Secondary Education	Higher Education
Five year intervals:			
1960	66	48	19
1965	92	66	26
1970	212	166	46
1975	305	245	60
1980	432	336	96
1985	533	397	136
1990	701	517	184
Annual data:			
1995	791	574	217
1996	822	596	226
1997	859	623	237
1998	912	663	249
1999	964	705	260
2000 est.	1,027	756	271
2001 est.	1,085	804	282

Note on Estimating Methods

This note provides further technical detail about the estimation of the capital stock series presented in Tables 6–6 through 6–9.

As stated previously, the capital stock estimates are very rough approximations. Sources of possible error include:

Methodological issues.—The stocks of physical capital and research and development are estimated with the perpetual inventory method. A fundamental assumption of this method is that each dollar of investment spending adds a dollar to the value of the capital stock in the period in which the spending takes place. In reality, the value of the asset created could be more or less than the investment spending. As an extreme example, in cases where a project is canceled before completion, the spending on the project does not result in the creation of any asset. Even where asset value is equal to investment spending, there might be timing differences in spending and the creation of a capital asset. For example, payments for constructing an aircraft carrier might be made over a period of years, with the capital asset only created at the end of the period.

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 1996 prices were made through the application of price measures from the National Income and Product Accounts (NIPAs), but these should be considered only approximations of the costs of these assets in 1996 prices.

Depreciation.—The useful lives of physical, R&D, and education capital, as well as the pattern by which they depreciate, are very uncertain. This is compounded by using depreciation rates for broad classes of assets, which do not apply uniformly to all the components of each group. As a result, the depreciation estimates should also be considered approximations. This limitation is especially important in capital financed by grants, where the specific asset financed with the grant is often subject to the discretion of the recipient jurisdiction.

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. With two recent comprehensive revisions of the NIPAs in January 1996 and October 1999, government investment has taken increased prominence. Government investment in physical capital is now reported separately from government consumption expenditures, and government consumption expenditures include depreciation as a measure of the services provided by the existing capital stock. Government purchases of software are now included as investment.[5] In addition, as part of the most recent revisions, a new table will explicitly link investment and capital stocks by reporting the net stock of Government physical capital and decomposing the annual change in the stock into investment, depreciation, extraordinary changes such as disasters, and revaluation.[6]

The BEA data are not directly linked to the Federal budget, do not extend to the years covered by the budget, and do not separately identify the capital financed but not owned by the Federal Government. For these reasons, OMB prepares separate estimates for budgetary purposes, using techniques that roughly follow the BEA methods.

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 used to convert historical outlays to constant 1996 dollars were based on composite NIPA deflators for Federal, State, and local consumption of durables and gross investment, as revised in BEA's October 1999 comprehensive NIPA revisions. Because BEA had not yet released certain revised data prior to calendar year 1959, deflators were estimated for 1930 to 1959 based on the growth rates in BEA's prerevision data. For 1915 through 1929, deflators were estimated from Census Bureau historical statistics on constant price public capital formation.

The resulting capital stocks were aggregated into nine categories and depreciated using geometric rates roughly following those of BEA, which estimates depreciation using much more detailed categories.[7] The geometric rates were 1.9 percent for water and power projects; 2.4 percent for other direct non-defense construction and rehabilitation; 20.3 percent for non-defense equipment; 14.0 percent for defense equipment; 2.1 percent for defense structures; 1.6 percent for transportation grants; 1.7 percent for community and regional development grants; 1.5 percent for natural resources and environment grants; and 1.8 percent for other nondefense grants.

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 chained price index for gross domestic product (GDP) in fiscal year 1996 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.[8] More recent experimental work at BEA, 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.[9]

Education Capital Stocks

Method of estimation.—The estimates of the federally financed education capital stock in Table 6–9 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, including opportunity costs. 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 6–9 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.

[5] This change aligns BEA's treatment of software with OMB's definitions, which include purchase and in-house development of major software as investment.

[6] BEA's most recent estimates of capital stocks, prepared prior to the October 1999 comprehensive revisions, appear in "Fixed Reproducible Tangible Wealth in the United States: Revised Estimates for 1995–97 and Summary Estimates for 1925–97," *Survey of Current Business,* September 1998, pp. 36–46. Estimates reflecting the October 1999 revisions are tentatively scheduled for publication in the March 2000 *Survey of Current Business.*

[7] BEA presented its depreciation methods and rates in "Improved Estimates of Fixed Reproducible Tangible Wealth, 1929–95," *Survey of Current Business,* May 1997, pp. 69–76.

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

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

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, and a capital budget process may take many different forms.

The Federal budget mainly 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 6–10 compares total Federal investment as defined in Part I of this chapter with investment in Federal capital, which was defined as "capital assets" in Part II of this chapter, and with investment in national capital. Some Federal investment is not classified as either Federal or national capital, and a relatively small part is included in both categories.

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

Table 6–10. ALTERNATIVE DEFINITIONS OF INVESTMENT OUTLAYS, 2001

(In millions of dollars)

	Investment Outlays		
	All types of capital [1]	Federal capital	National capital
Construction and rehabilitation:			
Grants:			
Transportation	33,570	....	33,570
Natural resources and environment	2,785	....	2,785
Community and regional development	6,048	....	1,009
Housing assistance	7,643	....	....
Other grants	294	....	182
Direct Federal:			
National defense	5,120	5,120	....
General science, space, and technology	616	584	616
Natural resources and environment	5,424	4,128	5,129
Energy	863	863	863
Transportation	269	259	269
Veterans and other health facilities	1,317	1,317	1,317
Postal Service	1,044	1,044	1,044
GSA real property activities	1,116	1,116	....
Other construction	2,674	2,193	1,237
Total construction and rehabilitation	68,783	16,624	48,021
Acquisition of major equipment (direct):			
National defense	51,076	51,076	....
Postal Service	714	714	714
Air transportation	1,965	1,965	1,965
Other	5,504	4,728	3,333
Total major equipment	59,259	58,483	6,012
Purchase or sale of land and structures	839	839	....
Other physical assets (grants)	1,344	....	64
Total physical investment	130,225	75,946	54,097
Research and development:			
Defense	40,914	....	1,184
Nondefense	39,447	....	38,889
Total research and development	80,361	....	40,073
Education and training	56,590	....	56,214
Total investment outlays	267,176	75,946	150,384

[1] Total outlays for "all types of capital" are equal to the total for "major Federal investment outlays" in Table 6–1. Some capital is not classified as either Federal or national capital, and a relatively small part is included in both categories.

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 capital 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.

As discussed at the beginning of this chapter, the *Report of the President's Commission to Study Capital Budgeting* considered both capital budgets and the broader question of the planning and budgeting process for capital assets. It made a series of recommendations to improve budgeting for capital and setting priorities for the Federal Government, but it did not recommend changing the budget to make the size of the deficit or surplus depend on the amount of expenditures defined as capital, to finance capital spending by borrowing, or to make a single decision about how much to spend for "capital" under some definition.

Investment in Federal Capital

The goal of investment in Federal capital is to deliver the right amount of 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 Federal 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 either for a single agency or for the Government as a whole.

The universe of Federal capital encompasses all federally owned capital assets. It excludes Federal grants to States for infrastructure, such as highways, and it excludes intangible investment, such as education and research. Investment in Federal capital in 2001 is estimated to be $75.9 billion, or 28 percent of the total Federal investment outlays shown in Table 6–1. Of the investment in Federal capital, 74 percent is for defense and 26 percent for nondefense purposes.

A Capital Budget for Capital Assets

Discussion of a capital budget has often centered on Federal capital, called "capital assets" in Part II of this chapter—buildings, other construction, equipment, and software that support the delivery of 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 special purpose capital such as weapons systems, military bases, the space station, and dams. This definition excludes capital that the Federal Government has financed but does not own.[10]

Some capital budget proposals would partition the unified budget into a capital budget, an operating budget, and a total budget. Table 6–11 illustrates such a capital budget for capital 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 capital 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 operating budget has a smaller surplus than the unified budget. This reflects both the relatively small Federal investment in new capital assets and the offsetting effect of depreciation on the existing stock. Depreciation is larger than capital expenditures by $4 billion. The figures in Table 6–11 and the subsequent tables of this section are rough estimates, intended only to be illustrative and to provide a basis for broad generalizations.

Some proposals for a capital budget would exclude defense capital (other than military family housing). These exclusions—weapons systems, military bases, and so forth—would comprise three-fourths of the expenditures shown in the capital budget of Table 6–11. If they were excluded, the operating budget would have a surplus that was a little more than the unified budget surplus: a surplus $6 billion higher than the unified budget surplus instead of $4 billion lower as shown above for the complete coverage of Federal capital. Excluding defense makes such a large difference because of its large relative size and the recent pattern of capital asset purchases. The large defense buildup that began in the early 1980s raised the capital stock and depreciation; the buildup was followed by a sharp decline in purchases, while the capital stock and depreciation have declined more slowly. (See the previous sec-

[10] This definition of "capital assets" is the same as used in the budget in recent years. Narrower definitions of "fixed assets" were used in earlier budgets.

Table 6–11. CAPITAL, OPERATING, AND UNIFIED BUDGETS: FEDERAL CAPITAL, 2001[1]

(In billions of dollars)

Operating Budget	
Receipts	2,019
Expenses:	
Depreciation	80
Other	1,759
Subtotal, expenses	1,839
Surplus or deficit (–)	180
Capital Budget	
Income: depreciation	80
Capital expenditures	76
Surplus or deficit (–)	4
Unified Budget	
Receipts	2,019
Outlays	1,835
Surplus or deficit (–)[2]	184

[1] Historical data to estimate the capital stocks and calculate depreciation are not readily available for Federal capital. Depreciation estimates were based on the assumption that outlays for Federal capital were a constant percentage of the larger categories in which such outlays were classified. They are also subject to the limitations explained in Part III of this chapter. Depreciation is measured in terms of current cost, not historical cost.

[2] The surplus allocation for debt reduction is part of the President's overall budgetary framework to extend the solvency of Social Security and Medicare, and is shown in Table S–1 in Part 6 of the 2001 *Budget.*

tion of this chapter.) As a result, capital expenditures for defense in 2001 are estimated to be $10 billion less than depreciation, whereas capital expenditures for nondefense purposes (plus military family housing) are estimated to be $6 billion more.

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 capital asset acquisitions in terms of the operating budget instead. When the Government proposed to purchase a capital 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.[11]

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 capital asset may change over a period of years, because either the need was not permanent, it was initially misjudged, or other needs become 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 capital 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 capital 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 in setting priorities.

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 capital asset as the cash is paid out is compared with the full stream of future benefits (all in terms of present values).[12] 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.[13] Regardless of the

[11] The amount of depreciation that typically would be recorded as an expense in the budget year is overstated by this illustration. First, most assets are 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.

[12] 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.

[13] For a full textbook analysis of capital budgeting techniques in business, see Harold Bierman, Jr., and Seymour Smidt, *The Capital Budgeting Decision* (8th ed.; Saddle River, N.J.: Prentice-Hall, 1993). Shorter analyses from the standpoints of corporate finance and cost accounting may be found, for example, in Richard A. Brealey and Stewart C. Myers,

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.[14]

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 capital 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, as explained above, and the capital budget records the period-by-period cash outflows proposed for capital projects.[15] 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 objective 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 capital assets over their estimated useful life. With similar objectives in mind, the Office of Management and Budget, the Treasury Department, and the General Accounting Office have adopted 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.[16]

Businesses finance investment from net income, cash on hand, and other sources 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; 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 and the wide economic base that it taxes. 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 capital 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 as expenditures in the operating budget. For the portion of investment purchased in the capital budget but financed by Federal grants or State taxes, which may be substantial, State operating budgets do not record any amount. No State operating budget is charged for depreciation.[17]

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

Principles of Corporate Finance (5th ed.; New York: McGraw-Hill, 1996), chap. 2, 5, and 6; Charles T. Horngren *et al., Cost Accounting* (9th ed.; Upper Saddle River, N.J.: Prentice-Hall, 1997), chap. 22 and 23; Jerold L. Zimmerman, *Accounting for Decision Making and Control* (Chicago: Irwin, 1995), chap. 3; and Surendra S. Singhvi, "Capital-Investment Budgeting Process" and "Capital-Expenditure Evaluation Methods," chap. 19 and 20 in Robert Rachlin, ed., *Handbook of Budgeting* (4th ed.; New York: Wiley, 1999).

[14] Two surveys of business practice conducted a few years ago found that such techniques are predominant. See Thomas Klammer *et al.,* "Capital Budgeting Practices—A Survey of Corporate Use," *Journal of Management and Accounting Research,* vol. 3 (Fall 1991), pp. 113–30; and 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 and Sprow also found that discounted cash flow techniques are recommended by the most widely used textbooks in managerial finance.

[15] 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.

[16] Office of Management and Budget, Statement of Federal Financial Accounting Standards No. 6, *Accounting for Property, Plant, and Equipment* (November 30, 1995), pp. 5–14 and 34–35. This Statement was recommended by the Federal Accounting Standards Advisory Board. Depreciation is not used as a measure of expense for heritage assets, or for weapons systems and other national defense property, plant, and equipment. Depreciation also is not 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 finances in human capital and research and development.

[17] 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). For further information about state capital budgeting, see National Association of State Budget Officers, *Capital Budgeting in the States* (September 1997).

maintenance is measured.[18] Under new financial accounting standards, however, depreciation on most capital assets will be recognized as an expense in government-wide financial statements. This will become effective for fiscal periods beginning during 2001–03, depending on the size of the government.[19]

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, which is reflected in the credit ratings of its bonds. Rating agencies place significant weight on the amount of debt outstanding compared to the economic output generated by the State. Furthermore, borrowing 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. The French budget, for example, is divided into separate titles of which some are for current expenditures and others for capital expenditures. However, a recent study of European countries found only four that had a real difference between a current budget and a capital budget (Greece, Ireland, Luxembourg, and Portugal);[20] and a survey by the Congressional Budget Office in 1993 found only two developed nations, Chile and New Zealand, that recognize depreciation in their budgets.[21] 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 capital assets or before the government can acquire certain capital assets such as state highways.[22]

More recently, Australia has adopted an accrual budget as of its 1999–2000 fiscal year, although appropriations are required for departments with inadequate funds to replace capital assets. The budget has several measures of fiscal position: the operating balance is fully accrual; while the fiscal balance, the primary fiscal measure, is closer to a cash basis and includes the purchase of property, plant, and equipment rather than depreciation. The United Kingdom has adopted a rule that it will borrow only for net investment (after depreciation), averaged over the economic cycle. It plans to budget on an accrual basis, including the depreciation of capital assets, beginning with its budget for 2001–02; an appropriation would be required for cash payments for capital assets made in the fiscal year, but this would not be included in the "resource budget." On the other hand, some countries—including Sweden, Denmark, Finland, and the Netherlands—formerly had separate capital budgets but abandoned them a number of years ago.[23]

Many ***developing countries*** operate a dual budget system comprising a regular or recurrent budget and a capital or development budget. The World Bank staff has concluded that:

> "The dual budget may well be the single most important culprit in the failure to link planning, policy and budgeting, and poor budgetary outcomes. The dual budget is misconceived because it is based on a false premise that capital expenditure by government is more productive than current expenditure. Separating development and recurrent budgets usually leads to the development budget having a lower hurdle for entry. The result is that everyone seeks to redefine their expenditure as capital so it can be included in the development budget. Budget realities are left to the recurrent budget to deal with, and there is no pretension that expenditure proposals relate to policy priorities."[24]

Conclusions

It is for reasons such as these that the General Accounting Office issued a report in 1993 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."[25]

After further study of the role of depreciation in budgeting for national capital, GAO reiterated that con-

[18] Governmental Accounting Standards Board (GASB), *Codification of Governmental Accounting and Financial Reporting Standards* as of June 30, 1999, sections 1100.107 and 1400.114–1400.118.

[19] Governmental Accounting Standard Board, Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* (October 1999), paragraphs 18–29 and 44–45. For discussion, see paragraphs 330–43.

[20] M. Peter van der Hoek, "Fund Accounting and Capital Budgeting: European Experience," *Public Budgeting and Financial Management,* vol. 8 (Spring 1996), pp. 39–40.

[21] 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."

[22] 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.

[23] 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 consolidated 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.

[24] The World Bank, *Public Expenditure Management Handbook* (Washington, D.C.: The World Bank, 1998), Box 3.11, page 53.

[25] 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.

clusion in another study in 1995.[26] "The greatest disadvantage... was that depreciation would result in a loss of budgetary control under an obligation-based budgeting system."[27] Although that study also focused primarily on what is termed "national capital" in this chapter, its analysis applies equally to "Federal capital." In 1996 GAO extended its conclusions to Federal capital as well. "If depreciation were recorded in the federal budget in place of cash requirements for capital spending, this would undermine Congress' ability to control expenditures because only a small fraction of an asset's cost would be included in the year when a decision was made to acquire it."[28]

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 1993 report, *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.[29] GAO defined this investment as "federal spending, either direct or through grants, that is directly intended to enhance the private sector's long-term productivity."[30] 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.[31] 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 in 1995.[32]

Table 6–12. UNIFIED BUDGET WITH NATIONAL INVESTMENT COMPONENT, 2001

(In billions of dollars)

Receipts	2,019
Outlays:	
National investment	150
Other	1,685
Subtotal, outlays	1,835
Surplus or deficit (–)[1]	184

[1] The surplus allocation for debt reduction is part of the President's overall budgetary framework to extend the solvency of Social Security and Medicare, and is shown in Table S–1 in Part 6 of the 2001 *Budget.*

Table 6–12 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 $150 billion in 2001. 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 10 percent of national investment consists of assets to be owned by the Federal Government. Military investment and some other "capital assets" as defined previously are excluded, because that investment does not primarily enhance economic growth.

A Capital Budget for National Investment

Table 6–13 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.[33]

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

[26] GAO, *Budget Issues: The Role of Depreciation in Budgeting for Certain Federal Investments,* GAO/AIMD–95–34 (February 1995), pp. 1 and 19–20.

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

[28] GAO, *Budget Issues: Budgeting for Federal Capital,* GAO/AIMD–97–5 (November 1996), p. 28. Also see p. 4.

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

[30] *Ibid.*, pp. 1 and 5.

[31] *Ibid.*, pp. 2 and 13–16.

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

[33] 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."

Table 6–13. CAPITAL, OPERATING, AND UNIFIED BUDGETS: NATIONAL CAPITAL, 2001 [1]

(In billions of dollars)

Operating Budget	
Receipts	1,981
Expenses:	
Depreciation [2]	74
Other	1,685
Subtotal, expenses	1,758
Surplus or deficit (–)	222
Capital Budget	
Income:	
Depreciation [2]	74
Earmarked tax receipts [3]	38
Subtotal, income	112
Capital expenditures	150
Surplus or deficit (–)	–38
Unified Budget	
Receipts	2,019
Outlays	1,835
Surplus or deficit (–) [4]	184

[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 explained in Part III of this chapter. Depreciation is measured in terms of current cost, not historical cost.

[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, less trust fund outlays for operating expenditures. These are user charges earmarked for financing capital expenditures.

[4] The surplus allocation for debt reduction is part of the President's overall budgetary framework to extend the solvency of Social Security and Medicare, and is shown in Table S–1 in Part 6 of the 2001 *Budget.*

are much more difficult 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.[34]

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 (i.e., saving net of depreciation). A capital budget, it is sometimes contended, is needed for this purpose.

This purpose, however, is now fulfilled by the Federal sector of the national income and product accounts (NIPA) according to one definition of investment. The NIPA Federal sector measures the impact of Federal current receipts, current expenditures, and the current surplus or 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 recent periods is published monthly in the *Survey of Current Business* with separate releases for historical data. Estimates for the President's proposed budget through the budget year are normally published in the budget documents. The NIPA translation of the budget, rather than the budget itself, is ordinarily used by economists to analyze the effect of Government fiscal policy on the aggregate economy.[35]

Until four years ago the NIPA Federal sector did not divide government purchases of goods and services between consumption and investment. With the comprehensive revision of the national income and product accounts in early 1996, it now makes that distinction.[36] The revised NIPA Federal Government account is a current account or an operating account for the Federal Government and accordingly shows current receipts and current expenditures. It excludes expenditures for structures, equipment, and software owned by the Federal Government; it includes depreciation on the federally owned stock of structures, equipment, and software as a proxy for the services of capital assets consumed in production and thus as part of the Federal Government's current expenditures. It applies this treatment to a comprehensive definition of federally owned structures, equipment, and software, both defense and nondefense, similar to the definition of "capital assets" in this chapter.[37]

[34] 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).

[35] See chapter 16 of this volume, "National Income and Product Accounts," for the NIPA current account of the Federal Government based on the budget estimates for 2000 and 2001, and for a discussion of the NIPA Federal sector and its relationship to the budget.

[36] This distinction is also made in the national 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 vary. For example, the SNA does not include the purchase of military equipment as investment.

[37] The treatment of investment (except for the recent recognition of software) in the 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. As is the case of private sector investment, government investment does not include expenditures on research and development or on education and training. Government purchases of structures, equipment, and software remain a part of gross domestic product (GDP) as a separate component. The NIPA State and local government account is defined in the same way and includes depreciation on structures, equipment, and software owned by State and local governments that were financed by Federal grants as well as by their own resources. Depreciation is not displayed as a separate line item in the government account: depreciation on general government capital assets is included in government "consumption expenditures"; and depreciation on the capital assets of government enterprises is subtracted in calculating the "current surplus of government enterprises."

The NIPA "current surplus or deficit" of the Federal Government thus measures the Government's direct contribution to the Nation's net saving (given the definition of investment that is employed). The 1999 Federal Government current account surplus was increased $2 billion by including depreciation rather than gross investment, because depreciation of federally owned structures, equipment, and software was less than gross investment. The 2001 Federal current account surplus is estimated to be increased $16 billion.[38] A capital budget is not needed to capture this effect.

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 the current replacement cost, not the historical cost. Current cost depreciation is needed in order to measure all activities in the budget on a consistent basis, since other outlays and receipts are automatically measured in the prices of the current year. Current cost depreciation is also needed to obtain a valid measure of net investment. This requires that the addition to the capital stock from new purchases and the subtraction from depreciation on existing assets both be measured in the prices of the same year. When prices change, historical cost depreciation does not measure the extent to which the capital stock is used up each year.

As a broad generalization, Tables 6–11 and 6–13 suggest that this rationale would not currently justify a great deal of Federal borrowing, if any at all, under the two capital budgets roughly illustrated in this chapter. For *Federal capital*, Table 6–11 indicates that current cost depreciation is more than gross investment for Federal capital—the capital budget surplus is $4 billion. The rationale of borrowing to finance net investment would not justify the Federal Government borrowing at all to finance its investment in Federal capital; instead, it would have to repay this amount of debt ($4 billion). For *national capital*, Table 6–13 indicates that current cost depreciation (plus the excise taxes earmarked to finance capital expenditures for highways and airports and airways[39]) is less than gross investment but not by a great deal—the capital budget deficit is $38 billion. The rationale of borrowing to finance net investment would justify the Federal Government borrowing this amount ($38 billion) and no more to finance its investment in national capital.[40]

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 a decade, however, net national saving has been low, both by historical standards and in comparison to the amounts needed to meet the challenges expected in the decades ahead.

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 government) 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.[41]

From its outset, this Administration has taken major steps to increase the saving available for private investment while also increasing Federal investment for national capital. During the past seven years, the large deficit has been replaced by a substantial surplus, and available resources have been shifted to investment in education and training and in science and technology. The present budget proposes to continue to run substantial surpluses, paying down the debt to make room for financing private investment, while protecting high

[38] See actuals and estimates for 1990–2001 in table 16–2 of chapter 16 of this volume, "National Income and Product Accounts."

[39] The capital budget deficit would be about $27 billion larger if current cost depreciation were used instead of earmarked excise taxes for investment in highways and airports and airways.

[40] This discussion abstracts from non-budgetary transactions that affect Federal borrowing requirements, such as changes in the Treasury operating cash balance and the net financing disbursements of the direct loan and guaranteed loan financing accounts. See chapter 12 of this volume, "Federal Borrowing and Debt," and the explanation of Table 12–2.

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

priority Federal investment. A capital budget is not a justification to relax the budget constraints that are contributing to this accomplishment. Any easing would undo the gains from achieving a surplus that have already been achieved and the further gains from the proposals in this budget.

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 part is organized in two major sections. The first section projects Federal outlays for public physical capital and the second section 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 and training, and outlays for the conduct of research and development.

The projections are done generally on a current services basis, which means they are based on 2000 enacted appropriations and adjusted for inflation in later years. The current services concept is discussed in Chapter 14, "Current Services Estimates."

Federal public physical capital spending was $118.6 billion in 1999 and is projected to increase to $154.4 billion by 2009 on a current services basis. The largest components are for national defense and for roadways and bridges, which together accounted for almost two-thirds of Federal public physical capital spending in 1999.

Table 6–14 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 $31.0 billion in 1999, and current services outlays are estimated to increase to $45.3 billion by 2009. Outlays for nondefense housing and buildings were $11.3 billion in 1999 and are estimated to be $15.6 billion in 2009. Physical capital outlays for other nondefense categories were $22.4 billion in 1999 and are projected to be $27.8 billion by 2009. For national defense, this spending was $53.9 billion in 1999 and is estimated on a current services basis to be $65.7 billion in 2009.

Table 6–15 shows current services projections on a constant dollar basis, using fiscal year 1996 as the base year.

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 dollars)

	1999 Actual	Estimate									
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Nondefense:											
Transportation-related categories:											
Roadways and bridges	22.8	25.5	27.2	28.1	28.7	29.2	29.8	30.5	31.1	31.7	32.3
Airports and airway facilities	3.9	3.8	3.8	4.1	4.1	4.3	4.4	4.5	4.6	4.6	4.8
Mass transportation systems	4.0	4.3	4.5	5.2	5.7	6.4	6.8	7.0	7.2	7.4	7.5
Railroads	0.3	0.7	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7
Subtotal, transportation	31.0	34.3	36.1	38.0	39.2	40.6	41.6	42.6	43.6	44.5	45.3
Housing and buildings categories:											
Federally assisted housing	7.0	7.6	8.0	7.7	8.0	8.7	8.9	9.2	9.1	9.0	9.1
Hospitals	1.3	1.4	1.9	1.9	1.9	1.9	2.0	2.0	2.1	2.1	2.2
Public buildings [1]	3.0	3.5	3.6	3.6	3.8	3.8	3.9	4.0	4.1	4.2	4.3
Subtotal, housing and buildings	11.3	12.5	13.5	13.2	13.7	14.5	14.8	15.2	15.2	15.3	15.6
Other nondefense categories:											
Wastewater treatment and related facilities	2.5	2.9	3.1	3.4	3.6	3.8	3.9	3.9	4.0	4.0	4.1
Water resources projects	2.8	3.8	3.4	3.3	3.5	3.6	3.7	3.8	3.8	3.9	4.0
Space and communications facilities	3.6	3.2	3.1	3.6	3.6	3.9	3.6	3.9	4.0	3.9	3.9
Energy programs	1.1	1.1	1.0	1.0	1.1	1.0	0.9	0.8	0.8	0.8	0.8
Community development programs	5.4	5.6	5.6	5.8	5.9	6.0	6.0	6.1	6.2	6.3	6.4
Other nondefense	7.1	7.7	7.3	6.9	7.1	7.6	7.8	8.0	8.2	8.4	8.6
Subtotal, other nondefense	22.4	24.1	23.5	24.0	24.8	25.9	25.9	26.5	27.0	27.3	27.8
Subtotal, nondefense	64.8	71.0	73.1	75.2	77.6	80.9	82.3	84.3	85.8	87.1	88.7
National defense	53.9	53.3	56.1	57.7	60.2	61.8	63.3	61.9	63.1	64.4	65.7
Total	118.6	124.3	129.2	132.9	137.8	142.8	145.6	146.2	148.9	151.4	154.4

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

Table 6–15. CURRENT SERVICES OUTLAY PROJECTIONS FOR FEDERAL PHYSICAL CAPITAL SPENDING

(In billions of constant 1996 dollars)

	1999 Actual	Estimate				
		2000	2001	2002	2003	2004
Nondefense:						
Transportation-related categories:						
Roadways and bridges	21.8	23.7	24.7	24.9	24.7	24.6
Airports and airway facilities	3.8	3.6	3.6	3.7	3.7	3.8
Mass transportation systems	3.9	4.0	4.1	4.6	4.9	5.4
Railroads	0.3	0.7	0.6	0.6	0.6	0.6
Subtotal, transportation	29.8	32.1	33.0	33.8	34.0	34.3
Housing and buildings categories:						
Federally assisted housing	6.8	7.1	7.2	6.8	6.9	7.3
Hospitals	1.3	1.4	1.8	1.8	1.8	1.8
Public buildings [1]	3.1	3.5	3.6	3.5	3.6	3.5
Subtotal, housing and buildings	11.1	12.0	12.6	12.1	12.3	12.6
Other nondefense categories:						
Wastewater treatment and related facilities	2.4	2.7	2.8	3.0	3.1	3.2
Water resources projects	2.8	3.8	3.4	3.2	3.3	3.3
Space and communications facilities	3.7	3.2	3.0	3.4	3.4	3.6
Energy programs	1.1	1.1	1.0	0.9	1.0	0.9
Community development programs	5.2	5.2	5.1	5.1	5.1	5.1
Other nondefense	7.1	7.5	7.0	6.5	6.6	6.9
Subtotal, other nondefense	22.2	23.4	22.3	22.2	22.5	23.0
Subtotal, nondefense	63.1	67.5	67.9	68.2	68.7	69.9
National defense	54.6	53.2	54.9	55.4	56.6	57.0
Total	117.7	120.8	122.8	123.5	125.3	126.9

[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 average growth in travel to the year 2015	1.96 percent
2. Annual cost to maintain overall 1995 conditions and performance on highways eligible for Federal-aid	$33.4 billion (1995 dollars)
3. Annual cost to maintain overall 1995 conditions on bridges	$5.6 billion (1995 dollars)

Airports and Airway Facilities

1. Airports in the National Plan of Integrated Airport Systems with scheduled passenger traffic	528
2. Air traffic control towers	451
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	$6.1 billion (1995 dollars)
2. Yearly cost to replace and maintain the urban, rural, and special services bus fleet and facilities	$3.6 billion (1995 dollars)

Wastewater Treatment

1. Total remaining needs of sewage treatment facilities	$128 billion (1996 dollars)
2. Total Federal expenditures under the Clean Water Act of 1972 through 2000	$74 billion
3. The population served by centralized treatment facilities: percentage that benefits from at least secondary sewage treatment systems	98 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 (1999)	48.0 percent
2. Average length of stay, IHS hospitals (days) (1999)	3.9
3. Hospital admissions (1999)	49,753
4. Outpatient visits (1998)	4,407,000
5. Eligible population (2000)	1,511,135

Department of Veterans Affairs (VA) Hospitals (1998)

1. Hospitals	166
2. Ambulatory clinics	544
3. Domiciliaries	40
4. Vet centers	206
5. Nursing homes	132

Water Resources

Water resources projects include 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 set of eligible projects includes those that pass a cost-effectiveness test.

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7. RESEARCH AND DEVELOPMENT FUNDING

Investments in scientific discovery and technological development—both public and private—have driven economic growth and improvements in the quality of life in America for long as our Nation has existed. In the last 50 years, developments in science and technology have generated at least half of the Nation's productivity growth, creating millions of high-skill, high-wage jobs and leading to advances in the economy, national security, the environment, transportation and medical care. Federal government support for science and technology has helped put Americans on the moon, boosted agricultural productivity, harnessed the atom, devised more effective treatments for cancers, tracked weather patterns and earthquake faults, and deciphered the chemistry of life.

Because technological advances are key to progress and economic growth, in 1993 President Clinton took office committed to expanding Federal investment in civilian research and development. The President's economic strategy relied upon the critical element of investing in people and proposed targeted investments to help the Nation compete in the global economy and improve our quality of life.

The Administration's support for R&D has been essential to the flow of innovative ideas, which have resulted in everything from the discovery of the first multi-planet system beyond our own to unraveling human, plant and microbial genomes, a critical step in understanding the function of genes, and, in turn, potentially treating and curing diseases that are now beyond the reach of medical science. Investments in science and technology can bring us breakthroughs in the areas of the environment, health, national security, and more, including, for example: fuel economies that are double those of today; a strong defense that continually hones its technological edge; and fundamental research that may be able to unlock the answers to some of the most basic questions: why cells age and die, how human beings learn and remember information, and whether there is life on other planets.

Over the last several years, private industry has expanded its support for research and development, but most of these efforts focus on bringing new products to market rather than funding the basic research that can lead to break-through applications in a wide range of fields. By supporting fundamental research that can provide the foundation for tomorrow's technologies, the Federal Government can act as a catalyst for these breakthroughs. Federal investment in basic research increased by nearly 45 percent from 1993 to 2000, with emphasis on health research. The budget proposes $20.3 billion to advance a balanced portfolio in basic research, an increase of $1.3 billion, or 7 percent, over 2000.

Basic university-based research plays a special role in the development of scientific advances. The competitive grants process upon which university research relies fosters innovation and expands scientific frontiers. At the same time, these research grants provide a training ground for the next generation of scientists and engineers. Funding support for universities has grown to roughly $17.8 billion, a 53 percent increase, since 1993. Funding the academic researcher through a peer-reviewed, merit-based competitive process is the Federal government's strategy for pursuing the most promising long-term research. Researchers at national laboratories, in the private sector, and at non-profit companies may also be funded through such a competition. In 2001, $28.2 billion in research funds will be awarded through a peer-reviewed, merit-based competitive process.

Other processes for allocating research dollars are appropriate in special cases. For example, agencies may decide that they wish to spearhead research in a particularly risky, but highly promising, field that can further the agency's mission. Agency program managers with in-depth knowledge and expertise are likely to have the best judgement for making such decisions. One example of this approach is the National Science Foundation, where program managers may award up to 5 percent of their funds through "Small Grants for Exploratory Research," which are made at the program manager's discretion, without peer review. In other agencies, there are well-known centers of excellence at the national laboratories, where there are unique capabilities. An agency may determine that maintaining and exploiting this excellence requires long-term financial stability for expensive world-class machines that will ultimately benefit many researchers.

In the appropriations process, Congress may require awards to be made to a single performer or collection of performers without competitive selection. This Congressional direction may be established in law, report language, or by other means. As a result of a recommendation in the National Science and Technology Council's report on the Government-University Partnership, agencies have reported the amount of funding that was awarded through such Congressional direction. The Administration is in the process of developing consistent measures across Federal agencies for these latter two categories of research, in order to publish the data in the 2002 budget.

The tables below provide data on Federal spending for research and development. Table 7–1 shows agency-by-agency spending on basic and applied research, development, and equipment and facilities. Table 7–2 shows agency-by-agency spending for two initiatives of the National Science and Technology Council, which are required by statute.

Table 7–1. FEDERAL RESEARCH AND DEVELOPMENT SPENDING

(Budget authority, dollar amounts in millions)

	1999 Actual	2000 Estimate	2001 Proposed	Dollar Change: 2000 to 2001	Percent Change: 2000 to 2001
By Agency					
Defense	38,850	38,719	38,640	–79	0%
Health and Human Services	15,797	18,063	18,998	935	5%
National Aeronautics and Space Administration	9,715	9,753	10,035	282	3%
Energy	6,992	7,091	7,655	564	8%
National Science Foundation	2,702	2,903	3,464	561	19%
Agriculture	1,645	1,773	1,828	55	3%
Commerce	1,084	1,073	1,152	79	7%
Interior	786	585	731	146	25%
Transportation	670	648	679	31	5%
Veterans Affairs	644	655	655	0	0%
Environmental Protection Agency	500	584	590	6	1%
Education	205	233	271	38	16%
Other	752	664	635	–26	–4%
TOTAL	**80,342**	**82,744**	**85,333**	**2,589**	**3%**
Basic Research					
Defense	1,082	1,175	1,230	55	5%
Health and Human Services	8,642	9,857	10,422	565	6%
National Aeronautics and Space Administration	1,981	1,947	1,895	–52	–3%
Energy	2,228	2,242	2,379	137	6%
National Science Foundation	2,330	2,512	3,000	488	19%
Agriculture	634	692	740	48	7%
Commerce	39	39	52	13	33%
Transportation	42	46	69	23	50%
Environmental Protection Agency	57	58	76	18	31%
Veterans Affairs	263	268	268	0	0%
Interior	50	61	63	2	3%
Education	2	2	2	0	0%
Other	118	128	132	4	3%
SUBTOTAL	**17,468**	**19,027**	**20,328**	**1,301**	**7%**
Applied Research					
Defense	3,064	3,383	3,087	–296	–9%
Health and Human Services	4,998	5,728	5,935	207	4%
National Aeronautics and Space Administration	2,306	2,365	2,817	452	19%
Energy	1,810	1,913	2,174	261	14%
National Science Foundation	147	164	193	29	18%
Agriculture	743	807	821	14	2%
Commerce	799	770	834	64	8%
Transportation	368	384	477	93	24%
Environmental Protection Agency	401	387	377	–10	–3%
Veterans Affairs	365	370	370	0	0%
Interior	418	482	486	4	1%
Education	141	150	165	15	10%
Other	355	290	290	0	0%
SUBTOTAL	**15,915**	**17,193**	**18,026**	**833**	**5%**
Development					
Defense	34,423	33,913	33,937	24	0%
Health and Human Services	1,919	2,229	2,408	179	8%
National Aeronautics and Space Administration	5,092	5,093	4,920	–173	–3%
Energy	2,003	2,036	2,163	127	6%
National Science Foundation	0	0	0	0	NA
Agriculture	109	109	118	9	8%
Commerce	137	106	176	70	66%
Transportation	161	145	171	26	18%
Environmental Protection Agency	96	93	84	–9	–10%

Table 7–1. FEDERAL RESEARCH AND DEVELOPMENT SPENDING—Continued

(Budget authority, dollar amounts in millions)

	1999 Actual	2000 Estimate	2001 Proposed	Dollar Change: 2000 to 2001	Percent Change: 2000 to 2001
Veterans Affairs	16	17	17	0	0%
Interior	25	24	34	10	42%
Education	62	81	104	23	28%
Other	259	225	189	–36	–16%
SUBTOTAL	**44,302**	**44,071**	**44,321**	**250**	**1%**
Facilities and Equipment					
Defense	281	248	386	138	56%
Health and Human Services	238	249	233	–16	–6%
National Aeronautics and Space Administration	336	348	403	55	16%
Energy	951	900	939	39	4%
National Science Foundation	225	227	271	44	19%
Agriculture	159	165	149	–16	–10%
Commerce	109	158	90	–68	–43%
Transportation	215	10	14	4	40%
Environmental Protection Agency	116	110	142	32	29%
Veterans Affairs	0	0	0	0	NA
Interior	7	17	7	–10	–59%
Education	0	0	0	0	NA
Other	20	21	24	3	14%
SUBTOTAL	**2,657**	**2,453**	**2,658**	**205**	**8%**

NA = Not applicable.

Table 7–2. AGENCY DETAIL OF MAJOR INITIATIVES

(Budget authority, dollar amounts in millions)

	1999 Actual	2000 Estimate	2001 Proposed	Dollar Change: 2000 to 2001	Percent Change: 2000 to 2001
Information Technology R&D*					
National Science Foundation	393	517	740	223	43%
Energy (Defense—Advanced Strategic Computing Initiative)	301	397	477	80	20%
Energy (Civilian programs)	139	120	190	70	57%
Defense	215	282	397	115	41%
Health and Human Services	118	191	233	42	22%
National Aeronautics and Space Administration	106	174	230	56	32%
Commerce	25	36	44	8	22%
Environmental Protection Agency	4	4	4	0	0%
TOTAL	**1,301**	**1,721**	**2,315**	**594**	**35%**
U.S. Global Change Research Program					
National Aeronautics and Space Administration	1,155	1,173	1,149	–24	–2%
National Science Foundation	182	187	187	0	0%
Energy	114	120	123	3	2%
Commerce	63	67	93	26	39%
Agriculture	52	53	85	32	60%
Health and Human Services	40	46	48	2	4%
Interior	27	27	25	–2	–7%
Environmental Protection Agency	17	21	23	2	10%
Smithsonian Institution	7	7	7	0	0%
TOTAL	**1,657**	**1,701**	**1,740**	**39**	**2%**

* Merges both the High Performance Computing and Communications program and the Information Technology Initiative (IT^2).

8. CREDIT AND INSURANCE

Federal programs offer direct loans and/or loan guarantees for a wide range of activities, primarily housing, education, business, and exports. At the end of 1999, there were $234 billion in Federal direct loans outstanding and $976 billion in guaranteed loans. The Federal Government also insures bank, thrift, and credit union deposits up to $100,000, guarantees private vested defined-benefit pensions, and insures against disasters, specified international investment risks, and various other risks.

In addition, the net loans outstanding of Government-sponsored enterprises (GSEs)—privately owned companies and cooperatives that operate under Federal charters—totaled $2.4 trillion, including asset-backed securities guaranteed by the GSEs. GSEs are chartered to carry out specified public purposes through financing activities in the housing, education, and agriculture sectors. GSEs are not part of the Federal Government, however, and their securities are not federally guaranteed. By law, the GSEs' securities carry a disclaimer of any U.S. obligation. Congress has authorized the Secretary of the Treasury, at his discretion, to purchase up to $2.25 billion of obligations issued by Fannie Mae and Freddie Mac, up to $4 billion by the Federal Home Loan Bank System, and up to $1 billion by Sallie Mae. Farmer Mac may sell up to $1.5 billion of its obligations to Treasury under specified, limited conditions.

These diverse programs and GSEs are operating in the context of an accelerating evolution of financial markets that is generating many new risks, as well as new opportunities. Federal program managers will need to reassess their roles and improve their effectiveness to adapt to dynamic market conditions.

The introduction to this chapter summarizes key changes in financial markets and their effects on Federal programs.

- The first section is a crosscutting assessment of the rationale for a continued Federal role in providing credit and insurance, performance measures for credit programs, and criteria for re-engineering credit programs so as to enhance their benefits in relation to costs.
- The second section reviews Federal credit programs and GSEs in four sectors: housing, education, business and community development, and exports. It notes the rationale and goals of these programs and the related activities of the GSEs.
- The final section assesses recent developments in Federal deposit insurance, pension guarantees, and disaster insurance.

Evolving Financial Markets

The Financial Services Modernization Act, signed November 12, 1999, replaces a legal structure created in the Great Depression with one that is more appropriate to the rapidly changing and integrated financial markets of today. The Act repeals restrictions on bank affiliation with securities firms and removes the remaining statutory limitations on the financial activities allowable in banking organizations for qualified bank holding companies. It permits securities and insurance agency activities to be conducted in bank and financial holding company subsidiaries, municipal securities underwriting to be conducted in a national bank or in bank subsidiaries, and merchant banking and insurance underwriting to be conducted in financial holding company subsidiaries.

The financial sector has already undergone substantial change. The number of banking organizations has shrunk by a quarter in the last decade and is roughly half the level 20 years ago. Consolidation has raised the share of industry assets at the 100 largest banks to 70 percent in 1998 from about 50 percent in the mid-1980s. With easing restrictions over the years, interstate banking and branching have become nationwide, and 51 securities affiliates are operating in bank holding companies. International lending by U.S. commercial banks resumed growth in the early 1990s following large losses on developing country loans in the 1980s, but has become increasingly concentrated in large banks. Meanwhile, U.S. banking assets of foreign banks have grown from 12 percent of all U.S. commercial banking assets in 1980 to a 23–25 percent share during the 1990s.

Financial innovation and integration have enabled funds to flow more readily to their most productive uses across the country and around the world. Capital market financing is available to smaller companies and for a broader range of purposes than before. Specialized financial firms and nonfinancial firms, particularly suppliers, are helping to funnel funds from capital markets to small clients in cities and in rural areas. Venture capital providers and sub-prime lenders are fueling the growth of new businesses. Data on small business lending show that institutions outside the local community have become an important source of credit for many businesses.

The 1990s have been a time of robust growth in mortgage markets; the net change in home mortgages rose from $180 billion in 1995 to $424 billion in the second quarter of 1999. Federal Reserve staff estimate that about 40 percent of the growth in outstanding home mortgage debt during the past five years financed the extraction of home equity. Secondary markets are the main source of financing for mortgages, and a rapidly growing source of financing for household durables, consumer credit, and small business loans.

Both intermediaries—banks and the many nonbank firms engaged in financial services—and capital markets have been reaching out to new clients that they did not serve a few years ago. Massive data bases and increasingly sophisticated analytical methods are finding creditworthy borrowers among people and businesses previously unlikely to receive private credit. Faster and cheaper information and communications systems also have revolutionized "back office" functions. These have been consolidated to achieve economies of scale and located anywhere in the world where capable workers are available. From these locations, satellite communications can bring the "back office" to any desktop computer. From a timely information base, credit servicing and workout have become much more efficient.

While the increased globalization of financial institutions and capital markets provides extensive benefits, it also makes domestic market conditions more sensitive to events abroad. In 1997 and 1998, the Asian crisis and further events in Russia and Brazil resulted in a flight to liquidity and safety. Market conditions also worsened in 1998 when a heavily exposed hedge fund required a capital contribution from major lenders to avoid bankruptcy and further market disruption. These events drove down U.S. Treasury bond yields dramatically, and raised rates on all but the highest quality corporate bonds. Some credit markets were temporarily disrupted; related to this was an increase in business borrowing from banks, rather than directly from capital markets. Less-creditworthy borrowers faced higher rates or were temporarily unable to find funds.

Conditions returned to near normal liquidity during 1999, but rate spreads between most private loans and securities and Treasury debt remained abnormally high. Problem loans at banks have increased about 70 percent compared with 1998, and banks have tightened underwriting standards. As a result of these experiences, awareness of the potential for discontinuities in financial markets has increased.

Impact on Federal Programs

These changes are affecting the roles, risks, and operations of Federal credit and insurance programs.

- In some cases, private credit and insurance markets may evolve sufficiently to take over functions previously left to Federal programs. More likely, they may take away the best risks among those who have been borrowing from the Government or with its guarantee, leaving Federal programs facing a smaller pool of riskier clients. If the Government is aware of this in time, the result may be new benefit/cost calculations that might help to redesign—or to end—a particular program. If the Government is caught unaware, the result may be greater cost for taxpayers.
- At the same time, managers of Federal programs can take advantage of the growing private capability. With careful attention to the incentives faced by the private sector, they can develop a variety of partnerships with private entities. And they can contract with the private sector wherever it can provide specific credit servicing, collection, or asset disposition services more efficiently.

Insurance programs, too, are affected by the evolution of the financial marketplace. That is most obvious for deposit insurance. It now backs a recovered industry, but one with an increasing concentration of "large complex banking organizations" that have assumed the risks inherent in providing a growing array of increasingly sophisticated services, including many off-balance sheet activities, often on a worldwide basis. Regulators face challenges ranging from the complexity of assessing the risks of evolving financial services firms to the continuing need to monitor for fraud. In pensions, the Government guarantees defined benefit plans, but their role is diminishing as defined contribution plans attract the support of younger workers in an aging workforce. This trend may accelerate as the retirement of the baby boom generation nears. In disaster insurance, private firms are gaining a better understanding of their risks and exploring ways to diversify them in capital markets.

In this changing environment for Federal credit and insurance programs, this chapter asks three questions. First, what is our current understanding of the roles of these programs? Second, how well are they achieving their goals? And finally, could they be re-engineered to achieve greater benefits in relation to costs?

I. A CROSS-CUTTING ASSESSMENT

The Federal Role

In most lines of credit and insurance, the private market efficiently allocates resources to meet societal demands, and Federal intervention is unnecessary. However, Federal intervention may improve on the market outcome in some situations. The following are six standard situations where this may be the case[1], together with some examples of Federal programs that address them.

- *Information failures* occur when there is an asymmetry in the information available to different agents in the marketplace. A common Federal intervention in such cases is to require the more knowledgeable agent, such as a financial institution, to provide certain information to the other party, for example, the borrower or investor. A different sort of information failure occurs when the private market deems it too risky to develop a new financial instrument or market. This is rare

[1] Economics textbooks also list pure public goods, like national defense, where it is difficult or impossible to exclude people from sharing the full benefits of the goods or services once they have been produced. It is hard to imagine credit or insurance examples in this category.

nowadays, but it is worth remembering that the Federal Government developed the market for amortized, fixed-rate mortgages and other innovations in housing finance.

- *Externalities* occur when people or entities either do not pay the full cost of their activities (e.g., pollution) or do not receive the full return. Federal credit assistance for students is justified in part because, although people with more education are likely to have higher income and better health, these individuals do not receive the full benefits of their education. Their colleagues at work, the residents of their community, and the citizens of the Nation also benefit from their greater knowledge and productivity.
- *Economic disequilibrium* is a third rationale for Federal intervention. This is one rationale for deposit insurance. If many banks and thrifts are hurt simultaneously by an economic shock, such as accelerating inflation in the 1970s, and depositors have a hard time knowing which ones may become insolvent, deposit insurance prevents a contagious rush to withdraw deposits that could harm the whole economy.
- *Failure of competition,* resulting from barriers to entry, economies of scale, or foreign government intervention, may also argue for Federal intervention—for example, by reducing barriers to entry, as has often been done recently, by negotiating to eliminate or reduce foreign government subsidies, or by providing countervailing Federal credit assistance to American exporters.
- *Incomplete markets* occur if producers do not provide credit or insurance even though customers might be willing to pay for it. One example would be catastrophic insurance, where there is a small risk of a very large loss; a disaster that occurred sooner rather than later could bankrupt the insurer even if premiums were set at an appropriate level to cover long-term cost. Another example is caused by "moral hazard" problems, where the borrower or insured could behave so as to take advantage of the lender or insurer. This is the case for pension guarantees, where sponsors might underfund plans, and for deposit insurance, where banks might take more risk to earn a higher return. In these cases, the Government's legal and regulatory powers provide an advantage in comparison with a private insurer.
- In addition to correcting market failures, Federal credit programs are often used to *redistribute resources* by providing subsidies from the general taxpayer to disadvantaged regions or segments of the population.

In reviewing its credit and insurance programs, the Federal Government must continually reassess whether the direct and indirect benefits to the economy exceed the direct and indirect costs. This assessment should include the costs associated with redirecting scarce resources away from other investments. In some situations, the market may have recently become capable of providing financial services, and older Federal programs may need to be modified or ended to make room for private markets to develop. Private providers in similar circumstances might go bankrupt, merge, or change their line of business; for Federal programs, a policy decision and usually a change in law are needed to eliminate overcapacity. In other instances, Federal programs may be redesigned to encourage the development of private credit market institutions or to target Federal assistance more efficiently to groups still unable to obtain credit and insurance in the private market.

What Are We Trying to Achieve?

If the main Federal role is to provide credit and insurance that private markets would not provide—to stretch the boundaries in providing credit and insurance—the Federal goal is to achieve a net impact that benefits society. Together, these objectives make the standard for success of a Federal credit or insurance program more daunting than for a private credit or insurance firm.

For credit and insurance, as for all other programs, implementation of the Government Performance and Results Act (GPRA) will help to assess whether programs are achieving their intended results in practice—and will improve the odds for success. GPRA requires agencies to develop strategic plans in consultation with the Executive Branch, the Congress, and interested parties; this process should refine and focus agency missions. The strategic plans set long-range goals, annual performance plans set milestones to be reached in the coming year, and annual performance reports measure agency progress toward achieving their goals.

GPRA defines four kinds of measures for assessing programs: inputs (the resources used), outputs (the goods or services produced), outcomes (the gross effects on society achieved by the program), and net impacts (the effects net of those that would have occurred in the absence of the program, e.g., with private financing). For credit and insurance programs, interesting interrelationships among these measures provide the keys to program success.

Net impacts assess the net effect of the program on intended outcomes compared with what would have occurred in the absence of the program. They exclude, for example, effects that would have been achieved with private credit in the absence of the program. Among the net impacts toward which Federal credit programs strive are: a net increase in home ownership, a net increase in higher education graduates, a net increase in small businesses, a net increase in exports, and a net increase in jobs.

For credit programs, the first key to achieving any of these net impacts is outreach. In the spirit of the Federal role, program managers need to identify borrowers who would not get private credit. They need to reach out to underserved populations (e.g., low-income or minority people) and neighborhoods (urban and rural). They need to encourage the start-up of new activities (e.g., beginning farmers, new businesses, new exporters). They need to reach their legislatively targeted populations (e.g., students, veterans). Federal lending is often to higher-risk borrowers, or for higher-risk purposes. In order to assist certain target groups or encourage certain activities, credit may be extended for longer periods or at a lower cost to the borrower.

Achieving program objectives, however, also means finding ways to assist those borrowers at the boundary of private credit markets to repay their loans. This is not just a financial goal; it is necessary to achieve the program's social purpose. Home ownership requires mortgage repayment. Education that enhances income is associated with repayment of student loans. Remaining in business with a good credit rating requires repayment of small business, farm, and export loans. And loan repayment is inherent in program cost-effectiveness. Moreover, when the Federal Government bears risk for less-creditworthy borrowers and does so in a way that fails to assist them to repay, they struggle with high debt burdens and are left with poor credit records.

Implementation of the Federal Credit Reform Act of 1990 gave Federal credit program managers the incentive to reconcile the tension between helping certain groups or purposes and "businesslike" financial management. With the implementation of GPRA, they may begin to see program success and financial success as two facets of the same goal. The challenge is usually to identify "boundary" borrowers and to structure the loan and its servicing (including technical assistance) so as to pull those borrowers toward financial and programmatic success. In some cases, savings from improved credit program management may be reinvested to pull more borrowers across that boundary.

Outputs and outcomes, therefore, have an interrelationship which is crucial to the performance of credit programs. The most obvious output of Federal credit programs is the number and value of direct loans originated or loans guaranteed. But volume alone does not achieve the objectives of Federal credit programs; indeed, a large volume or market share may mean that private lenders are displaced. Loans must have certain characteristics in order to achieve the desired outcomes and net impacts; these characteristics are therefore part of the desired program output.

The narrow Federal role means output measures should 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 (e.g., veterans) or for specific purposes. Because of the Federal goal, output measures should include the percent of loans or guarantees that are current. This should be compared with the percent that were expected to be current at this point in the repayment cycle.

To assess the latter, program data should be analyzed to determine whether repayment prospects are enhanced by particular characteristics of loan structure (such as higher initial borrower equity), of loan origination (such as verifying borrower financial status), of loan servicing (such as prompt counseling), or of guarantee conditions (such as lender risk-sharing). When such characteristics help to control the cost of credit programs and to achieve desired outcomes, then these characteristics should be measured as part of the program's output.

The linkage between such output characteristics and the outcomes of Federal credit programs is not always fully recognized. For example, one desired outcome is to reach underserved populations or neighborhoods. To achieve this outcome, it would be useful to monitor whether loans are going to borrowers who would not otherwise have access to credit, or to specific target groups. Other desired outcomes include supporting investment important to the economy, encouraging start-up of new activities, or contributing to sustained economic development. To achieve these outcomes, it would be useful to monitor whether the program's loans and operating procedures have characteristics that would enhance borrower repayment.

Inputs. The true cost of credit and insurance guarantees may also be considered 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 important in view of the rapid changes in financial markets discussed above and the increasingly complex financial instruments.

The subsidy cost of Federal credit programs, cumulated over time for each cohort of the program's loans or loan guarantees, is the main input. Another is the administrative cost of the program, including the cost of credit extension, direct loan servicing and guaranteed loan monitoring, collecting on delinquent loans and collateral, and other administrative costs such as policy making or systems development.

The relationship between these inputs is also crucial for credit programs. Careful servicing of loans, for example, can reduce default costs, and perhaps total program costs. So good servicing is good financial management for the taxpayer. But good servicing is also an art, which can—by assisting borrowers to repay—help to achieve the program's performance objectives. Private servicing of loans offers many examples of the gains from matching repayment to the borrower's flow of income, treating borrowers in different circumstances differently, and in other ways maximizing the borrower's chances to make good.

In sum, there are three relationships that seem to hold the key to excellence in credit program performance: the relationship between repayment and the achievement of program objectives, the relationship between the characteristics of credit program outputs and desired outcomes, and the relationship between subsidy cost and good servicing and program administration. Another important key to success is the speed with which the program adapts to market changes, including its ability to provoke or harness private markets into meeting Federal goals.

Principles for Re-engineering

In order to improve the effectiveness of Federal credit programs, OMB will be working with agencies to identify ways to re-engineer credit management. This effort will focus on improving servicing, will consider consolidation of functions such as data collection and asset disposition, will rely on the private sector when that would improve efficiency, will devise incentives to improve management and reduce cost, and will ensure the development of data for management and subsidy estimation.

The focus will be on managing the servicing, workout, and sale of any collateral efficiently. For example, why does the Federal Government pay claims on guaranteed loans and handle the workout, instead of leaving this to the originating lender? Why does the Government take over collateral? How do the timing and results of our asset disposition compare with private practice? Why do we make loans to finance purchases of collateral? What incentives and penalties would be useful for programs and program staff? For guaranteed loan originators? For contractors who service Federal loans or dispose of collateral?

OMB has developed a tentative set of principles for re-engineering credit programs that builds on OMB Circular A–129 and initial research. These will be modified by lessons learned as they are put into practice. The resulting principles are intended to improve the performance of Federal credit programs in the years ahead. Because private markets are extending credit where it was formerly unavailable, and because there is little purpose to re-engineering programs which are not justified, these principles start with basic questions of program justification. But their main focus is on how programs should be carried out.

Program Justification

1. *Credit assistance should be provided only when it has been demonstrated that private credit markets cannot achieve clearly defined Federal objectives.* What is the objective? Is access to private credit available? If not, why not? If so, is there a reason why private terms and conditions should be supplemented or subsidized? To what extent?

2. *Credit assistance should be provided only when it is the best means to achieve Federal objectives.* Can private credit markets be developed? Can market imperfections be overcome by information, regulatory changes, or other means? Would small grants for down payments, capitalization for State, local, or nonprofit revolving funds, or other approaches be more efficient?

3. *Credit assistance should be provided only when its benefits exceed its cost.* Analyze benefits and costs in accordance with OMB Circular A–94.

Program Design

4. *Credit programs should minimize substitution of public for private credit.* What features of program design minimize displacement? Encourage and supplement private lending? To what extent is credit for this objective expanded by this program compared with what would be available in the absence of the program? What is the economic cost of the lending bumped from the credit queue?

5. *Credit programs should stretch their resources and better meet their objectives by controlling the risk of default.* What features of program design minimize risk? Are there incentives and penalties for loan originators and servicers to minimize risk? What features of the loan contract, the process of origination, the quality of servicing, and the workout procedures minimize risk? Do borrowers have an equity interest? Is maturity shorter than the economic life of the asset financed? Are the timing and amount of payment matched with availability of resources? Is timely reminder and technical assistance provided? How well is risk understood, measured, and monitored?

6. *Credit programs should stretch their resources to better meet their objectives by minimizing cost; most should be self-sustaining.* Do fees and interest cover the Government's cost, including administration? Are interest rates specified as a percent of market rates on comparable maturity Treasury securities? Are charges for riskier borrowers proportional to their higher cost?

Program Operations

7. *Credit programs should take advantage of the capacity, flexibility, and expertise available in competitive private markets unless the benefits of direct Federal operations can be shown to exceed the cost.* Private financial institutions may offer convenient access for borrowers, potential for graduation to private credit, economies of scale, ready adjustment to changing volume or location of loans, and knowledge of current credit conditions and techniques.

8. *8. The lender (in the case of a loan guarantee), the servicer, and the providers of workout and asset disposition services should have a stake in the successful and timely repayment of the loan or collections on claims and collateral.* Originators of guaranteed loans should bear a share of each dollar of default loss, and unless other arrangements can be shown to be more cost-effective should be responsible for handling workouts. Each contract should include incentives for good performance, and penalties, including loss of business, for poor performance. The duration and scope of each contract or agreement should be limited so as to maximize specialization and competition, unless those are offset by economies of scale in operations and monitoring.
9. *Criteria should be established for participation in Federal loan guarantee programs by lenders, servicers, and providers of workout and asset disposition services.* These criteria should include financial and capital requirements for lenders and servicers not regulated by a Federal financial institution regulatory agency, and may include fidelity/surety bonding and/or errors and omissions insurance, qualification requirements for officers and staff, and requirements of good standing and performance in relation to other contracts and debts. Lenders transferring and/or assigning servicing, and lenders or servicers transferring and/or assigning workout or asset disposition, must use only entities which have qualified under the Federal participation criteria.
10. *When there are economies of scope or scale, the data gathering and analysis, servicing, workout, asset disposition, or other functions of specific credit programs should be combined or coordinated.* The sequence of operations should be streamlined, and accountability for each step clearly defined.

Program Monitoring

11. *Each program should maintain or receive monthly loan-by-loan transaction data and a system whereby this information triggers servicing, workout, and follow-up actions.* These data shall be linked by loan number to an analytical database showing characteristics of loans, borrowers, projects financed, financial information, credit ratings, and other data in a form suitable for use in subsidy estimation and loan pricing.
12. *Each program should design and carry out steps to foresee problems, and to inspect, audit, and assess the program's operations.* Methods should be benchmarked against the best practices used elsewhere. The program and its lenders, servicers, and other contractors should experiment with and assess ways in which the effectiveness or efficiency of the program might be improved or costs reduced.

The Federal Credit Policy Working Group

A Federal Credit Policy Working Group Task Force, led by OMB and the Department of the Treasury's Financial Management Service, last year made recommendations for revising OMB Circular A–129, "Policies for Federal Credit Programs and Non-Tax Receivables," which elucidates the above principles. OMB Circular A–129 provides guidance to agencies on budget and legislative policies to ensure effective credit programs, and prescribes agencies' responsibilities in managing all non-tax receivables so that debts owed to the Federal Government are collected efficiently. The major credit agencies reviewed Government-wide policy guidance on credit extension, receivables management, and delinquent debt collection. The revision of A–129 will be issued by OMB in 2000. Significant changes clarify credit budgeting guidance, reflect the requirements of the Debt Collection Improvement Act of 1996, require sale of seriously delinquent debt that is not referred to Treasury or to Justice for collection, and revise write-off procedures for seriously delinquent accounts.

To help implement this guidance, GSA created a Financial Asset Services Multiple Award Schedule with 52 contracts from which agencies can readily acquire help in portfolio management. Available services include overall management for an asset sale, account servicing, post-sale analyses, and review of credit reform analyses. Agencies using private sector advisors have included Treasury, Education, Navy, Housing and Urban Development, and the Small Business Administration.

II. CREDIT IN FOUR SECTORS

Housing Credit Programs and GSEs

The Federal Government provides loans and loan guarantees to expand access to home ownership to people who lack the savings, income, or credit history to qualify for a conventional home mortgage and to finance rental housing for low-income persons. The Departments of Housing and Urban Development (HUD), Veterans Affairs (VA), and Agriculture (USDA) supported $177 billion of loan and loan guarantee commitments in 1999, helping nearly two million households. Roughly one out of six single-family mortgages originated in the United States receives assistance from one of these programs.

- HUD's Federal Housing Administration (FHA) operates the Mutual Mortgage Insurance Fund which insured $113 billion in mortgages for 1.2 million households in 1999. Over 80 percent of FHA's home purchase mortgages went to first-time homebuyers.
- The VA assists veterans, members of the Selected Reserve, and active duty personnel to purchase homes as a recognition of their service to the Nation. The program substitutes the Federal guarantee for the borrower's down payment. In 1999, VA provided $44 billion in guarantees to 396,399 borrowers.
- USDA's Rural Housing Service (RHS) guarantees up to 90 percent of an unsubsidized home loan. The program's emphasis is on reducing the number of moderate income rural residents living in substandard housing. In 1999, $3 billion of guarantees went to 39,752 households (2.8 percent of which went to low income borrowers). The Budget includes a legislative proposal to increase the premium charged on the RHS single family guaranteed loans from one to 2 percent, which would allow RHS to provide more loans at less cost to the taxpayers.

In addition, RHS offers a single-family direct loan program and both direct and guaranteed multi-family mortgages, along with supporting rural housing assistance grants. FHA insures mortgages for multi-family housing and other specialized properties. The VA provides financing to the public ("vendee" or direct loans) when it sells property acquired from defaults. These direct loans are, in turn, pooled and sold as securities.

Housing Finance Challenges and Opportunities

Private banks, thrifts, and mortgage bankers, which originate the mortgages that FHA insures and VA and RHS guarantee, may deal with all three programs, as well as with the Government National Mortgage Association (Ginnie Mae, an agency of the Department of Housing and Urban Development), which guarantees timely payment on securities based on pools of these mortgages. In addition, the same private firms originate conventional mortgages, many of which are securitized by Government-sponsored enterprises—the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac).

Many of these firms already use or are moving toward electronic loan origination and automated underwriting. Behind such underwriting are data warehouses that show default experience by type of loan, borrower characteristics, home location, originator, and servicer, and models relating these factors to default cost. These technological developments offer challenges and opportunities to the Federal mortgage guarantors and Ginnie Mae. Federal credit program managers are challenged to make programs electronically accessible to their clients and loan originators. They are motivated to assess and monitor their risks more closely as private firms are reaching out to the better risks among their potential clients. They also have an opportunity to provide better service at a lower cost, to target their efforts to help borrowers retain their homes, and to reach further to bring affordable housing and home ownership opportunities to those who are not currently served.

The Housing Credit Consortium. In 1998, the FHA, VA, and RHS housing credit programs and Ginnie Mae formed The Federal Housing Credit Consortium to adapt to the rapid development of electronic underwriting and other technological developments in the private mortgage market. The Consortium's role is to keep abreast of changes in the housing credit market, accelerate adoption of best practices, and establish common standards where possible.

The Consortium members are currently working to create a prototype data-sharing capability through which all members will have access to integrated data on program and borrower characteristics, lender and loan performance. It will provide timely, easily retrievable information, giving managers the ability to monitor the changing risk and cost of guarantees and the performance of guaranteed loan originators and servicers. By analyzing information from the data warehouse and by sharing information with each other and the private sector, the Consortium will seek to improve loan origination, performance measurement, risk sharing and pricing, and asset disposition.

The Consortium is working with Ginnie Mae to integrate and enhance Ginnie's two databases for use by all Consortium members. Ginnie's databases, the Issuer Portfolio Analysis Database System (IPADS) and the Correspondence Portfolio Analysis Database System (CPADS), receive monthly data from issuers of mortgage-backed securities, and monitor current performance by loan, originator, servicer, mortgage pool, security, and security issuer. Performance can be tracked and compared, taking account of differences by region, economic conditions, size and type of business, and age of portfolio. The vast majority of the FHA and VA loans are placed in Ginnie Mae's Mortgage-Backed Securities program. About 65 percent of RHS's single-family loans is also placed in Ginnie Mae pools. Thus, although the current analytical system is designed to fill Ginnie Mae's needs, the same data produced by the system is useful to all three Federal programs. For example, CPADS enables FHA and VA to monitor and assess how well the firms that originate and service the loans they guarantee are performing. Ginnie Mae has shared CPADS with FHA and VA for many years. RHS continued its partnership with Ginnie Mae in 1999, and now has access to loan and lender performance data to analyze RHS loan guarantees.

Ginnie Mae has committed to making enhancements to IPADS/CPADS that will provide additional benefits to all three loan guarantee programs. IPADS and CPADS were integrated last year and an initial round of enhancements will be implemented this year. Further enhancements are planned in the future to enable the agencies to monitor and respond effectively to technological, institutional, and financial developments in the residential mortgage market.

Loan Origination. Electronic underwriting provides convenient, faster service at a lower cost to both lenders and borrowers. Both FHA and VA now permit mortgage lenders to use approved automated underwriting systems, including Freddie Mac's "Loan Prospector" and Fannie Mae's "Desktop Underwriter," to originate these loans. FHA also has approved the pmiAURA^{sm} system and is developing its own "universal" mortgage scorecard to be used on all FHA approved automated underwriting systems.

In 1999, RHS developed an Internet-based system that will, with future planned enhancements, provide the capacity to accept electronic loan originations from their participating lenders. Using electronic loan origination will significantly improve loan processing efficiency and timeliness for both RHS and the lenders. RHS is also exploring using automated underwriting and credit scoring. These improvements will be implemented as soon as possible, but complete adoption is several years away.

Performance Measurement. Measuring loan servicing performance establishes a baseline for assessing changes to servicing practice. Monthly data will not only give housing programs a better understanding of how their guarantee portfolios behave, but also how the federally guaranteed housing market as a whole performs. This information is critical for developing effective performance standards.

FHA has created a loss mitigation program that scores lender performance on loss mitigation annually and provides financial incentives to lenders to hold down mortgage defaults and minimize FHA claim and property disposition costs relative to other lenders in each FHA insuring district. FHA processed over 20,000 new loss mitigation claims (partial claims, special lender forbearance, and loan recashing) in 1999. These options allowed families to stay in their homes, rather than have the properties go to pre-foreclosure sale or foreclosure, and provided significant savings to FHA.

VA plans aggressive intervention to reduce the likelihood of foreclosure when loans are referred to VA after missing three payments, in order to help veterans retain their homes and avoid the expense and damage to their credit from foreclosure. VA was successful in 37 percent of their 1998 interventions, and their goal is to increase that to 40 percent in 2001.

RHS reviews at least 10 percent of the loans serviced by state-based lenders every two years. If deficiencies in loan servicing or underwriting are noted, the lender is requested to take corrective action; its eligibility will be terminated if it does not comply. Since 1998, RHS has commissioned external audits of its largest nationally based loan servicers. The audits focus on both loan origination and loan servicing requirements. These audits have helped to pinpoint program weaknesses contributing to loan delinquencies. In addition, they serve to alert and train servicers on RHS guidelines and reporting requirements.

Managing Risk. Risk-based pricing is emerging in the conventional mortgage market as an important means by which lenders can take on more risk. Technology is giving lenders much more precise ability to assess the initial default risk associated with making a particular loan. This increasingly precise underwriting technology, in turn, allows lenders and insurers to adjust fees or loan rates and/or raise insurance premiums to reflect risk and loan cost accurately. Federal loan guarantee programs will need to assess the impact of private sector customization on their loan portfolios, and may need to adopt a similar pricing structure or face adverse selection and larger losses. Currently, premiums are fixed in statute and vary only slightly with one dimension of risk, the initial loan-to-value ratio. FHA has mitigated some of the risk on its adjustable-rate mortgages by tightening the underwriting standards to require borrowers to qualify at one percent above the initial rate and to prohibit interest rate buy downs.

Asset Disposition. Common wisdom in the mortgage industry is to avoid foreclosure because that process involves significant losses, including costs for maintenance and marketing. Managers of Federal guarantee programs have found that the best practice is to allow the more experienced private sector to foreclose on, manage, and dispose of properties.

RHS already operates under the "best practice" for asset disposition. The lender is paid the loss claim, including costs incurred for up to six months after the default. After the loss claim is paid, RHS has no involvement in the loan, and it becomes the sole responsibility of the lender. In 2001, RHS will shorten the loss claim period from six months to three months through regulatory changes to encourage lenders to dispose of properties as efficiently as possible.

In 1999 Congress passed legislation giving new authority to FHA to pay claims prior to foreclosure, thereby allowing FHA to pass along defaulted notes to the private sector for servicing and/or disposition. When fully implemented, this new authority will reduce foreclosures and, for properties that do go into foreclosure, this new authority will greatly reduce the time such properties remain on the market. In the meantime FHA has turned over management and marketing of most of its single family properties to contractors, who, within the first six months of the contracts, are providing encouraging levels of returns on claims and timely turnaround on these properties.

VA is continuing its efforts to reduce administrative costs through restructuring, consolidations, and a study of its property management function. The study, which will be completed at the end of fiscal year 2000, will determine whether it would be cost effective to contract property management activities.

RHS Direct Loans

RHS provides subsidized single-family direct loans to very-low- and low-income borrowers unable to get credit elsewhere to purchase, rehabilitate, or repair homes. The most recent and on-going servicing improvement effort is the implementation of the Dedicated Loan Origination Service System (DLOS), which centralizes the servicing of the 502 Direct Loan program. DLOS, along with two regulations implemented between 1996 and 1997, reduced RHS's direct loan subsidy rate by 40 percent.

RHS also offers direct loans to private developers to construct and rehabilitate multi-family rental housing for very-low- to low-income residents, elderly households, or handicapped individuals. It provided $114 million in direct loans in 1999, which will finance 2,100 units for very-low-income tenants. RHS committed $75 million in loan guarantees for multi-family housing in 1999. The loan level is proposed to increase to $200 million for 2001, financing 3,200 new units for low- to moderate- income tenants. The cost of this program is primarily due to the subsidized interest component because expected default rates are low. The Budget includes a legislative proposal to remove the requirement to provide subsidized interest on these loans; this would result in a negative subsidy. The Budget also provides $45 million, a 20 percent increase over 2000, for the farm labor housing program ($30 million in loans; $15 million in grants) as part of USDA's civil rights initiative, which will provide an estimated 925 units for minority farm workers and their families.

Fannie Mae and Freddie Mac

Fannie Mae and Freddie Mac, the largest Government-sponsored enterprises (GSEs), are required by their charters to increase the liquidity of mortgage funds. They carry out this function by purchasing residential mortgages in the secondary market and funding these purchases by issuing mortgage-backed securities (MBS) and debt. As of September 1999, Fannie Mae and Freddie Mac had $2.0 trillion outstanding in mortgages that they had purchased or guaranteed. Of this, $835 billion was retained in the GSEs' portfolios, and $1.2 trillion was issued as MBSs (excluding MBSs held in portfolio).

As the dominant firms in the secondary mortgage market, the GSEs tend to set the standards for the entire mortgage industry. Their business activities also have a significant impact on the primary mortgage market; together, the two firms purchased 43 percent of all single-family mortgages originated in 1998.

The Federal Housing Enterprises Safety and Soundness Act of 1992 reformed Federal regulation of Fannie Mae and Freddie Mac. The Act created the Office of Federal Housing Enterprise Oversight (OFHEO) to conduct safety and soundness examinations and enforce minimum and risk-based capital requirements on Fannie Mae and Freddie Mac. OFHEO has solicited public comment on an extensive range of issues related to a risk-based capital regulation in two Notices of Proposed Rulemaking (NPRs). The comment period for the second risk-based capital NPR closes on March 10, 2000. After OFHEO has reviewed the comments on both NPRs, it will publish the final risk-based capital regulation or revise its proposal. The risk-based capital regulation will become enforceable one year after the final regulation is published.

In recent years, the GSEs' rapid growth in earnings has been accompanied by even more rapid growth of their debt-financed holdings of mortgage assets. From September 1997 to September 1999, outstanding retained GSE holdings grew 76 percent in dollar volume. Increased retained portfolios may imply increased interest rate exposure. In recent years, both Fannie Mae and Freddie Mac have tried to limit the interest rate risk on their portfolios. However, hedges do not eliminate all risk of funding long-term, mostly fixed-rate assets with uncertain payment streams. Implementation of an appropriate risk-based capital regulation should help ensure that potential losses associated with these risks are manageable.

The average credit quality of loans owned or guaranteed by the GSEs has remained steady in recent years. The performance of existing loans has benefitted from strong housing markets that have improved collateral values, and the credit risk to the GSEs from new or outstanding loans is limited by their extensive use of mortgage insurance and other credit enhancements. Although both GSEs are increasingly active purchasers of subprime loans (A-minus and Alt-A), outstanding volumes remain very small relative to their overall size. Risks on such loans are mitigated somewhat by higher fees and credit enhancements.

Under the 1992 Act and their Federal charters, Fannie Mae and Freddie Mac have an affirmative obligation to promote access to mortgage credit for low- and moderate-income families and in underserved areas. Accordingly, the Secretary of Housing and Urban Development (HUD) establishes affordable housing goals for the GSEs. The current goals, which have been in effect since 1997, require each GSE to devote:

- 42 percent of its mortgage purchases to finance dwelling units that are affordable by low- and moderate-income families (Low- and Moderate-Income Housing Goal);
- 24 percent of its purchases to finance units in central cities, rural areas, and other metropolitan areas with low and moderate median income and high concentrations of minority residents (Geographically Targeted Goal); and
- 14 percent of its purchases to finance units that are special affordable housing for very-low-income families and low-income families living in low-income areas (Special Affordable Housing Goal).

Fannie Mae and Freddie Mac have met or exceeded these goals in each year. New affordable housing goals for the GSEs for the years 2000 through 2003 would be set by a proposed rule that HUD is publishing for public comment. In this proposed rule, after a transition period, the level of the Low- and Moderate-Income

Housing Goal would be 50 percent; the level of the Geographically Targeted Goal would be 31 percent; and the level of the Special Affordable Housing Goal would be 20 percent.

If the trend toward bank consolidation continues, the resulting fewer, larger banks may have somewhat more market power than they have today in negotiating with the GSEs over guarantee fees and fees for automated underwriting services. Fannie Mae and Freddie Mac may also see increased competition from the Federal Home Loan Bank System. However, the GSEs' advantages in financing a retained mortgage portfolio were not affected by the financial modernization legislation enacted in 1999. Thus, the GSEs likely will remain each other's main competition.

Another set of challenges is posed by the firms' own growth and earnings targets, which create significant market expectations for future performance, including continued record earnings. Once implemented, OFHEO's risk-based capital requirements may also affect the GSEs.

Federal Home Loan Bank System

The Federal Home Loan Bank System (FHLBS) was established in 1932 to provide liquidity to home mortgage lenders. The FHLBS carries out this mission by issuing debt and using the proceeds to make secured loans, called advances, to its members. Member institutions primarily secure advances with residential mortgages and other housing related assets.

The Financial Services Modernization Act of 1999 repealed the requirement that federally chartered thrifts be members of the FHLBS. Membership will be open to federally chartered and state-chartered thrifts, commercial banks, credit unions, and insurance companies on a voluntary basis. As of September 30, 1999, 7,226 financial institutions were FHLBS members, an increase of 420 over September 1998. About 72 percent of members are commercial banks, 22 percent are thrifts, and the remaining 6 percent are credit unions and insurance companies. However, nearly 47 percent of outstanding FHLBS advances were held by federally chartered thrifts as of September 30, 1999.

The FHLBS reported net income of $2.0 billion for the year ending September 30, 1999, up from $1.6 billion in the previous 12 months. System capital rose from $21 billion to $27 billion, but the ratio of capital to assets fell from 5.4 percent to 5.1 percent. Average return on equity was about 7.3 percent, after adjustment for payment of interest to the Resolution Funding Corporation (REFCORP). Outstanding advances to members reached $367 billion at September 30, 1999, a 48 percent increase over the $246 billion outstanding a year earlier.

The Financial Services Modernization Act requires the System to adopt a risk-based capital structure, and it changed the FHLBanks' annual payment toward the interest payments on bonds issued by the REFCORP from $300 million annually to 20 percent of net earnings. The FHLBanks are also required by law to pay the greater of 10 percent of net income or $100 million to the Affordable Housing Program (AHP) and to provide discounted advances for targeted housing and community investment lending through a Community Investment Program (CIP). The need to generate income to meet these obligations and provide a return to members was behind the substantial increase in the System's investment activity in recent years.

The FHLBS' exposure to credit risk on advances has traditionally been virtually nonexistent. All advances to member institutions are collateralized, and the FHLBanks can call for additional or substitute collateral during the life of an advance. No FHLBank has ever experienced a loss on an advance.

Unlike the System's advance activities, its investment activities, including certain "pilots," do create certain risks. To control the System's risk exposure, the Federal Housing Finance Board (FHFB), the System's regulator, has established regulations and policies that the FHLBanks must follow to evaluate and manage their credit and interest rate risk. FHLBanks must file periodic compliance reports, and the FHFB conducts an annual on-site examination of each FHLBank. Each FHLBank's board of directors must establish risk management policies that comport with FHFB guidelines.

The FHLBanks hold $1.8 billion in assets in pilot projects, approximately one-half of one percent of total System assets. The pilots offer members an alternative way of granting credit, which will be evaluated by the FHFB in 2000. In one pilot, the FHLBanks finance the loans and assume the interest-rate and prepayment risks, while the members originate and service the loans and assume most of the credit risk. All assets held by a FHLBank under this pilot are required, pursuant to the terms of the program, to be credit enhanced to at least the level of an investment grade security.

The FHLBanks' investment activities pose an important public policy issue regarding the degree to which their asset composition adequately reflects the mission of the System. However, over the last year, outstanding advances increased by six percentage points in relation to the System's outstanding debt. As of September 30, 1999, about 56 percent of advances outstanding had a remaining maturity of greater than one year; that is down slightly from last year's level of 61 percent, but up from the 40 percent level two years ago. Although System investments other than advances rose to $155 billion, as a percentage of total assets, they fell to 29 percent on September 30, 1999. A year earlier, investments stood at $136 billion, or 35 percent of total assets. Non-advance investments are used to conduct extensive arbitrage; like other GSEs, the System issues debt securities at close to U.S. Treasury rates and invests the proceeds in higher yielding securities. In fact, in 1999 the FHLBS issued $3.1 trillion in debt securities. However, the majority of debt issued by the System is overnight or short-term, and total debt outstanding was about $477 billion at the end of 1999.

An enormous, liquid, and efficient capital market exists for conventional home mortgages today. As a result of increasing Government Sponsored Enterprise (GSE) and Federal agency sponsorship of secondary markets and the increasing presence of private securitizers, lenders have access to substantial liquidity sources, in addition to FHLBS advances, for financing home mortgages. However, the Financial Services Modernization Act increases access to the FHLBS for community financial institutions with $500 million or less in assets and permits advance borrowing that provides funds for small businesses, farms, and agri-businesses.

Education Credit Programs and GSEs

Student Loans

The Department of Education helps to finance student loans through two major programs: the Federal Family Education Loan (FFEL) program and the William D. Ford Federal Direct Student Loan (Direct Loan) program. Eligible institutions of higher education may choose to participate in either program. Loans are available to students and their parents regardless of income. Borrowers with low family incomes are eligible for higher interest subsidies.

In 2001, more than 6 million borrowers will receive 9.4 million loans totaling nearly $42 billion. Of this amount, $33 billion is for new loans, and the remainder is to consolidate existing loans. Loan levels have risen dramatically over the past 10 years as a result of rising educational costs, higher loan limits, and more eligible borrowers.

The Federal Family Education Loan program provides loans through a complex administrative structure involving over 4,100 lenders, 36 State and private guaranty agencies, 50 participants in the secondary market, and over 4,000 participating schools. Under FFEL, banks and other eligible lenders loan private capital to students and parents, guaranty agencies insure the loans, and the Federal Government reinsures the loans against borrower default. In 2001, FFEL lenders will disburse more than 6 million loans exceeding $26 billion in principal. Lenders bear two percent of the default risk, and the Government and guaranty agencies are responsible for the remainder. The Department also makes administrative payments to guaranty agencies and pays interest subsidies to lenders.

The William D. Ford Direct Student Loan program was authorized by the Student Loan Reform Act of 1993 to enable students and parents to obtain and repay loans more easily than under the FFEL program. Under Direct Loans, the Federal Government provides loan capital directly to nearly 1,300 schools, which then disburse loan funds to students—greatly streamlining loan delivery for students, parents, and schools. In 2001, the Direct Loan program will generate more than 3.2 million loans with a total value in excess of $15 billion. The program offers a variety of flexible repayment plans including income-contingent repayment, under which annual repayment amounts vary based on the income of the borrower and payments can be made over 25 years.

Reform proposals. The Administration is proposing a number of reforms to the guaranteed loan system that will ensure that financial returns to program participants are both reasonable and equitably distributed, improve the efficiency of loan default collection efforts, and return unneeded funds to the Federal Treasury. Proposed changes are estimated to save $3.8 billion over five years.

As part of the Ticket to Work and Work Incentive Improvement Act of 1999, the basis for interest subsidies to FFEL lenders was changed from the 91-day Treasury bill—the instrument upon which student interest rates are based—to 3-month commercial paper rates. This change, opposed by the Administration and a number of higher education organizations, was portrayed by both its congressional sponsors and advocates in the lending community as not increasing lender returns. In fact, the change increases lender yields in two ways. Under current economic forecasts, Federal interest subsidies to lenders are actually 11 basis points higher than they would have been under the previous formula. In addition, the move to commercial paper also reduces lender costs by 20 basis points by eliminating the need for hedging—insurance against future interest rate changes. In order to reestablish the cost-neutrality of the change to commercial paper, the Administration is therefore proposing to reduce lender subsidies by a total of 31 basis points.

In addition, the Administration is proposing to eliminate interest subsidy payments on FFEL loans funded through tax-exempt securities that are currently subject to a 9.5 percent interest rate floor. Lenders with access to tax-exempt financing have a lower cost of funds than their private competitors; the proposed elimination of Federal interest subsidies on loans subject to this unnecessary floor provision will bring the return on tax-exempt-funded loans roughly in line with those realized on loans funded with private capital.

The Administration is proposing to improve the management and collection of defaulted loans through two new initiatives. First, the amount guaranty agencies may retain on default collections will be reduced from 24 percent to 18.5 percent—approximately the rate paid on loans collected by the Department of Education through competitively awarded contracts. This will provide the guaranty agencies greater incentive to increase collections on defaulted loans in order to bolster revenues. Second, the Administration proposes to further reduce guaranty agency retention to 12 percent for collections stemming from the consolidation of defaulted loans, the Department's cost for similar loans, reflecting the lower cost associated with this type of collection.

Beginning in 2001, all guaranty agencies will be able to participate in voluntary agreements created by the

Higher Education Amendments of 1998 (HEA) to create a more flexible regulatory framework that recognizes the unique circumstances of individual agencies. For example, agencies could use these agreements to pilot streamlined or targeted default collection strategies that are not allowed under current regulations. (A small number of agencies are currently working with the Department of Education to establish pilot agreements that would go into effect during 2000.) The broad availability of these voluntary flexible agreements will reduce the need for agencies to hold Federal reserve funds; accordingly, the Administration is proposing to bring forward to 2001 recalls of $359 million in future reserves enacted in the HEA and the Balanced Budget Act of 1997. The Administration is also proposing to recall $950 million in surplus reserves during fiscal year 2001.

The Department of Education continues to improve program integrity and reduce default costs. The Department is taking advantage of new automated systems to review and analyze institutional eligibility information, and target its regulatory and enforcement efforts on high-risk institutions. Over the past several years, improvements in oversight and termination of schools with high default rates have led to the removal of more than 1,700 schools. This enhanced scrutiny has helped reduced the national student loan cohort default rate from 9.6 percent for 1996 to 8.8 percent for 1997, the sixth straight year of decline. This rate is the percentage of borrowers who enter repayment in a given year and for whom a default claim is paid before the end of the following year.

As one of Education's Performance Management Objectives, modernizing student aid benefit delivery is a key priority. Accordingly, the Department has converted the Office of Student Financial Assistance into the Government's first Federal performance-based organization (PBO). The PBO is designed to improve the management of all student aid programs, using its expanded procurement and contracting flexibilities. This new organization is focusing on re-engineering information systems and expanding electronic data exchange to improve customer service, enhance data quality, and lower costs. The PBO is working with students, lenders, guaranty agencies, and others to develop a strategic performance plan to address customer needs, enabling more students to gain information on Federal aid on the Internet, apply for it electronically, and have their eligibility determined quickly.

Sallie Mae

The Student Loan Marketing Association (Sallie Mae) was charted by Congress in 1972 as a for-profit, shareholder-owned, Government-sponsored enterprise (GSE). Sallie Mae was privatized in 1997 pursuant to the authority granted by the Student Loan Marketing Association Reorganization Act of 1996. The GSE is a wholly owned subsidiary of SLM Holding Corporation and must wind-down and be liquidated by September 30, 2008. The Omnibus Consolidated and Emergency Supplemental Appropriations for 1999 allows the SLM Holding Corporation to affiliate with a financial institution upon the approval of the Secretary of the Treasury. Any affiliation will require the holding company to dissolve the GSE within two years of the affiliation date (unless such period is extended by the Department of the Treasury).

Sallie Mae makes funds available for student loans by providing liquidity to lenders participating in the FFEL program. Sallie Mae purchases insured student loans from eligible lenders and makes warehousing advances (secured loans to lenders). Generally, under the privatization legislation, the GSE cannot engage in any new business activities or acquire any additional program assets other than purchasing student loans. The GSE can continue to make warehousing advances under contractual commitments existing on August 7, 1997. Sallie Mae currently holds about one-third of all outstanding guaranteed student loans.

Business and Rural Development Credit Programs and GSEs

Small Business Administration

Over the past six years, SBA has expanded small businesses' access to credit, increasing its annual loan volume by 62 percent, from $7.4 billion in 1993 to $12.1 billion in 1999. This increase, across all of SBA's business credit programs, has occurred while staffing has been reduced by about 20 percent.

SBA's principal program, Section 7(a) General Business Loans, has improved access to credit for the Nation's most under-served small businesses over the last three years through several successful initiatives. The Low Documentation (LowDoc) initiative reduced the application form for 7(a) loans under $150,000 to a single page, allowing both lenders and SBA to process loans in less than two days. The SBAExpress program (the former FA$TRACK pilot, now permanent) allows lenders to use their own forms and procedures in exchange for a reduced Government guarantee. These initiatives and aggressive lending goals have helped to increase loan approvals to minority- and women-owned businesses from $1.8 billion in 1993 to $4.6 billion in 1999.

Increasing Access to Credit

SBA is proposing several new initiatives to further expand access to credit by qualified borrowers who are unable to secure financing without Government participation.

Targeting "new markets." With the $16.5 million appropriated in FY 2000 (contingent upon authorization), SBA proposes to target "new markets"—regions where small business growth has been very limited. The proposed initiatives will provide patient capital and technical assistance to private-sector lenders and nonfinancial intermediaries in underserved inner cities and rural areas. SBA will also expand the number of participating intermediaries in the microloan program, which to date has experienced no defaults as a result of strict agency oversight, rigorous reserve requirements, and a companion technical assistance program to increase the borrower's probability of success.

Financing smaller loans. Commercial lenders frequently avoid making smaller loans due to high fixed costs per dollar lent, resulting in an access barrier for many startup firms or established firms whose financing needs do not meet the lenders' minimum thresholds. To close this access gap, SBA's 2001 request proposes to standardize the guarantee fee and to increase the guarantee percentage on loans up to $150,000 in order to provide an incentive to lenders to make these loans. These changes would result in higher subsidy costs due to reduced fee revenue and higher claim payments in the event of default. However, SBA is also proposing a fee simplification plan which will make the combined impact of all changes subsidy rate neutral.

Integrating Private Sector Practices

Reliance on private sector partners. With its portfolio growing from $20.7 billion in 1993 to more than $32.5 billion in 1999, SBA has relied increasingly on private sector partners for loan servicing and liquidation. The 7(a) program, which accounted for more than 70 percent of SBA's business lending in 1999, has experienced the greatest shift to private partnership. Under the Preferred Lender Program (PLP), SBA's most experienced lenders have authority to approve, service, and liquidate SBA-guaranteed loans in exchange for a reduced guarantee. Loans approved through PLP lenders comprised 58 percent of all 7(a) loan approval dollars in 1999. SBA also requires all non-PLP lenders to service and liquidate their SBA-guaranteed loans. These policies have shifted SBA's principal role from origination and servicing to one of oversight and monitoring of private sector partners.

Need for better oversight tools. Over the past six years, SBA has significantly increased its loan portfolio, reduced staffing, and delegated its servicing and liquidating authorities to its private sector partners. During this period, commercial small business lenders have become increasingly more sophisticated in identifying credit risk, and many of them now pursue aggressive small business lending goals. This expands small businesses' access to capital, but may also concentrate higher-risk loans in SBA loan guarantee programs.

These trends reinforce SBA's need to improve oversight tools. SBA continues to struggle with antiquated financial systems. Its managers need improved access to timely and accurate analysis of portfolio trends and information on the performance of its private sector partners. To ensure that the agency meets its portfolio management responsibilities, SBA will invest $8 million in 2000 to modernize the Agency's information systems. An additional $13 million is requested for 2001. This funding will allow SBA to improve internal accounting systems, recruit expertise in lender oversight, develop the necessary in-house systems to support lender monitoring, and create a centralized corporate database.

Reform initiatives. In 2000, SBA will continue to shift from loan servicing to lender oversight. Initiatives already in progress include: (1) selling all direct loans and defaulted guaranteed loans, and (2) making strategic investments in better portfolio oversight tools. This will allow SBA to focus on its goals of increasing access to credit, while relying on private lenders to perform functions where they have historically been more efficient. In conjunction with this shift in agency focus, SBA is proposing to implement a multi-year workforce transition strategy, beginning in 2000, to retrain workers in the skills needed in the SBA of the 21st Century, move employees to those functions where their skills will be most utilized, and provide retirement incentives for those employees who do not wish to participate in the transition effort.

Loan asset sales. One of the most significant events in completing the transition from loan servicing to lender oversight is SBA's sale of its current portfolio of defaulted guaranteed loans and direct loans in 1999, 2000, and 2001. In its first asset sale in 1999, SBA sold more than 4,000 loans for $195 million—a $90 million premium over the $105 million that the agency estimated it would have collected if it held these loans to maturity. The portfolio included performing and nonperforming 7(a) and Certified Development Companies (CDC) loans. Two sales of approximately $1 billion each are currently scheduled for 2000; these will include 7(a), CDC and disaster assistance business and home loans. Drawing on experience of other Federal agencies, the SBA's analysis of its portfolio value stemming from its Liquidation Improvement Project, and the results of the initial asset sale, the Administration estimates that SBA's business loan assets can be sold at a gain to the Government. It is anticipated that the planned sales will also yield future operational cost savings.

USDA Rural Infrastructure and Business Development Programs

USDA provides grants, loans, and loan guarantees to communities for constructing facilities such as health-care clinics, day-care centers, and water and wastewater systems. Direct loans are available at lower interest rates for lower-income communities. The community facility programs are targeted to rural communities with fewer than 20,000 residents (fewer than 10,000 for the water and wastewater programs).

USDA also provides grants, direct loans, and loan guarantees to assist rural businesses, including cooperatives, to increase employment and diversify the rural economy. In 2001, USDA proposes to provide $1.3 billion in loan guarantees to rural businesses, and $50 million in direct loans. USDA's assistance to rural businesses has grown from $100 million in 1993 to almost

$1.2 billion in 1999. The default rate for these programs is currently low.

The 1996 Farm Bill created the Rural Community Assistance Program (RCAP). Funding for 12 USDA rural development activities was consolidated into a "performance partnership" to provide more flexibility in targeting Federal assistance to the highest-priority needs of States and localities. In 1997, Congress provided increased flexibility through three funding "streams," but blocked transfers among streams. In 1998, Congress consolidated the three streams into one RCAP account, but the 1998 through 2000 appropriation bills still did not allow transfers between funding streams. The Budget proposes $763 million for a fully flexible RCAP.

Electric and Telecommunications Loans

USDA's rural electric and telecommunications program makes new loans to maintain existing infrastructure and to modernize electric and telephone service. Historically, the Federal risk associated with the $40 billion loan portfolio in electric and telephone loans has been small, although several large defaults occurred in the electric program, primarily as a result of nuclear power construction loans, and $667 million was written off in 1997. As we move into the 21st century both the telephone and electric industries are moving into a more competitive environment.

In the electric industry, increased deregulation may erode loan security and the ability of some borrowers to repay. Maintaining the goal of "affordable, universal service" is also of concern to USDA. Many rural cooperatives are by nature high cost providers of electricity, since there are fewer subscribers per line-mile than in urban areas. USDA's Rural Utilities Service (RUS) proposes to make $1.6 billion in direct and guaranteed loans in 2001 to rural electric cooperatives, public bodies, nonprofit associations, and other utilities in rural areas for generating, transmitting, and distributing electricity. Included in this funding request is $400 million for private sector guarantees. The demand for loans to rural electric co-operatives is expected to continue to rise as borrowers replace many of the 40-year-old electric plants.

The Distance Learning and Telemedicine program provides grants ($25 million in 2001) and loans ($300 million in 2001) to encourage and improve telemedicine and distance learning services in rural areas through the use of telecommunications, computer networks, and related advanced technologies by students, teachers, medical professionals, and rural residents. As part of the Digital Divide Initiative, RUS will create a pilot program to fund $2 million in grants and $100 million in Treasury rate loans in 2001 to be used in a grant/loan combination to finance installation of broadband transmission capacity (i.e. the fiber optic cable capacity needed to provide enhanced services such as the Internet or high speed modems) to and through rural communities. The other purpose for which RUS would provide a loan and grant combination would be local dial-up Internet service to underserved areas. These funds could be targeted to communities that currently lack Internet access via a local call. Recipients of these loans and grants would be current RUS telecommunication co-ops and businesses serving rural areas and rural communities.

The Rural Telephone Bank (RTB) provides financing for rural telecommunications systems. The 2001 Budget re-proposes legislation to charter the RTB as a performance-based organization (PBO). As a PBO, the RTB would remain under the Secretary of Agriculture through majority Federal membership on the RTB Board of Directors. The RTB's managers would be required to set strategic and financial goals. A key goal would be to achieve full privatization within 10 years; the RTB would be on-budget until fully privatized.

As a PBO, the RTB would have authority to hire its own personnel, and appoint its own CEO and CFO. It could seek waivers from certain Government-wide regulations, policies, and procedures. Funding for both administrative expenses and subsidy budget authority would be provided from the RTB's retained earnings beginning in 2001. The RTB would be free to establish its interest rates or charge administrative fees and institute an essentially private governance structure, which would allow the RTB to demonstrate its ability to be financially self-sufficient. This would be the necessary stepping stone to full privatization.

Loans to Farm Operators

Farm Service Agency (FSA) direct and guaranteed operating loans provide credit to farmers and ranchers 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.

As a condition of eligibility for direct loans, borrowers must have been denied private credit at reasonable rates and terms, or they must be beginning or socially disadvantaged farmers. Loans are provided at Treasury rates or 5 percent. As FSA is the "lender of last resort," high defaults and delinquencies are inherent in the direct loan program; over $15 billion in direct farm loans have been written off since 1988, compared to just over $40 billion in loans disbursed and guaranteed.

FSA-guaranteed farm loans are made to more creditworthy borrowers who have access to private credit markets. Because the private loan originators must retain 10 percent of the risk, they exercise care in examining borrower repayment ability despite the Federal guarantee. As a result of this incentive and the difference in borrower characteristics, guaranteed farm loans have not experienced losses as high as those on direct loans.

The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 1999 changed portions of the servicing requirements for delinquent borrowers. A borrower who has received an FSA loan write-down or write-off may now be eligible for an additional farm operating loan when the borrower is current under a debt reorganization plan or in certain emergency circumstances. Property acquired through foreclosure on direct loans must now be sold at auction within 105 days of acquisition, and leasing of inventory property is no longer permitted except to beginning farmers. Prior to the 1996 Farm Bill, acquired property remained in inventory on average for five years before the FSA could dispose of it.

As part of USDA's Civil Rights Initiative, a reserve of loan funding is established each year for targeted lending to socially disadvantaged farmers and ranchers. In 1999, over $290 million in loans to socially disadvantaged producers were made, and that number is expected to more than double in 2000.

The Farm Credit System and Farmer Mac

The Farm Credit System (FCS) and the Federal Agricultural Mortgage Corporation (Farmer Mac) are GSEs that enhance credit availability for the agricultural sector. The FCS is a direct lender, financing its loans largely through bond sales in the national credit markets, while Farmer Mac facilitates a secondary market for agricultural loans. Both GSEs face a business risk exceeding that of other GSEs because their borrowers are generally dependent on a single economic sector; agriculture. The Farm Credit Banks are also geographically limited, often to areas dependent on one or a few commodities. The downturn in the agricultural economy in the 1980s led the FCS to the brink of insolvency. Legislation in 1987 provided Federal assistance to bail out the FCS and created Farmer Mac.

The Nation's agricultural sector and its lenders continue to exhibit stability in their incomes and balance sheets, thanks in part to record Government emergency assistance payments in 1999. Commodity prices remained low in 1999, and long term forecasts are for very gradual recovery. Farm income levels, including Government payments, have enabled most borrowers to maintain strong debt-to-asset ratios, and lenders to keep loan delinquencies well below problem thresholds. Farmland values gained modestly in 1999 as interest rates and inflationary expectations remain low. However, such aggregate facts mask the problems of a significant number of individual small farmers. Further, regulators have voiced concern over the extent to which credit card financing may be in use among farmers and ranchers, a statistic they are unable to monitor.

Another sign of the generally stable condition of agricultural finance is the greater share of credit provided by commercial banks. From 1986 to 1998, commercial banks' share of all farm debt increased from 24 percent to 41 percent, while the share for FCS declined from 29 percent to 26 percent. USDA direct farm loan programs went from a market share of 12 percent to 5 percent though, if adjusted for its guaranteed loans issued through private banks, that percentage would more than double. FCS is expected to maintain 1998 market share levels in 1999.

The Farm Credit System

The financial condition of the Farm Credit System banks and associations during 1999 continues an 11-year trend of improving financial health and performance. Nonperforming loans decreased to 1.5 percent of the portfolio, down from 1.6 percent in 1998. Loan volume has gradually increased since 1992, although the $69.7 billion in September, 1999 is well below the high of over $80 billion in the early 1980s. Increases in loan volume and declines in the cost of funds have widened the FCS's net margin between interest received and interest paid from less than one percent in 1987 to 2.75 percent in 1999.

Improved asset quality and income enabled FCS to post record capital levels: by September 30, 1999, capital stood at $13.2 billion—an increase of 6 percent for the year, primarily as a result of retained earnings. 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. The System has adopted an annual repayment mechanism required of FCS institutions to cover the remainder. The FCS has further reduced its risk exposure by retiring all of its high-coupon long-term debt, using marginal cost loan pricing, and adopting asset/liability management practices designed to reduce its interest rate risk.

Operating risk is also being reduced. Substantial consolidation has occurred in the structure of the FCS. In January 1988, there were 12 FCS districts with 36 banks plus 376 associations; by October 1999, there were only 6 FCS districts, 7 banks, and 178 associations.

The 1987 Act established the FCS Insurance Corporation (FCSIC) to insure timely payment of interest and principal on FCS obligations. Insurance fund balances, largely comprised of premiums paid by FCS institutions, supplement the System's capital, the joint and several liability of all System banks for FCS obligations, and the Farm Credit Administration's enforcement authorities. On September 30, 1999, the Insurance Fund's net assets were $1.3 billion, and are estimated to maintain the legally required level of at least two percent of outstanding debt in 2000.

Improvement in the FCS' financial condition is also reflected in the evaluations of FCS member institutions by the Farm Credit Administration (FCA), its Federal regulator. The FCA 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 problem range of "4" or "5." By September 1999, in contrast, 180 institutions were given the top ratings, only 5 received the mid-range rating of "3," and none was rated "4." Enforcement actions to correct illegal or unsafe operations were applied to 77 institutions, with 80 percent of the FCS's assets, in 1991, but none were in effect on September 30, 1999.

FCS loans outstanding as of September 1999 were $66 billion, up 6 percent over 1998, and representing a 34 percent increase since 1990. Loans to farmers and other eligible producers comprise 74 percent of the System's portfolio. The volume of lending secured by farm land has been generally stagnant since 1990, but farm operating loans have increased over 40 percent since 1992. Loans to finance processing, marketing, credit cooperatives, and rural utilities cooperatives accounted for 21 percent of FCS's portfolio at fiscal year-end 1999. The remaining 3 percent of the portfolio is made up of non-farm rural home loans (2 percent) and international loans (3 percent).

The System expects 1999 farm earnings to be a near-record $48 billion, up from $44 billion in 1998. These strong reported earnings, and farm income generally, have relied heavily on Government assistance payments in recent years. Federal payments of $12 billion in 1998 and $22 billion in 1999 to farmers and ranchers compensated for depressed commodity prices and declining exports. The Farm Credit System, while continuing to record strong earnings and capital growth, remains exposed to numerous risks, including concentration risk, changes in Government assistance payments, and the volatility of exports and crop prices.

Farmer Mac

Farmer Mac was established in 1987 to create and oversee a secondary market for, and to guarantee securities based on, farm real estate and rural housing loans. Since the 1987 Act, Farmer Mac's authorities have been legislatively expanded to permit it to issue its own debt securities, and to purchase and securitize the guaranteed portions of farm program, rural business, and community development loans guaranteed by the USDA (known as the "Farmer Mac II" program). The Farm Credit System Reform Act of 1996 transformed Farmer Mac from just a guarantor of securities formed from loan pools into a direct purchaser of mortgages in order to form pools to securitize.

The 1996 Act was passed in response to a steady erosion of Farmer Mac's capital base. Revenues had not met expectations and showed no prospect of improvement. The new powers increase commercial banks' incentives to participate in Farmer Mac. However, these powers also subject the Corporation to more credit and interest rate risk. As a direct purchaser of loans with no required subordination other than a maximum 75 percent loan-to-value ratio for loans to qualify for purchase, Farmer Mac is exposed to greater risk and must set appropriate fees and level of capital reserves. Loan purchases and guarantees have both increased since the passage of the 1996 Act. Both trends indicate positive progress in the slowly developing agricultural secondary markets.

The 1996 Act gave Farmer Mac three additional years to reach its capital requirements, and two years to raise capital to $25 million. In December 1996, Farmer Mac sold 1.4 million shares of Class C common stock, generating $32 million of new equity. In November 1997, Farmer Mac completed its second public offering, selling 400,000 shares of Class C common stock and raising $23 million of new equity. Farmer Mac's year-end 1999 capital is estimated to be about $87 million—three times greater than the 1996 statutory capital requirement and fully compliant with the revised regulatory capital requirements.

International Credit Programs

Seven Federal agencies, the Departments of Agriculture, Defense, State, and Treasury and the Agency for International Development, the Export-Import Bank, and the Overseas Private Investment Corporation, provide direct loans, loan guarantees, and insurance to a variety of foreign private and sovereign borrowers.

Overall, globalization of private capital markets has led private lending to dominate officially supported direct and guaranteed credit. Aggregate net resource flows to all developing countries grew from $152 billion in 1992 to $275 billion in 1998. In comparison, resource flows from official direct or guaranteed credit were about the same in 1998 ($24 billion) as in 1992 ($25 billion).

Federal international lending agencies coordinate for consistent policy design and credit implementation to level the playing field for U.S. exporters, deliver robust support for U.S. manufactured goods, stabilize international financial markets, and promote sustainable development.

Coordination: International credit programs are coordinated through two groups to ensure consistency in policy design, and credit implementation. The Trade Promotion Coordinating Committee (TPCC), works within its membership and the Administration to developed a unified National Export Strategy to make the delivery of trade promotion support more effective and convenient for U.S. exporters.

The Interagency Country Risk Assessment System (ICRAS) standardizes the way in which agencies budget for the risk of international lending. The cost of lending by the agencies is governed by ratings and premia established by the ICRAS. These premia use assumptions about default risk in international lending based on international bond market data. The premia for 2001 have been updated to reflect more recent data. Because the eighteen months of additional bond market data captured many bonds issued or traded during the height of the global financial crisis, the risk premia increased on average by 25 percent. All else being equal, the impact of the change in premia will constrain the level of lending an agency may be able to implement. However, the practical impact of the premia change will depend on a host of other factors such as maturity, risk mix, and fees.

For the purpose of significantly improving the U.S. Government's reporting and analysis of foreign credits, including loans, guarantees, and insurance, the Treasury Department is coordinating the development, with interagency support, of the Foreign Credit Reporting System (FCRS). The system will provide government officials with desktop internet access to cross-cutting foreign credit information for policymaking and analytical purposes. While the system is currently under development, a prototype is expected during 2000, followed by a fully operational system in 2001.

Leveling the playing field. The Federal Government provides credit to U.S. exporters to offset the subsidies that foreign governments, largely in Europe and Japan, provide their exporters usually through export credit agencies (ECAs). Although the Arrangement on Official Export Credits of the Organization for Economic Cooperation and Development (OECD) has significantly constrained direct interest rate subsidies and tied-aid grants, foreign ECAs continue to provide implicit subsidies (by charging interest rates or fees that do not fully compensate for risk).

The Export-Import Bank (Eximbank) attempts to strategically "level the playing field" and to fill gaps in the availability of private export credit. Compared to the other major ECAs, Eximbank provides the most unrestricted financing, and provides this financing in almost twice as many markets as its nearest competitor.

Supporting more manufacturing exports. In 1999, Eximbank supported exports totaling $13 billion with a budget of $676.5 million. Eximbank's role is important in developing markets where the international financial crisis has rolled back private finance, or in markets where there is officially supported ECA competition. The 2001 Budget proposes $963 million in credit resources for Eximbank, an increase of $207 million or 27 percent above its 2000 budget of $756 million—so that Eximbank can:

- *Partially offset the higher risks and costs, of international lending.* The revised ICRAS premia recognize the risk in the marketplace, and so significantly increases the cost of lending for Eximbank, especially at the maturities and in the markets in which Eximbank is most needed.
- *Help meet the demand for financing aircraft and capital equipment exports in developing markets.* One of every four U.S. commercial aircraft is sold to an Asian airline, but commercial credit has decreased drastically because of Asia's economic problems. Eximbank currently finances 10 percent of all U.S. capital equipment exports to the developing world. More funding will allow Eximbank to provide significantly more long-term financing for exports of U.S. manufactured capital goods and aircraft.
- *Finance exports to riskier markets.* U.S. exporters increasingly seek Eximbank financing to meet the demand in riskier markets, but the higher cost of providing such financing uses a greater proportion of Eximbank's budgetary resources. Eximbank support is critical in these markets because bank financing often is unavailable, and U.S. exporters compete with government-financed foreign firms.

USDA's GSM-102 and 103 programs guarantee credit extended by private U.S. exporters and U.S. financial institutions to facilitate exports to buyers in countries where credit is necessary to maintain or increase U.S. sales of agricultural products. The GSM programs are targeted to countries where government guarantees are needed to counter competition from countries that offer credit through ECAs or commodity marketing boards.

Stabilizing international financial markets. In today's global economy, the health and prosperity of the American economy depend importantly on the stability of the global financial system and the economic health of our major trading partners. The United States has several ways in which it can help to stabilize world financial markets. It can provide resources on a multilateral basis through the IMF (discussed in other sections of the Budget), or through a loan provided by the Exchange Stabilization Fund (ESF).

The ESF may provide "bridge loans" to other countries in times of short-term liquidity problems and financial crises. In the past, "bridge loans" from ESF provided dollars to a country over a short period before the disbursement under an IMF loan. A package of up to $20 billion of ESF financial support was made available to Mexico during its crisis in 1995. Such support was essential in helping to stabilize Mexican and global financial markets. Mexico paid back its borrowings under this package ahead of schedule in 1997, and the United States earned almost $600 million in interest. There was zero subsidy cost for the United States as defined under credit reform, as the medium-term credit carried interest rates with an appropriate country risk premium built in.

The United States was also willing to provide ESF support in response to the financial crises affecting some countries such as South Korea in 1997 or Brazil in 1998. It did not prove necessary to develop an actual ESF credit facility for Korea, but the United States agreed to use up to $5 billion from the ESF as part of a multilateral guarantee of a Bank for International Settlements credit facility for Brazil. Such support helped to provide the international confidence needed by these countries to begin the stabilization process.

Using credit to promote sustainable development. Credit has become an increasingly important tool in U.S. bilateral assistance to promote sustainable development. In 1999, OMB certified that USAID could adequately manage its credit programs as required in the 1998 Foreign Operations Appropriations Act. USAID's newest credit tool is the Development Credit Authority (DCA) that provides non-sovereign loans and loan guarantees in cases where credit is more effective than grants to achieve sustainable development, such as more effective financial markets or reductions in global climate change-causing emissions. A consolidation of all of USAID's credit programs is requested in the 2001 Budget to create a unified Office of Development Credit. This office will encompass DCA activities as well as USAID's traditional microenterprise and urban environmental credit programs.

OPIC investment guarantees also support development by promoting U.S. direct investment in developing countries. This can transfer skills and technology and create more efficient financial markets. OPIC has implemented investment funds, on-lending facilities, and bond insurance—building onto its traditional political risk insurance, lending, and guarantee products.

III. INSURANCE PROGRAMS

Deposit Insurance

Federal deposit insurance was begun in the 1930s to protect depositors against losses from failures of insured institutions. Deposit insurance also protects the Nation 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 savings associations (thrifts) through 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).

Deposits are currently insured up to $100,000 per account. The FDIC insures over $2.8 trillion of deposits at over 8,600 commercial banks and almost 1,700 savings institutions. The NCUA insures 10,841 credit unions with $323 billion in insured shares.

Current Industry and Insurance Fund Conditions

The 1980s and early 1990s were a turbulent period for the bank and thrift industries, with over 1,400 bank failures and 1,100 thrift failures. The Federal Government responded with the Financial Institutions Reform, Recovery and Enforcement Act of 1989 and the Federal Deposit Insurance Corporation Improvement Act of 1991. These reforms, combined with more favorable economic conditions, helped to restore the health of depository institutions and the deposit insurance system. Only one thrift failed in 1999, becoming the first SAIF-member to fail since 1996. Five commercial banks failed during 1999. Eighteen credit unions with $67 million in assets failed during 1999. The FDIC currently classifies only 80 institutions with $8 billion in assets as "problem" institutions, compared to nearly 318 institutions with $73 billion in assets just five years ago.

Banks have achieved record levels of earnings in recent years. As of September 30, 1999, BIF had estimated reserves of $29 billion, 1.38 percent of insured deposits.

The earnings of the thrift industry also have improved significantly in recent years. As of September 30, 1999, SAIF's reserves reached an estimated $10.2 billion or 1.44 percent of insured deposits. This total includes the $978 million SAIF Special Reserve that was established on January 1, 1999, in accordance with the Deposit Insurance Funds Act (DIFA) of 1996. The Special Reserve has now been eliminated by the Financial Services Modernization Act of 1999.

The FDIC continues to maintain deposit insurance premiums in a range from zero for the healthiest institutions to 27 cents per $100 of deposits for the riskiest institutions. Due to the strong financial condition of the industry and the insurance funds, 94 percent of commercial banks and 91 percent of thrifts did not pay insurance premiums in 1999.

The National Credit Union Share Insurance Fund (NCUSIF) also remains strong with assets of $4.2 billion. Each insured credit union is required to deposit and maintain in the fund an amount equal to 1 percent of its member share accounts. In 1999, the income generated from the 1 percent deposit eliminated the need to assess an additional insurance premium, and after the end of the fiscal year, the NCUA Board approved a dividend to reduce the Fund's equity ratio to the statutory ceiling of 1.30 percent. This was the fifth consecutive year that the Fund paid a dividend to federally insured credit unions. The Board also waived premiums for 2000.

Although depository institutions and their Federal insurance funds currently are in good financial condition, the U. S. economy has experienced strong growth in recent years. This trend is unlikely to continue indefinitely. An economic downturn, international events, or other changes in the industry could put pressure on industry profits and ultimately on the deposit insurance funds. For example, the spate of mergers among large banks in the last several years has increased the probability that a failure of one of America's 25 largest banks would bankrupt the deposit insurance funds. Even in good economic times, occurrences of substantial fraud—such as the failure of First National Bank in Keystone, West Virginia, which is expected to cost the FDIC up to $850 million to resolve—can significantly reduce the deposit funds' balances. On the other hand, the President's signature of the Financial Services Modernization Act may make future failures less likely by allowing banks to diversify their activities, though this remains to be seen.

Legislative, Judicial and Regulatory Developments

On November 12, 1999, the President signed the Financial Services Modernization Act of 1999 (P.L. 106–102), thereby making the most important legislative changes to the structure of the U.S. financial system since the 1930s. This historic Act will stimulate greater innovation and competition in the financial services industry. Specifically, the Act repeals provisions of the Glass-Steagall Act that, since the Great Depression, have restricted affiliations between banks and securities firms. It also amends the Bank Holding Company Act to remove restrictions on affiliations between banks and insurance companies. Furthermore, it grants banks significant new authority to conduct many newly authorized activities through operating subsidiaries.

The Act also ensures that the needs of all communities are met and consumer rights are protected. It preserves the significance of the Community Reinvestment Act (CRA), by requiring that financial institutions that take advantage of the new opportunities created by the Act, have a satisfactory record of meeting the needs of all the communities that they serve. Also under the Act, financial institutions must clearly disclose their privacy policies to customers up front and annually, allowing consumers to make informed choices about protecting their financial privacy. For the first time, consumers will have a right to know if their financial institution intends to share or sell their personal financial data, within the corporate family or with an unaffiliated third-party. Consumers will have the right to "opt out" of such information sharing with unaffiliated third parties.

In 1999 the National Credit Union Administration promulgated rules to implement the historic Credit Union Membership Access Act, which was signed into law in 1998. These rules will allow credit unions to accept members from multiple employers with fewer than 3,000 employees; implement prompt corrective action; and implement changes to the National Credit Union Share Insurance Fund's equity ratio calculation and dividend policies.

The Federal regulators of depository institutions (FDIC, the Federal Reserve Board, the Comptroller of the Currency, the Office of Thrift Supervision, and the NCUA) assisted banks, thrifts, and credit unions throughout the Nation in making a smooth transition to the Year 2000. During the Year 2000 transition, the Nation's payment systems functioned well, and currency supplies were adequate to meet demand. Credit cards, debit cards, checks and automated teller machines worked normally. The successful transition marks the end of three years of preparation for the century date change.

Pension Guarantees

The Pension Benefit Guaranty Corporation (PBGC) insures most defined-benefit pension plans sponsored by private employers. PBGC pays the benefits guaranteed by law when a company with an underfunded pension plan becomes insolvent. PBGC's exposure to claims relates to the underfunding of pension plans, that is, to any amount by which vested guaranteed future benefits exceed plan assets. In the near term, its loss exposure results from financially distressed firms with underfunded plans. In the longer term, additional loss exposure results from firms that are currently healthy but become distressed, and from changes in the funding of plans and their investment results.

The number of plans insured by PBGC has been declining as small companies with defined benefit plans terminate them and shift to defined contribution pension arrangements such as 401(k) accounts. The number of plans with 1,000 or more participants has increased slightly since 1980. However, the number of active workers in defined benefit plans declined from 29 million in 1985 to fewer than 24 million in 1995. If the trend continues, by 2003 fewer than half of the participants in defined benefit plans will be active workers; the rest will be retirees.

In 1999, PBGC posted a positive financial position for the fourth straight year after 21 years of being in a deficit position. This was due to good economic conditions and favorable investment returns. But risk remains. That risk has been reduced somewhat by steps taken by PBGC and the Congress. Since 1990, PBGC has been working more actively to prevent and mitigate losses. Under its Early Warning Program, PBGC has negotiated 90 major settlements with companies, providing nearly $17.5 billion in extra contributions and other protections that improved pension security for over 2 million people and reduced PBGC's future exposure. 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.

PBGC's single-employer program fared well in 1999, with no major terminations. Overall investment returns were positive. Strong performance in its trust funds, which are invested in equities, offset losses in its revolving funds, which are invested in U.S. Government securities. Premium revenues dropped for the third year in a row, partly reflecting a previously enacted increase in the statutory interest rate for calculating underfunding.

PBGC's multiemployer program, which guarantees pension benefits of certain unionized plans offered by several employers in an industry, remained financially strong despite a large loss from one plan. The Administration proposes to increase the maximum guarantee level on pension benefits paid to retirees in multiemployer plans for the first time since 1980. It would be increased from $5,580 to $12,870 per year for retirees with 30 years of service.

This Budget proposes a new and simplified defined benefit pension plan for small businesses, featuring accounts for individual participants. The new plan guarantees a known level of annual income throughout a worker's retirement years. The new plan is designed to be fully funded virtually constantly, but also would be protected by PBGC at a reduced premium. The Budget also proposes to phase-in the PBGC's variable rate premium for new plans, a lower flat-rate premium and no variable rate premium for the first five years of new plans of small employers. In addition, the Budget proposes expanding the PBGC's missing participant program to terminating multiemployer and terminating defined contribution plans, and simplifying the guarantee rules for business owners.

Disaster Insurance

Flood Insurance

The Federal Government provides flood insurance through the National Flood Insurance Program (NFIP) administered by the Federal Emergency Management Agency (FEMA). This insurance is available to property owners living in communities that have adopted and enforced appropriate floodplain management measures. Coverage is limited to buildings and their contents. Policies for structures built before a community joined the flood insurance program are subsidized by law, while policies for structures built after a community joined the NFIP are actuarially rated.

When the Federal flood insurance program was created in the early 1970s, private insurance companies, with little information on flood risks by geographic area, had deemed the risk of floods uninsurable. In response, the NFIP provided insurance coverage, required building standards and other mitigation efforts to reduce losses, and undertook flood hazard mapping to quantify the geographic risk of flooding. The program has substantially met these goals.

The flood insurance policy base increased by nearly 70,000 policies in 1999. The NFIP's "Cover America" initiative, which is a major marketing and advertising campaign, continues to increase awareness of flood insurance and educate people about the risks of floods. FEMA is using three strategies to increase the number of flood insurance policies in force: lender compliance, program simplification, and expanded marketing.

The NFIP's Community Rating System now allows policyholders in nearly 900 communities to receive discounts of at least 5 percent on their premiums by undertaking activities which will reduce flood losses, facilitate more accurate insurance rating, and promote public awareness of flood insurance and flood risk.

In 1997, the NFIP offered expanded insurance to cover increased costs of compliance, as authorized by the National Flood Insurance Reform Act of 1994. This separate coverage, which took effect May 1, 1997, allows repetitively flooded or substantially damaged structures to be rebuilt in accordance with existing floodplain management requirements. This will reduce the amount and cost of future flood damage and allow those structures to be actuarially rated.

FEMA will continue efforts to reduce future flood damage by educating Federal financial regulators about mandatory flood insurance requirements for federally related home and business loans on properties located in flood hazard areas; simplifying policy language; using mitigation insurance to allow flood victims to rebuild to code, thereby reducing future flood damage costs; and using flood insurance premium adjustments to encourage community and State mitigation activities beyond those required by the NFIP.

The 2001 Budget proposes two additional reforms of this program. First, the Administration seeks authorization to use up to $50 million from FEMA's Disaster Relief Fund to begin the process of purchasing and/or elevating insured properties that have flooded repeatedly over the last 10 years. This effort will ultimately result in lower claims payments. Second, the Budget includes a proposal to charge a $12 license fee for the use of FEMA's flood hazard maps to support a multi-year program to update and modernize FEMA's inventory of floodplain maps. These maps are essential in developing appropriate risk-based flood insurance premium charges, will ensure that property owners have appropriate levels of insurance, and will result in a more actuarially sound program.

Crop Insurance

Subsidized Federal crop insurance administered by USDA assists farmers in managing yield shortfalls due to bad weather or other natural disasters. Private companies are unwilling to offer multi-peril crop insurance without Government reinsurance 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 USDA crop insurance program is a cooperative effort between the Federal Government and the private insurance industry. Private insurance companies sell and service crop insurance policies. The Federal Government reimburses private companies for part of the administrative expenses associated with providing crop insurance and reinsures the private companies for excess insurance losses on all policies. The Federal Government also subsidizes premiums for farmers.

A major program reform was enacted in 1994 to address a growing problem caused by the repeated provision of Federal ad hoc agricultural disaster payments. Participation in the crop insurance program had been kept low by the availability of post-event disaster aid to farmers from the Federal Government. Because disaster payments were no-cost grants, farmers had little incentive to purchase Federal crop insurance. The 1994 reform repealed agricultural disaster payment authorities and substituted a "catastrophic" insurance policy that indemnifies farmers at a rate roughly equal to the previous disaster payments. The catastrophic policy is free to farmers except for an administrative fee. Private companies sell and adjust the catastrophic portion of the crop insurance program, and also provide higher levels of coverage (which are also federally subsidized.) In 1995, 82 percent of eligible acres participated in the program—140 percent more than in 1994. However, the 1996 Farm Bill eliminated the requirement that farmers participating in USDA's commodity programs carry crop insurance, and participation dropped in 1997 to an estimated 61 percent of eligible acres. That number increased to 67 percent in 1999 due to the crop insurance purchase requirement attached to disaster benefits provided in 1999. That requirement is in place for just two years and 61 percent is considered the average expected participation level absent such requirements.

The 1996 Farm Bill significantly changed USDA's commodity programs and associated price and income support for farmers. When the President signed the Farm Bill, he stated: "The fixed payments in the bill do not adjust to changes in market conditions, which would leave farmers, and the rural communities in which they live, vulnerable to reductions in crop prices or yields. I am firmly committed to submitting legislation and working with the Congress next year to strengthen the farm safety net." To begin to address the safety net problem, the 1998 Budget proposed to expand the crop insurance program to include "revenue insurance" coverage. Revenue insurance protects farmers against lost revenue caused by low prices, low yields, or any combination of the two. Revenue insurance programs are now available in 36 states and further expansion is being studied.

In 1999, USDA unveiled a pilot "whole farm" revenue insurance plan to cover diversified farming and ranching operations with a single revenue insurance policy. The Adjusted Gross Revenue (AGR) policy insures the five-year average revenue of a farming or ranching operation on the basis of the producer's Schedule F for Farm Income on Federal tax returns. In addition to being USDA's first insurance policy to cover livestock, AGR marks a departure from the expensive, labor-intensive approach to crop insurance which currently requires considerable information collection, and farm visits for loss adjustment and compliance verification.

Emergency funding in 1999 and 2000 added more crop insurance premium subsidies for those years and raised program participation to record levels. In the 1999 crop year, gross liability insured reached over $30 billion in crop production value compared to $26 billion in 1998. The program is expected to sustain or increase these participation levels if the Administration's proposal to strengthen the farm safety net is enacted by Congress. The proposal, discussed in the main Budget volume, includes increased subsidies for producers purchasing crop insurance in order to provide incentives for greater coverage, as well as a pilot livestock insurance program, multi-year loss policies, increased risk management education, and outreach to producers.

Chart 8-1. Face Value of Federal Credit Outstanding

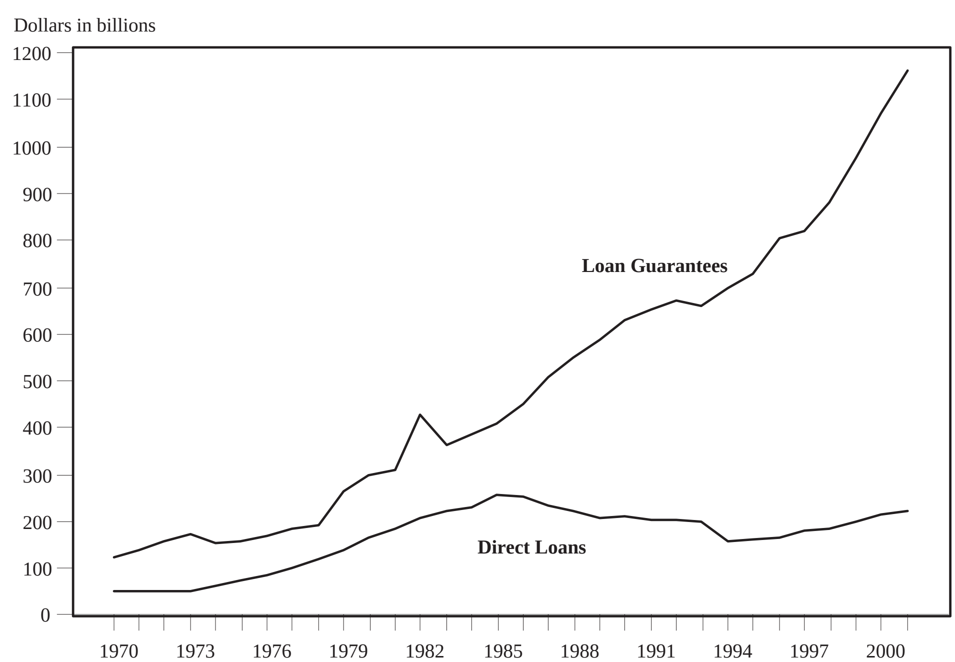

Table 8–1. ESTIMATED FUTURE COST OF OUTSTANDING FEDERAL CREDIT PROGRAMS

(in billions of dollars)

Program	Outstanding 1998	Estimated Future Costs of 1998 Outstanding [1]	Outstanding 1999	Estimated Future Costs of 1999 Outstanding [1]
Direct Loans [2]:				
Federal Student Loan Programs	47	2	65	2
Farm Service Agency (excl.CCC), Rural Development, Rural Housing	46	14	45	12
Rural Electrification Admin. and Rural Telephone Bank	34	4	29	3
Housing and Urban Development	14	2	14	3
Agency for International Development	12	6	11	6
Public Law 480	11	7	11	8
Export-Import Bank	11	3	12	6
Commodity Credit Corporation	8	2	7	3
Federal Communications Commission	7	2	8	5
Disaster Assistance	7	1	7	2
Other Direct Loan Programs	20	3	22	2
Total Direct Loans	217	45	234	50
Guaranteed Loans [2]:				
FHA Mutual Mortgage Insurance Fund	380	-2	411	-3
VA Mortgage	211	5	221	6
Federal Family Education Loan Program	118	12	127	12
FHA General/Special Risk Insurance Fund	89	7	93	7
Small Business	37	2	39	2
Export-Import Bank	22	1	25	1
International Assistance	19	2	19	2
Farm Service Agency and Rural Housing	14	0	17	0
Commodity Credit Corporation	4	2	7	1
Other Loan Guarantee Programs	20	0	16	0
Total Guaranteed Loans	916	29	976	29
Total Federal Credit	**1,133**	**74**	**1,210**	**80**

Note: Detail may not add to total due to rounding.

[1] Direct loan future costs are the financing account allowance for subsidy cost and the liquidating account allowance for estimated uncollectible principal and interest. Loan guarantee future costs are estimated liabilities for loan guarantees.

[2] Excludes loans and guarantees by deposit insurance agencies and programs not included under credit reform, such as CCC commodity price supports. Defaulted guaranteed loans which become loans receivable are accounted for as direct loans.

Table 8–2. FACE VALUE OF GOVERNMENT-SPONSORED ENTERPRISE LENDING

(in billions of dollars)

	Outstanding	
	1998	1999
Government Sponsored Enterprises: [1]		
Fannie Mae	989	1,141
Freddie Mac	702	843
Federal Home Loan Banks [2]	246	367
Sallie Mae [3]	0	0
Farm Credit System	60	66
Total	**1,997**	**2,417**

[1] Net of purchases of federally guaranteed loans.

[2] The lending by the Federal Home Loan Banks measures their advances to member thrift and other financial institutions. In addition, their investment in private financial instruments at the end of 1999 was $155 billion, including federally guaranteed securities, GSE securities and money market instruments.

[3] The face value of Federal Family Education Loans in the Student Loan Marketing Association's portfolio is included in the totals for that program under guaranteed loans in table 8-1.

Table 8–3. REESTIMATES OF CREDIT SUBSIDIES ON LOANS DISBURSED BETWEEN 1992—1999[1]

(In millions of dollars)

Program	1994	1995	1996	1997	1998	1999	2000
Direct Loans:							
Agriculture credit insurance fund	–72	28	2	–31	23		321
Agricultural conservation	–1						
Rural electrification and telephone loans	*	61	–37	84		–39	
Rural telephone bank	1			10		–9	–1
Rural housing insurance fund	2	152	46	–73		71	
Rural economic development loans				1		–1	*
Rural development loan program		1				–6	
Rural community advancement program [2]				8		5	
P.L. 480 Title I loan program			–37	–1			–253
Federal direct student loans:							
Technical reestimate [3]			3	–83	172	–361	–2,442
Volume reestimate							
Bureau of Reclamation direct loans							3
BIA-Indian direct loans						1	4
DoT-High priority corridor loans					–3		
DoT-Alameda corridor loan							–55
Community Development Financial Institutions fund							*
Veterans housing benefit program fund	–39	30	76	–72	465	–111	–13
FEMA-Disaster assistance							47
Foreign military financing				13	4	1	152
Debt restructuring							5
SBA-Disaster loans					–193	246	
Export-Import Bank direct loans	–28	–16	37				–177
Spectrum auction program					4,592	980	–1,501
Loan Guarantees:							
Agriculture credit insurance fund	5	14	12	–51	96		–130
Commodity Credit Corporation export guarantees	3	103	–426	343			–253
Rural development insurance fund	49			–3			
Rural housing insurance fund	2	10	7	–10		109	
Rural community advancement program [2]				–10		41	
P.L. 480 Title I Food for Progress credits		84	–38				
Fisheries finance, guaranteed loans					–2		
Federal family education: [4]							
Technical reestimate [3]	97	421	60			63	415
Volume reestimate			535	99		–216	362
FHA-Mutual mortgage				–340		3,789	
FHA-General and special risk [5]	–175		–110	–25	743	79	
BIA-Indian guaranteed loans				31			–18
Maritime guaranteed loans (Title XI)						–71	27
Veterans housing benefit fund guarantees	–447	167	334	–706	38	492	242
AID housing guaranty	–2	–1	–7		–14		
Assistance to the New Independent States of the former Soviet Union							–30
SBA-Business loans			257	–16	–279	–545	–239
Export-Import Bank guarantees	–11	–59	13				–185
Total	–616	995	727	–832	5,642	4,518	–3,720

* $500 thousand or less.

[1] Additional information on credit reform subsidy rates is contained in the Federal Credit Supplement to the budget for 2001.

[2] Includes rural water and waste disposal, rural community facilities, and rural business and industry programs.

[3] 2000 figure includes interest on reestimate.

[4] Volume reestimates in mandatory loan guarantee 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.

[5] 1999 figure includes interest on reestimate.

Table 8–4. ESTIMATED 2001 SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS FOR DIRECT LOANS [1]

(in millions of dollars)

Agency and Program	Weighted average subsidy as a percentage of disbursements	Subsidy budget authority	Estimated loan levels
Agriculture:			
Agricultural credit insurance fund	10.26	114	1,080
Farm storage facility loans	2.85	4	150
Watershed and flood prevention operations	6.95	4	60
Rural community advancement program	12.91	172	1,332
Rural electrification and telecommunications loans	0.24	4	1,645
Rural telephone bank	1.48	3	175
Distance learning and telemedicine program	–0.61	–2	400
Farm labor	52.59	16	30
Rural housing insurance fund	19.15	284	1,485
Rural development loan fund	50.91	33	64
Rural economic development loans	26.07	4	15
P.L. 480	71.51	114	160
Commerce:			
Fisheries finance	1.00	5	324
Defense—Military:			
Family housing improvement fund	38.80	38	99
Education:			
School renovation	17.20	1,125	6,541
Federal direct student loan program	–3.04	–517	16,972
Housing and Urban Development:			
FHA-Mutual mortgage insurance	....	....	250
FHA-General and special risk	....	....	50
Interior:			
Bureau of Reclamation loans	52.99	9	27
State:			
Repatriation loans	80.00	1	1
Transportation:			
Transportation infrastructure finance and innovation (TIFIA) program	5.74	75	1,320
Treasury:			
Community development financial institutions fund	43.41	4	10
Veterans Affairs:			
Veterans housing benefit program	1.82	12	649
Miscellaneous veterans housing program	7.72	....	2
Miscellaneous veterans programs	35.02	....	3
Federal Emergency Management Agency:			
Disaster assistance direct loans	6.71	2	25
International Assistance Programs:			
Overseas Private Investment Corporation	11.00	14	127
Small Business Administration:			
Disaster loans	17.46	142	871
Business loans	8.95	5	60
Other Independent Agencies:			
Export-Import Bank loans	7.50	72	960
Total	N/A	1,737	34,887

[1] Additional information on credit subsidy rates is contained in the Federal Credit Supplement.

Table 8–5. ESTIMATED 2001 SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS FOR LOAN GUARANTEES [1]

(in millions of dollars)

Agency and Program	Weighted average subsidy as a percentage of disbursements	Subsidy budget authority	Estimated loan levels
Agriculture:			
Agricultural credit insurance fund	2.06	71	3,478
Commodity Credit Corporation export loans	8.52	323	3,792
Rural community advancement program	0.52	8	1,535
Rural electrification and telecommunications loans	0.01	....	400
Rural housing insurance fund	0.18	7	3,900
Defense—Military:			
Family housing improvement fund	8.86	45	507
Education:			
Federal family education loan	11.22	2,760	29,853
Health and Human Services:			
Health resources and services	2.11	1	51
Housing and Urban Development:			
Indian housing loan guarantee fund	8.13	6	72
Title VI Indian loan guarantees	11.07	5	43
Community development loan guarantees	2.30	28	1,217
America's private investment companies	3.60	36	1,000
FHA-Mutual mortgage insurance	–2.57	–3,675	160,000
FHA-General and special risk	–0.12	–21	21,000
Interior:			
Indian guaranteed loans	6.73	5	82
Transportation:			
Minority business resource center	11.00	2	14
Transportation infrastructure finance and innovation (TIFIA) program	2.00	18	880
Maritime guaranteed loans (Title XI)	4.97	2	40
Veterans Affairs:			
Veterans housing benefit program	0.51	154	30,334
Miscellaneous veterans housing program	48.25	6	13
International Assistance Programs:			
Development credit authority	7.04	15	213
Overseas Private Investment Corporation	1.00	10	1,000
Small Business Administration:			
Business loans	1.08	194	17,955
Other Independent Agencies:			
Export-Import Bank loans	6.70	1,007	15,040
Presidio Trust	0.46	1	200
Total	**N/A**	**1,008**	**292,619**
ADDENDUM: SECONDARY GUARANTEED LOAN COMMITMENT LIMITATIONS			
GNMA:			
Guarantees of mortgage-backed securities	–0.36	–356	200,000

[1] Additional information on credit subsidy rates is contained in the Federal Credit Supplement.

Table 8–6. SUMMARY OF FEDERAL DIRECT LOANS AND LOAN GUARANTEES

(In billions of dollars)

	Actual					Estimate	
	1995	1996	1997	1998	1999	2000	2001
Direct Loans:							
Obligations	30.9	23.4	33.6	28.8	38.4	38.5	44.2
Disbursements	22.0	23.6	32.2	28.7	37.7	37.3	35.8
Subsidy budget authority [1]	2.6	1.8	2.4	6.5	2.6	–4.3	1.7
Loan Guarantees: [2]							
Commitments	138.5	175.4	172.3	218.4	252.4	255.1	289.0
Lender Disbursements	117.9	143.9	144.7	199.5	224.7	234.0	257.9
Subsidy budget authority [1]	4.6	4.0	3.6	2.6	4.3	3.2	0.8

[1] Excludes subsidy reestimates made prior to 1998.
[2] GNMA secondary guarantees of loans that are guaranteed by FHA, VA and RHS are excluded from the totals to avoid double-counting.

Table 8–7. DIRECT LOAN WRITE-OFFS AND GUARANTEED LOAN TERMINATIONS FOR DEFAULTS

Agency and Program	In millions of dollars			As a percentage of outstanding loans [1]		
	1999 actual	2000 estimate	2001 estimate	1999 actual	2000 estimate	2001 estimate
DIRECT LOAN WRITEOFFS						
Agriculture:						
Agricultural credit insurance fund	278	284	344	3.00	3.06	3.87
Rural community advancement program	....	6	10	....	0.12	0.17
Rural development insurance fund	2	3	3	0.05	0.09	0.09
Rural housing insurance fund	95	92	91	0.33	0.32	0.32
Rural development loans	1	1	1	0.31	0.29	0.27
Commerce:						
Economic development loans	3	1	1	6.97	2.50	2.85
Education:						
Student financial assistance	15	9	10	23.43	14.75	17.54
Federal direct student loan program	41	86	118	0.08	0.16	0.18
Housing and Urban Development:						
Revolving fund (liquidating programs)	6	....	....	3.42	....	....
FHA—Mutual mortgage insurance	....	....	2	....	....	1.07
Interior:						
BIA—Indian direct loans	1	7	2	1.40	10.60	3.41
State:						
Repatriation loans	1	1	1	25.00	25.00	25.00
Veterans Affairs:						
Veterans housing benefit program	74	82	87	3.88	4.48	5.46
Federal Emergency Management Agency:						
FEMA—disaster assistance	1	....	....	0.54	....	....
International Assistance Programs:						
Military debt reduction	....	11	8	....	110.00	133.33
Overseas Private Investment Corporation	1	1	1	1.28	1.27	1.23
Small Business Administration:						
Disaster loans	21	10	....	0.31	0.15	....
Business loans	26	26	10	3.09	3.30	1.43
Other Independent Agencies:						
Bank insurance fund	38	....	....	38.00	....	....
Tennessee Valley Authority fund	1	1	1	2.12	1.96	1.69
Total, direct loan writeoffs	605	621	690	0.30	0.29	0.31
GUARANTEED LOAN TERMINATIONS FOR DEFAULT						
Agriculture:						
Agricultural credit insurance fund	61	94	104	0.80	1.17	1.19
CCC export guarantee programs	248	425	390	3.68	6.83	7.23
Rural community advancement program	33	33	33	1.10	0.93	0.71
Rural electrification and telecommunications	107	....	....	25.17	....	....
Rural development insurance fund	1	18	11	0.76	17.06	17.05
Rural housing insurance fund	40	62	79	0.40	0.56	0.58
Commerce:						
NOAA—Federal ship financing	....	2	2	....	1.85	2.68
Defense—Military:						
Defense export loan guarantee program	....	....	1	....	....	10.52
Education:						
Federal family education	2,555	3,824	4,014	2.01	2.95	2.97
Health and Human Services:						
Health education assistance loan program	22	37	42	0.76	1.30	1.53
Housing and Urban Development:						
FHA—Mutual mortgage insurance	5,876	3,779	4,538	1.42	0.85	0.87
FHA—General and special risk	1,070	1,536	2,292	1.15	1.59	2.19
Interior:						
BIA—Indian loan guarantee	1	1	1	0.65	0.60	0.49
Transportation:						
Federal ship financing fund	4	....	....	1.24	....	....

Table 8–7. DIRECT LOAN WRITE-OFFS AND GUARANTEED LOAN TERMINATIONS FOR DEFAULTS—Continued

Agency and Program	In millions of dollars			As a percentage of outstanding loans[1]		
	1999 actual	2000 estimate	2001 estimate	1999 actual	2000 estimate	2001 estimate
Veterans Affairs:						
Veterans housing benefit program	2,381	3,030	3,370	1.07	1.37	1.55
International Assistance Programs:						
Foreign military financing	1	5	8	0.02	0.10	0.18
Microenterprise and other development	2	1	1	4.76	1.88	1.44
AID—Housing and other credit guaranty programs	56	32	40	2.44	1.41	1.83
Overseas Private Investment Corporation	6	64	50	0.20	2.12	1.58
Small Business Administration:						
Business loans	699	684	684	1.77	1.66	1.52
Pollution control equipment	11	11	11	23.91	27.16	37.28
Other Independent Agencies:						
Export-Import Bank	1,000	284	425	3.94	1.00	1.38
Total, guaranteed loan terminations for default	14,174	13,922	16,096	0.91	0.86	0.93
Total, direct loan writeoffs and guaranteed loan terminations	14,779	14,543	16,786	0.84	0.80	0.86
ADDENDUM: WRITEOFFS OF DEFAULTED GUARANTEED LOANS THAT RESULT IN LOANS RECEIVABLE						
Education:						
Federal family education	587	459	473	2.68	2.03	1.98
Health and Human Services:						
Health education assistance loan program	29	29	29	5.43	5.44	5.46
Housing and Urban Development:						
FHA—Mutual mortgage insurance	17	85	1	2.66	25.07	1.96
FHA—General and special risk	172	229	652	7.22	9.80	31.27
Interior:						
BIA—Indian loan guarantee	2	....	....	2.85	....	....
Veterans Affairs:						
Veterans housing benefit program	113	83	79	14.65	10.29	8.98
Small Business Administration:						
Business loans	320	173	71	15.01	8.48	3.67
Total, writeoffs of loans receivable	1,240	1,058	1,305	3.69	3.10	3.72

[1] Average of loans outstanding for the year.

Table 8–8. APPROPRIATIONS ACTS LIMITATIONS ON CREDIT LOAN LEVELS [1]

(In millions of dollars)

Agency and Program	1999 Actual	Estimate	
		2000	2001
DIRECT LOAN OBLIGATIONS			
Agriculture:			
Agricultural credit insurance fund	872	1,797	1,080
Distance learning and telemedicine	55	200	400
Rural electrification and telecommunications	1,911	2,610	1,645
Rural telephone bank	158	175	175
Rural water and waste disposal direct loans	707	679	1,032
Rural housing insurance fund	1,167	1,360	1,515
Rural community facility direct loans	162	167	250
Rural economic development	15	15	15
Rural development loan fund	33	38	64
Rural business and industry direct loans	50	50	50
P.L. 480 direct credit	282	907	160
Commerce:			
Fisheries finance	229	28	324
Education:			
Historically black college and university capital financing	375	364	339
Housing and Urban Development:			
FHA-General and special risk	50	50	50
FHA-Mutual mortgage insurance	100	100	250
Interior:			
Bureau of Reclamation	38	43	27
Assistance to American Samoa	....	19	....
State:			
Repatriation loans	1	1	1
Transportation:			
Minority business resource center	14	14	....
Transportation infrastructure finance and innovation (TIFIA) program	893	1080	1,320
Treasury:			
Community development financial institutions fund	32	53	53
Federal Emergency Management Agency:			
Disaster assistance	30	25	25
General Services Administration:			
Columbia Hospital for Women	....	14	....
International Assistance Programs:			
Military debt reduction	1	11	....
Total, limitations on direct loan obligations	7,175	9,800	8,775
LOAN GUARANTEE COMMITMENTS			
Agriculture:			
Agricultural credit insurance fund	2,551	4,042	3,478
Rural electrification and telecommunications guaranteed loans	150	500	400
Rural water and waste water disposal guaranteed loans	75	75	75
Rural housing insurance fund	3,075	3,300	3,900
Rural community facility guaranteed loans	210	210	210
Rural business and industry guaranteed loans	1,000	850	1,250
Commerce:			
Emergency oil and gas guaranteed loans	....	500	....
Emergency steel guaranteed loans	....	1,000	....
Defense—Military:			
Defense export loan guarantee	14,980	14,980	14,980
Health and Human Services:			
Health centers	....	100	51

Table 8–8. APPROPRIATIONS ACTS LIMITATIONS ON CREDIT LOAN LEVELS [1]—Continued

(In millions of dollars)

Agency and Program	1999 Actual	Estimate	
		2000	2001
Housing and Urban Development:			
Indian housing loan guarantee fund	81	72	72
Title VI Indian federal guarantees	55	55	43
Community development loan guarantees	1,261	1,261	1,217
America's private investment companies	....	541	1,000
FHA-General and special risk	18,100	18,100	21,000
FHA-Loan guarantee recovery fund	8	7	....
FHA-Mutual mortgage insurance	140,000	140,000	160,000
Interior:			
Indian	60	60	82
Transportation:			
Minority business resource center	....	....	14
Transportation infrastructure finance and innovation program loan guarantees	600	720	880
Maritime guaranteed loan (Title XI)	1,767	1,505	40
International Assistance Programs:			
Overseas private investment corporation	2,333	2,333	1,000
Small Business Administration:			
Business loan guarantees	13,500	16,500	18,213
Other Independent Agencies:			
Presidio Trust	....	200	200
Total, limitations on loan guarantee commitments	199,806	206,911	228,105
ADDENDUM: SECONDARY GUARANTEED LOAN COMMITMENT LIMITATIONS			
Housing and Urban Development:			
Guarantees of mortgage-backed securities	200,000	200,000	200,000
Total, limitations on secondary guaranteed loan commitments	200,000	200,000	200,000

[1] Data represents loan level limitations enacted or proposed to be enacted in appropriation acts. For information on actual and estimated loan levels supportable by new subsidy budget authority requested, see Tables 8–4 and 8–5.

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT

(in millions of dollars)

Agency and Account	1999 Actual	Estimate	
		2000	2001
Department of Agriculture			
Farm Service Agency			
Agricultural credit insurance fund liquidating account:			
Obligations	....	....	....
Loan disbursements	1	2	2
Change in outstandings	–882	–967	–985
Outstandings	5,817	4,850	3,865
Farm storage facility direct loan financing account:			
Obligations	....	350	150
Loan disbursements	....	350	150
Change in outstandings	....	350	66
Outstandings	....	350	416
Agricultural credit insurance fund direct loan financing account:			
Obligations	999	1,723	1,080
Loan disbursements	1,278	1,637	1,026
Change in outstandings	728	949	267
Outstandings	3,443	4,392	4,659
Commodity Credit Corporation fund:			
Obligations	8,358	9,399	9,257
Loan disbursements	8,358	9,399	9,257
Change in outstandings	213	–79	–312
Outstandings	2,846	2,767	2,455
Natural Resources Conservation Service			
Watershed and flood prevention operations direct loan financing account:			
Obligations	....	....	60
Loan disbursements	....	....	7
Change in outstandings	....	....	7
Outstandings	....	....	7
Rural Utilities Service			
Rural communication development fund liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	–1	–1	....
Outstandings	7	6	6
Distance learning and telemedicine direct loan financing account:			
Obligations	55	200	400
Loan disbursements	1	101	232
Change in outstandings	1	93	206
Outstandings	1	94	300
Rural development insurance fund liquidating account:			
Obligations	....	....	....
Loan disbursements	2	....	....
Change in outstandings	–338	–281	–258
Outstandings	3,470	3,189	2,931
Rural electrification and telecommunications direct loan financing account:			
Obligations	1,763	2,610	1,645
Loan disbursements	1,093	1,689	1,582
Change in outstandings	760	1,547	1,412
Outstandings	5,949	7,496	8,908
Rural telephone bank direct loan financing account:			
Obligations	114	175	175
Loan disbursements	58	117	145
Change in outstandings	49	107	134
Outstandings	246	353	487
Rural water and waste disposal direct loans financing account:			
Obligations	721	679	1,032
Loan disbursements	619	835	862
Change in outstandings	535	786	803
Outstandings	3,345	4,131	4,934

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	1999 Actual	Estimate	
		2000	2001
Rural electrification and telecommunications liquidating account:			
Obligations	....	....	....
Loan disbursements	19	8	19
Change in outstandings	–1,209	–1,030	–1,189
Outstandings	25,867	24,837	23,648
Rural telephone bank liquidating account:			
Obligations	....	....	....
Loan disbursements	17	15	13
Change in outstandings	–186	–110	–106
Outstandings	986	876	770
Rural Housing Service			
Rural housing insurance fund liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	–1,331	–1,127	–1,052
Outstandings	18,373	17,246	16,194
Rural housing insurance fund direct loan financing account:			
Obligations	1,169	1,371	1,515
Loan disbursements	1,137	1,332	1,448
Change in outstandings	769	993	1,046
Outstandings	10,180	11,173	12,219
Rural community facility direct loans financing account:			
Obligations	163	185	250
Loan disbursements	168	226	178
Change in outstandings	141	204	153
Outstandings	747	951	1,104
Rural Business—Cooperative Service			
Rural economic development loans liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	–1	–1	–1
Outstandings	2	1	....
Rural economic development direct loan financing account:			
Obligations	15	15	15
Loan disbursements	23	16	15
Change in outstandings	16	6	5
Outstandings	66	72	77
Rural development loan fund direct loan financing account:			
Obligations	33	38	64
Loan disbursements	44	42	41
Change in outstandings	40	36	33
Outstandings	249	285	318
Rural business and industry direct loans financing account:			
Obligations	26	50	50
Loan disbursements	20	31	51
Change in outstandings	19	23	37
Outstandings	38	61	98
Rural development loan fund liquidating account:			
Obligations	....	....	....
Loan disbursements	....	1	1
Change in outstandings	–5	–4	–4
Outstandings	72	68	64
Foreign Agricultural Service			
Expenses, P.L. 480, foreign assistance programs, Agriculture liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	–336	–275	–539
Outstandings	8,810	8,535	7,996

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	1999 Actual	Estimate	
		2000	2001
P.L. 480 direct credit financing account:			
Obligations	282	907	160
Loan disbursements	401	777	195
Change in outstandings	398	772	187
Outstandings	1,927	2,699	2,886
P.L. 480 Title I food for progress credits, financing account:			
Obligations	...	...	...
Loan disbursements	...	...	...
Change in outstandings	...	...	...
Outstandings	508	508	508
Debt reduction—financing account:			
Obligations	...	...	...
Loan disbursements	...	...	...
Change in outstandings	...	–2	–2
Outstandings	63	61	59
Department of Commerce			
Economic Development Administration			
Economic development revolving fund liquidating account:			
Obligations	...	...	...
Loan disbursements	...	...	...
Change in outstandings	–11	–6	–4
Outstandings	43	37	33
National Oceanic and Atmospheric Administration			
Fisheries finance, direct loan financing account:			
Obligations	229	28	324
Loan disbursements	98	159	160
Change in outstandings	96	155	153
Outstandings	122	277	430
Department of Defense—Military			
Family Housing			
Family housing improvement, direct loan financing account:			
Obligations	...	74	99
Loan disbursements	...	11	...
Change in outstandings	...	11	...
Outstandings	...	11	11
Department of Education			
Office of Elementary and Secondary Education			
School renovation, direct loan financing account:			
Obligations	...	...	6,541
Loan disbursements	...	...	327
Change in outstandings	...	...	281
Outstandings	...	...	281
Office of Postsecondary Education			
College housing and academic facilities loans liquidating account:			
Obligations	...	...	...
Loan disbursements	...	...	...
Change in outstandings	–47	–43	–43
Outstandings	519	476	433
College housing and academic facilities loans financing account:			
Obligations	...	...	...
Loan disbursements	4	1	4
Change in outstandings	4	1	4
Outstandings	25	26	30
Historically black college and university capital financing, direct loan financing account:			
Obligations	11	25	25
Loan disbursements	6	25	25
Change in outstandings	6	25	25
Outstandings	11	36	61

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	1999 Actual	Estimate	
		2000	2001
Office of Student Financial Assistance			
Student financial assistance:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	–73	–6	–2
Outstandings	64	58	56
Federal direct student loan program, financing account:			
Obligations	19,243	16,135	16,971
Loan disbursements	18,070	14,636	15,429
Change in outstandings	12,465	12,646	12,535
Outstandings	45,830	58,476	71,011
Department of Energy			
Power Marketing Administration			
Bonneville Power Administration fund:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	....	....	....
Outstandings	2	2	2
Department of Health and Human Services			
Health Resources and Services Administration			
Medical facilities guarantee and loan fund:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	–2	–7	–8
Outstandings	15	8	....
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	–71	–71	–71
Outstandings	1,421	1,350	1,279
Community Planning and Development			
Revolving fund (liquidating programs):			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	–45	–35	–30
Outstandings	175	140	110
Community development loan guarantees liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	–17	–4	–4
Outstandings	13	9	5
Housing Programs			
Nonprofit sponsor assistance liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	....	....	....
Outstandings	1	1	1
Flexible subsidy fund:			
Obligations	....	....	....
Loan disbursements	17	14	20
Change in outstandings	17	10	16
Outstandings	786	796	812
FHA-Mutual mortgage and cooperative housing insurance funds liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	–1	–4	....
Outstandings	4	....	....

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	1999 Actual	Estimate	
		2000	2001
FHA-General and special risk insurance funds liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	–4	–4	–4
Outstandings	68	64	60
FHA-General and special risk direct loan financing account:			
Obligations	....	17	17
Loan disbursements	1	17	17
Change in outstandings	1	16	16
Outstandings	1	17	33
Housing for the elderly or handicapped fund liquidating account:			
Obligations	....	....	....
Loan disbursements	3	....	....
Change in outstandings	–98	–87	–86
Outstandings	8,045	7,958	7,872
FHA-Mutual mortgage insurance direct loan financing account:			
Obligations	1	100	250
Loan disbursements	1	90	227
Change in outstandings	–2	84	197
Outstandings	3	87	284
Government National Mortgage Association			
Guarantees of mortgage-backed securities liquidating account:			
Obligations	....	....	....
Loan disbursements	101	112	101
Change in outstandings	2	–18	–17
Outstandings	360	342	325
Department of the Interior			
Bureau of Reclamation			
Bureau of reclamation loan liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	–3	–3	–4
Outstandings	66	63	59
Water and related resources:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	....	....	–1
Outstandings	3	3	2
Bureau of Reclamation direct loan financing account:			
Obligations	25	43	27
Loan disbursements	26	30	27
Change in outstandings	26	29	24
Outstandings	146	175	199
National Park Service			
Construction and major maintenance:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	....	–1	....
Outstandings	6	5	5
Bureau of Indian Affairs			
Revolving fund for loans liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	–4	–3	–3
Outstandings	43	40	37
Indian direct loan financing account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	–1	–7	–2
Outstandings	28	21	19

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	1999 Actual	Estimate 2000	Estimate 2001
Insular Affairs			
Assistance to territories:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	–1	–1	–1
Outstandings	16	15	14
Assistance to American Samoa direct loan financing account:			
Obligations	....	19	....
Loan disbursements	....	14	5
Change in outstandings	....	13	4
Outstandings	....	13	17
Department of State			
Administration of Foreign Affairs			
Repatriation loans financing account:			
Obligations	1	1	1
Loan disbursements	1	1	1
Change in outstandings	....	....	....
Outstandings	4	4	4
Department of Transportation			
Office of the Secretary			
Minority business resource center direct loan financing account:			
Obligations	6	14	....
Loan disbursements	3	7	7
Change in outstandings	1	–2	–3
Outstandings	8	6	3
Federal Highway Administration			
Transportation infrastructure finance and innovation (TIFIA) program direct loan financing account:			
Obligations	873	990	1,210
Loan disbursements	....	992	858
Change in outstandings	....	992	858
Outstandings	....	992	1,850
Transportation infrastructure finance and innovation (TIFIA) program line of credit financing account:			
Obligations	20	90	110
Loan disbursements	....	....	....
Change in outstandings	....	....	....
Outstandings	....	....	....
Right-of-way revolving fund liquidating account:			
Obligations	....	....	....
Loan disbursements	36	3	3
Change in outstandings	12	–21	–21
Outstandings	194	173	152
Federal Railroad Administration			
Amtrak corridor improvement loans liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	–1	–1	–1
Outstandings	5	4	3
Alameda corridor direct loan financing account:			
Obligations	....	....	....
Loan disbursements	120	....	....
Change in outstandings	120	....	–400
Outstandings	400	400	....
Railroad rehabilitation and improvement liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	–3	–5	–4
Outstandings	53	48	44

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	1999 Actual	Estimate	
		2000	2001
Railroad rehabilitation and improvement direct loan financing account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	....	....	....
Outstandings	4	4	4
Department of the Treasury			
Departmental Offices			
Community development financial institutions fund direct loan financing account:			
Obligations	8	10	10
Loan disbursements	5	5	7
Change in outstandings	5	5	6
Outstandings	10	15	21
Department of Veterans Affairs			
Veterans Benefits Administration			
Veterans housing benefit program fund liquidating account:			
Obligations	....	....	....
Loan disbursements	10	9	9
Change in outstandings	–10	–28	–25
Outstandings	317	289	264
Veterans housing benefit program fund direct loan financing account:			
Obligations	1,648	1,992	649
Loan disbursements	1,648	1,992	649
Change in outstandings	484	–129	–290
Outstandings	1,588	1,459	1,169
Miscellaneous veterans housing loans direct loan financing account:			
Obligations	2	2	2
Loan disbursements	2	2	1
Change in outstandings	1	2	1
Outstandings	17	19	20
Miscellaneous veterans programs loan fund direct loan financing account:			
Obligations	2	3	3
Loan disbursements	....	....	....
Change in outstandings	....	....	....
Outstandings	1	1	1
Environmental Protection Agency			
Abatement, control, and compliance direct loan financing account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	–5	–5	–5
Outstandings	51	46	41
Federal Emergency Management Agency			
Disaster assistance direct loan liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	....	....	....
Outstandings	37	37	37
Disaster assistance direct loan financing account:			
Obligations	3	25	25
Loan disbursements	3	25	25
Change in outstandings	1	19	9
Outstandings	148	167	176
General Services Administration			
Real Property Activities			
Columbia hospital for women direct loan financing account:			
Obligations	....	14	....
Loan disbursements	....	14	....
Change in outstandings	....	14	....
Outstandings	....	14	14

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	1999 Actual	Estimate 2000	Estimate 2001
International Assistance Programs			
International Security Assistance			
Foreign military loan liquidating account:			
Obligations	....	....	....
Loan disbursements	7	7	7
Change in outstandings	–582	–535	–444
Outstandings	4,805	4,270	3,826
Foreign military financing direct loan financing account:			
Obligations	....	....	....
Loan disbursements	345	466	594
Change in outstandings	83	153	221
Outstandings	1,665	1,818	2,039
Military debt reduction financing account:			
Obligations	1	11	....
Loan disbursements	1	11	....
Change in outstandings	1	....	–8
Outstandings	10	10	2
Agency for International Development			
Economic assistance loans—liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	–775	–596	–530
Outstandings	10,660	10,064	9,534
Debt reduction, financing account:			
Obligations	....	....	....
Loan disbursements	....	72	3
Change in outstandings	–65	15	–54
Outstandings	217	232	178
Microenterprise and small enterprise development credit direct loan financing account:			
Obligations	2	....	....
Loan disbursements	1	1	1
Change in outstandings	....	....	....
Outstandings	3	3	3
Overseas Private Investment Corporation			
Overseas Private Investment Corporation liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	–10	–5	–6
Outstandings	14	9	3
Overseas Private Investment Corporation direct loan financing account:			
Obligations	136	136	127
Loan disbursements	7	20	23
Change in outstandings	1	6	10
Outstandings	64	70	80
Small Business Administration			
Business direct loan financing account:			
Obligations	15	30	60
Loan disbursements	15	30	60
Change in outstandings	–6	16	45
Outstandings	93	109	154
Disaster direct loan financing account:			
Obligations	814	221	951
Loan disbursements	755	650	1,192
Change in outstandings	53	169	–1,375
Outstandings	5,658	5,827	4,452
Disaster loan fund liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	–187	–580	–487
Outstandings	1,067	487	....

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	1999 Actual	Estimate 2000	Estimate 2001
Business loan fund liquidating account:			
Obligations	....	....	....
Loan disbursements	34	32	22
Change in outstandings	–242	–127	–107
Outstandings	748	621	514
Other Independent Agencies			
Export-Import Bank of the United States			
Export-Import Bank liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	–552	–349	–353
Outstandings	5,169	4,820	4,467
Debt reduction financing account:			
Obligations	....	....	....
Loan disbursements	44	118	....
Change in outstandings	44	118	....
Outstandings	108	226	226
Export-Import Bank direct loan financing account:			
Obligations	903	836	960
Loan disbursements	2,375	1,117	790
Change in outstandings	2,027	424	–27
Outstandings	7,054	7,478	7,451
Farm Credit System Financial Assistance Corporation			
Financial Assistance Corporation assistance fund, liquidating account:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	–33	–17	–15
Outstandings	900	883	868
Federal Communications Commission			
Spectrum auction direct loan financing account:			
Obligations	733	2	2
Loan disbursements	733	2	2
Change in outstandings	1,498	–8	–36
Outstandings	8,287	8,279	8,243
Bank Insurance			
Bank insurance fund:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	–44	–100	....
Outstandings	100	....	....
FSLIC Resolution			
FSLIC resolution fund:			
Obligations	....	....	....
Loan disbursements	....	....	....
Change in outstandings	–34	–11	....
Outstandings	75	64	64
National Credit Union Administration			
Community development credit union revolving loan fund:			
Obligations	2	6	4
Loan disbursements	2	6	4
Change in outstandings	....	3	1
Outstandings	7	10	11
Tennessee Valley Authority			
Tennessee Valley Authority fund:			
Obligations	16	22	22
Loan disbursements	16	22	22
Change in outstandings	4	8	8
Outstandings	47	55	63

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	1999 Actual	Estimate	
		2000	2001
Subtotal, direct loan transactions:			
Obligations	38,392	38,548	44,243
Loan disbursements	37,729	37,291	35,846
Change in outstandings	13,403	14,104	9,851
Outstandings	200,416	214,520	224,371
ADDENDUM: DEFAULTED GUARANTEED LOANS THAT RESULT IN A LOAN RECEIVABLE			
Department of Agriculture			
Farm Service Agency			
Commodity Credit Corporation export guarantee financing account:			
Claim payments	248	425	390
Change in outstandings	240	418	381
Outstandings	336	754	1,135
Commodity Credit Corporation guaranteed loans liquidating account:			
Claim payments	....	....	....
Change in outstandings	–82	–114	–158
Outstandings	4,210	4,096	3,938
Department of Commerce			
National Oceanic and Atmospheric Administration			
Federal ship financing fund, fishing vessels liquidating account:			
Claim payments	....	....	....
Change in outstandings	....	....	....
Outstandings	24	24	24
Department of Education			
Office of Student Financial Assistance			
Federal family education loan liquidating account:			
Claim payments	314	190	109
Change in outstandings	–2,122	–795	–724
Outstandings	13,187	12,392	11,668
Federal family education loan program, financing account:			
Claim payments	2,045	3,352	3,604
Change in outstandings	255	2,111	1,998
Outstandings	8,701	10,812	12,810
Department of Health and Human Services			
Health Resources and Services Administration			
Health education assistance loans financing account:			
Claim payments	9	22	28
Change in outstandings	6	19	24
Outstandings	38	57	81
Health education assistance loans liquidating account:			
Claim payments	20	23	18
Change in outstandings	2	–21	–26
Outstandings	496	475	449
Department of Housing and Urban Development			
Housing Programs			
FHA-Mutual mortgage and cooperative housing insurance funds liquidating account:			
Claim payments	11	5	3
Change in outstandings	–24	–266	2
Outstandings	270	4	6
FHA-General and special risk insurance funds liquidating account:			
Claim payments	172	136	170
Change in outstandings	–99	–393	–776
Outstandings	1,890	1,497	721
FHA-General and special risk guaranteed loan financing account:			
Claim payments	243	407	510
Change in outstandings	110	302	365
Outstandings	491	793	1,158

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	1999 Actual	Estimate	
		2000	2001
FHA-Mutual mortgage insurance guaranteed loan financing account:			
Claim payments	35	14	26
Change in outstandings	21	–334	22
Outstandings	369	35	57
Department of the Interior			
Bureau of Indian Affairs			
Indian loan guaranty and insurance fund liquidating account:			
Claim payments	....	....	....
Change in outstandings	–3	–2	–2
Outstandings	29	27	25
Indian guaranteed loan financing account:			
Claim payments	3	1	1
Change in outstandings	–3	....	....
Outstandings	41	41	41
Department of Transportation			
Maritime Administration			
Federal ship financing fund liquidating account:			
Claim payments	4	....	....
Change in outstandings	–26	–5	–5
Outstandings	20	15	10
Department of Veterans Affairs			
Veterans Benefits Administration			
Veterans housing benefit program fund liquidating account:			
Claim payments	103	87	75
Change in outstandings	–46	–19	–14
Outstandings	574	555	541
Veterans housing benefit program fund guaranteed loan financing account:			
Claim payments	114	121	136
Change in outstandings	94	89	91
Outstandings	197	286	377
International Assistance Programs			
International Security Assistance			
Foreign military loan liquidating account:			
Claim payments	24	14	21
Change in outstandings	13	11	21
Outstandings	14	25	46
Agency for International Development			
Housing and other credit guaranty programs liquidating account:			
Claim payments	56	32	40
Change in outstandings	15	8	14
Outstandings	500	508	522
Microenterprise and small enterprise development guaranteed loan financing account:			
Claim payments	2	1	1
Change in outstandings	2	1	1
Outstandings	3	4	5
Overseas Private Investment Corporation			
Overseas Private Investment Corporation guaranteed loan financing account:			
Claim payments	5	50	50
Change in outstandings	2	45	33
Outstandings	17	62	95
Small Business Administration			
Pollution control equipment fund liquidating account:			
Claim payments	3	....	....
Change in outstandings	2	–1	–1
Outstandings	47	46	45

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	1999 Actual	Estimate	
		2000	2001
Business guaranteed loan financing account:			
Claim payments	630	643	656
Change in outstandings	–81	–15	241
Outstandings	753	738	979
Business loan fund liquidating account:			
Claim payments	69	41	28
Change in outstandings	–88	–168	–278
Outstandings	1,378	1,210	932
Subtotal, defaulted guaranteed loans that result in a loan receivable:			
Claim payments	4,110	5,564	5,866
Change in outstandings	–1,812	871	1,209
Outstandings	33,585	34,456	35,665
Total:			
Obligations	38,392	38,548	44,243
Loan disbursements	41,839	42,855	41,712
Change in outstandings	11,591	14,975	11,060
Outstandings	234,001	248,976	260,036

Table 8–10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT

(in millions of dollars)

Agency and Account	1999 Actual	Estimate	
		2000	2001
Department of Agriculture			
Farm Service Agency			
Agricultural credit insurance fund liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–182	–205	–112
Outstandings	594	389	277
Agricultural credit insurance fund guaranteed loan financing account:			
Commitments	2,551	4,042	3,478
New guaranteed loans	2,349	3,083	3,130
Change in outstandings	731	959	724
Outstandings	7,023	7,982	8,706
Commodity Credit Corporation export guarantee financing account:			
Commitments	3,045	3,787	3,792
New guaranteed loans	244	3,501	3,501
Change in outstandings	–87	–1,050	–590
Outstandings	6,739	5,689	5,099
Commodity Credit Corporation guaranteed loans liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–214	....	....
Outstandings	....	....	....
Natural Resources Conservation Service			
Agricultural resource conservation demonstration guaranteed loan financing account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	....	....	....
Outstandings	24	24	24
Rural Utilities Service			
Rural communication development fund liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–1	....	....
Outstandings	4	4	4
Rural development insurance fund liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–96	–51	–31
Outstandings	131	80	49
Rural electrification and telecommunications guaranteed loans financing account:			
Commitments	150	500	400
New guaranteed loans	16	133	176
Change in outstandings	16	131	173
Outstandings	16	147	320
Rural water and waste water disposal guaranteed loans financing account:			
Commitments	6	75	75
New guaranteed loans	20	69	44
Change in outstandings	19	67	41
Outstandings	20	87	128
Rural electrification and telecommunications liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–152	–20	–20
Outstandings	409	389	369
Rural Housing Service			
Rural housing insurance fund liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–4	–2	–3
Outstandings	23	21	18

Table 8–10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	1999 Actual	Estimate 2000	Estimate 2001
Rural housing insurance fund guaranteed loan financing account:			
Commitments	3,052	3,300	3,900
New guaranteed loans	3,085	2,966	3,497
Change in outstandings	2,566	2,287	2,661
Outstandings	9,772	12,059	14,720
Rural community facility guaranteed loans financing account:			
Commitments	107	210	210
New guaranteed loans	59	131	165
Change in outstandings	39	119	147
Outstandings	194	313	460
Rural Business—Cooperative Service			
Rural business and industry guaranteed loans financing account:			
Commitments	1,281	869	1,250
New guaranteed loans	1,027	1,134	1,059
Change in outstandings	887	956	838
Outstandings	2,763	3,719	4,557
Department of Commerce			
Departmental Management			
Emergency oil and gas guaranteed loan financing account:			
Commitments	....	500	....
New guaranteed loans	....	500	....
Change in outstandings	....	500	–50
Outstandings	....	500	450
Emergency steel guaranteed loan financing account:			
Commitments	....	1,000	....
New guaranteed loans	....	1,000	....
Change in outstandings	....	1,000	–100
Outstandings	....	1,000	900
Economic Development Administration			
Economic development revolving fund liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–10	–2	....
Outstandings	3	1	1
National Oceanic and Atmospheric Administration			
Fisheries finance, guaranteed loan financing account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–9	–24	–24
Outstandings	71	47	23
Federal ship financing fund, fishing vessels liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–14	–10	–9
Outstandings	54	44	35
Department of Defense—Military			
Operation and Maintenance			
Defense export loan guarantee financing account:			
Commitments	....	....	....
New guaranteed loans	5	....	....
Change in outstandings	1	–4	–5
Outstandings	16	12	7
Procurement			
Arms initiative guaranteed loan financing account:			
Commitments	....	8	....
New guaranteed loans	....	8	....
Change in outstandings	....	7	–2
Outstandings	10	17	15

Table 8–10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	1999 Actual	Estimate	
		2000	2001
Family Housing			
Family housing improvement guaranteed loan financing account:			
Commitments		563	507
New guaranteed loans		29	
Change in outstandings		29	
Outstandings		29	29
Department of Education			
Office of Student Financial Assistance			
Federal family education loan liquidating account:			
Commitments			
New guaranteed loans			
Change in outstandings	–4,387	–4,084	–2,781
Outstandings	13,910	9,826	7,045
Federal family education loan program financing account:			
Commitments	27,497	28,326	29,853
New guaranteed loans	21,914	25,261	26,472
Change in outstandings	13,260	9,524	7,958
Outstandings	112,768	122,292	130,250
Department of Health and Human Services			
Health Resources and Services Administration			
Health education assistance loans financing account:			
Commitments			
New guaranteed loans			
Change in outstandings	–11	–23	–30
Outstandings	1,551	1,528	1,498
Health education assistance loans liquidating account:			
Commitments			
New guaranteed loans			
Change in outstandings	–69	–83	–87
Outstandings	1,343	1,260	1,173
Health center guaranteed loan financing account:			
Commitments		100	51
New guaranteed loans		100	51
Change in outstandings		100	51
Outstandings	9	109	160
Medical facilities guarantee and loan fund:			
Commitments			
New guaranteed loans			
Change in outstandings	–37	–30	–15
Outstandings	45	15	
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	–281	–281
Outstandings	3,026	2,745	2,464
Indian housing loan guarantee fund financing account:			
Commitments	12	72	72
New guaranteed loans	17	40	40
Change in outstandings	9	37	37
Outstandings	47	84	121
Title VI Indian federal guarantees financing account:			
Commitments		55	43
New guaranteed loans		55	43
Change in outstandings		52	40
Outstandings		52	92

Table 8–10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	1999 Actual	Estimate	
		2000	2001
Community Planning and Development			
Revolving fund (liquidating programs):			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–1	–1	....
Outstandings	1	....	....
Community development loan guarantees financing account:			
Commitments	432	1,261	1,217
New guaranteed loans	468	650	825
Change in outstandings	320	450	575
Outstandings	1,509	1,959	2,534
Community development loan guarantees liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–31	–25	–25
Outstandings	134	109	84
America's private investment companies financing account:			
Commitments	....	541	1,000
New guaranteed loans	....	395	771
Change in outstandings	....	395	771
Outstandings	....	395	1,166
Housing Programs			
FHA-Mutual mortgage and cooperative housing insurance funds liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–15,164	–8,482	–6,897
Outstandings	55,866	47,384	40,487
FHA-General and special risk insurance funds liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–3,685	–2,852	–2,151
Outstandings	32,905	30,053	27,902
FHA-General and special risk guaranteed loan financing account:			
Commitments	16,924	15,905	16,677
New guaranteed loans	16,074	15,330	16,551
Change in outstandings	6,995	9,974	11,146
Outstandings	59,692	69,666	80,812
FHA-Loan guarantee recovery fund—financing account:			
Commitments	1	7	....
New guaranteed loans	1	4	4
Change in outstandings	1	4	4
Outstandings	2	6	10
FHA-Mutual mortgage insurance guaranteed loan financing account:			
Commitments	123,546	122,658	158,993
New guaranteed loans	113,174	122,341	149,883
Change in outstandings	46,299	74,358	85,830
Outstandings	355,608	429,966	515,796
Government National Mortgage Association			
Guarantees of mortgage-backed securities liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–95,853	....	–2
Outstandings	156	156	154
Guarantees of mortgage-backed securities financing account:			
Commitments	163,508	114,311	96,262
New guaranteed loans	163,508	114,311	96,262
Change in outstandings	123,697	30,255	7,437
Outstandings	569,312	599,567	607,004

Table 8–10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	1999 Actual	Estimate 2000	Estimate 2001
Department of the Interior			
Bureau of Indian Affairs			
Indian loan guaranty and insurance fund liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–8	–7	–6
Outstandings	32	25	19
Indian guaranteed loan financing account:			
Commitments	32	60	82
New guaranteed loans	32	60	82
Change in outstandings	7	33	53
Outstandings	120	153	206
Department of Transportation			
Office of the Secretary			
Minority business resource center guaranteed loan financing account:			
Commitments	....	....	14
New guaranteed loans	....	....	7
Change in outstandings	....	....	5
Outstandings	....	....	5
Federal Highway Administration			
Transportation infrastructure finance and innovation (TIFIA) program loan guarantee financing account:			
Commitments	600	720	880
New guaranteed loans	....	1,320	880
Change in outstandings	....	1,320	880
Outstandings	....	1,320	2,200
Maritime Administration			
Federal ship financing fund liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–76	–52	–57
Outstandings	321	269	212
Maritime guaranteed loan (Title XI) financing account:			
Commitments	1,767	1,505	40
New guaranteed loans	1,767	1,505	40
Change in outstandings	954	1,334	–192
Outstandings	3,411	4,745	4,553
Department of Veterans Affairs			
Veterans Benefits Administration			
Veterans housing benefit program fund liquidating account:			
Commitments	....	....	....
New guaranteed loans	38	....	....
Change in outstandings	–5,770	–4,425	–3,372
Outstandings	17,638	13,213	9,841
Veterans housing benefit program fund guaranteed loan financing account:			
Commitments	44,061	34,104	30,334
New guaranteed loans	44,061	34,104	30,334
Change in outstandings	16,263	2,647	–3,085
Outstandings	203,651	206,298	203,213
Miscellaneous veterans housing loans guaranteed loan financing account:			
Commitments	....	20	13
New guaranteed loans	....	20	13
Change in outstandings	....	20	11
Outstandings	....	20	31

Table 8–10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	1999 Actual	Estimate	
		2000	2001
International Assistance Programs			
International Security Assistance			
Foreign military loan liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–380	–371	–357
Outstandings	4,924	4,553	4,196
Agency for International Development			
Loan guarantees to Israel financing account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	....	....	....
Outstandings	9,226	9,226	9,226
Development credit authority guaranteed loan financing account:			
Commitments	93	69	213
New guaranteed loans	....	75	114
Change in outstandings	....	75	114
Outstandings	....	75	189
Housing and other credit guaranty programs liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–74	–76	–84
Outstandings	1,760	1,684	1,600
Private sector revolving fund liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	....	....	....
Outstandings	1	1	1
Microenterprise and small enterprise development guaranteed loan financing account:			
Commitments	50	56	....
New guaranteed loans	39	44	30
Change in outstandings	11	22	10
Outstandings	42	64	74
Urban and environmental credit guaranteed loan financing account:			
Commitments	12	11	....
New guaranteed loans	147	37	11
Change in outstandings	127	11	–16
Outstandings	534	545	529
Assistance for the independent states of the former Soviet Union: Ukraine export credit insurance financing account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–61	....	....
Outstandings	....	....	....
Overseas Private Investment Corporation			
Overseas Private Investment Corporation liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–12	–14	–55
Outstandings	69	55	....
Overseas Private Investment Corporation guaranteed loan financing account:			
Commitments	2,333	2,333	1,000
New guaranteed loans	426	600	800
Change in outstandings	291	100	250
Outstandings	2,904	3,004	3,254
Small Business Administration			
Pollution control equipment fund liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–11	–11	–11
Outstandings	46	35	24

Table 8–10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	1999 Actual	Estimate	
		2000	2001
Business guaranteed loan financing account:			
Commitments	12,652	17,760	19,784
New guaranteed loans	10,785	7,534	7,738
Change in outstandings	3,072	4,150	4,261
Outstandings	36,767	40,917	45,178
Business loan fund liquidating account:			
Commitments	....	....	....
New guaranteed loans	2	1	1
Change in outstandings	–1,152	–579	–432
Outstandings	2,652	2,073	1,641
Other Independent Agencies			
Export-Import Bank of the United States			
Export-Import Bank liquidating account:			
Commitments	....	....	....
New guaranteed loans	....	....	....
Change in outstandings	–493	–350	–317
Outstandings	1,214	864	547
Export-Import Bank guaranteed loan financing account:			
Commitments	12,165	14,664	15,040
New guaranteed loans	8,901	11,998	11,512
Change in outstandings	1,437	6,015	–554
Outstandings	24,151	30,166	29,612
National Credit Union Administration			
Credit union share insurance fund:			
Commitments	1	1	1
New guaranteed loans	1	1	1
Change in outstandings	....	....	....
Outstandings	1	1	1
Presidio Trust			
Presidio Trust guaranteed loan financing account:			
Commitments	....	....	100
New guaranteed loans	....	....	100
Change in outstandings	....	....	100
Outstandings	....	....	100
Subtotal, guaranteed loans (gross)			
Commitments	415,878	369,393	385,281
New guaranteed loans	388,160	348,340	354,137
Change in outstandings	88,677	123,817	102,364
Outstandings	1,545,214	1,669,031	1,771,395
Less, secondary guaranteed loans: [1]			
GNMA guarantees of FmHA/VA/FHA pools:			
Commitments	–163,508	–114,311	–96,262
New guaranteed loans	–163,508	–114,311	–96,262
Change in outstandings	–27,844	–30,255	–7,435
Outstandings	–569,468	–599,723	–607,158
Total, primary guaranteed loans: [2]			
Commitments	252,370	255,082	289,019
New guaranteed loans	224,652	234,029	257,875
Change in outstandings	60,833	93,562	94,929
Outstandings	975,746	1,069,308	1,164,237

[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)[1]

(in millions of dollars)

Enterprise	1999 Actual	Estimate 2000	Estimate 2001
LENDING			
Student Loan Marketing Association:			
Net change	8,329	–3,927	–6,030
Outstandings	37,797	33,870	27,840
Federal National Mortgage Association:			
Portfolio programs:			
Net change	125,419	81,090	92,389
Outstandings	518,629	599,719	692,108
Mortgage-backed securities:			
Net change	46,936	20,023	29,285
Outstandings	674,297	694,320	723,605
Federal Home Loan Mortgage Corporation:			
Portfolio programs:			
Net change	99,446	39,843	40,008
Outstandings	315,968	355,811	395,819
Mortgage-backed securities:			
Net change	38,526	87,619	101,540
Outstandings	529,213	616,832	718,372
Farm Credit System:			
Agricultural credit bank:[2]			
Net change	1,481	452	1,176
Outstandings	18,093	18,545	19,721
Farm credit banks:			
Net change	1,762	1,143	1,973
Outstandings	45,823	46,966	48,939
Federal Agricultural Mortgage Corporation:			
Net change	1,009	1,261	1,576
Outstandings	2,057	3,318	4,894
Federal Home Loan Banks:			
Net change	121,375	2,043	2,043
Outstandings	366,842	368,885	370,928
Subtotal GSE lending (gross):			
Net change	444,283	229,547	263,960
Outstandings	2,508,719	2,738,266	3,002,226
Less guaranteed loans purchased by:			
Student Loan Marketing Association:			
Net change	8,329	–3,927	–6,030
Outstandings	37,797	33,870	27,840
Federal National Mortgage Association:			
Net change	20,484	–254	1,220
Outstandings	52,110	51,856	53,076
Other:			
Net change	6,269	....	....
Outstandings	20,794	20,794	20,794
Total GSE lending (net):			
Net change	409,201	181,872	268,770
Outstandings	2,398,018	2,652,540	2,900,516
BORROWING			
Student Loan Marketing Association:			
Net Change	8,074	–4,466	–6,910
Outstandings	41,591	37,125	30,215
Federal National Mortgage Association:			
Portfolio programs:			
Net Change	94,297	84,687	92,494
Outstandings	524,879	609,566	702,060
Mortgage-backed securities:			
Net Change	46,936	20,023	29,285
Outstandings	674,297	694,320	723,605

Table 8–11. LENDING AND BORROWING BY GOVERNMENT-SPONSORED ENTERPRISES (GSEs) [1]—Continued

(in millions of dollars)

Enterprise	1999 Actual	Estimate 2000	Estimate 2001
Federal Home Loan Mortgage Corporation:			
Portfolio programs:			
Net Change	104,627	62,427	39,088
Outstandings	341,014	403,441	442,529
Mortgage-backed securities:			
Net Change	38,526	87,619	101,540
Outstandings	529,213	616,832	718,372
Farm Credit System:			
Agricultural credit bank: [2]			
Net Change	1,389	486	1,266
Outstandings	19,468	19,954	21,220
Farm credit banks:			
Net Change	2,373	1,818	2,169
Outstandings	50,087	51,905	54,074
Federal Agricultural Mortgage Corporation:			
Net Change	975	288	9
Outstandings	2,573	2,861	2,870
Federal Home Loan Banks:			
Net Change	141,210	....	....
Outstandings	477,472	477,472	477,472
Subtotal GSE borrowing (gross):			
Net change	349,182	142,934	124,681
Outstandings	1,425,742	1,568,676	1,693,357
Less borrowing from other GSEs:			
Net Change	30,390	....	....
Outstandings	96,387	96,387	96,387
Less purchase of Federal debt securities:			
Net Change	–292	14	9
Outstandings	1,668	1,682	1,691
Less borrowing to purchase loans guaranteed by:			
Student Loan Marketing Association:			
Net Change	8,329	–3,927	–6,030
Outstandings	37,797	33,870	27,840
Federal National Mortgage Association:			
Net Change	20,484	–254	1,220
Outstandings	52,110	51,856	53,076
Other:			
Net Change	6,269	....	....
Outstandings	20,794	20,794	20,794
Total GSE borrowing (net):			
Net change	284,002	147,101	129,482
Outstandings	1,216,986	1,364,087	1,493,569

[1] The estimates of borrowing and lending were developed by the GSEs based on certain assumptions but are subject to periodic review and revision and do not represent offficial GSE forecasts of future activity, nor are they reviewed by the President. The data for all years include programs of mortgage-backed securities. In cases where a GSE owns securities issued by the same GSE, including mortgage-backed securities, the borrowing and lending data for that GSE are adjusted to remove double-counting.

[2] The remaining Bank for Cooperatives was combined with the Agricultural credit bank as of July 1, 1999. Agricultural credit bank data for 1999 include data for Bank for Cooperatives.

Table 8–12. GOVERNMENT-SPONSORED ENTERPRISE PARTICIPATION IN THE CREDIT MARKET[1]

(dollar amounts in billions)

	Actual										
	1965	1970	1975	1980	1985	1990	1995	1996	1997	1998	1999
Total net lending in credit market[2]	66.8	88.2	169.6	336.9	829.3	704.1	720.4	727.1	713.5	975.3	1,091.4
Government-sponsored enterprise loans	1.2	4.9	5.3	21.4	57.9	115.4	125.7	141.5	112.8	293.1	284.0
GSE lending participation rate (percent)	1.8	5.6	3.1	6.4	7.0	16.4	17.4	19.5	15.8	30.1	26.0
Total net borrowing in credit market[2]	66.8	88.2	169.6	336.9	829.3	704.1	720.4	727.1	713.5	975.3	1,091.4
Government-sponsored enterprise borrowing ..	1.4	5.2	5.5	24.1	60.7	90.0	68.2	161.2	107.9	276.2	346.8
GSE borrowing participation rate (percent)	2.1	5.9	3.2	7.2	7.3	12.8	9.5	35.7	15.1	36.6	31.8

[1] Government-sponsored enterprises (GSEs) are financial intermediaries. GSE borrowing (lending) is nevertheless compared with total credit market borrowing (lending) by nonfinancial sectors, because GSE borrowing (lending) is a proxy for the borrowing (lending) by nonfinancial sectors that the GSEs assist through intermediation. The GSEs assist the ultimate nonfinancial borrower by purchasing its loans from the initial, direct lender or by other methods, which they finance by issuing securities themselves in the credit market. Borrowing and lending include mortgage-backed securities, because the GSEs assist nonfinancial borrowers through this type of intermediation as well as by types of intermediation that involve financial instruments recognized on the GSEs' balance sheets. The data for this table are adjusted, with some degree of approximation, to remove double counting in making a comparison with other Federal and federally guaranteed transactions. GSE borrowing and lending are calculated net of transactions between components of GSEs and transactions in guaranteed loans; GSE borrowing is also calculated net of borrowing from other GSEs and purchases of Federal debt securities.

[2] Total net borrowing (or lending) in credit market by domestic nonfinancial sectors, excluding equities. Credit market borrowing (lending) is the acquisition (loan) of funds other than equities through formal credit channels. Financial sectors are omitted from the series used in this table to avoid double counting, since financial intermediaries borrow in the credit market primarily in order to finance lending in the credit market. Equities, trade credit, security credit, and other sources of funds are also excluded from this series. Source: Federal Reserve Board flow of funds accounts. Estimates for 2000 and 2001 are not available.

Table 8–13. BORROWING BY FINANCING VEHICLES [1]

(in millions of dollars)

Financing Vehicle	1999 Actual	Estimate 2000	Estimate 2001
Financing Corporation (FICO):			
Net change	1	1	2
Outstandings	8,146	8,147	8,149
Resolution Funding Corporation (REFCORP):			
Net change	–2	–3	–2
Outstandings	30,067	30,064	30,062
Subtotal, gross borrowing:			
Net change	–1	–2	0
Outstandings	38,213	38,211	38,211
Less purchases of Federal debt securities:			
Net change	7	551	595
Outstandings	6,617	7,168	7,763
Total, net borrowing:			
Net change	–8	–549	–595
Outstandings	31,596	31,047	30,452

[1] Financing vehicles are Government corporations established pursuant to law in order to provide financing for a Federal program but excluded from the on-budget and off-budget totals. FICO and REFCORP borrowed from the public in the past but have not loaned to the public. During the period covered by this table, the change in debt outstanding is due solely to the amortization of discounts and premiums. No sale or redemption of debt securities occurred in 1999 or is estimated to occur in 2000 or 2001.

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 $267.1 billion in 1999 and are estimated to increase to $284.1 billion in 2000 and $305.6 billion in 2001.

Grant outlays for payments for individuals, such as Medicaid, are estimated to be 62 percent of total grants in 2001; for physical capital investment, 17 percent; and for all other purposes, largely education, training, and social services, 21 percent.

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 benefitting State and local governments are the deductibility of personal income and property taxes from gross income for Federal income tax purposes, and the exclusion of interest on State and local public purpose bonds from Federal taxation. These provisions, on an outlay equivalent basis, are estimated to be $95.4 billion in 2000 and $98.7 billion in 2001. 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 5–5 in that chapter.

Table 9–1. FEDERAL GRANT OUTLAYS BY AGENCY

(In billions of dollars)

Agency	1999 actual	Estimate	
		2000	2001
Department of Agriculture	18.8	19.7	20.4
Department of Commerce	0.5	0.6	0.7
Department of Education	19.4	22.8	23.5
Department of Energy	0.2	0.1	0.2
Department of Health and Human Services	148.8	160.7	174.7
Department of Housing and Urban Development	27.7	24.9	26.2
Department of the Interior	2.0	2.2	2.2
Department of Justice	4.5	3.8	6.4
Department of Labor	7.6	8.3	8.7
Department of Transportation	28.9	32.3	34.3
Department of the Treasury	0.5	0.5	0.5
Department of Veterans Affairs	0.3	0.4	0.4
Environmental Protection Agency	3.0	3.3	3.6
Federal Emergency Management Agency	3.4	2.7	2.1
Other agencies	1.8	1.8	1.6
Total	267.1	284.1	305.6

Table 9–1 shows the distribution of grants by agency. Grant outlays for the Department of Health and Human Services are estimated to be $174.7 billion in 2001, 57 percent of total grants, more than five times as much as 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 better educated, healthier, and safer citizenry. The Administration is committed to working with State and local governments to make our Federal system more efficient and effective and to improving the design and administration of Federal grant programs. One way the Administration will do this is by leading a governmentwide effort to use electronic processing in the administration of grant programs.

This budget continues the Administration's commitment to giving State and local governments increased flexibility. Through the use of grants, Federal agencies can create partnerships with State and local governments that focus on joint goals and the progress made toward meeting them. The Administration's efforts to improve the grant administration process will include efforts to identify statutory impediments to grants simplification and encourage flexible legislation, such as

[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, loan subsidies, and tax expenditures.

the Workforce Investment Act of 1998, which allows Federal agencies to streamline the delivery of grants.

In addition, this budget proposes several initiatives to increase access to health care, to increase child care assistance for low-income families, to help States recruit new teachers and reduce class sizes, to encourage investment in distressed communities, and to protect the environment and encourage "smart-growth."

Highlights of grants to State and local governments follow. For additional information on grants, see the detailed Table 9–3 in this Chapter, or information in the Budget volume.

Education

This budget requests $23.5 billion in budget authority for 2001 for grants to State and local governments for education, an increase of $7.5 billion above the 2000 amount of $16.0 billion. The education proposals in this budget will help States improve accountability for school and student performance, enhance teacher quality, acquire better technology, and support innovative programs.

The budget includes $8.4 billion for Title I grants to local educational agencies, providing $250 million for an Accountability Fund to help accelerate States' implementation of accountability provisions in the Title I program, nearly doubling the amount available in 2000. The Accountability Fund will help States identify their lowest performing schools, intervene with effective strategies to improve student outcomes, and report on their results.

The budget proposes $1,750 million, an increase of $450 million over 2000, as the third installment of the President's plan to help schools recruit, hire, and train 100,000 new teachers by 2005 and reduce class size in the early grades. The budget provides $1.0 billion to help States and districts provide sustained, content-rich professional development, and support State efforts to align curricula and assessments with content standards.

The Administration's education technology programs serve to make modern computers and technologies accessible to all students; connect classrooms to the Internet; make high-quality educational software an integral part of the curriculum; and enable teachers to effectively integrate technology into their instruction. The budget provides $903 million for education technology.

A variety of innovative programs to improve the educational development of the Nation's students are proposed, or expanded from previous funding levels. As part of a comprehensive approach to fix failing schools the budget more than doubles the funding of the 21st Century Community Learning Centers/After School Programs to $1.0 billion. In 2001 more than 10,000 schools will receive 21st Century Community Learning Center grants. The budget requests $247 million in competitive grants under the interagency Safe Schools/Healthy Students program, which includes contributions from the Departments of Health and Human Services, Justice, and Labor; $50 million for the newly established Coordinator initiative to ensure that more than 1,300 middle schools have a director of drug and violence prevention programs to monitor local programs and link school-based programs to community-based programs; and $10 million for Project SERV, a resource for responding to school violence incidents. The Administration proposes $175 million in funding for charter schools, enough to support 2,400 schools in 2001 and continue progress toward the President's goal of 3,000 charter schools by 2002. In addition, in 2001, $1.3 billion is requested to repair the Nation's schools.

For higher education, this budget proposes to increase funds for GEAR-UP by $125 million in 2001. This program provides funds for States and for local partnerships to help students in high-poverty schools prepare for and attend college.

Training and Employment

Several initiatives in the budget continue the Administration's efforts to reform the Nation's workforce development system and increase job training opportunities to help workers succeed in the economy of the 21st Century.

The Workforce Investment Act of 1998 (WIA) takes full effect on July 1, 2000, as the Job Training Partnership Act is repealed and all States fully implement the WIA requirements. The budget includes funding for initiatives to ensure that: (1) all displaced workers would receive the training they want and need; (2) individuals who lose their job due to no fault of their own could get re-employment services; and (3) every American would have access to One-Stop Career Centers. The budget proposes $1.8 billion for dislocated workers, an increase of $181 million over 2000. The Employment Service provides a free labor exchange for all workers and job seekers, and is growing more effective through implementation of One-Stop Career Centers. The budget proposes $1.0 billion for these activities.

In order to enhance the prospects of employment for individuals with disabilities, the budget includes $20 million for competitive grants to partnerships or consortia in each State to provide new services and information for individuals with disabilities who want to return to work. To boost the skills and productivity of the U.S. workforce, the budget includes $30 million for competitive grants to States for training and upgrading the skills of currently employed workers. Applicants would be required to provide non-Federal matching resources, and employers that received grant assistance would be expected to demonstrate that training increased participant earnings.

The Youth Opportunity Grants initiative addresses the special problems of out-of-school youth, especially in inner-cities and other areas where unemployment rates are high. The budget provides a total of $375 million for this program, including $250 million for the third year of 5-year competitive grants to 25–30 communities and $125 million for this first year of competitive grants to 12–15 additional communities serving a total of about 85,000 disadvantaged youth.

To build on the investments and partnerships begun under the Welfare-to-Work program and the Workforce Investment Act, this budget includes an additional $255 million for FathersWork/Families Win. This initiative would help low income noncustodial parents work and pay child support and help custodial parents stay in their jobs, move up the career ladder and remain off cash assistance. This program includes a $10 million set aside to provide grants to Native Americans.

In 2001, the Responsible Reintegration of Young Offenders initiative will provide competitive grants to serve almost 19,000 young ex-offenders. The budget includes $75 million for this new initiative to establish partnerships between the criminal justice system and local one-stop delivery systems created under the Workforce Investment Act.

Social Services

Head Start, America's premiere early childhood development program, supports working families by helping parents get involved in their children's educational lives and providing services to the entire family. In proposing the expansion of Head Start funding by $1.0 billion and adding 61,000 Head Start pre-school slots and 9,000 Early Head Start slots, the Administration intends to increase participation in these programs by under-represented groups in specifically targeted areas.

This budget proposes to fund the social services block grant at $1,775 million, $75 million more than the authorized level to maintain funding at the 2000 level. Of this amount, $25 million will be available to support second-chance homes for unmarried teen parents and their children. This block grant provides funding to States to support a wide range of programs including child protection and child welfare, child care, and services for the elderly and disabled.

Income Support

Welfare-to-work.—In addition to the $16.5 billion per year provided through the Temporary Assistance for Needy Children Program, the Administration sought, and Congress provided, a total of $3 billion in 1998 and 1999. This budget provides for a two-year extension of the time period grantees have to spend for their funds to continue their efforts and provide long-term recipients and non-custodial parents of children on welfare the work and employment services they need to help support their children.

Housing assistance.—The budget continues to reduce poverty concentrations by providing $625 million in HOPE VI grants to local housing authorities to demolish 28,000 dilapidated non-viable public housing units over the next three years, and replace them with portable subsidies or newly constructed mixed income housing.

Food and nutrition assistance.—This budget requests $9.4 billion for grants for the National School Lunch and School Breakfast Programs and other child nutrition programs. These programs provide free or low-cost nutritious meals to children in participating schools. In 2001, the programs will serve an estimated 27.8 million lunches daily. The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) provides vouchers for nutritious supplemental food packages, nutrition education and counseling, and health and immunization referrals. This budget request $4.1 billion for WIC for 2001 to serve by year-end 7.5 million low-income women, infants, and children who are at nutritional risk.

Other income security.—The Child Care and Development Fund provides grants to States to improve the availability, affordability, and quality of child care. This budget proposes an increase of $817 million for child care subsidies for low-income families, which is sufficient to provide subsidies for nearly 150,000 additional children. The budget also proposes to create an Early Learning Fund, which would provide community grants for activities to improve school readiness of children under five.

Health

This budget proposes $133.4 billion in outlays for 2001 in grants to State and local governments for health, $10.1 billion more than for 2000.

Medicaid.—Medicaid is the largest grant program, and outlays for Medicaid are projected to be $124.8 billion in 2001. This Federal-State health care program served about 33 million low-income Americans in 1999. The Federal Government spent $108 billion, 57 percent of the total, on the program in 1999 while States spent $81 billion, or 43 percent. Medicaid covers a fourth of the Nation's children and is the largest single purchaser of maternity care as well as of nursing home services and other long-term care services; the program covers almost two-thirds of nursing home residents.

This budget proposes several new initiatives in Medicaid, including eligibility expansions to parents of Medicaid and SCHIP children (see below), people with long-term care needs in community settings, and legal immigrants. This budget steps up efforts to enroll eligible individuals in the program by extending and improving the transitional Medicaid program, allowing new sites to determine presumptive eligibility, and aligning Medicaid with SCHIP enrollment processes. This budget seeks to provide States with efficiencies in the Medicaid prescription drug program and includes other Medicaid-related proposals as well.

State Children's Health Insurance Program.—More than 11 million American children lack health insurance. To increase the number of children with insurance, the State Children's Health Insurance Program (SCHIP) was established in 1997 to provide $24 billion over five years for States to expand health insurance coverage to low-income, uninsured children. SCHIP provides States with broad flexibility in program design while protecting beneficiaries through basic Federal standards.

This budget requests $4.5 billion in budget authority for 2001 for this program and proposes to allow States to provide health insurance coverage to parents of children eligible for Medicaid and SCHIP.

Other health.—This budget requests increased Federal spending for certain public health programs that assist State and local governments in addressing substance abuse, mental health, and HIV/AIDS for 2001. These increases include an additional $31 million for the substance abuse block grant and $60 million for the mental health block grant for State governments. Increased funds for State and local governments are also included in the $125 million overall increase for Ryan White AIDS treatment grants.

Natural Resources and Environment

Federal water infrastructure funds in the State and Tribal Assistance grants account provide capitalization grants to State revolving funds, which make low-interest loans to help municipalities pay for wastewater and drinking water treatment systems required by Federal law. The proposed $1.6 billion in budget authority in 2001 for the State Revolving Fund capitalization grants in this account is consistent with the Administration's plans to capitalize these funds to the point where the Clean Water State Revolving Funds and the Drinking Water State Revolving Funds provide a total of $2.5 billion in average annual assistance.

Administration of Justice

The budget requests $4.5 billion in budget authority in 2001 to help State and local governments fight crime, including $542 million to assist crime victims. The 2001 budget builds on the success of the Community Oriented Policing Services (COPS) program and includes $1.3 billion for the second year of the 21st Century Policing Initiative. This program expands the concept of community policing to include community prosecution, law enforcement technology assistance, and prevention. To combat the significant problem of violence against women, the budget proposes $462 million to enhance the States' abilities to respond, and to further expand access to previously under-served rural, Indian, and other minority populations.

Transportation

This budget requests $42.2 billion in budget authority in 2001 for grants to State and local governments to assist with transportation infrastructure and related programs.

Highways.—The budget requests $34.0 billion in budget authority in 2001 for grants to States and local governments for highways. Most of this, or $33.5 billion, is in the Federal-aid highways program to maintain and improve surface transportation infrastructure. In addition, States will be provided dedicated funding to heighten enforcement of traffic laws regarding commercial drivers (e.g., truck and bus drivers). Grants to States to enforce Federal and compatible State standards for commercial motor vehicle safety inspections, traffic enforcement, and compliance reviews are proposed to increase 78 percent over 2000 to $187 million in 2001.

Other transportation.—This budget requests $6.2 billion in budget authority for 2001 to assist State and local governments with mass transit and $2.0 billion to assist with the construction of airports.

Community and Regional Development

Community development.—This budget proposes $1.4 billion in mandatory grant funding for the remaining nine years for the 15 Round II Urban Zones; and $120 million in mandatory grant funding for the remaining eight years for the 5 Rural Zones and 20 Rural Enterprise Communities as the Administration proposed in 1999 and 2000. These grants would allow communities to implement comprehensive long term strategies to address their local needs.

This budget also proposes a series of tax measures to extend and improve economic growth in the 31 existing Round I and Round II Empowerment Zones and also proposes to create a Third Round of 10 new Empowerment Zones. The total cost of the President's tax expenditure proposals is approximately $4 billion over 10 years. To encourage employment and growth, the Budget proposes to extend until 2009 the wage credit currently available only for Round I Zones through 2004, and to make the wage credit also available in Round II and Round III Zones through 2009. To lower the cost of investment for small businesses in Empowerment Zones, the Budget proposes to allow them to deduct an additional $35,000 in investments above the normal small business investment deductions. The proposal also will allow local governments to issue tax-exempt bonds on behalf of Empowerment Zone businesses. Finally, the President's proposal would permanently extend the Brownfields Tax Incentive in Empowerment Zones.

Area and regional development.—The Administration proposes to give States, localities, and Tribes more flexibility in how they use the Department of Agriculture's rural development grants and loans for businesses, water and wastewater facilities, and community facilities such as day care centers and health clinics. The 1996 Farm Bill authorized this approach through a new Rural Community Advancement Program (RCAP), combining 12 separate programs into a performance partnership that can tailor assistance to the unique economic development needs of each rural community. The budget proposes $3.4 billion in loans and grants for RCAP, 29 percent more than in 2000 and the full flexibility that the 1996 Farm Bill envisioned. It also re-proposes partnership technical assistance grants and grants for early-warning weather systems in areas prone to tornadoes.

As part of the Administration's multi-agency initiative for the Mississippi Delta Region (MDR), $2 million of the partnership technical assistance grants are targeted to MDR counties (the 219 counties of the region as defined by P.L. 100–460). In addition, there is a set-aside of $8 million in Intermediary Re-lending Program Loans for the MDR as well. The Administration is doubling the Appalachian Regional Commission's Entrepreneurship Initiative, which funds innovative economic development projects in the region, from $5 million to $10 million in 2001.

Other Functions

Discussions of these and other Federal aid programs can be found in the main budget volume in Part IV, Part V, and elsewhere. As noted earlier, a detailed listing of budget authority and outlays for all grants to State and local governments is in Table 9–3 in this chapter.

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 since 1960. Section A shows Federal grants by function. Functions with a substantial amount of grants are shown separately. Grants for the national defense, energy, and the veterans benefits and services 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).

Since the late 1970s changes in the relative amounts among functions reflect 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; income security; education, training, employment, and social services; and transportation, with combined estimated grant outlays of $281.8 billion or 92 percent of total grant outlays in 2001.

The increase in total outlays for grants overall since 1990 has been driven by increases in grants for health, which more than tripled from $43.9 billion in 1990 to an estimated $133.4 billion in 2001. The income security; education, training, employment, and social services; and transportation functions also increased substantially, but at a slower rate than the increase for health.

Section B of the Table shows the distribution of grants divided into mandatory and discretionary spending.

Funding for grant programs classified as mandatory occurs in authorizing legislation. Funding levels for mandatory programs can only be changed by changing eligibility criteria or benefit formulas established in law and are usually not limited by the annual appropriations process. Outlays for mandatory grant programs are estimated to be $179.9 billion in 2001. The three largest mandatory grant programs are Medicaid, with estimated outlays of $124.8 billion in 2001, Temporary Assistance to Needy Families, $15.8 billion in 2001, and Food Stamp grants for State administration and Child nutrition programs, with combined outlays of $13.6 billion in 2001.

The funding level for discretionary grant programs is subject to approval by Congress annually through appropriations acts. Outlays for discretionary grant programs are estimated to be $125.7 billion in 2001. Table 9–3 at the end of this chapter identifies discretionary and mandatory grant programs separately. For more information on the Budget Enforcement Act and these categories, see Chapter 24. "Budget System and Concepts and Glossary" in this volume.

Section C of the Table shows the composition of grants divided into three major categories: payments for individuals, grants for 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. They increased from 56 percent of the total in 1990 to 63 percent of the total in 1999. While payments for individuals will comprise 62 percent of grants in 2001, they are estimated to increase to an estimated 67 percent of the total by 2005.

These grants are distributed through State or local governments to provide cash or in-kind benefits that

[2] Certain housing 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	1999	2000	2001	2002	2003	2004	2005
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	4.1	4.5	5.0	5.0	4.9	4.9	4.9
Agriculture	0.2	0.5	0.6	0.4	0.6	2.4	1.3	0.8	0.7	0.8	0.8	0.7	0.7	0.7	0.7
Transportation	3.0	4.1	4.6	5.9	13.0	17.0	19.2	25.8	28.9	32.3	34.3	35.9	35.9	36.4	36.8
Community and regional development	0.1	0.6	1.8	2.8	6.5	5.2	5.0	7.2	9.3	9.0	8.2	8.2	7.6	7.6	7.2
Education, training, employment, and social services	0.5	1.1	6.4	12.1	21.9	17.8	23.4	34.1	38.2	43.7	46.8	47.9	50.3	51.1	52.2
Health	0.2	0.6	3.8	8.8	15.8	24.5	43.9	93.6	114.0	123.3	133.4	145.5	160.0	174.8	189.8
Income security	2.6	3.5	5.8	9.4	18.5	27.2	35.2	55.1	64.2	63.2	67.2	70.3	73.3	75.9	77.7
Justice	....	....	*	0.7	0.5	0.1	0.6	1.2	4.8	4.2	6.7	5.2	4.7	4.5	4.5
General government	0.2	0.2	0.5	7.1	8.6	6.8	2.3	2.2	2.1	2.3	2.2	2.2	2.2	2.2	2.2
Other	0.2	0.3	0.6	7.2	9.3	7.6	3.1	3.0	0.8	0.8	0.9	0.9	0.9	1.1	1.1
Total	7.0	10.9	24.1	49.8	91.4	105.9	135.3	225.0	267.1	284.1	305.6	321.8	340.4	359.1	377.2
B. Distribution of Grants by BEA Category:															
Discretionary	NA	2.9	10.2	21.0	53.3	55.5	63.3	94.0	112.0	116.8	125.7	128.3	130.2	132.3	133.7
Mandatory	NA	8.0	13.9	28.8	38.1	50.4	72.0	131.0	155.1	167.3	179.9	193.5	210.2	226.8	243.5
Total	7.0	10.9	24.1	49.8	91.4	105.9	135.3	225.0	267.1	284.1	305.6	321.8	340.4	359.1	377.2
C. Composition:															
Current dollars:															
Payments for individuals [1]	2.5	3.7	8.7	16.8	32.6	49.3	75.7	141.2	167.7	175.6	189.0	203.7	220.4	237.1	253.6
Physical capital [1]	3.3	5.0	7.1	10.9	22.6	24.9	27.2	39.6	43.9	48.7	51.7	53.2	53.6	54.9	55.5
Other grants	1.2	2.2	8.3	22.2	36.2	31.6	32.5	44.2	55.5	59.8	65.0	64.9	66.5	67.1	68.1
Total	7.0	10.9	24.1	49.8	91.4	105.9	135.3	225.0	267.1	284.1	305.6	321.8	340.4	359.1	377.2
Percentage of total grants:															
Payments for individuals [1]	35%	34%	36%	34%	36%	47%	56%	63%	63%	62%	62%	63%	65%	66%	67%
Physical capital [1]	47%	46%	29%	22%	25%	24%	20%	18%	16%	17%	17%	17%	16%	15%	15%
Other grants	17%	20%	34%	45%	40%	30%	24%	20%	21%	21%	21%	20%	20%	19%	18%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Constant (FY 1996) dollars:															
Payments for individuals [1]	11.2	15.7	31.3	44.9	59.8	69.3	88.6	144.0	159.9	163.0	171.3	180.1	190.0	199.2	207.7
Physical capital [1]	16.9	23.9	26.6	24.7	37.2	32.2	30.4	40.4	42.1	45.4	46.9	47.0	46.2	46.2	45.5
Other grants	8.3	12.8	36.1	67.0	72.0	45.4	38.6	45.3	51.8	54.4	57.6	56.1	55.9	55.1	54.4
Total	36.4	52.5	94.0	136.6	169.0	146.9	157.6	229.7	253.8	262.7	275.8	283.2	292.2	300.4	307.6
D. Total grants as a percent of:															
Federal outlays:															
Total	8%	9%	12%	15%	15%	11%	11%	15%	16%	16%	17%	17%	17%	18%	18%
Domestic programs [2]	18%	18%	23%	22%	22%	18%	17%	22%	22%	22%	22%	23%	23%	23%	23%
State and local expenditures	19%	20%	24%	27%	30%	24%	21%	25%	25%	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%
E. As a share of total State and local capital spending:															
Federal capital grants	24%	25%	25%	26%	35%	30%	22%	26%	22%	N/A	N/A	N/A	N/A	N/A	N/A
State and local source financing	76%	75%	75%	74%	65%	70%	78%	74%	78%	N/A	N/A	N/A	N/A	N/A	N/A
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	N/A	N/A	N/A	N/A	N/A	N/A

AN/A: Not available.

A* $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.

constitute income transfers to individuals or families. The major grant in this category is Medicaid, which had outlays of $108.0 billion in 1999, increasing to $124.8 billion in 2001. Temporary Assistance for Needy Families, 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 2001, grants for physical capital are estimated to be 17 percent of total grants.

The other grants are primarily for education, training, employment, and social services. These grants increased to 45 percent of total grants by 1975, and are projected to be 21 percent of total grants in 2001.

Section C of Table 9–2 also shows these three categories in constant dollars. In constant 1996 dollars, total grants increase from $157.6 billion in 1990 to an estimated $275.8 billion in 2001, an average increase of 5.2 percent per year. During this same period, grants for payments to individuals are estimated to increase an average of 6.2 percent per year; grants for physical capital an average of 4.0 percent per year, and other grants an average of 3.7 percent per year.

The real growth in grants during the 1990s is in contrast to the 1980s. During the period between 1980 and 1990, outlays for grants in constant 1996 dollars decreased from $169.0 billion in 1980 to $157.6 billion in 1990.

Section D of this table shows grants as a percentage of Federal outlays, State and local expenditures, and gross domestic product. Grants have increased as a percentage of total Federal outlays from 11 percent in 1990 to an estimated 17 percent in 2001. Grants as a percentage of domestic spending are estimated to be 22 percent in 2001.

As a percentage of total State and local expenditures, grants have increased from 21 percent in 1990 to 25 percent in 1999.

Section E shows the relative contribution of physical capital grants in assisting States and localities with capital spending. After a slight increase to 26 percent of State and local capital spending in 1995, Federal capital grants have declined to be 22 percent of State and local spending in 1999, the same share as in 1990.

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, provide information on how to apply for Federal aid, or display information about audits.

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 16, “National Income and Product Accounts.”

The *Budget Information for States (BIS)* report 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 Aid to States, a report prepared by the Bureau of the Census, shows Federal spending by State for grants for the most recently completed fiscal year.

The *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 of 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.

The *Federal Audit Clearinghouse* maintains an online database *(http://harvester.census.gov/sac)* that provides access to summary information about audits conducted under OMB Circular A–133, “Audits to States, Local Governments, and Non-Profit Organizations.” Information is available for each audited entity, including the amount of Federal money expended by program and whether there were audit findings.

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. This table displays discretionary and mandatory grant programs separately.

Table 9–3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS

(in millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	1999 Actual	2000 Estimate	2001 Estimate	1999 Actual	2000 Estimate	2001 Estimate
NATIONAL DEFENSE						
Discretionary:						
Federal Emergency Management Agency:						
Emergency management planning and assistance	....	....	....	1	....	....
Total, discretionary	....	....	....	**1**	....	....
Total, national defense	....	....	....	**1**	....	....
ENERGY						
Discretionary:						
Department of Energy:						
Energy Programs:						
Energy conservation	176	145	219	158	124	151
Total, discretionary	**176**	**145**	**219**	**158**	**124**	**151**
Mandatory:						
Tennessee Valley Authority:						
Tennessee Valley Authority fund	304	306	314	304	306	314
Total, mandatory	**304**	**306**	**314**	**304**	**306**	**314**
Total, energy	**480**	**451**	**533**	**462**	**430**	**465**
NATURAL RESOURCES AND ENVIRONMENT						
Discretionary:						
Department of Agriculture:						
Natural Resources Conservation Service:						
Resource conservation and development	....	....	....	1	1	1
Watershed and flood prevention operations	52	41	17	52	66	58
Forest Service:						
State, private and international forestry	84	102	123	90	98	117
Management of national forest lands for subsistence uses	3	....	6	....	3	6
Department of Commerce:						
National Oceanic and Atmospheric Administration:						
Operations, research, and facilities	103	120	135	91	91	101
Pacific coastal salmon recovery	....	58	160	....	58	160
Department of the Interior:						
Office of Surface Mining Reclamation and Enforcement:						
Regulation and technology	51	51	45	50	50	54
Abandoned mine reclamation fund	170	181	196	154	152	192
Bureau of Reclamation:						
Bureau of reclamation loan subsidy	11	12	9	9	14	10
United States Geological Survey:						
Surveys, investigations and research	....	....	8	....	....	8
Surveys, investigations and research	....	....	17	....	....	16
United States Fish and Wildlife Service:						
Commercial salmon fishery capacity reduction	....	5	....	....	5	....
Non-game wildlife state grants	....	....	100	....	....	25
Cooperative endangered species conservation fund	14	23	65	9	15	23
Wildlife conservation and appreciation fund	1	1	1	1	1	1
Miscellaneous permanent appropriations	2	2	2	2	2	2
National Park Service:						
National recreation and preservation	....	2	20	....	1	13
Land acquisition and State assistance	....	20	145	....	7	51

Table 9–3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	1999 Actual	2000 Estimate	2001 Estimate	1999 Actual	2000 Estimate	2001 Estimate
Historic preservation fund	72	75	72	37	73	80
Departmental Management:						
Priority Federal land aquisitions and exchanges	....	20	....	....	10	4
Environmental Protection Agency:						
State and Tribal Assistance Grants	3,408	3,446	2,907	2,745	3,064	3,400
Hazardous substance superfund	179	166	171	156	134	141
Leaking underground storage tank trust fund	62	60	62	59	62	61
Total, discretionary	**4,212**	**4,385**	**4,261**	**3,456**	**3,907**	**4,524**
Mandatory:						
Department of the Interior:						
Bureau of Land Management:						
Miscellaneous permanent payment accounts	50	5	8	50	5	8
Minerals Management Service:						
National forests fund, payment to States	3	5	3	3	5	3
Leases of lands acquired for flood control, navigation, and allied purposes	1	1	1	1	1	1
United States Fish and Wildlife Service:						
Federal aid in wildlife restoration	199	228	237	212	202	209
Sport fish restoration	279	306	292	257	292	293
Departmental Management:						
Everglades watershed protection	....	....	....	119	42	....
Everglades restoration account	4	1	1	....	4	1
Department of the Treasury:						
Financial Management Service:						
Payment to terrestrial wildlife habitat restoration trust fund	5	5	5	5	5	5
Total, mandatory	**541**	**551**	**547**	**647**	**556**	**520**
Total, natural resources and environment	**4,753**	**4,936**	**4,808**	**4,103**	**4,463**	**5,044**
AGRICULTURE						
Discretionary:						
Department of Agriculture:						
Departmental Administration:						
Outreach for socially disadvantaged farmers	3	3	10	4	3	10
Cooperative State Research, Education, and Extension Service:						
Extension activities	437	424	428	407	452	421
Research and education activities	237	237	238	206	228	238
Integrated activities	....	9	18	....	1	4
Agricultural Marketing Service:						
Payments to States and possessions	1	1	2	1	1	2
Farm Service Agency:						
State mediation grants	2	3	4	2	3	5
Total, discretionary	**680**	**677**	**700**	**620**	**688**	**680**
Mandatory:						
Department of Agriculture:						
Office of the Secretary:						
Fund for rural America	1	20	30	12	11	22
Farm Service Agency:						
Commodity credit corporation fund	27	132	93	27	132	93
Total, mandatory	**28**	**152**	**123**	**39**	**143**	**115**
Total, agriculture	**708**	**829**	**823**	**659**	**831**	**795**
COMMERCE AND HOUSING CREDIT						
Mandatory:						
Department of Commerce:						
National Oceanic and Atmospheric Administration:						
Promote and develop fishery products and research pertaining to American fisheries	3	1	2	5	6	3
Total, mandatory	**3**	**1**	**2**	**5**	**6**	**3**

Table 9–3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	1999 Actual	2000 Estimate	2001 Estimate	1999 Actual	2000 Estimate	2001 Estimate
Total, commerce and housing credit	**3**	**1**	**2**	**5**	**6**	**3**
TRANSPORTATION						
Discretionary:						
Department of Transportation:						
Coast Guard:						
Boat safety	....	....	....	21	9	1
Federal Aviation Administration:						
Grants-in-aid for airports (Airport and airway trust fund)	2,322	1,896	1,950	1,565	1,896	1,899
Federal Highway Administration:						
State infrastructure banks	–7	....	....	29	15	12
Appalachian development highway system	132	....	....	73	118	76
Highway-related safety grants	....	....	....	1	1	....
Federal-aid highways [1]	28,244	30,530	32,764	21,118	23,739	25,829
Miscellaneous appropriations	....	....	....	65	132	99
Miscellaneous highway trust funds	....	....	....	40	52	34
Federal Motor Carrier Safety Administration:						
National motor carrier safety program	99	105	187	87	109	128
National Highway Traffic Safety Administration:						
Highway traffic safety grants	190	197	204	180	200	207
Federal Railroad Administration:						
Emergency railroad rehabilitation and repair	....	....	....	6	8	....
Alameda Corridor direct loan financing program	....	....	....	18	....	....
Local rail freight assistance	....	....	....	3	3	....
Alaska railroad rehabilitation	38	15	....	11	42	9
Railroad research and development	2	3	....	1	2	–1
Conrail commuter transition assistance	....	....	....	5	6	....
Federal Transit Administration:						
Research, training, and human resources	....	....	....	1	2	1
Job Access and Reverse Commute Grants [1]	75	75	150	....	20	46
Interstate transfer grants-transit	....	....	....	11	6	3
Washington metropolitan area transit authority	50	....	....	162	134	94
Formula grants [1]	2,799	3,049	3,345	2,174	2,356	2,248
Capital Investment Grants [1]	2,307	2,489	2,646	251	579	1,147
Transit planning and research	74	89	91	65	64	64
Discretionary grants (Highway trust fund, Mass transit account)	–392	....	....	1,524	1,315	933
Research and Special Programs Administration:						
Research and special programs	....	....	3	1	....	2
Pipeline safety	15	16	24	14	15	16
Total, discretionary [1]	**35,948**	**38,464**	**41,364**	**27,426**	**30,823**	**32,847**
Mandatory:						
Department of Transportation:						
Federal Highway Administration:						
Federal-aid highways	739	739	739	1,472	1,446	1,338
Federal Motor Carrier Safety Administration:						
Motor carrier safety	....	76	92	....	68	91
Research and Special Programs Administration:						
Emergency preparedness grants	7	13	13	6	7	10
Total, mandatory [1]	**746**	**828**	**844**	**1,478**	**1,521**	**1,439**
Total, transportation	**36,694**	**39,292**	**42,208**	**28,904**	**32,344**	**34,286**
COMMUNITY AND REGIONAL DEVELOPMENT						
Discretionary:						
Department of Agriculture:						
Rural Development:						
Rural community advancement program	617	590	580	529	599	513
Rural Utilities Service:						
Distance learning and telemedicine program	13	21	27	9	15	18
Rural Housing Service:						
Rural community fire protection grants	....	....	....	2	....	....
Rural Business—Cooperative Service:						
Rural cooperative development grants	3	6	10	3	6	7

Table 9–3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	1999 Actual	2000 Estimate	2001 Estimate	1999 Actual	2000 Estimate	2001 Estimate
Forest Service:						
Southeast Alaska economic disaster assistance fund	....	22	....	20	10	7
Department of Commerce:						
Economic Development Administration:						
Economic development assistance programs	387	386	419	355	408	412
Department of Housing and Urban Development:						
Public and Indian Housing Programs:						
Moving to work	....	5	....	....	3	2
Community Planning and Development:						
Community development block grants	4,893	4,781	4,900	4,804	4,856	4,826
Urban development action grants	....	....	....	18	10	10
Community development loan guarantees subsidy	30	30	30	9	16	21
National cities in schools community development program	5	5	5	4	4	5
Brownfields redevelopment	25	25	50	....	10	28
Urban empowerment zones	45	55	150	3	17	40
Regional connections	....	....	25	....	....	1
America's private investment companies subsidy	....	20	37	....	15	28
Office of Lead Hazard Control:						
Lead hazard reduction	80	80	120	2	80	81
Department of the Interior:						
Bureau of Indian Affairs:						
Operation of Indian programs	139	135	137	132	133	131
Indian guaranteed loan subsidy	5	5	6	4	5	7
Departmental Management:						
King Cove road and airstrip	35	....	....	35	....	....
Department of the Treasury:						
Departmental Offices:						
United States community adjustment and investment program	9	10	10	1	14	10
Federal Emergency Management Agency:						
Emergency management planning and assistance	165	173	180	73	168	176
Disaster relief	1,797	1,797	2,564	3,184	2,339	1,654
Disaster assistance for unmet needs	230	....	....	....	74	97
National flood mitigation fund	20	20	20	8	18	25
Appalachian Regional Commission:						
Appalachian regional commission	58	59	64	136	144	109
Commission of Fine Arts:						
D.C. arts education grants	....	....	1	....	....	....
Denali Commission:						
Denali commission	20	20	20	1	19	19
Total, discretionary	**8,576**	**8,245**	**9,355**	**9,332**	**8,963**	**8,227**
Total, community and regional development	**8,576**	**8,245**	**9,355**	**9,332**	**8,963**	**8,227**
EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES						
Discretionary:						
Department of Commerce:						
National Telecommunications and Information Administration:						
Public telecommunications facilities, planning and construction	10	13	104	14	23	32
Technology Opportunity Grants	7	6	21	7	13	9
Department of Education:						
Office of Elementary and Secondary Education:						
Reading excellence	251	56	277	....	128	201
Indian education	65	75	113	56	79	78
Impact aid	859	901	765	1,076	1,021	783
Chicago litigation settlement	....	....	....	2	3	3
Education Reform	1,028	963	448	792	900	953
Education for the disadvantaged	3,647	8,667	9,120	7,534	8,354	8,533
School improvement programs	2,687	1,357	3,674	1,255	2,385	2,668
Office of Bilingual Education and Minority Languages Affairs:						
Bilingual and immigrant education	325	329	356	284	433	330
Office of Special Education and Rehabilitative Services:						
Special education	5,080	2,035	6,082	4,251	5,121	5,554
Rehabilitation services and disability research	117	120	128	87	160	125
American printing house for the blind	9	10	10	8	13	10
Office of Vocational and Adult Education:						
Vocational and adult education	1,506	851	1,636	1,336	1,512	1,600

Table 9–3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	1999 Actual	2000 Estimate	2001 Estimate	1999 Actual	2000 Estimate	2001 Estimate
Office of Postsecondary Education:						
Higher education	132	150	193	42	127	150
Office of Student Financial Assistance:						
Student financial assistance	25	40	40	23	30	40
Office of Educational Research and Improvement:						
Education research, statistics, and improvement	230	55	56	74	216	87
Department of Health and Human Services:						
Administration for Children and Families:						
Promoting safe and stable families	4	3	3	4	3	3
Children and families services programs	5,730	5,003	7,323	5,421	5,906	6,663
Administration on Aging:						
Aging services programs	882	933	1,084	879	886	1,020
Department of the Interior:						
Bureau of Indian Affairs:						
Operation of Indian programs	91	95	101	92	93	97
Department of Labor:						
Employment and Training Administration:						
Training and employment services	3,622	1,961	3,882	3,436	3,690	4,028
Community service employment for older Americans	97	97	97	97	97	97
State unemployment insurance and employment service operations	162	163	196	45	185	164
Unemployment trust fund	963	962	974	1,026	990	939
Corporation for National and Community Service:						
Domestic volunteer service programs, Operating expenses	173	182	185	152	164	177
National and community service programs, operating expenses	90	112	112	55	64	56
Corporation for Public Broadcasting:						
Corporation for public broadcasting	150	190	224	150	181	209
District of Columbia:						
District of Columbia General and Special Payments:						
Federal payment for resident tuition support	....	17	17	....	17	17
National Endowment for the Arts:						
National endowment for the arts: Grants and administration	35	34	54	30	31	40
Institute of Museum and Library Services:						
Office of Museum Services: Grants and administration	6	6	8	5	6	6
Office of Library Services: Grants and administration	151	151	157	129	157	157
Total, discretionary	**28,134**	**25,537**	**37,440**	**28,362**	**32,988**	**34,829**
Mandatory:						
Department of Education:						
Office of Special Education and Rehabilitative Services:						
Rehabilitation services and disability research	2,304	2,339	2,400	2,536	2,279	2,381
Office of Vocational and Adult Education:						
Vocational and adult education	....	....	....	2	....	....
Department of Health and Human Services:						
Administration for Children and Families:						
State legalization impact assistance grants	....	....	....	–1	....	....
Job opportunities and basic skills training program	....	....	....	9	8	5
Promoting safe and stable families	269	289	299	242	280	282
Social services block grant	1,909	1,775	1,775	1,993	1,623	1,998
Payments to states for foster care and adoption assistance	4,922	5,697	6,406	4,707	5,495	6,294
Department of Labor:						
Employment and Training Administration:						
Welfare to work jobs	1,488	–187	....	267	860	905
Federal unemployment benefits and allowances	131	132	155	100	130	138
Total, mandatory	**11,023**	**10,045**	**11,035**	**9,855**	**10,675**	**12,003**
Total, education, training, employment, and social services	**39,157**	**35,582**	**48,475**	**38,217**	**43,663**	**46,832**
HEALTH						
Discretionary:						
Department of Agriculture:						
Food Safety and Inspection Service:						
Salaries and expenses	45	45	46	44	45	46
Department of Health and Human Services:						
Health Resources and Services Administration:						
Health Resources and Services	1,498	1,595	1,843	1,448	1,595	1,837

Table 9–3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	1999 Actual	2000 Estimate	2001 Estimate	1999 Actual	2000 Estimate	2001 Estimate
Centers for Disease Control and Prevention:						
Disease control, research, and training	1,773	1,957	2,041	1,571	1,745	1,846
Substance Abuse and Mental Health Services Administration:						
Substance abuse and mental health services	2,487	2,652	2,823	2,214	2,451	2,648
Department of Labor:						
Occupational Safety and Health Administration:						
Salaries and expenses	80	82	88	79	81	87
Mine Safety and Health Administration:						
Salaries and expenses	6	6	8	6	6	8
Total, discretionary	**5,889**	**6,337**	**6,849**	**5,362**	**5,923**	**6,472**
Mandatory:						
Department of Health and Human Services:						
Health Care Financing Administration:						
Grants to States for Medicaid	102,394	115,000	124,838	108,042	116,117	124,838
State children's health insurance fund	4,247	4,259	4,461	565	1,300	2,117
State grants and demonstrations			62			16
Total, mandatory	**106,641**	**119,259**	**129,361**	**108,607**	**117,417**	**126,971**
Total, health	**112,530**	**125,596**	**136,210**	**113,969**	**123,340**	**133,443**
INCOME SECURITY						
Discretionary:						
Department of Agriculture:						
Rural Housing Service:						
Farm labor subsidy			36			7
Food and Nutrition Service:						
Food donations programs	141	141	151	144	143	151
Commodity assistance program	131	133	158	136	132	168
Special supplemental nutrition program for women, infants, and children (WIC)	3,924	4,032	4,145	3,942	4,059	4,146
Child nutrition programs	5	13	18	5	13	18
Department of Health and Human Services:						
Administration for Children and Families:						
Low income home energy assistance	1,277	1,400	1,400	1,176	1,242	1,105
Refugee and entrant assistance	340	333	309	236	325	318
Payments to States for the child care and development block grant	997	1,178	1,993	1,029	1,142	1,713
Department of Housing and Urban Development:						
Public and Indian Housing Programs:						
Public housing operating fund	2,818	3,138	3,192	2,876	2,972	3,160
Annual contributions for assisted housing				7,364		
Drug elimination grants for low-income housing	310	310	345	283	325	315
Revitalization of severely distressed public housing (HOPE VI)	625	575	625	321	588	597
Public housing capital fund	3,000	2,869	2,955	3,080	3,159	3,346
Native American housing block grant	620	620	650	597	665	699
Section 8 reserve preservation account				429		
Housing certificate fund	5,630	458	9,044	4,715	8,450	8,886
Community Planning and Development:						
Supportive housing program				63		
Homeless assistance grants	975	1,020	1,200	643	961	1,112
Shelter plus care				75		
Home investment partnership program	1,600	1,600	1,650	1,347	1,657	1,734
Youthbuild program				2	2	
Innovative homeless initiatives demonstration program				9		
Housing opportunities for persons with AIDS	225	232	260	211	212	213
Rural housing and economic development	32	25	27		11	22
Housing Programs:						
Congregate services				5	2	
Section 8 moderate rehabilitation, single room occupancy				31		
Homeownership and opportunity for people everywhere grants (HOPE grants)		–11		18	18	18
Housing for special populations	854	911	989	761	784	1,014
Department of Labor:						
Employment and Training Administration:						
Unemployment trust fund	2,334	2,266	2,359	2,496	2,282	2,359

Table 9–3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	1999 Actual	2000 Estimate	2001 Estimate	1999 Actual	2000 Estimate	2001 Estimate
Federal Emergency Management Agency:						
Emergency food and shelter program	100	110	140	100	110	140
Total, discretionary	**25,938**	**21,353**	**31,646**	**32,094**	**29,254**	**31,241**
Mandatory:						
Department of Agriculture:						
Agricultural Marketing Service:						
Funds for strengthening markets, income, and supply (section 32)	707	730	538	816	536	538
Food and Nutrition Service:						
Food stamp program	3,465	3,797	3,860	3,362	3,717	3,850
Child nutrition programs	9,041	9,403	9,389	8,735	9,198	9,728
Department of Health and Human Services:						
Administration for Children and Families:						
Payments to states for child support enforcement and family support programs	2,649	1,033	3,124	2,756	3,053	3,091
Child care entitlement to States	2,167	2,367	3,161	2,254	2,420	2,952
Temporary assistance for needy families	17,693	16,689	16,439	14,161	14,996	15,828
Children's research and technical assistance	....	....	9	....	....	9
Total, mandatory	**35,722**	**34,019**	**36,520**	**32,084**	**33,920**	**35,996**
Total, income security	**61,660**	**55,372**	**68,166**	**64,178**	**63,174**	**67,237**
VETERANS BENEFITS AND SERVICES						
Discretionary:						
Department of Veterans Affairs:						
Veterans Health Administration:						
Medical care	273	325	347	273	325	347
Construction:						
Grants for construction of State extended care facilities	90	90	60	40	64	85
Grants for the construction of State veterans cemeteries	10	25	25	4	8	16
Total, discretionary	**373**	**440**	**432**	**317**	**397**	**448**
Total, veterans benefits and services	**373**	**440**	**432**	**317**	**397**	**448**
ADMINISTRATION OF JUSTICE						
Discretionary:						
Department of Health and Human Services:						
Administration for Children and Families:						
Violent crime reduction programs	96	92	124	64	97	106
Department of Housing and Urban Development:						
Fair Housing and Equal Opportunity:						
Fair housing activities	40	44	50	31	36	31
Department of Justice:						
Office of Justice Programs:						
Justice assistance	72	214	238	28	188	185
State and local law enforcement assistance	547	1,520	1,577	310	496	3,236
Juvenile justice programs	231	242	251	127	147	308
Violent crime reduction programs, State and local law enforcement assistance	2,370	1,182	....	2,266	1,086	....
Community oriented policing services	1,430	595	1,335	1,161	831	1,748
Court Services and Offender Supervision Agency for the District:						
Federal payment to the Court Services and Offender Supervision Agency for the District of Columbia	59	94	....	57	77	....
Equal Employment Opportunity Commission:						
Salaries and expenses	29	29	29	28	28	28
State Justice Institute:						
State Justice Institute: Salaries and expenses	7	7	7	8	14	8
Total, discretionary	**4,881**	**4,019**	**3,611**	**4,080**	**3,000**	**5,650**
Mandatory:						
Department of Justice:						
Legal Activities and U.S. Marshals:						
Assets forfeiture fund	288	326	266	240	316	245

Table 9–3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	1999 Actual	2000 Estimate	2001 Estimate	1999 Actual	2000 Estimate	2001 Estimate
Office of Justice Programs:						
Crime victims fund	313	495	542	341	742	690
Department of the Treasury:						
Departmental Offices:						
Department of the Treasury forfeiture fund	153	97	97	132	108	97
Total, mandatory	**754**	**918**	**905**	**713**	**1,166**	**1,032**
Total, administration of justice	**5,635**	**4,937**	**4,516**	**4,793**	**4,166**	**6,682**
GENERAL GOVERNMENT						
Discretionary:						
Department of the Interior:						
Bureau of Land Management:						
Payments in lieu of taxes	125	134	135	125	135	135
Insular Affairs:						
Trust Territory of the Pacific Islands				3	6	6
Department of the Treasury:						
Departmental Offices:						
Department-wide systems and Capital Investments Programs		3			3	
District of Columbia:						
District of Columbia Courts:						
Federal payment to the District of Columbia Criminal Justice System	4			4		
Federal payment to the District of Columbia Courts	131	100	103	128	90	103
Defender services in District of Columbia courts		33	38		30	37
District of Columbia Corrections:						
Payment to the District of Columbia Corrections Trustee, Operations	185	175	134	152	209	134
District of Columbia General and Special Payments:						
Federal payment for Management Reform	25			25		
Federal support for economic development and management reforms in the District	297	32	49	244	81	49
Federal payment for Medicare Coordinated Care Demonstration Project	3					
Federal Drug Control Programs:						
High intensity drug trafficking areas program	150	154	192	130	152	166
Total, discretionary	**920**	**631**	**651**	**811**	**706**	**630**
Mandatory:						
Department of Agriculture:						
Forest Service:						
Payments to states stabilization			270			270
Payments to States, northern spotted owl guarantee, Forest Service	125	120		125	120	
Forest Service permanent appropriations	109	121		109	120	
Department of Energy:						
Energy Programs:						
Payments to States under Federal Power Act	3	3	3	3	3	3
Department of the Interior:						
Bureau of Land Management:						
Miscellaneous permanent payment accounts	69	69	76	68	67	76
Minerals Management Service:						
Mineral leasing and associated payments	478	678	583	478	678	583
United States Fish and Wildlife Service:						
National wildlife refuge fund	19	19	19	19	19	19
Insular Affairs:						
Assistance to territories	66	70	74	75	67	90
Payments to the United States territories, fiscal assistance	109	109	106	109	109	106
Department of the Treasury:						
Bureau of Alcohol, Tobacco and Firearms:						
Internal revenue collections for Puerto Rico	235	285	283	235	285	283
United States Customs Service:						
Refunds, transfers, and expenses of operation, Puerto Rico	101	112	114	97	112	114
Corps of Engineers:						
Permanent appropriations	11	9	9	12	9	9
Total, mandatory	**1,325**	**1,595**	**1,537**	**1,330**	**1,589**	**1,553**
Total, general government	**2,245**	**2,226**	**2,188**	**2,141**	**2,295**	**2,183**

Table 9–3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

Function, Category, Agency and Program	Budget Authority			Outlays		
	1999 Actual	2000 Estimate	2001 Estimate	1999 Actual	2000 Estimate	2001 Estimate
Total, Grants	**272,814**	**277,907**	**317,716**	**267,081**	**284,072**	**305,645**
Discretionary [1]	115,727	110,233	136,528	112,019	116,773	125,699
Mandatory [1]	157,087	167,674	181,188	155,062	167,299	179,946

[1] Budget aurhority for certain highway and mass transit programs is classified as mandatory in other budget presentations.

10. FEDERAL EMPLOYMENT AND COMPENSATION

This section provides information on civilian employment policy, civilian and military employment, and personnel compensation and benefits in the Executive, Legislative, and Judicial branches. 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 appear in the Budget volume.

Civilian Employment Policy

The Administration policy is to provide Executive Branch agencies with flexibility to hire the right numbers of staff to meet program requirements. While it is not the norm, agency or sub-agency employment targets may be necessary when it is determined to be the most efficient or effective method of achieving Administration goals.

Federal Civilian 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 established FTE limitations ("ceilings") for Executive Branch civilian employees through 1999. The starting point used to calculate FTE reductions required by the FWRA, called the 1993 base, is the estimate of FTEs for 1993 made in January of that year. Between the 1993 base and FY 1999, the Act required a cut of 272,900 FTEs. The actual cut exceeded 375,000 FTEs. The limitations established by the FWRA, as well as the reductions to date, are as follows:

Year	FWRA Ceiling	Civilian FTEs	Cumulative reduction From 1993	Reduction as percent of 272,900 cut
1993 Base	2,155,200	....	....	....
1994	2,084,600	2,052,700	–102,500	38%
1995	2,043,300	1,970,200	–185,000	68%
1996	2,003,300	1,891,700	–263,500	97%
1997	1,963,300	1,834,700	–320,500	117%
1998	1,922,300	1,790,200	–365,000	134%
1999	1,882,300	1,778,400	–376,800	138%

Table 10–1 provides agency-wide totals from the 1993 base through 2001.

Allocations of FTE resources by agency are made based upon Presidential priorities and other factors. While most of the agencies in Table 10-1 show FTE reductions between 1993 and 2001, several agencies, such as the Department of Justice, show an increase in FTEs.

Recent Trends in Civilian Employment Estimates in the Executive Branch

Each year the Budget reports actual FTEs in the prior year column, and estimates of FTEs in the current and budget years. In five of the six years since the FWRA was enacted, the current year FTE estimates for nearly all agencies in the Budget have been overstated when compared to the actual published in the following year's Budget. The table below shows this trend:

Year	Estimate	Actual	Over-Statement
1994	2,042.1	2,052.7	–10,700 (–0.5%)
1995	2,017.8	1,970.2	+47,600 (+2.4%)
1996	1,940.8	1,891.7	+49,100 (+2.5%)
1997	1,881.3	1,834.7	+46,600 (+2.5%)
1998	1,837.4	1,790.2	+47,200 (+2.6%)
1999	1,801.6	1,778.4	+23,200 (+1.3%)

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, i.e., the total number of employees, whether full-time, part-time or intermittent, 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, and 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 pays (including enlistment and reenlistment bonuses), and allowances for clothing, housing, and subsistence.

Related compensation in the form of personnel benefits for current employees consists of the cost to Government agencies (as an employer) primarily for health insurance, life insurance, Social Security (old age, survivors, disability, and health insurance) and contributions to the retirement funds to finance future retirement benefits. Compensation for former personnel includes outlays for retirement pay benefits, and the Government's share of the cost of health and life insurance.

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 2001	
		1993	1994	1995	1996	1997	1998	1999	2000	2001	FTE's	Percent
Cabinet agencies:												
Agriculture [1]	115.6	114.4	109.8	103.8	100.7	98.5	96.4	95.5	98.2	100.5	–15.1	–13.1%
Commerce	36.7	36.1	36.0	35.3	33.8	32.6	35.7	47.3	133.8	42.6	5.9	16.0%
Defense-military functions	931.3	931.8	868.3	821.7	778.9	745.8	707.2	681.0	661.5	645.5	–285.9	–30.7%
Education	5.0	4.9	4.8	4.8	4.7	4.5	4.5	4.5	4.7	4.7	–0.3	–5.7%
Energy	20.6	20.3	19.8	19.7	19.1	17.3	16.3	15.9	16.2	16.1	–4.5	–21.7%
Health and Human Services [1]	65.0	66.1	62.9	59.3	57.2	57.6	57.9	58.9	61.7	63.2	–1.8	–2.8%
Social Security Administration	65.4	64.8	64.5	64.6	64.0	65.2	64.0	63.0	63.3	63.1	–2.3	–3.5%
Housing and Urban Development	13.6	13.3	13.1	12.1	11.4	11.0	9.8	10.0	10.4	10.6	–3.0	–22.3%
Interior	79.3	78.1	76.3	72.0	66.7	65.7	66.5	67.0	68.1	69.5	–9.8	–12.4%
Justice	99.4	95.4	95.3	97.9	103.8	111.0	117.3	121.3	127.9	131.5	32.1	32.3%
Labor	18.3	18.0	17.5	16.8	16.0	15.9	16.3	16.3	17.1	17.4	–0.9	–4.8%
State [2]	35.0	34.2	33.5	31.8	30.2	29.2	28.9	29.4	30.0	30.2	–4.8	–13.8%
Transportation	70.3	69.1	66.4	63.2	62.4	62.5	63.4	63.7	64.1	65.1	–5.2	–7.4%
Treasury	166.1	161.1	157.3	157.5	151.1	145.5	142.1	143.7	145.5	149.6	–16.5	–10.0%
Veterans Affairs [1]	232.4	234.2	233.1	228.5	221.9	211.5	207.1	205.5	204.1	203.4	–29.1	–12.5%
Other agencies—excluding Postal Service:												
Agency for International Development [1]	4.4	4.1	3.9	3.6	3.4	2.8	2.7	2.5	2.5	2.5	–1.9	–43.8%
Corps of Engineers	29.2	28.4	27.9	27.7	27.1	26.0	24.8	24.7	24.7	24.7	–4.5	–15.4%
Environmental Protection Agency	18.6	17.9	17.6	17.5	17.2	17.0	17.7	18.1	18.1	18.0	–0.5	–2.8%
EEOC	2.9	2.8	2.8	2.8	2.7	2.6	2.5	2.6	2.8	3.1	0.2	7.0%
FEMA	2.7	4.0	4.9	4.6	4.7	5.1	4.6	5.2	4.8	4.9	2.2	79.6%
FDIC/RTC	21.6	21.9	20.0	15.7	11.8	8.7	7.9	7.4	7.5	6.8	–14.8	–68.5%
General Services Administration	20.6	20.2	19.5	17.0	15.7	14.5	14.1	14.1	14.2	14.2	–6.4	–31.1%
NASA	25.7	24.9	23.9	22.4	21.1	20.1	19.1	18.5	18.6	19.0	–6.8	–26.4%
National Archives and Records Admin.	2.8	2.6	2.6	2.4	2.5	2.5	2.4	2.4	2.6	2.7	–.1	–1.3%
National Labor Relations Board	2.1	2.1	2.1	2.0	1.9	1.9	1.9	1.8	1.9	2.0	–0.1	–6.7%
National Science Foundation	1.3	1.2	1.2	1.2	1.3	1.2	1.2	1.2	1.2	1.2	–0.1	–10.3%
Nuclear Regulatory Commission	3.4	3.4	3.3	3.2	3.1	3.0	3.0	2.8	2.8	2.8	–0.6	–17.2%
Office of Personnel Management	6.2	5.9	5.3	4.2	3.4	2.8	2.8	2.8	3.0	3.0	–3.2	–51.9%
Panama Canal Commission	8.7	8.5	8.5	8.8	9.0	9.5	9.6	9.2	2.4	–0.1	–8.7	–99.8%
Peace Corps	1.3	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.2	1.2	–0.1	–7.1%
Railroad Retirement Board	1.8	1.8	1.7	1.6	1.5	1.4	1.3	1.3	1.2	1.2	–0.7	–36.8%
Securities and Exchange Commission	2.7	2.7	2.7	2.7	2.8	2.8	2.8	2.8	3.0	3.0	0.3	10.7%
Small Business Administration	4.0	5.6	6.3	5.7	4.7	4.5	4.4	4.7	4.6	4.6	0.6	14.9%
Smithsonian Institution	5.9	5.5	5.4	5.3	5.1	5.0	5.0	5.1	5.2	5.3	–0.6	–10.2%
Tennessee Valley Authority	19.1	17.3	18.6	16.6	16.0	14.9	14.4	13.5	13.3	13.2	–5.9	–31.0%
All other small agencies	15.9	15.2	14.7	14.9	13.9	13.6	13.6	13.9	14.5	16.1	0.2	1.2%
Total, Executive Branch civilian employment	**2,155.2**	**2,138.8**	**2,052.7**	**1,970.2**	**1,891.7**	**1,834.7**	**1,790.2**	**1,778.4**	**1,856.9**	**1,762.4**	**–392.8**	**–18.2%**
Reduction from 1993 Base	....	–16.4	–102.5	–185.0	–263.5	–320.5	–365.0	–376.8	–298.3	–392.8	....	....
Subtotal, Defense	931.3	931.8	868.3	821.7	778.9	745.8	707.2	681.0	661.5	645.5	–285.9	–30.7%
Subtotal, Non-Defense	1,223.9	1,207.1	1,184.4	1,148.4	1,112.8	1,088.9	1,083.0	1,097.4	1,195.4	1,116.9	–107.0	–8.7%
Status of Federal Civilian Employment Relative to the Federal Workforce Restructuring Act [3]												
Total, Executive Branch Employment	NA	NA	2,052.7	1,970.2	1,891.7	1,834.7	1,790.2	1,778.4	NA	NA	....	....
Less: FTEs exempt from FWRA	NA	NA	5.7	5.7	7.6	7.4	5.2	5.2	NA	NA	....	....
Total, Executive Branch subject to FWRA Ceiling	NA	NA	2,047.0	1,964.4	1,884.1	1,827.3	1,785.0	1,773.2	NA	NA	....	....
FWRA Ceiling	NA	NA	2,084.6	2,043.3	2,003.3	1,963.3	1,922.3	1,882.3	NA	NA	....	....
Executive Branch Employment Relative to FWRA Ceiling	NA	NA	–37.6	–78.9	–119.2	–136.1	–137.3	–109.1	NA	NA	....	....

[1] The Departments of Agriculture, Health and Human Services, Veterans Affairs, and the Agency for International Development have components that were exempt from FTE controls. In 1999, Agriculture had 2,025 exemptions; HHS had 187 exemptions; Veterans Affairs had 3,010 exemptions and AID had 10 exemptions.

[2] To facilitate historical comparison, the State Department includes the Board of Broadcasting Governors (BBG), the United States Information Agency (which was absorbed into State and BBG), and the Arms Control and Disarmament Agency (which was absorbed into State).

[3] FTE limitations are set for the Executive Branch in the Federal Workforce Restructuring Act of 1994 (P.L. 103-226) from 1994-99.

Table 10–2. TOTAL FEDERAL EMPLOYMENT

(As measured by total positions filled)

Description	Actual as of September 30			Change: 1997 to 1999	
	1997	1998	1999	Positions	Percent
Executive branch civilian employment:					
All agencies except Postal Service and Postal Rate Commission:					
Full–time permanent	1,651,559	1,624,152	1,603,303	–48,256	–2.9%
Other than full–time permanent [1]	220,232	231,644	216,333	–3,899	–1.8%
Subtotal	1,871,791	1,855,796	1,819,636	–52,155	–2.8%
Postal Service: [2]					
Full–time permanent	648,684	660,987	670,272	21,588	3.3%
Other than full–time permanent	204,666	210,533	196,121	–8,545	–4.2%
Subtotal	853,350	871,520	866,393	13,043	1.5%
Subtotal, Executive branch civilian employment	2,725,141	2,727,316	2,686,029	–39,112	–1.4%
Military personnel on active duty: [3]					
Department of Defense	1,438,562	1,406,830	1,385,703	–52,859	–3.7%
Department of Transportation (Coast Guard)	35,137	35,459	35,740	603	1.7%
Subtotal, military personnel	1,473,699	1,442,289	1,421,443	–52,256	–3.5%
Subtotal, Executive Branch	4,198,840	4,169,605	4,107,472	–91,368	–2.2%
Legislative branch:					
Full–time permanent	12,696	12,399	12,183	–513	–4.0%
Other than full-time permanent	18,659	18,075	18,170	–489	–2.6%
Subtotal, Legislative Branch	31,355	30,474	30,353	–1,002	–3.2%
Judicial Branch:					
Full-time permanent	27,567	28,487	28,875	1,308	4.7%
Other than full-time permanent	3,074	3,255	3,321	247	8.0%
Subtotal, Judicial Branch	30,641	31,742	32,196	1,555	5.1%
Grand total	**4,260,836**	**4,231,821**	**4,170,021**	**–90,815**	**–2.1%**
ADDENDUM					
Executive branch civilian personnel (excluding Postal Service):					
DOD-Military functions [4]	723,032	692,552	665,679	–57,353	–7.9%
All other executive branch	1,148,759	1,163,244	1,153,957	5,198	0.5%
Total [5]	**1,871,791**	**1,855,796**	**1,819,636**	**–52,155**	**–2.8%**

[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	1999 actual	Estimate		Change: 1999 to 2001	
		2000	2001	FTE's	Percent
Executive branch civilian personnel:					
All agencies except Postal Service and Defense	1,097,363	1,195,437	1,116,888	19,525	1.8%
Defense-Military functions (civilians)	680,996	661,489	645,494	–35,502	–5.2%
Subtotal, excluding Postal Service	1,778,359	1,856,926	1,762,382	–15,977	–0.9%
Postal Service [1]	851,461	848,187	843,425	–8,036	–0.9%
Subtotal, Executive Branch civilian personnel	2,629,820	2,705,113	2,605,807	–24,013	–0.9%
Executive branch uniformed personnel: [2]					
Department of Defense	1,387,270	1,379,070	1,379,500	–7,770	–0.6%
Department of Transportation (Coast Guard)	35,286	35,948	36,247	961	2.7%
Subtotal, uniformed military personnel	1,422,556	1,415,018	1,415,747	–6,809	–0.5%
Subtotal, Executive Branch	4,052,376	4,120,131	4,021,554	–30,822	–0.8%
Legislative Branch: [3] Total FTE [3]	29,932	30,460	30,610	678	2.3%
Judicial branch: Total FTE	31,173	32,334	34,063	2,890	9.3%
Grand total	**4,113,481**	**4,182,925**	**4,086,227**	**–27,254**	**–0.7%**

[1] Includes Postal Rate Commission.

[2] Military personnel on active duty. Excludes reserve components. Data shown for Department of Defense are average strengths, not FTEs.

[3] Actual 1999 FTE data not available for legislative branch.

TABLE 10–4. PERSONNEL COMPENSATION AND BENEFITS

(In millions of dollars)

Description	1999 actual	Estimate		Change: 1999 to 2001	
		2000	2001	Dollars	Percent
Civilian personnel costs:					
Executive Branch (excluding Postal Service):					
Direct compensation:					
DOD—military functions	32,000	32,303	32,753	753	2.4%
All other executive branch	58,138	63,500	64,589	6,451	11.1%
Subtotal, direct compensation	90,138	95,803	97,342	7,204	8.0%
Personnel benefits:					
DOD—military functions	7,233	7,105	7,212	–21	–0.3%
All other executive branch [1]	23,116	24,422	25,421	2,305	10.0%
Subtotal, personnel benefits	30,349	31,527	32,633	2,284	7.5%
Subtotal, executive branch	120,487	127,330	129,975	9,488	7.9%
Postal Service:					
Direct compensation	35,886	36,671	37,772	1,886	5.3%
Personnel benefits	10,177	10,761	12,011	1,834	18.0%
Subtotal	46,063	47,432	49,783	3,720	8.1%
Legislative Branch: [2]					
Direct compensation	1,326	1,414	1,489	163	12.3%
Personnel benefits	301	319	346	45	15.0%
Subtotal	1,627	1,733	1,835	208	12.8%
Judicial Branch:					
Direct compensation	1,800	2,016	2,215	415	23.1%
Personnel benefits	452	514	565	113	25.0%
Subtotal	2,252	2,530	2,780	528	23.4%
Total, civilian personnel costs	170,429	179,025	184,373	13,944	8.2%
Military personnel costs:					
DOD—Military Functions:					
Direct compensation	49,247	51,256	53,063	3,816	7.7%
Personnel benefits	18,051	18,989	19,151	1,100	6.1%
Subtotal	67,298	70,245	72,214	4,916	7.3%
All other executive branch, uniformed personnel:					
Direct compensation	1,203	1,314	1,392	189	15.7%
Personnel benefits	131	143	149	18	13.7%
Subtotal	1,334	1,457	1,541	207	15.5%
Total, military personnel costs [3]	68,632	71,702	73,755	5,123	7.5%
Grand total, personnel costs	**239,061**	**250,727**	**258,128**	**19,067**	**8.0%**
ADDENDUM					
Former Civilian Personnel:					
Retired pay for former personnel	44,767	46,488	48,636	3,869	8.6%
Government payment for Annuitants:					
Employee health benefits	4,610	4,995	5,354	744	16.1%
Employee life insurance	31	33	35	4	12.9%
Total Former Civilian Personnel	49,408	51,516	54,025	4,617	9.3%
Former Military personnel:					
Retired pay for former personnel	607	653	693	86	14.2%

[1] Includes transfers from general revenues in addition to employing agency's contributions for the cost of employee benefits. The transfers amounted to $8,759 million in 1999 and are estimated to be $8,838 in 2000 million and $8,939 million in 2001.

[2] Excludes members and officers of the Senate.

[3] Excludes reserve components.

11. STRENGTHENING FEDERAL STATISTICS

Our economy's complexity, growth, and rapid structural changes demand that public and private leaders have unbiased, relevant information on which to base their decisions. Data on real Gross Domestic Product (GDP), the Consumer Price Index (CPI), and the trade deficit, for example, have a major impact on government spending, budget projections, and the allocation of Federal funds. They also are critical inputs to monetary, fiscal, trade, and regulatory policy. Economic data, such as measures of price change, have as well a significant influence on interest rates and cost-of-living adjustments that affect every American who runs a business, saves for retirement, or mortgages a home.

Similarly, timely, comparable data on the characteristics of the U.S. population are essential to monitor societal changes. Of great import in 2001 will be the delivery of Census 2000 data used to apportion congressional seats among the States, redistrict at State and local levels, and allocate locally each year nearly $200 billion in Federal funds. In 1999 and 2000, our Nation invested the resources necessary to plan and implement the most extensive effort ever to count every American. Greater understanding of the value and importance of accurate and complete Census 2000 data has been realized through local partnerships established nationwide and through an ambitious advertising and promotion program.

The American Community Survey (ACS) is a revolutionary initiative of the statistical system that will provide community profiles similar to those from the decennial census on a far more current basis. For geographic areas with populations greater than 65,000, these profiles will be produced every year. For smaller areas, the ACS will accumulate or average data over several years to obtain annual estimates similar in quality and reliability to those currently available only once each decade. Thus, every jurisdiction ultimately will have annual information that illuminates change over time. (The official counts of the population will continue to come from the decennial census and the intercensal estimates program.) Because the American Community Survey will provide essentially the same information as the current decennial census long form, the Census Bureau plans to eliminate the long form in the 2010 Census, thereby focusing that effort on counting the population. In 2001, continued development of the Master Address File will be a key component of this longer-term strategy.

Under the aegis of the congressionally-mandated Interagency Council on Statistical Policy (ICSP), the principal statistical agencies continue to extend their collaborative endeavors to improve the overall performance and efficiency of the Federal statistical system. For example, the ICSP is supporting FedStats (www.fedstats.gov), the "one-stop shopping" Internet site for Federal statistics that permits easy access via an initial point of entry to the wide array of statistical information available to the public from 70 Federal agencies. In 1999, FedStats increased from 28 to 40 the number of agencies whose data series are indexed there, developed a Kid's Page to foster improvements in statistical literacy by linking to agency Web pages especially designed for children in elementary through high school, and launched an interactive map-based application to access State and county data.

The statistical system is also working effectively to enhance the quality of the data agencies produce. For example, last year the Administration actively supported House passage of the Statistical Efficiency Act of 1999 (H.R. 2885) that will permit limited sharing of confidential data among selected agencies solely for statistical purposes. Enactment of this legislation will create the framework for statistical agencies to compare and improve the quality of their data. Senate passage of this legislation, and congressional action on a companion Treasury Department proposal that would make complementary changes to provisions set forth in the "Statistical Use" section of the Internal Revenue Code, continue to be top priorities of the Administration.

Despite these accomplishments, rapid changes in our economy and society, and funding levels that do not enable statistical agencies to keep pace with them, can threaten the relevance and accuracy of our Nation's key statistics. Any growing inability of our statistical system to mirror accurately our economy and society, including the unprecedented growth of electronic commerce, could undermine core government activities, such as the accurate allocation of scarce Federal funds. Fortunately, the most serious shortcomings of our statistical infrastructure would be substantially mitigated by five proposals set forth in the Administration's budget. In particular, these initiatives would:

- develop an integrated statistical base for analysis of the effects of E-business across our Nation's products and industries, including changes in the structure of investment, pricing, and distribution practices (Bureau of Economic Analysis and the Bureau of the Census);
- support the tabulation, analysis, and dissemination of Census 2000 data and related evaluations of their accuracy and coverage in order to reap the benefits of Census 2000 investments (Bureau of the Census);
- improve coverage of the construction and service sectors in the Producer Price Index (which may also produce methodological techniques that further improve the Consumer Price Index) and en-

hance coverage of the service sector in BLS productivity estimates (Bureau of Labor Statistics);
- continue the phased implementation of the American Community Survey program to produce far more timely data for States and local areas that will be used for various purposes, including the distribution of nearly $200 billion in Federal funds annually (Bureau of the Census); and
- provide new statutory authority for the limited sharing of data among designated Federal agencies solely for statistical purposes. The proposed changes would permit these statistical agencies to manage information in many important respects as if they were part of a single agency, thereby increasing the accuracy of statistical estimates and the efficiency of Federal data collection.

Taken together, statistics produced by the Federal Government on demographic, economic, and social conditions and trends are essential to inform decisions that are made by virtually every organization and household in our Nation. The U.S. Federal statistical system comprises some 70 agencies that collect, analyze, and disseminate information for use by governments, businesses, researchers, and the public. Approximately one third of the funding for the statistical system provides resources for ten agencies that have statistical activities as their principal mission. (Please see Table 11–1.) The remaining funding is spread among some sixty agencies that carry out statistical activities in conjunction with other missions such as providing services or enforcing regulations. The following highlights elaborate on the Administration's proposals to strengthen the programs of the principal Federal statistical agencies.

HIGHLIGHTS OF 2001 PROGRAM CHANGES FOR PRINCIPAL STATISTICAL AGENCIES

Bureau of Economic Analysis: Funding is requested to develop new data sources and methods to measure rapidly growing E-business activity and to incorporate that information into BEA's economic accounts. In order to account for the impact of E-business on the economy, BEA will work with other statistical agencies to: (1) ensure that E-business, including related investment, is captured in our estimates of Gross Domestic Product and other economic accounts data, and (2) develop estimates of the impact of E-business across products and industries, including investment, prices, and distribution.

Bureau of Justice Statistics: Funding is requested to: (1) develop an ongoing statistical program that provides systematic and recurring information on criminal victimization of persons with disabilities; (2) develop and monitor statistical measures designed to examine concerns about racial discrimination in the administration of justice; (3) gather administrative data from law enforcement agencies on the content and consequences of police-initiated stops of motorists for routine traffic violations; (4) begin converting existing paper-based collections of administrative data from State and local units of government to Internet-based, paperless collection programs; (5) gather information on changes over time in the incidence and prevalence, costs and consequences, and prosecutions, convictions, and sentencing of computer crime offenses; (6) produce consistent annual measures of the incidence of hate crimes; and (7) develop a tribal data collection program to collect data on the types and characteristics of criminal justice agencies operating in these jurisdictions.

Bureau of Labor Statistics: Funding is requested to: (1) extend Producer Price Index (PPI) coverage for the first time to the construction sector of the U.S. economy, and enhance coverage of the service sector in the PPI and in BLS productivity data; (2) begin a new survey to measure how Americans spend their time in order to improve assessments of national well-being and production, and produce diary estimates of time spent in market work to evaluate existing estimates of hours of work; (3) provide technical guidance for a new Federal-State cooperative employment projections program to enhance the comparability of data among the States, and between State and national projections; (4) increase the scope of labor market information for States and local areas, and improve the statistical quality of local area unemployment statistics used to allocate Federal funds; (5) deploy and operate a comprehensive and sound information technology security environment (through a central Department of Labor appropriation); and (6) contract with the National Research Council (NRC) to develop improved methods to measure discrimination in labor markets and employment relationships.

Bureau of the Census: Funding is requested for Census 2000, for Census Bureau economic and demographic programs, and for renovation of the Bureau's headquarters at the Suitland Federal Center. For Census 2000, funding is requested to: (1) tabulate and disseminate data; (2) complete field work associated with the Accuracy and Coverage Evaluation (ACE) follow-up operations; (3) close out data capture centers and field offices that remained open longer as a result of increased work loads; (4) deliver to the President, by December 31, 2000, the data that will be used to apportion congressional seats among the States; (5) deliver local population counts to the States for redistricting by March 31, 2001; (6) compare data from the American Community Survey (ACS) with Census 2000 results; and (7) begin to evaluate census operations. For Census Bureau economic and demographic programs, funding is requested to: (1) measure E-business; (2) conduct an annual Survey of Minority-Owned Business Enterprises (SMOBE); (3) increase the coverage of export data; (4) continue planning for the 2002 Economic Censuses and Census of Governments; (5) improve measurement of economic well-being; and (6) redesign samples for household surveys. Funding is also requested to undertake planning to renovate the aging, inadequate, and failing building systems at the Suitland Federal Center.

Bureau of Transportation Statistics: Funding is requested to: (1) establish a statistical consulting service to assist department-wide statistical activities and provide support for improving data quality and timeliness for departmental GPRA-related data; (2) develop measures of risk versus measures of exposure to improve the quality of transportation safety data; (3) continue work with the Federal Highway Administration to combine and coordinate the Nationwide Personal Transportation Survey with the American Travel Survey; (4) manage development of the congressionally mandated Intermodal Transportation Data Base, an Internet-based data access and dissemination tool that enables quick response to data-related questions; (5) improve data analyses on patterns of passenger travel and goods movements; (6) initiate development of a comprehensive National Spatial Data Infrastructure by integrating road network data developed at State and local levels; (7) improve statistical tools for geo-spatial data analyses and promote their use in transportation applications; and (8) undertake analyses as directed by Congress in the Transportation Equity Act for the 21st Century (TEA-21), including the International Trade Impact Study and other studies related to international transportation.

Economic Research Service: Funding is requested to: (1) analyze the effects of changes in the structure of the food and agriculture sectors on the competitiveness and efficiency of food and agricultural markets; (2) undertake research and outreach programs on international issues affecting the U.S. food and agriculture sectors and on alleviation of causes of global food insecurity; and (3) support an initiative on economic incentives for carbon sequestration and trace gas emissions control in agriculture. The decrease in ERS total funding reflects the proposal to return funds ($12 million) for the evaluation of domestic food assistance programs to the Food and Nutrition Service.

Energy Information Administration: Funding is requested to: (1) overhaul the natural gas and electricity surveys and data systems to recognize and accommodate the changes in the natural gas and electricity industries brought on by deregulation and restructuring; (2) update EIA's 20-year-old energy consumption surveys; (3) enhance EIA's international analysis capabilities in order to assess carbon mitigation, permit trading, and other global climate change issues; (4) reverse the deterioration in data quality and accuracy in crude oil, diesel, gasoline, and natural gas production surveys; and (5) continue development and integration of energy survey data collection and processing to reduce the costs and improve the timeliness of energy data.

National Agricultural Statistics Service: Funding is requested to: (1) establish a computer security architecture to strengthen NASS's cybersecurity in light of the market sensitivity of the reports released; (2) conduct a monthly hog survey to provide information covering the 17 largest hog-producing States, which account for 92 percent of the U.S. inventory; and (3) collect additional pesticide use information for an expanded list of field crops to address gaps in data needed for accurate chemical risk assessments under the Food Quality Protection Act. The net decrease in the Census of Agriculture program reflects the completion of the Agricultural Economics and Land Ownership Survey that is conducted once each decade.

National Center for Education Statistics: Funding is requested to: (1) continue redesign of the Integrated Postsecondary Education Data System (IPEDS) for a new web-based system; (2) improve dissemination of consumer information on college costs and prices; (3) support the Longitudinal Surveys Program, including the new Educational Longitudinal Study of 2002; (4) continue work on the Birth Cohort of the Early Childhood Longitudinal Study; (5) support Institutional Census Surveys for the Common Core of Data and Libraries programs; (6) improve the Statistics Research and Development Program; and (7) enhance the National Assessment of Educational Progress' research capabilities in Longitudinal Research and Exceptional Children Exclusion Research.

National Center for Health Statistics: Funding is requested to: (1) continue work with States to improve the vital statistics system, including movement toward implementing new model birth and death certificates, and helping to develop electronic birth and death registration systems; (2) proceed with the sample redesign for the National Health Interview Survey, part of a government-wide redesign of household surveys following the decennial census; (3) continue the field operations for the National Health and Nutrition Examination Survey; (4) make further improvements to surveys for monitoring the health care delivery system, including organizational and financial arrangements of providers, as part of a public/private effort to address major data gaps in this area; and (5) make data more readily available to users by improving timeliness and access through use of automated systems and the Internet.

Table 11–1. 1999–2001 BUDGET AUTHORITY FOR PRINCIPAL STATISTICAL AGENCIES

(In millions of dollars)

	1999 actual	2000 estimate	2001 estimate
Bureau of Economic Analysis	43.1	43.8	48.9
Bureau of Justice Statistics	25.0	25.5	33.2
Bureau of Labor Statistics	398.9	413.4	453.6 [1]
Bureau of the Census	1,384.8	4,753.3	719.2
Periodic Censuses and Programs	1,238.7	4,613.3	545.4
Salaries and Expenses	146.1	140.0	173.8
Bureau of Transportation Statistics	31.0	31.0	31.0
Economic Research Service	65.0	65.4	55.4 [2]
Energy Information Administration	70.2	72.4	75.0
National Agricultural Statistics Service [3]	104.0	99.4	100.6
National Center for Education Statistics	108.0	108.0	126.5
Statistics	68.0	68.0	84.0
Assessment	36.0	36.0	38.0
National Asessment Governing Board	4.0	4.0	4.5
National Center for Health Statistics	94.5	105.0	110.0
PHS Evaluation Funds	67.8	71.7	76.7
Budget Authority	26.7	33.3	33.3

[1] Increase includes a new transfer of $20.7 million from elsewhere in the Department of Labor to centralize the preparation of labor market information.

[2] Decrease reflects the proposal to return the 2000 transfer of $12 million for the evaluation of domestic food assistance programs to the Food and Nutrition Service.

[3] Includes funds for the periodic Census of Agriculture and Special Studies of $23.6, $16.5, and $15.0 (million) in 1999, 2000, and 2001, respectively.

FEDERAL BORROWING AND DEBT

12. FEDERAL BORROWING AND DEBT

Debt is the largest legally binding obligation of the Federal Government. At the end of 1999, the Government owed $3,633 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 $5,606 billion. This year, the Government is estimated to pay around $228 billion of interest to the public on its debt.

After 28 consecutive years of deficits financed mainly by borrowing from the public, the Government had a $69 billion unified budget surplus in 1998 and repaid $51 billion of publicly held debt. In 1999, the Government did even better, achieving a $124 billion surplus and repaying $89 billion of publicly held debt. This was a large improvement in its fiscal position from the record $290 billion deficit in 1992. The steady decline in deficits since that year and the eventual surplus were due in large part to the strong economic expansion and the budget discipline of the Omnibus Budget Reconciliation Act of 1993 and the Balanced Budget Act of 1987. The surpluses projected in this budget would substantially reduce Federal debt held by the public over the next few years both, in dollar amount and relative to the size of the Nation's gross domestic product (GDP). It is projected that the publicly held debt will be fully repaid in 2013.

Table 12–1. 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: [3]	
	Current dollars	FY 1996 dollars [1]	GDP	Credit market debt [2]	Total outlays	GDP
1950	219.0	1,260.9	80.1	55.3	11.4	1.8
1955	226.6	1,143.9	57.3	43.3	7.6	1.3
1960	236.8	1,062.5	45.6	33.8	8.5	1.5
1965	260.8	1,093.4	37.9	26.9	8.1	1.4
1970	283.2	987.1	27.9	20.8	7.9	1.5
1975	394.7	1,012.6	25.3	18.4	7.5	1.6
1980	711.9	1,264.1	26.1	18.5	10.6	2.3
1981	789.4	1,278.8	25.8	18.6	12.0	2.7
1982	924.6	1,401.6	28.6	19.8	13.6	3.1
1983	1,137.3	1,650.2	33.0	21.9	13.8	3.3
1984	1,307.0	1,828.3	34.0	22.1	15.7	3.5
1985	1,507.4	2,041.9	36.4	22.3	16.2	3.7
1986	1,740.8	2,303.2	39.6	22.6	16.1	3.6
1987	1,889.9	2,435.8	40.6	22.3	16.0	3.5
1988	2,051.8	2,562.2	40.9	22.2	16.2	3.5
1989	2,191.0	2,634.0	40.5	22.0	16.5	3.5
1990	2,411.8	2,793.4	42.0	22.6	16.2	3.6
1991	2,689.3	3,003.8	45.4	24.1	16.2	3.7
1992	3,000.1	3,275.2	48.2	25.7	15.5	3.5
1993	3,248.8	3,458.7	49.5	26.6	14.9	3.2
1994	3,433.4	3,573.9	49.4	26.7	14.4	3.1
1995	3,604.8	3,674.2	49.2	26.7	15.8	3.3
1996	3,734.5	3,734.5	48.5	26.2	15.8	3.3
1997	3,772.8	3,709.8	46.1	25.2	15.7	3.1
1998	3,721.6	3,612.5	43.1	23.3	15.1	3.0
1999 estimate	3,632.9	3,481.5	39.9	21.7	13.8	2.6
2000 estimate	3,475.9	3,282.5	36.3	......	12.7	2.5
2001 estimate	3,305.0	3,059.6	32.9	......	11.9	2.2
2002 estimate	3,133.7	2,843.6	29.8	......	11.0	2.0
2003 estimate	2,963.2	2,635.8	27.0	......	10.1	1.8
2004 estimate	2,780.7	2,424.9	24.2	......	9.2	1.6
2005 estimate	2,577.5	2,203.6	21.3	......	8.2	1.4

[1] Debt in current dollars deflated by the GDP chain-type price index with fiscal year 1996 equal to 100.

[2] Total credit market debt owed by domestic nonfinancial sectors, modified to be consistent with budget concepts for the measurement of Federal debt. Financial sectors are omitted to avoid double counting, since financial intermediaries borrow in the credit market primarily in order to finance lending in the credit market. Source: Federal Reserve Board flow of funds accounts. Projections are not available.

[3] Interest on debt held by the public is estimated as the interest on the public debt less the ''interest received by trust funds'' (subfunction 901 less subfunctions 902 and 903). It does not include the comparatively small amount of interest on agency debt or the offsets for interest on public debt received by other Government accounts (revolving funds and special funds).

Trends in Federal Debt

Federal debt held by the public has increased fivefold since 1980, as shown in Table 12–1. In 1980, it was $711.9 billion; by the end of 1999, it stood at $3,632.9 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.

After the end of World War II, Federal debt peaked at 109 percent of GDP in 1946. From then until the 1970s, Federal debt grew gradually, but, due to inflation, it declined 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 25.3 percent, and from 55.3 percent of credit market debt to 18.4 percent. 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. Federal debt relative to GDP and credit market debt stopped declining after the middle of the decade, but they did not increase to any significant degree.

The growth of Federal debt held by the public accelerated during the early 1980s due to very large budget deficits. Because the deficits continued to be large until a few years ago, debt continued to grow substantially. With inflation reduced, the rapid growth in nominal debt meant a rapid growth in real debt as well. The ratio of Federal debt to GDP rose from 26.1 percent in 1980 to 49.5 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 18.5 percent to 26.6 percent. Interest outlays on debt held by the public, calculated as a percentage of either total Federal outlays or GDP, increased by about two-fifths.

The growth of Federal debt held by the public was decelerating by the mid-1990s, however, and in 1998 the amount of debt outstanding fell for the first time since the last budget surplus in 1969. Since 1993 the debt has declined markedly relative to either GDP or total credit market debt. Table 12–1 shows that debt as a percentage of GDP is estimated to decline significantly more in the next few years, falling from 39.9 percent in 1999 to 21.3 percent in 2005. The improvement in the last few years reflects the deficit reduction package enacted by the Omnibus Budget Reconciliation Act of 1993, subsequent steps to maintain fiscal discipline, and the long economic expansion that was facilitated by this fiscal policy. The further estimated improvement reflects the expectation that economic growth will continue without accelerating inflation for the foreseeable future.[1] Interest outlays on the debt held by the public are estimated to decline substantially in relationship to either total outlays or GDP over the next six years. Under the projections shown in the next table, the publicly held debt will be fully repaid in 2013.

Debt Held by the Public, Gross Federal Debt, and Liabilities Other Than Debt

The Federal Government issues debt securities for two principal purposes. First, it borrows from the public to finance the Federal deficit.[2] Second, it issues debt to Government accounts, primarily trust funds, that accumulate surpluses. By law, trust fund surpluses generally 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."[3]

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 of 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. Federal borrowing thereby competes with the borrowing of other sectors for financial resources in the credit market, and tends to increase interest rates and reduce private capital accumulation. Borrowing from the public thus affects the size and composition of assets held by the private sector and the perceived wealth of the public. It also increases 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.[4]

[1] Chapter 1 of this volume, "Economic Assumptions," reviews recent economic developments and explains the economic assumptions for this budget.

[2] Debt held by the public was measured until 1988 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 measured value of the debt 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. In 1997 Treasury began to sell inflation-indexed notes and bonds. The recorded value of these securities includes a periodic adjustment for inflation.

[3] The term "agency debt" is defined more narrowly in the budget than customarily in the securities market, where it includes not only the debt of the Federal agencies listed in Table 12–3 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.

[4] The Federal sector of the national income and product accounts provides a measure of the current surplus or deficit that can be used to analyze the effect of Federal fiscal policy on national saving within the framework of an integrated set of measures of aggregate U.S. economic activity. The Federal sector and its differences from the budget are discussed in chapter 16 of this volume, "National Income and Product Accounts." Also see chapter 6 of this volume, Part IV, the section on the analysis of saving and investment.

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 for 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 the funds' collections at a later time than when they receive the money. Public policy may deliberately run surpluses and accumulate debt in trust funds and other Government accounts in anticipation of 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 of the Government, made between two accounts that are 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; it does not provide the account with resources other than a legal claim on the U.S. Treasury; 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 actuarial present value of expected future benefits for either the current participants or a larger group. 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 for these programs.[5] Debt held by the public is therefore a better concept than gross Federal debt for analyzing the effect of the budget on the economy.

Debt securities do not encompass all the liabilities of the Federal Government. For example, accounts payable occur in the normal course of buying goods and services; social security benefits are due as of the end of the month but, according to statute, are payable as of the beginning of the next month; loan guarantee liabilities are incurred when the Government guarantees the payment of interest and principal on private loans; and liabilities for future pension payments are incurred as part of the current compensation for the services performed by Federal civilian and military employees in producing Government outputs. Like debt securities sold in the credit market, these liabilities have their own distinctive effects on the economy. Federal liabilities are analyzed within the broader conceptual framework of Federal resources and responsibilities in chapter 2 of this volume, "Stewardship: Toward a Federal Balance Sheet." The different types of liabilities are reported annually in the financial statements of the major Federal agencies and in the *Financial Report of the United States Government.*[6]

Borrowing and Government Deficits

Table 12–2 summarizes Federal borrowing and debt from 1999 through 2013. In 1999 the Government repaid $89 billion of debt held by the public, and the debt outstanding decreased to $3,633 billion. The Treasury issued $186 billion of debt to Government accounts, and gross Federal debt increased to $5,606 billion.

Debt held by the public.—Table 12–2 shows the relationship between borrowing from the public and the Federal surplus or deficit. 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.

Before 2001, the total or unified budget surplus consists of the on-budget surplus and the surplus of the off-budget 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. The table entry for the off-budget surplus is called the "Social Security solvency lock-box," because the Administration proposes that the future off-budget surpluses be reserved for debt reduction.[7]

[5] Extensive actuarial analyses of the social security and medicare programs are published in the annual reports of the boards of trustees of these funds. Annual actuarial reports are also prepared for Federal employee retirement funds. A summary of actuarial estimates for these and other 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.

[6] The *Financial Report* (formerly *Consolidated Financial Statements*) is published annually by the Financial Management Service, Department of the Treasury.

[7] These proposals are part of a broader budget framework proposal discussed in chapter 13, "Preview Report."

Table 12–2. FEDERAL GOVERNMENT FINANCING AND DEBT[1]

(In billions of dollars)

	1999 Actual	Estimate 2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Financing:															
Surplus or deficit (–)	124	167	184	186	185	195	215	256	292	314	329	363	403	443	479
(Social Security solvency lock-box: Off-budget)	124	148	160	172	184	195	214	224	239	250	260	272	280	295	309
(Social Security interest savings transfer)	....	....	....	....	....	....	....	....	....	....	....	....	100	118	138
(Medicare solvency debt reduction reserve)	....	....	15	13	....	....	....	30	52	64	69	91	22	30	32
(On-budget)	1	19	9	1	*	*	2	1	1	*	*	*	*	*	*
Means of financing other than borrowing from the public:															
Changes in:[2]															
Treasury operating cash balance	–18	16	....	....	....	....	....	....	....	....	....	....	....	....	....
Checks outstanding, deposit funds, etc.[3]	–6	1	2	....	....	....	....	....	....	....	....	....	....	....	....
Seigniorage on coins	1	1	2	2	2	2	2	2	2	2	2	2	2	2	2
Less: Social Security equity purchases	....	....	....	....	....	....	....	....	....	....	....	....	–52	–66	–83
Less: Net financing disbursements:															
Direct loan financing accounts	–19	–29	–18	–18	–17	–16	–16	–16	–16	–15	–15	–15	–16	–16	–16
Guaranteed loan financing accounts	5	*	1	1	1	2	2	2	2	2	2	2	3	3	3
Total, means of financing other than borrowing from the public	–36	–9	–13	–15	–14	–12	–12	–12	–12	–12	–11	–11	–63	–78	–95
Total, repayment of publicly held debt	89	157	171	171	170	183	203	243	280	302	318	352	340	365	384
Change in debt held by the public[4]	–89	–157	–171	–171	–170	–183	–203	–243	–280	–302	–318	–352	–340	–365	–384
Debt Subject to Statutory Limitation, End of Year:															
Debt issued by Treasury	5,578	5,658	5,742	5,828	5,921	6,009	6,096	6,185	6,268	6,347	6,424	6,502	6,595	6,693	6,794
Adjustment for Treasury debt not subject to limitation and agency debt subject to limitation[5]	–15	–15	–15	–15	–15	–15	–15	–15	–15	–15	–15	–15	–15	–15	–15
Adjustment for discount and premium[6]	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
Total, debt subject to statutory limitation[7]	5,568	5,648	5,732	5,819	5,912	5,999	6,086	6,175	6,258	6,337	6,414	6,492	6,585	6,683	6,785
Debt Outstanding, End of Year:															
Gross Federal debt:															
Debt issued by Treasury	5,578	5,658	5,742	5,828	5,921	6,009	6,096	6,185	6,268	6,347	6,424	6,502	6,595	6,693	6,794
Debt issued by other agencies	29	28	27	27	25	24	23	22	20	20	20	20	20	20	20
Total, gross Federal debt	5,606	5,686	5,769	5,855	5,947	6,034	6,118	6,206	6,288	6,367	6,444	6,522	6,615	6,713	6,815
Held by:															
Debt securities held as assets by Government accounts	1,973	2,210	2,464	2,721	2,984	3,253	3,541	3,872	4,234	4,615	5,010	5,440	5,873	6,335	6,821
Social Security	855	1,004	1,164	1,338	1,522	1,717	1,930	2,154	2,392	2,641	2,899	3,170	3,498	3,843	4,206
Federal employee retirement	643	681	717	754	789	824	858	891	922	952	980	1,006	1,034	1,063	1,093
Other	475	525	582	630	672	712	752	828	920	1,023	1,131	1,263	1,341	1,429	1,523
Debt securities held as assets by the public[8]	3,633	3,476	3,305	3,134	2,963	2,781	2,578	2,334	2,054	1,752	1,434	1,082	742	377	**[9]

*$500 million or less.

[1] Almost all Treasury securities held by the public and zero-coupon bonds held by Government accounts are measured at sales price plus amortized discount or less amortized premium. Almost all Agency debt is measured at face value. Almost all 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 a deficit and therefore would have a positive sign. An increase in checks outstanding or deposit fund balances (which are liabilities) would also be a means of financing a deficit and therefore would also have a positive sign.

[3] Besides checks outstanding and deposit funds, includes accrued interest payable on Treasury debt, miscellaneous liability accounts, allocations of special drawing rights, and, as offsets, cash and monetary assets other than the Treasury operating cash balance, miscellaneous asset accounts, and profit on sale of gold.

[4] Includes a $355 million reclassification of debt in 2000. Indian tribal funds that are owned by the Indian tribes and held and managed in a fiduciary capacity by the Government on the tribes' behalf were reclassified from trust funds to deposit funds as of October 1, 1999, and their holdings of Treasury securities were accordingly reclassified from debt held by Government accounts to debt held by the public.

[5] Consists primarily of Federal Financing Bank debt.

[6] 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.

[7] The statutory debt limit is $5,950 billion.

[8] At the end of 1999, the Federal Reserve Banks held $489 billion of Federal securities and the rest of the public held $3,144 billion. Debt held by the Federal Reserve Banks is not estimated for future years.

[9] Total debt will be fully redeemed in 2013. Policy decisions will be required on use of the surplus once debt has been redeemed.

Beginning in 2001, the surplus section of this table shows the effect of the Administration's proposal to reserve part of the on-budget surplus for Medicare solvency and for catastrophic prescription drug coverage. Called "Medicare Solvency Debt Reduction Reserve," these amounts would not be available for spending under the budget resolution or on the PAYGO scorecard. They would be available only for debt reduction, pending their use for Medicare or the catastrophic prescription drug program. Beginning in 2011, the surplus section of this table also shows the Social Security interest savings transfer, which is the proposed payment from the general fund to the Social Security trust funds due to the on-budget interest savings from the cumulative Social Security surplus. Table 12–2 therefore shows the unified budget surplus divided among the Social Security solvency lock-box (off-budget surplus), Social Security interest savings transfer, Medicare Solvency Debt Reduction Reserve, and the on-budget surplus.

Social security, which comprises almost all of the off-budget totals, accounted for nearly all the unified budget surplus in 1999. It is estimated to have large and rising surpluses throughout the projection period, continuing to account for a major part of the estimated unified budget surplus. This will be used to repay the publicly held debt, which decreases from $3,633 billion at the end of 1999 to $1,082 billion at the end of 2010 and is fully repaid in 2013.[8]

The Government's ability to repay debt held by the public, or its need to borrow, depends on the size of the total surplus or deficit and on several other factors—such as the net financing disbursements of credit programs, and changes in the level of cash balances held by the Treasury. As shown in Table 12–2, these other factors—which are formally called "means of financing other than borrowing from the public"—can either increase or decrease the Government's repayment of debt. (An increase in its ability to repay debt is represented by a positive sign, like the surplus; a decrease is represented by a negative sign, like a deficit.) In 1999 the surplus was $124 billion and the "other means of financing" were –$36 billion, so the Government was able to repay $89 billion of publicly held debt. In 2000 the surplus is estimated to grow to $167 billion, and the "other means of financing" are estimated to decline in absolute value to –$9 billion. As a result, the estimated repayment of debt held by the public increases to $158 billion. In 2001 and later years, the estimated surplus increases substantially, as a result of which the Government repays large and generally increasing amounts of debt each year.

When the surplus or deficit is large, it is usually a good approximation to say that "the surplus is used to repay debt held by the public" or "the deficit is financed by borrowing from the public." Over the last 10 years, the cumulative deficit was $1,339 billion and the increase in debt held by the public was $1,442—very similar amounts. The other factors added a total of $103 billion of borrowing over that period, an average of $10 billion per year. The variation was wide, ranging from additional borrowing (or lower repayment) of $36 billion to reduced borrowing of $18 billion. The other factors that affect borrowing do not depend on the size of the surplus or deficit. Thus, when the surplus or deficit is moderate in size, the other factors that affect borrowing may account for a large proportion of the change in Federal debt held by the public.

Many of these other factors are small in most years compared to borrowing from the public, even when the surplus or deficit is relatively small. This is because they are limited by their own nature. Decreases in cash balances, for example, while they may occasionally be large, are inherently limited by past accumulations, which themselves required financing when they were built up.

However, three other factors in the "other means of financing" may be relatively large over longer periods. The first is premiums and discounts on debt buybacks. The Treasury Department plans to buy back some outstanding notes and bonds as part of its effort to manage the reduction of the publicly held debt. The premiums and discounts will be recorded outside the budget totals as a "means of financing other than borrowing from the public." The Treasury has made no firm decision about the timing or the amount of buybacks at this time. Because it is impossible to develop a firm plan prior to completion of the initial operations, this budget includes no estimate of future buyback premiums. When the buybacks do occur, future budgets will record any premium payments or discount collections as a means of financing, and will present them in a separate entry in this table. This classification is discussed in a section of chapter 24, "Budget System and Concepts and Glossary."

The second such factor is equity purchases by the Social Security trust fund, which the Administration proposes to begin in 2011. They are recorded as an "other means of financing" rather than an outlay.

The third such factor 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 cash flows to and from the public resulting from these loans and guarantees are not costs to the Government except for those costs already included in budget outlays. Therefore, they are non-budgetary in nature and are recorded as transactions of the non-budgetary financing account for each credit program.[9] The net cash flows of the financing accounts, including intragovernmental transactions as well as transactions with the public, are called "net financing disbursements." They are defined in the same way as the "out-

[8] For further explanation of the off-budget Federal entities, see chapter 19, "Off-Budget Federal Entities and Non-Budgetary Activities."

[9] The Federal Credit Reform Act of 1990 (sec. 505(b)) requires that the financing accounts be non-budgetary. As explained in chapter 19, "Off-Budget Federal Entities and Non-Budgetary Activities," they are non-budgetary in concept because they do not measure cost. For additional discussion of credit reform, see chapter 24 of this volume, "Budget System and Concepts and Glossary," and the other references cited in chapter 19.

lays" of a budgetary account and therefore affect the ability to repay debt held by the public, or the requirements for borrowing from the public, in the same way as the surplus or deficit.

The net financing disbursements are partly due to intragovernmental transactions with budgetary accounts (the receipt of subsidy payment and the receipt or payment of interest), and partly due to transactions with the public (disbursement and repayment of loans, receipt of interest and fees, payment of default claims, and so forth). An intragovernmental transaction does not affect Federal borrowing from the public. (Although the surplus or deficit changes, the net financing disbursements change in an equal amount with the opposite sign, so the effects cancel out on a net basis.) On the other hand, financing account disbursements to the public increase the requirement for borrowing from the public in the same way as an increase in budget outlays for cash payments to the public. Financing account receipts from the public can be used to finance the payment of the Government's obligations, and therefore reduce the requirement for Federal borrowing from the public in the same way as an increase in budget receipts.

In the early years of credit reform, the financing accounts had little net effect on borrowing requirements, but their impact began to become large in the middle 1990s. By 1999 they required $13 billion of financing, and thus reduced the repayment of debt by this amount; they are estimated to reduce debt repayment by $28 billion in 2000 and by around $13–16 billion per year subsequently. The expansion from the early years was mainly because of the growth of the direct student loan program. 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. Later, when the loans are repaid, Federal borrowing requirements will decrease.

Debt held by Government accounts.—The amount of Federal debt issued to Government accounts depends largely on the surpluses of the trust funds, both on-budget and off-budget, which owned 94 percent of the total Federal debt held by Government accounts at the end of 1999. In 2001, for example, the total trust fund surplus is estimated to be $241 billion, and Government accounts are estimated to invest $253 billion in Federal securities. The difference is because some revolving funds and special funds also hold Federal debt, and because the trust funds may change the amount of their cash assets not currently invested. The amounts of debt held in major accounts and the annual investments are shown in Table 12–4.

Agency Debt

Several Federal agencies, shown in Table 12–3, sell debt securities to the public and to other Government accounts. During 1999, agencies borrowed $2.4 billion from the public. Agency debt is only one percent of Federal debt held by the public.

The reasons for issuing agency debt differ considerably from one agency to another. The predominant agency borrower is the Tennessee Valley Authority, which had borrowed $26.4 billion from the public as of the end of 1999, or 93 percent of the total for all

Table 12–3. AGENCY DEBT

(In millions of dollars)

	Borrowing or repayment (–) of debt			Debt end of 2001 estimate
	1999 actual	2000 estimate	2001 estimate	
Borrowing from the public:				
Housing and Urban Development:				
Federal Housing Administration	–59	4	....	118
Small Business Administration:				
Participation certificates: Section 505 development company	....	....	....	7
Architect of the Capitol	–2	–2	–2	171
Farm Credit System Financial Assistance Corporation	–397	–89	....	775
Federal Deposit Insurance Corporation:				
FSLIC Resolution Fund	....	....	....	63
National Archives	–5	–6	–6	265
Tennessee Valley Authority	2,892	–304	–657	25,417
Total, borrowing from the public	2,429	–397	–665	26,816
Borrowing from other funds:				
Postal Service Fund [2]	–83	–83	....	551
Tennessee Valley Authority [2]	–3,200	....	....	....
Total, borrowing from other funds	**–3,283**	**–83**	....	**551**
Total, agency borrowing	–854	–480	–665	27,367

[1] In previous years this table reported $13.312 million of monetary credits outstanding for the Department of Interior, Bureau of Land Management. It has been determined that these securities were redeemed by the end of 1991. The historical data have been revised as of 1991, but it has not been possible to revise the data for earlier years.

[2] The Postal Service and TVA debt held by other funds is the result of the FFB swapping Postal Service and TVA securities with the Civil Service Retirement and Disability trust fund during 1996 in exchange for Treasury securities having an equal present value. See the narrative for further explanation.

agencies. TVA sells debt primarily to finance capital expenditures and to refund other issues of its existing debt. Almost all of the agency borrowing in 1999 and the debt repayment in 2000–01 is due to TVA.

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 debentures are therefore classified as agency debt. The borrowing by FHA and a few other agencies that have engaged in similar transactions is thus inherent in the way that their programs operate.[10]

Some types of lease-purchase contracts are equivalent to direct Federal construction financed by Federal borrowing. A number of years ago, 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 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 2000 or 2001. The new budgetary treatment was reviewed in connection with the Balanced Budget Act of 1997. Some clarifications were made, but there were no substantive changes from existing practice.

The amount of agency securities sold to the public has been reduced 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.

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 dispute with Congress over the budget and the debt limit four years ago. In February 1996, FFB swapped most of its holdings of TVA and Postal Service debt to the Civil Service Retirement and Disability trust fund (CSRDF) in exchange for Treasury securities. The TVA and Postal Service securities acquired by CSRDF are included in gross Federal debt shown in Table 12–2, are included in Table 12–3 as amounts that agencies borrowed from other funds, and are included in Table 12–4 as agency debt held by Government accounts. Including agency debt held by Government accounts in gross Federal debt is not double counting, because Treasury did 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 had been counted in gross Federal debt. It is assumed for purposes of the budget estimates that CSRDF will hold the agency debt until maturity (or call date), at which time the principal repayments will be invested in Treasury securities.[11]

TVA prepaid its entire $3.2 billion of debt securities held by CSRDF in October 1998. The Omnibus Consolidated and Emergency Appropriations Act of 1999 permitted TVA to prepay this debt at par and provided an appropriation to FFB to cover the prepayment charge otherwise owed. (The appropriation to FFB was used to make CSRDF whole.) The Act also prohibited TVA from borrowing from the FFB in the future. TVA financed the prepayment by borrowing from the public. As a result, its debt held by the public increased $2.9 billion in 1999, while its total debt decreased by $0.3 billion.

Debt Held by Government Accounts

Trust funds, and some public enterprise revolving funds and special funds, accumulate cash in excess of current requirements in order to meet future obligations. These cash surpluses are invested mostly in Treasury debt and, to a very small extent, in agency debt.

Investment by trust funds and other Government accounts has risen greatly over the past two decades. It was $216.1 billion in 1999, as shown in Table 12–4, and it is estimated to rise to $253.5 billion in 2001. The holdings of Federal securities by Government accounts are estimated to grow to $2,464.7 billion by the end of 2001, or 43 percent of the gross Federal debt. This percentage is estimated to rise further in the following years as the budget surpluses reduce the debt

[10] The debt securities of the FSLIC Resolution fund 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.

[11] For further discussion of the debt limit dispute and the swap of securities between the FFB and CSRDF, see *Analytical Perspectives, Budget of the United States Government, Fiscal Year 1998,* pp. 222 and 225.

held by the public and the trust funds continue to accumulate surpluses.

Table 12–4. DEBT HELD BY GOVERNMENT ACCOUNTS [1]

(In millions of dollars)

Description	Investment or disinvestment (–)			Holdings end of 2001 estimate
	1999 actual	2000 estimate	2001 estimate	
Investment in Treasury debt:				
Energy: Nuclear waste disposal fund [1]	548	1,190	1,012	10,136
Health and Human Services:				
Federal hospital insurance trust fund	35,517	9,677	37,827	201,271
Federal supplementary medical insurance trust fund	–12,973	17,956	–3,795	40,689
Vaccine injury compensation trust fund	145	97	87	1,615
Housing and Urban Development:				
Federal Housing Administration mutual mortgage fund	598	3,700	4,600	23,242
Other HUD	369	409	365	6,765
Interior: Abandoned Mine Reclamation fund	97	50	76	1,891
Labor:				
Unemployment trust fund	6,716	8,042	7,716	93,116
Pension Benefit Guaranty Corporation	599	1,121	1,504	11,921
State: Foreign Service retirement and disability trust fund	581	556	568	11,255
Transportation:				
Highway trust fund	10,157	3,354	817	32,254
Airport and airway trust fund	3,864	919	863	14,196
Oil spill liability trust fund	–56	94	–68	1,088
Treasury: Exchange stabilization fund	–748	762	800	16,794
Veterans Affairs:				
National service life insurance trust fund	–55	–161	–209	11,584
Other trust funds	37	20	32	1,848
Federal funds	–7	–9	–17	525
Defense-Civil:				
Military retirement trust fund	7,431	5,059	6,439	152,772
Harbor maintenance trust fund	329	....	....	1,603
Environmental Protection Agency:				
Hazardous substance trust fund	–702	32	1,565	6,190
Leaking underground storage tank trust fund	225	102	215	1,775
International Assistance Programs:				
Overseas Private Investment Corporation	241	118	18	3,220
Office of Personnel Management:				
Civil Service retirement and disability trust fund	33,883	30,623	29,526	540,789
Employees life insurance fund	1,379	979	1,321	23,055
Employees health benefits fund	–430	–226	–146	5,463
Social Security Administration:				
Federal old-age and survivors insurance trust fund [2]	108,944	129,116	138,292	1,029,634
Federal disability insurance trust fund [2]	15,670	20,547	21,810	135,023
Farm Credit System Insurance Corporation:				
Farm Credit Insurance Fund	60	143	....	1,519
Federal Deposit Insurance Corporation:				
Bank Insurance fund	914	665	....	29,024
FSLIC Resolution fund	217	531	–85	2,750
Savings Association Insurance fund	542	391	374	10,909
National Credit Union Administration: Share insurance fund	250	490	450	5,068
Postal Service fund [2]	–191	....	....	809
Railroad Retirement Board trust funds [1]	176	1,089	883	19,239
Other Federal funds	1,062	175	456	7,572
Other trust funds	3,590	–210	203	8,631
Unrealized discount [1]	376	....	....	–1,808
Total, investment in Treasury debt [1]	**219,353**	**237,401**	**253,499**	**2,463,426**
Investment in agency debt:				
Office of Personnel Management:				
Civil Service retirement and disability trust fund	–3,283	–83	....	551
Total, investment in agency debt	**–3,283**	**–83**	....	**551**
Total, investment in Federal debt [1]	**216,070**	**237,318**	**253,499**	**2,463,977**

Table 12–4. DEBT HELD BY GOVERNMENT ACCOUNTS [1]—Continued

(In millions of dollars)

Description	Investment or disinvestment (–) 1999 actual	2000 estimate	2001 estimate	Holdings end of 2001 estimate
MEMORANDUM				
Investment by Federal funds (on-budget)	4,741	9,736	9,553	131,336
Investment by Federal funds (off-budget)	–191	....	....	809
Investment by trust funds (on-budget)	86,529	77,919	83,844	1,168,984
Investment by trust funds (off-budget)	124,615	149,663	160,102	1,164,657
Unrealized discount [1]	376	....	....	–1,808

[1] Debt held by Government accounts is measured at face value except for the Treasury zero-coupon bonds held by the Nuclear Waste Disposal fund and the Railroad Retirement Board (Rail Industry Pension Fund), which are recorded at market or redemption price; and the unrealized discount on Government account series, which is not distributed by account. Changes are not estimated in the unamortized discount of the zero-coupon bonds or the unrealized discount. If recorded at face value, the debt held by the Nuclear Waste Disposal fund would be $7.3 billion higher than recorded in this table at the end of 1999 and the debt held by the Railroad Retirement Board would be $7.1 billion higher.

[2] Off-budget Federal entity.

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 an increasing amount each year: a total of $434.4 billion during 1999–2001, which constitutes 61 percent of the total estimated investment by Government accounts.

In addition to these two funds, the largest investment is by the Federal employee retirement and disability trust funds. The principal trust fund for Federal civilian employees is the civil service retirement and disability trust fund, which accounts for 13 percent of the total investment by Government accounts during 1999–2001. The military retirement trust fund accounts for 3 percent. Altogether, social security and these two retirement funds account for 77 percent of the investment by all Government accounts during this period. At the end of 2001, they are estimated to own 75 percent of the total debt held by Government accounts. The largest other holdings are by the hospital insurance trust fund and the unemployment trust fund.

Technical note on debt reclassifications.—Two holdings of debt have been reclassified from debt held by Government accounts to debt held by the public. Both involve deposit funds. Deposit funds are non-budgetary accounts that record amounts held by the Government temporarily until ownership is determined (such as earnest money paid by bidders for mineral leases) or held by the Government as an agent for others (such as State income taxes withheld from Federal employees' salaries and not yet paid to the States). Because the amounts are not owned by the Government, the transactions of deposit funds are not included in the unified budget receipts, outlays, and surplus or deficit, and the Treasury securities held by deposit funds have normally been included in debt held by the public rather than debt held by Government accounts. [12]

The first reclassification was from applying this dividing line more consistently. Since 1977, two or three deposit funds have been classified as Government accounts, the largest being for Outer Continental Shelf receipts whose ownership was in dispute. The Treasury securities held by these deposit funds have been reclassified as debt held by the public, rather than debt held by Government accounts, and the historical data have been revised retroactively to 1977. The amount reclassified as of September 30, 1999, was $1,742 million.

Second, Indian tribal funds that are owned by Indian tribes and held and managed by the Government in a fiduciary capacity on the tribes' behalf were reclassified from trust funds (within the budget) to deposit funds as of October 1, 1999, and their holdings of Treasury securities were accordingly reclassified from debt held by Government accounts to debt held by the public. The amount of the securities reclassified was $355 million, which, as noted in footnote 4 to table 12–2, means that the decrease in publicly held debt in 2000 will be $355 million less than the repayment of debt. The change in classification is explained in chapter 15, "Trust Funds and Federal Funds."

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 are two kinds of exceptions. First, in 1991, Treasury began to issue zero-coupon bonds to a very few Government accounts. Because the purchase price is a small fraction of par value and the amounts are large, the holdings are recorded in table 12–4 at purchase price plus amortized discount. The only two Government accounts currently affected are the Nuclear Waste Disposal fund in the Department of Energy, and the Rail Industry Pension fund under the Railroad Retirement Board. The total unamortized discount of these zero-coupon bonds was $8.5 billion at the end of 1999.

Second, in September 1993 Treasury 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 zero-coupon bonds or for any debt held by the public, this discount is the amount

[12] Deposit funds are further discussed in a section of chapter 24, "Budget System and Concepts and Glossary."

at the time of issue and is not amortized over the term of the security. In Table 12–4 it is shown as a separate item at the end of the table and not distributed by account. The amount was $1.8 billion at the end of 1999.

Limitations on Federal Debt

Definition of debt subject to limit.—Statutory limitations have usually been placed on Federal debt. Until World War I, the Congress ordinarily authorized a specific amount of debt for each separate issue. Beginning with the Second Liberty Bond Act of 1917, however, the nature of the limitation was modified in several steps until it developed into a ceiling on the total amount of most Federal debt outstanding. This last 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 middle part of Table 12–2 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). The FFB 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 $114 million at the end of 1999. 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.

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 measurement 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 defined in footnote 6 to Table 12–2. The amount is relatively small: $5.5 billion at the end of 1999 compared to the total discount (less premium) of $78.7 billion on all Treasury securities.

Methods of changing the debt limit.—The statutory debt limit has frequently been changed. Since 1960, Congress has passed 68 separate acts to raise the limit, extend the duration of a temporary increase, or revise the definition.[13]

The statutory limit can be changed by normal legislative procedures. It can also be changed as a consequence of the annual congressional budget resolution, which is not itself a law. The budget resolution includes a provision specifying the appropriate level of the debt subject to limit at the end of each fiscal year. The rules of the House of Representatives provide that, when the budget resolution is adopted by both Houses of the Congress, the vote in the House of Representatives is deemed to have been a vote in favor of a joint resolution setting the statutory limit at the level specified in the budget resolution. The joint resolution is transmitted to the Senate for further action. It may be amended in the Senate to change the debt limit provision or in any other way. If it passes both Houses of the Congress, it is sent to the President for his signature. This method directly relates the decision on the debt limit to the decisions on the Federal deficit and other factors that determine the change in the debt subject to limit. Both methods have been used numerous times.

Recent changes in the debt limit.—Major increases in the debt limit were enacted as part of the deficit reduction packages in the Omnibus Budget Reconciliation Acts of 1990 and 1993. 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 together. Both increases in the debt limit were 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. During an extended period of dispute between the President and the Congress, the Treasury Department took a number of administrative actions to keep within the limit and the Congress passed two acts providing temporary exemptions from the limit. In March 1996, although agreement had not been reached on deficit reduction, Congress passed the Contract with America Advancement Act of 1996, one provision of which increased the debt limit from $4,900 billion to $5,500 billion. The President signed the bill into law on March 29.

During 1997, unlike 1996, the President and the Congress reached agreement on a plan to balance the budget. This included a sufficient increase in the debt limit to accommodate Government finances for longer than possible under the limit enacted in the previous year, even though the amount of debt at that time was considerably under the limit. As a result, the Balanced Budget Act of 1997, which the President signed into law on August 5, 1997, increased the debt limit to

[13] The Acts and the statutory limits since 1940 are enumerated in *Historical Tables, Budget of the United States Government,* table 7.3.

$5,950 billion. According to the estimates in Table 12–2, the debt limit will not be reached until 2004.

Federal funds financing and the change in debt subject to limit.—The change in debt held by the public, as shown in Table 12–2, is determined primarily by the total Government deficit or surplus. 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 or surplus and by the factors that determine the change in debt held by Government accounts.

The budget is composed of two groups of funds, Federal funds and trust funds. The Federal funds, in the main, are derived from tax receipts and borrowing and are used for the general purposes of the Government. The trust funds, on the other hand, are financed by taxes or other collections earmarked by law for specified purposes, such as paying social security benefits or making grants to State governments for highway construction.[14]

A Federal funds deficit must generally be financed by borrowing, either by selling securities to the public or by issuing securities to Government accounts that are not within the Federal funds group. 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 funds hold most of the debt held by Government accounts. Very little debt subject to statutory limit is issued for other reasons. The change in debt subject to limit is therefore determined primarily by the Federal funds deficit, which is equal to the difference between the total Government surplus and the trust fund surplus.

Table 12–5 derives the change in debt subject to limit. In 2001 the Federal funds deficit is estimated to be $57.3 billion, and other factors increase the requirement to borrow subject to limit by $26.0 billion. The largest other factor ($17.7 billion) is the direct loan financing accounts. As explained in an earlier section, their net financing 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 sizable. The next largest factor ($9.6 billion) is investment in Treasury securities by revolving funds and special funds in the Federal funds group. As a result of all these factors, the debt subject to limit is estimated to increase by $83.3 billion, in contrast to a $170.9 billion decrease in debt held by the public.

The budget surplus or deficit equals the sum of the Federal funds surplus or deficit and the trust fund surplus or deficit. The trust funds currently have a large surplus, as they have had for a number of years, and it is estimated to grow throughout the projection period.

[14] For further discussion of the trust funds and Federal funds groups, see chapter 15, "Trust Funds and Federal Funds."

Table 12–5. FEDERAL FUNDS FINANCING AND CHANGE IN DEBT SUBJECT TO STATUTORY LIMIT

(In billions of dollars)

Description	1999 actual	Estimate					
		2000	2001	2002	2003	2004	2005
Federal funds surplus or deficit (–)	–88.3	–57.6	–57.3	–71.8	–77.6	–74.3	–72.5
Means of financing other than borrowing:							
Change in:[1]							
Treasury operating cash balance	–17.6	16.5	....	....	....	....	....
Checks outstanding, etc.[2]	–4.3	–2.3	–1.0	....	....	....	....
Deposit fund balances[3]	0.1	....	....	....	....	....	....
Seigniorage on coins	1.0	1.4	1.6	1.6	1.6	1.6	1.6
Less: Net financing disbursements:							
Direct loan financing accounts	–18.6	–28.9	–17.7	–17.6	–17.2	–15.7	–15.6
Guaranteed loan financing accounts	5.2	0.4	1.3	1.4	1.5	1.6	1.7
Total, means of financing other than borrowing	**–34.1**	**–12.6**	**–15.8**	**–14.6**	**–14.2**	**–12.5**	**–12.3**
Decrease or increase (–) in Federal debt held by Federal funds	–4.9	–9.8	–9.6	....	....	....	....
Increase or decrease (–) in Federal debt not subject to limit	–0.8	–0.5	–0.7	–0.8	–1.1	–0.9	–1.8
Total, requirement for Federal funds borrowing subject to debt limit	**128.1**	**80.4**	**83.3**	**87.2**	**92.9**	**87.7**	**86.6**
Adjustment for change in discount or premium[4]	0.1	....	....	....	....	....	....
Adjustment for reclassification of debt	....	0.4	....	....	....	....	....
Increase in debt subject to limit	128.2	80.7	83.3	87.2	92.9	87.7	86.6
ADDENDUM							
Debt subject to statutory limit[5]	5,567.7	5,648.4	5,731.7	5,818.6	5,911.5	5,999.2	6,085.8

[1] A decrease in the Treasury operating cash balance (which is an asset) would be a means of financing the deficit and therefore would 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 would 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 offsets, 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.
[4] 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.
[5] The statutory debt limit is $5,950 billion.

The Federal funds, in contrast, as shown in Table 12–5, continue to have a deficit every year over this period. Mainly because of the Federal funds deficit, the debt subject to limit continues to increase every year while the debt held by the public decreases. This can be seen by comparing the annual increase in debt subject to limit in Table 12–5 with the annual decrease in debt held by the public in Table 12–2. In 2005, for example, when the Government has a $215.4 billion total surplus and the debt held by the public decreases by $203.2 billion, the debt subject to limit increases by $86.6 billion. From the end of 1999 to 2005, debt held by the public decreases by $1,055 billion while debt subject to limit increases by $518 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 12–6, 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 significantly starting in 1970. This increase has been almost entirely due to foreign decisions, both official and private, rather

Table 12–6. 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]	Total [3]	Foreign [4]	Percentage foreign
1965	260.8	12.3	4.7	3.9	0.3	9.6	0.5	4.9
1966	263.7	11.6	4.4	2.9	–0.7	10.1	0.5	5.1
1967	266.6	11.4	4.3	2.9	–0.2	11.1	0.6	5.1
1968	289.5	10.7	3.7	22.9	–0.7	11.9	0.7	5.6
1969	278.1	10.3	3.7	–1.3	–0.4	13.5	0.7	5.3
1970	283.2	14.0	5.0	3.5	3.8	15.4	0.8	5.5
1971	303.0	31.8	10.5	19.8	17.8	16.2	1.3	7.9
1972	322.4	49.2	15.2	19.3	17.3	16.8	2.4	14.2
1973	340.9	59.4	17.4	18.5	10.3	18.7	3.2	17.2
1974	343.7	56.8	16.5	2.8	–2.6	22.7	4.1	17.9
1975	394.7	66.0	16.7	51.0	9.2	25.0	4.5	18.2
1976	477.4	69.8	14.6	82.2	3.8	29.3	4.4	15.1
TQ	495.5	74.6	15.1	18.1	4.9	7.8	1.2	14.9
1977	549.1	95.5	17.4	53.6	20.9	33.8	5.1	15.0
1978	607.1	121.0	19.9	58.0	25.4	40.2	7.9	19.5
1979 [5]	640.3	120.3	18.8	33.2	–0.7	49.9	10.7	21.5
1980	711.9	121.7	17.1	71.6	1.4	62.8	11.0	17.5
1981	789.4	130.7	16.6	77.5	9.0	81.7	16.4	20.1
1982	914.6	140.6	15.2	135.2	9.9	101.2	18.7	18.5
1983	1,137.3	160.1	14.1	212.7	19.5	111.6	19.2	17.2
1984	1,307.0	175.5	13.4	169.7	15.4	133.5	20.3	15.2
1985 [5]	1,507.4	222.9	14.8	200.3	47.4	152.9	23.0	15.1
1986	1,740.8	265.5	15.3	233.4	42.7	159.3	24.2	15.2
1987	1,889.9	279.5	14.8	149.2	14.0	160.4	25.7	16.0
1988	2,051.8	345.9	16.9	161.9	66.4	172.3	29.9	17.4
1989	2,191.0	394.9	18.0	139.1	49.0	189.0	37.1	19.6
1990 [5]	2,411.8	440.3	18.3	220.9	45.4	202.4	40.2	19.9
1991	2,689.3	477.3	17.7	277.5	37.0	214.8	41.3	19.2
1992	3,000.1	535.2	17.8	310.8	57.9	214.5	39.3	18.3
1993	3,248.8	591.3	18.2	247.4	56.1	210.2	39.0	18.6
1994	3,433.4	655.8	19.1	184.7	64.5	210.6	41.9	19.9
1995 [5]	3,604.8	800.4	22.2	171.3	144.6	239.2	54.5	22.8
1996	3,734.5	978.1	26.2	129.7	177.7	246.6	63.7	25.8
1997	3,772.8	1,218.2	32.3	38.3	240.0	250.8	84.2	33.6
1998	3,721.6	1,216.9	32.7	–51.2	–1.2	250.0	91.3	36.5
1999	3,632.9	1,281.3	35.3	–88.7	57.1	234.9	92.7	39.5

[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 (revolving funds and special funds).

[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; increased the estimated foreign holdings as of December 1984 and December 1989; and reduced the estimated holdings as of December 1994. 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, 1989, and 1995 reflects the benchmark revision as well as the net purchases of Federal debt securities.

than the direct marketing of these securities to foreign residents. At the end of fiscal year 1999 foreign holdings of Treasury debt were $1,281.3 billion, which was 35 percent of the total debt held by the public.[15] Foreign central banks owned 43 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 Federal debt held by foreign residents grew greatly over this period, the proportion they own, after growing abruptly in the very early 1970s, did not change much again until about 1995. During 1995–97, however, foreign holdings increased on average by about $200 billion each year, considerably more than total Federal borrowing from the public.[16] As a result, the Federal debt held by individuals and institutions within the United States decreased in absolute amount during those years, and the percentage of Federal debt held by foreign residents grew from 19 percent at the end of 1994 to 32 percent at the end of 1997. The rapid growth of foreign debt holdings ceased in 1998 and turned into a slight decline, almost the only year with a decrease since 1970. In 1999, the debt held by foreigners increased again. Because total debt held by the public decreased in 1998 and 1999, the percentage held by foreigners continued to rise in both years.

Foreign holdings of Federal debt are about one-fifth of the foreign-owned assets in the United States. 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, and thus affects the market for Federal debt. For example, the capital inflow includes deposits in U.S. financial intermediaries that themselves buy Federal debt.

[15] The amounts of debt reported by the Bureau of Economic Analysis, Department of Commerce, are different, but similar in size, due to a different method of valuing the securities.

[16] Table 12–6 shows foreign holdings increasing by only $144.6 billion in 1995. However, as explained in footnote 5 to that table, a benchmark revision reduced the estimated holdings as of December 1994 (by $47.9 billion). Because debt estimates were not revised retroactively, the increase in 1995 was more than the table shows. Before the benchmark revision, the increase was estimated to be $192.6 billion.

Federal, Federally Guaranteed, and Other 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. The Government guarantees borrowing by private and other non-Federal lenders, which is another term for guaranteed lending. In addition to its guarantees, it has established private corporations called “Government-sponsored enterprises,” or GSEs, to provide financial intermediation for specified public purposes; it 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 programs and other forms of assistance are discussed in chapter 8, “Credit and Insurance.” Detailed data are presented in tables at the end of that chapter. Table 12–7 brings together the totals of Federal and federally guaranteed 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 by domestic nonfinancial sectors. The Federal and federally guaranteed lending is recorded at the principal amount. 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. Tables 8–11 and 8–12 in chapter 8 summarize GSE borrowing and lending.

Table 12–7 shows that the participation rate for Federal and federally guaranteed borrowing trended strongly upward from the 1960s to the early 1990s, though with cyclical variation. The trend was dominated by Federal borrowing to finance the growing deficit. Federally guaranteed borrowing, though much larger in absolute terms in 1990 than 1965, was smaller as a percentage of total new borrowing in the credit market. The participation rate has declined sharply since the early 1990s due to the budget surplus and was a negative amount in 1999. These results do not reflect the credit assistance that the Federal Government provides by other means.

Table 12–7. FEDERAL AND FEDERALLY GUARANTEED PARTICIPATION IN THE CREDIT MARKET

(Dollar amounts in billions)

	Actual											Estimate	
	1965	1970	1975	1980	1985	1990	1995	1996	1997	1998	1999	1999	2000
Total net borrowing in credit market [1]	66.8	88.2	169.6	336.9	829.3	704.1	720.4	727.1	713.5	975.3	1,091.4	....	....
Federal borrowing from the public	3.9	3.5	51.0	71.6	200.3	220.9	171.3	129.7	38.3	–51.2	–88.7	–157.1	–170.9
Guaranteed borrowing	5.0	7.8	8.6	31.6	21.6	40.7	26.2	89.9	57.8	58.5	60.8	93.6	94.9
Total, Federal and federally guaranteed borrowing	8.9	11.3	59.6	103.2	221.9	261.6	197.5	219.6	96.1	7.3	–27.9	–63.5	–76.0
Borrowing participation rate (percent)	**13.3**	**12.8**	**35.1**	**30.6**	**26.8**	**37.2**	**27.4**	**30.2**	**13.5**	**0.7**	**–2.6**	....	....
Total net lending in credit market [1]	66.8	88.2	169.6	336.9	829.3	704.1	720.4	727.1	713.5	975.3	1,091.4	....	....
Direct loans	2.0	3.0	12.7	24.2	28.0	2.8	1.6	4.0	12.8	6.8	13.4	14.1	9.9
Guaranteed loans	5.0	7.8	8.6	31.6	21.6	40.7	26.2	89.9	57.8	58.5	60.8	93.6	94.9
Total, Federal and federally guaranteed lending	7.0	10.8	21.3	55.8	49.6	43.5	27.8	93.9	70.6	65.3	74.2	107.7	104.8
Lending participation rate (percent)	**10.5**	**12.2**	**12.6**	**16.6**	**6.0**	**6.2**	**3.9**	**12.9**	**9.9**	**6.7**	**6.8**	....	....

[1] Total net borrowing (or lending) in credit market by domestic nonfinancial sectors, excluding equities. Credit market borrowing (lending) is the acquisition (loan) of funds other than equities through formal credit channels. Financial sectors are omitted from the series used in this table to avoid double counting, because financial intermediaries borrow in the credit market primarily to finance lending in the credit market. Equities, trade credit, security credit, and other sources of funds are also excluded from this series. Source: Federal Reserve Board flow of funds accounts. Projections are not available.

BUDGET ENFORCEMENT ACT PREVIEW REPORT

13. PREVIEW REPORT

The Budget Enforcement Act of 1990 (BEA) was enacted as part of the Omnibus Budget Reconciliation Act of 1990. The BEA established, through 1995, annual limits, or "caps," on discretionary spending, and a pay-as-you-go (PAYGO) requirement that legislation affecting direct spending or receipts not result in a net cost. An across-the-board reduction of non-exempt spending, known as "sequestration," enforces compliance with these constraints. The BEA has been extended several times, most recently by the Balanced Budget Act of 1997 (BBA), which extended the caps and PAYGO requirements through 2002.

The BEA requires that OMB issue a report on the impact of each piece of enacted legislation. It requires three additional reports throughout the year on the overall status of discretionary and PAYGO legislation. This Preview Report, the first of the three required overall status reports, provides the status of discretionary appropriations and PAYGO legislation based on laws enacted as of the end of the first session of the 106th Congress. In addition, it explains the differences between the OMB and CBO estimates of the discretionary caps. The Consolidated Appropriations Act, 2000, eliminated the PAYGO balances for all years as of January 3, 2000.

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.

The President's Budget Proposals and the Budget Process

Changes to the Budget Enforcement Act

Since 1993 when President Clinton took office, one of the Administration's highest priorities has been to reverse record budget deficits as part of a plan to build the economy and restore prosperity. The passage of the Omnibus Budget and Reconciliation Act of 1993 established a deficit reduction plan and a framework for budget discipline—relying on the BEA—intended to cut the deficit in half in five years. The BBA finished the job and returned the budget to surplus ahead of schedule in 1998.

Budget deficits have been eliminated, but the Administration's emphasis on BEA budget restraint and discipline will continue, through an extension of caps and PAYGO. The return to budget surplus means that we must consider how the surplus should be allocated to complement BEA restraints. The Administration's 2001 Budget proposes that the following new framework be the basis for consideration of 2001 and future budgets.

The budget proposes that Social Security be protected and the solvency of the Social Security and Medicare trust funds extended. With enactment of these reforms, as well as the strengthening of Medicare, additional resources would be made available for national needs, including health care initiatives and a tax cut.

Social Security. The Administration proposes a Social Security Solvency Lockbox to ensure that Social Security surpluses are not used for other purposes. The President's plan will ensure that the off-budget surplus is locked away for Social Security. In addition, the solvency of Social Security would be extended by allocating, beginning in 2011, general funds to Social Security from the on-budget surplus to reflect savings in interest costs resulting from reduction in Federal debt held by the public, and by investing a limited share of the general funds transferred to Social Security in corporate equities to earn a higher return.

Medicare. The framework would provide additional resources to extend the solvency of the Hospital Insurance trust fund by ten years, from 2015 to 2025. In addition, the budget would allocate a portion of the on-budget surplus to a new reserve for catastrophic prescription drug coverage. These reserves would make up a new budget category parallel to the existing on-budget and off-budget categories, the Medicare Solvency debt reduction reserve. Amounts in this category would not be available for spending under the budget resolution or on the PAYGO scorecard. This reserve would be available only for debt reduction, pending its use for Medicare or a catastrophic prescription drug program.

The framework would provide a new prescription drug benefit that would modernize Medicare, increase the efficiency of the overall health care system, and relieve a significant out-of-pocket burden on much of the senior population.

Debt reduction. The Administration's budget framework reserves the off-budget surplus for Social Security through a lockbox mechanism that ensures that the off-budget surplus is used to reduce publicly-held debt. Transfers of a part of the on-budget surplus for Medicare solvency and the reserve for catastrophic prescription drug coverage will contribute to further reduction in the public debt, as will the remainder of the on-budget surplus. Reducing publicly-held debt reduces future interest costs on that debt. Reducing interest payments creates on-budget resources that can be transferred to Social Security to extend its solvency.

Other Uses of the On-budget Surplus. Once Social Security and Medicare are strengthened and protected, the budget allocates the on-budget surpluses to other high priority national needs: an expansion of health coverage, the farm safety net, and a tax cut.

Discretionary Caps. Beginning in 2001, the Administration proposes to revise the discretionary caps to reflect the cost of maintaining the operation of the Federal Government at currently enacted levels into the future. The framework provides for raising and extending the discretionary spending caps through 2010, to maintain their viability as a tool for fiscal discipline. The existing highway and transit caps would expire as provided in current law, but there would be a new separate cap for the Lands Legacy initiative. The proposed changes would increase discretionary spending at about the same pace as inflation. The proposals would also reinstate the adjustment included in the original BEA of 1990 for changes in inflation estimates, so that higher-than-expected inflation cannot be used as a reason to abandon the caps in the future. In addition, the Administration proposes a new technical cap adjustment for section 8 housing contract renewals, consistent with the existing BEA adjustment to the discretionary baseline.

Table 1 shows the expansion of discretionary spending enacted over the past three years and the Administration's proposals for discretionary spending caps through 2010 necessary to maintain the existing operations of government.

Restoring Budgetary Conventions. The Administration proposes to replace 2001 advance appropriations, where such appropriations departed from budgetary conventions, with full, up-front funding in 2000. This proposal would not affect advance appropriations that were enacted for programmatic reasons, such as the advance appropriations for the Corporation for Public Broadcasting or those funding multi-year construction programs. The Administration is also proposing to reverse a number of obligation delays and timing shifts and thereby restore traditional budgetary treatment of these items.

PAYGO Enforcement. The budget also proposes to extend the PAYGO enforcement system to 2010.

Other Budget Process Tools

The Administration anticipates that Congress will continue its efforts to reform the budget process during the coming months and urges Congress to consider two budget process changes in particular—biennial budg-

Table 13–1. PROPOSED DISCRETIONARY SPENDING LIMITS

(In millions of dollars)

			2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Original Balanced Budget Act Limits:													
BA	526,857	532,999	537,193	542,032	551,074	....	....	....	....	....	....	....	....
OL	553,268	559,321	564,265	564,396	560,799	....	....	....	....	....	....	....	....
Spending Funded by Alternative Mechanisms:													
BA	8,455	37,014	49,290	....	....	....	....	....	....	....	....	....	....
OL	3,611	19,186	29,750	....	....	....	....	....	....	....	....	....	....
Adjustments for Changes in Concepts and Definitions: [1]													
BA	–1,110	1,456	5,060	....	....	....	....	....	....	....	....	....	....
OL	–2,188	–3,407	23,554	....	....	....	....	....	....	....	....	....	....
Current Services: [2]													
BA	534,202	571,469	591,543	606,983	625,040	640,939	657,091	673,692	690,397	709,171	727,167	745,249	763,777
OL	554,691	575,100	617,569	635,491	648,414	665,380	682,750	698,846	712,234	729,896	748,053	765,833	784,582
Proposed Discretionary Limits By Category:													
Other Discretionary:													
BA	....	....	584,843	612,942	624,080	634,118	648,636	663,936	681,614	699,638	718,146	737,046	756,026
OL	....	....	573,113	593,863	614,222	628,126	677,292	697,697	707,567	721,455	741,629	759,922	778,493
Lands Legacy: [3]													
BA	....	....	[727]	1,400	1,400	1,416	1,451	1,484	1,522	1,560	1,599	1,641	1,684
OL	....	....	[603]	1,004	1,227	1,375	1,410	1,457	1,493	1,533	1,569	1,609	1,652
Violent Crime Reduction:													
BA	....	....	4,500	....	....	....	....	....	....	....	....	....	....
OL	....	....	6,344	....	....	....	....	....	....	....	....	....	....
Highway Category:													
BA	....	....	....	....	....	....	....	....	....	....	....	....	....
OL	....	....	24,574	26,956	27,994	27,817	....	....	....	....	....	....	....
Mass Transit Category:													
BA	....	....	....	....	....	....	....	....	....	....	....	....	....
OL	....	....	4,117	4,595	5,431	5,933	....	....	....	....	....	....	....
Total Discretionary:													
BA	....	....	589,343	614,342	625,480	635,534	650,087	665,420	683,136	701,198	719,745	738,687	757,710
OL	....	....	608,148	626,418	648,874	663,251	678,702	699,154	709,060	722,988	743,198	761,531	780,145

[1] This line includes reestimates, the second and third year effects of emergency appropriations, and changes in concepts and definitions that are not included in the original BBA limits, or in the alternative funding mechanisms.

[2] Enacted program levels are shown for 1998, 1999, and 2000; current services for 2001–2010.

[3] This category is proposed for 2001. Amounts shown in 2000 are for comparability purposes only.

eting and expedited rescission authority—for the reasons given below.

Biennial budgeting. Reaching agreement on budget priorities for two years would provide greater predictability and planning certainty to program administrators and beneficiaries. Making appropriations that cover two fiscal years would also permit congressional committees to perform their oversight functions in the off-year with less distraction.

Expedited rescission authority. The Supreme Court has ruled the Line Item Veto Act unconstitutional, thereby eliminating the President's authority to cancel wasteful items in spending bills. However, under the Impoundment Control Act, the President continues to have authority to propose rescissions of spending to the Congress. Some members of Congress have proposed to strengthen this rescission process, requiring the Congress to vote on all rescission items proposed by the President. Such "expedited rescission" authority would be a useful tool for the President and Congress in their efforts to ensure the effective use of taxpayer dollars.

Budgeting for insurance. The Congress has drafted legislation that would reform the way the Government budgets for insurance. Part of this proposal involves budgeting for insurance programs on an accrual basis. The Administration supports the objective, but more time is needed to develop a satisfactory framework for moving to budgeting for insurance on an accrual basis.

Discretionary Sequestration Report

Discretionary programs are funded annually through the appropriations process. The scorekeeping guidelines accompanying the BEA identify accounts with discretionary resources. The BEA limits budget authority and outlays available for discretionary programs each year through 2002. For 2000, the BEA divided discretionary spending into two categories: violent crime reduction spending and all other discretionary spending. For 2001 and 2002, the BEA specified a single category for all discretionary spending. The Transportation Act for the 21st Century (TEA–21) established two additional categories for highway and mass transit outlays for 1999 through 2003.

OMB monitors compliance with the discretionary spending caps throughout the year. Appropriations that cause a breach in the budget authority or outlay caps trigger an across-the-board reduction (sequester) in discretionary spending to eliminate that breach. The BEA, however, does not require that Congress appropriate the full amount available under the discretionary caps.

Adjustments to discretionary caps.—The BEA permits certain adjustments to the discretionary caps. On January 25, 2000, OMB submitted the Final Sequestration Report for 2000. The report describes 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 adjustments for changes in concepts and definitions, estimates of emergency spending, and adjustments to the highway and mass transit categories. Table 2 summarizes changes to the caps since 1990. Table 3 shows the adjustments made in this Preview Report.

Table 13–2. HISTORICAL SUMMARY OF CHANGES TO DISCRETIONARY SPENDING LIMITS

(In billions of dollars)

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
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**	....	....	....	....
	OL	**514.4**	**524.9**	**534.0**	**534.8**	**540.8**	**547.3**	**547.3**	**547.9**	....	....	....	....
Adjustments for changes in concepts and definitions	BA	....	7.7	8.2	8.2	8.8	–0.6	–0.4	3.1	....	....	....	....
	OL	....	1.0	2.4	2.3	3.0	–0.5	–2.6	–2.8	....	....	....	....
Adjustments for changes in inflation	BA	....	–0.5	–5.1	–9.5	–11.8	3.0	2.6	....	....	....	....	....
	OL	....	–0.3	–2.5	–5.8	–8.8	1.8	2.3	0.9	....	....	....	....
Adjustments for credit reestimates, IRS funding, debt forgiveness, IMF, and CDRs	BA	0.2	0.2	13.0	0.6	0.7	0.1	0.2	0.1	....	....	....	....
	OL	0.3	0.3	0.8	0.8	0.9	0.1	0.3	0.1	....	....	....	....
Adjustments for emergency requirements	BA	0.9	8.3	4.6	12.2	7.7	5.1	1.6	....	....	....	....	....
	OL	1.1	1.8	5.4	9.0	10.1	6.4	5.4	1.7	....	....	....	....
Adjustment pursuant to Sec. 2003 of P.L. 104–19 [1]	BA	....	....	....	....	–15.0	–0.1	–0.1	....	....	....	....	....
	OL	....	....	....	....	–1.1	–3.5	–2.4	–1.5	....	....	....	....
Adjustments for special allowances: Discretionary new budget authority	BA	....	3.5	2.9	2.9	2.9	....	....	....	....	....	....	....
	OL	....	1.4	2.2	2.6	2.7	1.1	0.5	0.1	....	....	....	....
Outlay allowance	BA	....	....	....	....	....	....	....	....	....	....	....	....
	OL	2.6	1.7	0.5	1.0	....	....	....	....	....	....	....	....
Subtotal, adjustments excluding Desert Shield/Desert Storm	BA	1.1	19.2	23.6	14.3	–6.7	7.5	4.0	3.1	....	....	....	....
	OL	3.9	5.9	8.8	10.0	6.8	5.5	3.7	–1.5	....	....	....	....

Table 13–2. HISTORICAL SUMMARY OF CHANGES TO DISCRETIONARY SPENDING LIMITS—Continued

(In billions of dollars)

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Adjustments for Operation Desert Shield/Desert Storm	BA	44.2	14.0	0.6	*	*	....	....	....	....	....	....	....
	OL	33.3	14.9	7.6	2.8	1.1	....	....	....	....	....	....	....
Total adjustments	BA	45.4	33.2	24.2	14.3	–6.7	7.5	4.0	3.1	....	....	....	....
	OL	37.2	20.8	16.4	12.8	7.8	5.5	3.7	–1.5	....	....	....	....
Spending limits as of 2/6/97 [2]	BA	537.1	536.6	535.7	525.1	511.0	526.7	532.0	533.8	....	....	....	....
	OL	551.6	545.7	550.4	547.6	548.6	552.7	551.0	546.4	....	....	....	....
Adjustment to reach discretionary spending limits included in the 1997 Bipartisan Budget Agreement	BA	....	....	....	....	....	....	....	–6.9	....	....	....	....
	OL	....	....	....	....	....	....	....	6.9	....	....	....	....
Statutory Caps as set in 1997 Bipartisan Budget Agreement [3]	BA	....	....	....	....	....	....	....	526.9	533.0	537.2	542.0	551.1
	OL	....	....	....	....	....	....	....	553.3	559.3	564.3	564.4	560.8
Adjustments for changes in concepts and definitions	BA	....	....	....	....	....	....	....	....	–0.2	2.8	–0.1	0.1
	OL	....	....	....	....	....	....	....	....	–0.3	0.1	–0.4	–0.3
Adjustments for emergency requirements	BA	....	....	....	....	....	....	7.7	5.7	31.9	29.8	....	....
	OL	....	....	....	....	....	....	2.7	5.2	22.9	31.5	9.0	3.2
Adjustments for CDRs, Arrearages, EITC	BA	....	....	....	....	....	....	....	0.9	19.4	1.0	....	....
	OL	....	....	....	....	....	....	....	0.5	1.1	0.7	0.6	0.2
Adjustments for special allowances:													
Adjustment for rounding	BA	....	....	....	....	....	....	....	....	....	1.1	....	....
	OL	....	....	....	....	....	....	....	....	....	....	....	....
Outlay adjustment	BA	....	....	....	....	....	....	....	....	....	....	....	....
	OL	....	....	....	....	....	....	....	1.2	....	0.8	....	....
TEA–21 Adjustment (Net)	BA	....	....	....	....	....	....	....	....	–0.9	–0.9	–0.9	–0.9
	OL	....	....	....	....	....	....	....	....	1.1	2.6	5.2	6.7
Final Sequestration Report spending limits [3]	**BA**	**537.1**	**536.6**	**535.7**	**525.1**	**511.0**	**526.7**	**539.7**	**533.5**	**583.2**	**571.0**	**541.0**	**550.3**
	OL	**551.6**	**545.7**	**550.4**	**547.6**	**548.6**	**552.7**	**553.7**	**560.2**	**584.1**	**599.9**	**578.8**	**570.6**

* Less than $50 million.

** Sec. 8101(a) of P.L. 105–178, the Transportation Equity Act for the 21st Century (TEA–21), which was signed by the President on June 6, 1998, established two new discretionary spending categories: Highway and Mass Transit. Sec. 8101(b) of TEA–21 provided for an offsetting adjustment in the existing discretionary spending limits.

[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 1995–1998 by the aggregate estimate by the amount of 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 Discretionary spending limits.

Table 13–3. PREVIEW REPORT ADJUSTMENTS TO DISCRETIONARY SPENDING LIMITS

(In millions of dollars)

		2000	2001	2002
VIOLENT CRIME REDUCTION SPENDING				
Final Sequestration Report Spending Limits	**BA**	**4,500**		
	OL	**6,344**		
Adjustments for the Preview Report:				
No Adjustments	BA			
	OL			
Preview Report Spending Limits	**BA**	**4,500**		
	OL	**6,344**		
HIGHWAY CATEGORY				
Final Sequestration Report Spending Limits	**BA**			
	OL	**24,574**	**26,219**	**26,663**
Adjustments for the Preview Report:				
Technical Outlay Adjustment	BA			
	OL		–125	8
Adjustment for Revenue Alligned Budget Authority	BA			
	OL		826	1,254
Subtotal, Adjustments for the Preview Report	**BA**			
	OL		**701**	**1,262**
Preview Report Spending Limits	**BA**			
	OL	**24,574**	**26,920**	**27,925**
MASS TRANSIT CATEGORY				
Final Sequestration Report Spending Limits	**BA**			
	OL	**4,117**	**4,888**	**5,384**
Adjustments for the Preview Report:				
Technical Outlay Adjustment	BA			
	OL		–249	35
Subtotal, Adjustments for the Preview Report	**BA**			
	OL		**–249**	**35**
Preview Report Spending Limits	**BA**			
	OL	**4,117**	**4,639**	**5,419**
OTHER DISCRETIONARY SPENDING				
Final Sequestration Report Spending Limits	**BA**	**563,603**	**541,324**	**550,382**
	OL	**564,870**	**547,522**	**537,279**
Adjustments for the Preview Report:				
Changes in Concepts and Definitions	BA	2,859	–59	–59
	OL		–59	–59
Discretionary Changes in Mandatory Programs	BA		–180	
	OL		–206	1
Contingent Emergency Appropriations Released	BA	10	10	10
	OL	43	22	10
Subtotal, Adjustments for the Preview Report	**BA**	**2,869**	**–229**	**–49**
	OL	**43**	**–243**	**–48**
Preview Report Spending Limits	**BA**	**566,472**	**541,095**	**550,333**
	OL	**564,913**	**547,279**	**537,231**
Anticipated Other Adjustments:				
Adjustment for Repealing FY 2000 Pay Delay	BA			
	OL	4,297		
Adjustment for Repealing FY 2000 Obligation Delays	BA			
	OL	1,749		
Adjustment for Repealing Certain Advance Appropriations	BA	14,385		
	OL			
Kosovo, Plan Colombia, and Other Emergency Supplemental Requests	BA	3,986		
	OL	2,154	979	309

Table 13–3. PREVIEW REPORT ADJUSTMENTS TO DISCRETIONARY SPENDING LIMITS—Continued

(In millions of dollars)

		2000	2001	2002
Subtotal, Anticipated Other Adjustments	BA	18,371	....	....
	OL	8,200	979	309
Preview Report Spending Limits, Including Anticipated Adjustments	BA	584,843	541,095	550,333
	OL	573,113	548,258	537,540
TOTAL DISCRETIONARY SPENDING				
Update Report Total Discretionary Spending Limits	BA	536,271	541,324	550,382
	OL	570,945	571,047	567,019
Final Sequestration Report Spending Limits	BA	568,103	541,324	550,382
	OL	599,905	578,629	569,326
Preview Report Spending Limits	BA	570,972	541,095	550,333
	OL	599,948	578,838	570,575
Preview Report Including Anticipated Adjustments	BA	589,343	541,095	550,333
	OL	608,148	579,817	570,884

After consultation with the Congressional Budget Committees and the Congressional Budget Office, OMB has agreed to make two changes to budget scoring and to adjust the discretionary caps accordingly. First, receipts from purchase power and wheeling activities associated with the Department of Energy's Power Marketing Administrations have been reclassified as discretionary. Since these receipts reduce net discretionary budget authority and outlays, the caps are reduced by approximately $60 million in 2001 and 2002. Second, OMB has changed its scoring of budget authority for contingent emergency appropriations (funding for amounts that the President and the Congress designate as "emergency requirements"), to be consistent with congressional scoring practice. In prior years, OMB waited to score contingent emergency appropriations until the President designated them as "emergency requirements," and then increased the discretionary caps by the budget authority made available and the estimated outlays. Beginning with 2000, OMB will score emergency budget authority in its seven-day cost estimate of the bill. OMB will estimate outlays when the funds are actually released by the President, and will reflect the estimates in the subsequent sequestration report. Table 4 shows the effect of this change on OMB's scoring of the 2000 appropriations acts.

Included in the adjustment for changes in concepts and definitions is a reduction of $180 million in budget authority and $206 million in outlays in 2001, for the second year effect of provisions in the 2000 appropriations bills that modified mandatory programs. Under the BEA, the discretionary caps are adjusted by the amount of the savings or costs of these modifications.

The outlay caps have also been increased for contingent emergency appropriations that have been released since the transmittal of the Final Sequestration Report. This adjustment includes funds for the Low Income Home Energy Assistance Program, which will help address the needs of Alaska and 10 New England and Mid-Atlantic States experiencing recent increases in home heating fuel costs.

In addition, TEA–21 requires two adjustments to the discretionary outlay caps for the highway and transit categories. The outlay cap for highways has been increased by $826 million in 2001 because of higher than anticipated receipts in 1999 and higher estimated receipts in 2001. A downward adjustment of $125 million has also been made to reflect changes in technical assumptions since last year's Preview Report. Adjustments for the same reasons have been made in 2002 and 2003. The mass transit outlay caps have been decreased due to revised technical assumptions. Table 5 shows how the adjustments to the highway and transit categories have been calculated.

In addition to the adjustments outlined above, the Administration has included several proposals in the budget that would result in cap adjustments upon their enactment. They are described below.

Adjustments Included in Proposed Limits That Would be Made Under Existing Authority:

- *Earned Income Tax Credit (EITC) Compliance Initiative*.—The budget contains funding for EITC compliance initiatives, including the detection and enforcement of EITC eligibility rules in order to reduce the number of erroneous EITC claims. Adjustments are limited to the budget authority and outlay estimates authorized in P.L. 105-33. The 2000 Treasury and General Government Appropriations Act provided $144 million for EITC compliance. Funding for these payments in 2001 through 2010 is included in the proposed caps in Table 1.
- *Continuing Disability Reviews*.—The budget includes funding for additional continuing disability reviews (CDRs) under the heading, "Limitation on Administrative Expenses" for the Social Security

Table 13–4. ADJUSTMENTS TO SCORING OF FY 2000 APPROPRIATIONS ACTION FOR CHANGES IN SCORING CONVENTIONS

(In millions of dollars)

	BA	Outlays
OTHER DISCRETIONARY		
Total Enacted	562,045	561,407
Change in Treatment of Contingent Emergency Spending [1]	2,870	....
Total Enacted, Adjusted for Changes in Treatment of Contingent Emergency Spending	564,915	561,407
Final Sequestration Report Other Discretionary Limits [1]	566,461	563,602
CONGRESSIONAL ACTION OVER/UNDER(–) LIMITS	–1,546	–2,195
VIOLENT CRIME REDUCTION		
Total Enacted	4,500	6,344
Final Sequestration Report Violent Crime Reduction Limits	4,500	6,344
CONGRESSIONAL ACTION OVER/UNDER(–) LIMITS	....	....
HIGHWAY CATEGORY		
Total Enacted	....	24,574
Final Sequestration Report Highway Category Limits	....	24,574
CONGRESSIONAL ACTION OVER/UNDER(–) LIMITS	....	....
MASS TRANSIT CATEGORY		
Total Enacted	....	4,117
Final Sequestration Report Mass Transit Category Limits	....	4,117
CONGRESSIONAL ACTION OVER/UNDER(–) LIMITS	....	....
TOTAL DISCRETIONARY SPENDING—ALL CATEGORIES		
Total Enacted Discretionary Spending	569,415	596,442
Final Sequestration Report Discretionary Limits	570,961	598,637
CONGRESSIONAL ACTION OVER/UNDER(–) LIMITS	–1,546	–2,195

[1] Beginning with FY 2000 Appropriations Acts, OMB will change its scoring of contingent emergency appropriations. When appropriations acts include contingent emergency funds, OMB will score budget authrority with that act. Outlays will be estimated when the funds are actually released by the President, and will be reflected in the next sequestration report. This table shows the effect of scoring, as emergency appropriations, the remaining unreleased FY 2000 contingent emergency appropriations.

Administration. The law limits adjustments to the budget authority and outlay estimates authorized in the BBA of 1997. CDRs are conducted to verify that recipients of Social Security disability insurance benefits and Supplemental Security Income benefits for persons with disabilities are still disabled. The Labor, Health and Human Services, Education, and Related Agencies Appropriations Act for 2000 provided $405 million for CDRs. Funding for these payments in 2001 through 2010 is included in the proposed caps in Table 1.

- *Adoption Incentive Payments*.—The Adoption and Safe Families Act of 1997 authorizes bonus payments to States that increase the number of adoptions from the foster care system. It provides for a discretionary cap adjustment for appropriations up to $20 million annually in each of the years 1999 through 2003. It is assumed that the cost of adoption bonuses will be offset by reductions in mandatory foster care costs. Funding for these payments in 2001 through 2010 is included in the proposed caps in Table 1.
- *Contingent Emergency Appropriations*.—The budget requests over $3 billion in emergency appropriations for several programs that provide assistance to the victims of natural disasters, manage wildland fires, and provide assistance to States with low-income populations who are adversely affected by large increases in home heating/cooling costs. In addition, the budget includes $4 billion in emergency supplemental requests to support peacekeeping activities in Kosovo, anti-drug activities in Colombia, and for disaster relief. These amounts are included in the proposed caps in Table 1.

Comparison of OMB and CBO discretionary caps.—Section 254(d)(5) of the BEA requires this report to explain the differences between the OMB and CBO estimates of the discretionary spending caps. CBO uses the discretionary caps included in OMB's Final Sequestration Report as the starting point for the adjustments it publishes in its Preview Report. OMB submitted its Final Sequestration Report on January 25th, and CBO did not have time to make its adjustments before OMB's Preview Report went to print.

Table 13–5. ADJUSTMENTS TO THE HIGHWAY AND MASS TRANSIT CATEGORIES FOR CHANGES IN RECEIPTS AND TECHNICAL ASSUMPTIONS

(In millions of dollars)

	2001	2002	2003
HIGHWAY CATEGORY			
Obligation Limitations Assumed in FY 2000 Preview Report	**27,158**	**27,767**	**28,233**
Adjustments:			
Difference Between Current and Previous Estimate of FY 2001 Highway Tax Receipts	1,196	....	....
Difference Between FY 1999 Actual and Estimated Highway Tax Receipts	1,862	....	....
Subtotal, Obligation Limitation Adjustment	3,058	....	....
FY 2001 Preview Report Obligation Limitation	**30,216**	**27,767**	**28,233**
Outlay Limits in FY 2000 Preview Report	**26,219**	**26,663**	**27,043**
Adjustments:			
Increase in FY 2001 Obligation Limitation	826	1,254	489
Change in Technical Assumptions:			
Reestimate of Outlays from Obligation Limitation, Using Current Technical Assumptions	**26,920**	**27,925**	**27,621**
FY 2000 Preview Report Outlays from Obligation Level, Adjusted to Include Outlays from change in Obligation Limitation	**27,045**	**27,917**	**27,532**
Adjustment for Changes in Technical Assumptions	–125	8	89
Total Adjustments	**701**	**1,262**	**578**
Outlay Limits in FY 2001 Preview Report	**26,920**	**27,925**	**27,621**
MASS TRANSIT CATEGORY			
Outlay Limits in FY 2000 Preview Report	**4,888**	**5,384**	**6,124**
Adjustment:			
Change in Technical Assumptions:			
Reestimate of Outlays from Obligation Limitation, Using Current Technical Assumptions	4,639	5,419	5,910
FY 2000 Preview Report Outlays	4,888	5,384	6,124
Adjustment for Changes in Technical Assumptions	–249	35	–214
Total Adjustment	**–249**	**35**	**–214**
Outlay Limits in FY 2001 Preview Report	**4,639**	**5,419**	**5,910**

Table 13–6. COMPARISON OF OMB AND CBO DISCRETIONARY SPENDING LIMITS

(In millions of dollars)

	1998	1999	2000	2001	2002
Non-Defense Discretionary					
CBO Final Sequestration Report limits:					
BA	256,148	290,562	N/A	N/A	N/A
OL	286,325	277,097	N/A	N/A	N/A
OMB Final Sequestration Report limits:					
BA	256,148	290,562	N/A	N/A	N/A
OL	286,325	277,097	N/A	N/A	N/A
Difference:					
BA	....	....	N/A	N/A	N/A
OL	....	....	N/A	N/A	N/A
Defense Discretionary					
CBO Final Sequestration Report limits:					
BA	271,832	286,850	N/A	N/A	N/A
OL	269,079	275,732	N/A	N/A	N/A
OMB Final Sequestration Report limits:					
BA	271,832	286,850	N/A	N/A	N/A
OL	269,079	275,732	N/A	N/A	N/A
Difference:					
BA	....	....	N/A	N/A	N/A
OL	....	....	N/A	N/A	N/A
Violent Crime Reduction					
CBO Final Sequestration Report limits:					
BA	5,500	5,800	4,500	N/A	N/A
OL	4,833	4,953	6,344	N/A	N/A
OMB Final Sequestration Report limits:					
BA	5,500	5,800	4,500	N/A	N/A
OL	4,833	4,953	6,344	N/A	N/A
Difference:					
BA	....	....	....	N/A	N/A
OL	....	....	....	N/A	N/A
Highway Category					
CBO Final Sequestration Report limits:					
BA	N/A	....	....	....	....
OL	N/A	21,991	24,574	26,219	26,663
OMB Final Sequestration Report limits:					
BA	N/A	....	....	....	....
OL	N/A	21,991	24,574	26,920	27,925
Difference:					
BA	N/A	....	....	....	....
OL	N/A	....	....	701	1,262
Mass Transit Category					
CBO Final Sequestration Report limits:					
BA	N/A	....	....	....	....
OL	N/A	4,401	4,117	4,888	5,384
OMB Final Sequestration Report limits:					
BA	N/A	....	....	....	....
OL	N/A	4,401	4,117	4,639	5,419
Difference:					
BA	N/A	....	....	....	....
OL	N/A	....	....	–249	35
Other Discretionary					
CBO Final Sequestration Report limits:					
BA	N/A	N/A	563,602	541,324	550,382
OL	N/A	N/A	564,870	547,522	537,279
OMB Final Sequestration Report limits:					
BA	N/A	N/A	566,472	541,095	550,333
OL	N/A	N/A	564,913	547,279	537,231

Table 13–6. COMPARISON OF OMB AND CBO DISCRETIONARY SPENDING LIMITS—Continued

(In millions of dollars)

	1998	1999	2000	2001	2002
Difference:					
BA	N/A	N/A	2,870	–229	–49
OL	N/A	N/A	43	–243	–48
Total Discretionary Spending Limits					
CBO Final Sequestration Report limits:					
BA	533,480	583,212	568,102	541,324	550,382
OL	560,237	584,174	599,905	578,629	569,326
OMB Final Sequestration Report limits:					
BA	533,480	583,212	570,972	541,095	550,333
OL	560,237	584,174	599,948	578,838	570,575
Difference:					
BA	....	....	2,870	–229	–49
OL	....	....	43	209	1,249

PAYGO 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 entitlement authority, the food stamp program, and budget authority provided by law other than in appropriations acts. The following are exempt from PAYGO enforcement: Social Security, the Postal Service, legislation specifically designated as an emergency requirement, and legislation fully funding the Federal Government's commitment to protect insured deposits.

The BEA requires that any legislation enacted before October 1, 2002, affecting direct spending or receipts that results in a net cost will trigger an offsetting sequestration.

Sequester determinations. The BEA requires OMB to submit a report to Congress estimating the change in outlays or receipts for the current year, the budget year, and the following four fiscal years resulting from enactment of PAYGO legislation. The estimates, which must rely on the economic and technical assumptions underlying the most recent President's budget, determine whether the PAYGO requirement is met. The PAYGO process requires OMB to maintain a "scorecard" that shows the cumulative deficit impact of such legislation. This Report shows how these past actions affect the upcoming fiscal year.

Table 7 shows the OMB PAYGO scorecard as of January 4, 2000. The Consolidated Appropriations Act set the scorecard to zero for all years as of January 3, 2000.

Table 13–7. PAY-AS-YOU-GO SCORECARD

(In millions of dollars)

	2000	2001	2002	2003	2004	Total 2001–2004
Pay-as-you-go scorecard as of January 4, 2000: [1]						
Revenue impact of enacted legislation	0	0	0	0	0	0
Outlay impact of enacted legislation	0	0	0	0	0	0
Total deficit impact of enacted legislaiton	0	0	0	0	0	0

[1] The Consolidated Appropriations Act set the scorecard to zero for all years on January 3, 2000.

CURRENT SERVICES ESTIMATES

14. CURRENT SERVICES ESTIMATES

The current services baseline is designed to show what receipts, outlays, surpluses or 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 surpluses for 1999 through 2005. 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.

Conceptual Basis for Estimates

Receipts and outlays are divided into two categories that are important for calculating the current services estimates: those controlled by authorizing legislation (direct spending and receipts) and those controlled through the annual appropriations process (discretionary spending). Different estimating rules apply to each category.

Direct spending and receipts.—Direct spending includes the major entitlement programs, such as social security, medicare, medicaid, Federal employee retirement, unemployment compensation, food stamps and other means-tested entitlements. It also includes such programs as deposit insurance and farm price and income supports, where the Government is legally 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 tax rates or benefit levels 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.

Table 14–1. CURRENT SERVICES ESTIMATES, 1999–2005

(In billions of dollars)

	1999	2000	2001	2002	2003	2004	2005
Receipts	1,827.5	1,955.7	2,009.9	2,079.6	2,151.3	2,238.2	2,350.1
Outlays:							
Discretionary:							
Defense	275.5	284.8	295.2	300.5	309.9	318.4	326.3
Nondefense	299.5	324.3	340.3	347.9	355.5	364.4	372.6
Subtotal, discretionary	575.0	609.1	635.5	648.4	665.4	682.8	698.8
Mandatory:							
Social security	387.0	403.3	422.2	443.0	465.3	489.7	516.2
Medicare	187.7	199.5	218.3	223.7	241.9	255.4	277.5
Medicaid	108.0	116.1	124.2	134.0	144.9	156.6	169.8
All other	215.6	228.2	230.6	235.0	252.2	264.9	279.4
Subtotal, mandatory	898.3	947.1	995.2	1,035.6	1,104.3	1,166.6	1,242.9
Net interest	229.7	220.0	208.1	198.5	188.6	176.0	160.9
Total, outlays	1,703.0	1,776.2	1,838.8	1,882.5	1,958.2	2,025.3	2,102.6
Surplus	124.4	179.5	171.2	197.0	193.1	212.9	247.4
On-budget	0.7	31.7	11.1	24.5	8.4	17.9	33.4
Off-budget	123.7	147.8	160.0	172.5	184.7	195.0	214.0

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 in the current services baseline. 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 are assumed to be extended at current rates. During the projection period of 2000 through 2005, taxes deposited in the Leaking Underground Storage Tank trust fund, which are scheduled to expire on March 31, 2005, are the only taxes affected by this exception. Second, direct spending programs that will expire under current law are assumed to be extended if their 1999 outlays exceed $50 million. However, programs enacted after the enactment of the Balanced Budget Act of 1997 that are explicitly temporary in nature can expire in the baseline even if their current year 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 2000, the current services estimates for discretionary programs are equal to the enacted 2000 appropriations. For 2001 through 2005, funding is equal to the 2000 level adjusted for inflation.

Economic Assumptions

The current services estimates are based on the same economic assumptions as the President's budget, which are based on enactment of the President's budget proposals. The economy and the budget interact. Changes in 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 Table 14–2. The economic outlook underlying these assumptions is discussed in greater detail in Chapter 1 of this volume.

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 pro-

Table 14–2. SUMMARY OF ECONOMIC ASSUMPTIONS

(Fiscal years; dollar amounts in billions)

	1999	2000	2001	2002	2003	2004	2005
Gross Domestic Product (GDP):							
Levels, dollar amounts in billions:							
Current dollars	9,115	9,572	10,041	10,502	10,983	11,502	12,084
Real, chained (1996) dollars	8,768	9,077	9,334	9,570	9,810	10,072	10,374
Percent change, year over year:							
Current dollars	5.5	5.0	4.9	4.6	4.6	4.7	5.1
Real, chained (1996) dollars	4.1	3.5	2.8	2.5	2.5	2.7	3.0
Inflation measures (percent change, year/year):							
GDP chained price index	1.3	1.5	2.0	2.0	2.0	2.0	2.0
Consumer price index (all urban)	1.9	2.6	2.4	2.5	2.6	2.6	2.6
Unemployment rate, civilian (percent)	4.3	4.2	4.4	4.9	5.2	5.2	5.2
Interest rates (percent):							
91-day Treasury bills	4.5	5.2	5.2	5.2	5.2	5.2	5.2
10-year Treasury notes	5.3	6.1	6.1	6.1	6.1	6.1	6.1
MEMORANDUM							
Related programmatic assumptions:							
Automatic benefit increases (percent):							
Social security and veterans pensions	1.3	2.4	2.5	2.5	2.6	2.6	2.6
Federal employee retirement	1.3	2.4	2.5	2.5	2.6	2.6	2.6
Food stamps	2.5	1.8	2.9	2.4	2.5	2.6	2.6
Insured unemployment rate	1.8	1.8	1.9	2.1	2.2	2.2	2.2

jections for the major benefit programs are shown in Table 14–3. Assumptions about various automatic cost-of-living-adjustments are shown in Table 14–2.

It is also necessary to make assumptions about the continuation of expiring programs and provisions. Under the BEA, expiring excise taxes dedicated to a trust fund are extended at current rates. In general, mandatory programs with current year spending of at least $50 million are also assumed to continue. All discretionary programs with enacted appropriations in the current year are assumed to continue. However, specific provisions of law that affect mandatory programs (but are not necessary for program operation) are allowed to expire as scheduled. For example, a savings proposal enacted in the Balanced Budget Act that limits, through 2002, veterans' pension benefit payments for medicaid-eligible beneficiaries in nursing homes is allowed to expire. After 2002, these benefits will increase under current law and are reflected at this higher level in the baseline. Table 14–4 provides a listing of mandatory programs and taxes assumed to continue in the baseline after their expiration. These extensions have no effect on 2001 current services estimates. Over the period 2001 through 2005, they add $161.8 billion to current services outlays and $0.1 billion to current services receipts.

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, the use of administrative discretion provided under current law, and other assumptions about the way programs operate. Table 14–4 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 14–3. BENEFICIARY PROJECTIONS FOR MAJOR BENEFIT PROGRAMS

(Annual average, in thousands)

	1999	2000	2001	2002	2003	2004	2005
Federal family education loans	3,494	3,687	3,838	4,010	4,194	4,387	4,590
Federal direct student loans	2,320	1,919	1,997	2,087	2,182	2,282	2,388
Foster care and adoption assistance	499	549	598	649	702	756	816
Medicaid/State Children's Health Insurance Program	33,945	35,425	36,271	37,201	37,982	38,222	38,467
Medicare:							
Hospital Insurance	38,844	39,261	39,702	40,156	40,665	41,223	41,818
Supplementary Medical Insurance	36,932	37,280	37,651	38,009	38,423	38,890	39,380
Railroad retirement	704	684	663	642	622	604	586
Federal civil service retirement	2,369	2,372	2,382	2,391	2,407	2,434	2,459
Military retirement	1,927	1,946	1,961	1,974	1,985	1,995	2,003
Unemployment insurance	7,230	7,280	7,800	8,540	8,910	8,910	8,930
Food stamps	18,188	18,057	18,799	19,141	19,541	19,687	19,766
Child nutrition	29,492	30,843	30,591	31,050	31,458	31,779	32,098
Supplemental security income (SSI):							
Aged	1,218	1,199	1,177	1,157	1,139	1,123	1,109
Blind/Disabled	5,092	5,169	5,264	5,361	5,454	5,541	5,622
Subtotal, SSI	6,310	6,368	6,441	6,518	6,593	6,664	6,731
Child care and development fund [1]	1,750	1,917	2,074	2,134	2,148	2,150	2,110
Social security (OASDI):							
Old age and survivors insurance	37,891	38,169	38,487	38,835	39,170	39,537	39,990
Disability insurance	6,382	6,591	6,826	7,079	7,360	7,678	8,015
Veterans compensation	2,590	2,594	2,587	2,580	2,573	2,566	2,559
Veterans pensions	664	639	616	596	581	567	555

[1] Includes mandatory child care entitlement to States, discretionary Child Care and Development Block Grant, and TANF transfers.

Table 14–4. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE

(In millions of dollars)

	2000	2001	2002	2003	2004	2005
REGULATIONS[1]						
Old age and survivors insurance (OASI) and disabilty insurance (DI):						
Increase in collected overpayments	94	24	12	6	3	2
Medicare, HI:						
Balanced Budget Refinement Act (BBRA) Codifying Regulations	810	2,675	2,210	1,019	665	477
Balanced Budget Act (BBA) 1997 Codifying Regulations	–31,270	–41,680	–49,460	–56,135	–62,905	–68,620
Medicare, SMI:						
BBRA Codifying Regulations	395	3,943	2,992	1,624	468	210
BBRA Administrative Clarification Codifying Regulations	410	800	930	1,150	1,510	1,790
BBA 1997 Codifying Regulations	2,560	4,865	8,430	11,675	11,760	11,965
Medicare, HI and SMI:						
Salary equivalency guidelines for therapists	–20	....	....	....	....	....
Identification of potential organ, tissue, and eye donors	75	115	160	200	240	....
OASIS Home Health	10	....	....	....	....	....
Medicare Disproportionate Share (DSH) Adjustment Calculation	270	370	380	430	450	510
Medicaid:						
BBRA Codifying Regulations	39	375	279	158	114	99
BBA 1997 Codifying Regulations	–107	–660	–1,071	–1,628	–1,825	–1,985
SSI childhood disability standard to implement welfare reform (Medicaid effect)	–125	–125	–135	–150	....	....
Removal of the 100 hour limitation on employment[2]	85	140	160	175	190	210
Medicare and Medicaid:						
Net Medicaid and Medicare effects of upcoming SSA regulation on the substantial gainful activity earnings threshold	–39	–9	–11	–13	–19	....
Supplemental security income (SSI):						
Net effect of upcoming regulations	2	2	3	3	4	4
Food stamps:						
Application of inaccessible assets rule to vehicles	....	60	125	130	135	140
State option for counting ineligible aliens' income	....	2	7	7	7	7
Anticipating income and change reporting	....	22	39	62	65	73
Environmental Protection Agency:						
Tolerance fee rule	....	–27	–30	–10	....	....
Department of Interior:						
Oil valuation royalty rule	–32	–64	–64	–64	–64	–64
EXPIRING AUTHORIZATIONS						
Provisions extended in the baseline (effect of extension):						
Spending:						
Child care entitlement to States	....	....	....	2,717	2,717	2,717
Child nutrition:						
Summer food service program	....	....	....	....	418	454
State administrative expenses	....	....	....	....	144	150
CCC commodity program assistance	....	....	....	10,146	9,154	8,083
Compact of free association	....	....	....	....	140	140
Food stamps:						
Benefit costs	....	....	....	19,164	19,948	20,681
State administrative expenses	....	....	....	2,174	2,239	2,306
Employment and training	....	....	....	336	340	345
Other program costs	....	....	....	43	43	43
Nutrition assistance for Puerto Rico	....	....	....	1,335	1,335	1,335
Food donations on Indian reservations	....	....	....	78	80	81
The emergency food assistance program commodities	....	....	....	100	100	100
Fund for Rural America	....	....	....	....	60	60
Promoting safe and stable families	....	....	52	238	290	299
Temporary assistance for needy families (TANF):						
State family assistance grants (SFAG)	....	....	....	16,489	16,489	16,489
SFAG to territories	....	....	....	78	78	78
Bonus to reward high performance States	....	....	....	....	200	200
Bonus to reward decrease in illegitimacy	....	....	....	100	100	100
Tribal work program	....	....	....	8	8	8
Trade adjustment assistance	....	....	267	303	329	338
Revenues:						
Taxes deposited in Leaking Underground Storage Tank trust fund	....	....	....	....	....	114
Provisions not extended in the baseline (effect of extension):						
Spending:						
Civil service retirement:						
Increased non-Postal agency contributions for employees of 1.51 percent	....	....	....	–294	–346	–298
Customs user fees:						
Coveyance and passenger fees	....	....	....	....	–424	–465

Table 14–4. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued

(In millions of dollars)

	2000	2001	2002	2003	2004	2005
Merchandise processing fees	....	....	....	....	–1,036	–1,059
Medicare, HI:						
Reduction in PPS Capital Payments (BBA Section 4402)	....	....	....	–180	–220	–230
Reduction in PPS Capital Payments (BBA Section 4412)	....	....	....	–130	–150	–160
Medicare, SMI:						
Medicare low income premium assistance	....	....	....	80	90	100
Medicaid:						
Transition benefits	....	....	350	350	400	450
Emergency services for undocumented aliens	....	....	25	25	25	25
VA pensions/nursing home provision	....	....	....	400	400	400
NAFTA transitional trade adjustment assistance	....	....	34	62	70	72
Veterans compensation: rounding down of monthly benefits to the nearest dollar after COLA applied	....	....	....	–14	–33	–52
Veterans pensions:						
Authority to limit benefits to Medicaid-eligible beneficiaries in nursing homes (gross savings)	....	....	....	–499	–504	–514
Authority to verify income of beneficiaries with the IRS	....	....	....	–6	....	....
Veterans housing: Authority to collect higher loan fees and reduce resale losses	....	....	....	–168	–167	–176
Revenues:						
Civil service retirement:						
Increased employee contributions of 0.5 percent	....	....	....	497	676	694
Abandoned mine reclamation fee	....	....	....	....	....	290
OTHER IMPORTANT PROGRAM ASSUMPTIONS						
Child support enforcement (CSE):						
Effect of hold harmless payments to States	11	11	10	....	....	....
Effect of enhanced automated system matching rates	29	22	5	....	....	....
Alternative penalty for Family Support Act systems requirements	107	102	12	....	....	....
Increased Federal costs due to increased incentive payments and reinvestment requirement	19	24	45	46	45	45
Food stamps:						
Tax offset, recoupment, and general claims collection	–102	–102	–102	–102	–102	–102
Quality control liabilities [3]	–67	–68	–72	–75	–81	–84
Allocation of administrative costs between public assistance programs	206	206	206	206	206	206
State incentive payments	39	49	54	55	56	58
Non-employment and training costs of BBA changes to work requirement for able-bodied adults without dependents	44	49	50	52	53	54
Administrative actions to promote employment and training program	5	20	21	21	22	22
Medicare: Medicare Integrity Program (MIP) [4]	–9,875	–10,660	–10,970	–11,290	–11,290	–11,290
Medicaid:						
Home and Community Care for the Frail Elderly (Section 1929)	90	100	110	120	130	140
Financial management recoveries	–128	–136	–146	–158	–171	–185
Vaccines for Children, total program costs	465	469	453	449	417	423
Personal Responsibility and Work Opportunity Reconciliation Act of 1996 [5]	–415	–800	–1,650	–1,885	....	....
Allocation of administrative costs between public assistance programs	31	33	35	38	41	44
48 Hour Maternity Stay	20	20	20	20	20	20
Impact of year 2000 computer changes	80	....	....	....	....	....
Adoption Asistance Bill of 1997	2	2	2	2	2	3
State children's health insurance program outlays included in medicaid	700	700	800	1,000	1,000	1,100
SSI change in effective date for benefits (medicaid effect)	10	10	15	15	15	15
Increase in inpatient and outpatient rates for IHS facilities	30	30	30	30	30	30
HHS Inspector General: Audit and Investigative Recoveries	–770	–840	–980	–1,050	–1,050	....
State children's health insurance program (Title XXI)	1,300	1,905	2,505	3,000	3,100	3,100
Approved Demonstrations: [6]						
Medicare, HI:						
Home Health Prospective Payment:						
Costs	245	....	....	....	....	....
Replacement Benefits	245	....	....	....	....	....
Medicare, SMI:						
Competitive Bidding for Durable Medical Equipment:						
Costs	6	18	18	....	....	....
Replacement Benefits	6	18	18	....	....	....
Telemedicine:						
Costs	1	1	....	....	....	....
Replacement Benefits	1	1	....	....	....	....
Municipal Health:						
Costs	20	2	....	....	....	....
Replacement Benefits	9	1	....	....	....	....
United Mine Workers capitation:						
Costs	408	375	345	317	....	....
Replacement Benefits	416	382	351	323	....	....

Table 14–4. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued

(In millions of dollars)

	2000	2001	2002	2003	2004	2005
Medicare, HI and SMI:						
Competitive Pricing for HMOs						
Costs	2,400	4,650	3,660	2,425	....	....
Replacement Benefits	2,400	4,650	3,660	2,425	....	....
Choices:						
Costs	510	565	283	....	....	....
Replacement Benefits	560	621	311	....	....	....
Community Nursing Organization (CNO):						
Costs	7	....	....	....	....	....
Replacement Benefits	7	....	....	....	....	....
Evercare:						
Costs	140	....	....	....	....	....
Replacement Benefits	140	....	....	....	....	....
End State Renal Disease Managed Care:						
Costs	50	29	....	....	....	....
Replacement Benefits	50	29	....	....	....	....
Monroe County (NY) Long Term Care:						
Costs	5	4	....	....	....	....
Replacement Benefits	5	4	....	....	....	....
New York Graduate Medical Education:						
Costs	464	500	502	481	....	....
Replacement Benefits	522	562	602	589	....	....
Medicare Lifestyle Modification Program [7]						
Costs	....	....	....	....	....	....
Replacement Benefits	....	....	....	....	....	....
Provider Partnership						
Costs	412	411	103	....	....	....
Replacement Benefits	412	411	103	....	....	....
Rochester—CCN (dual eligibles):						
Costs	35	56	81	118	94	....
Replacement Benefits	35	56	81	118	94	....
Medicaid:						
Arizona Health Care Cost Containment System:						
Costs	1,471	1,618	1,780	....	....	....
Replacement Benefits	1,471	1,618	1,780	....	....	....
Arkansas (ARKids First):						
Costs	47	49	51	....	....	....
Replacement Benefits	47	49	51	....	....	....
Arkansas Family Planning Services:						
Costs	12	13	13	13	....	....
Replacement Benefits	12	13	13	13	....	....
California Family Plan						
Costs	189	193	196	199	....	....
Replacement Benefits	189	193	196	199	....	....
Colorado Integrated Care and Financing:						
Costs	*	....	....	....	....	....
Replacement Benefits	*	....	....	....	....	....
Delaware Statewide:						
Costs	105	105	....	....	....	....
Replacement Benefits	105	105	....	....	....	....
Florida Family Planning						
Costs	23	23	21	....	....	....
Replacement Benefits	23	23	21	....	....	....
Hawaii Health QUEST:						
Costs	257	283	311	....	....	....
Replacement Benefits	257	283	311	....	....	....
Kentucky (amended version):						
Costs	2,101	2,290	2,496	....	....	....
Replacement Benefits	2,101	2,290	2,496	....	....	....
LA County:						
Costs	2,375	2,541	....	....	....	....
Replacement Benefits	2,375	2,541	....	....	....	....
Maryland:						
Costs	948	1,021	....	....	....	....
Replacement Benefits	948	1,021	....	....	....	....
Maryland Family Planning						
Costs	20	25	31	39	....	....
Replacement Benefits	20	25	31	39	....	....

Table 14–4. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued

(In millions of dollars)

	2000	2001	2002	2003	2004	2005
Massachusetts Statewide:						
Costs	1,803	1,918	....	....	....	....
Replacement Benefits	1,803	1,918	....	....	....	....
Minnesota Statewide:						
Costs	1,338	1,437	1,542	....	....	....
Replacement Benefits	1,338	1,437	1,542	....	....	....
New York (Partnership Plan):						
Costs	9,291	10,509	11,726	....	....	....
Replacement Benefits	9,291	10,509	11,726	....	....	....
Oklahoma Statewide:						
Costs	841	900	....	....	....	....
Replacement Benefits	841	900	....	....	....	....
OhioCare:						
Costs	2,123	2,287	....	....	....	....
Replacement Benefits	2,123	2,287	....	....	....	....
Oregon Family Planning						
Costs	74	70	70	70	....	....
Replacement Benefits	74	70	70	70	....	....
Oregon Health Plan:						
Costs	505	545	186	....	....	....
Replacement Benefits	505	545	186	....	....	....
Rhode Island Rite Care (including costs of amendments):						
Costs	70	70	70	....	....	....
Replacement Benefits	70	70	70	....	....	....
SC Family Planning:						
Costs	8	9	....	....	....	....
Replacement Benefits	8	9	....	....	....	....
TennCare:						
Costs	3,071	3,227	3,392	....	....	....
Replacement Benefits	3,071	3,227	3,392	....	....	....
Vermont:						
Costs	151	151	....	....	....	....
Replacement Benefits	151	151	....	....	....	....
Cash and counseling: [8]						
Costs	....	....	....	....	....	....
Replacement Benefits	....	....	....	....	....	....
Welfare Reform:						
Costs	74	72	70	....	....	....
Replacement Benefits	74	72	70	....	....	....
Medicare and Medicaid:						
S/HMOs—Medicare:						
Costs	819	205	....	....	....	....
Replacement Benefits	819	205	....	....	....	....
S/HMOs—Medicaid:						
Costs	83	20	....	....	....	....
Replacement Benefits	83	20	....	....	....	....
S/HMO II—Medicare:						
Costs	1,612	403	....	....	....	....
Replacement Benefits	1,213	403	....	....	....	....
S/HMO II—Medicaid:						
Costs	324	84	....	....	....	....
Replacement Benefits	324	84	....	....	....	....
Minnesota Long Term Care Options—Medicare:						
Costs	112	....	....	....	....	....
Replacement Benefits	112	....	....	....	....	....
Minnesota Long Term Care Options—Medicaid:						
Costs	84	....	....	....	....	....
Replacement Benefits	84	....	....	....	....	....
Wisconsin Badger Care						
Costs	16	24	25	24	17	....
Replacement Benefits	16	24	25	24	17	....
Wisconsin—Dual Eligibles:						
Costs	41	50	55	57	....	....
Replacement Benefits	41	50	55	57	....	....
OASI,DI, SSI:	....					
Expansion of tax refund offset to debts previously written off (OASI, SSI)	–10	–10	–10	–10	–10	–10
Performance of continuing disability reviews (baseline levels) (DI, SSI)	–1,065	–1,570	–2,035	–2,435	–2,795	–3,290
Collection of overpayments:						
OASI	–992	–981	–976	–973	–971	–971

Table 14–4. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued

(In millions of dollars)

	2000	2001	2002	2003	2004	2005
DI	–300	–335	–353	–361	–366	–368
SSI	–705	–783	–822	–842	–851	–856
Debts written off as uncollectable (no effect on outlays):						
OASI	95	94	93	92	91	90
DI	243	272	287	294	297	299
SSI	564	526	488	450	412	374
DI:						
Payments to states for vocational rehabilitation	79	86	89	91	91	91
Limitation on prisoner's benefits	–12	–13	–14	–14	–14	–14
OASI: limitation on prisoner's benefits	–6	–7	–8	–8	–8	–8
SSI:						
Payments from states for state supplemental benefits	–3,310	–3,410	–3,515	–3,625	–3,735	–3,880
Payments for state supplemental benefits	3,310	3,410	3,515	3,625	3,735	3,880
Fees for administration of State supplement:						
Treasury share	148	150	152	153	155	157
SSA share	80	91	103	110	116	123
Research and demonstration projects	31	25	26	26	26	26
Payments to states for vocational rehabilitation	92	71	71	71	71	71
Performance of non-disability redeterminations	–269	–213	–26	–16	–10	–8
Change in timing of October, 2000 payment	–2,190	2,190	....	....	....	....
Change in effective date of benefits	–130	–135	–140	–140	–145	–145
Veterans compensation:						
Change in timing of October, 2000 payment	–1,800	1,800	....	....	....	....

* $500,000 or less.

1 Not shown in the table are Medicare and Medicaid regulations that have not been specifically priced.

2 The effects of regulations on automated lab testing and ambulance services will be used as offsets to the costs of the Medicaid rule removing the 100 hour limitation on employment.

3 Collections may not equal liabilities.

4 These amounts reflect gross MIP savings that are not offset with MIP costs.

5 Includes savings from immigrant benefits restrictions. BBA97 and P.L. 105–306 included costs for restoring benefits to some of these immigrants.

6 Estimates for demonstrations reflect total federal costs of the demonstration project. Replacement benefits represent the program costs in the absence of the demonstration. The differences represent the net impact of the demonstration project on the baseline. DoD Medicare Subvention demonstration is reflected under BBA97 codifying regulations.

7 The costs and benefits of this demonstration have not been estimated.

8 Budget neutrality controlled through experimental design.

Current Services Receipts, Outlays, and Budget Authority

Receipts.—Table 14–5 shows baseline receipts by major source. Total receipts are projected to increase by $54.2 billion from 2000 to 2001 and by $340.1 billion from 2001 to 2005, largely due to assumed increases in incomes resulting from both real economic growth and inflation.

Individual income taxes are estimated to increase by $26.3 billion from 2000 to 2001 under current law. This growth of 2.8 percent is primarily the effect of increased collections resulting from rising personal incomes. Individual income taxes are projected to grow at an annual rate of 4.0 percent between 2001 and 2005.

Corporation income taxes under current law are estimated to decline by $2.7 billion or 1.4 percent from 2000 to 2001, in large part due to lower corporate profits. Because of projected annual reductions in corporate profits through 2003, corporation income taxes are projected to increase at an annual rate of only 2.0 percent from 2001 to 2005.

Social insurance and retirement receipts are estimated to increase by $32.5 billion between 2000 and 2001, and by an additional $131.2 billion between 2001 and 2005. The estimates reflect assumed increases in total wages and salaries paid, and scheduled increases in the social security taxable earnings base from $76,200 in 2000 to $93,900 in 2005.

Excise taxes are estimated to increase by $8.7 billion from 2000 to 2005, in large part due to increased economic activity. Other baseline receipts (estate and gift taxes, customs duties, and miscellaneous receipts) are projected to increase by $18.1 billion from 2000 to 2005.

Outlays.—Current services outlays are estimated to be $1,776.2 billion in 2000 and $1,838.8 billion in 2001, a 3.5 percent increase. Between 2000 and 2005, they are projected to increase at an average annual rate of 3.4 percent. Outlays for discretionary programs increase from $609.1 billion in 2000 to $635.5 billion in 2001, 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 $698.8 billion in 2005. Entitlement and other mandatory programs are estimated to grow from $947.1 billion in 2000 to $995.2 billion in 2001, and to $1,242.9 billion in 2005, 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 $403.3 billion in 2000 to $516.2 billion in

2005, an average annual rate of 5.1 percent. Medicare and medicaid are projected to grow at annual average rates of 7.9 and 6.8 percent, respectively, outpacing inflation. Unemployment compensation also grows substantially over the projection period. Offsetting growth in other areas, mandatory agriculture spending, totaling $26.1 billion in 2000, declines rapidly and is only $6.6 billion in 2005.

Net interest payments to the public are estimated to decline over the projection period from $220.0 billion in 2000 to $160.9 billion in 2005, reflecting reduced borrowing by the Government resulting from projected surpluses over the period.

Tables 14–7 and 14–8 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.

Budget authority.—Tables 14–9 and 14–10 show current services estimates of budget authority by function and by agency, respectively.

Current Services Outlays and Budget Authority by Function and Program.—Tables 14–11 and 14–12 present current services budget authority and outlays, respectively, in function order, with category and program level detail.

Table 14–5. BASELINE RECEIPTS BY SOURCE

(In billions of dollars)

	1999 Actual	Estimates					
		2000	2001	2002	2003	2004	2005
Individual income taxes	879.5	951.9	978.2	1,005.7	1,040.2	1,086.0	1,143.1
Corporation income taxes	184.7	192.3	189.6	190.2	191.8	196.1	205.1
Social insurance and retirement receipts	611.8	650.0	682.5	712.8	741.8	771.3	813.7
On-budget	(167.4)	(173.3)	(186.6)	(190.6)	(197.6)	(204.7)	(215.2)
Off-budget	(444.5)	(476.8)	(499.9)	(522.2)	(544.2)	(566.7)	(598.6)
Excise taxes	70.4	67.6	69.4	71.3	72.7	74.3	76.2
Other	81.0	93.9	90.2	99.6	104.7	110.4	111.9
Total	1,827.5	1,955.7	2,009.9	2,079.6	2,151.3	2,238.2	2,350.1
On-budget	(1,383.0)	(1,478.9)	(1,510.1)	(1,557.3)	(1,607.1)	(1,671.6)	(1,751.5)
Off-budget	(444.5)	(476.8)	(499.9)	(522.2)	(544.2)	(566.7)	(598.6)

Table 14–6. CHANGE IN BASELINE OUTLAY ESTIMATES BY CATEGORY

(Dollar amounts in billions)

	2000	2001	2005	Change 2000 to 2001		Change 2000 to 2005	
				Amount	Percent	Amount	Annual average rate
Discretionary:							
Defense	284.6	295.2	326.3	10.3	3.6%	41.5	2.8%
Nondefense	324.3	340.3	372.6	16.0	4.9%	48.3	2.8%
Subtotal, discretionary	609.1	635.5	698.8	26.4	4.3%	89.7	2.8%
Mandatory:							
Agriculture	26.1	14.3	6.6	–11.8	–45.4%	–19.5	–24.0%
Medicaid	116.1	124.2	169.8	8.1	6.9%	53.6	7.9%
Medicare	199.5	218.3	277.5	18.8	9.4%	78.0	6.8%
Federal employee retirement and disability	77.6	80.8	96.0	3.2	4.1%	18.4	4.3%
Unemployment compensation	21.8	24.6	34.4	2.8	12.9%	12.6	9.5%
Social security	403.3	422.2	516.2	18.8	4.7%	112.9	5.1%
Undistributed offsetting receipts	–43.1	–45.7	–48.6	–2.7	6.2%	–5.5	2.5%
Other	145.8	156.7	191.0	10.9	7.5%	45.3	5.6%
Subtotal, mandatory	947.1	995.2	1,242.9	48.1	5.1%	295.8	5.6%
Net interest	220.0	208.1	160.9	–11.9	–5.4%	–59.1	–6.1%
Total, outlays	1,776.2	1,838.8	2,102.6	62.5	3.5%	326.4	3.4%

Table 14–7. CURRENT SERVICES OUTLAYS BY FUNCTION

(in billions of dollars)

Function	1999 Actual	Estimate					
		2000	2001	2002	2003	2004	2005
National defense:							
Department of Defense—Military	261.4	271.2	280.9	285.8	294.9	303.3	310.9
Other	13.5	13.1	13.4	13.8	14.2	14.5	14.7
Total, National defense	274.9	284.3	294.3	299.6	309.1	317.7	325.6
International affairs	15.2	16.5	18.6	18.4	19.0	19.4	19.9
General science, space, and technology	18.1	18.8	19.4	19.8	20.1	20.7	21.1
Energy	0.9	–1.7	–0.5	–0.6	–0.3	–0.6	–0.4
Natural resources and environment	24.0	24.4	24.8	25.6	26.5	27.2	27.7
Agriculture	23.0	31.3	18.9	14.5	14.5	12.6	11.7
Commerce and housing credit	2.6	5.6	6.3	6.4	6.3	6.8	7.6
On-Budget	(1.6)	(4.1)	(5.8)	(5.2)	(6.1)	(6.6)	(7.9)
Off-Budget	(1.0)	(1.5)	(0.4)	(1.3)	(0.2)	(0.1)	(–0.3)
Transportation	42.5	46.7	48.2	49.8	51.4	53.3	54.8
Community and regional development	11.9	11.1	10.1	9.9	9.3	9.4	8.9
Education, training, employment, and social services	56.4	63.3	69.4	69.9	72.5	74.1	76.2
Health	141.1	154.0	166.0	178.7	191.4	205.0	220.0
Medicare	190.4	202.5	221.4	227.0	245.3	259.0	281.1
Income security	237.7	249.1	260.5	273.8	286.1	297.3	310.3
Social security	390.0	406.6	425.6	446.5	468.8	493.3	519.9
On-Budget	(10.8)	(11.7)	(9.8)	(11.5)	(12.1)	(12.8)	(13.7)
Off-Budget	(379.2)	(394.9)	(415.7)	(435.0)	(456.7)	(480.4)	(506.2)
Veterans benefits and services	43.2	45.0	48.0	49.3	51.7	53.7	57.5
Administration of justice	25.9	26.8	30.9	29.7	29.9	31.6	32.5
General government	15.8	15.0	14.7	14.9	15.3	15.8	15.8
Net interest	229.7	220.0	208.1	198.5	188.6	176.0	160.9
On-Budget	(281.8)	(279.6)	(276.2)	(276.1)	(276.5)	(274.9)	(271.4)
Off-Budget	(–52.1)	(–59.7)	(–68.1)	(–77.6)	(–87.9)	(–98.8)	(–110.5)
Undistributed offsetting receipts:							
Employer share, employee retirement (on-budget)	–28.2	–29.6	–30.3	–31.3	–32.0	–33.1	–34.3
Employer share, employee retirement (off-budget)	–7.4	–7.9	–8.2	–8.9	–9.5	–10.1	–10.9
Rents and royalties on the Outer Continental Shelf	–3.1	–3.6	–3.7	–3.3	–3.0	–2.9	–2.7
Sale of major assets	....	....	....	....	–0.3	....	....
Other undistributed offsetting receipts	–1.8	–2.1	–3.6	–5.5	–2.5	–0.8	–0.7
Total, Undistributed offsetting receipts	–40.4	–43.1	–45.7	–49.1	–47.3	–46.9	–48.6
On-Budget	(–33.1)	(–35.2)	(–37.5)	(–40.2)	(–37.8)	(–36.8)	(–37.7)
Off-Budget	(–7.4)	(–7.9)	(–8.2)	(–8.9)	(–9.5)	(–10.1)	(–10.9)
Total	**1,703.0**	**1,776.2**	**1,838.8**	**1,882.5**	**1,958.2**	**2,025.3**	**2,102.6**
On-Budget	(1,382.3)	(1,447.3)	(1,498.9)	(1,532.8)	(1,598.7)	(1,653.7)	(1,718.1)
Off-Budget	(320.8)	(328.9)	(339.8)	(349.7)	(359.5)	(371.6)	(384.5)

Table 14–8. CURRENT SERVICES OUTLAYS BY AGENCY

(in billions of dollars)

Agency	1999 Actual	Estimate					
		2000	2001	2002	2003	2004	2005
Legislative Branch	2.6	3.2	2.9	3.0	2.9	3.0	3.2
Judicial Branch	3.8	4.4	4.2	4.3	4.4	4.5	4.6
Agriculture	62.8	70.4	60.9	58.6	60.5	60.4	61.2
Commerce	5.0	8.1	8.3	8.9	9.4	9.6	9.8
Defense—Military	261.4	271.2	280.9	285.8	294.9	303.3	310.9
Education	32.4	36.4	40.2	41.0	42.9	43.4	44.4
Energy	16.0	15.2	15.7	16.0	16.4	16.6	17.1
Health and Human Services	359.7	386.8	419.7	439.5	471.9	500.1	538.0
Housing and Urban Development	32.7	30.0	32.3	30.2	30.6	30.8	30.4
Interior	7.8	8.4	8.2	8.4	8.8	9.0	9.2
Justice	18.3	18.5	22.6	21.3	21.3	21.3	21.9
Labor	32.5	34.1	37.5	40.7	44.2	45.7	47.2
State	6.5	8.0	7.8	7.5	7.4	7.5	7.7
Transportation	41.8	45.9	47.6	49.5	50.8	52.6	54.1
Treasury	386.7	387.9	388.4	391.5	395.8	399.9	400.1
Veterans Affairs	43.2	44.9	48.0	49.3	51.7	53.6	57.4
Corps of Engineers	4.2	4.5	4.2	4.3	4.5	4.5	4.6
Other Defense Civil Programs	32.0	33.0	34.0	34.9	35.9	36.9	38.0
Environmental Protection Agency	6.8	7.0	7.3	7.4	7.7	7.9	8.1
Executive Office of the President	0.4	0.3	0.3	0.3	0.3	0.3	0.3
Federal Emergency Management Agency	4.0	3.2	2.2	2.0	1.3	1.1	0.6
General Services Administration	–*	0.5	0.3	0.1	0.4	0.3	0.2
International Assistance Programs	10.1	10.4	12.3	12.3	12.9	13.2	13.5
National Aeronautics and Space Administration	13.7	13.4	13.8	14.1	14.2	14.7	15.1
National Science Foundation	3.3	3.6	3.8	3.9	4.1	4.2	4.2
Office of Personnel Management	47.5	49.4	51.9	54.7	57.7	61.5	65.4
Small Business Administration	0.1	0.1	0.6	0.5	0.8	0.9	0.9
Social Security Administration	419.8	437.3	457.5	479.7	503.3	529.2	559.8
On-Budget	(40.6)	(42.3)	(41.8)	(44.7)	(46.6)	(48.8)	(53.6)
Off-Budget	(379.2)	(394.9)	(415.7)	(435.0)	(456.7)	(480.4)	(506.2)
Other Independent Agencies	7.1	14.0	14.3	16.2	16.2	17.1	18.6
On-Budget	(6.1)	(12.5)	(13.8)	(15.0)	(16.0)	(17.0)	(18.9)
Off-Budget	(1.0)	(1.5)	(0.4)	(1.3)	(0.2)	(0.1)	(–0.3)
Undistributed Offsetting Receipts	–159.1	–174.0	–188.9	–203.5	–214.8	–227.9	–243.9
On-Budget	(–99.6)	(–106.5)	(–112.6)	(–116.9)	(–117.4)	(–119.0)	(–122.5)
Off-Budget	(–59.5)	(–67.5)	(–76.4)	(–86.5)	(–97.4)	(–109.0)	(–121.4)
Total	**1,703.0**	**1,776.2**	**1,838.8**	**1,882.5**	**1,958.2**	**2,025.3**	**2,102.6**
On-Budget	(1,382.3)	(1,447.3)	(1,498.9)	(1,532.8)	(1,598.7)	(1,653.7)	(1,718.1)
Off-Budget	(320.8)	(328.9)	(339.8)	(349.7)	(359.5)	(371.6)	(384.5)

* $50 million or less.

Table 14–9. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION

(in billions of dollars)

Function	1999 Actual	Estimate					
		2000	2001	2002	2003	2004	2005
National defense:							
Department of Defense—Military	278.4	277.7	286.6	293.9	301.1	308.7	316.4
Other	13.7	13.3	13.6	13.9	14.2	14.5	14.8
Total, National defense	292.1	291.0	300.2	307.9	315.3	323.2	331.2
International affairs	37.9	19.0	21.6	22.5	23.1	23.6	24.2
General science, space, and technology	18.9	19.3	19.7	20.4	20.8	21.1	21.5
Energy	1.0	–1.8	–0.6	–0.5	–0.3	–0.7	–0.4
Natural resources and environment	24.4	24.2	25.4	26.1	26.9	27.5	28.2
Agriculture	24.1	31.2	18.9	14.7	13.9	12.7	11.9
Commerce and housing credit	14.4	10.1	14.9	10.2	9.8	9.2	9.8
On-Budget	(8.7)	(4.6)	(13.3)	(8.7)	(9.5)	(10.0)	(10.1)
Off-Budget	(5.6)	(5.5)	(1.6)	(1.5)	(0.3)	(–0.8)	(–0.3)
Transportation	51.6	51.8	55.1	53.0	54.4	54.8	55.3
Community and regional development	11.3	11.2	11.4	13.3	12.1	12.8	12.6
Education, training, employment, and social services	60.4	55.7	69.9	70.9	73.7	75.5	77.9
Health	142.2	158.6	169.6	179.8	192.3	205.7	221.6
Medicare	190.6	206.3	221.1	227.0	245.6	258.7	281.2
Income security	238.6	241.5	260.9	276.4	288.7	299.3	312.4
Social security	391.1	408.0	427.1	448.1	470.7	495.4	522.2
On-Budget	(10.8)	(11.7)	(9.8)	(11.5)	(12.1)	(12.8)	(13.7)
Off-Budget	(380.3)	(396.3)	(417.3)	(436.6)	(458.6)	(482.6)	(508.5)
Veterans benefits and services	44.2	45.6	47.6	49.4	51.9	53.8	55.8
Administration of justice	27.4	27.4	28.9	28.9	29.7	31.9	32.8
General government	17.1	14.0	14.4	14.8	15.2	15.6	16.0
Net interest	229.7	220.0	208.1	198.5	188.6	176.0	160.9
On-Budget	(281.8)	(279.6)	(276.2)	(276.1)	(276.5)	(274.9)	(271.4)
Off-Budget	(–52.1)	(–59.7)	(–68.1)	(–77.6)	(–87.9)	(–98.8)	(–110.5)
Undistributed offsetting receipts:							
Employer share, employee retirement (on-budget)	–28.2	–29.6	–30.3	–31.3	–32.0	–33.1	–34.3
Employer share, employee retirement (off-budget)	–7.4	–7.9	–8.2	–8.9	–9.5	–10.1	–10.9
Rents and royalties on the Outer Continental Shelf	–3.1	–3.6	–3.7	–3.3	–3.0	–2.9	–2.7
Sale of major assets	....	....	....	....	–0.3	....	....
Other undistributed offsetting receipts	–1.8	–2.1	–3.6	–5.5	–2.5	–0.8	–0.7
Total, Undistributed offsetting receipts	–40.4	–43.1	–45.7	–49.1	–47.3	–46.9	–48.6
On-Budget	(–33.1)	(–35.2)	(–37.5)	(–40.2)	(–37.8)	(–36.8)	(–37.7)
Off-Budget	(–7.4)	(–7.9)	(–8.2)	(–8.9)	(–9.5)	(–10.1)	(–10.9)
Total	**1,776.5**	**1,790.0**	**1,868.6**	**1,912.4**	**1,984.9**	**2,049.4**	**2,126.7**
On-Budget	(1,450.1)	(1,455.6)	(1,526.1)	(1,560.9)	(1,623.3)	(1,676.6)	(1,739.9)
Off-Budget	(326.4)	(334.3)	(342.5)	(351.6)	(361.6)	(372.8)	(386.8)
MEMORANDUM							
Discretionary budget authority:							
National defense	288.1	291.8	301.1	308.7	316.1	323.9	331.9
International	41.5	22.3	22.8	23.3	23.8	24.3	24.8
Domestic	253.5	256.4	283.1	293.0	301.0	308.9	317.0
Total, discretionary	**583.1**	**570.5**	**607.0**	**625.0**	**640.9**	**657.1**	**673.7**

Table 14–10. CURRENT SERVICES BUDGET AUTHORITY BY AGENCY

(in billions of dollars)

Agency	1999 Actual	Estimate					
		2000	2001	2002	2003	2004	2005
Legislative Branch	3.0	2.8	2.9	3.0	3.1	3.2	3.2
Judicial Branch	3.8	4.1	4.2	4.3	4.5	4.6	4.7
Agriculture	67.7	71.6	61.6	61.4	61.3	62.3	62.8
Commerce	5.4	8.6	9.0	9.3	9.5	9.8	10.1
Defense—Military	278.4	277.7	286.6	293.9	301.1	308.7	316.4
Education	33.7	32.7	42.0	42.1	43.8	44.6	45.8
Energy	16.5	15.4	16.0	16.5	16.6	16.8	17.3
Health and Human Services	365.3	394.8	424.6	441.4	473.0	500.0	539.0
Housing and Urban Development	26.3	16.4	32.8	30.0	31.2	31.8	32.2
Interior	8.1	8.1	8.5	8.6	8.9	9.1	9.4
Justice	19.4	19.5	20.7	20.5	21.0	21.6	22.2
Labor	35.2	31.8	37.5	42.1	45.7	47.3	48.8
State	8.8	7.2	7.4	7.6	7.8	7.9	8.1
Transportation	50.8	51.2	54.5	52.8	53.8	54.2	54.6
Treasury	388.8	388.9	390.0	393.3	397.6	401.5	402.0
Veterans Affairs	44.1	45.5	47.6	49.4	51.9	53.8	55.8
Corps of Engineers	4.1	4.1	4.2	4.4	4.5	4.6	4.7
Other Defense Civil Programs	32.1	33.1	34.1	35.0	36.0	37.0	38.1
Environmental Protection Agency	7.3	7.3	7.5	7.8	7.9	8.1	8.3
Executive Office of the President	0.4	0.3	0.3	0.3	0.3	0.3	0.3
Federal Emergency Management Agency	2.8	3.2	3.1	3.5	3.6	3.6	3.7
General Services Administration	0.5	0.1	0.2	–0.1	0.3	0.2	0.2
International Assistance Programs	27.4	11.6	13.4	14.0	14.3	14.6	15.0
National Aeronautics and Space Administration	13.7	13.6	13.9	14.2	14.6	14.9	15.2
National Science Foundation	3.7	4.0	4.0	4.1	4.2	4.3	4.3
Office of Personnel Management	48.7	50.8	53.3	56.1	59.1	62.6	66.4
Small Business Administration	0.3	0.4	0.8	0.9	0.9	0.9	1.0
Social Security Administration	420.6	438.6	459.0	481.3	505.3	531.3	562.0
On-Budget	(40.3)	(42.3)	(41.7)	(44.7)	(46.6)	(48.8)	(53.6)
Off-Budget	(380.3)	(396.3)	(417.3)	(436.6)	(458.6)	(482.6)	(508.5)
Other Independent Agencies	18.4	20.6	17.8	18.4	18.1	17.7	19.1
On-Budget	(12.8)	(15.0)	(16.2)	(16.9)	(17.8)	(18.5)	(19.4)
Off-Budget	(5.6)	(5.5)	(1.6)	(1.5)	(0.3)	(–0.8)	(–0.3)
Undistributed Offsetting Receipts	–159.1	–174.0	–188.9	–203.5	–214.8	–227.9	–243.9
On-Budget	(–99.6)	(–106.5)	(–112.6)	(–116.9)	(–117.4)	(–119.0)	(–122.5)
Off-Budget	(–59.5)	(–67.5)	(–76.4)	(–86.5)	(–97.4)	(–109.0)	(–121.4)
Total	**1,776.5**	**1,790.0**	**1,868.6**	**1,912.4**	**1,984.9**	**2,049.4**	**2,126.7**
On-Budget	(1,450.1)	(1,455.6)	(1,526.1)	(1,560.9)	(1,623.3)	(1,676.6)	(1,739.9)
Off-Budget	(326.4)	(334.3)	(342.5)	(351.6)	(361.6)	(372.8)	(386.8)

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM

(in millions of dollars)

Source	1999 Actual	Estimate					
		2000	2001	2002	2003	2004	2005
050 National defense:							
Discretionary:							
Department of Defense—Military:							
Military personnel	70,649	73,692	76,380	78,449	80,574	82,761	85,005
Operation and maintenance	104,777	102,474	106,640	109,498	112,287	115,312	118,429
Procurement	50,920	54,135	55,219	56,321	57,450	58,596	59,771
Research, development, test and evaluation	38,290	38,372	39,235	40,078	40,942	41,826	42,729
Military construction	5,406	4,755	4,864	4,972	5,079	5,191	5,306
Family housing	3,591	3,597	3,671	3,746	3,821	3,898	3,978
Revolving, management and trust funds	937	1,624	1,669	1,953	1,991	2,029	2,068
Total, Department of Defense—Military	274,570	278,649	287,678	295,017	302,144	309,613	317,286
Atomic energy defense activities:							
Department of Energy	12,443	11,970	12,224	12,479	12,738	13,001	13,274
Formerly utilized sites remedial action	140	150	153	156	159	162	166
Defense nuclear facilities safety board	17	17	18	18	19	19	21
Total, Atomic energy defense activities	12,600	12,137	12,395	12,653	12,916	13,182	13,461
Defense-related activities:							
Discretionary programs	947	993	1,020	1,046	1,071	1,098	1,127
Total, Discretionary	288,117	291,779	301,093	308,716	316,131	323,893	331,874
Mandatory:							
Department of Defense—Military:							
Revolving, trust and other DoD mandatory	4,822	358	322	341	342	342	341
Offsetting receipts	–994	–1,352	–1,404	–1,410	–1,374	–1,259	–1,274
Total, Department of Defense—Military	3,828	–994	–1,082	–1,069	–1,032	–917	–933
Defense-related activities:							
Mandatory programs	202	209	216	228	239	252	261
Total, Mandatory	4,030	–785	–866	–841	–793	–665	–672
Total, National defense	292,147	290,994	300,227	307,875	315,338	323,228	331,202
150 International affairs:							
Discretionary:							
International development, humanitarian assistance:							
Development assistance and operating expenses	1,719	1,743	1,785	1,825	1,865	1,909	1,952
Multilateral development banks (MDB's)	1,529	1,236	1,261	1,285	1,312	1,336	1,364
Assistance for the New Independent States	587	836	853	870	887	905	923
Food aid	1,011	800	816	832	849	866	883
Refugee programs	1,099	634	646	660	673	686	700
Assistance for Central and Eastern Europe	436	533	544	555	566	577	588
Voluntary contributions to international organizations	308	294	300	306	312	318	325
Peace Corps	256	244	253	260	267	274	283
Central America and Caribbean emergency disaster recovery fund	592	–10	....	....	....	....	....
Other development and humanitarian assistance	1,440	987	1,040	1,060	1,079	1,099	1,126
Total, International development, humanitarian assistance	8,977	7,297	7,498	7,653	7,810	7,970	8,144
International security assistance:							
Foreign military financing grants and loans	3,400	4,789	4,886	4,983	5,083	5,182	5,288
Economic support fund	2,608	2,792	2,848	2,904	2,963	3,022	3,083
Other security assistance	409	420	428	437	445	455	464
Total, International security assistance	6,417	8,001	8,162	8,324	8,491	8,659	8,835
Conduct of foreign affairs:							
State Department operations	3,035	2,904	2,996	3,075	3,159	3,244	3,332
Foreign buildings	1,062	739	756	772	788	804	822
Assessed contributions to international organizations	934	880	898	916	934	953	972
Assessed contributions for international peacekeeping	219	498	508	518	528	539	550
Arrearage payment for international organizations and peacekeeping	475	351	358	365	372	380	388

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate					
		2000	2001	2002	2003	2004	2005
Other conduct of foreign affairs	168	121	124	127	131	136	141
Total, Conduct of foreign affairs	5,893	5,493	5,640	5,773	5,912	6,056	6,205
Foreign information and exchange activities:							
International broadcasting	397	404	417	431	444	457	470
Other information and exchange activities	808	258	264	268	275	282	287
Total, Foreign information and exchange activities	1,205	662	681	699	719	739	757
International financial programs:							
Export-Import Bank	812	796	813	831	849	868	887
Special defense acquisition fund	–8	8	18	19	19	19	20
IMF new arrangements to borrow	3,450						
Other IMF	14,763						
Total, International financial programs	19,017	804	831	850	868	887	907
Total, Discretionary	41,509	22,257	22,812	23,299	23,800	24,311	24,848
Mandatory:							
International development, humanitarian assistance:							
Credit liquidating accounts	17	–407	–419	–450	–465	–457	–441
Receipts and other	–19	–121	–56	–16	–16	–16	–16
Total, International development, humanitarian assistance	–2	–528	–475	–466	–481	–473	–457
International security assistance:							
Repayment of foreign military financing loans	–367						
Foreign military loan reestimates	5	189					
Foreign military loan liquidating account	–186	–590	–506	–403	–345	–275	–276
Total, International security assistance	–548	–401	–506	–403	–345	–275	–276
Foreign affairs and information:							
Conduct of foreign affairs	–2	14	3	3	3	3	3
U.S. Information Agency trust funds		–1	–1	–1	–1	–1	–1
Miscellaneous trust funds	2	2	2	2	2	3	3
Japan-U.S. Friendship Commission	3	3	3	3	3	3	3
Total, Foreign affairs and information	3	18	7	7	7	8	8
International financial programs:							
Foreign military sales trust fund (net)	–2,912	–1,490	–30	150	180	70	200
Other international financial programs	–175	–906	–254	–67	–80	–81	–87
Total, International financial programs	–3,087	–2,396	–284	83	100	–11	113
Total, Mandatory	–3,634	–3,307	–1,258	–779	–719	–751	–612
Total, International affairs	37,875	18,950	21,554	22,520	23,081	23,560	24,236
250 General science, space, and technology:							
Discretionary:							
General science and basic research:							
National Science Foundation programs	3,612	3,833	3,913	3,993	4,076	4,160	4,245
Department of Energy general science programs	2,721	2,788	2,845	3,179	3,220	3,211	3,219
Total, General science and basic research	6,333	6,621	6,758	7,172	7,296	7,371	7,464
Space flight, research, and supporting activities:							
Science, aeronautics and technology	4,885	4,918	5,016	5,117	5,219	5,323	5,430
Human space flight	5,480	5,488	5,598	5,710	5,824	5,940	6,059
Mission support	2,075	2,144	2,230	2,302	2,376	2,453	2,532

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate					
		2000	2001	2002	2003	2004	2005
Other NASA programs	20	20	21	22	22	23	24
Total, Space flight, research, and supporting activities	12,460	12,570	12,865	13,151	13,441	13,739	14,045
Total, Discretionary	18,793	19,191	19,623	20,323	20,737	21,110	21,509
Mandatory:							
General science and basic research:							
National Science Foundation donations	64	75	66	35	34	34	34
Total, General science, space, and technology	18,857	19,266	19,689	20,358	20,771	21,144	21,543
270 Energy:							
Discretionary:							
Energy supply:							
Research and development	1,125	918	1,260	1,350	1,140	1,166	1,192
Naval petroleum reserves operations	14						
Uranium enrichment activities	220	244	254	259	264	270	275
Decontamination transfer	–398	–420	–430	–441	–452	–464	–476
Nuclear waste program	168	236	241	247	252	257	262
Federal power marketing	238	209	215	222	228	236	242
Rural electric and telephone discretionary loans	73	41	40	41	43	44	46
Non-defense environmental management and other	406	233	316	323	330	338	400
Total, Energy supply	1,846	1,461	1,896	2,001	1,805	1,847	1,941
Energy conservation and preparedness:							
Energy conservation	619	745	761	777	793	810	826
Emergency energy preparedness	160	158	162	165	169	173	176
Total, Energy conservation and preparedness	779	903	923	942	962	983	1,002
Energy information, policy, and regulation:							
Nuclear Regulatory Commission (NRC)	26	23	329	338	350	360	371
Federal Energy Regulatory Commission fees and recoveries, and other	–25	–21	–28	–23	–24	–24	–24
Department of Energy departmental administration, OIG, and EIA administration	237	203	213	218	226	233	244
Total, Energy information, policy, and regulation	238	205	514	533	552	569	591
Total, Discretionary	2,863	2,569	3,333	3,476	3,319	3,399	3,534
Mandatory:							
Energy supply:							
Naval petroleum reserves oil and gas sales	–18	–6	–6	–6			
Federal power marketing	–556	–549	–620	–733	–714	–818	–746
Tennessee Valley Authority	–366	–359	–813	–851	–834	–1,143	–1,229
Proceeds from uranium sales	–1						
Nuclear waste fund program	–662	–663	–550	–550	–550	–545	–535
Rural electric and telephone liquidating accounts	–112	–2,822	–1,910	–1,797	–1,543	–1,565	–1,471
Rural electric and telephone loan subsidy reestimates	–167						
Total, Mandatory	–1,882	–4,399	–3,899	–3,937	–3,641	–4,071	–3,981
Total, Energy	981	–1,830	–566	–461	–322	–672	–447
300 Natural resources and environment:							
Discretionary:							
Water resources:							
Corps of Engineers	3,917	3,930	4,039	4,138	4,242	4,346	4,454
Bureau of Reclamation	781	767	788	809	830	850	871
Watershed, flood prevention and other	229	208	223	217	230	244	236
Total, Water resources	4,927	4,905	5,050	5,164	5,302	5,440	5,561
Conservation and land management:							
Forest Service	2,738	2,634	2,726	2,808	2,892	2,978	3,065
Management of public lands (BLM)	1,091	1,070	1,110	1,145	1,182	1,217	1,256

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
Conservation of agricultural lands	692	673	730	753	779	804	831
Other conservation and land management programs	553	563	580	595	609	624	645
Total, Conservation and land management	5,074	4,940	5,146	5,301	5,462	5,623	5,797
Recreational resources:							
Operation of recreational resources	2,794	2,965	3,089	3,174	3,261	3,343	3,440
Other recreational resources activities	152	200	204	211	214	219	223
Total, Recreational resources	2,946	3,165	3,293	3,385	3,475	3,562	3,663
Pollution control and abatement:							
Regulatory, enforcement, and research programs	2,643	2,673	2,761	2,838	2,919	3,001	3,088
State and tribal assistance grants	3,408	3,446	3,515	3,585	3,656	3,731	3,804
Hazardous substance superfund	1,492	1,400	1,436	1,471	1,506	1,541	1,579
Other control and abatement activities	150	144	146	150	155	157	161
Total, Pollution control and abatement	7,693	7,663	7,858	8,044	8,236	8,430	8,632
Other natural resources:							
NOAA	2,253	2,396	2,466	2,534	2,601	2,666	2,737
Other natural resource program activities	919	809	837	863	890	914	941
Total, Other natural resources	3,172	3,205	3,303	3,397	3,491	3,580	3,678
Total, Discretionary	23,812	23,878	24,650	25,291	25,966	26,635	27,331
Mandatory:							
Water resources:							
Offsetting receipts and other mandatory water resource programs	–214	–121	–128	–123	–108	–144	–161
Conservation and land management:							
Conservation Reserve Program and other	1,775	1,926	1,990	2,099	2,066	2,118	2,093
Other conservation programs	475	471	518	515	511	515	516
Offsetting receipts	–1,650	–2,321	–2,015	–2,048	–2,015	–2,056	–2,080
Total, Conservation and land management	600	76	493	566	562	577	529
Recreational resources:							
Operation of recreational resources	893	941	951	817	844	865	899
Offsetting receipts	–379	–382	–396	–305	–282	–288	–298
Total, Recreational resources	514	559	555	512	562	577	601
Pollution control and abatement:							
Superfund resources and other mandatory	–264	–225	–174	–124	–124	–124	–124
Other natural resources:							
Fees and mandatory programs	–20	1	2	8	9	7	7
Total, Mandatory	616	290	748	839	901	893	852
Total, Natural resources and environment	24,428	24,168	25,398	26,130	26,867	27,528	28,183
350 Agriculture:							
Discretionary:							
Farm income stabilization:							
Agriculture credit loan program	451	486	503	516	531	546	561
P.L.480 market development activities	194	143	145	149	151	155	157
Administrative expenses	873	869	893	917	939	963	988
Total, Farm income stabilization	1,518	1,498	1,541	1,582	1,621	1,664	1,706
Agricultural research and services:							
Research programs	1,336	1,370	1,412	1,447	1,486	1,524	1,566
Extension programs	437	424	433	442	450	460	469
Marketing programs	50	53	54	55	56	57	58
Animal and plant inspection programs	433	443	452	461	470	479	490

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
Economic intelligence	167	163	169	175	179	185	191
Grain inspection	27	26	27	27	28	28	29
Foreign agricultural service	147	109	113	117	120	124	128
Other programs and unallocated overhead	388	376	386	399	410	420	435
Total, Agricultural research and services	2,985	2,964	3,046	3,123	3,199	3,277	3,366
Total, Discretionary	4,503	4,462	4,587	4,705	4,820	4,941	5,072
Mandatory:							
Farm income stabilization:							
Commodity Credit Corporation	18,996	26,592	13,238	8,861	7,671	6,342	5,363
Crop insurance and other farm credit activities	1,557	1,058	1,738	1,908	1,998	2,064	2,114
Credit liquidating accounts (ACIF and FAC)	–1,042	–1,101	–1,108	–1,088	–1,067	–1,045	–1,019
Total, Farm income stabilization	19,511	26,549	13,868	9,681	8,602	7,361	6,458
Agricultural research and services:							
Miscellaneous mandatory programs	238	390	577	429	599	535	537
Offsetting receipts	–162	–156	–157	–157	–157	–157	–157
Total, Agricultural research and services	76	234	420	272	442	378	380
Total, Mandatory	19,587	26,783	14,288	9,953	9,044	7,739	6,838
Total, Agriculture	24,090	31,245	18,875	14,658	13,864	12,680	11,910
370 Commerce and housing credit:							
Discretionary:							
Mortgage credit:							
Federal Housing Administration (FHA) loan programs	637	753	775	795	816	837	858
Government National Mortgage Association (GNMA)	–346	–332	–347	–346	–346	–345	–345
Other Housing and Urban Development	–149	–77	–122	–122	–121	–120	–118
Rural housing insurance fund	559	568	587	604	623	641	660
Total, Mortgage credit	701	912	893	931	972	1,013	1,055
Postal service:							
Payments to the Postal Service fund (On-budget)	29	100	102	104	106	108	110
Deposit insurance:							
National Credit Union Administration	2	1	1	1	1	1	1
Other advancement of commerce:							
Small and minority business assistance	559	612	623	637	651	663	676
Science and technology	683	654	672	690	709	727	747
Economic and demographic statistics	1,429	4,799	4,977	5,129	5,284	5,445	5,611
Regulatory agencies	–128	–151	–136	–151	–174	–155	–212
International Trade Administration	301	307	318	326	335	344	354
Other discretionary	262	–62	15	64	53	42	35
Total, Other advancement of commerce	3,106	6,159	6,469	6,695	6,858	7,066	7,211
Total, Discretionary	3,838	7,172	7,465	7,731	7,937	8,188	8,377
Mandatory:							
Mortgage credit:							
FHA General and Special Risk negative subsidies	–154	–146	–27	–111	–210	–28	–10
FHA mutual mortgage insurance receipts	–3,559	....	....	–3,696	–3,789	–4,137	–4,663
GNMA receipts	....	–6,189	–365	–401	–439	–479	–521
Mortgage credit reestimates	4,727	....	....	....	....	....	....
Other credit liquidating accounts	–1,127	–837	1,018	–582	–461	–693	–891
Other mortgage credit activities	204	....	....	....	....	....	....
Total, Mortgage credit	91	–7,172	626	–4,790	–4,899	–5,337	–6,085

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
Postal service:							
Postal Service (Off-budget)	5,607	5,516	1,575	1,477	325	–786	–256
Deposit insurance:							
Bank Insurance Fund	–12	–25	–26	–26	–26	–26	–26
FSLIC Resolution Fund	–16	–4	–4	–4	–4	–4	–4
Savings Association Insurance Fund	–1	–4	–4	–4	–4	–4	–4
Other deposit insurance activities	28	34	34	35	36	37	38
Total, Deposit insurance	–1	1	....	1	2	3	4
Other advancement of commerce:							
Universal Service Fund	3,752	4,616	4,897	5,474	6,113	6,783	7,482
Payments to copyright owners	243	180	212	212	232	255	240
Spectrum auction subsidy	1,409	....	....	....	....	....	....
Regulatory fees	–24	–24	–24	–24	–24	–24	–24
Credit liquidating accounts	6	4	1	1	1	1	1
Business loan program, subsidy reestimate	–695	–301	....	....	....	....	....
Other mandatory	127	112	108	109	100	101	103
Total, Other advancement of commerce	4,818	4,587	5,194	5,772	6,422	7,116	7,802
Total, Mandatory	10,515	2,932	7,395	2,460	1,850	996	1,465
Total, Commerce and housing credit	14,353	10,104	14,860	10,191	9,787	9,184	9,842
400 Transportation:							
Discretionary:							
Ground transportation:							
Highways	332	3	3	3	3	3	3
State infrastructure banks	–7	....	....	....	....	....	....
Highway safety	90	88	90	91	93	95	97
Mass transit	–370	2	6	6	6	6	7
Railroads	776	739	755	772	789	805	823
Regulation	15	15	16	16	17	17	18
Total, Ground transportation	836	847	870	888	908	926	948
Air transportation:							
Airports and airways (FAA)	7,856	8,094	8,366	8,604	8,846	9,099	9,359
Aeronautical research and technology	1,194	1,031	1,059	1,085	1,110	1,137	1,164
Payments to air carriers	–4	....	....	....	....	....	....
Total, Air transportation	9,046	9,125	9,425	9,689	9,956	10,236	10,523
Water transportation:							
Marine safety and transportation	3,449	2,924	3,020	3,100	3,183	3,267	3,353
Ocean shipping	90	110	114	117	121	124	128
Total, Water transportation	3,539	3,034	3,134	3,217	3,304	3,391	3,481
Other transportation:							
Department of Transportation administration and other	252	244	252	262	267	276	286
Total, Discretionary	13,673	13,250	13,681	14,056	14,435	14,829	15,238
Mandatory:							
Ground transportation:							
Highways	29,357	31,626	33,888	31,256	31,272	31,272	31,272
Highway safety	372	460	555	571	581	581	581
Mass transit	5,364	5,797	6,293	6,746	7,225	7,225	7,225
Offsetting receipts and credit subsidy reestimates	–44	–86	–21	–21	–21	–21	–21
Credit liquidating accounts	–29	–30	–29	–29	–29	–29	–29
Total, Ground transportation	35,020	37,767	40,686	38,523	39,028	39,028	39,028
Air transportation:							
Airports and airways (FAA)	2,322	....	....	....	....	....	....

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
Payments to air carriers	....	5	22	22	22	22	22
Total, Air transportation	2,322	5	22	22	22	22	22
Water transportation:							
Coast Guard retired pay	684	730	778	825	877	926	978
Other water transportation programs	–84	72	–5	–7	68	68	68
Total, Water transportation	600	802	773	818	945	994	1,046
Other transportation:							
Sale of Governors Island	....	....	....	–340	....	....	....
Other mandatory transportation programs	–29	–31	–34	–35	–36	–36	–37
Total, Other transportation	–29	–31	–34	–375	–36	–36	–37
Total, Mandatory	37,913	38,543	41,447	38,988	39,959	40,008	40,059
Total, Transportation	51,586	51,793	55,128	53,044	54,394	54,837	55,297
450 Community and regional development:							
Discretionary:							
Community development:							
Community development block grant	4,893	4,781	4,877	4,974	5,074	5,175	5,279
Community development loan guarantees	30	30	31	31	32	32	33
Community adjustment and investment program	9	10	10	10	11	11	11
Community development financial institutions	95	95	97	99	102	104	105
Brownfields redevelopment	25	25	26	26	27	27	28
Other community development programs	434	430	440	450	461	474	484
Total, Community development	5,486	5,371	5,481	5,590	5,707	5,823	5,940
Area and regional development:							
Rural development	931	890	909	930	948	970	992
Economic Development Administration	413	388	396	405	412	422	431
Indian programs	1,007	1,169	1,201	1,227	1,256	1,285	1,319
Appalachian Regional Commission	66	66	67	69	70	71	73
Tennessee Valley Authority	50	....	....	....	....	....	....
Denali commission	20	30	30	31	32	33	33
Total, Area and regional development	2,487	2,543	2,603	2,662	2,718	2,781	2,848
Disaster relief and insurance:							
Disaster relief	2,114	2,765	2,820	2,877	2,934	2,993	3,053
Small Business Administration disaster loans	298	276	282	287	293	299	305
Other disaster assistance programs	642	469	484	496	508	519	534
Total, Disaster relief and insurance	3,054	3,510	3,586	3,660	3,735	3,811	3,892
Total, Discretionary	11,027	11,424	11,670	11,912	12,160	12,415	12,680
Mandatory:							
Community development:							
Pennsylvania Avenue activities and other programs	....	1	....	....	....	....	....
Area and regional development:							
Indian programs	576	184	152	157	162	168	173
Rural development programs	98	47	66	38	36	36	36
Credit liquidating accounts	–80	–3	19	1,359	–99	315	–126
Offsetting receipts	–376	–189	–139	–143	–148	–152	–157
Total, Area and regional development	218	39	98	1,411	–49	367	–74
Disaster relief and insurance:							
National flood insurance fund	–134	–236	–292	–20	–20	–20	–20
National flood mitigation fund	20	20	20	20	20	20	20
Radiological emergency preparedness fees	–2	....	....	....	....	....	....
Disaster loans program account	337	68	....	....	....	....	....

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
SBA disaster loan subsidy reestimates	–10						
Credit liquidating accounts	–163	–166	–74				
Total, Disaster relief and insurance	48	–314	–346				
Total, Mandatory	266	–274	–248	1,411	–49	367	–74
Total, Community and regional development	11,293	11,150	11,422	13,323	12,111	12,782	12,606
500 Education, training, employment, and social services:							
Discretionary:							
Elementary, secondary, and vocational education:							
Education reform	1,314	1,765	1,800	1,836	1,873	1,910	1,949
Education for the disadvantaged	3,670	8,701	8,751	8,926	9,105	9,287	9,472
Impact aid	864	906	924	942	961	981	1,000
School improvement	2,811	1,492	3,037	3,097	3,159	3,223	3,288
Bilingual and immigrant education	380	406	414	422	431	439	448
Special education	5,334	2,294	6,082	6,204	6,327	6,454	6,583
Vocational and adult education	1,539	891	1,700	1,734	1,768	1,803	1,839
Reading excellence	260	65	261	267	272	277	283
Indian education	678	647	664	680	696	713	730
Other	9	10	10	10	11	11	11
Total, Elementary, secondary, and vocational education	16,859	17,177	23,643	24,118	24,603	25,098	25,603
Higher education:							
Student financial assistance	9,348	9,375	9,563	9,754	9,949	10,147	10,350
Higher education	1,310	1,529	1,559	1,590	1,623	1,655	1,688
Federal family education loan program	47	48	49	52	53	55	56
Other higher education programs	349	348	382	390	397	405	414
Total, Higher education	11,054	11,300	11,553	11,786	12,022	12,262	12,508
Research and general education aids:							
Library of Congress	296	302	313	324	333	343	354
Public broadcasting	301	352	394	405	414	421	430
Smithsonian institution	514	546	564	583	600	620	639
Education research, statistics, and improvement	657	591	602	615	627	639	652
Other	795	812	835	856	878	900	925
Total, Research and general education aids	2,563	2,603	2,708	2,783	2,852	2,923	3,000
Training and employment:							
Training and employment services	5,278	2,991	5,516	5,626	5,741	5,857	5,975
Older Americans employment	440	440	449	458	467	476	486
Federal-State employment service	1,252	1,252	1,276	1,304	1,329	1,358	1,383
Other employment and training	97	101	105	108	112	117	120
Total, Training and employment	7,067	4,784	7,346	7,496	7,649	7,808	7,964
Other labor services:							
Labor law, statistics, and other administration	1,128	1,242	1,289	1,330	1,372	1,413	1,456
Social services:							
National Service	716	652	669	667	684	703	719
Children and families services programs	6,029	5,328	6,838	6,977	7,120	7,264	7,410
Aging services program	882	933	952	971	991	1,011	1,032
Other	350	370	377	385	393	400	408
Total, Social services	7,977	7,283	8,836	9,000	9,188	9,378	9,569
Total, Discretionary	46,648	44,389	55,375	56,513	57,686	58,882	60,100
Mandatory:							
Higher education:							
Federal family education loan program	3,332	4,507	4,004	3,133	3,967	3,582	3,775
Federal direct loan program	–102	–2,697	163	288	287	482	595

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate					
		2000	2001	2002	2003	2004	2005
Other higher education programs	–54	–40	–39	–39	–39	–39	–39
Credit liquidating account (Family education loan program)	–550	–693	–619	–528	–427	–331	–247
Total, Higher education	2,626	1,077	3,509	2,854	3,788	3,694	4,084
Research and general education aids:							
Mandatory programs	25	46	44	20	19	19	20
Training and employment:							
Trade adjustment assistance	131	132	132	94	95	95	95
Welfare to work grants	1,488	–137					
Other training and employment	41	50	48				
Total, Training and employment	1,660	45	180	94	95	95	95
Other labor services:							
Other labor services	5	5	5				
Social services:							
Payments to States for foster care and adoption assistance	4,922	5,697	6,401	6,944	7,544	8,212	8,954
Family support and preservation	275	295	305	305	305	305	305
Social services block grant	1,909	1,775	1,700	1,700	1,700	1,700	1,700
Rehabilitation services	2,304	2,339	2,400	2,455	2,516	2,581	2,649
Other social services	26	19	20	32	32	32	32
Total, Social services	9,436	10,125	10,826	11,436	12,097	12,830	13,640
Total, Mandatory	13,752	11,298	14,564	14,404	15,999	16,638	17,839
Total, Education, training, employment, and social services	60,400	55,687	69,939	70,917	73,685	75,520	77,939
550 Health:							
Discretionary:							
Health care services:							
Substance abuse and mental health services	2,487	2,652	2,706	2,761	2,817	2,875	2,933
Indian health	2,240	2,391	2,460	2,521	2,584	2,648	2,717
Health Resources and Services Administration	3,810	4,234	4,322	4,411	4,503	4,596	4,690
Disease control, research, and training	2,379	2,715	2,781	2,843	2,908	2,973	3,041
Departmental management and other	822	946	969	993	1,016	1,040	1,064
Total, Health care services	11,738	12,938	13,238	13,529	13,828	14,132	14,445
Health research and training:							
National Institutes of Health	15,607	17,793	18,651	19,339	20,054	20,796	21,565
Clinical training	307	344	351	358	366	373	381
Other health research and training	327	358	369	379	389	398	408
Total, Health research and training	16,241	18,495	19,371	20,076	20,809	21,567	22,354
Consumer and occupational health and safety:							
Food safety and inspection	617	649	681	707	734	762	791
Occupational safety and health	586	623	644	665	686	705	725
FDA and Consumer Products Safety Commission salaries and expenses	1,027	1,098	1,140	1,176	1,213	1,252	1,291
Total, Consumer and occupational health and safety	2,230	2,370	2,465	2,548	2,633	2,719	2,807
Total, Discretionary	30,209	33,803	35,074	36,153	37,270	38,418	39,606
Mandatory:							
Health care services:							
Medicaid grants	102,395	115,000	124,175	133,968	144,900	156,610	169,763
State children's health insurance fund	4,247	4,259	4,249	3,115	3,175	3,175	4,082
Federal employees' and retired employees' health benefits	4,591	4,972	5,404	5,835	6,286	6,869	7,536
UMWA Funds (coal miner retiree health)	230	183	205	188	179	171	164
Other mandatory health services activities	463	388	506	495	432	453	474
Total, Health care services	111,926	124,802	134,539	143,601	154,972	167,278	182,019

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
Health research and safety:							
Health research and training	64	42	37	37	9	7	5
Total, Mandatory	111,990	124,844	134,576	143,638	154,981	167,285	182,024
Total, Health	142,199	158,647	169,650	179,791	192,251	205,703	221,630
570 Medicare:							
Discretionary:							
Medicare:							
Hospital insurance (HI) administrative expenses	1,297	1,361	1,420	1,477	1,537	1,601	1,644
Supplementary medical insurance (SMI) administrative expenses	1,506	1,706	1,774	1,838	1,909	1,984	2,062
Total, Discretionary	2,803	3,067	3,194	3,315	3,446	3,585	3,706
Mandatory:							
Medicare:							
Hospital insurance (HI)	129,576	132,469	143,325	147,643	157,752	165,657	179,188
Supplementary medical insurance (SMI)	79,032	88,034	97,010	100,467	111,151	118,801	130,330
Health care fraud and abuse control	764	864	950	1,010	1,075	1,075	1,075
Medicare premiums, collections, and interfunds	–21,550	–18,130	–23,368	–25,427	–27,821	–30,427	–33,095
Total, Mandatory	187,822	203,237	217,917	223,693	242,157	255,106	277,498
Total, Medicare	190,625	206,304	221,111	227,008	245,603	258,691	281,204
600 Income security:							
Discretionary:							
General retirement and disability insurance:							
Railroad retirement	285	269	274	278	283	286	291
Pension Benefit Guaranty Corporation	11	11	12	12	12	13	13
Pension and Welfare Benefits Administration and other	92	101	105	108	111	114	117
Total, General retirement and disability insurance	388	381	391	398	406	413	421
Federal employee retirement and disability:							
Civilian retirement and disability program administrative expenses	80	85	89	91	94	96	100
Armed forces retirement home	71	68	70	73	75	77	80
Total, Federal employee retirement and disability	151	153	159	164	169	173	180
Unemployment compensation:							
Unemployment programs administrative expenses	2,338	2,270	2,480	2,771	2,949	3,008	3,075
Housing assistance:							
Public housing operating fund	2,818	3,138	3,201	3,265	3,330	3,397	3,465
Public housing capital fund	3,000	2,869	2,927	2,985	3,045	3,105	3,168
Subsidized, public, homeless and other HUD housing	13,907	10,461	18,882	21,441	22,604	23,471	24,278
Rural housing assistance	652	729	744	758	774	788	805
Total, Housing assistance	20,377	17,197	25,754	28,449	29,753	30,761	31,716
Food and nutrition assistance:							
Special supplemental food program for women, infants, and children (WIC)	3,924	4,032	4,113	4,195	4,279	4,364	4,452
Other nutrition programs	484	517	530	544	556	568	582
Total, Food and nutrition assistance	4,408	4,549	4,643	4,739	4,835	4,932	5,034
Other income assistance:							
Refugee assistance	481	454	464	472	482	491	501
Low income home energy assistance	1,277	1,400	1,406	1,434	1,462	1,491	1,523
Child care and development block grant	1,000	1,183	1,183	1,207	1,231	1,255	1,281
Supplemental security income (SSI) administrative expenses	2,321	2,360	2,448	2,523	2,599	2,678	2,760
Total, Other income assistance	5,079	5,397	5,501	5,636	5,774	5,915	6,065
Total, Discretionary	32,741	29,947	38,928	42,157	43,886	45,202	46,491

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate					
		2000	2001	2002	2003	2004	2005
Mandatory:							
General retirement and disability insurance:							
Railroad retirement	4,248	4,410	4,612	4,593	4,689	4,802	4,915
Special benefits for disabled coal miners	1,032	1,010	955	916	869	822	776
Pension Benefit Guaranty Corporation	–11	–11	–12	–12	–12	–13	–13
District of Columbia pension funds	234	243	250	260	268	276	285
Proceeds from sale of DC retirement fund assets	–3,398	....	....	....	....	....	....
Special workers' compensation program	142	160	151	153	154	154	154
Total, General retirement and disability insurance	2,247	5,812	5,956	5,910	5,968	6,041	6,117
Federal employee retirement and disability:							
Federal civilian employee retirement and disability	44,437	46,122	48,289	50,634	53,276	56,177	59,320
Military retirement	31,986	33,041	34,016	34,971	35,949	36,946	37,950
Federal employees workers' compensation (FECA)	180	81	59	70	79	99	118
Federal employees life insurance fund	29	31	33	34	35	37	38
Total, Federal employee retirement and disability	76,632	79,275	82,397	85,709	89,339	93,259	97,426
Unemployment compensation:							
Unemployment insurance programs	21,157	21,566	24,361	28,488	31,712	33,002	34,185
Trade adjustment assistance	230	283	275	249	227	235	243
Total, Unemployment compensation	21,387	21,849	24,636	28,737	31,939	33,237	34,428
Housing assistance:							
Mandatory housing assistance programs	25	40	40	30	30	30	30
Food and nutrition assistance:							
Food stamps (including Puerto Rico)	21,232	21,067	22,104	23,216	24,256	25,110	25,917
State child nutrition programs	9,179	9,545	9,533	10,489	10,939	11,439	11,958
Funds for strengthening markets, income, and supply (Sec.32)	733	730	538	538	538	538	538
Total, Food and nutrition assistance	31,144	31,342	32,175	34,243	35,733	37,087	38,413
Other income support:							
Supplemental security income (SSI)	28,113	29,260	30,561	31,904	33,269	34,673	38,695
Family support payments	2,649	1,033	3,092	3,349	3,606	3,883	4,097
Federal share of child support collections	–868	–851	–850	–820	–865	–874	–853
Temporary assistance for needy families and related programs	17,693	16,689	16,679	16,679	16,679	16,679	16,679
Child care entitlement to states	2,167	2,367	2,567	2,717	2,717	2,717	2,717
Earned income tax credit (EITC)	25,632	25,676	25,799	26,876	27,638	28,701	29,722
Child tax credit	445	550	520	505	460	450	420
Other assistance	52	39	58	59	59	61	61
SSI recoveries and receipts	–1,479	–1,548	–1,612	–1,679	–1,745	–1,814	–2,009
Total, Other income support	74,404	73,215	76,814	79,590	81,818	84,476	89,529
Total, Mandatory	205,839	211,533	222,018	234,219	244,827	254,130	265,943
Total, Income security	238,580	241,480	260,946	276,376	288,713	299,332	312,434
650 Social security:							
Discretionary:							
Social security:							
Old-age and survivors insurance (OASI)administrative expenses (Off-budget)	1,738	1,747	1,813	1,870	1,926	1,986	2,048
Disability insurance (DI) administrative expenses (Off-budget)	1,406	1,413	1,465	1,510	1,554	1,603	1,651
Office of the Inspector General—Social Security Adm. (On-budget)	12	15	15	16	17	17	18
Total, Discretionary	3,156	3,175	3,293	3,396	3,497	3,606	3,717
Mandatory:							
Social security:							
Old-age and survivors insurance (OASI)(Off-budget)	337,136	350,286	366,084	381,082	398,100	416,458	436,438
Disability insurance (DI)(Off-budget)	50,812	54,566	58,888	63,648	69,118	75,328	82,062
Quinquennial OASI and DI adjustments (On-budget)	....	....	–1,152	....	....	....	....
Intragovernmental transactions (On-budget)	10,830	11,663	10,985	11,494	12,048	12,813	13,725

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
Intragovernmental transactions (Off-budget)	–10,824	–11,663	–10,985	–11,494	–12,048	–12,813	–13,725
Total, Mandatory	387,954	404,852	423,820	444,730	467,218	491,786	518,500
Total, Social security	391,110	408,027	427,113	448,126	470,715	495,392	522,217
700 Veterans benefits and services:							
Discretionary:							
Income security for veterans:							
Special benefits for certain World War II veterans	....	3	3	3	3	4	4
Veterans education, training, and rehabilitation:							
Loan fund program account	1	1	1	1	1	1	1
Hospital and medical care for veterans:							
Medical care and hospital services	18,199	19,879	20,606	21,222	21,859	22,519	23,203
Collections for medical care	–574	–600	–608	–612	–622	–632	–642
Construction of medical facilities	407	315	321	328	335	340	348
Total, Hospital and medical care for veterans	18,032	19,594	20,319	20,938	21,572	22,227	22,909
Veterans housing:							
Housing program loan administrative expenses	160	158	165	170	176	181	187
Other veterans benefits and services:							
National Cemetery Administration	92	97	101	104	108	111	115
General operating expenses	882	941	967	991	1,016	1,041	1,067
Other operating expenses	94	119	123	126	131	135	138
Total, Other veterans benefits and services	1,068	1,157	1,191	1,221	1,255	1,287	1,320
Total, Discretionary	19,261	20,913	21,679	22,333	23,007	23,700	24,421
Mandatory:							
Income security for veterans:							
Compensation	18,663	18,375	19,567	20,340	20,988	21,656	22,325
Proposed Legislation (non-PAYGO)	....	....	345	769	1,243	1,725	2,216
Subtotal, Compensation	18,663	18,375	19,912	21,109	22,231	23,381	24,541
Pensions	3,085	3,063	3,066	3,066	3,566	3,586	3,629
Burial benefits and miscellaneous assistance	109	135	142	136	137	138	137
National service life insurance trust fund	1,249	1,301	1,292	1,300	1,298	1,298	1,287
All other insurance programs	38	50	42	45	59	66	70
Insurance program receipts	–210	–191	–180	–169	–158	–146	–134
Total, Income security for veterans	22,934	22,733	24,274	25,487	27,133	28,323	29,530
Veterans education, training, and rehabilitation:							
Readjustment benefits (Montgomery GI Bill and other related programs)	1,175	1,469	1,664	1,674	1,664	1,665	1,683
Post-Vietnam era education	–1	....	....	....	–1	....	....
All-volunteer force educational assistance trust fund	–186	–254	–261	–252	–239	–227	–213
Total, Veterans education, training, and rehabilitation	988	1,215	1,403	1,422	1,424	1,438	1,470
Hospital and medical care for veterans:							
Fees, charges and other mandatory medical care	....	....	....	....	....	1	....
Veterans housing:							
Housing program loan subsidies	1,392	1,355	166	139	320	342	349
Housing program loan reestimates	–619	–730	....	....	....	....	....
Housing program loan liquidating account	154	....	....	....	....	....	....
Total, Veterans housing	927	625	166	139	320	342	349

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
Other veterans programs:							
National homes, Battle Monument contributions and other	47	124	46	45	36	36	37
Total, Mandatory	24,896	24,697	25,889	27,093	28,913	30,140	31,386
Total, Veterans benefits and services	44,157	45,610	47,568	49,426	51,920	53,840	55,807
750 Administration of justice:							
Discretionary:							
Federal law enforcement activities:							
Criminal investigations (DEA, FBI, FinCEN, ICDE)	4,338	4,493	4,652	4,789	4,931	5,077	5,229
Alcohol, tobacco, and firearms investigations (ATF)	558	565	587	606	625	645	665
Border enforcement activities (Customs and INS)	4,743	4,808	4,990	5,141	5,300	5,463	5,631
Equal Employment Opportunity Commission	279	281	287	292	298	304	310
Tax law, criminal investigations (IRS)	367	385	401	415	428	443	458
Other law enforcement activities	1,585	1,526	1,578	1,626	1,672	1,724	1,776
Total, Federal law enforcement activities	11,870	12,058	12,495	12,869	13,254	13,656	14,069
Federal litigative and judicial activities:							
Civil and criminal prosecution and representation	2,628	2,763	2,836	2,919	3,006	3,096	3,190
Representation of indigents in civil cases	300	304	310	316	323	329	336
Federal judicial and other litigative activities	3,497	3,799	3,913	4,016	4,122	4,231	4,346
Total, Federal litigative and judicial activities	6,425	6,866	7,059	7,251	7,451	7,656	7,872
Correctional activities:							
Federal prison system and detention trustee program	3,302	3,673	3,779	3,875	3,974	4,076	4,183
Criminal justice assistance:							
Law enforcement assistance, violent crime reduction, community policing	4,891	4,050	4,135	4,216	4,301	4,388	4,477
Total, Discretionary	26,488	26,647	27,468	28,211	28,980	29,776	30,601
Mandatory:							
Federal law enforcement activities:							
Assets forfeiture fund	560	484	463	430	440	451	459
Border enforcement activities (Customs and INS)	1,533	1,627	1,624	1,675	1,712	1,750	1,791
Customs and INS fees	–2,480	–2,716	–2,736	–2,699	–2,779	–1,382	–1,385
Other mandatory law enforcement programs	481	420	433	439	442	445	449
Total, Federal law enforcement activities	94	–185	–216	–155	–185	1,264	1,314
Federal litigative and judicial activities:							
Federal judicial officers salaries and expenses and other mandatory programs	460	454	533	498	510	523	539
Correctional activities:							
Mandatory programs	–3	–4	–4	–4	–4	–4	–5
Criminal justice assistance:							
Crime victims fund	321	503	1,063	350	350	350	350
Public safety officers' benefits	32	33	33	34	34	35	35
Total, Criminal justice assistance	353	536	1,096	384	384	385	385
Total, Mandatory	904	801	1,409	723	705	2,168	2,233
Total, Administration of justice	27,392	27,448	28,877	28,934	29,685	31,944	32,834
800 General government:							
Discretionary:							
Legislative functions:							
Legislative branch discretionary programs	2,245	2,107	2,179	2,241	2,308	2,381	2,448
Executive direction and management:							
Drug control programs	353	369	376	384	391	400	407
Executive Office of the President	315	274	283	289	300	307	318

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate					
		2000	2001	2002	2003	2004	2005
Presidential transition and former Presidents	2	2	2	2	2	2	2
Total, Executive direction and management	670	645	661	675	693	709	727
Central fiscal operations:							
Tax administration	8,059	7,833	8,107	8,340	8,586	8,836	9,097
Other fiscal operations	663	720	746	769	790	816	840
Total, Central fiscal operations	8,722	8,553	8,853	9,109	9,376	9,652	9,937
General property and records management:							
Real property activities	306	–54	42	64	99	38	22
Records management	247	222	225	231	235	240	244
Other general and records management	230	171	177	181	187	193	198
Total, General property and records management	783	339	444	476	521	471	464
Central personnel management:							
Discretionary central personnel management programs	154	161	167	174	177	182	190
General purpose fiscal assistance:							
Payments and loans to the District of Columbia	645	340	348	353	361	368	374
Payments to States and counties from Federal land management activities	11	11	11	11	12	12	12
Payments in lieu of taxes	125	134	137	139	142	145	148
Total, General purpose fiscal assistance	781	485	496	503	515	525	534
Other general government:							
Discretionary programs	347	253	258	275	272	281	287
Total, Discretionary	13,702	12,543	13,058	13,453	13,862	14,201	14,587
Mandatory:							
Legislative functions:							
Congressional members compensation and other	99	104	108	106	103	98	99
Central fiscal operations:							
Federal financing bank	1,155	21	22	24	25	27	31
Other mandatory programs	–63	2	27	25	32	33	36
Total, Central fiscal operations	1,092	23	49	49	57	60	67
General property and records management:							
Mandatory programs	14	19	22	21	19	18	18
Offsetting receipts	–25	–24	–69	–33	–32	–28	–27
Total, General property and records management	–11	–5	–47	–12	–13	–10	–9
General purpose fiscal assistance:							
Payments to States and counties	789	994	884	886	868	891	912
Tax revenues for Puerto Rico (Treasury, BATF)	335	365	429	363	354	357	360
Other general purpose fiscal assistance	128	128	125	115	111	112	112
Total, General purpose fiscal assistance	1,252	1,487	1,438	1,364	1,333	1,360	1,384
Other general government:							
Territories	160	162	169	194	197	197	197
Treasury claims	1,859	725	712	712	712	712	712
Presidential election campaign fund	61	61	61	63	63	63	63
Other mandatory programs	–95	....	....	....	....	....	....
Total, Other general government	1,985	948	942	969	972	972	972

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate					
		2000	2001	2002	2003	2004	2005
Deductions for offsetting receipts:							
Offsetting receipts	–971	–1,100	–1,100	–1,100	–1,100	–1,100	–1,100
Total, Mandatory	3,446	1,457	1,390	1,376	1,352	1,380	1,413
Total, General government	17,148	14,000	14,448	14,829	15,214	15,581	16,000
900 Net interest:							
Mandatory:							
Interest on the public debt:							
Interest on the public debt	353,504	358,647	359,283	361,838	364,939	366,996	366,627
Interest received by on-budget trust funds:							
Civil service retirement and disability fund	–33,579	–35,168	–35,790	–36,929	–38,131	–39,099	–39,990
Military retirement	–12,560	–12,791	–13,025	–13,267	–13,517	–13,776	–14,045
Medicare	–12,212	–14,126	–15,220	–16,489	–17,678	–18,855	–19,995
Other on-budget trust funds	–8,210	–9,206	–9,700	–10,094	–10,303	–10,480	–10,752
Total, Interest received by on-budget trust funds	–66,561	–71,291	–73,735	–76,779	–79,629	–82,210	–84,782
Interest received by off-budget trust funds:							
Interest received by social security trust funds	–52,071	–59,656	–68,138	–77,622	–87,895	–98,812	–110,493
Other interest:							
Interest on loans to Federal Financing Bank	–2,503	–2,412	–2,159	–1,988	–1,853	–2,205	–2,472
Interest on refunds of tax collections	2,724	3,157	3,307	3,436	3,563	3,702	3,852
Payment to the Resolution Funding Corporation	2,328	1,072	1,728	1,247	2,047	1,947	2,231
Interest paid to loan guarantee financing accounts	3,617	3,795	3,858	3,948	4,045	4,149	4,261
Interest received from direct loan financing accounts	–7,278	–8,626	–9,945	–10,960	–11,973	–12,947	–13,860
Interest on deposits in tax and loan accounts	–935	–1,152	–1,104	–1,052	–1,052	–1,052	–1,052
Interest received from Outer Continental Shelf escrow account, Interior	–1	....	–1,342	....	....	....	....
All other interest	–3,087	–3,555	–3,698	–3,603	–3,631	–3,528	–3,414
Total, Other interest	–5,135	–7,721	–9,355	–8,972	–8,854	–9,934	–10,454
Total, Net interest	229,737	219,979	208,055	198,465	188,561	176,040	160,898
950 Undistributed offsetting receipts:							
Mandatory:							
Employer share, employee retirement (on-budget):							
Contributions to military retirement fund	–10,417	–11,454	–11,413	–11,781	–12,114	–12,459	–12,825
Postal Service contributions to Civil Service Retirement and Disability Fund	–6,001	–6,437	–6,624	–6,799	–6,919	–7,041	–7,166
Other contributions to civil and foreign service retirement and disability fund	–9,215	–9,008	–9,470	–9,870	–9,983	–10,494	–11,052
Contributions to HI trust fund	–2,576	–2,676	–2,752	–2,898	–3,009	–3,133	–3,280
Total, Employer share, employee retirement (on-budget)	–28,209	–29,575	–30,259	–31,348	–32,025	–33,127	–34,323
Employer share, employee retirement (off-budget):							
Contributions to social security trust funds	–7,385	–7,860	–8,212	–8,919	–9,493	–10,144	–10,905
Rents and royalties on the Outer Continental Shelf:							
OCS Receipts	–3,098	–3,550	–3,691	–3,282	–2,982	–2,853	–2,705
Sale of major assets:							
Privatization of Elk Hills	....	....	....	....	–323	....	....
Other undistributed offsetting receipts:							
Spectrum auction	–1,753	–2,076	–3,559	–5,535	–2,480	–770	–675
Total, Undistributed offsetting receipts	–40,445	–43,061	–45,721	–49,084	–47,303	–46,894	–48,608
Total	1,776,513	1,789,961	1,868,573	1,912,426	1,984,935	2,049,420	2,126,727
On-budget	(1,450,094)	(1,455,612)	(1,526,083)	(1,560,874)	(1,623,348)	(1,676,600)	(1,739,907)
Off-budget	(326,419)	(334,349)	(342,490)	(351,552)	(361,587)	(372,820)	(386,820)

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM

(in millions of dollars)

Source	1999 Actual	Estimate					
		2000	2001	2002	2003	2004	2005
050 National defense:							
Discretionary:							
Department of Defense—Military:							
Military personnel	69,503	73,509	75,636	77,836	80,078	82,321	84,541
Operation and maintenance	96,272	102,012	106,598	107,165	110,665	114,057	116,999
Procurement	48,826	47,959	50,615	52,059	54,447	55,929	57,200
Research, development, test and evaluation	37,363	37,407	38,433	38,827	39,890	40,874	41,823
Military construction	5,521	4,763	4,876	4,850	4,740	4,890	5,087
Family housing	3,692	3,753	3,678	3,752	3,831	3,834	3,914
Revolving, management and trust funds	995	2,278	1,925	2,269	2,264	2,251	2,256
General transfer authority	....	230	220	100	40	20	10
Total, Department of Defense—Military	262,172	271,911	281,981	286,858	295,955	304,176	311,830
Atomic energy defense activities:							
Department of Energy	12,188	11,736	12,032	12,422	12,712	12,958	13,166
Formerly utilized sites remedial action	153	154	142	145	148	151	154
Defense nuclear facilities safety board	17	18	19	18	18	20	20
Total, Atomic energy defense activities	12,358	11,908	12,193	12,585	12,878	13,129	13,340
Defense-related activities:							
Discretionary programs	933	1,004	977	1,029	1,064	1,090	1,117
Total, Discretionary	275,463	284,823	295,151	300,472	309,897	318,395	326,287
Mandatory:							
Department of Defense—Military:							
Revolving, trust and other DoD mandatory	202	624	304	343	343	342	341
Offsetting receipts	–994	–1,352	–1,404	–1,410	–1,374	–1,259	–1,274
Total, Department of Defense—Military	–792	–728	–1,100	–1,067	–1,031	–917	–933
Defense-related activities:							
Mandatory programs	202	209	216	228	239	252	261
Total, Mandatory	–590	–519	–884	–839	–792	–665	–672
Total, National defense	274,873	284,304	294,267	299,633	309,105	317,730	325,615
150 International affairs:							
Discretionary:							
International development, humanitarian assistance:							
Development assistance and operating expenses	1,473	1,841	1,813	1,718	1,723	1,768	1,849
Multilateral development banks (MDB's)	1,518	1,567	1,644	1,446	1,319	1,407	1,319
Assistance for the New Independent States	652	590	683	677	749	842	876
Food aid	926	1,031	852	836	843	858	871
Refugee programs	733	919	777	654	668	681	695
Assistance for Central and Eastern Europe	523	535	373	413	468	535	560
Voluntary contributions to international organizations	338	295	298	305	311	318	324
Peace Corps	236	264	251	265	275	282	290
Central America and Caribbean emergency disaster recovery fund	10	232	228	–4	....	....	....
Other development and humanitarian assistance	849	1,091	1,013	872	916	922	966
Total, International development, humanitarian assistance	7,258	8,365	7,932	7,182	7,272	7,613	7,750
International security assistance:							
Foreign military financing grants and loans	3,375	2,985	4,624	4,673	5,026	5,142	5,189
Economic support fund	2,349	2,358	2,486	2,766	2,985	2,714	2,828
Other security assistance	355	408	438	432	442	450	460
Total, International security assistance	6,079	5,751	7,548	7,871	8,453	8,306	8,477
Conduct of foreign affairs:							
State Department operations	2,241	3,532	3,043	3,093	3,141	3,226	3,313
Foreign buildings	615	701	729	805	810	796	800
Assessed contributions to international organizations	947	882	898	915	933	952	971
Assessed contributions for international peacekeeping	235	493	508	518	528	539	550

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate					
		2000	2001	2002	2003	2004	2005
Arrearage payment for international organizations and peacekeeping	....	....	582	244	....	....	....
Other conduct of foreign affairs	168	145	129	129	133	137	140
Total, Conduct of foreign affairs	4,206	5,753	5,889	5,704	5,545	5,650	5,774
Foreign information and exchange activities:							
International broadcasting	422	428	422	428	439	454	467
Other information and exchange activities	801	386	273	272	277	281	285
Total, Foreign information and exchange activities	1,223	814	695	700	716	735	752
International financial programs:							
Export-Import Bank	733	598	587	618	696	760	800
Special defense acquisition fund	–2	8	23	24	19	20	20
Other IMF	22	16	10	....	....	....	....
Total, International financial programs	753	622	620	642	715	780	820
Total, Discretionary	19,519	21,305	22,684	22,099	22,701	23,084	23,573
Mandatory:							
International development, humanitarian assistance:							
Credit liquidating accounts	–1,585	–1,300	–1,177	–1,132	–1,151	–1,108	–1,045
Receipts and other	–19	–120	–56	–16	–16	–16	–16
Total, International development, humanitarian assistance	–1,604	–1,420	–1,233	–1,148	–1,167	–1,124	–1,061
International security assistance:							
Repayment of foreign military financing loans	–367	....	....	....	....	....	....
Foreign military loan reestimates	5	189	....	....	....	....	....
Foreign military loan liquidating account	–186	–590	–506	–403	–345	–275	–276
Total, International security assistance	–548	–401	–506	–403	–345	–275	–276
Foreign affairs and information:							
Conduct of foreign affairs	–44	7	2	2	2	2	2
U.S. Information Agency trust funds	....	–1	–1	–1	–1	–1	–1
Miscellaneous trust funds	2	2	2	2	2	3	3
Japan-U.S. Friendship Commission	2	4	3	3	3	3	3
Total, Foreign affairs and information	–40	12	6	6	6	7	7
International financial programs:							
Foreign military sales trust fund (net)	535	....	....	....	....	....	....
International monetary fund	–167	....	....	....	....	....	....
Exchange stabilization fund	–1,385	–1,454	–1,527	–1,603	–1,683	–1,768	–1,856
Credit liquidating account (Exim)	–892	–600	–575	–520	–466	–448	–436
Other international financial programs	–175	–906	–254	–67	–80	–81	–87
Total, International financial programs	–2,084	–2,960	–2,356	–2,190	–2,229	–2,297	–2,379
Total, Mandatory	–4,276	–4,769	–4,089	–3,735	–3,735	–3,689	–3,709
Total, International affairs	15,243	16,536	18,595	18,364	18,966	19,395	19,864
250 General science, space, and technology:							
Discretionary:							
General science and basic research:							
National Science Foundation programs	3,188	3,439	3,713	3,836	4,016	4,059	4,141
Department of Energy general science programs	2,449	2,719	2,815	2,873	2,931	2,990	3,050
Total, General science and basic research	5,637	6,158	6,528	6,709	6,947	7,049	7,191
Space flight, research, and supporting activities:							
Science, aeronautics and technology	4,981	4,899	5,018	4,976	4,935	5,252	5,362
Human space flight	5,417	5,470	5,525	5,706	5,785	5,898	6,018
Mission support	1,986	2,135	2,198	2,307	2,358	2,433	2,515

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
Other NASA programs	62	86	28	22	23	23	24
Total, Space flight, research, and supporting activities	12,446	12,590	12,769	13,011	13,101	13,606	13,919
Total, Discretionary	18,083	18,748	19,297	19,720	20,048	20,655	21,110
Mandatory:							
General science and basic research:							
National Science Foundation donations	42	102	66	34	34	34	34
Total, General science, space, and technology	18,125	18,850	19,363	19,754	20,082	20,689	21,144
270 Energy:							
Discretionary:							
Energy supply:							
Research and development	1,350	1,210	1,194	1,261	1,271	1,256	1,242
Naval petroleum reserves operations	28	21	21	....	....	....	....
Uranium enrichment activities	228	209	253	257	263	268	273
Decontamination transfer	–398	–420	–430	–441	–452	–464	–476
Nuclear waste program	169	140	239	244	249	255	260
Federal power marketing	223	214	213	219	227	232	240
Rural electric and telephone discretionary loans	82	83	62	53	47	45	46
Non-defense environmental management and other	417	311	315	316	323	331	392
Total, Energy supply	2,099	1,768	1,867	1,909	1,928	1,923	1,977
Energy conservation and preparedness:							
Energy conservation	586	690	740	763	779	796	812
Emergency energy preparedness	225	164	160	163	167	171	174
Total, Energy conservation and preparedness	811	854	900	926	946	967	986
Energy information, policy, and regulation:							
Nuclear Regulatory Commission (NRC)	37	22	324	334	345	356	367
Federal Energy Regulatory Commission fees and recoveries, and other	–25	–21	–28	–23	–24	–24	–24
Department of Energy departmental administration, OIG, and EIA administration	207	199	204	215	223	233	238
Total, Energy information, policy, and regulation	219	200	500	526	544	565	581
Total, Discretionary	3,129	2,822	3,267	3,361	3,418	3,455	3,544
Mandatory:							
Energy supply:							
Naval petroleum reserves oil and gas sales	–18	–6	–6	–6	....	....	....
Federal power marketing	–779	–548	–620	–731	–714	–818	–746
Tennessee Valley Authority	–49	–359	–813	–851	–834	–1,143	–1,229
Proceeds from uranium sales	–1	....	....	....	....	....	....
United States Enrichment Corporation	5	....	....	....	....	....	....
Nuclear waste fund program	–662	–663	–550	–550	–550	–545	–535
Rural electric and telephone liquidating accounts	–546	–2,897	–1,770	–1,786	–1,601	–1,506	–1,461
Rural electric and telephone loan subsidy reestimates	–167	....	....	....	....	....	....
Total, Mandatory	–2,217	–4,473	–3,759	–3,924	–3,699	–4,012	–3,971
Total, Energy	912	–1,651	–492	–563	–281	–557	–427
300 Natural resources and environment:							
Discretionary:							
Water resources:							
Corps of Engineers	4,147	4,246	4,022	4,125	4,228	4,332	4,440
Bureau of Reclamation	763	984	780	803	823	841	866
Watershed, flood prevention and other	266	304	307	259	270	259	246
Total, Water resources	5,176	5,534	5,109	5,187	5,321	5,432	5,552
Conservation and land management:							
Forest Service	2,703	2,538	2,600	2,699	2,779	2,863	2,951

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate					
		2000	2001	2002	2003	2004	2005
Management of public lands (BLM)	1,035	1,103	1,130	1,209	1,184	1,207	1,244
Conservation of agricultural lands	718	747	752	776	784	806	834
Other conservation and land management programs	588	546	589	562	564	615	630
Total, Conservation and land management	5,044	4,934	5,071	5,246	5,311	5,491	5,659
Recreational resources:							
Operation of recreational resources	2,942	2,936	3,040	3,071	3,221	3,338	3,435
Other recreational resources activities	89	158	190	212	209	214	221
Total, Recreational resources	3,031	3,094	3,230	3,283	3,430	3,552	3,656
Pollution control and abatement:							
Regulatory, enforcement, and research programs	2,716	2,741	2,766	2,822	2,893	2,974	3,057
State and tribal assistance grants	2,745	3,064	3,341	3,351	3,430	3,499	3,564
Hazardous substance superfund	1,577	1,479	1,424	1,439	1,501	1,569	1,627
Other control and abatement activities	142	143	143	147	152	156	159
Total, Pollution control and abatement	7,180	7,427	7,674	7,759	7,976	8,198	8,407
Other natural resources:							
NOAA	2,380	2,085	2,318	2,472	2,691	2,758	2,751
Other natural resource program activities	844	892	810	869	893	916	944
Total, Other natural resources	3,224	2,977	3,128	3,341	3,584	3,674	3,695
Total, Discretionary	23,655	23,966	24,212	24,816	25,622	26,347	26,969
Mandatory:							
Water resources:							
Offsetting receipts and other mandatory water resource programs	–448	2	–142	–226	–85	–151	–165
Conservation and land management:							
Conservation Reserve Program and other	1,808	1,976	1,996	2,086	2,035	2,089	2,078
Other conservation programs	477	493	524	519	514	515	518
Offsetting receipts	–1,650	–2,321	–2,015	–2,048	–2,015	–2,056	–2,080
Total, Conservation and land management	635	148	505	557	534	548	516
Recreational resources:							
Operation of recreational resources	846	897	884	874	856	839	833
Offsetting receipts	–379	–382	–396	–305	–282	–288	–298
Total, Recreational resources	467	515	488	569	574	551	535
Pollution control and abatement:							
Superfund resources and other mandatory	–282	–225	–201	–154	–134	–124	–124
Other natural resources:							
Fees and mandatory programs	–59	27	–50	–12	–6	–8	–6
Total, Mandatory	313	467	600	734	883	816	756
Total, Natural resources and environment	23,968	24,433	24,812	25,550	26,505	27,163	27,725
350 Agriculture:							
Discretionary:							
Farm income stabilization:							
Agriculture credit loan program	433	468	509	512	538	552	568
P.L.480 market development activities	370	773	182	171	181	185	189
Administrative expenses	839	810	892	915	938	962	986
Total, Farm income stabilization	1,642	2,051	1,583	1,598	1,657	1,699	1,743
Agricultural research and services:							
Research programs	1,299	1,384	1,448	1,397	1,455	1,510	1,549
Extension programs	407	451	423	432	444	456	465
Marketing programs	42	46	54	55	56	57	59

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate					
		2000	2001	2002	2003	2004	2005
Animal and plant inspection programs	527	557	455	460	470	478	488
Economic intelligence	163	156	168	174	179	184	190
Grain inspection	26	26	27	27	28	28	29
Foreign agricultural service	129	104	112	117	120	124	127
Other programs and unallocated overhead	329	403	365	388	407	422	432
Total, Agricultural research and services	2,922	3,127	3,052	3,050	3,159	3,259	3,339
Total, Discretionary	4,564	5,178	4,635	4,648	4,816	4,958	5,082
Mandatory:							
Farm income stabilization:							
Commodity Credit Corporation	17,463	24,991	13,363	8,969	8,554	6,349	5,337
Crop insurance and other farm credit activities	1,640	2,169	1,872	1,727	1,854	1,923	1,971
Credit liquidating accounts (ACIF and FAC)	–725	–1,173	–1,174	–1,160	–1,162	–1,090	–1,054
Total, Farm income stabilization	18,378	25,987	14,061	9,536	9,246	7,182	6,254
Agricultural research and services:							
Miscellaneous mandatory programs	231	269	355	445	636	573	538
Offsetting receipts	–162	–156	–157	–157	–157	–157	–157
Total, Agricultural research and services	69	113	198	288	479	416	381
Total, Mandatory	18,447	26,100	14,259	9,824	9,725	7,598	6,635
Total, Agriculture	23,011	31,278	18,894	14,472	14,541	12,556	11,717
370 Commerce and housing credit:							
Discretionary:							
Mortgage credit:							
Federal Housing Administration (FHA) loan programs	734	930	811	793	814	835	857
Government National Mortgage Association (GNMA)	–346	–332	–347	–346	–346	–345	–345
Other Housing and Urban Development	–157	–76	–121	–121	–119	–118	–116
Rural housing insurance fund	565	592	597	597	616	631	651
Total, Mortgage credit	796	1,114	940	923	965	1,003	1,047
Postal service:							
Payments to the Postal Service fund (On-budget)	29	100	102	104	106	108	110
Deposit insurance:							
National Credit Union Administration	2	1	....	....	....	....	....
Other advancement of commerce:							
Small and minority business assistance	581	618	624	625	640	653	665
Science and technology	684	642	654	592	681	707	728
Economic and demographic statistics	1,212	4,426	4,698	5,095	5,250	5,411	5,576
Regulatory agencies	–172	–140	–146	–154	–174	–156	–214
International Trade Administration	286	300	312	322	332	341	350
Other discretionary	91	108	–160	–69	–35	–45	–60
Total, Other advancement of commerce	2,682	5,954	5,982	6,411	6,694	6,911	7,045
Total, Discretionary	3,509	7,169	7,024	7,438	7,765	8,022	8,202
Mandatory:							
Mortgage credit:							
FHA General and Special Risk negative subsidies	–154	–146	–27	–111	–210	–28	–10
FHA mutual mortgage insurance receipts	–3,559	....	....	–3,696	–3,789	–4,137	–4,663
GNMA receipts	....	–6,189	–365	–401	–439	–479	–521
Mortgage credit reestimates	4,727	....	....	....	....	....	....
FHA mutual mortgage insurance liquidating account	–319	–3,937	–4,542	–1,564	–1,686	–1,858	–1,950
GNMA liquidating account	–335	5,826	–74	–4	–3	–1	–1
Other credit liquidating accounts	–996	–1,169	522	–1,019	–897	–1,121	–1,214

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate					
		2000	2001	2002	2003	2004	2005
Other mortgage credit activities	204	....	1	....	....	....	....
Total, Mortgage credit	–432	–5,615	–4,485	–6,795	–7,024	–7,624	–8,359
Postal service:							
Postal Service (Off-budget)	1,021	1,498	447	1,270	198	142	–270
Deposit insurance:							
Bank Insurance Fund	–1,035	165	–839	–610	–247	96	846
FSLIC Resolution Fund	–3,583	–906	1	143	16	–88	–88
Savings Association Insurance Fund	–436	–340	–346	–327	–250	–200	76
National Credit Union Administration	–263	–327	–338	–406	–423	–448	–486
Other deposit insurance activities	35	29	28	35	36	37	38
Total, Deposit insurance	–5,282	–1,379	–1,494	–1,165	–868	–603	386
Other advancement of commerce:							
Universal Service Fund	3,293	5,757	4,913	5,567	6,139	6,783	7,482
Payments to copyright owners	174	455	89	268	147	115	246
Spectrum auction subsidy	1,369	–1,779	6	6	6	6	6
Regulatory fees	–25	–23	–24	–24	–24	–24	–24
Credit liquidating accounts	–316	–270	–259	–163	–72	–63	–53
Business loan program, subsidy reestimate	–695	–301	....	....	....	....	....
Other mandatory	31	44	40	38	32	31	31
Total, Other advancement of commerce	3,831	3,883	4,765	5,692	6,228	6,848	7,688
Total, Mandatory	–862	–1,613	–767	–998	–1,466	–1,237	–555
Total, Commerce and housing credit	2,647	5,556	6,257	6,440	6,299	6,785	7,647
400 Transportation:							
Discretionary:							
Ground transportation:							
Highways	21,468	24,259	26,162	27,217	27,895	28,590	29,277
State infrastructure banks	29	15	12	9	7	4	2
Highway safety	419	566	504	483	495	503	513
Mass transit	4,260	4,559	4,301	4,827	4,993	5,708	6,083
Railroads	436	874	744	760	770	795	814
Regulation	14	16	16	17	17	18	18
Total, Ground transportation	26,626	30,289	31,739	33,313	34,177	35,618	36,707
Air transportation:							
Airports and airways (FAA)	9,508	9,748	9,998	10,436	10,680	11,028	11,320
Aeronautical research and technology	1,217	853	1,022	1,052	1,069	1,124	1,152
Payments to air carriers	–5	–4	7	....	....	....	....
Total, Air transportation	10,720	10,597	11,027	11,488	11,749	12,152	12,472
Water transportation:							
Marine safety and transportation	3,042	2,949	3,049	3,088	3,145	3,227	3,316
Ocean shipping	30	150	103	17	118	125	127
Panama Canal Commission	–73	47	....	....	....	....	....
Total, Water transportation	2,999	3,146	3,152	3,105	3,263	3,352	3,443
Other transportation:							
Department of Transportation administration and other	241	281	253	262	279	292	300
Total, Discretionary	40,586	44,313	46,171	48,168	49,468	51,414	52,922
Mandatory:							
Ground transportation:							
Highways	1,499	1,466	1,359	1,227	1,095	977	900
Offsetting receipts and credit subsidy reestimates	–44	–86	–21	–21	–21	–21	–21

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
Credit liquidating accounts	–29	–30	–29	–29	–29	–29	–29
Total, Ground transportation	1,426	1,350	1,309	1,177	1,045	927	850
Air transportation:							
Payments to air carriers	....	3	15	22	13	13	13
Water transportation:							
Coast Guard retired pay	669	693	761	818	869	919	970
Other water transportation programs	–124	351	12	–13	62	62	62
Total, Water transportation	545	1,044	773	805	931	981	1,032
Other transportation:							
Sale of Governors Island	....	....	....	–340	....	....	....
Other mandatory transportation programs	–26	–35	–36	–34	–35	–36	–37
Total, Other transportation	–26	–35	–36	–374	–35	–36	–37
Total, Mandatory	1,945	2,362	2,061	1,630	1,954	1,885	1,858
Total, Transportation	42,531	46,675	48,232	49,798	51,422	53,299	54,780
450 Community and regional development:							
Discretionary:							
Community development:							
Community development block grant	4,804	4,856	4,826	4,952	5,017	5,144	5,075
Community development loan guarantees	9	16	20	28	32	32	32
Community adjustment and investment program	1	14	10	10	10	10	11
Community development financial institutions	86	89	109	103	99	100	102
Brownfields redevelopment	....	10	28	35	29	27	27
Other community development programs	291	428	423	453	449	460	467
Total, Community development	5,191	5,413	5,416	5,581	5,636	5,773	5,714
Area and regional development:							
Rural development	746	898	862	873	922	989	1,008
Economic Development Administration	381	433	423	416	403	403	412
Indian programs	1,047	1,046	1,127	1,170	1,240	1,270	1,300
Appalachian Regional Commission	141	151	113	65	52	62	70
Tennessee Valley Authority	51	53	....	....	....	....	....
Denali commission	1	29	30	30	32	32	33
Total, Area and regional development	2,367	2,610	2,555	2,554	2,649	2,756	2,823
Disaster relief and insurance:							
Disaster relief	3,746	2,752	1,841	1,721	1,089	1,002	643
Small Business Administration disaster loans	316	317	299	303	304	297	303
Other disaster assistance programs	268	547	582	552	514	525	527
Total, Disaster relief and insurance	4,330	3,616	2,722	2,576	1,907	1,824	1,473
Total, Discretionary	11,888	11,639	10,693	10,711	10,192	10,353	10,010
Mandatory:							
Community development:							
Pennsylvania Avenue activities and other programs	–9	20	....	....	....	....	....
Credit liquidating accounts	–66	–32	–32	–33	–23	–15	–12
Total, Community development	–75	–12	–32	–33	–23	–15	–12
Area and regional development:							
Indian programs	442	180	151	156	161	167	172
Rural development programs	107	31	78	47	41	39	37
Credit liquidating accounts	–213	–109	–311	–213	–415	–427	–480

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate					
		2000	2001	2002	2003	2004	2005
Offsetting receipts	–376	–189	–139	–143	–148	–152	–157
Total, Area and regional development	–40	–87	–221	–153	–361	–373	–428
Disaster relief and insurance:							
National flood insurance fund	–66	–275	–333	–402	–481	–566	–658
National flood mitigation fund	8	18	25	24	22	20	20
Radiological emergency preparedness fees	–2						
Disaster loans program account	337	68					
SBA disaster loan subsidy reestimates	–10						
Credit liquidating accounts	–170	–235	–76	–210	–8	–8	–8
Total, Disaster relief and insurance	97	–424	–384	–588	–467	–554	–646
Total, Mandatory	–18	–523	–637	–774	–851	–942	–1,086
Total, Community and regional development	11,870	11,116	10,056	9,937	9,341	9,411	8,924
500 Education, training, employment, and social services:							
Discretionary:							
Elementary, secondary, and vocational education:							
Education reform	887	1,125	1,475	1,704	1,790	1,843	1,884
Education for the disadvantaged	7,554	8,379	8,551	8,843	9,022	9,203	9,387
Impact aid	1,081	1,034	927	945	959	978	997
School improvement	1,326	2,527	2,771	3,118	3,188	3,170	3,234
Bilingual and immigrant education	311	497	401	414	422	430	439
Special education	4,444	5,432	5,805	6,092	6,243	6,368	6,496
Vocational and adult education	1,362	1,547	1,640	1,700	1,740	1,774	1,810
Reading excellence		133	208	249	267	272	277
Indian education	612	624	637	672	689	706	722
Other	10	15	14	11	11	11	11
Total, Elementary, secondary, and vocational education	17,587	21,313	22,429	23,748	24,331	24,755	25,257
Higher education:							
Student financial assistance	9,125	9,363	9,667	9,653	9,703	9,753	9,891
Higher education	855	1,468	1,481	1,527	1,588	1,620	1,652
Federal family education loan program	52	47	59	62	65	66	67
Other higher education programs	352	330	378	387	397	405	412
Total, Higher education	10,384	11,208	11,585	11,629	11,753	11,844	12,022
Research and general education aids:							
Library of Congress	284	272	297	309	318	329	338
Public broadcasting	298	344	388	402	412	420	428
Smithsonian institution	485	553	547	565	593	611	632
Education research, statistics, and improvement	479	690	603	605	616	627	640
Other	753	852	821	846	869	893	916
Total, Research and general education aids	2,299	2,711	2,656	2,727	2,808	2,880	2,954
Training and employment:							
Training and employment services	4,675	5,347	5,600	5,420	5,614	5,767	5,884
Older Americans employment	441	440	441	450	460	468	477
Federal-State employment service	1,198	1,301	1,268	1,273	1,313	1,340	1,366
Other employment and training	91	106	109	109	112	115	120
Total, Training and employment	6,405	7,194	7,418	7,252	7,499	7,690	7,847
Other labor services:							
Labor law, statistics, and other administration	1,076	1,179	1,284	1,310	1,352	1,397	1,442
Social services:							
National Service	609	698	782	866	663	689	701
Children and families services programs	5,703	6,214	6,573	7,002	7,148	7,227	7,338
Aging services program	879	886	930	959	983	1,004	1,024

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
Other	179	568	374	382	390	398	405
Total, Social services	7,370	8,366	8,659	9,209	9,184	9,318	9,468
Total, Discretionary	45,121	51,971	54,031	55,875	56,927	57,884	58,990
Mandatory:							
Elementary, secondary, and vocational education:							
Vocational and adult education	2						
Higher education:							
Federal family education loan program	2,753	3,984	3,503	2,613	3,607	3,276	3,302
Federal direct loan program	–93	–2,751	115	291	287	483	596
Other higher education programs	–98	–80	–77	–76	–76	–72	–70
Credit liquidating account (Family education loan program)	–1,163	–707	–629	–517	–420	–326	–244
Total, Higher education	1,399	446	2,912	2,311	3,398	3,361	3,584
Research and general education aids:							
Mandatory programs	19	41	44	23	19	19	20
Training and employment:							
Trade adjustment assistance	100	130	131	120	102	95	96
Welfare to work grants	267	960	1,370	130	16		
Payments to States for AFDC work programs	9	8	5				
Other training and employment		22	41	48	23	6	
Total, Training and employment	376	1,120	1,547	298	141	101	96
Other labor services:							
Other labor services	2	5	5				
Social services:							
Payments to States for foster care and adoption assistance	4,707	5,495	6,293	6,899	7,469	8,113	8,842
Family support and preservation	248	286	288	301	304	305	305
Social services block grant	1,993	1,623	1,932	1,710	1,710	1,710	1,710
Rehabilitation services	2,536	2,278	2,381	2,437	2,496	2,560	2,627
Other social services	–1						
Total, Social services	9,483	9,682	10,894	11,347	11,979	12,688	13,484
Total, Mandatory	11,281	11,294	15,402	13,979	15,537	16,169	17,184
Total, Education, training, employment, and social services	56,402	63,265	69,433	69,854	72,464	74,053	76,174
550 Health:							
Discretionary:							
Health care services:							
Substance abuse and mental health services	2,214	2,451	2,575	2,623	2,742	2,814	2,885
Indian health	2,163	2,346	2,480	2,513	2,561	2,633	2,700
Health Resources and Services Administration	3,455	3,962	4,238	4,390	4,445	4,531	4,624
Disease control, research, and training	2,205	2,459	2,710	2,791	2,851	2,915	2,978
Departmental management and other	366	939	668	850	909	939	968
Total, Health care services	10,403	12,157	12,671	13,167	13,508	13,832	14,155
Health research and training:							
National Institutes of Health	13,790	15,503	17,779	19,038	19,448	20,157	20,884
Clinical training	283	333	342	357	361	368	376
Other health research and training	295	347	351	369	377	388	399
Total, Health research and training	14,368	16,183	18,472	19,764	20,186	20,913	21,659
Consumer and occupational health and safety:							
Food safety and inspection	600	649	678	706	733	761	790
Occupational safety and health	575	611	658	661	682	703	724

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
FDA and Consumer Products Safety Commission salaries and expenses	994	1,095	1,169	1,184	1,217	1,244	1,280
Total, Consumer and occupational health and safety	2,169	2,355	2,505	2,551	2,632	2,708	2,794
Total, Discretionary	26,940	30,695	33,648	35,482	36,326	37,453	38,608
Mandatory:							
Health care services:							
Medicaid grants	108,042	116,117	124,175	133,968	144,900	156,610	169,763
State children's health insurance fund	565	1,300	1,905	2,505	3,000	3,100	3,100
Federal employees' and retired employees' health benefits	4,851	5,178	5,530	6,073	6,506	7,221	7,880
UMWA Funds (coal miner retiree health)	229	183	205	188	179	171	164
Other mandatory health services activities	436	436	459	434	431	425	436
Total, Health care services	114,123	123,214	132,274	143,168	155,016	167,527	181,343
Health research and safety:							
Health research and training	14	51	37	37	36	13	7
Consumer and occupational health and safety	2	....	....	....	....	....	....
Total, Health research and safety	16	51	37	37	36	13	7
Total, Mandatory	114,139	123,265	132,311	143,205	155,052	167,540	181,350
Total, Health	141,079	153,960	165,959	178,687	191,378	204,993	219,958
570 Medicare:							
Discretionary:							
Medicare:							
Hospital insurance (HI) administrative expenses	1,248	1,338	1,410	1,471	1,531	1,596	1,642
Supplementary medical insurance (SMI) administrative expenses	1,505	1,700	1,761	1,826	1,895	1,969	2,048
Total, Discretionary	2,753	3,038	3,171	3,297	3,426	3,565	3,690
Mandatory:							
Medicare:							
Hospital insurance (HI)	129,510	132,392	143,612	147,638	157,538	165,895	179,151
Supplementary medical insurance (SMI)	79,012	87,976	97,057	100,455	111,096	118,860	130,321
Health care fraud and abuse control	742	864	950	1,010	1,075	1,075	1,075
Medicare premiums, collections, and interfunds	–21,570	–21,757	–23,368	–25,427	–27,821	–30,427	–33,095
Total, Mandatory	187,694	199,475	218,251	223,676	241,888	255,403	277,452
Total, Medicare	190,447	202,513	221,422	226,973	245,314	258,968	281,142
600 Income security:							
Discretionary:							
General retirement and disability insurance:							
Railroad retirement	281	266	277	278	283	287	291
Pension Benefit Guaranty Corporation	11	11	12	12	12	13	13
Pension and Welfare Benefits Administration and other	94	98	105	108	110	114	117
Total, General retirement and disability insurance	386	375	394	398	405	414	421
Federal employee retirement and disability:							
Civilian retirement and disability program administrative expenses	80	85	88	91	94	97	100
Armed forces retirement home	73	64	69	68	73	77	79
Foreign service national separation liability trust fund	11	....	....	....	....	....	....
Total, Federal employee retirement and disability	164	149	157	159	167	174	179
Unemployment compensation:							
Unemployment programs administrative expenses	2,275	2,270	2,481	2,771	2,948	3,007	3,075
Housing assistance:							
Public housing operating fund	2,876	2,972	3,164	3,233	3,297	3,363	3,431
Public housing capital fund	3,080	3,159	3,331	2,755	2,934	3,323	3,357
Subsidized, public, homeless and other HUD housing	21,057	22,356	23,281	23,977	24,402	24,667	25,020

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate					
		2000	2001	2002	2003	2004	2005
Rural housing assistance	632	689	722	751	774	804	826
Total, Housing assistance	27,645	29,176	30,498	30,716	31,407	32,157	32,634
Food and nutrition assistance:							
Special supplemental food program for women, infants, and children (WIC)	3,942	4,058	4,115	4,190	4,274	4,359	4,447
Other nutrition programs	505	519	541	542	555	567	581
Total, Food and nutrition assistance	4,447	4,577	4,656	4,732	4,829	4,926	5,028
Other income assistance:							
Refugee assistance	332	444	454	461	471	480	489
Low income home energy assistance	1,176	1,242	1,109	1,123	1,143	1,166	1,189
Child care and development block grant	1,032	1,147	1,175	1,199	1,223	1,247	1,272
Supplemental security income (SSI) administrative expenses	2,497	2,359	2,461	2,513	2,591	2,670	2,752
Total, Other income assistance	5,037	5,192	5,199	5,296	5,428	5,563	5,702
Total, Discretionary	39,954	41,739	43,385	44,072	45,184	46,241	47,039
Mandatory:							
General retirement and disability insurance:							
Railroad retirement	4,242	4,392	4,603	4,585	4,678	4,788	4,903
Special benefits for disabled coal miners	1,043	1,012	962	920	873	825	779
Pension Benefit Guaranty Corporation	–676	–1,135	–1,513	–1,363	–1,476	–1,492	–1,473
District of Columbia pension funds	202	243	250	260	268	276	285
Proceeds from sale of DC retirement fund assets	–3,398	....	....	....	....	....	....
Special workers' compensation program	141	155	146	149	149	150	149
Total, General retirement and disability insurance	1,554	4,667	4,448	4,551	4,492	4,547	4,643
Federal employee retirement and disability:							
Federal civilian employee retirement and disability	44,297	45,874	48,013	50,311	52,745	55,820	58,936
Military retirement	31,889	32,941	33,914	34,866	35,840	36,835	37,836
Federal employees workers' compensation (FECA)	151	114	135	147	161	168	173
Federal employees life insurance fund	–1,355	–1,368	–1,289	–1,237	–1,176	–1,064	–990
Total, Federal employee retirement and disability	74,982	77,561	80,773	84,087	87,570	91,759	95,955
Unemployment compensation:							
Unemployment insurance programs	21,130	21,566	24,361	28,488	31,712	33,002	34,185
Trade adjustment assistance	226	259	275	249	227	235	243
Total, Unemployment compensation	21,356	21,825	24,636	28,737	31,939	33,237	34,428
Housing assistance:							
Mandatory housing assistance programs	32	45	45	–28	–38	–49	–55
Food and nutrition assistance:							
Food stamps (including Puerto Rico)	19,003	19,723	21,013	22,099	23,133	23,988	24,792
State child nutrition programs	8,865	9,339	9,875	10,416	10,881	11,373	11,891
Funds for strengthening markets, income, and supply (Sec.32)	832	535	537	537	537	537	537
Total, Food and nutrition assistance	28,700	29,597	31,425	33,052	34,551	35,898	37,220
Other income support:							
Supplemental security income (SSI)	28,175	29,304	30,561	31,904	33,269	34,673	38,695
Family support payments	2,756	3,053	3,059	3,299	3,553	3,831	4,055
Federal share of child support collections	–868	–851	–850	–820	–865	–874	–853
Temporary assistance for needy families and related programs	14,161	14,996	15,742	16,522	17,323	17,933	18,284
Child care entitlement to states	2,254	2,420	2,556	2,685	2,717	2,717	2,717
Earned income tax credit (EITC)	25,632	25,676	25,799	26,876	27,638	28,701	29,722
Child tax credit	445	550	520	505	460	450	420
Other assistance	53	62	55	53	61	60	60

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate					
		2000	2001	2002	2003	2004	2005
SSI recoveries and receipts	–1,479	–1,548	–1,612	–1,679	–1,745	–1,814	–2,009
Total, Other income support	71,129	73,662	75,830	79,345	82,411	85,677	91,091
Total, Mandatory	197,753	207,357	217,157	229,744	240,925	251,069	263,282
Total, Income security	237,707	249,096	260,542	273,816	286,109	297,310	310,321
650 Social security:							
Discretionary:							
Social security:							
Old-age and survivors insurance (OASI)administrative expenses (Off-budget)	1,574	1,844	1,912	1,935	1,919	1,979	2,040
Disability insurance (DI) administrative expenses (Off-budget)	1,472	1,435	1,502	1,565	1,550	1,597	1,646
Office of the Inspector General—Social Security Adm. (On-budget)	4	14	15	16	16	17	18
Total, Discretionary	3,050	3,293	3,429	3,516	3,485	3,593	3,704
Mandatory:							
Social security:							
Old-age and survivors insurance (OASI)(Off-budget)	336,332	349,127	364,796	379,730	396,655	414,880	434,736
Disability insurance (DI)(Off-budget)	50,659	54,204	58,523	63,252	68,644	74,805	81,496
Quinquennial OASI and DI adjustments (On-budget)	....	....	–1,152	....	....	....	....
Intragovernmental transactions (On-budget)	10,824	11,664	10,985	11,494	12,048	12,813	13,725
Intragovernmental transactions (Off-budget)	–10,824	–11,663	–10,985	–11,494	–12,048	–12,813	–13,725
Total, Mandatory	386,991	403,332	422,167	442,982	465,299	489,685	516,232
Total, Social security	390,041	406,625	425,596	446,498	468,784	493,278	519,936
700 Veterans benefits and services:							
Discretionary:							
Income security for veterans:							
Special benefits for certain World War II veterans	....	3	3	3	3	4	4
Veterans education, training, and rehabilitation:							
Loan fund program account	1	1	1	1	1	1	1
Veterans employment and training	....	–1	1	....	....	....	....
Total, Veterans education, training, and rehabilitation	1	....	2	1	1	1	1
Hospital and medical care for veterans:							
Medical care and hospital services	18,225	18,804	20,896	21,113	21,753	22,409	23,087
Collections for medical care	–574	–600	–608	–612	–622	–632	–642
Construction of medical facilities	518	423	397	357	335	332	337
Total, Hospital and medical care for veterans	18,169	18,627	20,685	20,858	21,466	22,109	22,782
Veterans housing:							
Housing program loan administrative expenses	160	158	165	170	176	182	188
Other veterans benefits and services:							
National Cemetery Administration	89	94	103	104	108	111	114
General operating expenses	867	945	990	988	1,013	1,038	1,064
Other operating expenses	88	94	115	121	135	139	143
Total, Other veterans benefits and services	1,044	1,133	1,208	1,213	1,256	1,288	1,321
Total, Discretionary	19,374	19,921	22,063	22,245	22,902	23,584	24,296
Mandatory:							
Income security for veterans:							
Compensation	17,963	18,958	19,672	20,324	20,972	21,639	23,830
Proposed Legislation (non-PAYGO)	....	....	311	767	1,203	1,685	2,174
Subtotal, Compensation	17,963	18,958	19,983	21,091	22,175	23,324	26,004
Pensions	3,076	3,053	3,061	3,065	3,561	3,581	3,930
Burial benefits and miscellaneous assistance	109	135	142	136	137	138	137

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
National service life insurance trust fund	1,201	1,259	1,267	1,283	1,291	1,303	1,303
All other insurance programs	14	35	28	103	88	80	77
Insurance program receipts	–210	–191	–180	–169	–158	–146	–134
Total, Income security for veterans	22,153	23,249	24,301	25,509	27,094	28,280	31,317
Veterans education, training, and rehabilitation:							
Readjustment benefits (Montgomery GI Bill and other related programs)	1,445	1,491	1,719	1,671	1,661	1,663	1,695
Post-Vietnam era education	14	18	17	16	15	14	14
All-volunteer force educational assistance trust fund	–187	–254	–261	–252	–239	–227	–213
Total, Veterans education, training, and rehabilitation	1,272	1,255	1,475	1,435	1,437	1,450	1,496
Hospital and medical care for veterans:							
Fees, charges and other mandatory medical care	–1	....	....	....	....	....	....
Veterans housing:							
Housing program loan subsidies	1,389	1,320	172	149	330	355	349
Housing program loan reestimates	–619	–730	....	....	....	....	....
Housing program loan liquidating account	–370	–138	–90	–64	–48	–38	–31
Total, Veterans housing	400	452	82	85	282	317	318
Other veterans programs:							
National homes, Battle Monument contributions and other	14	119	42	30	31	33	32
Total, Mandatory	23,838	25,075	25,900	27,059	28,844	30,080	33,163
Total, Veterans benefits and services	43,212	44,996	47,963	49,304	51,746	53,664	57,459
750 Administration of justice:							
Discretionary:							
Federal law enforcement activities:							
Criminal investigations (DEA, FBI, FinCEN, ICDE)	4,316	4,269	4,220	4,686	4,881	5,025	5,175
Alcohol, tobacco, and firearms investigations (ATF)	553	563	594	609	621	642	663
Border enforcement activities (Customs and INS)	4,426	5,065	5,120	4,986	5,261	5,423	5,589
Equal Employment Opportunity Commission	256	261	289	293	299	305	310
Tax law, criminal investigations (IRS)	366	393	400	414	428	442	457
Other law enforcement activities	1,491	1,464	1,588	1,651	1,676	1,725	1,774
Total, Federal law enforcement activities	11,408	12,015	12,211	12,639	13,166	13,562	13,968
Federal litigative and judicial activities:							
Civil and criminal prosecution and representation	2,635	2,571	2,760	2,902	3,007	3,100	3,193
Representation of indigents in civil cases	298	303	310	315	322	328	335
Federal judicial and other litigative activities	3,519	3,822	3,925	4,009	4,118	4,224	4,342
Total, Federal litigative and judicial activities	6,452	6,696	6,995	7,226	7,447	7,652	7,870
Correctional activities:							
Federal prison system and detention trustee program	3,215	3,560	3,732	3,895	4,037	4,042	4,146
Criminal justice assistance:							
Law enforcement assistance, violent crime reduction, community policing	3,912	3,009	6,425	5,181	4,629	4,270	4,355
Total, Discretionary	24,987	25,280	29,363	28,941	29,279	29,526	30,339
Mandatory:							
Federal law enforcement activities:							
Assets forfeiture fund	473	499	398	403	403	403	403
Border enforcement activities (Customs and INS)	1,483	1,627	1,622	1,672	1,708	1,747	1,787
Customs and INS fees	–2,480	–2,716	–2,736	–2,699	–2,779	–1,382	–1,385
Other mandatory law enforcement programs	594	551	430	440	442	445	448
Total, Federal law enforcement activities	70	–39	–286	–184	–226	1,213	1,253

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate					
		2000	2001	2002	2003	2004	2005
Federal litigative and judicial activities:							
Federal judicial officers salaries and expenses and other mandatory programs	502	750	554	504	506	518	535
Correctional activities:							
Mandatory programs	–11	–2	–8	–8	–7	–5	–4
Criminal justice assistance:							
Crime victims fund	348	749	1,211	448	350	350	350
Public safety officers' benefits	28	33	33	34	34	35	35
Total, Criminal justice assistance	376	782	1,244	482	384	385	385
Total, Mandatory	937	1,491	1,504	794	657	2,111	2,169
Total, Administration of justice	25,924	26,771	30,867	29,735	29,936	31,637	32,508
800 General government:							
Discretionary:							
Legislative functions:							
Legislative branch discretionary programs	1,996	2,246	2,276	2,240	2,304	2,377	2,444
Executive direction and management:							
Drug control programs	308	281	352	379	387	395	402
Executive Office of the President	294	267	286	293	300	308	315
Presidential transition and former Presidents	2	2	2	2	2	2	2
Total, Executive direction and management	604	550	640	674	689	705	719
Central fiscal operations:							
Tax administration	7,825	8,020	8,076	8,272	8,529	8,823	9,058
Other fiscal operations	536	707	735	783	801	820	847
Total, Central fiscal operations	8,361	8,727	8,811	9,055	9,330	9,643	9,905
General property and records management:							
Real property activities	–220	178	187	195	235	97	–22
Records management	224	189	208	199	212	215	220
Other general and records management	237	346	205	215	178	187	195
Total, General property and records management	241	713	600	609	625	499	393
Central personnel management:							
Discretionary central personnel management programs	156	156	162	172	177	183	188
General purpose fiscal assistance:							
Payments and loans to the District of Columbia	556	409	347	353	361	368	375
Payments to States and counties from Federal land management activities	11	11	11	11	12	12	12
Payments in lieu of taxes	125	134	137	139	142	145	148
Other	10	3					
Total, General purpose fiscal assistance	702	557	495	503	515	525	535
Other general government:							
Discretionary programs	352	280	283	300	284	289	297
Total, Discretionary	12,412	13,229	13,267	13,553	13,924	14,221	14,481
Mandatory:							
Legislative functions:							
Congressional members compensation and other	97	103	100	98	101	142	99
Central fiscal operations:							
Federal financing bank	1,129	21	22	24	25	27	31
Other mandatory programs	–11	44	21	32	39	40	43
Total, Central fiscal operations	1,118	65	43	56	64	67	74

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate					
		2000	2001	2002	2003	2004	2005
General property and records management:							
Mandatory programs	–41	18	23	22	....	–1	–2
Offsetting receipts	–25	–24	–69	–33	–32	–28	–27
Total, General property and records management	–66	–6	–46	–11	–32	–29	–29
General purpose fiscal assistance:							
Payments and loans to the District of Columbia	13	....	....	....	....	....	....
Payments to States and counties	788	995	884	886	868	890	912
Tax revenues for Puerto Rico (Treasury, BATF)	331	365	429	363	354	357	360
Other general purpose fiscal assistance	124	128	125	115	111	112	112
Total, General purpose fiscal assistance	1,256	1,488	1,438	1,364	1,333	1,359	1,384
Other general government:							
Territories	159	183	221	232	232	233	217
Treasury claims	1,827	757	712	712	712	712	712
Presidential election campaign fund	26	218	2	....	29	218	3
Other mandatory programs	–100	29	14	–12	–8	3	9
Total, Other general government	1,912	1,187	949	932	965	1,166	941
Deductions for offsetting receipts:							
Offsetting receipts	–971	–1,100	–1,100	–1,100	–1,100	–1,100	–1,100
Total, Mandatory	3,346	1,737	1,384	1,339	1,331	1,605	1,369
Total, General government	15,758	14,966	14,651	14,892	15,255	15,826	15,850
900 Net interest:							
Mandatory:							
Interest on the public debt:							
Interest on the public debt	353,504	358,647	359,283	361,838	364,939	366,996	366,627
Interest received by on-budget trust funds:							
Civil service retirement and disability fund	–33,579	–35,168	–35,790	–36,929	–38,131	–39,099	–39,990
Military retirement	–12,560	–12,791	–13,025	–13,267	–13,517	–13,776	–14,045
Medicare	–12,212	–14,126	–15,220	–16,489	–17,678	–18,855	–19,995
Other on-budget trust funds	–8,210	–9,206	–9,700	–10,094	–10,303	–10,480	–10,752
Total, Interest received by on-budget trust funds	–66,561	–71,291	–73,735	–76,779	–79,629	–82,210	–84,782
Interest received by off-budget trust funds:							
Interest received by social security trust funds	–52,071	–59,656	–68,138	–77,622	–87,895	–98,812	–110,493
Other interest:							
Interest on loans to Federal Financing Bank	–2,503	–2,412	–2,159	–1,988	–1,853	–2,205	–2,472
Interest on refunds of tax collections	2,724	3,157	3,307	3,436	3,563	3,702	3,852
Payment to the Resolution Funding Corporation	2,328	1,072	1,728	1,247	2,047	1,947	2,231
Interest paid to loan guarantee financing accounts	3,617	3,795	3,858	3,948	4,045	4,149	4,261
Interest received from direct loan financing accounts	–7,278	–8,626	–9,945	–10,960	–11,973	–12,947	–13,860
Interest on deposits in tax and loan accounts	–935	–1,152	–1,104	–1,052	–1,052	–1,052	–1,052
Interest received from Outer Continental Shelf escrow account, Interior	–1	....	–1,342	....	....	....	....
All other interest	–3,089	–3,553	–3,698	–3,604	–3,631	–3,528	–3,414
Total, Other interest	–5,137	–7,719	–9,355	–8,973	–8,854	–9,934	–10,454
Total, Net interest	229,735	219,981	208,055	198,464	188,561	176,040	160,898
950 Undistributed offsetting receipts:							
Mandatory:							
Employer share, employee retirement (on-budget):							
Contributions to military retirement fund	–10,417	–11,454	–11,413	–11,781	–12,114	–12,459	–12,825
Postal Service contributions to Civil Service Retirement and Disability Fund	–6,001	–6,437	–6,624	–6,799	–6,919	–7,041	–7,166
Other contributions to civil and foreign service retirement and disability fund	–9,215	–9,008	–9,470	–9,870	–9,983	–10,494	–11,052

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Source	1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
Contributions to HI trust fund	–2,576	–2,676	–2,752	–2,898	–3,009	–3,133	–3,280
Total, Employer share, employee retirement (on-budget)	–28,209	–29,575	–30,259	–31,348	–32,025	–33,127	–34,323
Employer share, employee retirement (off-budget):							
Contributions to social security trust funds	–7,385	–7,860	–8,212	–8,919	–9,493	–10,144	–10,905
Rents and royalties on the Outer Continental Shelf:							
OCS Receipts	–3,098	–3,550	–3,691	–3,282	–2,982	–2,853	–2,705
Sale of major assets:							
Privatization of Elk Hills	....	....	....	....	–323	....	....
Other undistributed offsetting receipts:							
Spectrum auction	–1,753	–2,076	–3,559	–5,535	–2,480	–770	–675
Total, Undistributed offsetting receipts	–40,445	–43,061	–45,721	–49,084	–47,303	–46,894	–48,608
Total	1,703,040	1,776,209	1,838,751	1,882,524	1,958,224	2,025,346	2,102,627
On-budget	(1,382,262)	(1,447,280)	(1,498,906)	(1,532,807)	(1,598,694)	(1,653,712)	(1,718,102)
Off-budget	(320,778)	(328,929)	(339,845)	(349,717)	(359,530)	(371,634)	(384,525)

OTHER TECHNICAL PRESENTATIONS

15. 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 of these two fund groups and of the major trust funds. It also discusses the recent reclassification of most Indian tribal trust funds as non-budgetary. Information is also provided about the income and outgo of four Federal funds that are financed by earmarked collections in a manner similar to trust funds.

Federal Funds Group

The Federal funds group comprises the larger part of the budget. It includes all transactions not classified by law as being in trust funds.

The main financing 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 earmark collections for spending on specific purposes. Where the law requires that Federal fund collections from a specified source be earmarked to finance a particular program, such as a portion of the Outer Continental Shelf mineral leasing receipts 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. These collections must be appropriated before they can be obligated and spent. Significant amounts of collections credited to special funds are derived from business-like activity, such as the receipts from Outer Continental Shelf mineral leasing.

Revolving funds conduct continuing cycles of business-like activity. They receive receipts from 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 in the revolving funds, which are expenditure accounts. These collections generally are available automatically for obligation and making payments. Outlays for revolving funds are reported net of offsetting collections. There are two classes of revolving funds. Public enterprise funds, such as the Postal Service Fund, 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. Like special funds and revolving funds, they earmark collections for spending on specific purposes. 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 and transit construction, and airport and airway development. There are a few trust revolving funds that are credited with collections earmarked by law to carry out a cycle of business-type operations. Trust funds also include a few small funds established to carry out the terms of a conditional gift or bequest.

There is no substantive difference between trust funds and special funds or between revolving funds and trust revolving funds. Whether a particular fund is designated in law as a trust fund is, in many cases, arbitrary. 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 payments to veterans' beneficiaries.[1]

The Federal budget meaning of the term "trust" differs significantly from the 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 or she cannot change unilaterally. In contrast, the Federal Government owns the assets and earnings of most Federal trust funds, and it can unilaterally 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 these funds. Other amounts are held in deposit funds by the Government as a custodian on behalf of some entity outside the Government. The Government makes no decisions about the amount of these deposits or how they are spent. Therefore, they are considered to be non-budgetary instead of Federal trust funds and are excluded from the Federal budget.

A trust fund's income must be used for the purposes designated by law. Some, such as the Federal Employ-

[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, notwithstanding the presence of the words "Trust Fund" in its official name.

ees Health Benefits 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 a Federal funds deficit.

A trust fund normally consists of one or more receipt accounts (to record income) and an expenditure account (to record outgo). However, a few trust funds, such as the Veterans Special Life Insurance fund, 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, offsetting collections are credited to the funds (which are expenditure accounts), and their outlays are displayed net of the offsetting collections.

Income and Outgo by Fund Group

Table 15–1 shows income, outgo, and surplus or deficit by fund group and adds them together (and removes double-counting) 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 receipts (derived from governmental activity—primarily income, payroll, and excise taxes—and gifts). 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 the consolidated income and outgo for that fund group as a whole.

[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 both deducted so that total trust fund income and outgo measure disbursements to the public and to Federal funds.

Table 15–1. RECEIPTS, OUTLAYS, AND SURPLUS OR DEFICIT BY FUND GROUP

(In billions of dollars)

	1999 actual	Estimate					
		2000	2001	2002	2003	2004	2005
Receipts:							
Federal funds cash income:							
From the public	1,195.9	1,300.4	1,325.3	1,360.4	1,393.4	1,450.2	1,511.0
From trust funds	1.1	1.1	5.5	1.1	1.1	1.2	1.2
Total, Federal funds cash income	1,197.0	1,301.4	1,330.8	1,361.5	1,394.5	1,451.3	1,512.2
Trust funds cash income:							
From the public	702.4	730.5	767.1	801.9	842.6	879.3	930.4
From Federal funds:							
Interest	120.3	132.7	143.9	155.8	169.8	183.6	198.1
Other	153.2	159.4	181.0	187.7	190.2	206.3	219.6
Total, trust funds cash income	975.9	1,022.5	1,091.9	1,145.4	1,202.7	1,269.1	1,348.1
Offsetting receipts	–345.5	–367.7	–403.7	–425.7	–449.7	–484.3	–519.4
Total, unified budget receipts	1,827.5	1,956.3	2,019.0	2,081.2	2,147.5	2,236.1	2,340.9
Outlays:							
Federal funds cash outgo	1,285.3	1,359.0	1,388.1	1,433.3	1,472.2	1,525.7	1,584.7
Trust funds cash outgo	763.2	798.3	850.6	887.7	940.4	999.8	1,060.1
Offsetting receipts	–345.5	–367.7	–403.7	–425.7	–449.7	–484.3	–519.4
Total, unified budget outlays	1,703.0	1,789.6	1,835.0	1,895.3	1,962.9	2,041.1	2,125.5
Surplus or deficit (–):							
Federal funds	–88.3	–57.6	–57.3	–71.8	–77.6	–74.3	–72.5
Trust funds	212.7	224.3	241.3	257.7	262.3	269.3	287.9
Total, unified surplus/deficit (–)	124.4	166.7	184.0	185.9	184.6	195.0	215.4

Note: Receipts include governmental, interfund, and proprietary receipts. They exclude intrafund receipts, which are offset against intrafund payments so that cash income and cash outgo are not overstated.

The surplus allocation for debt reduction is part of the President's overall budgetary framework to extend the solvency of Social Security and Medicare, and is shown in Table S–1 in Part 6 of the 2001 *Budget.*

Second, income excludes the offsetting collections, which are offset against outgo in revolving fund 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 15–1 and are not shown separately.

Some funds in the Federal funds group and some trust funds are authorized to borrow from the general fund of the Treasury.[4] Borrowed funds are not recorded as receipts and are excluded from the income of the fund. The borrowed funds finance outlays by the fund in excess of available receipts. Subsequently, fund receipts are transferred from the fund to the general fund in repayment of the borrowing. The repayment is not recorded as an outlay of the fund or included in fund outgo.

Some income in both Federal funds and trust funds consists of offsetting receipts. For most budget purposes, offsetting receipts are excluded from receipts figures and subtracted from gross outlays.

There are two reasons for this treatment:

- Business-like or market-oriented activities with the public The collections from such activities are deducted from gross outlays, rather than added to receipts, in order to produce budget totals for receipts and outlays that represent governmental rather than market activity.
- Intragovernmental transactions Collections by one Government account from another are deducted from gross outlays, rather than added to receipts, so that the budget totals measure the transactions of the Government with the public.

Because the income for Federal funds and for trust funds recorded in Table 15–1 includes offsetting receipts, those offsetting receipts must be deducted from the two fund groups' combined gross income in order to reconcile to total (net) unified budget receipts. Similarly, because the outgo for Federal funds and for trust funds in Table 15–1 consists of gross outlays, the amount of the offsetting receipts must be deducted from the sum of the Federal funds' and the trust funds' gross outgo in order to reconcile to total (net) unified budget outlays.

Income, Outgo, and Balances of Trust Funds

Table 15–2 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 15–1 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 15–1. 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 approximately $26 billion in 1999. Table 15–2, 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 are estimated to grow substantially, as they have over the past two decades. 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 1984 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 ninefold from 1982 to 1999, from $205 billion to $1.9 trillion. Under the proposals in the President's budget, the balances are estimated to increase by approximately 82 percent by the year 2005, rising to $3.4 trillion. Almost all of these balances are invested in Treasury securities and earn interest. Therefore, they represent the value, in current dollars, of taxes and user fees that have been paid in advance for future benefits and services.

The President's policy framework in this budget is designed to increase the Government's ability to pay future Social Security and Medicare benefits. However, this enhanced ability to pay does not arise from the building up of large trust fund balances *in and of itself*. When spending exceeds the trust fund's current income, the trust fund can exercise its financial claim on eco-

[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.

[4] For example, the Bonneville Power Administration Fund, a revolving fund in the Department of Energy, is authorized to borrow from the general fund, and the Black Lung Disability Trust Fund in the Department of Labor is authorized to receive appropriations of repayable advances from the general fund (a form of borrowing).

Table 15–2. INCOME, OUTGO, AND BALANCES OF TRUST FUNDS GROUP

(In billions of dollars)

	1999 actual	Estimate					
		2000	2001	2002	2003	2004	2005
Total Trust Funds							
Balance, start of year	1,663.2	1,875.7	2,099.8	2,340.8	2,598.5	2,860.8	3,130.1
Income:							
Governmental receipts	664.2	696.7	731.9	764.3	794.7	825.8	871.3
Proprietary receipts	46.1	42.1	44.0	46.5	57.2	63.2	69.2
Receipts from Federal funds:							
Interest	120.4	132.8	144.0	157.2	171.1	184.8	199.2
Other	171.0	181.1	204.4	210.7	213.2	230.1	245.3
Subtotal, income	1,001.6	1,052.8	1,124.3	1,178.6	1,236.2	1,303.8	1,385.0
Outgo:							
To the public	787.8	827.4	877.6	919.8	972.8	1,033.4	1,095.8
Payments to Federal funds	1.1	1.1	5.5	1.1	1.1	1.2	1.2
Subtotal, outgo	788.9	828.5	883.0	920.9	973.9	1,034.5	1,097.0
Change in fund balance:							
Surplus or deficit (–):							
Excluding interest	92.3	91.5	97.3	100.5	91.2	84.5	88.8
Interest	120.4	132.8	144.0	157.2	171.1	184.8	199.2
Subtotal, surplus or deficit (–)	212.7	224.3	241.3	257.7	262.3	269.3	287.9
Adjustments:							
Transfers/lapses (net)	*	–0.1	–0.3	....	....	....	....
Other adjustments	–*	–*	–*	....	....	....	....
Total, change in fund balance	212.7	224.2	241.0	257.7	262.3	269.3	287.9
Balance, end of year	1,876.0	2,099.8	2,340.8	2,598.5	2,860.8	3,130.1	3,418.0

* Less than $50 million.

[1] The difference between 1999 end of year balance and 2000 start of year balance is due to the removal of most tribal trust funds from the budget totals. See the discussion regarding changes in the budget classification of tribal trust funds in this chapter for additional information.

nomic resources by converting its holdings to cash -- whether the holdings are Treasury bonds or corporate equities. This conversion ultimately represents an exchange of Government (or corporate) financial securities for private sector resources.Thus, in either case, the Government's ability to pay benefits is related to the health of its overall fiscal position and of the economy as a whole, rather than a simple function of trust fund balances.

Increases in trust fund balances *do* strengthen the ability to pay future benefits if the surplus in the trust fund is matched by an improvement in the Government's net financial position. It is in this sense that future benefits can be prefunded. If a trust fund surplus is matched by a corresponding reduction in publicly held debt, then the Government's financial position will be improved. This makes it easier to finance future benefits in two respects. The first, direct effect, is that this debt reduction reduces future interest payments and frees up general receipts to finance the future benefits. The second is that debt reduction increases the resources available for investment in the economy as a whole. Greater investment now increases future incomes and wealth, which will provide more real economic resources to support the benefits, and may prolong the solvency of the trust funds.

Table 15–5, which appears at the end of the chapter, shows estimates of income, outgo, and balances for 1999 through 2005 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 15–2 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 15–6, which also appears at the end of this chapter, shows income, outgo, and balances of four Federal funds—a revolving fund and three 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.

Changes in the Budget Classification of the Indian Tribal Funds

Beginning in fiscal year 2000, the Federal budget totals no longer include funds that are owned by Indian tribes and held and managed in a fiduciary capacity by the Government on the tribes' behalf. These Indian tribal funds were included in the budget totals from the adoption of the unified budget in 1969 through fiscal year 1999, under the generic title "tribal trust funds." As explained below, appropriate application of current Federal budget concepts dictates that most of the Indian tribal funds should not be included in the budget or subject to budgetary constraints. These are trusts, in the private sector meaning of the term. Of the ones that remain in the budget, about half are special funds, meaning that their receipts are earmarked to be used to benefit the tribes. The rest are designated as trust funds. These trust funds are like other Federal trust funds, in that they consist of receipts that are earmarked for a specific purpose, but as described earlier in this chapter, they do not meet the private sector meaning of the term "trust" and would more appropriately be classified as special funds. To avoid confusion over terms, this discussion will refer to the Indian tribal funds that are no longer included in the budget as "tribal fiduciary funds" and to the ones still included in the budget as "tribal special funds."

This reclassification affects only budget coverage and does not change the operation of the funds or ownership of the fund assets, whether by the Government or the tribes. The legal obligations of the Secretary of the Interior, such as distributing interest earnings to tribes, and of the Secretary of the Treasury, such as paying interest on tribal fund holdings of Treasury securities, are also not be affected. The funds will continue to be managed by the Federal Government according to present law, with the same rights and responsibilities that existed prior to the reclassification.

The Government currently holds $2.6 billion in approximately 1,400 funds for roughly 315 Indian tribes. Prior to fiscal year 2000, all of these Indian tribal funds were included in the Federal budget. As shown in Table 15–3, the Department of the Interior estimates that approximately $2 billion of assets in approximately 1,400 Indian tribal funds were removed from budgetary accounts as of October 1, 1999. Additional amounts may be removed as the Administration finishes reviewing the Indian tribal funds. The Government also held $480 million for individual Indians in about 285,000 accounts as of September 30, 1999. These individual Indian accounts have always been classified as non-budgetary deposit funds, and their categorization will not be affected by the reclassification of the Indian tribal funds.

The Indian tribal funds are composed mostly of funds belonging to Indian tribes, and in some cases the Federal Government, that are required or authorized by law to be deposited in the U.S. Treasury or managed "in trust" by the United States. While all transactions for Indian tribal funds flow through the Treasury, most are currently invested outside the Treasury in other legal investments. The assets are derived from various sources, including payments for land cessions by treaty; proceeds from sales of land under confiscatory acts of Congress; proceeds from sales and leases of tribal lands and other natural resources; judgment awards made by the Indian Claims Commission and the United States Court of Claims; monies appropriated to fund legislative settlements; and interest on fund investments. Table 15–3 groups these sources of income into three categories.

As a result of this reclassification, the Federal budget includes the transactions of all Indian tribal funds through fiscal year 1999, but it excludes the transactions of the tribal fiduciary funds after their removal from the budget in fiscal year 2000. The transactions of the tribal fiduciary funds are instead included in the deposit fund totals compiled by the Treasury Department. The one-time transfer of Indian tribal fund assets to non-budgetary deposit funds is not recorded as a budget outlay because it does not represent an

Table 15–3. TRIBAL TRUST FUND BALANCES AND REVISED BUDGETARY TREATMENT

(dollar amounts in millions as of September 30, 1999)

Type of Tribal Trust Fund	Number	Amount
Remaining on-budget (derived from legislative acts and for Government obligations):		
Special funds	13	520
Trust funds	16	162
Subtotal, funds remaining on-budget	29	682
Reclassified as non-budgetary:		
Funds with assets derived from tribal-owed natural resources	631	240
Funds funded by judgments against the United States	700	1,260
Funds derived from legislative acts and for Government obligations	50	400
Subtotal, funds reclassified as non-budgetary	1,381	1,900
Grand Total	**1,410**	**2,582**

allocation of resources by the Government in the current period. In many cases (e.g., royalties), the resources never belonged to the Government and therefore should never have been included in the Federal budget. In other cases (e.g., settlement payments from the Government to the tribes), the transfers should have increased total budget outlays in past years, when payments were made to the tribal funds. The historical data on the budget will not be revised, due to the relatively small amount of transactions to be excluded from the budget and the difficulty of retroactively revising the numerous accounts affected by the reclassification.

Consistency with the Unified Budget.—Reclassifying tribal fiduciary funds as non-budgetary is consistent with the unified budget concepts developed by the President's Commission on Budget Concepts in 1967.[5] The Commission recommended that the budget include all the Federal Government's programs and all the fiscal transactions of these programs with the public. The Commission used several criteria in determining which entities or activities should be included in the Federal budget: the ownership of the entity or activity, the sources of its capital, the selection of its managers, and the degree of control the President and Congress have over its program and budget. In discussing these criteria, the Commission stated that "no one of these . . . [criteria] is conclusive, and at the margin, where boundary questions arise, decisions have been made on the basis of a net weighing of as many relevant considerations as possible."[6] With this in mind, the Commission recommended a comprehensive budget with almost no exception. The Commission reasoned that entities or activities having characteristics consistent with other Federal entities or activities, such as Federal ownership or Presidential and Congressional control over its program or budget, should be included in the unified budget. Other entities and activities should be excluded.

The Commission's distinction between budgetary and non-budgetary activities is exemplified by the treatment of two Federal employee retirement funds: the Civil Service Retirement and Disability (CSRD) trust fund and the Thrift Savings Fund. The CSRD trust fund, which pays annuities to retired Federal employees, is included in the budget because the Government owns the assets and can make decisions about the level and timing of future pension benefit payments. Individuals do not have separate accounts in the CSRD trust fund, and the fund assets, which are much smaller than the present value of future pensions earned to date under current law, do not constitute the employees' promised benefits and cannot reasonably be looked upon as employees' equity in the system. Conversely, the Thrift Savings Fund, which holds assets for Federal employees who participate in the Thrift Savings Plan, is non-budgetary. The thrift fund is managed by the Government in a fiduciary capacity on behalf of the participants. The savings plan is a defined contribution plan—the assets are credited to individual employees' accounts, and the assets in an account are owned by the employee, who has a legal claim on the specific assets in that account and no more. Employee decisions determine most of the amounts contributed to the Thrift Savings Fund, either directly from the employee or from the Federal matching contribution, with only a relatively small part being contributed to the fund automatically. Employees make decisions about investments among the statutorily prescribed funds. An employee may borrow from his or her account for specified purposes, such as to purchase a house or finance educational expenses.[7]

The reclassification of the tribal fiduciary funds as non-budgetary fits neatly with the ownership criterion of the Commission and the budgetary treatment of the Thrift Savings Fund and other deposit funds. Based on the Commission's recommendations, the budget generally does not include activities or agencies which are not owned by the Federal Government. Deposit funds are non-budgetary accounts that 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 not yet paid to the states and localities). Tribal fiduciary funds share the principal defining characteristics of deposit funds private ownership and therefore ought to be classified in the same way rather than included in the budget.[8]

The removal of the tribal fiduciary funds from the budget is also consistent with the Commission's criteria regarding the source of capital and the extent of federal control. The assets of the tribal fiduciary funds whether derived from tribe-owned natural resources, judgment awards, or appropriated legislative settlements are monies that, based on legal requirements, are owned by the tribes. The tribal special funds, in contrast, are funded by appropriations to achieve a public policy goal, as opposed to resolving a legal claim, and are established in a manner whereby ownership of the fund's assets is not conveyed to the tribes. With regard to the extent of Executive and Congressional control, it is clear that the Government's control over the tribal fiduciary funds is significantly limited and not sufficient to override the ownership test. The Government acts as the fiduciary of the fund assets while they are deposited in the Treasury or held as other legal investments and, at most, has some influence over the tribally developed use plans for judgment awards. In effect, the Government simply serves as a banker, and deposits, and

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[5] *Report of the President's Commission on Budget Concepts* (Washington, D.C.: U.S. Government Printing Office, October 1967), p. 25.

[6] *Ibid.*

[7] A small number of trust funds (according to the private sector usage of this term) have been established with the Government as the beneficiary as well as the fiduciary. These funds have especially been established from gifts by the public to the Government, such as gifts and donations to the Architect of the Capitol, gifts and bequests to the Department of Agriculture, and gifts and contributions to the Corporation for National and Community Service. These funds are included in the budget totals because the Government owns the fund assets.

[8] Non-budgetary activities, including deposit funds, are discussed further in Chapter 19, "Off-Budget Federal Entities and Non-Budgetary Activities." Deposit funds are also discussed in a section of Chapter 24, "Budget Systems and Concepts and Glossary."

withdrawals from the fund (i.e., the "bank account") do not represent resource allocation by the Government. Except where prohibited by law, the tribes can withdraw and manage these assets.

Analyzing the Indian Tribal Funds.—The criteria used to determine the budgetary treatment of the Indian tribal funds are listed below. Some are applicable to all Federal funds, while others relate specifically to the budgetary treatment of the Indian tribal funds. No single criterion is conclusive. In addition, the relevant considerations are mixed for many Indian tribal funds, so the classification must be based on the preponderant weight of the considerations. *The guiding rule is that unless the preponderance of the relevant considerations indicates that a tribe owns a fund's assets, it will continue to be included in the Federal budget.* In making these decisions, it is imperative to distinguish between valid legal obligations and moral commitments. A trust fund could be established as payment for settlement of a valid legal claim for damages, in which case the funds would belong to the tribe and the trust fund should be classified as a non-budgetary deposit fund. Alternatively, a trust fund could be created as a result of a commitment by the Government to improve the social well-being of a tribe, but the tribe would have no claim against the Government if the Government did not fund the trust fund. In that case, the trust fund should be included in the Federal budget.

Characteristics indicating tribal ownership (non-budgetary):

- The assets consist of funds that the tribe has voluntarily deposited in the Treasury and requested that the Government manage.
- The income comes from royalties earned on natural resources or businesses that are owned by the tribe.
- Legislation specifies that a tribe owns the assets.
- The assets derive from payment for settlement of a legally enforceable claim i.e. "a final judgement, award, or compromise settlement under the provisions of title 31, United States Code, Section 1304."
- Legislation allows a tribe to sue for damages if the Government reneges on the terms of an agreement between the tribe and the Government.
- The tribe makes the fundamental decisions about how the assets are spent or invested, with the stipulation that if the tribe decides to invest in non-Treasury securities, it must waive the Government's liability.
- The tribe can pledge the assets or income as collateral for loans.
- Private creditors can place liens on the assets or income.
- The terms of the agreement cannot be changed without the prior consent of the tribe.
- The assets are distributed automatically to the tribe or to individual Indians.
- The amount to be paid to the tribe depends on the amount of assets in the fund (i.e., the Government does not guarantee a certain benefit amount).
- The settlement requires that the Government make a specific dollar payment to the tribe (non-budgetary) as opposed to requiring that the Government provide specific services for the tribe's benefit (budgetary).

Characteristics indicating governmental ownership (budgetary):

- Use of the assets is subject to future appropriation.
- The Secretary of the Interior, or some other Government official, makes the fundamental decisions about the use of the assets.
- The Government can unilaterally change the terms of the agreement.
- The Government can unilaterally withdraw or reallocate the assets to another purpose.
- The statute of limitations for filing a claim against the Government has expired, eliminating the tribe's ability to bring a takings suit against the Government.
- The assets revert to the Government if they are not all spent.
- The settlement agreement requires the Government to provide specific services for the tribe's benefit (budgetary), as opposed to requiring the Government to make a specific dollar payment to the tribe (non-budgetary).

The review conducted by OMB and Interior of the Indian tribal funds indicated that two general types of funds should be reclassified as non-budgetary: those funded from revenues generated by tribe-owned natural resources and those funded by judgments against the United States Government. The third general category, those derived from legislative acts and for fulfilling Government obligations to tribes, included some funds that should be reclassified as non-budgetary, and others that should remain in the budget. These reclassifications became effective October 1, 1999. OMB and Interior were not able to complete their review of the Indian tribal funds before this date and will review the remainder later this year. A description of the general categories of Indian tribal funds and their proposed treatment follows.

Funds with assets derived from tribe-owned natural resources New treatment: Non-budgetary fiduciary funds.

As shown in Table 15–3, an estimated $240 million in 631 Indian tribal funds with assets derived from tribe-owned natural resources were removed from the budget totals. These funds are owned by the tribes and are managed by the Government in a fiduciary capacity. Tribes hold beneficial title to the natural resources from which the income originates, and thus own the resulting income. Some leases require the royalties to be paid directly to one or more tribes or to individual

Indians. In other cases, royalties are deposited in an Indian tribal fund. Sometimes the lessee makes a single payment to a suspense account (a type of deposit fund) for all three types of payments, and the Department of the Interior subsequently determines what amount should be paid to individuals, tribes, or an Indian tribal fund. At its discretion, and subject to tribal law and the Secretary of the Interior's fiduciary responsibilities, a tribe can withdraw its money from the Indian tribal fund or leave it in the fund, where it is invested by the Government.

Prior to the reclassification, these transactions were treated differently for Federal budget purposes. Payments directly to individual Indians or tribes were not included in the budget, while payments to the Indian tribal funds were recorded in the budget as offsetting receipts. Payments to suspense accounts were excluded from the budget, but the eventual distributions of suspense account balances were recorded consistent with the above treatment of payments to individual Indians, tribes, and Indian tribal funds.

There is no apparent substantive reason to treat payments to the Indian tribal funds differently from payments that are made directly to individual Indians or tribes, or that first pass through suspense accounts before going to individual Indians or tribes. The Government's role as trustee is primarily to ensure that the funds are distributed and managed correctly. The Government cannot take money from these funds to use for other purposes.

Funds derived from judgments against the United States New treatment: Non-budgetary fiduciary funds.

As shown in Table 15–3, approximately $1.3 billion in 700 Indian tribal funds derived from judgment awards were removed from the budget totals. These funds resulted from Indian Claims Commission awards or U.S. Court of Claims awards, and were paid out of the Federal Claims, Judgments, and Relief Act fund. Court decisions specify that these funds are payments for property damages. As such, the Government could not withdraw the funds and use them for other purposes without resurrecting the claim against the Government. This also appears to be true in cases where the settlement provides an endowment for a tribe and stipulates that only the earnings can be spent. The tribe, not the Government, owns the endowment, and the tribe receives the full benefit of earnings on the endowment. Congress can revise the use plans that the tribe develops, but it cannot change the judgment amount.

These funds are deposited in an Indian tribal fund until a use plan is approved. The plan could require the money to be paid to individual Indian accounts or to the tribes, or the funds could be held in the Indian tribal fund until paid out for tribal activities specified in the plan. Subject to approval by the Department of the Interior, the tribes can withdraw and manage the funds themselves.

Funds derived from legislative acts and for fulfilling Government obligations to tribes New treatment: Mixed Some non-budgetary fiduciary funds but others on-budget special funds.

The funds in this category are diverse and the proposed budgetary treatment is mixed. Some funds were created as a result of legislative settlements, such as for water rights or land claims, and, like the previous category, should be considered non-budgetary. Others are composed of appropriated monies to make payments to tribes for public policy goals, such as infrastructure development. If these funds did not resolve a legal claim and were established in a manner that did not convey ownership of the assets to the tribe, they continue to be included in the budget. As shown in Table 15–3, $400 million of funds in this category were removed from the budget totals; $682 million remain in the budget.

The funds that remain in the budget fall into a few broad categories. About $386 million were derived from Federal legislation that created a corpus (principal amount) and provided that only interest accruing on the corpus is available for obligation. Since tribes do not have access to the corpus, and the fund was not established to settle a valid legal claim against the Government, the question of ownership of the corpus is raised. The classification of these funds has not been determined, and OMB and Interior will review the legislation that established each of these funds to determine ownership of the corpus. If it is determined that the tribe owns the corpus, then the funds will be removed from the budget totals. Otherwise, the funds will remain in the budget.

Another $178 million of the funds in this category are for legislative settlements for which certain conditions must be met before ownership transfers to the tribes. For example, tribes are sometimes required to execute a waiver of claims and appropriate releases that must be approved by the relevant Courts. Until these conditions are met, the funds are the property of the Federal Government and are included in the budget. After these conditions are met, the funds will be disbursed to the appropriate tribal fiduciary fund, which will be recorded as budget outlays.

The balance of the funds included in the budget consist of the following: $58 million that has not been reviewed by OMB and Interior, $52 million to carry out Secretarial obligations under legislative settlements (e.g., to construct dams, deliver water, and pay penalties); $6 million earmarked for education grants; and $2 million for gifts and bequests.

Change in Future Budgetary Transactions as a Result of Reclassifying Tribal Fiduciary Funds as Non-budgetary.—Excluding the transactions of the tribal fiduciary funds from the budget will have little effect on net Federal outlays in future years. As shown in Table 15–4, their removal is estimated to increase net outlays, and decrease the unified budget surplus, by approximately $40 million a year from 2000 to 2003.

Removing the tribal fiduciary funds from the budget changes net Federal outlays for future years in a number of ways. First, interest payments on Treasury securities held by these funds, which are recorded as intrabudgetary transactions through FY 1999, are recorded as disbursements to the public beginning in FY 2000. Second, offsetting receipts from the public are lowered by the royalties and other income derived from tribe-owned natural resources. Third, the budget no longer records the disbursement of these royalties and income from the Government to the tribes. This reduces disbursements by the same amount as offsetting receipts, but not necessarily in the same years.

Removing the Indian tribal funds from the budget also shifts the timing of disbursements to the public resulting from Federal payments to Indian tribes for judgments and settlements. In fiscal year 1999 and prior years, these payments were not recorded as outlays to the public until the funds were disbursed to the tribes. Beginning in FY 2000, the payments are recorded as outlays to the public when the funds are paid to the tribal fiduciary funds.

Improvements to Federal Budgeting.—The reclassification of the Indian tribal funds is expected to improve Federal budgeting in three ways. First, as previously mentioned, it will treat them in a manner consistent with the budget concepts that are applied to other funds held by the Government. Second, the budget will record costs in the appropriate period the year that financial resources are transferred from the Government to a tribe so that decision makers will take the cost into account at the time that decisions are made. Flows into and out of the tribal fiduciary funds will not be included in the budget and therefore will not affect new resource allocation decisions by the Government. Third, the tribal fiduciary funds will not be subject to budgetary controls and constraints that are applied to funds that belong to the Government.

Table 15–4. OUTLAY IMPACT OF RECLASSIFYING INDIAN TRIBAL FUNDS AS NON-BUDGETARY [1]

(In millions of dollars)

	1999	2000	2001	2002	2003
Pre-2000 treatment of tribal trust funds:					
Offsetting receipts from the public	324	334	338	342	346
Disbursement to the public	331	405	409	413	417
Outlays, prior treatment	7	71	71	71	71
Effect of reclassifying tribal fiduciary funds as (non-budgetary):					
Offsetting receipts from the public	....	–278	–278	–279	–279
Disbursement to the public	....	–237	–238	–238	–238
Net impact of reclassification on outlays	....	41	40	41	41
Revised treatment of Indian tribal funds:					
Offsetting receipts from the public	324	56	60	63	67
Disbursement to the public	331	168	171	175	179
Outlays, revised treatment	7	112	111	112	112

[1] Does not include intrabudgetary transactions.

Table 15–5. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS

(In billions of dollars)

	1999 actual	Estimate 2000	2001	2002	2003	2004	2005
Airport and Airway Trust Fund							
Balance, start of year	9.4	12.4	13.3	14.1	15.7	17.5	19.4
Income:							
Governmental receipts	10.4	9.2	10.6	12.0	12.6	13.4	14.1
Proprietary receipts	*	*	*	*	*	*	*
Receipts from Federal funds:							
Interest	0.7	0.8	0.8	0.8	0.9	1.0	1.1
Other	*	0.1	0.1	0.1	0.1	0.1	0.1
Receipts from Trust funds	....	....	....	....	....	....	....
Subtotal, income	11.1	10.1	11.6	13.0	13.7	14.5	15.4
Outgo:							
To the public	8.1	9.3	10.8	11.4	11.9	12.6	13.3
Payments to Other funds	....	....	....	....	....	....	....
Subtotal, outgo	8.1	9.3	10.8	11.4	11.9	12.6	13.3
Change in fund balance:							
Surplus or deficit (–):							
Excluding interest	2.3	0.1	0.0	0.8	0.9	0.9	1.0
Interest	0.7	0.8	0.8	0.8	0.9	1.0	1.1
Subtotal, surplus or deficit (–)	3.0	0.9	0.8	1.6	1.8	1.9	2.1
Adjustments:							
Transfers/lapses (net)	....	....	....	....	....	....	....
Other adjustments	*	–*	....	....	....	....	....
Total, change in fund balance	3.0	0.9	0.8	1.6	1.8	1.9	2.1
Balance, end of year	12.4	13.3	14.1	15.7	17.5	19.4	21.5
Federal Employees Health Benefits Fund							
Balance, start of year	6.2	5.8	5.6	5.4	5.2	4.9	4.6
Income:							
Governmental receipts	....	....	....	....	....	....	....
Proprietary receipts	4.9	5.3	5.7	6.1	6.4	6.8	7.2
Receipts from Federal funds:							
Interest	0.4	0.3	0.3	0.3	0.3	0.3	0.2
Other	12.8	14.2	15.0	16.2	17.7	19.3	20.9
Receipts from Trust funds	....	....	....	....	....	....	....
Subtotal, income	18.0	19.8	21.0	22.6	24.4	26.3	28.3
Outgo:							
To the public	18.5	20.0	21.1	22.8	24.7	26.7	28.7
Payments to Other funds	–*	....	....	....	....	....	....
Subtotal, outgo	18.5	20.0	21.1	22.8	24.7	26.7	28.7
Change in fund balance:							
Surplus or deficit (–):							
Excluding interest	–0.8	–0.5	–0.4	–0.5	–0.5	–0.6	–0.6
Interest	0.4	0.3	0.3	0.3	0.3	0.3	0.2
Subtotal, surplus or deficit (–)	–0.4	–0.2	–0.1	–0.3	–0.2	–0.4	–0.4
Adjustments:							
Transfers/lapses (net)	....	....	....	....	....	....	....
Other adjustments	....	....	....	....	....	....	....
Total, change in fund balance	–0.4	–0.2	–0.1	–0.3	–0.2	–0.4	–0.4
Balance, end of year	5.8	5.6	5.4	5.2	4.9	4.6	4.2
Federal Civilian Employees Retirement Funds							
Balance, start of year	460.6	491.9	523.0	553.1	582.7	611.5	639.1
Income:							
Governmental receipts	4.5	4.3	3.9	3.6	3.4	3.2	3.1
Proprietary receipts	....	....	....	....	....	....	....
Receipts from Federal funds:							
Interest	34.3	35.9	36.6	37.7	38.9	39.9	40.8
Other	36.9	37.0	37.8	38.8	39.4	40.4	41.5

Table 15–5. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	1999 actual	Estimate					
		2000	2001	2002	2003	2004	2005
Receipts from Trust funds	....	*	*	*	*	*	*
Subtotal, income	75.7	77.2	78.3	80.1	81.7	83.5	85.3
Outgo:							
To the public	44.5	46.0	48.2	50.5	52.9	55.9	59.1
Payments to Other funds	....	*	*	*	*	*	*
Subtotal, outgo	44.5	46.0	48.2	50.5	52.9	56.0	59.1
Change in fund balance:							
Surplus or deficit (–):							
Excluding interest	–3.1	–4.8	–6.4	–8.1	–10.1	–12.3	–14.5
Interest	34.3	35.9	36.6	37.7	38.9	39.9	40.8
Subtotal, surplus or deficit (–)	31.2	31.1	30.1	29.6	28.8	27.6	26.3
Adjustments:							
Transfers/lapses (net)	....	....	....	....	....	....	....
Other adjustments	....	....	....	....	....	....	....
Total, change in fund balance	31.2	31.1	30.1	29.6	28.8	27.6	26.3
Balance, end of year	491.9	523.0	553.1	582.7	611.5	639.1	665.3
Federal Old-Age, Survivors and Disability Insurance Trust Funds							
Balance, start of year	730.3	855.0	1004.3	1164.4	1337.8	1522.3	1717.0
Income:							
Governmental receipts	444.5	476.8	499.9	522.2	544.2	566.7	598.6
Proprietary receipts	*	0.1	0.1	0.1	0.1	0.1	0.1
Receipts from Federal funds:							
Interest	52.1	59.7	68.1	77.6	87.9	98.8	110.5
Other	20.7	21.9	21.5	22.6	23.8	25.3	27.1
Receipts from Trust funds	....	....	....	....	....	....	....
Subtotal, income	517.3	558.4	589.6	622.5	656.1	690.9	736.2
Outgo:							
To the public	388.4	405.0	424.5	445.2	467.5	492.1	518.8
Payments to Other funds	4.1	4.0	5.1	4.0	4.0	4.1	4.1
Subtotal, outgo	392.6	409.0	429.5	449.2	471.5	496.1	522.8
Change in fund balance:							
Surplus or deficit (–):							
Excluding interest	72.6	89.7	91.9	95.7	96.6	95.9	102.9
Interest	52.1	59.7	68.1	77.6	87.9	98.8	110.5
Subtotal, surplus or deficit (–)	124.7	149.3	160.1	173.3	184.5	194.8	213.4
Adjustments:							
Transfers/lapses (net)	....	....	....	....	....	....	....
Other adjustments	–*	....	....	....	....	....	....
Total, change in fund balance	124.7	149.3	160.1	173.3	184.5	194.8	213.4
Balance, end of year	855.0	1004.3	1164.4	1337.8	1522.3	1717.0	1930.4
Foreign Military Sales Trust Fund							
Balance, start of year	6.0	5.5	5.5	5.5	5.5	5.5	5.5
Income:							
Governmental receipts	....	....	....	....	....	....	....
Proprietary receipts	11.6	10.6	10.8	10.9	10.9	11.0	11.2
Receipts from Federal funds:							
Interest	....	....	....	....	....	....	....
Other	....	....	....	....	....	....	....
Receipts from Trust funds	....	....	....	....	....	....	....
Subtotal, income	11.6	10.6	10.8	10.9	10.9	11.0	11.2
Outgo:							
To the public	12.2	10.6	10.8	10.9	10.9	11.0	11.2
Payments to Other funds	....	....	....	....	....	....	....
Subtotal, outgo	12.2	10.6	10.8	10.9	10.9	11.0	11.2

Table 15–5. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	1999 actual	Estimate					
		2000	2001	2002	2003	2004	2005
Change in fund balance:							
Surplus or deficit (–):							
Excluding interest	–0.5						
Interest							
Subtotal, surplus or deficit (–)	–0.5						
Adjustments:							
Transfers/lapses (net)							
Other adjustments							
Total, change in fund balance	–0.5						
Balance, end of year	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Highway Trust Fund [1]							
Balance, start of year	18.6	29.0	31.4	32.3	33.0	34.1	36.1
Income:							
Governmental receipts	39.3	34.3	35.1	36.0	36.3	36.9	37.7
Proprietary receipts	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Receipts from Federal funds:							
Interest							
Other	*	*	*	*	*	*	*
Receipts from Trust funds							
Subtotal, Income	39.4	34.4	35.3	36.1	36.4	37.0	37.8
Outgo:							
To the public	29.0	32.0	34.5	35.4	35.2	35.1	35.2
Payments to Other funds							
Subtotal, Outgo	29.0	32.0	34.5	35.4	35.2	35.1	35.2
Change in fund balance:							
Surplus or deficit:							
Excluding interest	10.4	2.5	0.8	0.7	1.2	2.0	2.6
Interest							
Subtotal, surplus or deficit	10.4	2.5	0.8	0.7	1.2	2.0	2.6
Adjustments:							
Transfers/lapses (net)	*						
Other adjustments	–*	–*	*				
Total, Change in fund balance	10.4	2.5	0.8	0.7	1.2	2.0	2.6
Balance, End of Year	29.0	31.4	32.3	33.0	34.1	36.1	38.7
Medicare: Federal Hospital Insurance (HI) Trust Fund							
Balance, start of year	116.9	138.4	163.4	201.3	240.1	271.3	302.1
Income:							
Governmental receipts	132.3	136.6	143.8	150.4	156.8	163.4	172.7
Proprietary receipts	1.4	1.4	1.4	1.8	2.0	2.2	2.5
Receipts from Federal funds:							
Interest	9.3	11.0	12.5	14.9	16.9	18.2	19.5
Solvency transfer			15.4	12.6			
Other	10.0	10.6	10.4	10.8	11.5	12.1	12.8
Receipts from Trust funds							
Subtotal, income	153.0	159.6	183.5	190.5	187.2	195.9	207.5
Outgo:							
To the public	131.5	134.6	145.7	151.7	155.9	165.1	176.7
Payments to Other funds							
Subtotal, outgo	131.5	134.6	145.7	151.7	155.9	165.1	176.7
Change in fund balance:							
Surplus or deficit (–):							
Excluding interest	12.2	14.0	25.3	23.9	14.4	12.6	11.3
Interest	9.3	11.0	12.5	14.9	16.9	18.2	19.5
Subtotal, surplus or deficit (–)	21.5	25.0	37.8	38.8	31.2	30.8	30.7
Adjustments:							
Transfers/lapses (net)							

Table 15–5. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	1999 actual	Estimate					
		2000	2001	2002	2003	2004	2005
Other adjustments	–*	–*	....	....	....	....	....
Total, change in fund balance	21.5	25.0	37.8	38.8	31.2	30.8	30.7
Balance, end of year	138.4	163.4	201.3	240.1	271.3	302.1	332.8
Medicare: Federal Supplementary Medical Insurance (SMI) Trust Fund							
Balance, start of year	40.9	45.6	44.5	40.7	39.4	40.8	40.2
Income:							
Governmental receipts	....	....	....	....	....	....	....
Proprietary receipts	20.2	20.4	21.7	23.8	33.8	39.1	44.3
Receipts from Federal funds:							
Interest	2.9	3.1	2.9	2.8	2.8	2.7	2.7
Other	62.4	67.8	72.9	77.7	87.7	98.8	107.6
Receipts from Trust funds	....	....	....	....	....	....	....
Subtotal, income	85.5	91.2	97.5	104.4	124.3	140.7	154.7
Outgo:							
To the public	80.7	92.4	101.3	105.7	122.9	141.3	156.8
Payments to Other funds	....	....	....	....	....	....	....
Subtotal, outgo	80.7	92.4	101.3	105.7	122.9	141.3	156.8
Change in fund balance:							
Surplus or deficit (–):							
Excluding interest	1.8	–4.2	–6.7	–4.1	–1.3	–3.3	–4.8
Interest	2.9	3.1	2.9	2.8	2.8	2.7	2.7
Subtotal, surplus or deficit (–)	4.8	–1.2	–3.8	–1.3	1.4	–0.6	–2.1
Adjustments:							
Transfers/lapses (net)	....	....	....	....	....	....	....
Other adjustments	....	*	....	....	....	....	....
Total, change in fund balance	4.8	–1.2	–3.8	–1.3	1.4	–0.6	–2.1
Balance, end of year	45.6	44.5	40.7	39.4	40.8	40.2	38.1
Military Retirement Fund							
Balance, start of year	145.5	151.9	158.5	164.9	171.6	178.6	185.9
Income:							
Governmental receipts	....	....	....	....	....	....	....
Proprietary receipts	....	....	....	....	....	....	....
Receipts from Federal funds:							
Interest	12.6	12.8	13.0	13.3	13.5	13.8	14.0
Other	25.7	26.8	27.3	28.3	29.3	30.4	31.4
Receipts from Trust funds	....	....	....	....	....	....	....
Subtotal, income	38.2	39.5	40.4	41.6	42.8	44.1	45.5
Outgo:							
To the public	31.9	32.9	33.9	34.9	35.8	36.8	37.8
Payments to Other funds	....	....	....	....	....	....	....
Subtotal, outgo	31.9	32.9	33.9	34.9	35.8	36.8	37.8
Change in fund balance:							
Surplus or deficit (–):							
Excluding interest	–6.2	–6.2	–6.6	–6.5	–6.5	–6.5	–6.4
Interest	12.6	12.8	13.0	13.3	13.5	13.8	14.0
Subtotal, surplus or deficit (–)	6.3	6.6	6.4	6.7	7.0	7.3	7.7
Adjustments:							
Transfers/lapses (net)	....	....	....	....	....	....	....
Other adjustments	....	....	*	....	....	....	....
Total, change in fund balance	6.3	6.6	6.4	6.7	7.0	7.3	7.7
Balance, end of year	151.9	158.5	164.9	171.6	178.6	185.9	193.6
Railroad Retirement Trust Funds							
Balance, start of year	13.9	14.3	15.3	16.1	17.1	18.2	19.2

Table 15–5. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	1999 actual	Estimate					
		2000	2001	2002	2003	2004	2005
Income:							
Governmental receipts	4.1	4.3	4.3	4.4	4.5	4.5	4.6
Proprietary receipts	....	....	....	....	....	....	....
Receipts from Federal funds:							
Interest	0.3	1.1	1.1	1.2	1.3	1.3	1.4
Other	0.5	0.4	0.3	0.3	0.3	0.4	0.4
Receipts from Trust funds	3.8	3.8	3.6	3.7	3.8	3.8	3.8
Subtotal, income	8.8	9.5	9.4	9.7	9.8	10.0	10.1
Outgo:							
To the public	8.2	8.2	8.3	8.4	8.5	8.7	8.8
Payments to Other funds	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Subtotal, outgo	8.4	8.5	8.6	8.7	8.8	8.9	9.1
Change in fund balance:							
Surplus or deficit (–):							
Excluding interest	0.1	–0.1	–0.3	–0.2	–0.2	–0.3	–0.3
Interest	0.3	1.1	1.1	1.2	1.3	1.3	1.4
Subtotal, surplus or deficit (–)	0.4	1.0	0.8	1.0	1.0	1.1	1.1
Adjustments:							
Transfers/lapses (net)	*	*	*	....	....	....	....
Other adjustments	....	....	*	....	....	....	....
Total, change in fund balance	0.4	1.0	0.9	1.0	1.0	1.1	1.1
Balance, end of year	14.3	15.3	16.1	17.1	18.2	19.2	20.3
Unemployment Trust Fund							
Balance, start of year	71.0	77.7	85.9	93.6	98.9	102.4	105.4
Income:							
Governmental receipts	26.5	28.2	30.3	31.6	32.8	33.7	36.5
Proprietary receipts	*	*	*	*	*	*	*
Receipts from Federal funds:							
Interest	4.8	4.9	5.3	5.6	5.8	5.9	6.1
Other	0.4	0.4	0.5	0.5	0.5	0.5	0.6
Receipts from Trust funds	....	....	....	....	....	....	....
Subtotal, income	31.7	33.5	36.0	37.8	39.2	40.1	43.1
Outgo:							
To the public	24.9	25.4	28.2	32.4	35.7	37.1	38.4
Payments to Other funds	....	....	....	....	....	....	....
Subtotal, outgo	24.9	25.4	28.2	32.4	35.7	37.1	38.4
Change in fund balance:							
Surplus or deficit (–):							
Excluding interest	1.9	3.2	2.5	–0.3	–2.4	–2.9	–1.3
Interest	4.8	4.9	5.3	5.6	5.8	5.9	6.1
Subtotal, surplus or deficit (–)	6.7	8.2	7.8	5.3	3.4	3.0	4.7
Adjustments:							
Transfers/lapses (net)	–*	–*	–*	....	....	....	....
Other adjustments	....	....	....	....	....	....	....
Total, change in fund balance	6.7	8.2	7.8	5.3	3.4	3.0	4.7
Balance, end of year	77.7	85.9	93.6	98.9	102.4	105.4	110.1
Veterans Life Insurance Trust Funds							
Balance, start of year	13.7	13.7	13.6	13.4	13.1	12.7	12.3
Income:							
Governmental receipts	....	....	....	....	....	....	....
Proprietary receipts	0.8	0.8	0.8	0.7	0.7	0.7	0.6
Receipts from Federal funds:							
Interest	1.1	1.1	1.0	1.0	0.9	0.9	0.9
Other	*	*	*	*	*	*	*
Receipts from Trust funds	....	....	....	....	....	....	....

Table 15–5. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	1999 actual	Estimate					
		2000	2001	2002	2003	2004	2005
Subtotal, income	1.9	1.8	1.8	1.7	1.6	1.6	1.5
Outgo:							
To the public	1.9	2.0	2.0	2.0	2.0	2.0	1.9
Payments to Other funds	....	....	....	....	....	....	....
Subtotal, outgo	1.9	2.0	2.0	2.0	2.0	2.0	1.9
Change in fund balance:							
Surplus or deficit (–):.							
Excluding interest	–1.1	–1.2	–1.2	–1.3	–1.3	–1.3	–1.3
Interest	1.1	1.1	1.0	1.0	0.9	0.9	0.9
Subtotal, surplus or deficit (–)	–*	–0.1	–0.2	–0.3	–0.4	–0.4	–0.5
Adjustments:							
Transfers/lapses (net)	....	....	....	....	....	....	....
Other adjustments	–*	–*	*	....	....	....	....
Total, change in fund balance	–*	–0.1	–0.2	–0.3	–0.4	–0.4	–0.5
Balance, end of year	13.7	13.6	13.4	13.1	12.7	12.3	11.9
Other Trust Funds [2]							
Balance, start of year	30.1	34.5	35.5	35.9	38.4	40.9	43.3
Income:							
Governmental receipts	2.6	3.1	4.0	4.0	4.0	4.1	4.1
Proprietary receipts	7.0	3.5	3.4	3.0	3.0	3.1	3.2
Receipts from Federal funds:							
Interest	2.0	2.2	2.2	1.9	2.0	2.0	2.1
Other	1.6	2.0	3.1	2.7	2.7	2.8	2.9
Receipts from Trust funds.							
Subtotal, income	13.2	10.8	12.8	11.5	11.8	12.0	12.2
Outgo:							
To the public	8.0	9.1	8.3	8.4	8.7	9.0	9.2
Payments to Other funds	0.5	0.6	3.8	0.6	0.6	0.6	0.7
Subtotal, outgo	8.5	9.6	12.1	9.0	9.3	9.6	9.9
Change in fund balance:							
Surplus or deficit (–):							
Excluding interest	2.6	–1.0	–1.5	0.6	0.5	0.4	0.3
Interest	2.0	2.2	2.2	1.9	2.0	2.0	2.1
Subtotal, surplus or deficit (–)	4.6	1.2	0.7	2.5	2.5	2.4	2.4
Adjustments:							
Transfers/lapses (net)	–*	–0.1	–0.3	....	....	....	....
Other adjustments	....	–*	–*	....	....	....	....
Total, change in fund balance	4.6	1.1	0.4	2.5	2.5	2.4	2.4
Balance, end of year	34.8	35.5	35.9	38.4	40.9	43.3	45.7

* Less than $50 million.

Note: Balances shown include committed and uncommitted cash balances.

[1] Figures reflect two legislative changes to the Highway Trust Fund as per the Transportation Equity Act for the 21st Century (TEA-21): no accumulation of interest earnings on fund balances beginning in 1999 and transfer of $8.2 billion in highway account cash balances to the General fund.

[2] The difference between 1999 end of year balance and 2000 start of year balance is due to the removal of most tribal trust funds from the budget totals. See the discussion regarding changes in the budget classification of tribal trust funds in this chapter for additional information.

Table 15–6. INCOME, OUTGO, AND BALANCES OF SELECTED FEDERAL FUNDS

(In billions of dollars)

	1999 actual	Estimate					
		2000	2001	2002	2003	2004	2005
Abandoned Mine Reclamation Fund							
Balance, start of year	1.6	1.7	1.8	1.9	2.0	2.1	2.3
Income:							
Governmental receipts	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Proprietary receipts	*	*	*	*	*	*	*
Receipts from Federal funds:							
Interest	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other	*	....	....	....	....	....	....
Receipts from Trust funds	....	....	....	....	....	....	....
Subtotal, income	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Outgo:							
To the public	0.3	0.3	0.3	0.2	0.2	0.3	0.3
Payments to Other funds	....	....	....	....	....	....	....
Subtotal, outgo	0.3	0.3	0.3	0.2	0.2	0.3	0.3
Change in fund balance:							
Surplus or deficit (–):							
Excluding interest	*	–*	–*	*	0.1	*	*
Interest	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Subtotal, surplus or deficit (–)	0.1	0.1	0.1	0.1	0.2	0.1	0.1
Adjustments:							
Transfers/lapses (net)	....	....	....	....	....	....	....
Other adjustments	–*	....	....	....	....	....	....
Total, change in fund balance	0.1	0.1	0.1	0.1	0.2	0.1	0.1
Balance, end of year	1.7	1.8	1.9	2.0	2.1	2.3	2.4
Nuclear Waste Disposal Fund							
Balance, start of year	7.3	7.9	9.1	10.1	10.9	11.7	12.5
Income:							
Governmental receipts	....	....	....	....	....	....	....
Proprietary receipts	0.7	0.7	0.6	0.6	0.6	0.5	0.5
Receipts from Federal funds:							
Interest	0.1	0.7	0.8	0.9	0.9	1.0	0.9
Other	....	....	....	....	....	....	....
Receipts from Trust funds	....	....	....	....	....	....	....
Subtotal, income	0.8	1.4	1.3	1.4	1.5	1.5	1.5
Outgo:							
To the public	0.2	0.2	0.3	0.7	0.7	0.7	0.7
Payments to Other funds	....	....	....	....	....	....	....
Subtotal, outgo	0.2	0.2	0.3	0.7	0.7	0.7	0.7
Change in fund balance:							
Surplus or deficit (–):							
Excluding interest	0.5	0.5	0.2	–0.1	–0.1	–0.2	–0.2
Interest	0.1	0.7	0.8	0.9	0.9	1.0	0.9
Subtotal, surplus or deficit (–)	0.6	1.2	1.0	0.7	0.8	0.8	0.7
Adjustments:							
Transfers/lapses (net)	....	....	....	....	....	....	....
Other adjustments	*	....	....	....	....	....	....
Total, change in fund balance	0.6	1.2	1.0	0.7	0.8	0.8	0.7
Balance, end of year	7.9	9.1	10.1	10.9	11.7	12.5	13.2
Overseas Private Investment Corporation							
Balance, start of year	2.8	3.0	3.2	3.4	3.7	4.0	4.3
Income:							
Governmental receipts	....	....	....	....	....	....	....
Proprietary receipts	0.1	0.1	0.1	0.1	0.1	0.1	0.1

Table 15–6. INCOME, OUTGO, AND BALANCES OF SELECTED FEDERAL FUNDS—Continued

(In billions of dollars)

	1999 actual	Estimate					
		2000	2001	2002	2003	2004	2005
Receipts from Federal funds:							
Interest	0.2	0.2	0.2	0.2	0.2	0.3	0.3
Other	*	*	*	*	*	*	*
Receipts from Trust funds	....	....	....	....	....	....	....
Subtotal, income	0.3	0.3	0.3	0.3	0.4	0.4	0.4
Outgo:							
To the public	0.1	0.2	0.1	0.1	0.1	0.1	0.1
Payments to Other funds	....	....	....	....	....	....	....
Subtotal, outgo	0.1	0.2	0.1	0.1	0.1	0.1	0.1
Change in fund balance:							
Surplus or deficit (–):							
Excluding interest	0.1	–*	*	–0.1	–*	–*	–*
Interest	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Subtotal, surplus or deficit (–)	0.3	0.2	0.3	0.3	0.3	0.3	0.3
Adjustments:							
Transfers/lapses (net)	–*	–*	–*	....	....	....	....
Other adjustments	....	....	....	....	....	....	....
Total, change in fund balance	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Balance, end of year	3.0	3.2	3.4	3.7	4.0	4.3	4.6
Uranium Enrichment Decontamination and Decommissioning Fund							
Balance, start of year	1.3	1.7	2.1	2.4	2.8	3.2	3.6
Income:							
Governmental receipts	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Proprietary receipts	....	....	....	....	....	....	....
Receipts from Federal funds:							
Interest	*	*	0.1	0.1	0.1	0.1	0.1
Other	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Receipts from Trust funds	....	....	....	....	....	....	....
Subtotal, income	0.6	0.6	0.7	0.7	0.7	0.7	0.7
Outgo:							
To the public	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Payments to Other funds	....	....	....	....	....	....	....
Subtotal, outgo	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Change in fund balance:							
Surplus or deficit (–):							
Excluding interest	0.3	0.4	0.3	0.3	0.3	0.3	0.3
Interest	*	*	0.1	0.1	0.1	0.1	0.1
Subtotal, surplus or deficit (–)	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Adjustments:							
Transfers/lapses (net)	....	–*	....	....	....	....	....
Other adjustments	....	*	....	....	....	....	....
Total, change in fund balance	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Balance, end of year	1.7	2.1	2.4	2.8	3.2	3.6	4.0

* Less than $50 million.

Note: Balances shown include committed and uncommitted cash balances.

16. NATIONAL INCOME AND PRODUCT ACCOUNTS

The National Income and Product Accounts (NIPA) are an integrated set of measures of aggregate U.S. economic activity that are prepared by the Department of Commerce. One of the main purposes of the NIPA is to measure the Nation's total production of goods and services, known as gross domestic product (GDP), and the incomes generated in its production. Because the NIPA are widely used in economic analysis, it is important to show the NIPA presentation of Federal transactions and contrast it with the Budget.

GDP is a measure of the Nation's final output, which excludes intermediate product to avoid double counting. Government consumption expenditures and gross investment are included in GDP as part of final output, together with personal consumption expenditures, gross private domestic investment, and net exports of goods and services. Other government expenditures—transfer payments, grants to State and local governments, subsidies, and net interest payments—are not final output and as such are not included in GDP; however, these transactions are recorded in the NIPA government receipts and expenditure account. This leaves only government consumption expenditures and gross investment—State and local as well as Federal—to be included in final output.

Federal transactions are included in the NIPA as part(1) of the government sector. (footnote (1) The other part of the government sector is a single consolidated set of transactions for all U.S. State and local units of government combined.) The Federal sector is designed to measure certain important economic effects of Federal transactions in a way that is consistent with the conceptual structure of the entire set of integrated accounts. The NIPA Federal sector is not itself a budget, because it is not a financial plan for proposing, determining, and controlling the fiscal activities of the Government. NIPA concepts differ in many ways from budget concepts, and therefore the NIPA presentation of Federal finances is significantly different from that of the budget.

Differences Between the NIPA and the Budget

Federal transactions in the NIPA are measured according to NIPA accounting concepts in order to be compatible with the purposes of the NIPA and other transactions recorded in the NIPA. As a result they differ from the budget in netting, timing, and coverage. These differences cause total receipts and expenditures in the NIPA to differ from total receipts and outlays in the budget. Differences in timing and coverage also cause the NIPA current surplus or deficit to differ from the budget surplus or deficit. Netting differences have equal effects on receipts and expenditures and thus have no effect on the current surplus/deficit. Besides these differences, the NIPA combine transactions into different categories from those used in the budget.

October 1999 NIPA Revisions.—Comprehensive revisions to the NIPA introduced in October 1999 significantly changed the way Federal transactions are measured in the NIPA, and, since the budget did not change correspondingly, changed the ways in which the NIPA differ from the budget. The three most important changes were 1) the inclusion of computer software in investment (government and private) and the inclusion in consumption expenditures of a proxy for the services of software capital, measured as depreciation; 2) removal of transactions deemed "capital transfers" from the NIPA government sectors (which removes estate and gift taxes from both Federal and the State and local current receipts, and removes Federal grants for construction of fixed capital from Federal NIPA current expenditures); and 3) a revised treatment of government employee pension plans that treats their transactions analogously to those of private pension plans. Under the revised pension treatment, employer and employee contributions to government employee pension plans are now personal income (as if paid to a private pension plan in the household sector) rather than government receipts (contributions for social insurance); and pension benefit payments to former government employees are now simply transfers within the household sector rather than government expenditures (transfers to persons). The effects of these "new" changes are reflected in this section.

Netting differences arise when the budget records certain transactions as offsets to outlays while they are recorded as receipts in the NIPA (or vice versa). The budget treats all income that comes to the Government due to its sovereign powers—mainly, but not exclusively, taxes—as governmental receipts. On the other hand, the budget offsets against outlays any income that arises from voluntary business-type transactions with the public. The NIPA generally follow this concept as well, and all income to government enterprises such as the Postal Service or the power administrations is offset against expenditures. However, the NIPA have a narrower definition of "business-type transactions". Rents, royalties, and regulatory or inspection fees (offsetting receipts in the budget) are recorded in the NIPA as Government receipts (business nontaxes). The NIPA include Medicare premiums as Government receipts, while the budget classifies them as business-type transactions (offsetting receipts).

In the budget, any intragovernmental income from one account to another is offset against outlays rather than being recorded as a receipt. Government contributions for Federal employee social insurance (such as social security) is an example: the budget offsets these payments against outlays. In contrast, the NIPA treat the Federal Government like any other employer and show contributions for Federal employee social insurance as expenditures by the employing agencies and as governmental (rather than offsetting) receipts. The NIPA also impute certain transactions that are not explicit in the budget. For example, unemployment benefits for Federal employees are financed by direct appropriations rather than social insurance contributions. The NIPA impute social insurance contributions by employing agencies to finance these benefits—again, treating the Federal Government like any other employer.

Timing differences for receipts occur because the NIPA generally record personal taxes and social insurance contributions when they are paid and business taxes when they accrue, while the budget generally records all receipts when they are received. When the NIPA attribute corporations' final settlement payments back to the quarter(s) in which the profits that gave rise to the tax liability were generated, significant timing differences with the budget arise. When the first of a month falls on a weekend, monthly benefit checks normally mailed on the first of the month may be mailed out a day or two earlier; the budget then reflects two payments in one month and none the next. On occasion, the budget totals reflect 13 monthly payments in one year and only 11 the next. NIPA expenditure figures always reflect 12 benefit payments per year—again giving rise to a timing difference compared to the budget.

The budget and the NIPA also have *coverage differences*. The NIPA exclude transactions with U.S. territories. The NIPA also exclude the proceeds from the sales of nonproduced assets such as land. Bonuses paid on Outer Continental Shelf oil leases and proceeds from broadcast spectrum auctions are shown as offsetting receipts in the budget and are deducted from budget outlays. In the NIPA these transactions are excluded as an exchange of nonproduced assets with no production involved.

A type of coverage difference arises on the expenditure side because of the NIPA treatment of government investment. The budget includes outlays for Federal investments as they are paid for, while the Federal sector of the NIPA instead excludes current investments but includes a depreciation charge on past investments ("consumption of general government fixed capital") among "current expenditures." The inclusion of depreciation on fixed capital (structures, equipment and software) in current expenditures is a proxy for the services of capital; i.e., for its contribution to government output of public services. The 1999 comprehensive revisions to the NIPA reclassified software as investment, adding to the measured size of both investments and capital consumption (government and private).

The new treatment of government pension plan income and outgo in the 1999 revisions also gives rise to a form of coverage difference. Where the budget treats employee payments to these pension plans as government receipts, and employer contributions as offsets to outlays, the NIPA now treat both as personal income, as if the pension plan were in the private (household) sector; the budget records a government check to a retired government employee as a current outlay, but under the new NIPA concepts, no government expenditure then occurs; the payment is treated as a transfer of income within the household sector.

As part of the 1999 comprehensive revision of the NIPA, Federal investment grants to State and local governments (such as for interstate highway construction), investment subsidies to business, and forgiveness of debt owed by foreign governments are now excluded from the NIPA as being capital transfers. Likewise, estate and gift taxes, included in budget receipts, are now excluded from the NIPA as capital transfers.

Financial transactions such as loan disbursements, loan repayments, loan asset sales, and loan guarantees are excluded from the NIPA on the grounds that such transactions simply involve an exchange of financial assets. In contrast, under the Federal Credit Reform Act of 1990, for direct loan obligations and loan guarantee commitments made after 1991, the budget records the estimated subsidy cost of the direct loan or loan guarantee as an outlay when the loan is disbursed. The cash flows with the public are recorded in nonbudgetary accounts as a means of financing the budget rather than as budgetary transactions themselves. This treatment recognizes that part of a Federal direct loan is an exchange of assets with equal value but part is a subsidy to the borrower. It also recognizes the subsidy normally granted by loan guarantees. In the NIPA, neither the subsidies nor the loan transactions are included; however, the NIPA include all interest transactions with the public, including net interest paid to the financing accounts.

Deposit insurance outlays for resolving failed banks and thrift institutions are similarly excluded from the NIPA on the grounds that there are no offsetting current income flows from these transactions. In 1991, this exclusion was the largest difference between the NIPA and the budget and tended to make the budget deficit larger than the NIPA current deficit. In subsequent years, as assets acquired from failed financial institutions were sold, these collections tended to make the budget deficit smaller than the NIPA current deficit.

Federal Sector Current Receipts

Table 16–1 shows Federal current receipts in the four major categories used in the NIPA, which are similar to the budget categories but with significant differences.

Personal tax and nontax receipts is the largest category of current receipts. It is composed primarily of personal income taxes, but also includes fees, fines, and other receipts from persons.

Corporate profits tax accruals differs in classification from the corresponding budget category primarily because the NIPA include the deposit of earnings of the Federal Reserve System as corporate profits taxes, while the budget treats these collections as miscella-

Table 16–1. FEDERAL TRANSACTIONS IN THE NATIONAL INCOME AND PRODUCT ACCOUNTS, 1999–2001

(In billions of dollars)

Description	Actual 1999	Estimate	
		2000	2001
CURRENT RECEIPTS			
Personal tax and nontax receipts	887.8	941.6	964.6
Corporate profits tax accruals	210.9	222.7	224.2
Indirect business tax and nontax accruals	99.4	107.5	116.4
Contributions for social insurance	644.0	681.1	713.6
Total current receipts	1,842.2	1,952.9	2,018.7
CURRENT EXPENDITURES			
Consumption expenditures	460.7	483.6	486.3
Defense	304.7	315.8	317.2
Nondefense	156.0	167.8	169.1
Transfer payments	741.3	771.7	819.9
To persons	732.6	762.3	808.3
To the rest of the world	8.7	9.4	11.7
Grants-in-aid to State and local governments	223.8	242.1	259.6
Net interest paid	264.8	258.5	247.1
Subsidies less current surplus of Government enterprises	36.4	38.8	28.5
Wage disbursements less accruals	....	....	....
Total current expenditures	1,727.0	1,794.8	1,841.4
Current surplus or deficit (–)	115.2	158.1	177.3
ADDENDUM			
Gross investment	92.2	102.8	112.2
Defense	51.9	56.9	60.9
Nondefense	40.3	45.9	51.3

* $50 million or less.

neous receipts. The timing difference between the NIPA and the budget is especially large for corporate receipts.

Indirect business tax and nontax accruals is composed of excise taxes, customs duties, royalties, fines, and other receipts from business.

Contributions for social insurance differs from the corresponding budget category primarily because: (1) the NIPA include Federal employer contributions for social insurance as a Government receipt, while the budget offsets these contributions against outlays as undistributed offsetting receipts; (2) the NIPA include premiums for Part B of Medicare as Government receipts, while the budget again nets them against outlays; (3) the NIPA treat government employee contributions to their pension plans as personal income, while the budget includes them in Government receipts; and (4) the NIPA impute contributions for Federal employees' unemployment insurance and workers' compensation.

Federal Sector Current Expenditures

Table 16–1 shows current expenditures in the six major NIPA categories, which are very different from the budget categories.

Government consumption expenditures are the goods and services purchased by the Federal Government in the current account, including compensation of employees and depreciation. Gross investment (shown as addendum items in Table 16–1) is thus excluded from current expenditures in computing the government current surplus or current deficit on a NIPA basis, whereas depreciation is included. The NIPA treat State and local investment and capital consumption in the same way—regardless of the extent to which it is financed with Federal aid (capital transfers) or from State and local own source receipts.

Although gross investment is not included in government current expenditures, both government gross investment and current consumption expenditures (including depreciation) are included in total GDP, which makes the treatment of the government sectors in the NIPA similar to that of the private sector.

Transfer payments are the largest expenditure category. Transfer payments to persons are mainly for income security and health programs, such as Social Security and Medicare. (Since the 1999 NIPA revisions, payment of pension benefits to former government employees is no longer included in transfer payments to persons.) Transfer payments to the rest of the world include grants to foreign governments and payments under Social Security and other similar programs to individuals living abroad.

Grants-in-aid to State and local governments help finance a range of programs, including income security, Medicaid, education, and others (but capital transfers for construction of highways, airports, waste-water treatment plants and mass transit are now excluded).

Net interest paid is the interest paid by the Government on its debt (excluding debt held by trust funds, other than Federal employee pension plans; and other Government accounts), less interest received on its loans.

Subsidies less current surplus of Government enterprises consist of two elements: (1) subsidy payments for resident businesses (excluding subsidies for investment); and (2) the current surplus (or deficit) of "Government enterprises," such as the Postal Service, which are business-type operations of Government that usually appear in the budget as public enterprise revolving funds. Depreciation (consumption of enterprise fixed capital) is netted in calculating the current surplus of government enterprises.

NIPA subsidies do not include the imputed credit subsidies estimated as budget outlays under credit reform. Rather, loans and guarantees are categorized as financial transactions and are excluded from the NIPA except for associated interest and fees.

Wage disbursements less accruals is an adjustment that is necessary to the extent that the wages paid in a period differ from the amount earned in the period.

Differences in the Estimates

Since the introduction of the unified budget in January 1968, NIPA current receipts have been less than budget receipts in most years, due principally to the fact that estate and gift taxes, which they exclude (as capital transfers) have exceeded Medicare premiums, which they include but budget receipts do not. NIPA current expenditures have usually been higher than budget outlays (from which the Medicare premiums and employer retirement contributions are netted out as offsetting receipts), despite the omission from NIPA expenditures of grants for capital construction and pension benefits payments to former government employees. However, two components of budget outlays are sometimes sufficiently large in combination to match the netting adjustments. These are financial transactions and payments to U.S. territories. Large outlays associated with resolving the failed savings and loan associations and banks in 1990 and 1991 caused those year's budget outlays to significantly exceed NIPA current expenditures. With the change in budgetary treatment of direct loans in 1992 under credit reform, one type of financial transaction—direct loans to the public—has been recorded in the budget in a way that is closer to the NIPA treatment. Disbursement and repayment of loans are now recorded outside the budget as in the Federal sector of the NIPA, although, unlike the NIPA, credit subsidies are recorded as budget outlays.

During the period 1968–1992, the budget deficit exceeded the Federal current deficit as measured in the NIPA nearly every year. The largest difference, $71 billion, occurred in 1991 as a result of resolving failed financial institutions as discussed above; the budget deficit was then $269.4 billion, while the NIPA current deficit (from seasonally adjusted data) was $198.1 billion. In 1993–1997, the NIPA current account deficit was slightly above the budget deficit, while for 1998–2001, the NIPA current account surplus is projected to be lower than the budget surplus.

Table 16–1 displays Federal transactions using NIPA concepts with actual data for 1999 and estimates for 2000 and 2001 consistent with the Administration's budget proposals. Table 16–2 summarizes the reasons for differences between the data using budget concepts and NIPA concepts. Table 16–3 displays quarterly data using NIPA concepts beginning in October 1998.

Table 16–2. RELATIONSHIP OF THE BUDGET TO THE FEDERAL SECTOR, NIPA

	Actual 1999	Estimate	
		2000	2001
CURRENT RECEIPTS			
Budget receipts	1,827.5	1,956.3	2,019.0
Contributions to government employee retirement plans	–4.5	–4.3	–3.9
Capital transfers received	–27.7	–30.3	–32.2
Other coverage differences	–7.0	–8.1	–8.5
Netting and grossing	37.0	39.5	41.4
Timing differences	16.9	–0.1	3.0
NIPA current receipts	1,842.2	1,952.9	2,018.7
EXPENDITURES			
Budget outlays	1,703.0	1,789.6	1,835.0
Government employee retirement plan transactions	32.0	32.1	31.3
Deposit insurance and other financial transactions	–1.8	–4.2	–11.1
Capital transfers paid	–31.3	–35.0	–37.3
Net purchases of nonproduced assets	1.0	1.6	3.3
Net investment	–2.4	–9.4	–15.6
Other coverage differences	–13.0	–16.5	–14.5
Netting and grossing differences	37.0	39.5	41.4
Timing differences	2.4	–2.9	8.9
NIPA current expenditures	1,727.0	1,794.8	1,841.4

Additional detailed estimates of current receipts and current expenditures will be published in a forthcoming issue of the Department of Commerce publication, the *Survey of Current Business*.

Table 16–3. FEDERAL RECEIPTS AND EXPENDITURES IN THE NIPA, QUARTERLY, 1999

(In billions of dollars; seasonally adjusted at annual rates)

Description	Actual				
	Oct.-Dec. 1998	Jan.-Mar. 1999	Apr.-June 1999	July-Sept. 1999	Oct.-Dec. 1999
RECEIPTS					
Personal tax and nontax receipts	868.1	877.9	892.1	908.0	922.3
Corporate profits tax accruals	202.6	212.6	218.1	222.4	NA
Indirect business tax and nontax accruals	99.6	99.5	100.0	101.5	102.7
Contributions for social insurance	623.1	636.5	642.9	651.2	657.5
Total receipts	1,793.3	1,826.5	1,853.1	1,883.1	NA
CURRENT EXPENDITURES					
Consumption expenditures	460.0	467.0	465.2	458.7	492.7
Defense	303.4	304.6	300.8	312.1	326.1
Nondefense	156.5	162.4	164.4	162.9	166.7
Transfer payments	742.1	743.4	749.7	817.0	770.4
Domestic (“to persons”)	723.5	736.6	740.5	746.4	752.8
Foreign	18.7	6.8	9.2	8.5	17.6
Grants-in-aid to State and local governments	214.2	219.9	215.7	230.6	230.7
Net interest paid	274.3	266.0	264.8	259.9	261.2
Subsidies less current surplus of Government enterprises	42.9	32.6	39.5	29.0	51.3
Wage disbursements less accruals	....	....	....	....	....
Total current expenditures	1,733.5	1,728.9	1,735.0	1,749.3	1,806.3
Current deficit (–)	59.7	97.6	118.1	113.8	NA
ADDENDUM					
Gross investment	60.0	60.7	56.8	73.2	101.8
Defense	49.5	51.2	53.5	53.4	57.3
Nondefense	37.2	39.2	41.5	19.9	44.5

NA = Not available.

* $50 million or less.

17. COMPARISON OF ACTUAL TO ESTIMATED TOTALS FOR 1999

The following three parts of this chapter compare the actual total receipts, outlays, and surplus for 1999 with the current services estimates[1] shown in the 1999 Budget published in February 1998. 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 surplus totals for 1999 previously published by the Department of the Treasury with those in this budget.

Receipts

Receipts in 1999 were $1,827.5 billion, which is $97.6 billion greater than the current services estimate of $1,729.8 billion in the 1999 Budget. As shown in Table 17–1, this increase was the net effect of legislative and administrative changes; economic conditions that differed from what had been expected; and technical factors that resulted in different collection patterns and effective tax rates than had been assumed.

Policy differences.—The Transportation Equity Act for the 21st Century, Internal Revenue Service Restructuring and Reform Act of 1998, and The Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, were the only major laws enacted after February 1998 that affected 1999 receipts. The changes provided in these Acts, together with several minor legislative and administrative changes, were in large part offsetting, resulting in a net decrease in 1999 receipts relative to the February 1998 current services estimate of only $5 million.

Economic differences.—Differences between the economic assumptions upon which the current services estimates were made and actual economic performance accounted for a net increase in 1999 receipts of $36.7 billion. Higher-than-anticipated wages and salaries were in large part responsible for the increases in individual income taxes and social insurance and retirement receipts of $27.9 billion and $14.7 billion, respectively. Excise taxes were also higher than the budget estimate, in large part due to higher-than-estimated levels of gross domestic product (GDP). These increases were partially offset by lower-than-expected shares of corporate profits in GDP, which reduced corporation income taxes $4.8 billion below the budget estimate. Lower-than-expected imports, which affect customs duties, and lower-than-expected interest rates, which affect deposits of earnings by the Federal Reserve (miscellaneous receipts), reduced receipts below the budget estimates by an additional $0.5 billion and $1.7 billion, respectively.

Technical reestimates.—Technical factors increased 1999 receipts a net $60.9 billion above the February 1998 current services estimate. This net increase was in large part attributable to higher-than-anticipated collections of individual income taxes and estate and gift taxes, which were partially offset by lower-than-anticipated collections of corporation income taxes. Higher effective tax rates on personal income than estimated in February 1998, and the continued strength of the stock market and its effect on capital gains, were in large part responsible for the increase in individual income taxes of $60.2 billion. Greater-than-anticipated numbers and values of taxable estates, attributable in large part to the continued strength of the stock market, increased estate and gift taxes $7.5 billion above the budget estimate. Different collections patterns and effective tax rates than assumed in February 1998 were primarily responsible for the lower-than-anticipated collections of corporation income taxes of $6.9 billion.

[1] The current services concept is discussed in Chapter 14: "Current Services Estimates." For mandatory programs and receipts the February 1998 current services estimate is based on laws then in place. For discretionary programs the current services estimate is based on the prior year estimates adjusted for inflation.

Table 17–1. COMPARISON OF ACTUAL 1999 RECEIPTS WITH THE INITIAL CURRENT SERVICES ESTIMATES

(In billions of dollars)

	Feb. 1998 estimate	Enacted legislation/ administrative actions	Different economic conditions	Technical factors	Net change	Actual
Individual income taxes	792.7	–1.4	27.9	60.2	86.7	879.5
Corporation income taxes	194.4	2.0	–4.8	–6.9	–9.7	184.7
Social insurance and retirement receipts	595.7	*	14.7	1.4	16.1	611.8
Excise taxes	70.7	–0.1	1.2	–1.5	–0.3	70.4
Estate and gift taxes	20.5	....	–0.2	7.5	7.2	27.8
Customs duties	18.8	–0.5	–0.5	0.4	–0.5	18.3
Miscellaneous receipts	36.8	....	–1.7	–0.2	–1.9	34.9
Total	**1,729.8**	**–***	**36.7**	**60.9**	**97.6**	**1,827.5**

* indicates $50 million or less.

Outlays

Outlays for 1999 were $1,703.0 billion. This was $29.4 billion less than the $1,732.4 billion current services estimate in the 1999 Budget (February 1998).

Table 17–2 distributes the $29.4 billion net decrease in outlays among discretionary and mandatory programs and net interest. The table also makes rough estimates according to three reasons for the changes: policy; economic conditions; and 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 1999, policy changes increased outlays an estimated $10.0 billion relative to the initial current services estimates.

Policy changes increased discretionary outlays by $8.5 billion because outlays from final appropriations were above the initial current services estimates. Defense discretionary outlays increased by $3.5 billion and nondefense discretionary outlays increased by $5.0 billion. Policy changes increased mandatory outlays $1.2 billion above current law. The largest changes were an increase of $5.7 billion for emergency spending for agricultural programs, partially offset by $2.4 billion in collections from the sale of pension assets of the District of Columbia. (Mandatory programs are mostly formula benefit or entitlement programs not normally controlled by annual appropriations.)

Economic conditions that differed from those forecast in February 1998 for current services (as well as policy) resulted in a net decrease in outlays of $19.1 billion. Outlays for mandatory programs decreased an estimated $10.1 billion, largely due to lower than expected unemployment rates, which in turn reduced outlays for unemployment compensation and food stamps; and lower than expected inflation, which caused lower than estimated increases for Social Security and other inflation-sensitive programs. Outlays for net interest decreased $9.0 billion due to a combination of lower than projected interest rates and changes in borrowing requirements that resulted from the effect of economic factors on receipts and outlays.

Technical estimating differences and other changes result from changes in such factors as the number of beneficiaries for entitlement programs, crop conditions, or other factors not associated with policy changes or economic conditions. Technical changes accounted for a net decrease of $20.3 billion. The largest decrease was for Medicare.

Deficit/Surplus

The preceding two sections discussed the differences between the initial current services estimates and the actual amounts of Federal Government receipts and outlays for 1999. This section combines these effects to show the net impact of these differences on the deficit or surplus.

As shown in Table 17–3, the 1999 current services deficit was initially estimated to be $2.6 billion. The actual surplus was $124.4 billion, which was a $127.0 billion change from the initial estimate. Receipts were $97.6 billion more than the initial estimate, and outlays were $29.4 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 for receipts and outlays increased the deficit $10.0 billion.

Economic conditions that differed from the initial assumptions in February 1998 accounted for an estimated $55.9 billion decrease in the deficit. This was the combined effect of an increase in receipts of $36.7 billion and a decrease in outlays of $19.1 billion. Technical factors decreased the deficit by an estimated $81.2 billion. This was due to an increase in receipts of $60.9 billion and a decrease in outlays of $20.3 billion for technical estimating reasons.

Table 17–2. COMPARISON OF ACTUAL 1999 OUTLAYS WITH THE INITIAL CURRENT SERVICES ESTIMATES

(In billions of dollars)

	Current Services (Feb. 1998)	Changes				Actual
		Policy	Economic	Technical	Total changes	
Discretionary:.						
Defense	271.0	3.5	....	1.0	4.5	275.5
Nondefense	298.4	5.0	....	–3.9	1.1	299.5
Subtotal, discretionary	569.4	8.5	....	–2.9	5.6	575.0
Mandatory:						
Deposit insurance	–4.4	....	–0.1	–0.8	–0.9	–5.3
Other programs	925.3	1.2	–10.1	–12.8	–21.7	903.6
Subtotal, mandatory	920.9	1.2	–10.1	–13.6	–22.6	898.3
Net interest	242.1	0.3	–9.0	–3.7	–12.4	229.7
Total outlays	**1,732.4**	**10.0**	**–19.1**	**–20.3**	**–29.4**	**1,703.0**

Table 17–3. COMPARISON OF THE ACTUAL 1999 SURPLUS WITH THE INITIAL CURRENT SERVICES ESTIMATES OF THE DEFICIT

(In billions of dollars)

	Current Services (Feb. 1998)	Changes				Actual
		Policy	Economic	Technical	Total changes	
Receipts	1,729.8	–*	36.7	60.9	97.6	1,827.5
Outlays	1,732.4	10.0	–19.1	–20.3	–29.4	1,703.0
Surplus/deficit (–)	**–2.6**	**–10.0**	**55.9**	**81.2**	**127.0**	**124.4**

* indicates $50 million or less.

Note: Surplus/deficit(–) changes are receipts minus outlays. For these changes, a plus indicates an increase in the surplus or a decrease in the deficit.

Comparison of the Actual and Estimated Outlays for Mandatory and Related Programs for 1999

This section compares the original 1999 outlay estimates for mandatory and related programs under current law in the 1999 Budget (February 1998) with the actual outlays. Mandatory and related programs are programs with permanent spending authority that is generally controlled by authorizing legislation rather than by annual appropriations. Outlays for these programs depend on eligibility criteria, benefit levels, and other factors established in law. Major examples of these programs include Social Security and Medicare benefits for the elderly, agricultural price support payments to farmers, and 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 17–4 shows the differences between the actual outlays for these programs in 1999 and the amounts originally estimated in the 1999 Budget, based on laws in effect at that time. Actual outlays for mandatory spending and net interest in 1999 were $1,128.1 billion, which was $35.0 billion less than the initial estimate of $1,163.0 billion, based on existing law in February 1998.

Actual outlays for mandatory human resources programs were $921.7 billion, $39.6 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.

Outlays for other functions were $14.9 billion more than originally estimated, largely because of increases of $11.1 billion for agriculture programs. Undistributed offsetting receipts were $2.1 billion less than expected.

Outlays for net interest were $229.7 billion or $12.4 billion less than the original estimate. This decrease was the net effect of changes in interest rates from those initially assumed, lower borrowing requirements due to actual surpluses in 1998 and 1999, and technical factors.

Table 17–4. COMPARISON OF ACTUAL AND ESTIMATED OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW

(In billions of dollars)

	1999		
	Feb. 1998 estimate	Actual	Change
Mandatory outlays:			
Human resources programs:			
Education, training, employment, and social services	13.9	11.3	–2.7
Health:			
Medicaid	107.9	108.0	0.1
Other	7.1	6.1	–1.0
Total health	115.1	114.1	–0.9
Medicare	204.7	187.7	–17.0
Income security:			
Retirement and disability	81.1	76.5	–4.6
Unemployment compensation	23.9	21.4	–2.6
Food and nutrition assistance	33.1	28.7	–4.4
Other	72.0	71.2	–0.8
Total, income security	210.1	197.8	–12.4
Social security	392.8	387.0	–5.9
Veterans benefits and services:			
Income security for veterans	23.3	22.2	–1.1
Other	1.4	1.7	0.3
Total veterans benefits and services	24.7	23.8	–0.8
Total mandatory human resources programs	961.3	921.7	–39.6
Other functions:			
Agriculture	7.0	18.1	11.1
Deposit insurance	–4.4	–5.3	–0.9
Other functions	–0.4	4.3	4.7
Total, other functions	2.2	17.1	14.9
Undistributed offsetting receipts:			
Employer share, employee retirement	–36.6	–35.6	1.0
Rents and royalties on the outer continental shelf	–4.2	–3.1	1.1
Other undistributed offsetting receipts	–1.8	–1.8	0.1
Total undistributed offsetting receipts	–42.6	–40.4	2.1
Total, mandatory	920.9	898.3	–22.6
Net interest:.			
Interest on the public debt	366.8	353.5	–13.2
Interest received by trust funds	–118.8	–118.6	0.2
Other interest	–5.8	–5.1	0.7
Total net interest	242.1	229.7	–12.4
Total outlays for mandatory and net interest	1,163.0	1,128.1	–35.0

Reconciliation of Differences with Amounts Published by Treasury for 1999

Table 17–5 provides a reconciliation of the receipts, outlays, and surplus totals published by the Department of the Treasury in the September 30, 1999, Monthly Treasury Statement and those published in this budget. The Department of the Treasury made technical adjustments to the estimates for the U.S. Government Annual Report, which lowered outlays by $539 million. Additional adjustments made for this budget increased receipts by $169 million and decreased outlays by $966 million. The major changes were for Federal family education loans and transactions of the United Mine Workers of America benefit funds.

Table 17–5. RECONCILIATION OF FINAL AMOUNTS FOR 1999

(In millions of dollars)

	Receipts	Outlays	Surplus
Totals published by Treasury (September 30, 1999, Monthly Treasury Statement)	1,827,285	1,704,545	122,740
Miscellaneous Treasury adjustments.	....	–539	539
Totals published by Treasury in U.S. Government Annual Report [1]	1,827,285	1,704,006	123,279
Federal family education loans [1]	....	–1,086	1,086
United Mine Workers of America benefit funds	148	148	....
Other	21	–28	49
Total adjustments, net	169	–966	1,135
Totals in the budget	1,827,454	1,703,040	124,414
MEMORANDUM:			
Total change September 30, 1999, Monthly Treasury Statement	169	–1,505	1,674

[1] Estimates shown for the Treasury Annual Report are consistent with detailed estimates in the Treasury Annual Report Appendix. The Federal family education loan change is included in Treasury Annual Report summary material.

18. RELATIONSHIP OF BUDGET AUTHORITY TO OUTLAYS

Budget authority is the authority provided by law to incur financial obligations that will result in outlays.[1] Budget authority must be provided in laws, in accordance with Article I, Section 9, of the Constitution: "No money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law . . ." Hence, Federal agencies cannot obligate the Government to make outlays until budget authority has been provided to them by appropriation.

New budget authority for most Federal programs is provided in 13 annually enacted appropriations acts.[2] However, new budget authority for more than half of all outlays is made available through permanent appropriations under enacted legislation other than annual appropriation acts. This consists mainly of 1) budget authority for trust funds, which for most trust funds is permanently appropriated under existing law from the available balance of their receipts and equals the estimated annual obligations of the funds; 2) interest on the public debt, for which budget authority is automatically provided under a permanent appropriation enacted in 1847 and equals interest outlays; and 3) the authority to spend the proceeds from offsetting collections credited to appropriation or fund accounts.

Not all of the new budget authority for 2001 will be obligated or spent in 2001:[3]

- 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 unexpended balances remain available to these trust funds indefinitely in order to finance benefits and for 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.
- Until the 1998 budget, budget authority for large portions of the subsidized housing programs was equal to the Government's estimated obligation to pay subsidies under contracts, which extended for periods of up to 40 years. These contracts are now for one year only and the budget authority requirements are therefore now appropriated year-by-year.
- New budget authority for most other long-term contracts 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. The amounts of such "advance appropriations" have increased substantially in recent years.
- Government enterprises are occasionally given budget authority for standby reserves that will be used only in 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. Also, some budget authority results in an exchange of assets for which no corresponding outlays are scored; budget authority backing International Monetary Fund arrangements to resolve Asian monetary crises is an example.

As shown in the following chart, $338 billion of the outlays in 2001 (18 percent of the total) will be made from budget authority enacted in previous years. At the same time, $389 billion of the new budget authority proposed for 2001 (21 percent of the total amount proposed) will not lead to outlays until future years. Although outlays in 2001 are, coincidentally, very nearly equal to budget authority for that year (97.3 percent), this coincidence only occurs because the prior-year authority that will produce 2001 outlays ($338 billion) nearly equals the new 2001 authority that will not be spent until future years ($389 billion). Thus, in general, the total budget authority for a particular year is not directly indicative 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] The relationship of budget authority, obligations, and outlays is discussed generally in Chapter 24 of this volume, "Budget System and Concepts and Glossary;" for most individual budget accounts, this relationship is traced in a "program and financing" schedule [table] in the budget Appendix volume.

[2] In recent decades, some or all of the 13 "regular" appropriation bills have sometimes been consolidated into single acts.

[3] 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 and is made available, with the other budget documents, on the internet.

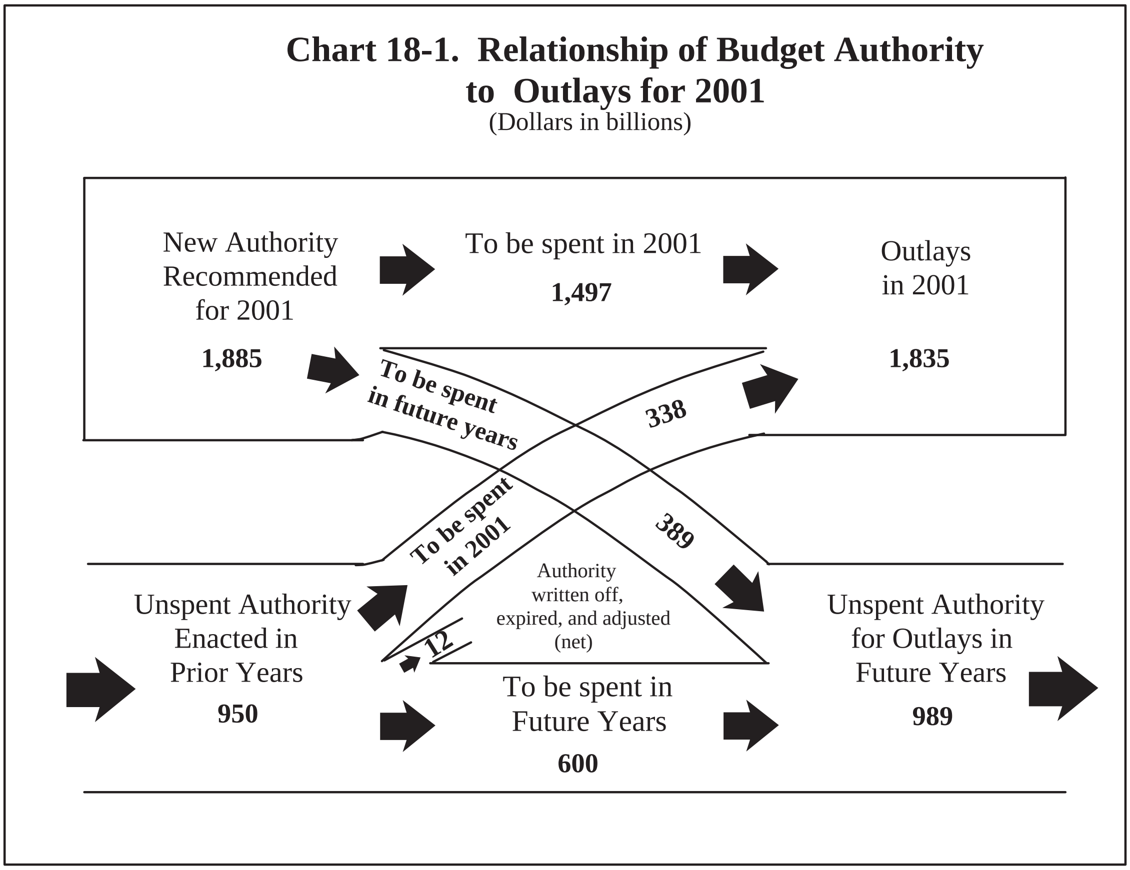
Chart 18-1. Relationship of Budget Authority to Outlays for 2001
(Dollars in billions)
New Authority Recommended for 2001
1,885
To be spent in 2001
1,497
Outlays in 2001
1,835
To be spent in future years
338
To be spent in 2001
389
Authority written off, expired, and adjusted (net)
12
Unspent Authority Enacted in Prior Years
950
To be spent in Future Years
600
Unspent Authority for Outlays in Future Years
989

19. OFF-BUDGET FEDERAL ENTITIES AND NON-BUDGETARY ACTIVITIES

The budget does not include some activities of the Federal Government that result in the same kind of spending as budget outlays. These activities nevertheless channel economic resources toward particular uses in the same way as budget spending. They are discussed in the following section on off-budget Federal entities.

The budget also does not include some activities that are related to the Federal Government but that are non-budgetary by their inherent nature. In some cases this is because they are not activities of the Government itself, and in other cases this is because the transactions are not costs to the Government. Nevertheless, many of these activities are discussed in the budget documents, and in some cases the amounts involved are presented together with budget data. They are discussed in the section of this chapter on non-budgetary activities.

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.

Every year since 1971, however, at least one Federal entity has 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 surplus or deficit are not included in budget receipts, budget outlays, or the budget surplus or deficit; and its budget authority is not included in the totals of budget authority for the budget. The Budget Enforcement Act of 1990 excludes these entities from general enforcement provisions (except for the administrative expenses of Social Security), although it has special enforcement provisions for Social Security.

The off-budget Federal entities conduct programs of the same type as the on-budget entities (i.e., Federal entities included in the budget totals). Most of the tables in the budget include the on-budget and off-budget amounts in combination, or add them together to arrive at the unified or consolidated Government totals, 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. A number of other entities were off-budget at different times before 1986 but were moved onto the budget by law as of 1986 or earlier.

The following table divides the total Federal Government receipts, outlays, and surplus or deficit for years before 2001 between the on-budget and off-budget amounts. Beginning in 2001, it also shows the effect of the Administration's proposal to reserve part of the on-budget surplus for Medicare solvency and for catastrophic prescription drug coverage. These amounts will not be available for spending under the budget resolution or on the PAYGO scorecard. They will be available only for debt reduction, pending their use for Medicare or the catastrophic prescription drug program. The difference between on-budget receipts and on-budget outlays in this table is therefore divided between the on-budget surplus and the Medicare Solvency Debt Reduction Reserve.[1]

Within this table 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 2001, the off-budget receipts are an estimated 25 percent of total receipts, and the off-budget outlays are an estimated 19 percent of total outlays. The off-budget surplus of $160 billion accounts for most of the unified budget surplus of $184 billion. The off-budget surplus consists almost entirely of Social Security. Social Security had a small surplus or even a deficit in the 1970s and early 1980s, but the surplus has grown by very large amounts and is estimated to increase each year throughout the projection period. By 2010 the off-budget surplus of $272 billion is still the major part of the unified budget surplus of $363 billion.

Non-Budgetary Activities

Federal credit: budgetary and non-budgetary transactions.—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 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

[1] This proposal is part of a broader budget framework proposal discussed in chapter 13, "Preview Report."

TABLE 19–1. COMPARISON OF TOTAL, ON-BUDGET, OFF-BUDGET, AND MEDICARE SOLVENCY TRANSACTIONS [1]

(In billions of dollars)

Fiscal Year	Receipts			Outlays			Surplus or deficit (–)			
	Total	On-budget	Off-budget	Total	On-budget	Off-budget	Total	On-budget	Off-budget	Medicare Solvency
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	851.9	686.1	165.8	–185.4	–185.6	0.3	....
1985	734.1	547.9	186.2	946.4	769.6	176.8	–212.3	–221.7	9.4	....
1986	769.2	569.0	200.2	990.5	807.0	183.5	–221.2	–238.0	16.7	....
1987	854.4	641.0	213.4	1,004.1	810.3	193.8	–149.8	–169.3	19.6	....
1988	909.3	667.8	241.5	1,064.5	861.8	202.7	–155.2	–194.0	38.8	....
1989	991.2	727.5	263.7	1,143.7	932.8	210.9	–152.5	–205.2	52.8	....
1990	1,032.0	750.3	281.7	1,253.2	1,028.1	225.1	–221.2	–277.8	56.6	....
1991	1,055.0	761.2	293.9	1,324.4	1,082.7	241.7	–269.4	–321.6	52.2	....
1992	1,091.3	788.9	302.4	1,381.7	1,129.3	252.3	–290.4	–340.5	50.1	....
1993	1,154.4	842.5	311.9	1,409.5	1,142.9	266.6	–255.1	–300.5	45.3	....
1994	1,258.6	923.6	335.0	1,461.9	1,182.5	279.4	–203.3	–258.9	55.7	....
1995	1,351.8	1,000.8	351.1	1,515.8	1,227.2	288.7	–164.0	–226.4	62.4	....
1996	1,453.1	1,085.6	367.5	1,560.6	1,259.7	300.9	–107.5	–174.1	66.6	....
1997	1,579.3	1,187.3	392.0	1,601.3	1,290.7	310.6	–22.0	–103.4	81.4	....
1998	1,721.8	1,306.0	415.8	1,652.6	1,336.0	316.6	69.2	–30.0	99.2	....
1999	1,827.5	1,383.0	444.5	1,703.0	1,382.3	320.8	124.4	0.7	123.7	....
2000 estimate	1,956.3	1,479.5	476.8	1,789.6	1,460.6	328.9	166.7	18.9	147.8	....
2001 estimate	2,019.0	1,519.1	499.9	1,835.0	1,494.8	340.3	184.0	9.0	159.6	15.4
2002 estimate	2,081.2	1,559.0	522.2	1,895.3	1,545.2	350.2	185.9	1.2	172.1	12.6
2003 estimate	2,147.5	1,603.2	544.2	1,962.9	1,602.9	359.9	184.6	0.3	184.3	....
2004 estimate	2,236.1	1,669.4	566.7	2,041.1	1,669.1	372.0	195.0	0.3	194.6	....
2005 estimate	2,340.9	1,742.3	598.6	2,125.5	1,740.5	384.9	215.4	1.8	213.7	....
2006 estimate	2,440.3	1,817.3	623.0	2,184.7	1,785.9	398.8	255.6	1.4	224.2	30.0
2007 estimate	2,558.8	1,906.3	652.5	2,267.0	1,853.2	413.8	291.8	1.1	238.7	52.0
2008 estimate	2,676.0	1,995.6	680.4	2,361.9	1,931.7	430.2	314.1	0.1	250.2	63.8
2009 estimate	2,785.2	2,076.7	708.6	2,456.1	2,007.1	449.0	329.1	0.1	259.6	69.4
2010 estimate	2,916.7	2,173.8	742.9	2,553.4	2,082.7	470.6	363.3	0.2	272.3	90.8

[1] Off-budget transactions consist of the social security trust funds for all years and the Postal Service fund as of 1989. The Medicare Solvency Debt Reduction Reserve consists of Medicare solvency transfers and reserve for catastrophic prescription drug coverage.

loan or guarantees a private loan. The complete 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 are not costs to the Government except for 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. [2] 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 credit decisions, and they reflect this cost when the Federal credit assistance is provided. This enables the budget to fulfill better 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. Because the financing accounts do affect the Government's cash position, they change the amount of the Government's borrowing requirement or debt repayment as explained in chapter 12 of this volume, "Federal Borrowing and Debt." [3]

Credit programs are discussed in chapter 8 of this volume, "Federal Credit and Insurance."

Premiums and discounts on debt buybacks.—The Treasury Department plans to buy back outstanding

[2] See sec. 505(b).

[3] For more explanation of the budget concepts for direct loans and loan guarantees, see the section on Federal credit in chapter 24 of this volume, "Budget System and Concepts and Glossary." The structure of credit reform is further explained in chapter VIII.A of the *Budget, Fiscal Year 1992,* Part Two, pp. 223–26. The implementation of credit reform through 1995 is reviewed in chapter 8, "Underwriting Federal Credit and Insurance," *Analytical Perspectives, Budget of the United States Government, Fiscal Year 1997,* pp. 142–44. Refinements and simplifications enacted by the Balanced Budget Act of 1997 or provided by later OMB guidance are explained briefly in chapter 8, "Underwriting Federal Credit and Insurance," *Analytical Perspectives, Budget of the United States Government, Fiscal Year 1999,* p. 170.

notes and bonds as part of its efforts to manage the reduction of the publicly held debt. The premiums and discounts on debt buybacks will be recorded outside the budget totals as a "means of financing other than borrowing from the public." This is discussed in a section of chapter 24, "Budget System and Concepts and Glossary."

Deposit funds.—Deposit funds are non-budgetary accounts that record amounts held by the Government temporarily until ownership is determined (such as earnest money paid by bidders for mineral leases) or held by the Government as an agent for others (such as State income taxes withheld from Federal employees' salaries and not yet paid to the States). The largest deposit fund is the Thrift Savings Fund, which holds stocks and bonds for Federal employees who participate in the Thrift Savings Plan, a defined contribution retirement plan. Because these assets are the property of the employees and are held by the Government in a fiduciary capacity, the transactions of the fund are not transactions of the Government itself and therefore are non-budgetary in concept. The administrative costs and the transactions of budgetary accounts with the fund are included in the budget.

Beginning in fiscal year 2000, the Federal budget excludes funds that are owned by Indian tribes and held and managed by the Government in a fiduciary capacity on the tribes' behalf. The Indian tribal funds were included in the budget from the adoption of the unified budget in 1969 through fiscal year 1999 under the generic title, "tribal trust funds." Most of these funds, however, are owned by Indian tribes and held and managed by the Government in a fiduciary capacity on the tribes' behalf. Therefore, the transactions of these funds are not transactions of the Government itself and are non-budgetary in concept, like the transactions of the Thrift Savings Fund. The Indian tribal funds with these characteristics have been reclassified as deposit funds. Reclassification does not affect the ownership of the fund assets, the legal obligations of the Secretary of the Interior, or the Federal management of the funds as prescribed by current law. The change in classification is discussed in chapter 15, "Trust Funds and Federal Funds." Deposit funds as such are further discussed in a section of chapter 24, "Budget System and Concepts and Glossary."

Taxation and tax expenditures.—Taxation provides the Government with income, which is included in the budget as "receipts," and which withdraws purchasing power from the private sector 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 composition of the Federal tax system, and by the rates and other structural characteristics of each Federal tax. These last 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 last effects, but not all, arise from revenue losses caused by special exclusions, exemptions, deductions, and similar provisions as identified by comparison of the tax law with a baseline. Revenue losses caused by these special provisions are defined as "tax expenditures" and are discussed in chapter 5 of this volume, "Tax Expenditures." Tax expenditures are also discussed in the individual chapters of Section V of the Budget, "Improving Government Performance," in conjunction with the outlays that serve the same major purposes.

Government-sponsored enterprises.—The Federal Government has established a number of Government-sponsored enterprises, such as the Federal National Mortgage Association and the Farm Credit Banks, to provide financial intermediation for specified public purposes. They are excluded from the budget because they are privately owned and controlled. However, primarily because they were established by the Federal Government for public-policy purposes, estimates of their activities are reported in a separate chapter of the budget *Appendix,* their activities are analyzed in chapter 8 of this volume, "Credit and Insurance," and their lending and borrowing are summarized in tables 8–11 and 8–12 of that chapter.

Regulation.—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. The regulatory planning process is described annually in *The Regulatory Plan and the Unified Agenda of Federal Regulatory and Deregulatory Actions.*[4] In 1996 the Office of Management and Budget published a report, *More Benefits, Fewer Burdens,* that documented efforts by this Administration to develop better new regulations, to change the face of existing regulations, and to change the culture of the regulatory system.[5]

In the fall of 1997 the Office of Management and Budget published a report on the costs and benefits of Federal regulation. That report discussed the development of the regulatory system and regulatory analysis, estimated the total annual costs and benefits of Federal regulatory programs, estimated the costs and benefits of recent major rules, and recommended ways to improve regulatory programs.[6] It was updated with new data and information last year[7] and will be updated again in a report being published early this year.

[4] The most recent publication was issued by the Regulatory Information Service Center in October 1999 (and printed in the Federal Register of November 22, 1999).

[5] Office of Information and Regulatory Affairs, Office of Management and Budget, *More Benefits, Fewer Burdens: Creating a Regulatory Systems that Works for the American People* (December 1996).

[6] Office of Information and Regulatory Affairs, Office of Management and Budget, *Report to Congress on the Costs and Benefits of Federal Regulation* (September 30, 1997).

[7] Office of Information and Regulatory Affairs, Office of Management and Budget, *Report to Congress on the Costs and Benefits of Federal Regulation* (1998).

20. OUTLAYS TO THE PUBLIC, NET AND GROSS

Table 20–1 shows net and gross outlays, and the relationship between them, for all major agencies. Outlays are the measure of Government spending. The budget records outlays when the Government makes payment for such things as Federal employee salaries, the purchase of supplies and equipment, grants to state and local governments, and benefits to individuals. The Government's gross outlays are the sum of all these payments.

The outlay totals in the budget, however whether for the Government as a whole or for agencies, programs, and functions (such as national defense) are net outlays, unless otherwise specified. Gross outlays, as the table shows, are the net outlays plus offsetting collections and receipts from the public. These constitute the income the Government receives from its business-like enterprises and other market activities with the public, such as the proceeds from selling postage stamps, the fees charged for admittance to recreational areas, and the proceeds from selling land or natural resources. The budget refers to them as "offsetting," because they are subtracted from gross outlays rather than added to taxes and other receipts resulting from governmental activities. The budget focuses on net outlay totals in order to show outlays and receipts that measure governmental activity rather than a combination of governmental and market activity. As a result, the budget totals represent the amount of resources allocated and distributed by political decision making rather than by private choice and the market mechanism. The surplus is calculated by subtracting total outlays from total receipts. It would be the same if offsetting collections and receipts were included in total receipts and subtracted from gross outlays. This would hold true if outlays exceeded receipts, resulting in a deficit.

The table shows that offsetting receipts and collections are relatively much more important for some agencies than others. The outlays for the Federal Deposit Insurance Corporation are negative amounts, because its collections, mostly insurance premiums, currently exceed its payments. The amounts for "Allowances" cover certain transactions that are expected to increase or decrease outlays but are not, for various reasons, attributed to any specific agency. The amounts labeled "undistributed offsetting receipts" are deducted from the Government-wide outlay totals but not from any specific agency. Chapter 4, "User Fees and Other Collections," in this volume discusses offsetting collections and receipts in more detail.

Table 20–1. TOTAL OUTLAYS, NET AND GROSS OF OFFSETTING COLLECTIONS AND RECEIPTS FROM THE PUBLIC, BY AGENCY, 1999–2001

(In millions of dollars)

(Department or other unit)	1999			2000			2001		
	Net Outlays	Offsetting Collections and Receipts from the Public	Outlays Gross of Collections from the Public	Net Outlays	Offsetting Collections and Receipts from the Public	Outlays Gross of Collections from the Public	Net Outlays	Offsetting Collections and Receipts from the Public	Outlays Gross of Collections from the Public
Legislative Branch.									
Legislative Branch	2,609	176	2,785	3,197	197	3,394	3,022	203	3,225
Judicial Branch	3,790	55	3,845	4,378	53	4,431	4,555	54	4,609
Agriculture	62,834	17,944	80,778	71,096	21,281	92,377	64,940	22,028	86,968
Commerce	5,036	1,074	6,110	8,134	1,145	9,279	5,407	1,322	6,729
Defense Military	261,380	9,199	270,579	277,476	9,174	286,650	277,484	8,817	286,301
Education	32,436	2,829	35,265	36,444	1,138	37,582	38,155	2,242	40,397
Energy	16,048	4,959	21,007	15,269	5,038	20,307	16,365	5,120	21,485
Health and Human Services	359,701	23,511	383,212	387,339	23,689	411,028	421,395	25,490	446,885
Housing and Urban Development	32,734	6,696	39,430	30,076	9,401	39,477	32,277	2,875	35,152
Interior	7,815	2,920	10,735	8,397	2,818	11,215	8,496	2,655	11,151
Justice	18,317	1,826	20,143	18,536	1,997	20,533	22,368	2,414	24,782
Labor	32,461	1,963	34,424	33,986	2,268	36,254	38,604	2,553	41,157
State	6,456	403	6,859	8,402	542	8,944	8,831	487	9,318
Transportation	41,829	400	42,229	45,925	442	46,367	49,042	713	49,755
Treasury	386,698	14,688	401,386	388,412	16,475	404,887	388,374	17,746	406,120
Veteran Affairs	43,168	3,619	46,787	46,723	3,565	50,288	46,442	3,109	49,551
Corps of Engineers	4,191	426	4,617	4,498	334	4,832	2,901	1,311	4,212
Other Department of Defense Civil	32,014	11	32,025	33,008	77	33,085	33,970	20	33,990
Environmental Protection Agency	6,750	356	7,106	7,040	307	7,347	7,453	300	7,753
Executive Office of the President	417	1	418	267	3	270	288	3	291
Federal Emergency Management Agency	4,039	1,435	5,474	3,198	1,560	4,758	2,222	1,771	3,993
General Services Administration	–46	288	242	525	247	772	475	278	753
International Assistance Programs	10,059	13,631	23,690	10,498	12,310	22,808	12,207	12,182	24,389
National Aeronautics and Space Administration	13,664	848	14,512	13,447	956	14,403	13,676	875	14,551
National Science Foundation	3,283	0	3,283	3,596	0	3,596	3,972	0	3,972
Office of Personnel Management	47,515	6,161	53,676	49,352	6,680	56,032	51,829	7,198	59,027
Small Business Administration	57	1,254	1,311	107	1,025	1,132	675	529	1,204
Social Security Administration	419,787	4,814	424,601	439,465	5,006	444,471	455,595	5,194	460,789
Federal Deposit Insurance Corporation	–5,026	4,684	–342	–1,047	2,645	1,598	–1,246	1,295	49
Postal Service	1,050	61,957	63,007	1,598	63,998	65,596	540	67,421	67,961
Other Independent Agencies	11,051	14,328	25,379	13,450	11,993	25,443	14,920	9,786	24,706
Allowances	0	0	0	843	0	843	–993	8,792	7,799
Undistributed Offsetting Receipts	–159,077	4,852	–154,225	–174,073	5,626	–168,447	–189,208	....	–189,208
Total Outlays	**1,703,040**	**207,308**	**1,910,348**	**1,789,562**	**211,990**	**2,001,552**	**1,835,033**	**214,783**	**2,049,816**

21. REPORT ON THE GOVERNMENT–WIDE RESCISSIONS IN THE CONSOLIDATED APPROPRIATIONS ACT, 2000 (P.L 106–113)

The FY 2000 Consolidated Appropriations Act rescinded 0.38 percent of discretionary budget authority and obligation limitations provided for FY 2000. The rescission applied to each department, agency, instrumentality, and entity of the Federal Government. There were no exceptions or exemptions. The Bill also specified the following:

- No program, project, or activity of any department, agency, instrumentality or entity can be reduced by more than 15 percent.
- No reduction can be taken from military personnel accounts.
- Reductions for the Department of Defense and the Department of Energy, Defense Activities, are to be applied proportionally to all Defense accounts.
- OMB is to report to the Congress in the FY 2001 Budget on the allocation of the rescission by account.

This chapter fulfills the Act's reporting requirement. Table 21–1 displays the accounts and the amount of the rescission allocated to each account.

Table 21–1. FY 2000 GOVERNMENT–WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT

(in thousands of dollars)

Account	Allocated Rescission
Legislative Branch	
Senate	
001–05–00–0130 Senators' official personnel and office expense account	–2,036
House of Representatives	
001–10–00–0400 Salaries and expenses	–2,892
Joint Items	
001–11–00–XXXXX Joint Items, activities	–376
Office of Compliance	
001–12–09–1600 Salaries and expenses	–8
Congressional Budget Office	
001–14–08–0100 Salaries and expenses	–100
Architect of the Capitol	
001–15–01–0105 Capitol buildings, salaries and expenses	–178
001–15–01–0108 Capitol grounds	–21
001–15–01–0123 Senate office buildings	–243
001–15–01–0127 House office buildings	–142
001–15–01–0133 Capitol power plant	–145
001–15–01–0155 Library buildings and grounds, structural and mechanical care	–61
Botanic Garden	
001–18–09–0200 Salaries and expenses	–13
Library of Congress	
001–25–03–0101 Salaries and expenses	–975
001–25–03–0102 Copyright Office: Salaries and expenses	–142
001–25–03–0127 Congressional Research Service: Salaries and expenses	–270
001–25–03–0141 Books for the blind and physically handicapped: Salaries and expenses	–182
001–25–03–0146 Furniture and furnishings	–21
Government Printing Office	
001–30–04–0201 Office of Superintendent of Documents: Salaries and expenses	–114
001–30–04–0203 Congressional printing and binding	–280
General Accounting Office	
001–35–05–0107 Salaries and expenses	–1,400

Table 21–1. FY 2000 GOVERNMENT–WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

Account	Allocated Rescission
United States Tax Court	
001–40–23–0100 Salaries and expenses	–134
Total, Legislative Branch	–9,733
Judicial Branch	
Supreme Court of the United States	
002–05–10–0100 Salaries and expenses	–129
002–05–10–0103 Care of the building and grounds	–30
United States Court of Appeals for the Federal Circuit	
002–07–10–0510 Salaries and expenses	–57
United States Court of International Trade	
002–15–10–0400 Salaries and expenses	–40
Courts of Appeals, District Courts, and other Judicial Services	
002–25–10–0923 Defender services	–6,243
002–25–10–0925 Fees of jurors and commissioners	–7,153
Administrative Office of the United States Courts	
002–26–10–0927 Salaries and expenses	–209
Federal Judicial Center	
002–30–10–0928 Salaries and expenses	–68
United States Sentencing Commission	
002–39–10–0938 Salaries and expenses	–32
Total, Judicial Branch	–13,961
Department of Agriculture	
Office of the Secretary	
005–03–12–9913 Office of the Secretary	–1
Executive Operations	
005–04–12–0013 Office of the chief information officer	–5
005–04–12–0705 Executive operations	–16
Departmental Administration	
005–05–12–0117 Agriculture buildings and facilities and rental payments	–21
005–05–12–0120 Departmental administration	–30
Office of the Inspector General	
005–08–12–0900 Office of the Inspector General	–31
Economic Research Service	
005–13–12–1701 Economic research service	–56
National Agricultural Statistics Service	
005–15–12–1801 National agricultural statistics service	–72
Agricultural Research Service	
005–18–12–1400 Agricultural Research Service	–3,938
Cooperative State Research, Education, and Extension Service	
005–20–12–0502 Extension activities	–748
005–20–12–1500 Research and education activities	–3,817
Animal and Plant Health Inspection Service	
005–32–12–1600 Salaries and expenses	–3,495
Food Safety and Inspection Service	
005–35–12–3700 Salaries and expenses	–292

Table 21–1. FY 2000 GOVERNMENT–WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

Account	Allocated Rescission
Grain Inspection, Packers and Stockyards Administration	
005–37–12–2400 Salaries and expenses	–15
Agricultural Marketing Service	
005–45–12–2500 Marketing services	–128
005–45–12–5209 Funds for strengthening markets, income, and supply (section 32)	–15
Risk Management Agency	
005–47–12–2707 Administrative and operating expenses	–17
Farm Service Agency	
005–49–12–0600 Salaries and expenses	–445
005–49–12–4336 Commodity credit corporation fund	–28,460
Natural Resources Conservation Service	
005–53–12–1000 Conservation operations	–431
005–53–12–1072 Watershed and flood prevention operations	–7,800
005–53–12–3336 Forestry incentives program	–948
Rural Development	
005–55–12–0400 Rural community advancement program	–25,200
Rural Housing Service	
005–63–12–1952 Salaries and expenses	–428
Foreign Agricultural Service	
005–68–12–2277 P.L. 480 program account	–8,000
005–68–12–2900 Foreign agricultural service and general sales manager	–17
Food and Nutrition Service	
005–84–12–3508 Food program administration	–169
Forest Service	
005–96–12–1103 Infrastructure	–2,033
005–96–12–1104 Forest and rangeland research	–190
005–96–12–1105 State, private and international forestry	–189
005–96–12–1106 National forest system	–8,320
005–96–12–1115 Wildland fire management	–527
005–96–12–9923 Land acquisition accounts	–73
Total, Department of Agriculture	–95,927
Department of Commerce	
Departmental Management	
006–05–13–0120 Salaries and expenses	–108
006–05–13–0126 Office of the Inspector General	–68
Economic Development Administration	
006–06–13–2050 Economic development assistance programs	–1,329
Bureau of the Census	
006–07–13–0450 Periodic censuses and programs	–5,291
Economic and Statistical Analysis	
006–08–13–1500 Salaries and expenses	–169
International Trade Administration	
006–25–13–1250 Operations and administration	–1,055
Export Administration	
006–30–13–0300 Operations and administration	–185
Minority Business Development Agency	
006–40–13–0201 Minority business development	–93
National Oceanic and Atmospheric Administration	
006–48–13–1450 Operations, research, and facilities	–14,973

Table 21–1. FY 2000 GOVERNMENT–WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

Account	Allocated Rescission
006–48–13–1456 Fisheries finance, program account	–1
006–48–13–1460 Procurement, acquisition and construction	–3,201
006–48–13–5120 Fishermen's contingency fund	–4
Patent and Trademark Office	
006–51–13–1006 Salaries and expenses	–2,980
Technology Administration	
006–53–13–1100 Salaries and expenses	–27
National Institute of Standards and Technology	
006–55–13–0500 Scientific and technical research and services	–994
006–55–13–0515 Construction of research facilities	–1,535
006–55–13–0525 Industrial technology services	–656
National Telecommunications and Information Administration	
006–60–13–0550 Salaries and expenses	–22
Total, Department of Commerce	–32,691
Department of Defense—Military	
Operation and Maintenance	
007–10–17–1106 Operation and maintenance, Marine Corps	–14,204
007–10–17–1107 Operation and maintenance, Marine Corps Reserve	–718
007–10–17–1236 Payment to kaho'olawe	–181
007–10–17–1804 Operation and maintenance, Navy	–116,397
007–10–17–1806 Operation and maintenance, Navy Reserve	–4,959
007–10–21–2020 Operation and maintenance, Army	–97,586
007–10–21–2065 Operation and maintenance, Army National Guard	–16,347
007–10–21–2080 Operation and maintenance, Army Reserve	–7,597
007–10–57–3400 Operation and maintenance, Air Force	–105,469
007–10–57–3740 Operation and maintenance, Air Force Reserve	–9,218
007–10–57–3840 Operation and maintenance, Air National Guard	–16,760
007–10–97–0100 Operation and maintenance, Defense-wide	–59,413
007–10–97–0104 United States Courts of Appeals for the armed forces	–39
007–10–97–0105 Drug interdiction and counter-drug activities, Defense	–4,328
007–10–97–0107 Office of the Inspector General	–712
007–10–97–0118 Overseas contingency operations transfer account	–8,908
007–10–97–0130 Defense health program	–57,630
007–10–97–0134 Former Soviet Union threat reduction account	–2,381
007–10–97–0810 The Department of Defense Environmental Restoration Accounts	–6,741
007–10–97–0819 Overseas humanitarian, disaster and civic aid	–289
007–10–97–0839 Quality of Life Enhancements, Defense	–1,551
007–10–97–0841 Pentagon renovation transfer fund	–1,152
007–10–97–5188 Disposal of DOD real property	–49
007–10–97–5189 Lease of DOD real property	–117
007–10–97–5193 Overseas military facility investment recovery	–22
Procurement	
007–15–17–1109 Procurement, Marine Corps	–6,701
007–15–17–1506 Aircraft procurement, Navy	–44,352
007–15–17–1507 Weapons procurement, Navy	–6,849
007–15–17–1508 Procurement of ammunition, Navy and Marine Corps	–2,113
007–15–17–1611 Shipbuilding and conversion, Navy	–36,055
007–15–17–1810 Other procurement, Navy	–22,138
007–15–21–0390 Chemical agents and munitions destruction, Army	–5,295
007–15–21–2031 Aircraft procurement, Army	–7,465
007–15–21–2032 Missile procurement, Army	–6,801
007–15–21–2033 Procurement of weapons and tracked combat vehicles, Army	–8,157
007–15–21–2034 Procurement of ammunition, Army	–6,195
007–15–21–2035 Other procurement, Army	–19,165
007–15–57–3010 Aircraft procurement, Air Force	–41,969
007–15–57–3011 Procurement of ammunition, Air Force	–1,393
007–15–57–3020 Missile procurement, Air Force	–10,691
007–15–57–3080 Other procurement, Air Force	–36,723
007–15–97–0300 Procurement, Defense-wide	–11,678

Table 21–1. FY 2000 GOVERNMENT–WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

Account	Allocated Rescission
007–15–97–0350 National guard and reserve equipment	–776
007–15–97–0360 Defense production act purchases	–16
Research, Development, Test, and Evaluation	
007–20–17–1319 Research, development, test, and evaluation, Navy	–46,821
007–20–21–2040 Research, development, test, and evaluation, Army	–27,133
007–20–57–3012 F–22 transfer account	–6,722
007–20–57–3600 Research, development, test, and evaluation, Air Force	–70,231
007–20–97–0400 Research, development, test, and evaluation, Defense-wide	–47,567
007–20–97–0450 Developmental test and evaluation, Defense	–1,375
007–20–97–0460 Operational test and evaluation, Defense	–163
Military Construction	
007–25–17–1205 Military construction, Navy	–4,662
007–25–17–1235 Military construction, Naval Reserve	–147
007–25–21–2050 Military construction, Army	–5,388
007–25–21–2085 Military construction, Army National Guard	–1,228
007–25–21–2086 Military construction, Army Reserve	–576
007–25–57–3300 Military construction, Air Force	–4,075
007–25–57–3730 Military construction, Air Force Reserve	–333
007–25–57–3830 Military construction, Air National Guard	–1,364
007–25–97–0103 Base realignment and closure account	–3,477
007–25–97–0500 Military construction, Defense-wide	–3,070
007–25–97–0804 North Atlantic Treaty Organization Security Investment Program	–419
Family Housing	
007–30–17–0703 Family housing, Navy and Marine Corps	–6,374
007–30–21–0702 Family housing, Army	–6,034
007–30–57–0704 Family housing, Air Force	–6,039
007–30–97–0706 Family housing, Defense-wide	–214
007–30–97–0834 Department of Defense, Family Housing Improvement Fund	–10
Revolving and Management Funds	
007–40–17–4557 National defense sealift fund	–3,709
007–40–97–4930 Working capital fund, Army	–467
Trust Funds	
007–55–97–8168 National security education trust fund	–41
Total, Department of Defense—Military	–1,054,939
Department of Education	
Office of Elementary and Secondary Education	
018–10–91–0102 Impact aid	–4,048
018–10–91–0500 Education Reform	–3,188
018–10–91–1000 School improvement programs	–20,000
Office of Special Education and Rehabilitative Services	
018–20–91–0300 Special education	–450
018–20–91–0301 Rehabilitation services and disability research	–533
Office of Postsecondary Education	
018–40–91–0201 Higher education	–4,080
Office of Student Financial Assistance	
018–45–91–0200 Student financial assistance	–70,283
Office of Educational Research and Improvement	
018–50–91–1100 Education research, statistics, and improvement	–5,811
Departmental Management	
018–80–91–0800 Program administration	–250
Total, Department of Education	–108,643

Table 21–1. FY 2000 GOVERNMENT–WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

Account	Allocated Rescission
Department of Energy	
National Nuclear Security Administration	
019–05–89–0240 Weapons activities	–16,887
019–05–89–0309 Other nuclear security activities	–4,545
Environmental and Other Defense Activities	
019–10–89–0242 Defense environmental restoration and waste management	–17,041
019–10–89–0243 Other Defense Activities	–2,000
019–10–89–0244 Defense nuclear waste disposal	–426
019–10–89–0249 Defense environmental management privatization	–718
019–10–89–0251 Defense facilities closure projects	–4,045
Energy Programs	
019–20–89–0213 Fossil energy research and development	–1,592
019–20–89–0216 Energy information administration	–276
019–20–89–0217 Economic regulation	–8
019–20–89–0218 Strategic petroleum reserve	–604
019–20–89–0222 Science	–12,224
019–20–89–0224 Energy supply	–1,155
019–20–89–0235 Clean coal technology	–38
019–20–89–0250 Non-defense environmental management	–1,268
019–20–89–5227 Nuclear waste disposal fund	–899
019–20–89–5231 Uranium enrichment decontamination and decommissioning fund	–951
Power Marketing Administration	
019–50–89–0302 Operation and maintenance, Southeastern Power Administration	–15
019–50–89–0303 Operation and maintenance, Southwestern Power Administration	–109
019–50–89–5068 Construction, rehabilitation, operation and maintenance, Western Area Power Administration	–755
Departmental Administration	
019–60–89–0228 Departmental administration	–784
Total, Department of Energy	–66,340
Department of Health and Human Services	
Food and Drug Administration	
009–10–75–0600 Program expenses	–2,977
Health Resources and Services Administration	
009–15–20–8175 Vaccine injury compensation program trust fund	–1
009–15–75–0340 Health Education assistance loans program account	–1
009–15–75–0350 Health Resources and Services	–21,356
Indian Health Services	
009–17–75–0390 Indian Health Services	–4,794
009–17–75–0391 Indian health facilities	–2,025
Centers for Disease Control and Prevention	
009–20–75–0943 Disease control, research, and training	–17,761
009–20–75–8606 Violent crime reduction programs	–1,009
National Institutes of Health	
009–25–75–0807 National Library of Medicine	–1,146
009–25–75–0819 John E. Fogarty International Center	–229
009–25–75–0838 Buildings and facilities	–10,000
009–25–75–0843 National Institute on Aging	–3,677
009–25–75–0844 National Institute of Child Health and Human Development	–4,593
009–25–75–0846 Office of the Director	–1,509
009–25–75–0848 Research resources	–3,619
009–25–75–0849 National Cancer Institute	–17,763
009–25–75–0851 National Institute of General Medical Sciences	–7,248
009–25–75–0862 National Institute of Environmental Health Sciences	–2,368
009–25–75–0872 National Heart, Lung and Blood Institute	–10,867
009–25–75–0873 National Institute of Dental Research	–1,442
009–25–75–0884 National Institute of Diabetes, and Digestive and Kidney Diseases	–6,112

Table 21–1. FY 2000 GOVERNMENT–WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

Account	Allocated Rescission
009–25–75–0885 National Institute of Allergy and Infectious Diseases	–5,025
009–25–75–0886 National Institute of Neurological Disorders and Stroke	–5,510
009–25–75–0887 National Eye Institute	–2,406
009–25–75–0888 National Institute of Arthritis and Musculoskeletal and Skin Diseases	–1,872
009–25–75–0889 National Center for Nursing Research	–478
009–25–75–0890 NID and Other Communicative Disorders	–1,414
009–25–75–0891 National Center for Human Genome Research	–1,795
009–25–75–0892 National Institute of Mental Health	–5,214
009–25–75–0893 National Institute on Drug Abuse	–3,667
009–25–75–0894 National Institute on Alcohol Abuse and Alcoholism	–1,566
009–25–75–0896 National Center for Complementary and Alternative Medicine	–363
Substance Abuse and Mental Health Services Administration	
009–30–75–1362 Substance abuse and mental health services	–3,085
Agency for Healthcare Research and Quality	
009–33–75–1700 Health care policy and research	–1,201
Health Care Financing Administration	
009–38–20–8004 Federal supplementary medical insurance trust fund [1]	–861
009–38–20–8005 Federal hospital insurance trust fund [2]	–1,353
Administration for Children and Families	
009–70–75–1503 Refugee and entrant assistance	–614
009–70–75–1536 Children and families services programs	–5,716
009–70–75–8605 Violent crime reduction programs	–426
Administration on Aging	
009–75–75–0142 Aging services programs	–1,437
Departmental Management	
009–90–75–0120 General departmental management	–1,478
009–90–75–0122 Policy research	–262
009–90–75–0135 Office for Civil Rights	–64
009–90–75–0140 Public health and social services emergency fund	–437
Office of the Inspector General	
009–92–75–0128 Office of the Inspector General	–106
Total, Department of Health and Human Services	–166,847
Department of Housing and Urban Development	
Public and Indian Housing Programs	
025–03–86–0319 Housing certificate fund	–72,275
Community Planning and Development	
025–06–86–0162 Community development block grants	–18,765
Total, Department of Housing and Urban Development	–91,040
Department of the Interior	
Bureau of Land Management	
010–04–14–1109 Management of lands and resources	–3,113
010–04–14–1110 Construction	–229
010–04–14–1114 Payments in lieu of taxes	–615
010–04–14–1116 Oregon and California grant lands	–450
010–04–14–1121 Central hazardous materials fund	–45
010–04–14–1125 Wildland fire management	–1,325
Minerals Management Service	
010–06–14–1917 Royalty and Offshore minerals	–569
Office of Surface Mining Reclamation and Enforcement	
010–08–14–1801 Regulation and technology	–340
010–08–14–5015 Abandoned mine reclamation fund	–335

Table 21–1. FY 2000 GOVERNMENT–WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

Account	Allocated Rescission
Bureau of Reclamation	
010–10–14–0680 Water and Related Resources	–1,935
010–10–14–0685 Bureau of reclamation loan program account	–848
Central Utah Project	
010–11–14–0787 Central Utah Project Completion Account	–137
United States Geological Survey	
010–12–14–0804 Surveys, investigations and research	–3,950
United States Fish and Wildlife Service	
010–18–14–1611 Resource management	–2,360
010–18–14–1612 Construction	–1,055
010–18–14–1652 Multinational species conservation fund	–9
010–18–14–1658 Commercial salmon fishery capacity reduction	–375
010–18–14–5091 National wildlife refuge fund	–40
010–18–14–5150 Wildlife conservation and appreciation fund	–3
010–18–14–5241 North American wetlands conservation fund	–43
National Park Service	
010–24–14–1036 Operation of the national park system	–3,290
010–24–14–1039 Construction and major maintenance	–4,092
010–24–14–1042 National recreation and preservation	–500
010–24–14–5140 Historic preservation fund	–419
Bureau of Indian Affairs	
010–76–14–2100 Operation of Indian programs	–4,249
010–76–14–2301 Construction	–302
010–76–14–2303 Indian land and water claim settlements and miscellaneous payments to Indians	–128
010–76–14–2628 Indian guaranteed loan program account	–23
Departmental Management	
010–84–14–0102 Salaries and expenses	–307
Insular Affairs	
010–85–14–0415 Compact of free association	–234
Natural Resources Damage Assessment and Restoration	
010–91–14–1618 Natural resource damage assessment fund	–26
Total, Department of the Interior	–31,346
Department of Justice	
General Administration	
011–03–15–0132 Narrowband communications	–2
011–03–15–0339 Administrative review and appeals	–3
Legal Activities and U.S. Marshals	
011–05–15–0322 Salaries and expenses, United States Attorneys	–22
011–05–15–0324 Salaries and expenses, United States Marshals Service	–10
Interagency Law Enforcement	
011–07–15–0323 Interagency crime and drug enforcement	–6
Federal Bureau of Investigation	
011–10–15–0200 Salaries and expenses	–60
Drug Enforcement Administration	
011–12–15–1100 Salaries and expenses	–24
Immigration and Naturalization Service	
011–15–15–1217 Salaries and expenses	–21
011–15–15–1219 Construction	–2
011–15–15–1220 Border control system modernization, Title VIII	–10
011–15–15–8598 Violent crime reduction fund programs	–24

Table 21–1. FY 2000 GOVERNMENT–WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

Account	Allocated Rescission
Federal Prison System	
011–20–15–1003 Buildings and facilities	–11
011–20–15–1060 Salaries and expenses	–61
Office of Justice Programs	
011–21–15–0404 State and local law enforcement assistance	–58,083
011–21–15–8586 Violent crime reduction programs, State and local law enforcement assistance	–12,005
Total, Department of Justice	–70,344
Department of Labor	
Employment and Training Administration	
012–05–16–0174 Training and employment services	–12,258
012–05–20–8042 Unemployment trust fund	–19,260
Pension and welfare benefit administration	
012–11–16–1700 Salaries and expenses	–66
Pension Benefit Guaranty Corporation	
012–12–16–4204 Pension benefit guaranty corporation fund	–7
Employment Standards Administration	
012–15–16–0105 Salaries and expenses	–230
Occupational Safety and Health Administration	
012–18–16–0400 Salaries and expenses	–539
Mine Safety and Health Administration	
012–19–16–1200 Salaries and expenses	–329
Bureau of Labor Statistics	
012–20–16–0200 Salaries and expenses	–267
Departmental Management	
012–25–16–0165 Salaries and expenses	–263
Total, Department of Labor	–33,219
Department of State	
Administration of Foreign Affairs	
014–05–19–0113 Diplomatic and consular programs	–10,587
014–05–19–0120 Capital investment fund	–330
014–05–19–0520 Protection of foreign missions and officials	–33
014–05–19–0522 Emergencies in the diplomatic and consular service	–23
014–05–19–0523 Payment to the American Institute in Taiwan	–63
014–05–19–0529 Office of the Inspector General	–113
014–05–19–0535 Embassy security, construction, and maintenance	–2,820
014–05–19–0545 Representation allowances	–24
014–05–19–0601 Repatriation loans program account	–5
International Organizations and Conferences	
014–10–19–1124 Contributions for international peacekeeping activities	–1,900
014–10–19–1126 Contributions to international organizations	–4,698
International Commissions	
014–15–19–1069 Salaries and expenses, IBWC	–81
014–15–19–1078 Construction, IBWC	–24
014–15–19–1082 American sections, international commissions	–23
014–15–19–1087 International fisheries commissions	–64
Other	
014–25–11–0040 United States emergency refugee and migration assistance fund	–48
014–25–19–0202 East West Center	–51
014–25–19–0203 North/South Center	–7
014–25–19–0209 Educational and cultural exchange programs	–845
014–25–19–0210 National Endowment for Democracy	–128

Table 21–1. FY 2000 GOVERNMENT–WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

Account	Allocated Rescission
014–25–19–0525 Payment to the Asia Foundation	–34
014–25–19–1022 International narcotics control and law enforcement	–1,159
014–25–19–1143 Migration and refugee assistance	–2,375
014–25–95–8271 Israeli Arab scholarship program	–4
014–25–95–8278 Eisenhower exchange fellowship program	–2
Total, Department of State	–25,441
Department of Transportation	
Office of the Secretary	
021–04–69–0119 Minority business outreach	–18
021–04–69–0142 Transportation planning, research, and development	–10
Coast Guard	
021–08–69–0230 Environmental compliance and restoration	–65
021–08–69–0240 Acquisition, construction, and improvements	–1,478
021–08–69–0244 Alteration of bridges	–57
Federal Aviation Administration	
021–12–69–8106 Grants-in-aid for airports (Airport and airway trust fund)	–54,362
Federal Highway Administration	
021–15–69–8083 Federal-aid highways	–105,260
Federal Railroad Administration	
021–27–69–0722 Next generation high-speed rail	–103
021–27–69–0726 Rhode island rail development	–38
021–27–69–0730 Alaska railroad rehabilitation	–38
Federal Transit Administration	
021–36–69–8350 Trust fund share of expenses	–17,624
Saint Lawrence Seaway Development Corporation	
021–40–69–8003 Operations and maintenance	–46
Office of Inspector General	
021–56–69–0130 Salaries and expenses	–170
Surface Transportation Board	
021–61–69–0301 Salaries and expenses	–58
Maritime Administration	
021–70–69–1750 Operations and training	–274
021–70–69–1752 Maritime guaranteed loan (Title XI) program account	–37
Total, Department of Transportation	–179,638
Department of the Treasury	
Departmental Offices	
015–05–20–0106 Office of Inspector General	–117
015–05–20–0108 Treasury buildings and annex repair and restoration	–300
015–05–20–0115 Department-wide systems and Capital Investments Programs	–513
015–05–20–0118 United States community adjustment and investment program	–38
015–05–20–0119 Inspector General for Tax Administration	–426
015–05–20–8526 Violent crime reduction program	–1,120
015–05–20–8530 Violent crime reduction program, Financial crime enforcement network	–113
015–05–20–8531 Violent crime reduction program, United States Secret Service	–630
Federal Law Enforcement Training Center	
015–08–20–0105 Acquisitions, construction, improvements, and related expenses	–436
Interagency Law Enforcement	
015–09–20–1501 Interagency crime and drug enforcement	–581
015–09–20–8525 Violent crime reduction, Interagency crime and drug enforcement	–56

Table 21–1. FY 2000 GOVERNMENT–WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

Account	Allocated Rescission
Financial Management Service	
015–10–20–1801 Salaries and expenses	–765
Bureau of Alcohol, Tobacco and Firearms	
015–13–20–1000 Salaries and expenses	–1,186
United States Customs Service	
015–15–20–0602 Salaries and expenses	–7,137
Bureau of the Public Debt	
015–35–20–0560 Administering the public debt	–676
Internal Revenue Service	
015–45–20–0912 Processing, assistance, and management	–32,285
United States Secret Service	
015–55–20–1409 Acquisition, construction, improvements and related expenses	–738
Total, Department of the Treasury	–47,117
Department of Veterans Affairs	
Veterans Health Administration	
029–15–36–0160 Medical care	–79,519
Corps of Engineers	
202–00–96–3122 Construction, general	–15,690
Other Defense Civil Programs	
American Battle Monuments commission	
200–15–74–0100 Salaries and expenses	–108
Armed Forces Retirement Home	
200–20–84–8522 Armed forces retirement home	–260
Cemeterial Expenses	
200–25–21–1805 Salaries and expenses	–47
Selective Service System	
200–45–90–0400 Salaries and expenses	–91
Total, Other Defense Civil Programs	–506
Environmental Protection Agency	
020–00–20–8153 Leaking underground storage tank trust fund	–240
020–00–68–0103 State and Tribal Assistance Grants	–20,885
020–00–68–0107 Science and technology	–2,697
020–00–68–0108 Environmental Programs and Management	–4,733
020–00–68–0110 Buildings and facilities	–238
020–00–68–0112 Office of the Inspector General	–29
020–00–68–8221 Oil spill response	–26
Total, Environmental Protection Agency	–28,848
Executive Office of the President	
Compensation of the President and the White House Office	
100–05–11–0110 Compensation of the President and the White House Office	–201
Executive Residence at the White House	
100–10–11–0109 White house repair and restoration	–3
100–10–11–0210 Operating expenses	–31
Special Assistance to the President and the Official Residence of the Vice President	
100–15–11–1454 Special Assistance to the President and the Official Residence of the Vice President	–15

Table 21–1. FY 2000 GOVERNMENT–WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

Account	Allocated Rescission
Council of Economic Advisers	
100–20–11–1900 Salaries and expenses	–15
Council on Environmental Quality and Office of Environmental Quality	
100–25–11–1453 Council on Environmental Quality and Office of Environmental Quality	–11
Office of Policy Development	
100–30–11–2200 Salaries and expenses	–15
National Security Council	
100–35–11–2000 Salaries and expenses	–27
Office of Administration	
100–50–11–0038 Salaries and expenses	–148
Office of Management and Budget	
100–55–11–0300 Salaries and expenses	–239
Office of National Drug Control Policy	
100–60–11–1457 Salaries and expenses	–128
100–60–11–1461 Counterdrug technology assessment center	–198
Office of Science and Technology Policy	
100–65–11–2600 Office of science and technology policy	–19
Office of the United States Trade Representative	
100–70–11–0400 Salaries and expenses	–97
Unanticipated Needs	
100–95–11–0037 Unanticipated needs	–4
Total, Executive Office of the President	–1,151
Federal Emergency Management Agency	
361–00–58–0100 Salaries and expenses	–50
361–00–58–0101 Emergency management planning and assistance	–218
361–00–58–0104 Disaster relief	–12,416
361–00–58–0300 Office of the Inspector General	–50
Total, Federal Emergency Management Agency	–12,734
General Services Administration	
Real Property Activities	
023–05–47–4542 Federal buildings fund	–20,022
International Assistance Programs	
International Security Assistance	
184–05–11–1075 Non-proliferation, anti-terrorism, demining, and related programs	–820
184–05–11–1081 International military education and training	–190
184–05–11–1082 Foreign military financing program	–6,006
184–05–72–1032 Peacekeeping operations	–582
184–05–72–1037 Economic support fund	–22,913
Multilateral Assistance	
184–10–11–0073 Contribution to the International Development Association	–3,710
184–10–11–0079 Contribution to the African Development Fund	–1,000
184–10–72–1005 International organizations and programs	–1,118
Agency for International Development	
184–15–72–0401 Urban and environmental credit program account	–10
184–15–72–1000 Operating expenses of the Agency for International Development	–1,040
184–15–72–1007 Operating expenses of AID, Office of Inspector General	–50
184–15–72–1010 Assistance for Eastern Europe and the Baltic States	–2,030
184–15–72–1021 Sustainable development assistance program	–5,166
184–15–72–1035 International disaster assistance	–866
184–15–72–1093 Assistance for the independent states of the former Soviet Union	–3,188

Table 21–1. FY 2000 GOVERNMENT–WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

Account	Allocated Rescission
184–15–72–1095 Child survival and disease programs	–2,634
Trade and Development Agency	
184–25–11–1001 Trade and Development Agency	–167
Peace Corps	
184–35–11–0100 Peace Corps	–931
Inter-American Foundation	
184–40–11–3100 Inter-American Foundation	–19
African Development Foundation	
184–50–11–0700 African Development Foundation	–55
Total, International Assistance Programs	–52,495
National Aeronautics and Space Administration	
026–00–80–0110 Science, Aeronautics and Technology	–25,805
026–00–80–0111 Human space flight	–23,000
026–00–80–0112 Mission support	–3,076
Total, National Aeronautics and Space Administration	–51,881
National Science Foundation	
422–00–49–0100 Research and related activities	–7,538
422–00–49–0106 Education and human resources	–5,728
422–00–49–0180 Salaries and expenses	–100
422–00–49–0551 Major research equipment	–1,500
Total, National Science Foundation	–14,866
Office of Personnel Management	
027–00–24–0100 Salaries and expenses	–344
027–00–24–0400 Office of Inspector General	–4
027–00–24–8135 Civil service retirement and disability fund	–314
027–00–24–8424 Employees life insurance fund	–7
027–00–24–9981 Employees and retired employees health benefits funds	–87
Total, Office of Personnel Management	–756
Small Business Administration	
028–00–73–0100 Salaries and expenses	–3,185
028–00–73–0200 Office of Inspector General	–95
Total, Small Business Administration	–3,280
Social Security Administration	
016–00–20–8006 Federal old-age and survivors insurance trust fund	–2,054
016–00–20–8007 Federal disability insurance trust fund	–21,781
016–00–28–0400 Office of the Inspector General	–248
Total, Social Security Administration	–24,083
Advisory Council on Historic Preservation	
306–00–95–2300 Salaries and expenses	–11
Appalachian Regional Commission	
309–00–46–0200 Appalachian regional commission	–251
Architectural and Transportation Barriers Compliance Board	
310–00–95–3200 Salaries and expenses	–18
Broadcasting Board of Governors	
514–00–95–0204 Broadcasting capital improvements	–800
514–00–95–0206 International broadcasting operations	–655
514–00–95–0208 Broadcasting to Cuba	–84

Table 21–1. FY 2000 GOVERNMENT–WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

Account	Allocated Rescission
Total, Broadcasting Board of Governors	–1,539
Chemical Safety and Hazard Investigation Board	
Chemical Safety and Hazard Investigtion Board	
510–00–95–3850 Chemical safety and hazard investigation board	–30
Commission of Fine Arts	
323–00–95–2600 Salaries and expenses	–4
323–00–95–2602 National capital arts and cultural affairs	–27
Total, Commission of Fine Arts	–31
Commission on Civil Rights	
326–00–95–1900 Salaries and expenses	–34
Committee for Purchase from People who are Blind or Severely Disabled	
Committee for Purchase from People who are Blind or Severely Disabled, activities	
338–00–95–2000 Salaries and expenses	–10
Commodity Futures Trading Commission	
339–00–95–1400 Commodity Futures Trading Commission	–239
Consumer Product Safety Commission	
343–00–61–0100 Salaries and expenses	–186
Corporation for National and Community Service	
485–00–95–0103 Domestic volunteer service programs, Operating expenses	–1,123
485–00–95–2720 National and community service programs, operating expenses	–1,347
485–00–95–2721 Inspector general	–15
Total, Corporation for National and Community Service	–2,485
Corporation for Public Broadcasting	
344–00–20–0151 Corporation for public broadcasting	–1,243
Court of Appeals for Veterans Claims	
345–00–95–0300 Salaries and expenses	–42
Court Services and Offender Supervision Agency for the District of Columbia	
511–00–95–1734 Federal payment to the Court Services and Offender Supervision Agency for the District of C	–357
Defense Nuclear Facilities Safety Board	
347–00–95–3900 Salaries and expenses	–65
Denali Commission	
513–00–95–1200 Denali commission	–76
District of Columbia	
District of Columbia Courts	
349–10–20–1712 Federal payment to the District of Columbia Courts	–379
District of Columbia Corrections	
349–20–95–1735 Payment to the District of Columbia Corrections Trustee, Operations	–669
District of Columbia General and Special Payments	
349–30–20–1707 Federal support for economic development and management reforms in the District	–34
349–30–20–1736 Federal payment for resident tuition support	–192
349–30–20–1747 Federal payment to GSA (Lorton)	–27
Total, District of Columbia	–1,301

Table 21–1. FY 2000 GOVERNMENT–WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

Account	Allocated Rescission
Equal Employment Opportunity Commission	
350–00–45–0100 Salaries and expenses	–1,072
Export-Import Bank of the United States	
351–00–83–0100 Export Import Bank loans program account	–3,036
Federal Communications Commission	
356–00–27–0100 Salaries and expenses	–91
Federal Drug Control Programs	
154–00–11–1070 High intensity drug trafficking areas program	–730
154–00–11–5001 Special forfeiture fund	–703
Total, Federal Drug Control Programs	–1,433
Federal Election Commission	
360–00–95–1600 Salaries and expenses	–144
Federal Labor Relations Authority	
365–00–54–0100 Salaries and expenses	–91
Federal Maritime Commission	
366–00–65–0100 Salaries and expenses	–53
Federal Mediation and Conciliation Service	
367–00–93–0100 Salaries and expenses	–141
Federal Mine Safety and Health Review Commission	
368–00–95–2800 Salaries and expenses	–23
Federal Trade Commission	
370–00–29–0100 Salaries and expenses	–34
Institute of American Indian and Alaska Native Culture and Arts Development	
373–00–95–2900 Payment to the institute	–8
Institute of Museum and Library Services	
474–00–59–0300 Office of Museum Services: Grants and administration	–93
474–00–59–0301 Office of Library Services: Grants and administration	–634
Total, Institute of Museum and Library Services	–727
Intelligence Community Management Account	
467–00–95–0401 Intelligence community management account	–498
International Trade Commission	
378–00–34–0100 Salaries and expenses	–167
Legal Services Corporation	
385–00–20–0501 Payment to the Legal Services Corporation	–1,159
Marine Mammal Commission	
387–00–95–2200 Salaries and expenses	–5
Merit Systems Protection Board	
389–00–41–0100 Salaries and expenses	–105
Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation	
487–00–95–0900 Federal payment to the Morris K Udall scholarship and excellence in national government	–8
487–00–95–5415 Environmental dispute resolution fund	–5
Total, Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation	–13
National Archives and Records Administration	
393–00–88–0300 Operating expenses	–724
393–00–88–0302 Repairs and restoration	–122

Table 21–1. FY 2000 GOVERNMENT–WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

Account	Allocated Rescission
Total, National Archives and Records Administration	–846
National Capital Planning Commission	
394–00–95–2500 Salaries and expenses	–24
National Commission on Libraries and Information Science	
400–00–95–2700 Salaries and expenses	–5
National Council on Disability	
413–00–95–3500 Salaries and expenses	–9
National Credit Union Administration	
415–00–25–4472 Community development credit union revolving loan fund	–4
National Education Goals Panel	
492–00–95–2650 National education goals panel	–9
National Endowment for the Arts	
417–00–59–0100 National endowment for the arts: Grants and administration	–372
National Endowment for the Humanities	
418–00–59–0200 National endowment for the humanities: Grants and administration	–440
National Labor Relations Board	
420–00–63–0100 Salaries and expenses	–783
National Mediation Board	
421–00–95–2400 Salaries and expenses	–38
National Transportation Safety Board	
424–00–95–0310 Salaries and expenses	–217
Neighborhood Reinvestment Corporation	
428–00–82–1300 Payment to the Neighborhood Reinvestment Corporation	–285
Nuclear Regulatory Commission	
429–00–31–0200 Salaries and expenses	–87
Nuclear Waste Technical Review Board	
431–00–48–0500 Salaries and expenses	–11
Occupational Safety and Health Review Commission	
432–00–95–2100 Salaries and expenses	–30
Office of Government Ethics	
434–00–95–1100 Salaries and expenses	–34
Office of Navajo and Hopi Indian Relocation	
435–00–48–1100 Salaries and expenses	–30
Office of Special Counsel	
436–00–62–0100 Salaries and expenses	–37
Other Commissions and Boards	
505–00–48–2970 Presidential Advisory Commission on Holocaust Assets in the U.S.	–10
505–00–95–3700 U.S. Commission for the Preservation of Americas Heritage Abroad	–2
Total, Other Commissions and Boards	–12
Postal Service	
440–00–18–1001 Payment to the Postal Service fund	–380
Presidio Trust	
512–00–95–4331 Presidio Trust	–169
Railroad Retirement Board	
446–00–60–0111 Federal windfall subsidy	–661
446–00–60–8018 Limitation on the Office of the Inspector General	–20

Table 21–1. FY 2000 GOVERNMENT–WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

Account	Allocated Rescission
446–00–60–8237 Limitation on administration	–345
Total, Railroad Retirement Board	–1,026
Smithsonian Institution	
452–00–33–0100 Salaries and expenses	–1,671
452–00–33–0200 Salaries and expenses, National Gallery of Art	–259
452–00–33–0302 Operations and maintenance, JFK center for the performing arts	–53
452–00–33–0303 Construction, JFK center for the performing arts	–76
452–00–33–0400 Salaries and expenses, Woodrow Wilson International Center for Scholars	–27
Total, Smithsonian Institution	–2,086
State Justice Institute	
453–00–48–0052 State Justice Institute: Salaries and expenses	–26
United States Holocaust Memorial Council	
456–00–95–3300 Holocaust Memorial Council	–125
United States Institute of Peace	
458–00–95–1300 Operating expenses	–49
Total	**–2,356,909**

[1] Of the Supplementary medical insurance trust fund rescission, $397,000 is from Health Care Financing Administration program management and $464,000 is from the Social Security Administration's limitation on administrative expenses.

[2] Of the Hospital insurance trust fund rescission, $817,000 is from Health Care Financing Administration program management and $536,000 is from the Social Security Administration's limitation on administrative expenses.

INFORMATION TECHNOLOGY INVESTMENTS

22. PROGRAM PERFORMANCE BENEFITS FROM MAJOR INFORMATION TECHNOLOGY INVESTMENTS

Table 22–1. IT Performance Table

(Budget Authority and Other Financing, in Millions of Dollars)

Part 1. Agency Summary

Agency	Count	FY 1999	FY 2000	FY 2001
Department of Agriculture				
Major Projects	25	528	547	667
Significant, Non-Major Projects	0	0	0	0
Other Projects [1]	....	639	616	652
Total IT Investments	....	1,167	1,163	1,319
Department of Commerce				
Major Projects	31	562	614	432
Significant, Non-Major Projects	58	447	490	517
Other Projects	....	123	131	157
Total IT Investments	....	1,132	1,235	1,106
Department of Defense				
Major Projects	78	6,300	6,300	6,300
Significant, Non-Major Projects	343	5,800	6,000	6,000
Other Projects	....	4,500	4,600	4,500
Total IT Investments [2]	....	16,600	16,900	16,800
Department of Education				
Major Projects	2	399	496	546
Significant, Non-Major Projects	0	0	0	0
Other Projects	....	68	72	88
Total IT Investments	....	467	568	634
Department of Energy				
Major Projects	6	43	43	29
Significant, Non-Major Projects	75	915	961	1,001
Other Projects	....	400	414	391
Total IT Investments	....	1,358	1,418	1,421
Department of Health and Human Services				
Major Projects	59	243	321	386
Significant, Non-Major Projects	364	2,671	2,457	2,457
Other Projects	....	212	212	253
Total IT Investments	....	3,125	2,990	3,096

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 1. Agency Summary

Agency	Count	FY 1999	FY 2000	FY 2001
Department of Housing and Urban Development				
Major Projects	22	312	258	286
Significant, Non-Major Projects	7	0	16	22
Other Projects	....	0	9	13
Total IT Investments	....	312	283	321
Department of the Interior				
Major Projects	39	335	360	369
Significant, Non-Major Projects	140	101	109	113
Other Projects	....	99	91	92
Total IT Investments	....	535	560	574
Department of Justice				
Major Projects	57	1,133	1,225	1,442
Significant, Non-Major Projects	29	206	196	196
Other Projects	....	134	126	130
Total IT Investments	....	1,473	1,547	1,768
Department of Labor				
Major Projects	8	51	83	130
Significant, Non-Major Projects	44	95	90	109
Other Projects	....	74	80	98
Total IT Investments	....	220	253	337
Department of State				
Major Projects	9	546	513	551
Significant, Non-Major Projects	0	0	0	0
Other Projects	....	0	0	0
Total IT Investments	....	546	513	551
Department of Transportation				
Major Projects	24	976	1,243	1,396
Significant, Non-Major Projects	97	1,021	879	1,138
Other Projects	....	232	237	242
Total IT Investments	....	2,229	2,359	2,776
Department of the Treasury				
Major Projects	14	2,029	1,735	2,118
Significant, Non-Major Projects	22	142	153	153
Other Projects	....	197	205	214
Total IT Investments	....	2,368	2,093	2,485

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 1. Agency Summary

Agency	Count	FY 1999	FY 2000	FY 2001
Department of Veterans Affairs				
Major Projects	27	766	844	1,369
Significant, Non-Major Projects	1	0	1	1
Other Projects	....	125	183	91
Total IT Investments	....	891	1,028	1,460
Environmental Protection Agency				
Major Projects	49	149	165	212
Significant, Non-Major Projects	20	66	64	63
Other Projects	....	188	190	197
Total IT Investments	....	403	419	472
Corps of Engineers				
Major Projects	4	28	39	59
Significant, Non-Major Projects	9	5	12	69
Other Projects	....	151	142	69
Total IT Investments	....	184	193	197
Federal Emergency Management Agency				
Major Projects	11	64	61	61
Significant, Non-Major Projects	2	7	6	6
Other Projects	....	53	55	54
Total IT Investments	....	124	122	121
General Services Administration				
Major Projects	46	243	298	269
Significant, Non-Major Projects	2	1	1	1
Other Projects	....	47	58	54
Total IT Investments	....	291	357	324
National Aeronautics and Space Administration				
Major Projects	5	503	545	536
Significant, Non-Major Projects	77	1614	1661	1677
Other Projects	....	0	0	0
Total IT Investments	....	2,117	2,206	2,213
National Science Foundation				
Major Projects	1	1	2	1
Significant, Non-Major Projects	1	0	0	1
Other Projects	....	0	0	0
Total IT Investments	....	1	2	2

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 1. Agency Summary

Agency	Count	FY 1999	FY 2000	FY 2001
Nuclear Regulatory Commission				
Major Projects	3	8	6	3
Significant, Non-Major Projects	27	34	26	26
Other Projects	....	25	25	25
Total IT Investments	....	67	57	54
Office of Personnel Management				
Major Projects	4	12	12	16
Significant, Non-Major Projects	8	36	36	36
Other Projects	....	9	8	8
Total IT Investments	....	57	56	60
Peace Corps				
Major Projects	2	1	7	4
Significant, Non-Major Projects	0	0	0	0
Other Projects	....	0	0	0
Total IT Investments	....	1	7	4
Social Security Administration				
Major Projects	2	77	74	70
Significant, Non-Major Projects	35	347	289	314
Other Projects	....	230	224	240
Total IT Investments	....	654	587	624
U.S. Agency for International Development				
Major Projects	3	24	16	17
Significant, Non-Major Projects	4	44	51	64
Other Projects	....	0	0	0
Total IT Investments	....	68	67	81

[1] IT investments which support achieving the agency's strategic goals and objectives that are not linked to any one particular ''major'' or ''significant, non-major'' project.

[2] Of the $16.8 billion, approximately $800 milion also supports command, control, and communication investments.

Table 22–1. IT Performance Table

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
Agriculture					
Service Center Modernization [3]	**35**	**88**	**230**	Farm Service Agency, Rural Development, and Natural Resources Conservation Agency.	Streamline and modernize the delivery of programs through the county-based delivery systems of the Farm Service Agency, the Natural Resources Conservation Service and the Rural Development mission areas. Departmental oversight and guidance includes reviews at major milestones and independent verification and validations.
Development, Modernization & Enhancement [4]	*35*	*86*	*230*		
Steady State [5]	*0*	*2*	*0*		
Field Automation and Information Management	**8**	**12**	**12**	Food Safety	The Field Automation and Information Management (FAIM) Initiative analyzes the inspection and business practices of the Agency, and systematically automates those processes to improve Agency productivity, inspection effectiveness, and service to industry. FAIM provides the infrastructure to implement new scientifically-based inspection programs such as HACCP, and to restructure the field organization.
Development, Modernization & Enhancement	*8*	*12*	*12*		
Steady State	*0*	*0*	*0*		
Forest Service Infrastructure Modernization	**110**	**104**	**103**	Natural Resources and Environment	Implement easy to use service-wide technology that will facilitate the access, use, and sharing of information to help the FS better achieve its mission. Installation of the initial system is currently complete service-wide, and the FS has begun to engage in planned system updates, augmentations, and replacements to maintain the currency of the system and meet evolving business needs.

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
Development, Modernization & Enhancement	*66*	*59*	*58*		
Steady State	*44*	*45*	*46*		
Department of Commerce					
Commerce Administrative Management System (CAMS)	**54**	**54**	**54**	Develop and implement a DoC IT architecture which provides a common standard based infrastructure for financial management.	Sound Financial management. Clean Departmental Audit.
Development, Modernization & Enhancement	*25*	*24*	*24*		
Steady State	*29*	*30*	*30*		
Decennial Census Data Capture System	**86**	**69**	**34**	Develop an IT system which will capture decennial census data for the U.S.	An accurate census.
Development, Modernization & Enhancement	*86*	*69*	*2*		
Steady State	*0*	*0*	*32*		
Next Generation Weather Radar System	**12**	**15**	**20**	Provide short range weather forecasting	Improves lead time for short range weather forecasting (e.g., lead times for tornado warnings will increase from 42 to 48 minutes).
Development, Modernization & Enhancement	*12*	*15*	*20*		
Steady State	*0*	*0*	*0*		
GFDL High Performance Computing	**10**	**15**	**17**	Provides IT architecture for modeling and forecasting our Nation's weather and climate.	Improves long term weather and climate prediction for the Nation.
Development, Modernization & Enhancement	*8*	*12*	*13*		
Steady State	*2*	*3*	*4*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
Defense					
Defense Integrated Military Human Resources System (DIMHRS)	**93**	**64**	**57**	Functional Area Application supporting Military Personnel and Readiness Strategic Plans	DIMHRS (1) supports all DoD components at all levels (field through corporate) in peacetime, mobilization, wartime, and beyond their military careers; (2) provides one time entry of data; (3) supports independent operations in the field; (4) interfaces with existing external systems; and (5) provides early, incremental capability.
Development, Modernization & Enhancement	*93*	*64*	*57*		
Steady State	*0*	*0*	*0*		
Electronic Commerce/Electronic Data Interchange	**36**	**13**	**56**	Communications Infrastructure-Electronic Commerce/Electronic Data Interchange	Enhance the revolution in business affairs, reduce costs, streamline functions through use of secure electronic data interchange.
Development, Modernization & Enhancement	*15*	*8*	*26*		
Steady State	*20*	*5*	*30*		
Defense Megacenter Operations [6]	**729**	**625**	**592**	Computing Infrastructure—Central Processing Activities	Reduced cost of processing by modernizing/consolidating mainframe processing from 71 centers to five centers plus one Legacy site. Reduced overall operating cost of mainframe processing from FY 1990 through FY 2001. Cut support personnel by over 70%. All but 27 Military returned to Services.
Development, Modernization & Enhancement	*37*	*20*	*20*		
Steady State	*692*	*605*	*572*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
Composite Health Care System II	**279**	**276**	**297**	Functional Area Applications in support of Health Activities	Provide every military service member with a comprehensive, life-long medical record of all illnesses and injuries, the care and inoculations they receive, and their exposure to different hazards. This record will help prevent illness and injuries, and identify and help cure those that occur. CHCS II is the core of the FHP Program mandated by Public Law 105–85.
Development, Modernization & Enhancement	*92*	*91*	*84*		
Steady State	*187*	*186*	*213*		
Global Combat Support System (GCSS) [7]	**255**	**297**	**316**	Communications and Computing Infrastructure and Logistics	Integration and interoperability initiative to enhance functional applications migration into the Defense Information Infrastructure. GCSS, in conjunction with component info architectures, provide the IT capabilities required to move and sustain joint forces in the DoD Joint Vision 2010. Each functional element provides a combination of functional applications, common HW/SW, shared infrastructure that provide information & communications needed by the Warfighter.
Development, Modernization & Enhancement	*134*	*172*	*187*		
Steady State	*121*	*126*	*129*		
Global Command and Control System (GCCS)	**410**	**354**	**358**	Functional Applications in support of Military Command and Control	GCCS provides seamless integration of Service capabilities necessary to conduct joint and multinational operations into the 21st century. A key C4I capability, GCCS supports Joint Vision 2010's objectives, supports the NCA and subordinate elements in synchronized operations
Development, Modernization & Enhancement	*192*	*139*	*149*		
Steady State	*218*	*215*	*209*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
Public Key Infrastructure	**64**	**64**	**177**	Communications and Computing Infrastructure—Information Assurance	Information Assurance Architecture Key. Provides the PKI infrastructure to protect the communications and computing infrastructure that enabled applications will exploit.
Development, Modernization & Enhancement	*64*	*64*	*177*		
Steady State	*0*	*0*	*0*		
Theater Deployable Communications	**58**	**81**	**103**	Information Superiority Command and Control Activity	National Security System—Battlefield command and control
Development, Modernization & Enhancement	*53*	*73*	*93*		
Steady State	*5*	*8*	*11*		
Advanced Field Artillery Tactical Data System	**110**	**107**	**124**	Information Superiority Command and Control Activity	National Security System—Battlefield command and control
Development, Modernization & Enhancement	*78*	*83*	*97*		
Steady State	*32*	*24*	*27*		
Department of Education					
Student Financial Assistance	**382**	**475**	**522**	Strategic Plan Objectives: Objective 3.3 B Postsecondary student aid delivery and program management is efficient, financially sound, and customer-responsive. Objective 4.6 B Management of Dept. of Education programs and services ensures financial integrity.	The need to streamline and integrate the Department's disparate student aid management systems was one of the primary factors that led Congress and the Administration to create the performance-based Office of Student Financial Assistance. These systems are responsible for the award of over $50 billion in aid annually to nearly 9 million students and parents each year. Under the Department's Modernization Blueprint, these systems will deliver aid more efficiently, with greater accountability both to students and schools and internal and external financial management and oversight organizations.
Development, Modernization & Enhancement	*40*	*61*	*59*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
Steady State	*341*	*414*	*463*		
Education Department Central Automated Processing System (EDCAPS)	**17**	**19**	**24**	Strategic Plan Objectives: Objective 4.4 B Information Technology investments are sound and used to improve impact and efficiency. Objective 4.6 B Management of Dept. of Education programs and services ensures financial integrity.	Both the EDCAPS system and its pending replacement project are intended to support the Department's core financial management, contracting and purchasing, grant management, and student loan payment functions. These functions include budget formulation, basic accounting, preparation of financial statements and other required financial reports, grant awards and payments, contracting, purchasing, and other administrative processes—all of which are considered core/priority mission functions for the Department. The benefits of funding ongoing EDCAPS maintenance activities is to continue to provide the Department with the best possible financial management operations in support of its student loan, grants, and contracting functions. Continued funding of steady state tasks also provides a means to maintain high-quality contractor support of system operations and software maintenance. The benefits of the pending replacement to EDCAPS include the improvement of the automated financial management system component of EDCAPS to meet baseline functionality, as well as to provide enhanced functionality and reporting capability. In this regard, the FMSS replacement project will provide the Department increased core financial management, contracting and purchasing, grant management, and student loan payment functions.
Development, Modernization & Enhancement	*0*	*5*	*5*		
Steady State	*17*	*14*	*19*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
Department of Energy					
Organization Site Specific	**30**	**24**	**22**	DOE Strategic Goal to aggressively clean up the environmental legacy of nuclear weapons and civilian nuclear research and development programs.Reduce the most serious risks from the environmental legacy of the U.S. nuclear weapons complex first.	Site specific systems supporting environmental management activities across the complex: Richland, Savannah River, Chicago, and Oak Ridge Operations Offices
Development, Modernization & Enhancement	*7*	*5*	*5*		
Steady State	*23*	*19*	*17*		
National Defense Activities	**42**	**41**	**42**	DOE Strategic Goal to support national security, promote international nuclear safety.	Ensure the vitality of DOE's national security enterprise.Mission specific systems in support of National Defense. Pittsburgh & Schenectady Naval Reactors Organizations.
Development, Modernization & Enhancement	*22*	*21*	*22*		
Steady State	*20*	*20*	*20*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
Business Management Information Systems—Financial Management	**3**	**6**	**9**	DOE Strategic Goal on Corporate Management, to use efficient and effective corporate management systems and approaches to guide decision making, streamline and improve operations, align resources and reduce costs, improve the delivery of products and services. Major change in DOE's financial management practices are also driven by external actions: CFO Act of 1990, GPRA (1993), FFIA of 1996, Clinger-Cohen Act of 1996, OMB Circular A–127, and Joint Financial Management Improvement Program	BMIS-FM will improve access to the Corporate Executive Information System (EIS) and the Financial Data Warehouse (FDW). Benefits include: 1) Financial and human resource information content in the Corporate EIS increased significantly. 2) User's group established to help prioritize future content areas 3) SIM process conducted on financial management functions 4) Purchase core financial system software to support two pilot sites implementation of the core financial system
Development, Modernization & Enhancement	*3*	*6*	*9*		
Steady State	*0*	*0*	*0*		
Department of Health and Human Services					
FDA Adverse Event Reporting Systems	**8**	**8**	**11**	Surveillance	Given the recent emergence of the magnitude of the public health problems related to medical errors, FDA recognizes the importance of good adverse events reporting systems. In this area, FDA in FY 2001 will build upon existing systems that monitor adverse events related to medical products, animal drugs, foods, and cosmetics. Specifically, the Agency will work on building linkages to internal and external databases that relate to adverse events reporting systems in place.
Development, Modernization & Enhancement	*3*	*3*	*6*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
Steady State	*5*	*5*	*5*		
HRSA—National Practitioner Data Bank	**16**	**16**	**17**	Assure Quality of Care	Collects and releases certain information related to the professional competence and professional conduct of physicians, dentists, and other health care practitioners. The database improves the health care practitioner credentialing process by making information available to eligible entities on; (1) medical malpractice payments made on behalf of physicians, dentists, and other licensed health care practitioners; and (2) adverse actions taken against physicians and dentists by State licensing authorities, hospitals and other health care entities, and professional societies. The NPDB also encourages greater efforts in professional peer review and restricts the ability of incompetent health care practitioners to move from State to State without discovery of previous substandard performance or unprofessional conduct.
Development, Modernization & Enhancement	*0*	*0*	*0*		
Steady State	*16*	*16*	*17*		
NIH—National Library of Medicine MEDLARS Database Updating and Information Retrieval	**29**	**35**	**36**	Acquire, organize, preserve and disseminate biomedical information for the benefit of the public health.	Provides free, on-line biomedical information (biographic references typically including abstracts from over 4300 biomedical journals) to health professionals and lay people throughout the nation facilitating improvements in patient care, education and health research
Development, Modernization & Enhancement	*19*	*23*	*23*		
Steady State	*10*	*12*	*12*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
IHS—RPMS	**3**	**5**	**6**	Provide Clinical and Preventive Health Services and Perform Core Functions	RPMS is a comprehensive clinical and administrative information system that supports efficient and effective delivery of health care. RPMS enables effective program operation based on comprehensive, aggregated patient specific data.
Development, Modernization & Enhancement	*1*	*2*	*2*		
Steady State	*2*	*3*	*4*		
HCFA—Collection of Managed Care Encounter Data & Implement Risk Adjustors for Medicare + Choice	**1**	**13**	**13**	Foster excellence in the design and administration of HCFA's programs. (APP Goal FAC4–01: Develop New Medicare Payment Systems in Fee-for-Service and Medicare+ Choice)	The program benefit of this project is the implementation of a payment system that more accurately reimburses managed care organizations (MCOs) for their enrollees. MCOs will be paid less for healthy beneficiaries and more for sicker beneficiaries. Since MCOs generally enroll healthier beneficiaries than fee-for-service providers, program savings should accrue. This system should also encourage plans to enroll and treat sicker beneficiaries.
Development, Modernization & Enhancement	*1*	*13*	*0*		
Steady State	*0*	*0*	*13*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
HCFA—Managed Care Systems Redesign	**0**	**18**	**18**	Foster excellence in the design and administration of HCFA's programs.and Promote beneficiary and public understanding of HCFA and its programs (APP Goal MB4–01: Improve Medicare's administration of the beneficiary appeal process.)	This is to redesign the currently outdated legacy systems for beneficiary enrollment, beneficiary payment calculation, and MCO payment to ensure continued viability of the systems and responsiveness to new program demands. The appeal process is a critical safeguard available to Medicare beneficiaries enrolled in MCOs, allowing beneficiaries to challenge denials of service/care. Provides a system to collect plan-level appeal data for MCO oversight and quality of care monitoring by HCFA.
Development, Modernization & Enhancement	*0*	*18*	*18*		
Steady State	*0*	*0*	*0*		
CDC—Public Health Surveillance	**4**	**4**	**10**	This initiative supports the agency's mission of promoting health and quality of life by preventing and controlling disease.	This initiative will reduce duplication of effort and costs for the agency and its partners; improve the quality, timeliness, sensitivity, specificity, and comparability of information destined to be used for formulation of public health policy and plans for action; provide easy and comprehensive access to public health data; and provide resources necessary to strengthen public health data and strengthen public health informatics training programs to ensure that well-trained personnel are available to develop, operate, and maintain modern electronic public health surveillance and health information networks.
Development, Modernization & Enhancement	*4*	*3*	*7*		
Steady State	*0*	*1*	*3*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
PSC—Payment Management System	**4**	**3**	**3**	Grants payment and cash management support	Provides a centralized electronic payment and cash management service to all organizations receiving Federal grants and contracts
Development, Modernization & Enhancement	*2*	*1*	*0*		
Steady State	*2*	*2*	*3*		
Expanded Federal Parent Locator Service (FPLS), including the National Directory of New Hires (NDNH) and the Federal Case Registry [8]	**29**	**35**	**38**	A. Establish parentage for all children; B. Ensure that all children in IV-D cases have financial and medical support orders; and C. Obtain financial and medical support from both parents for all children in IV-D cases.	The expanded FPLS assists States in locating parents, establishing support orders and enabling child support collections.
Development, Modernization & Enhancement	*7*	*6*	*5*		
Steady State	*23*	*29*	*33*		
Department of Housing and Urban Development					
Tenant Assessment Sub-System	**4**	**3**	**2**	Strategic Goal 2: Ensure equal opportunity in housing for all Americans Strategic Goal 5: Restore public trust in HUD	Improving reporting of tenant income will: 1) Ensure appropriate levels of rental assistance 2) Speed up eligibility assessment 3) Ensure consistency and fairness of services
Development, Modernization & Enhancement	*3*	*2*	*1*		
Steady State	*1*	*1*	*1*		
Enterprise Data Warehouse	**5**	**5**	**7**	Strategic Goal 5: Restore public trust in HUD	EDW will allow consolidation of financial information, improving oversight and management of funds, and give better comparative data across HUD's functional areas

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
Development, Modernization & Enhancement	*5*	*4*	*6*		
Steady State	*0*	*1*	*1*		
Departmental Grants Management System	**5**	**5**	**7**	Strategic Goal 5: Restore public trust in HUD	DGMS will consolidate HUD's grant management systems, reducing paperwork and simplifying grantee submissions while providing more timely performance and oversight information.
Development, Modernization & Enhancement	*5*	*5*	*1*		
Steady State	*0*	*0*	*6*		
Department of the Interior					
Trust Fund Accounting System (TFAS)	**10**	**15**	**14**	Overall improvement of the Government's trust management responsibility for the Native American people.	Ensure more accurate trust funds distribution to Native Americans. Ensure more timely reporting to all account holders of collections, disbursements, investments and return on investments related to their trust accounts.
Development, Modernization & Enhancement	*10*	*15*	*14*		
Steady State	*0*	*0*	*0*		
Trust Asset Accounting and Management System (TAAMS)	**7**	**15**	**13**	Overall improvement of the Government's trust management responsibility for the Native American people.	Ensure more accurate trust funds distribution to Native Americans. Improved processing speed for chain of title search (from days to minutes). Improved management and timely processing of leases and contracts Offers improved, and more timely information to land owners on status (lease, asset use, right-of-way, etc) of all properties regardless of their location.
Development, Modernization & Enhancement	*7*	*15*	*13*		
Steady State	*0*	*0*	*0*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
Royalty Management Program Re-engineering	**14**	**24**	**24**	Provide timely, accurate, and cost effective mineral royalty collection and disbursement services	When implemented in FY 2001, the re-engineered RMP is expected to yield the following benefits: 1. Increased annual audit collections of $14.6 million. 2. Simplified reporting related cost reductions of $1.5 million. 3. Reduced payer and operator allowance adjustments of $1 million per year. 4. Improved program and system efficiencies resulting in $2 million annual savings.
Development, Modernization & Enhancement	*5*	*15*	*15*		
Steady State	*9*	*9*	*9*		
Department of Justice					
Integrated Surveillance Intelligence System (ISIS)	**26**	**18**	**38**	Supports efforts to gain control and manage the Nation's border by detecting and assisting in the apprehension of illegal border crossers.	The use of this camera technology provides day and night observation of the border. ISIS permits the Border Patrol to count illegal crossers and determine the number of apprehensions and turn-backs at each site while increasing officer safety as agents respond to illegal incursions. In test locations in Arizona and New Mexico, ISIS is credited with a 75 percent apprehension rate (15 percent return to Mexico after seeing the ISIS tower or when confronted by Border Patrol agents sent in response to ISIS observation). Its effectiveness in observation and apprehension is proving to be a deterrent to illegal crossing in and around ISIS sites.
Development, Modernization & Enhancement	*23*	*13*	*27*		
Steady State	*3*	*5*	*11*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
Firebird	**37**	**45**	**100**	To help accomplish DEA's mission to stem the flow of illegal drugs and control production and distribution of such substances, DEA employs a broad spectrum of traditional and innovative drug control approaches.	FIREBIRD supports the enforcement agent's ability to make cases by providing an automated infrastructure that facilitates the management of case material, provides immediate access to critical information, and encourages the exchange of that information among DEA personnel. As a result of this continued investment, time spent processing documents has decreased, support personnel provide more efficient support to investigative agencies, cases are better managed, fugitives are more quickly identified, and agents have significantly increased the amount of time spent on the street working cases. Intelligence information is more readily available. Document preparation and processing is faster and more efficient. The FIRBIRD infrastructure provides the backbone by which enhanced capabilities necessary to support the investigative process and the case management can be developed in the near future.
Development, Modernization & Enhancement	*18*	*20*	*67*		
Steady State	*18*	*25*	*33*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
Integrated Automated Fingerprinting Identification System (IAFIS)	**66**	**45**	**44**	Provide law enforcement partners with timely, accurate, and relevant investigative information.	The IAFIS is the FBI's technologically advanced, automated fingerprint identification system. IAFIS provides enhanced system capabilities and reliability, a rapid response time, electronic submission and transfer of fingerprint and criminal history information, remote searches of FBI criminal and fingerprint database information, and enhanced latent fingerprint search capabilities. These valuable investigative tools support law enforcement in taking criminals off the street and preventing unqualified persons from securing employment in sensitive positions.
Development, Modernization & Enhancement	*56*	*0*	*0*		
Steady State	*10*	*45*	*44*		
National Criminal Information Center 2000 (NCIC)	**21**	**5**	**14**	Provide law enforcement partners with timely, accurate, and relevant investigative information	The NCIC 2000 system enables the law enforcement community to collect, store, and retrieve data related to wanted persons, deported felons, violent felony offenders, missing persons, unidentified persons, stolen vehicles, boats and parts, stolen articles, stolen guns, stolen securities, violent gang and terrorist organization groups. The system is accessed almost 2,000,000 times daily by law enforcement officials and responds within two seconds to such queries.
Development, Modernization & Enhancement	*19*	*0*	*0*		
Steady State	*2*	*5*	*14*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
Department of Labor					
Employee Retirement Income Security Act Filing Acceptance System (EFAST)	**11**	**14**	**9**	A Secure Workforce	EFAST supports a ''SECURE Workforce'' through faster processing to facilitate compliance by pension plan sponsors, plan officials, and service providers; and through speeded-up assistance to workers in understanding their rights and protecting their benefits. EFAST provides for electronic filing, automated screening and archiving of employee benefits pension plan returns. EFAST's automated real-time accessible filings' database system simultaneously supports four participating agencies (PWBA, IRS, PBGC, and SSA) with quick responsiveness to public inquiries and compliance enforcement responsibilities.
Development, Modernization & Enhancement	*11*	*0*	*0*		
Steady State	*0*	*14*	*9*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
Office Automation Suite Implementation	**0**	**0**	**10**	A Prepared Workforce; A Secure Workforce; Quality Workplaces	The Department's IT Strategic Plan includes the establishment of an IT Architecture that allows for information to be shared internally and externally. During the development of the target enterprise architecture, it became apparent that the Department could immediately benefit by having one standard desktop environment to support office automation needs. Expected tangible benefits include reduced business and IT costs, improved employee productivity, the ability to achieve economies of scale through resource sharing, and improved service to the American public. This initiative enables the Department's employees to work collaboratively together in a ''one Department'' environment, sharing program information seamlessly across organizational boundaries.
Development, Modernization & Enhancement	*0*	*0*	*10*		
Steady State	*0*	*0*	*0*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
IT Architecture Implementation and Web Services	**17**	**43**	**67**	A Prepared Workforce; A Secure Workforce; Quality Workplaces	The Department's IT Strategic Plan includes the establishment of an IT Architecture that allows for information to be shared internally and externally. This initiative will ensure a secure, reliable, and flexible infrastructure and processing environment for the Department. This crosscutting initiative will benefit every agency through improved information sharing, interoperability, better leveraging of scarce resources, and the ability to meet new requirements such as web services, teleconferencing, electronic record keeping, distance learning, and security. Progress made on reaching the target architecture will also provide the infrastructure needed to further the use of common administrative systems and IT tools. When agencies IT systems operate more efficiently, the Department can better serve our constituents including the job seekers, wage earners, and retirees of the United States, as well as their employers.
Development, Modernization & Enhancement	*7*	*31*	*39*		
Steady State	*11*	*12*	*28*		
Department of State					
Passport Modernization	**17**	**16**	**16**	American Citizens Travel and Immigration	Combats risk of fraud and photo substitution by increasing passport security features including digitized photo and electronic imaging of passport applications. Goal to cover 75% of passport production by 4th quarter, FY 2000. Complete by 9/30/01.
Development, Modernization & Enhancement	*17*	*16*	*16*		
Steady State	*0*	*0*	*0*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
Department of Transportation					
Standard Terminal Automation Replacement System	**119**	**156**	**178**	Mobility	Reduce the rate of air travel delays by 5.5 percent from a 1992–1996 baseline of 181 delays per 100,000 activities. The FY 2000 target is 171 per 100,000 activities.
Development, Modernization & Enhancement	*119*	*156*	*178*		
Steady State	*0*	*0*	*0*		
Wide Area Augmentation System (WASS)	**88**	**84**	**107**	Safety/Mobility	Reduce the number of operational errors and deviations by 10 percent from1994 baselines of 0.541 errors and 0.108 deviations per 100,000 activities. The 2000 targets are 0.486 errors and 0.097 deviations per 100,000 activities. Increase access to the nation's airports during adverse weather conditions bypublishing 500 GPS/WAAS approaches per year for the next three years from aprior year (FY 1995–FY 1998) baseline of 1,453 GPS approaches to date. The FY 2000 target is to complete at least 2,453 approaches total.
Development, Modernization & Enhancement	*87*	*83*	*66*		
Steady State	*1*	*1*	*41*		
Oceanic Automation System	**17**	**63**	**89**	Mobility	Reduce the rate of air travel delays by 5.5 percent from a 1992–1996 baseline of 181 delays per 100,000 activities. The FY 2000 target is 171 per 100,000 activities.
Development, Modernization & Enhancement	*10*	*27*	*52*		
Steady State	*7*	*36*	*37*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
Free Flight Phase 1	**92**	**180**	**172**	Mobility	Reduce the rate of air travel delays by 5.5 percent from a 1992–1996 baseline of 181 delays per 100,000 activities. The FY 2000 target is 171 per 100,000 activities.
Development, Modernization & Enhancement	*92*	*180*	*172*		
Steady State	0	*0*	*0*		
Department of the Treasury					
IRS Modernization [9]	**211**	**0**	**119**	Revenue Collection and Improved Customer Service	Modernize outdated data systems
Development, Modernization & Enhancement	*211*	*0*	*119*		
Steady State	*0*	*0*	*0*		
Integrated Treasury Network (wireless)	**0**	**3**	**55**	Enforcement mission	The Department's consolidated wireless network will enable Treasury to convert their current comunications network to meet National Telecommunications and Information Administration (NTIA) narrowband requirements. Consolidating budgets and plans will also leverage future investments through economies of scale. The consolidated network will provide standard communication capability and interoperability within and external to Treasury.
Development, Modernization & Enhancement	*0*	*3*	*55*		
Steady State	*0*	*0*	*0*		
ACS/ACE/ITDS	**16**	**72**	**338**	Enforcement Mission	Modernizing trade data processing reduces time and cost for both government and trade community
Development, Modernization & Enhancement	*13*	*5*	*266*		
Steady State	*3*	*67*	*72*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project[1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment[2]	Program Performance Benefits
DO HR Connect	**10**	**26**	**30**	Management Mission	Centralize HR to reduce expenses and increase efficiency.
Development, Modernization & Enhancement	*10*	*13*	*17*		
Steady State	*0*	*13*	*14*		
			Department of Veterans Affairs		
Veterans Benefits Administration (VBA) Telephone Strategy	**2**	**0**	**12**	Benefits	Veterans make approximately 20 million calls to VBA's toll free number annually. The goal of this project is to improve telephone access to benefits information and improve customer service by working to achieve ''world class'' industry standards. Performance goals include less than 60 seconds average answer, less than 2% abandoned call rate, and less than 1% blocked call rate (busy signal).
Development, Modernization & Enhancement	*2*	*0*	*9*		
Steady State	*0*	*0*	*3*		
National Cemetery Administration BOSS	**0**	**0**	**1**	Burial	Automates all manual, paper-intensive record keeping, and information and forms processing associated with interments. Provides nationwide burial location capability, linkage to Gravesite Reservation files, and a benefit cross-check to facilitate a timely First Notice of Death to VBA and its benefit delivery systems. Supports the electronic transfer of information for VA's corporate master veteran record identification initiative.
Development, Modernization & Enhancement	*0*	*0*	*0*		
Steady State	*0*	*0*	*0*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
Veterans Health Administration (VHA) Government-wide Computerized Patient Record (G-CPR)	**12**	**15**	**19**	Medical	To develop and implement the standards and architecture required to achieve easily accessible, but secure, life-long medical records for each veteran, military personnel and their dependents. VHA is working with other federal agencies (e.g., DoD, HHS), as well as private industry to develop the electronic standards for such patient records.
Development, Modernization & Enhancement	*12*	*15*	*19*		
Steady State	*0*	*0*	*0*		
Environmental Protection Agency					
Toxic Chemical Release Inventory System	**8**	**8**	**9**	Expansion of Americans' Right to Know About Their Environment	Provides fundamental information to all Americans about toxic chemical uses in their communities. Publication of data provides bench marks for facility comparisons and provides catalyst to industry to develop and adopt pollution-reducing best practices. Information is available to all constituencies on the Internet for instant searches as well as in print.
Development, Modernization & Enhancement	*0*	*0*	*1*		
Steady State	*8*	*8*	*8*		
Envirofacts Warehouse	**7**	**5**	**4**	Expansion of Americans' Right to Know About Their Environment	Takes the tens of millions of dollars of collected regulatory data and makes it accessible to environmental professionals, the regulated community, citizen groups, and to State and EPA employees, in an easy to use, one-stop access point. Public groups are more informed for public hearings and the regulated community can ensure that the data they submitted through the regulatory process is complete and accurate.

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
Development, Modernization & Enhancement	*4*	*2*	*2*		
Steady State	*3*	*3*	*2*		
Comprehensive Environmental Response Compensation Liability Information System	**8**	**3**	**3**	Better Waste Management, Restoration of Contaminated Waste Sites, And Emergency Response	Improves the effectiveness and efficiency of EPA's Superfund program. Supports EPA's efforts in cleaning up previously polluted sites, restoring them to uses appropriate for surrounding communities, and responding to and preventing waste-related or industrial accidents.
Development, Modernization & Enhancement	*4*	*0*	*0*		
Steady State	*4*	*3*	*3*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
Federal Emergency Management Agency					
Map Service Center (MSC)	**6**	**6**	**5**	National Flood Insurance Act of 1968; Map Service Center stores and distributes over 154450 map panels and flood data products FEMA Strategic Goal 1: Protect lives and prevent the loss of property from all hazards GPRA goal M.3.2: Standards and Procedures: Implement standards and procedures, including Y the modernization of the flood plain-mapping program, to increase the effectiveness of mitigation information tools provided to communities to become more disaster resistant. Applicable Means & Strategies: #3 Begin the digital conversion of the flood map inventory and updates of flood data; and #5 Use technology upgrade to improve the production, utility, and accuracy of floodplain mapping Applicable Means & Strategies: #4 Enter the cooperative technical community (CTC) agreements for flood map preparation and maintenance, flood data sharing, development and review, and risk assessment.	Used by: 1) FEMA during disasters 2) Federal Insurance Administration 3) Citizens/insurance agents to locate flood insurance risk zones 4) Flood determination companies as to whether a property resides in a flood zone 5) Federal, State and local communities to administer floodplain management regulations and mitigate flood damage 6) Other Federal agencies to determine whether properties and buildings require flood insurance Streamlined new product creation resulting in improved customer service and reduced life-cycle product development costs. Foundation for the total integration of MSC's e-commerce: 1) Implement digital products and digital distribution. 2) Infrastructure for delivery and accountability of National Flood Insurance Program products. 3) Coordinate new map product development for internet delivery. 4) Better customer service. 5) Improved MSC distribution turnaround. 6) Lower distribution costs Improved accountability.
Development, Modernization & Enhancement	*4*	*4*	*3*		
Steady State	*2*	*2*	*2*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
National Emergency Management Information System (NEMIS)	**12**	**8**	**10**	FEMA Strategic Goal 2: Reduce human suffering and enhance the recovery of communities after disaster strikes GPRA goal RR.4.1:NEMIS Development Also referenced in GPRA goals: M.3.4: Repetitive-Loss Strategy RR.1.1: Response Services E.2.1: Financial Management	Speeds delivery of disaster assistance grants through direct interface with FEMA's financial system. Improves the quality and consistency of grant payments by automating program business rules. Improves internal management controls. Utilizes extensive access and security controls. Uses optical imagery to transfer documents to caseworkers anywhere in the enterprise.Can be configured for disaster-specific needs. Improves electronic data exchange with SBA and States. Permits direct access by States to key NEMIS functions. Is scalable to major and catastrophic disasters. Provides cross-disaster information and analysis to improve mitigation and to lessen recurrence of losses. Establishes an enterprise infrastructure to support FEMA's IT architecture, on which other enterprise applications can be built.Provides program information consistently and agencywide.
Development, Modernization & Enhancement	*5*	*3*	*5*		
Steady State	*7*	*5*	*5*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
General Services Administration					
Pegasys (CFO Financial Management System)	**16**	**27**	**16**	Promote Responsible Asset Management	Pegasys will replace the old GSA financial management system with a modern, agencywide, integrated system. Pegasys will provide managers with a better mechanism for more business analysis and less reconciliation, and will facilitate producing agencywide reports and information for agency employees, managers and executives, external agencies, and the Congress. Information will be readily available to be merged across projects, GSA Services, and funds.
Development, Modernization & Enhancement	*16*	*24*	*11*		
Steady State	*0*	*3*	*5*		
Seat Management	**14**	**35**	**35**	Promote Responsible Asset Management	Seat Management will provide desktop computing as an integrated ''information utility.'' Seat management contracts will accommodate the full spectrum of desktop computing resources from general purpose to high performance, scientific and engineering environments. They will provide end-to-end IT engineering and management services, and enable the government to acquirer desktop computing services as a utility and pay for it based on the number of workstations. GSA will achieve economies of scale through the consolidated, unified and integrated Seat Management approach to providing desktop assets and services.
Development, Modernization & Enhancement	*14*	*35*	*35*		
Steady State	*0*	*0*	*0*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
National Aeronautics and Space Administration					
Earth Observing System Data Information System (EOSDIS)	**262**	**263**	**252**	Earth Science Enterprise Objective: Implement open, distributed, and responsive data system architectures.	EOSDIS is a comprehensive data and information system designed to support NASA's Earth Observing System (EOS). The EOSDIS will archive, manage, and distribute Earth science data from NASA missions and will provide spacecraft control and science data processing for the EOS missions. For EOS spacecraft and instruments, the EOSDIS will perform acquisition, capture and processing of telemetry data, processing of telemetry data into higher level science data products, archiving and distribution of standard science products, and mission operations for instrument and spacecraft control.
Development, Modernization & Enhancement	*179*	*177*	*160*		
Steady State	*83*	*86*	*92*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
NASA Integrated Services Network (NISN)	**89**	**84**	**81**	Manage Strategically Objective: Improve information technology capability and services.	The NISN was chartered in 1996 with management responsibility for operations and maintenance of all NASA's wide area telecommunications networking requirements, except for research activities as performed by the NASA Research and Education Network (NREN) project. The NISN provides voice, video, and data services to meet programmatic, mission, scientific, and institutional requirements. Customer locations include NASA centers, international locations, and affiliated contractors and universities. The NISN services include all Agency coordination of the General Services Administration's FTS2000 and FTS2001 program. NISN services include long distance telephone, facsimile, voice and video teleconferencing, data and video distribution, and Internetworking.
Development, Modernization & Enhancement	*0*	*0*	*0*		
Steady State	*89*	*84*	*81*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
NASA ADP Consolidation Center (NACC)	**19**	**20**	**20**	Manage Strategically Objective: Improve information technology capability and services.	NACC was established in 1994 to centrally integrate, implement, and operate Agencywide computing resources for NASA Centers and Headquarters (HQ) at Marshall Space Flight Center (MSFC). The NACC supports each NASA Center's administrative processing requirements as well the Agency's consolidated payroll and consolidated support for legacy administrative software systems. Also, the NACC maintains and operates computer systems which support manufacture of the Shuttle External Tank (ET) at Michoud Assembly Facility, Space Transportation System (STS) databases, the JSC Integrated Management Information Computer (IMIC), and the JSC International Space Station
Development, Modernization & Enhancement	*0*	*0*	*0*		
Steady State	*19*	*20*	*20*		
Desktop LAN & Voice Communications Services (ODIN)	**60**	**91**	**117**	Manage Strategically Objective: Improve information technology capability and services.	ODIN is a long-term outsourcing arrangement with the commercial sector which transfers to it the responsibility and risk for providing and managing the vast majority of NASA's desktop, server, and intra-center communications assets and services. Under the contract, NASA will define the computer and communications capabilities for each job within the Agency and purchase a particular bundle of hardware, software and communications equipment for each "seat." The price for each type of "seat" will be fixed.
Development, Modernization & Enhancement	*12*	*11*	*11*		
Steady State	*48*	*80*	*106*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
Small Business Administration					
Lender Monitoring System	**8**	**8**	**8**	Business and Loan Programs	Enables SBA to provide effective oversight of its lenders and continue the development of its cost accounting
Development, Modernization & Enhancement	*8*	*8*	*8*		
Steady State	*0*	*0*	*0*		
Paperless Disaster Loan Application	**0**	**0**	**5**	Disaster Loan Programs	Decreases processing time, decreases errors, and improves SBA's ability to quickly respond to the needs of disaster victims.
Development, Modernization & Enhancement	*0*	*0*	*5*		
Steady State	*0*	*0*	*0*		
Social Security Administration					
Electronic Wage Reporting System (EWRS)	**6**	**6**	**6**	Best-in-Business Management	This initiative promotes SSA's commitment to providing electronic filing services to submitters of Forms W–2/W–3 Annual Wage Reports. It includes re-engineering the current processes used to handle magnetic media submittals. The EWRS will have the capacity to support 5,000 tax year 2000 electronic submittals involving 40 million Forms W–2, and will be expanded to support increased electronic filing for subsequent tax years.
Development, Modernization & Enhancement	*6*	*6*	*6*		
Steady State	*0*	*0*	*0*		
Title II Redesign	**18**	**17**	**18**	To Deliver Customer-Responsive, World-Class Service	Title II Redesign will provide a single system for processing virtually all initial claims and client-initiated post-entitlement actions in an online interactive mode.
Development, Modernization & Enhancement	*18*	*17*	*18*		
Steady State	*0*	*0*	*0*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
Paperless Processing Centers	**5**	**13**	**8**	Best-In-Business Management	The major objective of the Paperless Processing Centers Initiative is to implement document and imaging technologies to improve SSA's paper-intensive folder processing in the Program Service Centers and the Office of Central Operations.
Development, Modernization & Enhancement	*5*	*13*	*8*		
Steady State	*0*	*0*	*0*		
Electronic Folder Implementation	**7**	**10**	**14**	Best-in-Business Management	This technology investment will store data in an electronic folder. It will automate the disability interview process in field offices, eliminate reliance on paper, and support improvements in the disability process by reducing the amount of time that applicants' folders spend in transit between field and disability offices, as well as reducing the time it takes SSA staff to locate information regarding claimant applications.
Development, Modernization & Enhancement	*7*	*10*	*14*		
Steady State	*0*	*0*	*0*		

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

Agency: Program or Project [1]	1999 Actual	2000 Estimate	2001 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment [2]	Program Performance Benefits
US Agency for International Development					
Financial Management Systems	**20**	**22**	**19**	USAID Strategic Goal: Improve program effectiveness.	Provide program managers with access to timely and accurate financial information for decision-making on USAID's sustainable development programs worldwide. Strengthen USAID's relationship with its customers and partners in the delivery of development assistance through enhanced analysis and planning of financial requirements, tracking of full cost of programs and timely delivery of financial resources. Strengthen management controls and accountability for financial resources throughout the Agency.
Development, Modernization & Enhancement	*4*	*12*	*13*		
Steady State	*16*	*10*	*6*		

[1] This table contains a selected subset of each agency's major IT investments.

[2] Mission areas should be consistent with the major functions and operations identified in the agency's strategy and annual performance plans.

[3] This project includes both spending and budget authority funds.

[4] Development, Modernization, and Enhancement Costs include program costs for new systems, changes or modifications to existing systems that improve capability or performance, changes mandated by the Congress or agency leadership, personnel costs for project management, and direct support.

[5] Steady State Costs include the costs of maintenance and operations at current capability and performance levels including costs for personnel, maintenance of existing information systems, corrective software maintenance, voice and data communications maintenance, and replacement of broken IT equipment.

[6] Total of Defense Megacenters are a Working Capital Fund Activity. Each Service and Component using this activity pay based on a rate calculated based on usage and special costs.

[7] Total of Navy's Tactical Command Support System, Army's Combat Support System, Air Force's Combat Support System, and Defense-Other's Combat Support System

[8] BA: FY 1999, 2000, 2001 = 26.4, 25.8, 24.7, User Fees: FY 1999, 2000, 2001 = 2.9, 8.9, 12.9. These levels do not reflect legislative proposals.

[9] This investment reflects only budget authority.

FEDERAL DRUG CONTROL FUNDING

23. FEDERAL DRUG CONTROL FUNDING

Table 23–1. FEDERAL DRUG CONTROL FUNDING

(Budget authority, in millions of dollars)

	1999 actual	2000 estimate	2001 proposal	Change 2000–2001	
				Dollars	Percent
Agriculture:					
Agriculture Research Service	5	5	5	....	....
U.S. Forest Service	6	7	7	....	....
Women, Infants, Children (WIC)	16	16	17	*	2%
Total, Agriculture	27	28	28	*	1%
Corporation for National and Community Service	7	7	8	1	8%
Defense	975	1,005	1,029	24	2%
District of Columbia/Court Svs. & Offender Supervision	4	20	16	–5	–22%
Intelligence Community Management Account	27	27	27	....	....
Education:					
Safe and Drug Free Schools and Communities	567	600	650	50	8%
Other	96	98	101	3	3%
Total, Education	663	698	751	53	8%
Health and Human Services:					
Administration for Children and Families	57	64	64	....	....
Centers for Disease Control	143	174	187	12	7%
Food and Drug Administration	34	34	39	5	15%
Health Care Financing Administration—Medicare/Medicaid mandatory benefits spending	400	450	500	50	11%
Health Resources and Services Administration	53	59	64	5	9%
Indian Health Service	44	45	48	2	5%
National Institutes of Health (National Institute on Drug Abuse (NIDA)/National Institute on Alcohol Abuse and Alcoholism (NIAAA)/Office of AIDS Research (OAR))	654	730	767	37	5%
Substance Abuse and Mental Health Services Administration	1,482	1,523	1,596	74	5%
Total, Health and Human Services	2,866	3,079	3,265	186	6%
Housing and Urban Development	310	310	315	5	2%
Interior:					
Bureau of Indian Affairs	18	20	22	2	10%
Bureau of Land Management	5	5	5	....	....
Fish and Wildlife Service	1	1	1	....	....
National Park Service	9	9	10	*	1%
Total, Interior	33	36	38	2	6%
Judiciary	720	782	805	23	3%
Justice:					
Assets Forfeiture Fund	583	507	486	–21	–4%
U.S. Attorneys	194	208	218	10	5%
Bureau of Prisons	2,072	2,119	2,520	401	19%
Community Oriented Policing Services (COPS)	417	196	441	244	124%
Criminal Division	31	31	35	3	10%
Drug Enforcement Administration	1,304	1,341	1,457	115	9%
Federal Bureau of Investigation	589	659	780	121	18%
Federal Prisoner Detention (Support of U.S. Prisoners)	280	319	363	44	14%
Immigration and Naturalization Service	429	485	545	60	12%
Interagency Crime and Drug Enforcement (ICDE) (formerly Organized Crime Drug Enforcement (OCDE) Task Forces)	304	317	329	12	4%
INTERPOL	*	*	*	*	6%
U.S. Marshals Service	265	284	307	23	8%
Office of Justice Programs	931	976	755	–221	–23%
Tax Division	*	*	*	*	6%
Total, Justice	7,398	7,443	8,237	794	11%
Labor	55	75	76	1	1%

Table 23–1. FEDERAL DRUG CONTROL FUNDING—Continued

(Budget authority, in millions of dollars)

	1999 actual	2000 estimate	2001 proposal	Change 2000–2001	
				Dollars	Percent
Office of National Drug Control Policy:					
Salaries and Expenses, Operations, Research	21	23	25	3	11%
Counterdrug Technology Assessment Center	29	32	20	–12	–36%
High Intensity Drug Trafficking Areas	186	191	192	1	0%
Special Forfeiture Fund	217	215	259	44	20%
Total, Office of National Drug Control Policy	453	461	497	35	8%
Small Business Administration	4	3	....	–3	–100%
State:					
International Narcotics Control Program	489	274	267	–7	–2%
Emergencies in the Diplomatic and Consular Service	1	1	1	....	....
Public Information and Education	9	8	9	1	10%
Total, State	499	283	277	–6	–2%
Transportation:					
U.S. Coast Guard	815	574	617	44	8%
Federal Aviation Administration	24	26	31	4	17%
National Highway Traffic Safety Administration	32	31	37	6	18%
Total, Transportation	871	631	685	54	9%
Treasury:					
Bureau of Alcohol, Tobacco and Firearms	232	252	325	73	29%
U.S. Customs Service	956	660	840	180	27%
Federal Law Enforcement Training Center	79	69	66	–2	–4%
Financial Crimes Enforcement Network	7	9	10	2	17%
Interagency Crime and Drug Enforcement	76	75	103	28	37%
Internal Revenue Service	72	85	62	–24	–28%
U.S. Secret Service	87	78	111	33	43%
Treasury Forfeiture Fund	247	271	170	–101	–37%
Total, Treasury	1,757	1,500	1,688	189	13%
Veterans Affairs	1,042	1,111	1,156	44	4%
Subtotal, Drug Control Programs, Excluding ''Plan Colombia'' Funding	**17,711**	**17,501**	**18,896**	**1,396**	**8%**
Support for ''Plan Colombia'':					
Department of Defense	....	137	62		
Department of Justice	....	21	29		
Justice/Drug Enforcement Administration	....	3	4		
Department of State	....	596	133		
Agency for International Development	....	128	91		
Department of Treasury	....	2	....		
Treasury/U.S. Customs Service	....	68	....		
Office of National Drug Control Policy	....	1	....		
Total, Support for ''Plan Colombia''	....	[1] 954	318		
Total, Drug Control Programs, Including ''Plan Colombia'' Funding	**17,711**	**18,455**	**19,215**	**760**	**4%**

* Less than $500 thousand

[1] Requested supplemental appropriation

BUDGET SYSTEM AND CONCEPTS AND GLOSSARY

24. BUDGET SYSTEM AND CONCEPTS AND GLOSSARY

The budget system of the United States Government provides the means for the President and Congress to decide how much money to spend, what to spend it on, and how to raise the money they have decided to spend. Through the budget system, they determine the allocation of resources among the Government's major functions—such as providing for the national defense, regulating commerce, and ensuring the availability of health care—and among individual programs, projects, and activities—such as building navy ships, issuing patents, and controlling diseases. The budget system focuses primarily on dollars, but it also allocates other resources, such as Federal employment. 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. The Congress and the President enact budget decisions into law. The budget system ensures these laws are carried out.

This chapter provides an overview of the budget system and explains some of the more important budget concepts. It includes summary dollar amounts to illustrate major concepts. Other chapters of the budget documents discuss these amounts, and more detailed amounts, in greater depth. A glossary of budget terms appears at the end of the chapter.

Various laws, enacted to carry out requirements of the Constitution, govern the budget system. The chapter refers to the principal ones by title throughout the text and gives complete citations in the section just preceding the glossary.

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 Government. The primary focus of the budget is on the budget year—the next fiscal year for which Congress needs to make appropriations, in this case 2001. However, the budget may propose changes to funding levels already provided for the current year, in this case 2000, 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 budget includes data on the most recently completed fiscal year, in this case 1999, so that the reader can compare budget estimates to actual accounting data.

The President begins the process of formulating the budget by establishing general budget and fiscal policy guidelines. This occurs not later than the spring of each year, at least nine months before the President transmits the budget to Congress and at least 18 months before the fiscal year begins. (See the Budget Calendar below.) 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 at least the following four years to guide the preparation of their budget requests.

During the formulation of the budget, the President, the Director of OMB, and other officials in the Executive Office of the President continually exchange information, proposals, and evaluations bearing on policy decisions with the Secretaries of the departments and the heads of the other Government agencies. Decisions reflected in previously enacted budgets, including the one for the fiscal year in progress, and reactions to the last proposed budget (which Congress is considering when the process of preparing the upcoming budget begins) influence decisions concerning the upcoming budget. So do projections of the economic outlook, prepared jointly by the Council of Economic Advisers, OMB, and the Treasury Department.

In early fall, agencies submit their budget requests to OMB, where analysts review them and identify issues that OMB officials need to discuss with the agencies. OMB and the agencies resolve many issues themselves. 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, the unemployment rate, and the number of people eligible for various benefit programs, among other things, affect Government spending and receipts. Small changes in these assumptions can affect budget estimates by billions of dollars. (Chapter 1, "Economic Assumptions," in the *Analytical Perspectives* volume of the 2001 budget provides more information on this subject.)

Statutory limitations on changes in receipts and outlays through 2002 also influence budget decisions (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 law governing the President's budget specifies that the President is to transmit the budget to Congress on or after the first Monday in January but not later than the first Monday in February of each year for the following fiscal year, which begins on October 1. This gives Congress eight to nine months before the fiscal year begins to act on the budget.

For various reasons, some parts or all of the budget documents have been transmitted after the specified date. One reason is that the current law 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.

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, for example, 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. For example, President Clinton transmitted an abbreviated budget document to Congress on February 5, 1996, because of uncertainty over 1996 appropriations as well as possible changes in mandatory programs and tax policy. He transmitted a Budget Supplement and other budget volumes in March 1996.

Congressional Action [1]

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.

Congress does not enact a budget as such. Through the process of adopting a budget resolution (described below), it agrees on levels for total spending and receipts, the size of the deficit or surplus, and the debt limit. The budget resolution then provides the framework within which congressional committees prepare appropriations bills and other spending and receipts legislation. Congress provides spending authority for specified purposes in several regular appropriations acts each year (traditionally thirteen). It also enacts changes each year in other laws that affect spending and receipts. Both appropriations acts and these other laws are discussed in the following paragraphs.

In making appropriations, Congress does not vote on the level of outlays (spending) directly, but rather on budget authority, which is the authority provided by law to incur financial obligations that will result in outlays. In a separate process, prior to making appropriations, Congress usually enacts legislation that authorizes an agency to carry out particular programs and, in some cases, limits the amount that can be appropriated for the programs. Some authorizing legislation expires after one year, some expires after a specified number of years, and some does not expire. Congress may enact appropriations for a program even though there is no specific authorization for it.

Congress begins its budget process shortly after it receives the President's budget. Under the procedures established by the Congressional Budget Act of 1974, Congress decides on 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 levels for total receipts and for budget authority and outlays, both in total and by functional category (see Functional Classification below). It also sets levels for the budget deficit or surplus and debt. The statutory limitations on changes in receipts and outlays through 2002 that apply to the President's budget also apply to the budget resolution.

In the report on the budget resolution, the Budget Committees allocate the amounts of budget authority and outlays within the functional category totals to the House and Senate Appropriations Committees and the other committees that have jurisdiction over the programs in the functions. The Appropriations Committees are required, in turn, to allocate amounts of budget authority and outlays among their respective subcommittees. The subcommittees may not exceed their allocations in drafting spending bills. The other committees with jurisdiction over spending and receipts may make allocations among their subcommittees but are not required to. There is no allocation at the program level. However, the Budget Committees' reports may discuss assumptions about the level of funding for major programs. While these assumptions do not bind the committees and subcommittees with jurisdiction over the programs, they may influence their decisions. The budget resolution may contain "reconciliation direc-

[1] For a fuller discussion of the congressional budget process, see Robert Keith and Allen Schick, *Manual on the Federal Budget Process* (Congressional Research Service Report 98–720 GOV, August 28, 1998.).

tives" (discussed below) to the committees responsible for tax laws and for spending not controlled by annual appropriation acts, in order to conform the level of receipts and this type of spending to the levels specified in the budget resolution.

The congressional timetable calls for the whole Congress to adopt the budget resolution by April 15 of each year, but Congress regularly misses this deadline. Once Congress passes a budget resolution, a member of Congress can raise a point of order to block a bill that would cause a committee's allocation to be exceeded.

Budget resolutions are not laws and, therefore, do not require the President's approval. However, Congress considers the President's views in preparing budget resolutions, 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 plans to reduce the deficit or balance the budget. These agreements were reflected in the budget resolution and legislation passed for those years.

Appropriations bills are initiated in the House. They provide the budget authority for the majority of Federal programs. The Appropriations Committee in each body has jurisdiction over annual appropriations. These 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 drafted by a subcommittee, the committee and the whole House, in turn, must approve the bill, usually with amendments to the original version. The House then forwards the bill to the Senate, where a similar review follows. If the Senate disagrees with the House on particular matters in the bill, which is often the case, the two bodies form a conference committee (consisting of Members of both bodies) to resolve the differences. The conference committee revises the bill and returns it to both bodies for approval. When the revised bill is agreed to, first in the House and then in the Senate, Congress sends it to the President for approval or veto. The President can only approve or veto an entire bill. He cannot approve or veto selected parts of a bill. [2]

If Congress does not complete action on one or more appropriations bills by the beginning of the fiscal year, it enacts a joint resolution, which is similar to an appropriations bill, 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 continuing resolution has funded a portion or all of the Government for the entire year. Congress must present these resolutions to the President for approval or veto. In some cases, the President has rejected continuing resolutions because they contained unacceptable provisions. Left without funds, Government agencies were required by law to shut down operations—with exceptions for some activities—until Congress passed a continuing resolution the President would approve. Shutdowns have lasted for periods of a day to several weeks.

As explained earlier, Congress also provides budget authority in laws other than appropriations acts. In fact, while annual appropriations acts control the spending for the majority of Federal programs, they control only one-third of the total spending in a typical year. Permanent laws, called authorizing legislation, control the rest of the spending. Such a large proportion of the budget is determined by such laws because they determine the amount of interest the Government pays on the public debt and the amounts spent by a few programs with large amounts of spending each year, such as social security. This chapter discusses the control of budget authority and outlays in greater detail under BUDGET AUTHORITY AND OTHER BUDGETARY RESOURCES, OBLIGATIONS, AND OUTLAYS.

Almost all taxes and most other receipts result from permanent laws. The House initiates tax bills, specifically in the Ways and Means Committee. In the Senate, the Finance Committee has jurisdiction over tax laws.

The budget resolution often includes reconciliation directives, which require authorizing committees to change permanent laws that affect receipts and outlays. They direct each designated committee to report amendments to the laws under the committee's jurisdiction that will change the levels of receipts and spending controlled by the laws. The directives specify the dollar amount of changes that each designated committee is expected to achieve, but do not specify the laws to be changed or the changes to be made. However, the Budget Committees' reports on the budget resolution may discuss assumptions about how the laws would be changed. Like other assumptions in the report, they do not bind the committees of jurisdiction but may influence their decisions.

The committees subject to reconciliation directives draft the implementing legislation. Such legislation may, for example, change the tax code, revise benefit formulas or eligibility requirements for benefit 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 (BEA), first enacted in 1990 and extended in 1993 and 1997, significantly amended the laws pertaining to the budget process, including the Congressional Budget Act, the Balanced Budget and Emergency Deficit Control Act, and the

[2] In 1996, Congress enacted the Line Item Veto Act, granting the President limited authority to cancel new spending and limited tax benefits when he signs laws enacted by the Congress. However, in 1998, the Supreme Court declared the authority provided by the Act to be unconstitutional.

law pertaining to the President's budget (see PRINCIPAL BUDGET LAWS, later in the chapter). The BEA constrains legislation enacted through 2002 (2003 in certain cases) that would increase spending or decrease receipts.

The BEA divides spending into two types—***discretionary spending*** and ***direct spending***. Discretionary spending is controlled through annual appropriations acts. Funding for salaries and other operating expenses of Government agencies, for example, is usually discretionary because it is usually provided by appropriations acts. Direct spending is more commonly called mandatory spending. Mandatory spending is controlled by permanent laws. Medicare and medicaid payments, unemployment insurance benefits, and farm price supports are examples of mandatory spending, because permanent laws authorize payments for those purposes. The BEA specifically defines funding for the Food Stamp program as mandatory spending, even though appropriations acts provide the funding. The BEA includes receipts under the same rules that apply to mandatory spending, because permanent laws generally control receipts. The BEA constrains discretionary spending differently from mandatory spending and receipts, as explained in the following paragraphs.

The BEA defines categories of discretionary spending and limits ("caps") the spending in each category by specifying dollar amounts for both budget authority and outlays for each fiscal year through 2002 (2003 in the case of spending for highways and mass transit). The following table lists the categories, which vary from year to year, and their caps. For 1998 and 1999, the BEA divided most discretionary spending between defense and non defense spending, excluding special categories. For 2000 through 2002, the BEA combines defense and nondefense spending, excluding special categories, into one category, which is shown as "Other discretionary." For 1998 through 2000, the BEA provided a special category for violent crime reduction spending. The Transportation Equity Act for the 21st Century (TEA-21) (Public Law 105–178) added special categories (applying to outlays only) for highway and mass transit spending for 1999 through 2003.

The BEA requires OMB to adjust the caps up or down for certain reasons, such as to reflect conceptual changes or the enactment of emergency appropriations. The highways and mass transit caps, which apply to outlays only, were based on estimates at the time TEA-21 was drafted of gasoline excise taxes and other receipts credited to the Highway Trust Fund each year. The TEA-21 amendments require OMB to adjust these caps up or down for the difference in the amount of receipts actually collected in the past year and for reestimates of the amount the Government expects to collect in the budget year. The table shows the adjusted caps. The Preview Report (described below) explains other cap adjustments proposed in this budget.

DISCRETIONARY SPENDING LIMITS

(In billions of dollars)

	1998	1999	2000	2001	2002	2003
Defense:						
Budget Authority	272	287	N/A	N/A	N/A	N/A
Outlays	269	276	N/A	N/A	N/A	N/A
Nondefense, excluding special categories:						
Budget Authority	256	291	N/A	N/A	N/A	N/A
Outlays	286	277	N/A	N/A	N/A	N/A
Violent crime reduction:						
Budget Authority	6	6	5	N/A	N/A	N/A
Outlays	5	5	6	N/A	N/A	N/A
Highways:						
Budget Authority	N/A	N/A	N/A	N/A	N/A	N/A
Outlays	N/A	22	25	27	28	28
Mass transit:						
Budget Authority	N/A	N/A	N/A	N/A	N/A	N/A
Outlays	N/A	4	4	5	5	6
Other discretionary:						
Budget Authority	N/A	N/A	567	541	550	N/A
Outlays	N/A	N/A	565	547	537	N/A
Total discretionary:						
Budget Authority	533	583	571	541	550	N/A
Outlays	560	584	600	579	571	34

N/A means that this category was not applicable in the specified year.

If the amount of budget authority provided in appropriations acts for a given year exceeds the cap on budget authority for a category, or the amount of outlays in that year estimated to result from this budget authority exceeds the cap on outlays for a category, the BEA requires a procedure, called sequestration, for reducing the spending in that category. A sequestration reduces spending for most programs in the category by a uniform percentage. The BEA specifies special rules for reducing some programs and exempts some programs from sequestration entirely.

The BEA does not cap mandatory spending or require a certain level of receipts. Instead, it requires that all laws enacted through 2002 that affect mandatory spending or receipts must be enacted on a ***"pay-as-you-go" (PAYGO)*** basis. This means that if a law increases the deficit or reduces a surplus in the budget year or any of the four following years, another law must be enacted with an offsetting reduction in spending or increase in receipts for each year that is affected. Legislated increases in benefit payments, for example, would have to be offset by legislated reductions in other mandatory spending or increases in receipts. Otherwise, a sequestration would be triggered at the end of the session of Congress in the fiscal year in which the deficit would be increased. The BEA sequestration procedures require a uniform reduction of mandatory spending programs that are neither exempt nor subject to special rules. The BEA exempts social security, interest on the public debt, Federal employee retirement, Medicaid, most means-tested entitlements, deposit insurance, other prior legal obligations, and most unemployment benefits. A special rule limits the sequestration of Medicare spending to no more than four percent, and special rules for some other programs limit the size of a sequestration for those programs. As a result of exemptions and special rules, only about three percent of all mandatory spending is subject to sequestration, including the maximum amounts allowed under special rules.

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. Likewise, tax receipts decrease when the profits of private businesses decline as the result of economic conditions.

The BEA requires OMB to make the estimates and calculations that determine whether there is to be a sequestration and report them to the President and Congress. It requires the Congressional Budget Office (CBO) to make the same estimates and calculations, and the Director of OMB to explain any differences between the OMB and CBO estimates. The BEA requires the President to issue a sequestration order without changing any of the particulars of the OMB report. It requires the General Accounting Office to prepare compliance reports.

The BEA requires OMB and CBO 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. (See Chapter 13, "Preview Report," in the *Analytical Perspectives* volume of the 2001 budget.) The update and final reports revise the preview report estimates to reflect the effects of newly enacted discretionary and PAYGO laws. The BEA requires OMB and CBO to estimate the effects of appropriations acts and PAYGO laws immediately after each one is enacted and to include these estimates, without change, in the update and final reports. OMB's final report estimates trigger a sequestration if the appropriations enacted for the current year exceed the caps or if the cumulative effect of PAYGO legislation is estimated to increase a deficit or reduce a surplus. In addition, CBO estimates the effects of bills as they move through Congress for the purpose of the Budget Committees' enforcement of the budget resolution within Congress. OMB provides advisory estimates on bills that might have significant consequences as they move through Congress.

From the end of a session of Congress through the following June 30th, discretionary sequestrations take place whenever an appropriations act for the current fiscal year causes a cap to be exceeded. Because a sequestration in the last quarter of a fiscal year might be too disruptive, the BEA specifies that a sequestration that otherwise would be required then is to be accomplished by reducing the cap for the next fiscal year. These requirements ensure that supplemental appropriations enacted during the fiscal year are subject to the budget enforcement provisions.

Budget Execution

Government agencies may not spend more than Congress has appropriated, and they may use funds only for purposes specified in law. The Antideficiency Act prohibits them 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 OMB to reapportion funds during the year to accommodate changing cir-

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 sequestration 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 sequestration preview.
October 1	Fiscal year begins.
15 days after the end of a session of Congress	OMB issues final sequestration report, and the President issues a sequestration order, if necessary.

cumstances. This system helps to ensure that funds are available to cover operations for the entire year.

During the budget execution phase, the Government often finds that it needs to spend more money than Congress has appropriated for the fiscal year because of circumstances that were not anticipated when the budget was formulated and appropriations enacted for that fiscal year. For example, more money might be needed in order to provide adequate assistance to an area stricken by an unusually severe natural disaster. Under such circumstances, Congress may enact a ***supplemental appropriation***.

On the other hand, changing circumstances may reduce the need for certain spending for which Congress has appropriated funds. The President may propose not to spend funds under procedures specified in the Impoundment Control Act of 1974. These procedures prevent the President from failing to spend the funds without Congress' agreement. Otherwise, it would possible for the President to thwart Congress' spending policies through inaction. Under the act, the President may propose deferrals or rescissions. ***Deferrals,*** which are temporary withholdings, take effect immediately unless overturned by an act of Congress. The President may only defer funds 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. He may not defer funds for policy reasons. In 1999, the President proposed a total of $1.7 billion in deferrals, and Congress overturned none. ***Rescissions,*** which permanently cancel budget authority, take effect only if Congress passes a law approving them. The law may approve only part of a rescission. If Congress does not pass such a law within 45 days of continuous session, the President must make the funds available for spending. The President may propose a rescission for any reason. In total, Congress has rescinded about one-third of the amount of funds that Presidents have proposed for rescission since enactment of the Impoundment Control Act. In 1999, the President proposed rescissions totaling $35 million, and Congress rescinded a total of $17 million.

COVERAGE OF THE BUDGET

Federal Government and Budget Totals

TOTALS FOR THE BUDGET AND THE FEDERAL GOVERNMENT

(In billions of dollars)

	1999 actual	Estimate 2000	Estimate 2001
Budget authority			
Total	1,777	1,801	1,885
Off-budget	326	334	343
On-budget	1,450	1,467	1,543
Receipts:			
Total	1,828	1,956	2,019
Off-budget	445	477	500
On-budget	1,383	1,480	1,519
Outlays:			
Total	1,703	1,790	1,835
Off-budget	321	329	340
On-budget	1,382	1,461	1,495
Surplus:			
Total	124	167	184
Off-budget	124	148	160
Medicare Solvency Debt Reduction Reserve	....	....	15
Remaining On-budget	1	19	9

The budget documents provide information on all Federal agencies and programs. However, because the laws governing Social Security (the Federal Old-Age and Survivors Insurance and the Federal Disability Insurance trust funds) and the Postal Service Fund exclude the receipts and outlays for those activities from the budget totals and from the calculation of the deficit or surplus for Budget Enforcement Act purposes, the budget presents on-budget and off-budget totals. The off-budget totals include the transactions excluded by law from the budget totals. The on-budget and off-budget amounts are added together to derive the totals for the Federal Government. These are sometimes referred to as the unified or consolidated budget totals.

In 2001, the surplus section of this table shows the effect of the Administration's proposal to reserve part of the on-budget surplus for Medicare solvency and for catastrophic prescription drug coverage. Called "Medicare Solvency/Debt Reduction," these amounts would not be available for spending under the budget resolution or on the PAYGO scorecard. They would be available only for debt reduction, pending their use for Medicare or the catastrophic prescription drug program. These proposals are part of a broader budget framework proposal discussed in chapter 13, "Preview Report," of the *Analytical Perspectives* volume of the 2001 budget.

Neither the on-budget nor the off-budget totals include transactions of Government-sponsored enterprises, such as the Federal National Mortgage Association (Fannie Mae). Federal laws established these enterprises for public policy purposes, but they are privately owned and operated corporations. Because of their close relationship to the Government, the budget discusses them and reports their financial data in the budget *Appendix* and in some detailed tables.

The *Appendix* includes a presentation for the Board of Governors of the Federal Reserve System 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 transfers its net earnings to the Treasury, and the budget records them 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 comprises the subfunctions ***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 establishing functional categories and assigning activities to them:

- A function encompasses activities with similar purposes, emphasizing what the Federal Government seeks to accomplish rather than the means of accomplishment, the objects purchased, the clientele or geographic area served, or the Federal agency conducting the activity.
- 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 primary 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.

Section V, "Improving Government Performance," in the main Budget volume of the 2001 budget provides information on government activities by function and subfunction.

Agencies, Accounts, Programs, Projects, and Activities

Various summary tables in the *Analytical Perspectives* volume of the 2001 budget provide information on budget authority, outlays, and offsetting collections and receipts arrayed by Federal agency. Chapter 25 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. The Appendix 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. Receipt accounts of the ***general fund,*** which is the greater part of the budget, record receipts not earmarked by law for a specific purpose, such as almost all income tax receipts. The general funds also includes the proceeds of general borrowing. General fund appropriation accounts record general fund expenditures. General fund appropriations draw 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 laws have earmarked for specific purposes and the associated appropriation accounts for the expenditure of those receipts. ***Public enterprise*** funds are revolving funds used for programs authorized by law to conduct a cycle of business-type operations, primarily with the public, in which outlays generate collections. ***Intragovernmental funds*** are revolving funds that conduct business-type operations primarily within and between Government agencies. The collections and the outlays of revolving funds are recorded in the same budget account.

Trust funds 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 where the Nation is the beneficiary (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," as applied to trust fund accounts, 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. The Government does act as a true trustee for some funds. For example, it maintains accounts on behalf of individual Federal employees in the Thrift Savings Fund, investing them as directed by the individual employee. The Government accounts for such funds in ***deposit funds,*** which are not included in the budget. (Chapter 15, "Trust Funds and Federal Funds," in the *Analytical Perspectives* volume of the 2001 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, equipment, and software. It also includes subsidies for capital investment provided by direct loans and loan guarantees; purchases of other financial assets; grants to state and local governments for purchases of physical assets; and the conduct of research, development, education, and training. (Chapter 6, “Federal Investment Spending and Capital Budgeting,” in the *Analytical Perspectives* volume of the 2001 budget provides more information on capital investment.)

RECEIPTS, OFFSETTING COLLECTIONS AND RECEIPTS, AND USER FEES

In General

The budget records money collected by Government agencies two different ways. Depending on the nature of the activity generating the collection, they are recorded as either:

- ***Receipts,*** which are compared in total to outlays (net of offsetting collections and receipts) in calculating the surplus or deficit; or
- ***Offsetting collections or offsetting receipts,*** which are deducted from gross outlays to produce net outlay figures.

Receipts

Receipts are collections that result from the Government's exercise of its sovereign power to tax or otherwise compel payment and gifts of money to the Government. Sometimes they are called governmental receipts. They 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. 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.) Chapter 3, “Federal Receipts,” in the *Analytical Perspectives* volume of the 2001 budget provides more information on receipts.

Offsetting Collections and Receipts

Offsetting collections and receipts result from either of two kinds of transactions:

- ***Business-like or market-oriented activities with the public.*** The budget records the proceeds from the sale of postage stamps, the fees charged for admittance to recreation areas, and the proceeds from the sale of Government-owned land, for example, as offsetting collections or receipts. They are deducted from gross budget authority and outlays, rather than added to receipts. This treatment produces budget totals for receipts, budget authority, and outlays that represent governmental rather than market activity.
- ***Intragovernmental transactions.*** The budget also records collections by one Government account from another as offsetting collections or receipts. For example, the General Services Administration records payments it receives from other Government agencies for the rent of office space as offsetting collections in the Federal Buildings Fund. Intragovernmental offsetting collections and receipts are deducted from gross budget authority and outlays so that the budget totals measure the transactions of the Government with the public.

A table in Chapter 20, “Outlays to the Public, Net and Gross,” in the *Analytical Perspectives* volume of the 2001 budget, shows the effect of offsetting collections and receipts on gross outlays for each major Federal agency.

Although they both offset gross budget authority and outlays, the budget accounts for offsetting collections differently from offsetting receipts, as explained in the following sections.

Offsetting Collections

Some laws authorize agencies to credit collections directly to the account from which they will be spent and, usually, to spend the collections for the purpose of the account without further action by Congress. Most revolving funds operate with such authority. 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 budget records these collections in the Postal Service Fund (a revolving fund) and records budget authority in an amount equal to the collections. Some intragovernmental collections are recorded in this manner. For example, the budget records the intragovernmental collections of the Federal Buildings Fund (mentioned earlier) in the same manner as the Postal Service Fund. In addition to revolving funds, some agencies are authorized to charge fees to defray a portion of costs for a program that are otherwise financed by appropriations from the general fund. In such cases, the budget records the offsetting collections and resulting budget authority in the program's general fund expenditure account.

Sometimes appropriations acts or provisions in other laws limit the obligations that can be financed by budget authority from offsetting collections. In those cases, the budget records budget authority in the amount available to incur obligations. Where accounts have offsetting collections, the budget shows the budget authority and outlays of the account both gross (before deducting offsetting collections) and net (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. The budget labels these “offsetting governmental collections.”

Offsetting Receipts

Collections that are offset against gross outlays but 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. However, unlike offsetting collections credited to expenditure accounts, offsetting receipts do not offset budget authority and outlays at the account level. In most cases, they offset budget authority and outlays at the agency and subfunction levels. Offsetting receipts are subdivided into three categories, as follows:

- ***Proprietary receipts from the public.***—These are collections from the public 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. Proprietary receipts from a few sources, 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 that administers the transactions and the subfunction that records the administrative expenses.
- ***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 and are not authorized to be credited to expenditure accounts.

User Fees

In the budget, the term "user fee" refers to fees, charges, and assessments the Governemnt levies on a class directly benefiting from, or subject to regulation by, a Government program or activity, to be utilized solely to support the program or activity. It does not refer to a separate budget category for collections. The budget records user fees as receipts or as offsetting collections or receipts, depending on whether the fee results primarily from the exercise of governmental powers or from business-like activity.

See Chapter 4, "User Fees and Other Collections," in the *Analytical Perspectives* volume of the 2001 budget, for a more detailed discussion of user fees and offsetting collections and receipts.

BUDGET AUTHORITY AND OTHER BUDGETARY RESOURCES, OBLIGATIONS, AND OUTLAYS

Budget Authority and Other Budgetary Resources

Budget authority is the authority provided in law 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. The budget records budget authority as a dollar amount in the year when it first becomes available. Under the circumstances described below, unobligated balances of budget authority may be carried over into the next year. The budget does not record these balances 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. In such cases, the budget records budget authority equal to the amount of obligations that can be incurred.

In deciding the amount of budget authority to request for a program, project, or activity, agency officials estimate the total amount of obligations they will need to incur 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 covers needs for the year. For major procurement programs and construction projects, the Government generally applies a full funding policy. Under this policy, agencies must request an amount to be appropriated in the first year that they estimate will be adequate to complete an economically useful segment of a procurement or project, even though it may be obligated over several years. This policy is intended to ensure that the decision-makers take into account all costs and benefits fully at the time decisions are made to provide resources. It also avoids sinking money into a procurement or project without being certain if or when future funding will be available to complete the procurement or project. Budget authority takes several forms:

- ***appropriations,*** provided in annual appropriations acts or permanent laws, permit agencies to incur obligations and make payment;
- ***authority to borrow,*** usually provided in permanent laws, permits agencies to incur obligations but requires them to borrow funds, usually from the general fund of the Treasury, to make payment;
- ***contract authority,*** usually provided in permanent law, permits agencies to incur 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,*** usually provided in permanent law, permits agencies to credit offsetting collections to an expenditure account, incur obligations, and make payment using the offsetting collections.

Because offsetting collections and receipts 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.

Authorizing statutes usually determine the form of budget authority for a program. The authorizing statute may authorize a particular type of budget authority to be provided in annual appropriations acts, or it may provide one of the forms of budget authority directly, without the need for further appropriations. Most programs are funded by appropriations. An appropriation may make funds available from the general fund, special funds, or 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.

Annual appropriations acts generally make budget authority available for obligation only during the fiscal year to which the act applies. However, they specify many exceptions that allow budget authority for a particular purpose to remain available for obligation for a longer period or indefinitely (that is, until expended or until the program objectives have been attained).Typically, appropriations acts make budget authority for current operations available for only one year, and budget authority for construction and some research projects available for a specified number of years or indefinitely. Many appropriations of trust fund receipts make the budget authority available indefinitely. Only another law can extend a limited period of availability (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. In some cases, an account may have carried forward unobligated budget authority from more than one year. The sum of such amounts constitutes the account's ***unobligated balance***. Budget authority that has been obligated but not paid constitutes the account's ***obligated balance***. 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 at the end of the year are carried forward until the obligations are paid or the balances are canceled. (A general law cancels the obligated balances of budget authority that was made available for a definite period five years after the end of the period, and then other resources must be used to pay the obligations.) Due to such flows, a change in the amount of obligations incurred from one year to the next does not necessarily result from an equal change in the amount of budget authority available for that year and will not necessarily result in an equal change in the level of outlays in that year. Conversely, a change in the amount of budget authority available in any one year may change the level of obligations and outlays for several years to come. [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 current fiscal year if necessary to meet benefit payments in excess of the specific amount appropriated for the year.

[3] A separate report, "Balances of Budget Authority," provides additional information on balances. The National Technical Information Service, Department of Commerce, makes the report available shortly after the budget is transmitted.

Provisions of law that extend the availability of unobligated amounts that have expired or would otherwise expire are called ***reappropriations.*** Reappropriations count as new budget authority in the fiscal year in which the balances become newly available. For example, if a 2001 appropriations act extends the availability of unobligated budget authority that otherwise would expire at the end of 2000, new budget authority would be recorded for 2001.

For purposes of the Budget Enforcement Act (discussed earlier under "Budget Enforcement"), the budget classifies budget authority as ***discretionary*** or ***mandatory.*** Generally, budget authority is discretionary if provided in an annual appropriations act and mandatory if provided in authorizing legislation. However, the BEA requires the budget authority provided in annual appropriations acts for certain specifically identified programs to be treated as mandatory. This is because the authorizing legislation in these cases entitles beneficiaries to receive payment or otherwise obligates the Government to make payment, even though the payments are funded by a subsequent appropriation. Since the authorizing legislation effectively determines the amount of budget authority required, the BEA classifies it as mandatory. As discussed later, the discretionary and mandatory classification applies to the outlays that flow from budget authority, according to the classification of the budget authority.

The budget also classifies budget authority as ***definite*** or ***indefinite.*** It is definite if the legislation that provides it specifies a dollar amount (which may be 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, and such authority is considered to be indefinite budget authority. In some such cases, only some of the amount of collections otherwise available is counted as budget authority, because the rest is 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. Agencies must record obligations when they enter into binding agreements that will result in outlays, immediately or in the future. Such obligations include the current liabilities for salaries, wages, and interest; and contracts for the purchase of supplies and equipment, construction, and the acquisition of office space, buildings, and land. 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. The budget records outlays for payments that 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. The Government usually makes outlays in the form of cash (currency, checks, or electronic fund transfers). However, in some cases agencies pay obligations without disbursing cash and the budget records outlays nevertheless. For example, the budget records outlays 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. (The budget also records receipts for the deductions of Federal income taxes and other payments to the Government.) The budget records outlays and an increase in debt when debt instruments (bonds, debentures, notes, or monetary credits) are used to pay obligations. For example, the budget records the acquisition of physical assets through certain types of lease-purchase arrangements as though an outlay were made for an outright purchase. Because no cash is paid up front to the nominal owner of the asset, the transaction creates a Government debt. In such cases, the cash lease payments are treated as repayments of principal and interest.

The measurement of interest varies. The budget records outlays for the interest on the public issues of Treasury debt securities as the interest accrues, not when the cash is paid. Treasury issues a kind of security that features monthly adjustments to principal for inflation and semiannual payments of interest on the inflation-adjusted principal. As with fixed-rate securities, the budget records the interest payments on these securities as outlays as the interest accrues. The monthly adjustment to principal is recorded, simultaneously, as an increase in debt outstanding and an outlay of interest. The budget normally states the interest on special issues of the Treasury debt securities held by trust funds and other Government accounts on a cash basis. When a Government account is invested 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, two trust funds in the Department of Defense, the Military Retirement Trust Fund and the Education Benefits Trust Fund, routinely have relatively large differences between purchase price and par. 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. The budget records interest as the amortization occurs.

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).

The budget records refunds of receipts that result from overpayments (such as income taxes withheld in excess of tax liabilities) as reductions of receipts, rather than as outlays. The budget records payments to taxpayers for tax credits (such as earned income tax credits) that exceed the taxpayer's tax liability as outlays.

Outlays during a fiscal year may liquidate obligations incurred in the same year or in prior years. Obligations, in turn, may be incurred against budget authority provided in the same year or against unobligated balances of budget authority provided in prior years. Outlays, therefore, flow in part from budget authority provided for the year in which the money is spent and in part from budget authority provided in prior years. 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.

As mentioned earlier, the budget classifies budget authority as discretionary or mandatory for the purposes of the BEA. This classification indicates whether appropriations acts or authorizing legislation control the amount of budget authority that is available. Outlays are classified as discretionary or mandatory according to the classification of the budget authority from which they flow. This classification of outlays measures the extent to which actual spending is controlled through the annual appropriations process. Typically, only one-third ($575 billion in 1999) of total outlays for a fiscal year are discretionary and the rest ($1,128 billion in 1999) consists of mandatory spending and net interest payments. Such a large portion of total spending is nondiscretionary because authorizing legislation determines net interest payments ($230 billion in 1999) and the spending for a few programs with large amounts of spending each year, such as Social Security ($387 billion in 1999) and Medicare ($188 billion in 1999).

Outlays for an account are stated both gross and net of any offsetting collections credited to the account, but function, agency, and Government-wide outlay totals are only stated net. (See Chapter 20, "Outlays to the Public, Net and Gross," in the *Analytical Perspectives* volume of the 2001 budget.) Total outlays for the Federal Government include both on-budget and off-budget outlays. (See the table, "Totals for the Budget and Federal Government" above.)

FEDERAL CREDIT

Some laws authorize Government agencies to make 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 loan guarantees in the budget, when the loans are disbursed, rather than the cash flows over the term of the loan, so direct loans and loan guarantees can be compared to each other and to other methods of delivering benefits, such as grants, on an equivalent basis.

The budget records the estimated long-term cost to the Government arising from direct loans and loan guarantees in ***credit program accounts.*** The cost is estimated as the present value of expected disbursements over the term of the loan less the present value of expected collections.[5] For most credit programs, as with most other kinds of programs, agencies can incur costs only if Congress has appropriated funds sufficient to cover the costs in annual appropriations acts.

When an agency disburses a direct loan or when a non-federal lender disburses a loan guaranteed by an agency, the program account outlays an amount equal to the cost to a non-budgetary ***credit financing account.*** For a few programs, the computed cost is negative, because the present value of expected collections over the term of the loan exceeds that of expected disbursements. In such cases, the financing account makes a payment to the Treasury general fund where it is recorded as an offsetting receipt in an account identified to the program. In a few cases, the receipts are earmarked in a special fund established for the program and are available for appropriation for the program.

The agencies responsible for credit programs must reestimate the cost of the outstanding direct loans and loan guarantees, normally each year. If an agency estimates the cost to have increased, the agency must make an additional outlay from the program account to the financing account. If the agency estimates the cost to have decreased, the agency must make a payment from the financing account to the program's receipt account, where it is recorded as an offsetting receipt. The Federal Credit Reform Act provides a permanent indefinite appropriation to pay the increased costs resulting from reestimates.

If the Government modifies the terms of an outstanding direct loan or loan guarantee in a way that

[5] 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.

increases the cost, as the result of a law or the exercise of administrative discretion under existing law, the agency must record an obligation in the program account for an additional amount equal to the increased cost and outlay the amount to the financing account. As with the original costs, agencies may incur modification costs only if Congress has appropriated funds to cover them. The Government may reduce costs by modifications, in which case the agency makes a payment from the financing account to the program's receipt account.

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, loan guarantee default payments, fees, and amounts recovered from disposing assets acquired as a result of defaults. Separate financing accounts record the cash flows of direct loans and of loan guarantees for programs that do both. The budget totals exclude the transactions of financing accounts because they are not a cost to the Government. Financing account transactions affect the means of financing a budget surplus or deficit (see **Credit Financing Accounts** in the next section). The budget documents display the transactions of the financing accounts, together with the related program accounts, for information and analytical purposes.

The budget continues to account for the transactions associated with direct loan obligations and loan guarantee commitments made prior to 1992 on a cash flow basis. The budget records these transactions in ***credit liquidating accounts,*** which, in most cases, are the accounts that were used for the programs prior to the enactment of the Credit Reform Act.

BUDGET DEFICIT OR SURPLUS AND MEANS OF FINANCING

When outlays exceed receipts, the difference is a deficit. The Government finances deficits by borrowing and, to a limited extent, with the other means of financing discussed under this heading. The Government's debt (debt held by the public) is approximately the cumulative amount of borrowing to finance deficits, less repayments. When receipts exceed outlays, the difference is a surplus. The Government uses surpluses to reduce debt and applies it to the means of financing. Most of the other means of financing may be either positive or negative; that is, they may increase or decrease the Government's borrowing needs or its ability to reduce the publicly held debt.

Borrowing and Debt Repayment

The budget treats borrowing and debt repayment as a means of financing, not as receipts and outlays. If borrowing were defined as receipts and debt repayment as outlays, the budget would be virtually 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 1999, the Government repaid $89 billion of debt held by the public. This was the result of a $4 billion surplus in that year. The rest of the surplus 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 1999, the debt held by the public was $3,633 billion. In addition to selling debt to the public, the Treasury Department issues debt to Government accounts, primarily trust funds that are required by law to invest in Treasury securities. Issuing and redeeming this debt does not affect the means of financing, because these transactions occur between one Government account and another and thus do not raise or use any cash for the Government as a whole. (See Chapter 12, "Federal Borrowing and Debt," in the *Analytical Perspectives* volume of the 2001 budget for a fuller discussion of this topic.)

Debt Buyback Premiums and Discounts

The Treasury Department plans to buy back outstanding U.S. notes and bonds as part of its efforts to manage efficiently the reduction of the publicly held debt. The Treasury has made no firm decisions about the timing or the amount of the buybacks at this time.

Because interest rates are now lower than the coupon rates on most of the notes and bonds that Treasury might buy, the government will have to pay a premium over the book value of these securities. However, because any new securities issued to finance these purchases would carry a lower coupon rate, these transactions would involve no net long-term cost to the taxpayer; in fact, if the liquidity of all new issues of Treasury securities is enhanced by the buybacks, as expected, total interest costs should be reduced. This raised a question about the proper budget treatment of any purchase premium.

There is no precise precedent for the budget treatment of debt buybacks, in that the Treasury has not entered into the market to buy outstanding Federal securities for cash during the past century. The buyback premium is part of the cost of borrowing money for the period in which the debt was outstanding, like a coupon interest payment. Interest payments are normally recorded as budget outlays over the period in which the debt is outstanding, but buyback premiums present special problems, in that they would be paid when the debt is repaid.

In similar past circumstances (in particular, the small amounts of unamortized original-issue discount that remained on several issues of Treasury bonds that were called), the practice has been to record any premium as interest at the time of the buyback—in the year the premium was paid in cash. However, this shows the cost at a time different from when it was incurred, and makes it appear that the buyback itself results in an additional cost to the government. It also has the effect of reducing the budget surplus, which could discourage buybacks, even though they impose no additional cost to the government. Moreover, under this accounting, the budget would record receipts if securities were bought at a discount (which would be the case when current interest rates were higher than the rates on outstanding securities). This would create a perverse incentive to buy back securities that were available at a discount to increase the recorded surplus, even though such transactions would yield no long-term gain to the government.

There are three alternatives to recording buyback premiums and discounts in the year of the buyback. Like immediate scoring, each has advantages and disadvantages—no option is perfect.

Premiums and discounts could be spread retroactively over the years when the securities were outstanding, by adjusting the historical interest outlay figures. This would reflect the cost in the period in which it was incurred, and would eliminate the perverse incentives created by recording the premiums or discounts in the year of the buyback. However, this method would record the interest cost for securities that are bought back differently from that of otherwise identical securities that remain outstanding. It would also require changes to historical data every time Treasury bought back more securities, making those data less useful and reducing their credibility.

The outlays for premiums or receipts for discounts could be amortized in future years—for example, over a period equal to the remaining lives of the securities when they were bought back. This would reduce the perverse incentives of the current treatment. However, it would record outlays for premiums or receipts for discounts much later than the period in which the costs were really incurred. It would lead future recorded interest outlays (net of receipts from discounts) to be inconsistent with the terms and amount of the debt outstanding in future years. In the extreme, the budget could show interest outlays (because of amortized premiums) after all debt had been retired.

There are many possible variations of these alternatives that would record premiums (or discounts) over shorter or longer periods in the past or the future. None of them would significantly alter the pros and cons identified above.

A third alternative is to record payments for premiums or collections for discounts not as outlays or receipts, but as a means of financing the surplus or deficit, in the year of the buyback. This is the way that borrowing and repayment of debt are treated. Under this accounting, premiums would decrease the Treasury's cash balance, and discounts would increase it, in the year of the buyback. Because the premiums or discounts would not be recorded as outlays or receipts, this would avoid the perverse incentives associated with recording outlays or receipts all in the buyback year. It would not require repeated changes to the historical data. It would not distort outlays in the current year or future years as a measure of the costs incurred in those periods. A disadvantage is that the budget would not record buyback premiums as interest outlays or buyback receipts as interest receipts in any period (though the premiums and discounts would be presented in the Budget table on the Federal debt), and thus the budget would permanently misstate the cumulative interest outlays over time.

After consulting with the Congressional Budget Office and the House and Senate Budget Committees, the Administration has concluded that, on balance, the best option is to account for buyback premiums and discounts as a means of financing (although, like all of the other options, it does have some disadvantages). However, this treatment clearly would not be appropriate for any non-financial Federal transaction. Debt buybacks would not use or transfer the control of real resources, would not change the net worth (in economic terms) of the Federal government or the private sector, and would not change net credit flows. In contrast, any government transfer payment, or any purchase of a good or service, would so allocate Federal resources, and so must be recorded as a budgetary outlay. Most Federal financial transactions, including the payment of coupon interest on outstanding securities and the subsidy conveyed by direct loans and loan guarantees, also impose a cost on the government and allocate resources, and therefore must also be recorded as outlays. This is so even though a government purchase might be deemed to have long-term benefits for the Nation (in fact, *all* government purchases are deemed to be beneficial), or might be undertaken under a legal obligation (such as the payment of coupon interest on outstanding Treasury bonds, notes or bills).

The Treasury will begin conducting debt buybacks in the next few months, and expects to conduct several such operations in the first half of calendar year 2000. Based on the results of these first operations, the Treasury expects to develop a plan for debt buybacks as a part of its ongoing cash- and debt-management operations. Because it is impossible to develop a firm plan prior to completion of the initial operations, this budget includes no estimate of future buyback premiums. When the buybacks do occur, future budgets will record any premium payments or discount collections as a means of financing, and will present them in a separate entry in the tables on the Federal debt that show the means of financing.

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 adds to the Government's cash balance, but unlike the payment of taxes or other receipts, it does not involve a transfer of financial assets from the public. Instead, it arises from the exercise of the Government's power to create money. Therefore, the budget excludes seigniorage from receipts and treats it as a means of financing other than borrowing from the public. The budget treats profits resulting from the sale of gold 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 budget records the net cash flows of credit programs 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 are therefore a means of financing other than borrowing from the public. Like outlays, they may be either positive or negative.

The net financing disbursements result partly from intragovernmental transactions with budgetary accounts (the receipt of subsidy payments and the receipt or payment of interest) and partly from transactions with the public (disbursement and repayment of loans, receipt of interest and fees, payment of default claims, etc.). An intragovernmental transaction affects the deficit or surplus and the means of financing in equal amounts but with opposite signs, so they have no combined effect on Treasury borrowing from the public. On the other hand, financing account disbursements to the public increase the requirement for Treasury borrowing in the same way as an increase in budget outlays. Financing account receipts from the public can be used to finance the payment of the Government's obligations and therefore reduce the requirement for Treasury borrowing from the public in the same way as an increase in budget receipts.

Deposit Fund Account Balances

The Treasury uses deposit funds, which are nonbudgetary accounts, 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 not yet paid to the State or local 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 a means of financing 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.

Exchanges with the International Monetary Fund

Under the terms of its participation in the IMF, the U.S. transfers dollars to the IMF and receives Special Drawing Rights in return. The SDR's are interest-bearing monetary assets and may be exchanged for foreign currency at any time. These transfers are like bank deposits and withdrawals. Following a recommendation of the 1967 President's Commission on Budget Concepts, the budget excludes these transfers from budget outlays or receipts. The budget does record interest paid by the IMF on U.S. deposits (as an offsetting collection). It also records outlays for foreign currency exchanges to the extent there is a realized loss in dollars terms and offsetting collections to the extent there is a realized gain in dollar terms.

FEDERAL EMPLOYMENT

The budget includes information on civilian and military employment and personnel compensation and benefits. It also compares the Federal workforce, State and local government workforces, and the United States population. The budget provides two different measures of Federal employment levels—actual positions filled and full-time equivalents (FTE). One FTE equals 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 2001 budget provides more information on this subject.)

TOTAL FEDERAL EMPLOYMENT

	1999 actual	2000 estimated	2001 estimated	Percent change 1999 to 2000
Total FTE's	4,113,481	4,182,925	4,086,227	–0.7
Federal Executive Branch civilian employees per 1000 U.S. population	9.7	9.8	9.4	–3.1

BASIS FOR BUDGET FIGURES

Data for the Past Year

The past year column (1999) 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 (2000) 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 (2001) includes estimates of transactions and balances based on the amounts of budgetary resources that are estimated to be available, including new budget authority requested under current authorizing legislation, and amounts estimated to result from changes in authorizing legislation and tax laws. The budget *Appendix* generally includes the appropriations language for the amounts proposed to be appropriated under current authorizing legislation. In a few cases, this language is transmitted later because the exact requirements are unknown when the budget is transmitted. The *Appendix* generally does not include appropriations language for the amounts that will be requested under proposed legislation; that language is usually transmitted later, after the legislation is enacted. Some tables in the budget identify the items for later transmittal and the related outlays separately. Estimates of the total requirements for the budget year include both the amounts requested with the transmittal of the budget and the amounts planned for later transmittal.

Data for the Outyears

The budget presents estimates for each of the four years beyond the budget year (2002 through 2005) in order to reflect the effect of budget decisions on longer term objectives and plans.

Allowances

The budget may include lump-sum allowances to cover certain transactions that are expected to increase or decrease budget authority, outlays, or receipts but are not, for various reasons, reflected in the program details. For example, the budget might include an allowance to show the effect on the budget totals of a proposal that would actually affect many accounts by relatively small amounts, in order to avoid unnecessary detail in the presentations for the individual accounts. Congress does not enact the allowances as such.

Baseline

The budget baseline is an estimate of the receipts, outlays, and deficits or surplus that would result from continuing current law through the period covered by the budget. The baseline assumes that receipts and mandatory spending, which generally are authorized on a permanent basis, will continue in the future as required by current law. The baseline assumes that the future funding for discretionary programs, which generally are funded annually, will equal the most recently enacted appropriation, adjusted 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 14, "Current Services Estimates," in the *Analytical Perspectives* volume of the 2001 budget provides more information on the baseline.)

The baseline serves several useful for purposes:

- It may warn of future problems, either for Government fiscal policy as a whole or for individual tax and spending programs; or it may show the resources available for future use to reduce the publicly held debt, increase spending programs, or cut taxes.
- It provides a starting point for formulating the President's budget.
- It provides a "policy-neutral" benchmark against which the President's budget and alternative proposals can be compared to assess the magnitude of proposed changes.
- OMB uses it, under the BEA, to determine how much will be sequestered from each account and the level of funding remaining after sequestration.

PRINCIPAL BUDGET LAWS

The following basic laws govern the Federal budget process:

- ***Article 1, section 8, clause 1 of the Constitution,*** which empowers the Congress to collect taxes.
- ***Article 1, section 9, clause 7 of the Constitution,*** which requires appropriations in law before money may be spent from the Treasury.
- ***Antideficiency Act (codified in Chapters 13 and 15 of Title 31, United States Code),*** which prescribes rules and procedures for budget execution.
- ***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)*** significantly amended key laws pertaining to the budget process, including the Congressional Budget Act and the Balanced Budget and Emergency Deficit Control Act. The Budget Enforcement Act of 1997 (Title X, Public Law 105–33) extended the BEA requirements through 2002 (2006 in part) and altered some of the requirements. The requirements generally referred to as BEA requirements (discretionary spending limits, pay-as-you-go, sequestration, etc.) are part of the Balanced Budget and Emergency Deficit Control Act.
- ***Federal Credit Reform Act of 1990 (as amended by the Budget Enforcement Act of 1997),*** a part of the Budget Enforcement Act of 1990, which amended the Congressional Budget Act to prescribe the budget treatment for Federal credit programs.
- ***Government Performance and Results Act of 1993,*** which emphasizes managing for results. It requires agencies to prepare strategic plans, annual performance plans, and annual performance reports.

GLOSSARY OF BUDGET TERMS

Agency means a department or establishment of the Government.

Allowance means a lump-sum included in the budget to represent 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.

Balances of budget authority means the amounts of budget authority provided in previous years that have not been outlayed.

Baseline means an estimate of the receipts, outlays, and deficit or surplus that would result from continuing current law through the period covered by the budget.

Budget means the Budget of the United States Government, which sets forth the President's comprehensive financial plan for allocating resources and indicates the President's priorities for the Federal Government.

Budget authority (BA) means the authority provided by law to incur financial obligations that will result in outlays. (For a description of the several forms of budget authority, see Budget Authority and Other Budgetary Resources earlier in this chapter.)

Budget totals mean the totals included in the budget 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. The off-budget totals reflect the transactions of Government entities that are excluded from the on-budget totals by law. Under current law, the off-budget totals include the Social Security trust funds (Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds) and the Postal Service Fund. The budget combines the on- and off-budget totals to derive unified or consolidated totals for Federal activity.

Budgetary resources mean amounts available to incur obligations in a given year. The term comprises new budget authority and unobligated balances of budget authority provided in previous years.

Cap means the legal limits on the budget authority and outlays for each fiscal year provided by discretionary appropriations.

Cash equivalent transaction means a transaction in which the Government makes outlays or receives collections in a form other than cash. (For a examples, see the section on Outlays earlier in this chapter.)

Credit program account means a budget account that receives and obligates appropriations to cover the subsidy cost of a direct loan or loan guarantee and disburses the subsidy cost to a financing account.

Deficit means the amount by which outlays exceed receipts in a fiscal year. It may refer to the on-budget, off-budget, or unified budget deficit.

Direct loan means 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 as well as financing arrangements for other transactions that defer payment for more than 90 days. It also includes loans financed by the Federal Financing Bank (FFB) pursuant to agency loan guarantee authority. The term does not include the acquisition of a federally guaranteed loan in satisfaction of default or other guarantee claims or the price support loans of the Commodity Credit Corporation. (Cf. loan guarantee.)

Direct spending—See *mandatory spending.*

Discretionary appropriations means budgetary resources (except those provided to fund mandatory spending programs) provided in appropriations acts. (Cf. mandatory spending.)

Emergency appropriation means an appropriation 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 mandatory.

Federal funds group refers to 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 means a non-budgetary account (its transactions are excluded from the budget totals) that records all of the cash flows resulting from post-1991 direct loan obligations or loan guarantee commitments. 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. (Cf. liquidating account.)

Fiscal year means 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.

General fund means the accounts for receipts not earmarked by law for a specific purpose, the proceeds of general borrowing, and the expenditure of these moneys.

Liquidating account means a budget account that records all cash flows to and from the Government resulting from pre-1992 direct loan obligations or loan guarantee commitments. (Cf. financing account.)

Loan guarantee means 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, exept for the insurance of deposits, shares, or other withdrawable accounts in financial institutions. (Cf. direct loan.)

Mandatory spending means spending controlled by laws other than appropriations acts (including spending for entitlement programs) and spending for the food stamp program. Although the Budget Enforcement Act use the term direct spending to mean this, mandatory spending is commonly used instead. (Cf. discretionary appropriations.)

Intragovernmental fund—see *revolving fund.*

Obligated balance means the cumulative amount of budget authority that has been obligated but not yet outlayed. (Cf. unobligated balance.)

Obligation means a 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 mean collections that are deducted from gross budget authority and outlays, rather than added to receipts, and, by law, are credited directly to expenditure accounts. Usually, they may be spent for the purposes of the account without further action by Congress. They result from business-type or market-oriented activities with the public and other Government accounts. (Cf. receipts and offsetting receipts.)

Offsetting receipts mean collections that are deducted from gross budget authority and outlays, rather than added to receipts, and are not authorized to be credited to expenditure accounts. Instead, they are credited to offsetting receipt accounts. The legislation that authorizes the offsetting receipts may require them to be appropriated in annual appropriation acts before they can be spent. Like offsetting collections, they result from business-type or market-oriented activities with the public and other Government accounts. (Cf. receipts and offsetting collections.)

On-budget—See *budget totals.*

Outlay means a payment to liquidate an obligation (other than the repayment of debt). Outlays are the measure of Government spending. Except where they are labeled as gross, they are stated net of any related refunds and offsetting collections or receipts. Outlays generally are equal to cash disbursements but also are recorded for cash-equivalent transactions, such as the subsidy cost of direct loans and loan guarantees, and interest accrued on public issues of public debt.

Pay-as-you-go (PAYGO) means the requirements of the Budget Enforcement Act that result in a sequestration if the estimated combined result of legislation affecting mandatory spending or receipts is a net cost for a fiscal year.

Outyear estimates means estimates presented in the budget for the years beyond the budget year (usually four) of budget authority, outlays, receipts, and other items (such as debt).

Public enterprise fund—See *revolving fund.*

Receipt means a collection that results from the Government's exercise of its sovereign power to tax or otherwise compel payment and gifts of money to the Government. They are compared to outlays in calculating a surplus or deficit. (Cf. offsetting collections and offsetting receipts.)

Revolving fund means a fund that conducts continuing cycles of business-like activity, in which the fund charges for the sale of products or services and uses the proceeds to finance its spending, usually without requirement for annual appropriations. There are two types of revolving funds: Public enterprise funds, which conduct business-like operations mainly with the public, and intragovernmental revolving funds, which conduct business-like operations mainly within and between Government agencies.

Scorekeeping means measuring the budget effects of legislation, generally in terms of budget authority, receipts, and outlays for purposes of the Budget Enforcement Act.

Sequestration means the cancellation of budgetary resources provided by discretionary appropriations or mandatory spending legislation, following various procedures prescribed by the Budget Enforcement Act. A sequestration may occur in response to a discretionary appropriation that causes discretionary spending to exceed the discretionary spending caps or in response to net costs resulting from the combined result of legislation affecting mandatory spending or receipts (referred to as a "pay-as-you-go" sequestration).

Special fund means a Federal fund accounts for receipts earmarked for specific purposes and for the expenditure of these receipts. (Cf. trust fund.)

Subsidy means the same as cost when it is used in connection with Federal credit programs.

Surplus means the amount by which receipts exceed outlays.

Supplemental appropriation means an appropriation 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 fund refers to a type of account, designated by law as a trust fund, for receipts earmarked for specific purposes and the expenditure of these receipts. Some revolving funds are designated as trust funds, and these are called trust revolving funds. (Cf. special fund and revolving fund.) Trust funds group refers to the moneys collected and spent by the Government through trust fund accounts. (Cf., *Federal funds group.)*

Unobligated balance means the cumulative amount of budget authority that is not obligated and that remains available for obligation under law.

User fee means a fee, charge, and assessment levied on a class directly benefiting from, or subject to regulation by, a Government program or activity, to be utilized solely to support the program or activity.

25. 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.

25. FEDERAL PROGRAMS BY AGENCY AND ACCOUNT

LEGISLATIVE BRANCH

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Senate									
Federal funds									
General and Special Funds:									
Compensation of members, Senate:									
Appropriation, mandatory	801	BA	**18**	**18**	**18**	**18**	**18**	**18**	**18**
Outlays		O	17	18	18	18	18	18	18
Salaries, officers and employees:									
Appropriation, discretionary	801	BA	**81**	**90**	**93**	**93**	**93**	**93**	**93**
Outlays		O	78	90	93	93	93	93	93
Office of the Legislative Counsel of the Senate:									
Appropriation, discretionary	801	BA	**4**	**4**	**4**	**4**	**4**	**4**	**4**
Outlays		O	3	4	4	4	4	4	4
Inquiries and investigations:									
Appropriation, discretionary	801	BA	**67**	**72**	**74**	**74**	**74**	**74**	**74**
Outlays		O	62	72	74	74	74	74	74
Miscellaneous items:									
Appropriation, discretionary	801	BA	**9**	**9**	**9**	**9**	**9**	**9**	**9**
Outlays		O	6	9	9	9	9	9	9
Senators' official personnel and office expense account:									
Appropriation, discretionary	801	BA	**229**	**244**	**273**	**273**	**273**	**273**	**273**
Outlays		O	229	244	273	273	273	273	273
Secretary of the Senate:									
Appropriation, discretionary	801	BA	**3**	**2**	**2**	**2**	**2**	**2**	**2**
Outlays		O	7	2	2	2	2	2	2
Sergeant at Arms and Doorkeeper of the Senate:									
Appropriation, discretionary	801	BA	**72**	**66**	**101**	**101**	**101**	**101**	**101**
Outlays		O	76	66	101	101	101	101	101
Official mail costs:									
Outlays	801	O	2	....	....	....	....	....	....
Congressional use of foreign currency, Senate:									
Appropriation, mandatory	801	BA	**2**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	2	1	1	1	1	1	1
Senate items:									
Appropriation, discretionary	801	BA	**1**	**2**	**2**	**2**	**2**	**2**	**2**
Outlays		O	1	2	2	2	2	2	2
Public Enterprise Funds:									
Senate revolving funds:									
Spending authority from offsetting collections, mandatory	801	BA	....	....	**2**	**2**	**2**	**2**	**2**
Outlays		O	....	....	2	2	2	2	2
Senate revolving funds (gross)		BA	....	....	**2**	**2**	**2**	**2**	**2**
		O	....	....	2	2	2	2	2
Total, offsetting collections			....	....	–2	–2	–2	–2	–2
Total Senate revolving funds (net)		BA	....	....	....	....	....	....	....
		O	....	....	....	....	....	....	....
Total Federal funds Senate		BA	**486**	**508**	**577**	**577**	**577**	**577**	**577**
		O	483	508	577	577	577	577	577
House of Representatives									
Federal funds									
General and Special Funds:									
Compensation of Members and related administrative expenses:									
Appropriation, mandatory	801	BA	**76**	**77**	**78**	**78**	**79**	**79**	**80**
Outlays		O	76	77	78	78	79	79	80
Salaries and expenses:									
Appropriation, discretionary	801	BA	**740**	**758**	**799**	**801**	**801**	**801**	**801**
Outlays		O	717	760	798	801	801	801	801

LEGISLATIVE BRANCH—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Congressional use of foreign currency, House of Representatives:									
Appropriation, mandatory	801	BA	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Outlays		O	2	2	2	2	2	2	2
Total Federal funds House of Representatives		BA	**818**	**837**	**879**	**881**	**882**	**882**	**883**
		O	795	839	878	881	882	882	883
Joint Items									
Federal funds									
General and Special Funds:									
Capitol guide service and special services office:									
Appropriation, discretionary	801	BA	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Outlays		O	2	2	2	2	2	2	2
Joint Economic Committee:									
Appropriation, discretionary	801	BA	**3**	**3**	**3**	**3**	**3**	**3**	**3**
Outlays		O	2	3	3	3	3	3	3
Joint Committee on Taxation:									
Appropriation, discretionary	801	BA	**6**	**6**	**7**	**7**	**7**	**7**	**7**
Outlays		O	6	6	7	7	7	7	7
Office of the Attending Physician:									
Appropriation, discretionary	801	BA	**1**	**2**	**2**	**2**	**2**	**2**	**2**
Outlays		O	1	2	2	2	2	2	2
General expenses, Capitol police:									
Appropriation, discretionary	801	BA	**6**	**7**	**10**	**9**	**9**	**9**	**9**
Outlays		O	7	7	10	9	9	9	9
Security enhancements:									
Appropriation, discretionary	801	BA	**93**	....	....	....	....	....	....
Outlays		O	....	51	29	....	....	....	....
Salaries, Capitol Police:									
Appropriation, discretionary	801	BA	**86**	**79**	**101**	**76**	**76**	**76**	**76**
Outlays		O	83	77	100	77	76	76	76
United States capitol police memorial fund:									
Appropriation, mandatory	801	BA	**1**	....	....	....	....	....	....
Outlays		O	1	....	....	....	....	....	....
Total Federal funds Joint Items		BA	**198**	**99**	**125**	**99**	**99**	**99**	**99**
		O	102	148	153	100	99	99	99
Office of Compliance									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	801	BA	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Outlays		O	2	2	2	2	2	2	2
Congressional Budget Office									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	801	BA	**26**	**26**	**28**	**30**	**31**	**32**	**33**
Outlays		O	24	27	29	30	31	32	33
Architect of the Capitol									
Federal funds									
General and Special Funds:									
Capitol buildings, salaries and expenses:									
Appropriation, discretionary	801	BA	**45**	**47**	**60**	**50**	**50**	**50**	**50**
Outlays		O	40	62	61	52	51	51	51
Capitol grounds:									
Appropriation, discretionary	801	BA	**6**	**5**	**6**	**6**	**6**	**6**	**6**
Outlays		O	5	15	13	6	6	6	6
Congressional cemetery:									
Appropriation, discretionary	801	BA	**1**	....	....	....	....	....	....
Outlays		O	1	....	....	....	....	....	....

LEGISLATIVE BRANCH—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Senate office buildings:									
Appropriation, discretionary	801	BA	**54**	**64**	**67**	**67**	**67**	**67**	**67**
Outlays		O	51	66	57	67	67	67	67
House office buildings:									
Appropriation, discretionary	801	BA	**48**	**37**	**53**	**40**	**40**	**40**	**40**
Outlays		O	31	55	55	42	40	40	40
Capitol power plant:									
Appropriation, discretionary	801	BA	**38**	**38**	**41**	**41**	**41**	**41**	**41**
Spending authority from offsetting collections, discretionary		BA	**4**	**4**	**4**	**4**	**4**	**4**	**4**
Outlays		O	36	44	46	45	45	45	45
Capitol power plant (gross)		BA	**42**	**42**	**45**	**45**	**45**	**45**	**45**
		O	36	44	46	45	45	45	45
Total, offsetting collections			–4	–4	–4	–4	–4	–4	–4
Total Capitol power plant (net)		BA	**38**	**38**	**41**	**41**	**41**	**41**	**41**
		O	32	40	42	41	41	41	41
Library buildings and grounds, structural and mechanical care:									
Appropriation, discretionary	801	BA	**15**	**16**	**20**	**17**	**17**	**17**	**17**
Outlays		O	11	26	21	18	17	17	17
Capitol visitor center:									
Appropriation, discretionary	801	BA	**100**						
Outlays		O		10	21				
Intragovernmental Funds:									
Judiciary office building development and operations fund:									
Spending authority from offsetting collections, mandatory	801	BA	**21**	**21**	**21**	**21**	**21**	**21**	**21**
Outlays		O	21	21	21	21	21	21	21
Judiciary office building development and operations fund (gross)		BA	**21**	**21**	**21**	**21**	**21**	**21**	**21**
		O	21	21	21	21	21	21	21
Total, offsetting collections			–23	–23	–23	–24	–24	–24	–24
Total Judiciary office building development and operations fund (net)		BA	**–2**	**–2**	**–2**	**–3**	**–3**	**–3**	**–3**
		O	–2	–2	–2	–3	–3	–3	–3
Trust funds									
Gifts and donations:									
Appropriation, mandatory	801	BA				**1**	**3**		
Outlays		O				1	3		
Total Federal funds Architect of the Capitol		BA	**305**	**205**	**245**	**218**	**218**	**218**	**218**
		O	169	272	268	223	219	219	219
Total Trust funds Architect of the Capitol		BA				**1**	**3**		
		O				1	3		

Botanic Garden

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	801	BA	**3**	**3**	**5**	**5**	**5**	**5**	**5**
Outlays		O	9	19	18	5	5	5	5
Trust funds									
Gifts and donations:									
Appropriation, mandatory	801	BA		**6**	**2**				
Outlays		O		6	2				

Library of Congress

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	503	BA	**245**	**249**	**285**	**298**	**308**	**317**	**328**
Spending authority from offsetting collections, discretionary		BA	**65**	**93**	**87**	**87**	**87**	**87**	**87**

LEGISLATIVE BRANCH—Continued

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Outlays		O	301	316	355	372	381	391	401
Salaries and expenses (gross)		BA	**310**	**342**	**372**	**385**	**395**	**404**	**415**
		O	301	316	355	372	381	391	401
Change in receivables and unpaid, unfilled orders		BA	**1**						
Total, offsetting collections			–66	–93	–87	–87	–87	–87	–87
Total Salaries and expenses (net)		BA	**245**	**249**	**285**	**298**	**308**	**317**	**328**
		O	235	223	268	285	294	304	314
Copyright Office: Salaries and expenses:									
Appropriation, discretionary	376	BA	**14**	**11**	**12**	**12**	**13**	**14**	**14**
Spending authority from offsetting collections, discretionary		BA	**19**	**26**	**27**	**27**	**27**	**27**	**27**
Outlays		O	31	33	36	36	37	38	38
Copyright Office (gross)		BA	**33**	**37**	**39**	**39**	**40**	**41**	**41**
		O	31	33	36	36	37	38	38
Total, offsetting collections			–19	–26	–27	–27	–27	–27	–27
Total Copyright Office (net)		BA	**14**	**11**	**12**	**12**	**13**	**14**	**14**
		O	12	7	9	9	10	11	11
Congressional Research Service: Salaries and expenses:									
Appropriation, discretionary	801	BA	**67**	**71**	**76**	**80**	**84**	**88**	**92**
Outlays		O	67	70	75	79	84	87	91
Books for the blind and physically handicapped: Salaries and expenses:									
Appropriation, discretionary	503	BA	**47**	**48**	**49**	**50**	**51**	**52**	**53**
Outlays		O	45	45	47	48	49	50	51
Furniture and furnishings:									
Appropriation, discretionary	503	BA	**4**	**5**	**6**	**6**	**6**	**6**	**6**
Outlays		O	4	4	5	6	6	6	6
Payments to copyright owners:									
Appropriation, mandatory	376	BA	**243**	**180**	**212**	**212**	**232**	**255**	**240**
Outlays		O	174	455	89	268	147	115	246
Public Enterprise Funds:									
Cooperative acquisitions program revolving fund:									
Spending authority from offsetting collections, discretionary	503	BA	**2**	**2**	**3**	**3**	**3**	**3**	**4**
Outlays		O	2	2	3	3	3	3	3
Cooperative acquisitions program revolving fund (gross)		BA	**2**	**2**	**3**	**3**	**3**	**3**	**4**
		O	2	2	3	3	3	3	3
Total, offsetting collections			–2	–2	–3	–3	–3	–3	–4
Total Cooperative acquisitions program revolving fund (net)		BA							
		O							–1
Trust funds									
Gift and trust fund accounts:									
Appropriation, mandatory	503	BA	**31**	**52**	**50**	**26**	**26**	**26**	**27**
Outlays		O	26	47	50	29	26	26	27
Total Federal funds Library of Congress		BA	**620**	**564**	**640**	**658**	**694**	**732**	**733**
		O	537	804	493	695	590	573	718
Total Trust funds Library of Congress		BA	**31**	**52**	**50**	**26**	**26**	**26**	**27**
		O	26	47	50	29	26	26	27

Government Printing Office

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Congressional printing and binding:									
Appropriation, discretionary	801	BA	**74**	**73**	**81**	**81**	**81**	**81**	**81**
Outlays		O	77	77	80	80	80	81	81
Office of Superintendent of Documents: Salaries and expenses:									
Appropriation, discretionary	808	BA	**29**	**30**	**34**	**34**	**34**	**34**	**34**
Outlays		O	31	31	31	35	35	34	34

LEGISLATIVE BRANCH—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Intragovernmental Funds:									
Government Printing Office revolving fund:									
Appropriation, discretionary	808	BA	**3**	...	**6**	...	...	...	...
Spending authority from offsetting collections, mandatory		BA	**806**	**813**	**776**	**842**	**859**	**876**	**894**
Outlays		O	759	822	776	844	838	870	911
Government Printing Office revolving fund (gross)		BA	**809**	**813**	**782**	**842**	**859**	**876**	**894**
		O	759	822	776	844	838	870	911
Change in receivables and unpaid, unfilled orders		BA	**–36**	**–20**	**–15**	**10**	**–14**	**–9**	**8**
Total, offsetting collections			–770	–793	–761	–852	–845	–867	–902
Total Government Printing Office revolving fund (net)		BA	**3**	...	**6**	...	...	...	...
		O	–11	29	15	–8	–7	3	9
Total Federal funds Government Printing Office		BA	**106**	**103**	**121**	**115**	**115**	**115**	**115**
		O	97	137	126	107	108	118	124

General Accounting Office

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	801	BA	**356**	**378**	**400**	**393**	**401**	**409**	**417**
Spending authority from offsetting collections, discretionary		BA	**12**	**2**	**3**	**2**	**2**	**2**	**2**
Outlays		O	369	377	427	395	403	411	418
Salaries and expenses (gross)		BA	**368**	**380**	**403**	**395**	**403**	**411**	**419**
		O	369	377	427	395	403	411	418
Change in receivables and unpaid, unfilled orders		BA	**–1**	**–1**	...	...	...	...	...
Total, offsetting collections			–9	–1	–3	–2	–2	–2	–2
Total Salaries and expenses (net)		BA	**358**	**378**	**400**	**393**	**401**	**409**	**417**
		O	360	376	424	393	401	409	416

United States Tax Court

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	752	BA	**33**	**35**	**37**	**50**	**52**	**53**	**54**
Outlays		O	33	31	37	48	52	53	54

Other Legislative Branch Agencies

Legislative Branch Boards and Commissions

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
National Bipartisan Commission on the Future of Medicare:									
Spending authority from offsetting collections, discretionary	571	BA	**1**	...	...	...	...	...	...
Outlays		O	1	...	...	...	...	...	...
National Bipartisan Commission on the Future of Medicare (gross)		BA	**1**	...	...	...	...	...	...
		O	1	...	...	...	...	...	...
Total, offsetting collections			–1	...	...	...	...	...	...
Total National Bipartisan Commission on the Future of Medicare (net)		BA	...	...	...	...	...	...	...
		O	...	...	...	...	...	...	...
Medicare Payment Advisory Commission (Medicare):									
(Spending authority from offsetting collections, discretionary)	571	BA	**7**	**7**	**8**	**8**	**8**	**8**	**8**
(Outlays)		O	6	7	8	8	8	8	8
Medicare Payment Advisory Commission (gross)		BA	**7**	**7**	**8**	**8**	**8**	**8**	**8**
		O	6	7	8	8	8	8	8

LEGISLATIVE BRANCH—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–7	–7	–8	–8	–8	–8	–8
Total (Medicare) (net)		BA	....	....	....	....	....	....	....
		O	–1	....	....	....	....	....	....
Total Medicare Payment Advisory Commission		BA	....	....	....	....	....	....	....
		O	–1	....	....	....	....	....	....
Census monitoring board:									
Appropriation, discretionary	376	BA	**4**	**4**	**4**	**4**	**4**	**4**	**4**
Outlays		O	4	4	5	4	4	4	4
United States Commission on International Religious Freedom:									
Appropriation, discretionary	801	BA	**3**	....	**3**	**3**	**3**	**3**	**3**
Outlays		O	....	3	3	3	3	3	3
Gambling Impact Study Commission:									
Outlays	801	O	3	....	....	....	....	....	....
Other Legislative Branch Boards and Commissions									
(Other advancement of commerce):									
(Appropriation, discretionary)	376	BA	....	**1**	....	....	....	....	....
(Outlays)		O	....	1	....	....	....	....	....
(Legislative functions):									
(Appropriation, discretionary)	801	BA	**2**	**1**	**1**	....	....	....	....
(Outlays)		O	1	1	2	....	....	....	....
(Other general government):									
(Appropriation, discretionary)	808	BA	**2**	....	....	....	....	....	....
(Outlays)		O	2	....	....	....	....	....	....
Total Other Legislative Branch Boards and Commissions		BA	**4**	**2**	**1**	....	....	....	....
		O	3	2	2	....	....	....	....
Trust funds									
U.S. Capitol preservation commission:									
Appropriation, mandatory	801	BA	**1**	**1**	**8**	**8**	**2**	....	....
Outlays		O	....	....	....	....	....	44	....
John C. Stennis Center for Public Service Development trust fund:									
Appropriation, mandatory	801	BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	1	1	1	1	1	1	1
Total Federal funds Legislative Branch Boards and Commissions		BA	**11**	**6**	**8**	**7**	**7**	**7**	**7**
		O	9	9	10	7	7	7	7
Total Trust funds Legislative Branch Boards and Commissions		BA	**2**	**2**	**9**	**9**	**3**	**1**	**1**
		O	1	1	1	1	1	45	1
Summary									
Federal funds:									
(As shown in detail above)		BA	**2,966**	**2,766**	**3,067**	**3,035**	**3,083**	**3,131**	**3,143**
		O	2,620	3,172	3,015	3,068	2,973	2,976	3,137
Deductions for offsetting receipts:									
Intrafund transactions	908	BA/O	*–28*	*–21*	*–38*	*–24*	*–28*	*–34*	*–33*
Total Federal funds		BA	**2,938**	**2,745**	**3,029**	**3,011**	**3,055**	**3,097**	**3,110**
		O	2,592	3,151	2,977	3,044	2,945	2,942	3,104
Trust funds:									
(As shown in detail above)		BA	**33**	**60**	**61**	**36**	**32**	**27**	**28**
		O	27	54	53	31	30	71	28
Deductions for offsetting receipts:									
Proprietary receipts from the public	503	BA/O	*–8*	*–8*	*–8*	*–8*	*–9*	*–9*	*–9*
	908	BA/O	*–2*	....	....	....	....	....	....
Total Trust funds		BA	**23**	**52**	**53**	**28**	**23**	**18**	**19**
		O	17	46	45	23	21	62	19
Total Legislative Branch		BA	**2,961**	**2,797**	**3,082**	**3,039**	**3,078**	**3,115**	**3,129**
		O	2,609	3,197	3,022	3,067	2,966	3,004	3,123

JUDICIAL BRANCH

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Supreme Court of the United States									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	752	BA	**29**	**34**	**36**	**37**	**37**	**37**	**37**
Appropriation, mandatory		BA	**2**	**2**	**2**	**2**	**2**	**2**	**3**
Outlays		O	29	35	36	36	38	39	41
Total Salaries and expenses		BA	**31**	**36**	**38**	**39**	**39**	**39**	**40**
		O	29	35	36	36	38	39	41
Care of the building and grounds:									
Appropriation, discretionary	752	BA	**5**	**8**	**8**	**7**	**7**	**7**	**7**
Outlays		O	4	7	7	7	7	7	7
Total Federal funds Supreme Court of the United States		BA	**36**	**44**	**46**	**46**	**46**	**46**	**47**
		O	33	42	43	43	45	46	48
United States Court of Appeals for the Federal Circuit									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	752	BA	**14**	**15**	**17**	**17**	**17**	**17**	**17**
Appropriation, mandatory		BA	**2**	**2**	**3**	**3**	**3**	**3**	**3**
Outlays		O	16	16	18	19	19	19	19
Total Salaries and expenses		BA	**16**	**17**	**20**	**20**	**20**	**20**	**20**
		O	16	16	18	19	19	19	19
United States Court of International Trade									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	752	BA	**10**	**10**	**11**	**11**	**11**	**11**	**11**
Appropriation, mandatory		BA	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Outlays		O	12	12	13	13	13	13	13
Total Salaries and expenses		BA	**12**	**12**	**13**	**13**	**13**	**13**	**13**
		O	12	12	13	13	13	13	13
Courts of Appeals, District Courts, and other Judicial Services									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	752	BA	**2,600**	**2,736**	**3,251**	**3,350**	**3,453**	**3,559**	**3,669**
Appropriation, mandatory		BA	**223**	**236**	**248**	**258**	**268**	**278**	**289**
Spending authority from offsetting collections, discretionary		BA	**280**	**418**	**213**	**213**	**213**	**213**	**213**
Outlays		O	3,171	3,397	3,703	3,817	3,930	4,046	4,167
Salaries and expenses (gross)		BA	**3,103**	**3,390**	**3,712**	**3,821**	**3,934**	**4,050**	**4,171**
		O	3,171	3,397	3,703	3,817	3,930	4,046	4,167
Total, offsetting collections			–280	–418	–213	–213	–213	–213	–213
Total Salaries and expenses (net)		BA	**2,823**	**2,972**	**3,499**	**3,608**	**3,721**	**3,837**	**3,958**
		O	2,891	2,979	3,490	3,604	3,717	3,833	3,954
Defender services:									
Appropriation, discretionary	752	BA	**361**	**349**	**440**	**452**	**465**	**477**	**490**
Spending authority from offsetting collections, discretionary		BA	**31**	**26**					
Outlays		O	361	406	442	452	464	477	489
Defender services (gross)		BA	**392**	**375**	**440**	**452**	**465**	**477**	**490**
		O	361	406	442	452	464	477	489

JUDICIAL BRANCH—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–31	–26					
Total Defender services (net)		BA	**361**	**349**	**440**	**452**	**465**	**477**	**490**
		O	330	380	442	452	464	477	489
Fees of jurors and commissioners:									
Appropriation, discretionary	752	BA	**67**	**54**	**61**	**63**	**65**	**67**	**69**
Outlays		O	61	63	61	63	65	67	69
Court security:									
Appropriation, discretionary	752	BA	**175**	**193**	**215**	**220**	**224**	**229**	**234**
Spending authority from offsetting collections, discretionary		BA	**3**						
Outlays		O	177	189	209	219	223	228	233
Court security (gross)		BA	**178**	**193**	**215**	**220**	**224**	**229**	**234**
		O	177	189	209	219	223	228	233
Total, offsetting collections			–3						
Total Court security (net)		BA	**175**	**193**	**215**	**220**	**224**	**229**	**234**
		O	174	189	209	219	223	228	233
Judiciary filing fees:									
Appropriation, mandatory	752	BA	**107**	**109**	**114**	**114**	**114**	**114**	**114**
Outlays		O	115	364	145	114	114	114	114
Registry administration:									
Appropriation, mandatory	752	BA	**3**	**3**	**3**	**3**	**3**	**3**	**3**
Outlays		O	3	3	3	3	3	3	3
Judiciary information technology fund:									
Appropriation, discretionary	752	BA	**13**						
Appropriation, mandatory		BA	**228**	**176**	**217**	**222**	**227**	**234**	**239**
Outlays		O	233	214	227	230	225	231	237
Total Judiciary information technology fund		BA	**241**	**176**	**217**	**222**	**227**	**234**	**239**
		O	233	214	227	230	225	231	237
Total Federal funds Courts of Appeals, District Courts, and other Judicial Services		BA	**3,777**	**3,856**	**4,549**	**4,682**	**4,819**	**4,961**	**5,107**
		O	3,807	4,192	4,577	4,685	4,811	4,953	5,099

Administrative Office of the United States Courts

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	752	BA	**55**	**55**	**61**	**63**	**66**	**68**	**70**
Spending authority from offsetting collections, discretionary		BA	**38**	**42**	**44**	**39**	**40**	**41**	**42**
Outlays		O	93	97	105	102	106	109	112
Salaries and expenses (gross)		BA	**93**	**97**	**105**	**102**	**106**	**109**	**112**
		O	93	97	105	102	106	109	112
Total, offsetting collections			–38	–42	–44	–39	–40	–41	–42
Total Salaries and expenses (net)		BA	**55**	**55**	**61**	**63**	**66**	**68**	**70**
		O	55	55	61	63	66	68	70

Federal Judicial Center

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	752	BA	**18**	**18**	**19**	**19**	**19**	**19**	**19**
Outlays		O	19	17	19	19	19	19	19
Trust funds									
Gifts and donations, Federal Judicial Center Foundation:									
Appropriation, mandatory	752	BA		**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	1	1	1	1	1	1	1

JUDICIAL BRANCH—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Judicial Retirement Funds									
Federal funds									
General and Special Funds:									
Payment to judiciary trust funds:									
Appropriation, mandatory	752	BA	**38**	**40**	**36**	**37**	**39**	**40**	**42**
Outlays		O	38	40	36	37	39	40	42
Trust funds									
Judicial officers' retirement fund:									
Appropriation, mandatory	602	BA	**33**	**39**	**36**	**39**	**41**	**44**	**47**
Outlays		O	14	15	16	16	17	18	18
Judicial survivors' annuities fund:									
Appropriation, mandatory	602	BA	**37**	**34**	**36**	**39**	**41**	**43**	**46**
Outlays		O	11	12	12	13	13	14	14
United States Court of Federal Claims Judges' Retirement Fund:									
Appropriation, mandatory	602	BA	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Outlays		O	1	1	1	1	1	1	2
Total Federal funds Judicial Retirement Funds		BA	**38**	**40**	**36**	**37**	**39**	**40**	**42**
		O	38	40	36	37	39	40	42
Total Trust funds Judicial Retirement Funds		BA	**72**	**75**	**74**	**80**	**84**	**89**	**95**
		O	26	28	29	30	31	33	34
United States Sentencing Commission									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	752	BA	**9**	**8**	**11**	**11**	**11**	**11**	**11**
Outlays		O	8	8	11	11	11	11	11
Violent Crime Reduction Programs									
Federal funds									
General and Special Funds:									
Violent crime reduction programs:									
Appropriation, discretionary	752	BA	**41**	**183**	....	....	....	....	....
Outlays		O	41	183	....	....	....	....	....
Summary									
Federal funds:									
(As shown in detail above)		BA	**4,002**	**4,233**	**4,755**	**4,891**	**5,033**	**5,178**	**5,329**
		O	4,029	4,565	4,778	4,890	5,023	5,169	5,321
Deductions for offsetting receipts:									
Intrafund transactions	752	BA/O	*–214*	*–164*	*–205*	*–209*	*–214*	*–221*	*–226*
Proprietary receipts from the public	752	BA/O	*–14*	*–12*	*–12*	*–13*	*–13*	*–13*	*–13*
Total Federal funds		BA	**3,774**	**4,057**	**4,538**	**4,669**	**4,806**	**4,944**	**5,090**
		O	3,801	4,389	4,561	4,668	4,796	4,935	5,082
Trust funds:									
(As shown in detail above)		BA	**72**	**76**	**75**	**81**	**85**	**90**	**96**
		O	27	29	30	31	32	34	35
Interfund transactions	752	BA/O	*–38*	*–40*	*–36*	*–37*	*–39*	*–40*	*–41*
Total Judicial Branch		BA	**3,808**	**4,093**	**4,577**	**4,713**	**4,852**	**4,994**	**5,145**
		O	3,790	4,378	4,555	4,662	4,789	4,929	5,076

DEPARTMENT OF AGRICULTURE

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Office of the Secretary									
Federal funds									
General and Special Funds:									
Office of the Secretary:									
Appropriation, discretionary	352	BA	31	24	–18	–18	–18	–19	–19
Advance appropriation, discretionary		BA	....	....	30	30	30	31	32
Outlays		O	9	39	17	12	12	12	13
Total Office of the Secretary		BA	31	24	12	12	12	12	13
		O	9	39	17	12	12	12	13
Fund for rural America									
(Agricultural research and services):									
(Appropriation, discretionary)	352	BA	....	....	–30	–30	–30	–30	–30
(Appropriation, mandatory)		BA	....	20	60	30	30	30	30
(Outlays)		O	10	12	22	23	19	9	2
Total (Agricultural research and services)		BA	....	20	30	....	....	....	....
		O	10	12	22	23	19	9	2
(Area and regional development):									
(Appropriation, discretionary)	452	BA	....	....	–30	–30	–30	–30	–30
(Appropriation, mandatory)		BA	....	40	60	30	30	30	30
(Outlays)		O	....	8	38	10	6	4	2
Total (Area and regional development)		BA	....	40	30	....	....	....	....
		O	....	8	38	10	6	4	2
Total Fund for rural America		BA	....	60	60	....	....	....	....
		O	10	20	60	33	25	13	4
Trust funds									
Gifts and bequests:									
Appropriation, mandatory	352	BA	1	1	1	1	1	1	1
Outlays		O	1	1	1	1	1	1	1
Total Federal funds Office of the Secretary		BA	31	84	72	12	12	12	13
		O	19	59	77	45	37	25	17
Total Trust funds Office of the Secretary		BA	1	1	1	1	1	1	1
		O	1	1	1	1	1	1	1
Executive Operations									
Federal funds									
General and Special Funds:									
Executive operations:									
Appropriation, discretionary	352	BA	24	25	28	28	28	29	30
Spending authority from offsetting collections, discretionary		BA	1	1	1	1	1	1	1
Outlays		O	24	23	29	29	29	30	30
Executive operations (gross)		BA	25	26	29	29	29	30	31
		O	24	23	29	29	29	30	30
Total, offsetting collections			–1	–1	–1	–1	–1	–1	–1
Total Executive operations (net)		BA	24	25	28	28	28	29	30
		O	23	22	28	28	28	29	29
Chief financial officer:									
Appropriation, discretionary	352	BA	4	5	6	6	6	6	6
Spending authority from offsetting collections, discretionary		BA	2	2	2	2	2	2	2
Outlays		O	6	7	8	8	8	8	8
Chief financial officer (gross)		BA	6	7	8	8	8	8	8
		O	6	7	8	8	8	8	8
Change in receivables and unpaid, unfilled orders		BA	–1	....	....	....	....	....	....

DEPARTMENT OF AGRICULTURE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–1	–2	–2	–2	–2	–2	–2
Total Chief financial officer (net)		BA	**4**	**5**	**6**	**6**	**6**	**6**	**6**
		O	5	5	6	6	6	6	6
Office of the chief information officer:									
Appropriation, discretionary	352	BA	**59**	**10**	**15**	**15**	**15**	**16**	**16**
Spending authority from offsetting collections, discretionary		BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	20	45	16	16	16	17	17
Office of the chief information officer (gross)		BA	**60**	**11**	**16**	**16**	**16**	**17**	**17**
		O	20	45	16	16	16	17	17
Total, offsetting collections			–1	–1	–1	–1	–1	–1	–1
Total Office of the chief information officer (net)		BA	**59**	**10**	**15**	**15**	**15**	**16**	**16**
		O	19	44	15	15	15	16	16
Intragovernmental Funds:									
Common computing environment:									
Appropriation, discretionary	352	BA	....	....	**75**	**75**	**76**	**78**	**79**
Outlays		O	....	....	63	75	76	77	79
Working capital fund:									
Spending authority from offsetting collections, discretionary	352	BA	**267**	**291**	**300**	**300**	**304**	**311**	**318**
Outlays		O	263	291	300	300	304	311	318
Working capital fund (gross)		BA	**267**	**291**	**300**	**300**	**304**	**311**	**318**
		O	263	291	300	300	304	311	318
Total, offsetting collections			–267	–291	–300	–300	–304	–311	–318
Total Working capital fund (net)		BA	....	....	....	....	....	....	....
		O	–4	....	....	....	....	....	....
Total Federal funds Executive Operations		BA	**87**	**40**	**124**	**124**	**125**	**129**	**131**
		O	43	71	112	124	125	128	130

Departmental Administration

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Departmental administration:									
Appropriation, discretionary	352	BA	**32**	**35**	**41**	**41**	**41**	**43**	**43**
Spending authority from offsetting collections, discretionary		BA	**4**	**13**	**14**	**14**	**14**	**15**	**15**
Outlays		O	47	46	53	55	55	57	58
Departmental administration (gross)		BA	**36**	**48**	**55**	**55**	**55**	**58**	**58**
		O	47	46	53	55	55	57	58
Change in receivables and unpaid, unfilled orders		BA	**8**	**32**	....	....	....	....	....
Adjustment to receivables and unpaid, unfilled orders		BA	**9**	**–32**	....	....	....	....	....
Total, offsetting collections			–21	–13	–14	–14	–14	–15	–15
Total Departmental administration (net)		BA	**32**	**35**	**41**	**41**	**41**	**43**	**43**
		O	26	33	39	41	41	42	43
Hazardous materials management:									
Appropriation, discretionary	304	BA	**16**	**16**	**30**	**30**	**30**	**31**	**32**
Spending authority from offsetting collections, discretionary		BA	**1**	....	....	....	....	....	....
Outlays		O	19	15	30	31	31	32	33
Hazardous materials management (gross)		BA	**17**	**16**	**30**	**30**	**30**	**31**	**32**
		O	19	15	30	31	31	32	33
Total, offsetting collections			–1	....	....	....	....	....	....
Total Hazardous materials management (net)		BA	**16**	**16**	**30**	**30**	**30**	**31**	**32**
		O	18	15	30	31	31	32	33
Agriculture buildings and facilities and rental payments:									
Appropriation, discretionary	352	BA	**137**	**140**	**183**	**183**	**185**	**190**	**194**
Spending authority from offsetting collections, discretionary		BA	**4**	**10**	**1**	**1**	**1**	**1**	**1**

DEPARTMENT OF AGRICULTURE—Continued

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Outlays		O	157	169	184	184	186	191	195
Agriculture buildings and facilities and rental payments (gross)		BA	**141**	**150**	**184**	**184**	**186**	**191**	**195**
		O	157	169	184	184	186	191	195
Total, offsetting collections			–4	–10	–1	–1	–1	–1	–1
Total Agriculture buildings and facilities and rental payments (net)		BA	**137**	**140**	**183**	**183**	**185**	**190**	**194**
		O	153	159	183	183	185	190	194
Outreach for socially disadvantaged farmers:									
Appropriation, discretionary	351	BA	**3**	**3**	**10**	**10**	**10**	**10**	**11**
Spending authority from offsetting collections, discretionary		BA	**1**						
Outlays		O	6	5	10	10	10	10	11
Outreach for socially disadvantaged farmers (gross)		BA	**4**	**3**	**10**	**10**	**10**	**10**	**11**
		O	6	5	10	10	10	10	11
Change in receivables and unpaid, unfilled orders		BA	**1**						
Total, offsetting collections			–2						
Total Outreach for socially disadvantaged farmers (net)		BA	**3**	**3**	**10**	**10**	**10**	**10**	**11**
		O	4	5	10	10	10	10	11
Total Federal funds Departmental Administration		BA	**188**	**194**	**264**	**264**	**266**	**274**	**280**
		O	201	212	262	265	267	274	281

Office of Communications

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Office of Communications:									
Appropriation, discretionary	352	BA	**8**	**8**	**9**	**9**	**9**	**9**	**10**
Spending authority from offsetting collections, discretionary		BA	**1**	**2**	**2**	**2**	**2**	**2**	**2**
Outlays		O	9	9	11	11	11	12	12
Office of Communications (gross)		BA	**9**	**10**	**11**	**11**	**11**	**11**	**12**
		O	9	9	11	11	11	12	12
Change in receivables and unpaid, unfilled orders		BA		**–1**	**–1**				
Total, offsetting collections			–1	–1	–1	–1	–1	–1	–1
Total Office of Communications (net)		BA	**8**	**8**	**9**	**10**	**10**	**10**	**11**
		O	8	8	10	10	10	11	11

Office of the Inspector General

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Office of the Inspector General:									
Appropriation, discretionary	352	BA	**65**	**65**	**70**	**70**	**71**	**73**	**74**
Spending authority from offsetting collections, discretionary		BA	**3**	**3**	**3**	**3**	**3**	**3**	**3**
Outlays		O	65	68	73	73	73	76	77
Office of the Inspector General (gross)		BA	**68**	**68**	**73**	**73**	**74**	**76**	**77**
		O	65	68	73	73	73	76	77
Total, offsetting collections			–3	–3	–3	–3	–3	–3	–3
Total Office of the Inspector General (net)		BA	**65**	**65**	**70**	**70**	**71**	**73**	**74**
		O	62	65	70	70	70	73	74

Office of the General Counsel

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Office of the General Counsel:									
Appropriation, discretionary	352	BA	**29**	**29**	**33**	**33**	**33**	**34**	**35**
Spending authority from offsetting collections, discretionary		BA	**1**	**2**	**2**	**2**	**2**	**2**	**2**

DEPARTMENT OF AGRICULTURE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	29	29	35	35	36	36	37
Office of the General Counsel (gross)		BA	**30**	**31**	**35**	**35**	**35**	**36**	**37**
		O	29	29	35	35	36	36	37
Total, offsetting collections			–1	–2	–2	–2	–2	–2	–2
Total Office of the General Counsel (net)		BA	**29**	**29**	**33**	**33**	**33**	**34**	**35**
		O	28	27	33	33	34	34	35
Economic Research Service									
Federal funds									
General and Special Funds:									
Economic research service:									
Appropriation, discretionary	352	BA	**63**	**64**	**55**	**55**	**56**	**57**	**58**
Spending authority from offsetting collections, discretionary		BA	**3**	**4**	**4**	**4**	**4**	**4**	**4**
Outlays		O	61	60	60	59	59	61	63
Economic research service (gross)		BA	**66**	**68**	**59**	**59**	**60**	**61**	**62**
		O	61	60	60	59	59	61	63
Total, offsetting collections			–3	–4	–4	–4	–4	–4	–4
Total Economic research service (net)		BA	**63**	**64**	**55**	**55**	**56**	**57**	**58**
		O	58	56	56	55	55	57	59
National Agricultural Statistics Service									
Federal funds									
General and Special Funds:									
National agricultural statistics service:									
Appropriation, discretionary	352	BA	**104**	**99**	**101**	**101**	**102**	**105**	**107**
Spending authority from offsetting collections, discretionary		BA	**10**	**10**	**10**	**10**	**10**	**10**	**11**
Outlays		O	115	110	111	111	112	114	117
National agricultural statistics service (gross)		BA	**114**	**109**	**111**	**111**	**112**	**115**	**118**
		O	115	110	111	111	112	114	117
Total, offsetting collections			–10	–10	–10	–10	–10	–10	–10
Total National agricultural statistics service (net)		BA	**104**	**99**	**101**	**101**	**102**	**105**	**108**
		O	105	100	101	101	102	104	107
Agricultural Research Service									
Federal funds									
General and Special Funds:									
Agricultural Research Service:									
Appropriation, discretionary	352	BA	**794**	**830**	**894**	**894**	**905**	**927**	**947**
Spending authority from offsetting collections, discretionary		BA	**48**	**60**	**60**	**60**	**61**	**62**	**64**
Outlays		O	809	884	941	954	964	985	1,007
Agricultural Research Service (gross)		BA	**842**	**890**	**954**	**954**	**966**	**989**	**1,011**
		O	809	884	941	954	964	985	1,007
Total, offsetting collections			–48	–60	–60	–60	–61	–62	–64
Total Agricultural Research Service (net)		BA	**794**	**830**	**894**	**894**	**905**	**927**	**947**
		O	761	824	881	894	903	923	943
Buildings and facilities:									
Appropriation, discretionary	352	BA	**56**	**53**	**39**	**39**	**39**	**40**	**41**
Outlays		O	68	65	65	36	40	40	40
Trust funds									
Miscellaneous contributed funds:									
Appropriation, mandatory	352	BA	**22**	**23**	**23**	**23**	**23**	**23**	**23**

DEPARTMENT OF AGRICULTURE—Continued

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Outlays		O	18	23	23	23	23	23	23
Total Federal funds Agricultural Research Service		BA	**850**	**883**	**933**	**933**	**944**	**967**	**988**
		O	829	889	946	930	943	963	983
Total Trust funds Agricultural Research Service		BA	**22**	**23**	**23**	**23**	**23**	**23**	**23**
		O	18	23	23	23	23	23	23

Cooperative State Research, Education, and Extension Service

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Integrated activities:									
Appropriation, discretionary	352	BA	....	**40**	**76**	**76**	**77**	**79**	**81**
Outlays		O	....	2	18	45	67	77	78
Initiative for future agriculture and food systems:									
Appropriation, discretionary	352	BA	....	....	**–120**	**–120**	**–120**	**–120**	**–120**
Appropriation, mandatory		BA	....	**120**	**240**	**120**	**120**	**120**	**120**
Outlays		O	....	6	48	84	72	30	....
Total Initiative for future agriculture and food systems		BA	....	**120**	**120**	....	....	....	....
		O	....	6	48	84	72	30	....
Research and education activities:									
Appropriation, discretionary	352	BA	**486**	**487**	**469**	**469**	**475**	**486**	**497**
Spending authority from offsetting collections, discretionary		BA	**17**	**16**	**16**	**16**	**16**	**17**	**17**
Outlays		O	446	486	496	452	477	496	505
Research and education activities (gross)		BA	**503**	**503**	**485**	**485**	**491**	**503**	**514**
		O	446	486	496	452	477	496	505
Total, offsetting collections			–17	–16	–16	–16	–16	–17	–17
Total Research and education activities (net)		BA	**486**	**487**	**469**	**469**	**475**	**486**	**497**
		O	429	470	480	436	461	479	488
Buildings and facilities:									
Outlays	352	O	41	25	33	12	....	....	....
Extension activities:									
Appropriation, discretionary	352	BA	**437**	**424**	**428**	**428**	**433**	**444**	**454**
Spending authority from offsetting collections, discretionary		BA	**18**	**25**	**25**	**25**	**25**	**26**	**26**
Outlays		O	425	476	445	446	453	465	476
Extension activities (gross)		BA	**455**	**449**	**453**	**453**	**458**	**470**	**480**
		O	425	476	445	446	453	465	476
Total, offsetting collections			–18	–25	–25	–25	–25	–26	–26
Total Extension activities (net)		BA	**437**	**424**	**428**	**428**	**433**	**444**	**454**
		O	407	451	420	421	428	439	450
Total Federal funds Cooperative State Research, Education, and Extension Service		BA	**923**	**1,071**	**1,093**	**973**	**985**	**1,009**	**1,032**
		O	877	954	999	998	1,028	1,025	1,016

Animal and Plant Health Inspection Service

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	352	BA	**425**	**438**	**512**	**512**	**425**	**425**	**425**
					[J] **–11**	[J] **–11**	[J] **–11**	[J] **–11**	[J] **–11**
Appropriation, mandatory		BA	**72**	**88**	**115**	**117**	**287**	**223**	**225**
Spending authority from offsetting collections, discretionary		BA	**60**	**60**	**60**	**60**	**61**	**62**	**64**
					[J] **11**	[J] **11**	[J] **11**	[J] **11**	[J] **12**
Outlays		O	649	697	683	689	762	710	714
							[J] 1	[J] 1	[J] 1
Salaries and expenses (gross)		BA	**557**	**586**	**687**	**689**	**773**	**710**	**715**
		O	649	697	683	689	763	711	715

DEPARTMENT OF AGRICULTURE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–60	–60	–60	–60	–61	–62	–64
					[J] –11	[J] –11	[J] –11	[J] –11	[J] –12
Total Salaries and expenses (net)		BA	**497**	**526**	**616**	**618**	**701**	**637**	**639**
		O	589	637	612	618	691	638	639
Buildings and facilities:									
Appropriation, discretionary	352	BA	**8**	**5**	**5**	**5**	**5**	**5**	**5**
Outlays		O	10	8	9	5	5	5	5
Trust funds									
Miscellaneous trust funds:									
Appropriation, mandatory	352	BA	**13**	**13**	**13**	**13**	**13**	**13**	**13**
Outlays		O	13	13	13	13	13	13	13
Total Federal funds Animal and Plant Health Inspection Service		BA	**505**	**531**	**621**	**623**	**706**	**642**	**644**
		O	599	645	621	623	696	643	644
Total Trust funds Animal and Plant Health Inspection Service		BA	**13**	**13**	**13**	**13**	**13**	**13**	**13**
		O	13	13	13	13	13	13	13

Food Safety and Inspection Service

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	554	BA	**617**	**649**	**688**	**688**	**688**	**688**	**688**
					[J] –534	**[J] –641**	**[J] –649**	**[J] –665**	**[J] –679**
Spending authority from offsetting collections, discretionary		BA	**95**	**99**	**80**	**80**	**81**	**83**	**85**
					[J] 534	**[J] 534**	**[J] 534**	**[J] 534**	**[J] 534**
Outlays		O	695	748	768	768	769	771	773
						[J] –102	[J] –115	[J] –130	[J] –145
Salaries and expenses (gross)		BA	**712**	**748**	**768**	**661**	**654**	**640**	**628**
		O	695	748	768	666	654	641	628
Total, offsetting collections			–95	–99	–80	–80	–81	–83	–85
					[J] –534	[J] –534	[J] –534	[J] –534	[J] –534
Total Salaries and expenses (net)		BA	**617**	**649**	**154**	**47**	**39**	**23**	**9**
		O	600	649	154	52	39	24	9
Trust funds									
Expenses and refunds, inspection and grading of farm products:									
Appropriation, mandatory	352	BA	**4**	**4**	**4**	**4**	**4**	**4**	**4**
Outlays		O	4	4	4	4	4	4	4

Grain Inspection, Packers and Stockyards Administration

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	352	BA	**27**	**26**	**34**	**34**	**34**	**34**	**34**
					[J] –19	**[J] –23**	**[J] –23**	**[J] –23**	**[J] –23**
Spending authority from offsetting collections, discretionary		BA			**[J] 23**	**[J] 23**	**[J] 23**	**[J] 23**	**[J] 23**
Outlays		O	26	26	33	34	34	34	34
					[J] 4				
Salaries and expenses (gross)		BA	**27**	**26**	**38**	**34**	**34**	**34**	**34**
		O	26	26	37	34	34	34	34
Total, offsetting collections					[J] –23	[J] –23	[J] –23	[J] –23	[J] –23
Total Salaries and expenses (net)		BA	**27**	**26**	**15**	**11**	**11**	**11**	**11**
		O	26	26	14	11	11	11	11
Public Enterprise Funds:									
Inspection and weighing services:									
Spending authority from offsetting collections, mandatory	352	BA	**37**	**43**	**43**	**43**	**43**	**43**	**43**

DEPARTMENT OF AGRICULTURE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	35	43	43	43	43	43	43
Inspection and weighing services (gross)		BA	**37**	**43**	**43**	**43**	**43**	**43**	**43**
		O	35	43	43	43	43	43	43
Total, offsetting collections			–37	–43	–43	–43	–43	–43	–43
Total Inspection and weighing services (net)		BA							
		O	–2						
Total Federal funds Grain Inspection, Packers and Stockyards Administration		BA	**27**	**26**	**15**	**11**	**11**	**11**	**11**
		O	24	26	14	11	11	11	11
Agricultural Marketing Service									
Federal funds									
General and Special Funds:									
Marketing services:									
Appropriation, discretionary	352	BA	**49**	**52**	**67**	**67**	**68**	**69**	**71**
Spending authority from offsetting collections, discretionary		BA	**45**	**64**	**64**	**64**	**65**	**66**	**68**
Outlays		O	86	110	129	131	133	135	139
Limitation on administrative level			(61)	(61)	(61)	(61)	(62)	(63)	(65)
Marketing services (gross)		BA	**94**	**116**	**131**	**131**	**133**	**135**	**139**
		O	86	110	129	131	133	135	139
Total, offsetting collections			–45	–64	–64	–64	–65	–66	–68
Total Marketing services (net)		BA	**49**	**52**	**67**	**67**	**68**	**69**	**71**
		O	41	46	65	67	68	69	71
Payments to States and possessions:									
Appropriation, discretionary	352	BA	**1**	**1**	**2**	**2**	**2**	**2**	**2**
Outlays		O	1		2	2	2	2	3
Perishable Agricultural Commodities Act fund:									
Appropriation, mandatory	352	BA	**8**	**7**	**7**	**7**	**7**	**7**	**7**
Outlays		O	9	8	8	7	7	7	7
Funds for strengthening markets, income, and supply (section 32):									
Appropriation, discretionary	605	BA	**–8**						
Appropriation, mandatory		BA	**733**	**730**	**538**	**538**	**538**	**538**	**538**
Spending authority from offsetting collections, mandatory		BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	833	536	538	538	538	538	538
Funds for strengthening markets, income, and supply (section 32) (gross)		BA	**726**	**731**	**539**	**539**	**539**	**539**	**539**
		O	833	536	538	538	538	538	538
Total, offsetting collections			–1	–1	–1	–1	–1	–1	–1
Total Funds for strengthening markets, income, and supply (section 32) (net)		BA	**725**	**730**	**538**	**538**	**538**	**538**	**538**
		O	832	535	537	537	537	537	537
Trust funds									
Expenses and refunds, inspection and grading of farm products:									
Appropriation, mandatory	352	BA	**116**	**110**	**110**	**110**	**110**	**110**	**110**
Outlays		O	105	110	110	110	110	110	110
Milk market orders assessment fund:									
Spending authority from offsetting collections, mandatory	351	BA	**36**	**41**	**42**	**42**	**42**	**42**	**42**
Outlays		O	62	41	42	42	42	42	42
Milk market orders assessment fund (gross)		BA	**36**	**41**	**42**	**42**	**42**	**42**	**42**
		O	62	41	42	42	42	42	42
Total, offsetting collections			–36	–41	–42	–42	–42	–42	–42
Total Milk market orders assessment fund (net)		BA							
		O	26						
Total Federal funds Agricultural Marketing Service		BA	**783**	**790**	**614**	**614**	**615**	**616**	**618**
		O	883	589	612	613	614	615	618
Total Trust funds Agricultural Marketing Service		BA	**116**	**110**	**110**	**110**	**110**	**110**	**110**
		O	131	110	110	110	110	110	110

DEPARTMENT OF AGRICULTURE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Risk Management Agency									
Federal funds									
General and Special Funds:									
Administrative and operating expenses:									
Appropriation, discretionary	351	BA	**64**	**64**	**68**	**68**	**69**	**71**	**72**
Outlays		O	54	64	67	68	69	70	72
Public Enterprise Funds:									
Federal crop insurance corporation fund:									
Appropriation, mandatory	351	BA	**1,550**	**711**	**1,728**	**1,902**	**1,992**	**2,058**	**2,107**
					[B] **910**	[B] **155**			
Spending authority from offsetting collections, mandatory		BA	**622**	**842**	**1,244**	**1,282**	**1,344**	**1,396**	**1,424**
					[B] **69**				
Outlays		O	2,299	2,778	3,228	3,133	3,330	3,460	3,546
					[B] 614	[B] 520			
Federal crop insurance corporation fund (gross)		BA	**2,172**	**1,553**	**3,951**	**3,339**	**3,336**	**3,454**	**3,531**
		O	2,299	2,778	3,842	3,653	3,330	3,460	3,546
Total, offsetting collections			–622	–842	–1,244	–1,282	–1,344	–1,396	–1,424
					[B] –69				
Total Federal crop insurance corporation fund (net)		BA	**1,550**	**711**	**2,638**	**2,057**	**1,992**	**2,058**	**2,107**
		O	1,677	1,936	2,529	2,371	1,986	2,064	2,122
Total Federal funds Risk Management Agency		BA	**1,614**	**775**	**2,706**	**2,125**	**2,061**	**2,129**	**2,179**
		O	1,731	2,000	2,596	2,439	2,055	2,134	2,194
Farm Service Agency									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	351	BA	**797**	**795**	**828**	**828**	**838**	**859**	**878**
Spending authority from offsetting collections, discretionary		BA	**304**	**355**	**352**	**352**	**356**	**365**	**373**
Outlays		O	1,072	1,085	1,177	1,180	1,193	1,222	1,248
Salaries and expenses (gross)		BA	**1,101**	**1,150**	**1,180**	**1,180**	**1,194**	**1,224**	**1,251**
		O	1,072	1,085	1,177	1,180	1,193	1,222	1,248
Total, offsetting collections			–304	–355	–352	–352	–356	–365	–373
Total Salaries and expenses (net)		BA	**797**	**795**	**828**	**828**	**838**	**859**	**878**
		O	768	730	825	828	837	857	875
State mediation grants:									
Appropriation, discretionary	351	BA	**2**	**3**	**4**	**4**	**4**	**4**	**4**
Outlays		O	2	1	3	4	4	4	4
Tree assistance program:									
Reappropriation, discretionary	351	BA	**3**	....	....	....	....	....	....
Outlays		O	7	6	2	....	....	....	....
Conservation reserve program:									
Outlays	302	O	52	21	....	....	....	....	....
Agricultural conservation program:									
Outlays	302	O	11	8	8	7	4	3	2
Emergency conservation program:									
Appropriation, discretionary	453	BA	**28**	**50**	....	....	....	....	....
Outlays		O	40	68	41	39	....	....	....
Public Enterprise Funds:									
Commodity credit corporation fund (Conservation and land management):									
(Appropriation, discretionary)	302	BA	....	**–28**	....	....	....	....	....
					[J] **–50**				
(Authority to borrow, mandatory)		BA	**1,775**	**1,926**	**1,990**	**2,099**	**2,066**	**2,118**	**2,093**
					[B] **1,128**	[B] **1,189**	[B] **652**	[B] **687**	[B] **733**
(Outlays)		O	1,756	1,955	1,996	2,086	2,035	2,089	2,078
					[B] 776	[B] 960	[B] 535	[B] 597	[B] 657
					[J] –4	[J] –14	[J] –11	[J] –7	[J] –3
Total (Conservation and land management)		BA	**1,775**	**1,898**	**3,068**	**3,288**	**2,718**	**2,805**	**2,826**
		O	1,756	1,955	2,768	3,032	2,559	2,679	2,732

DEPARTMENT OF AGRICULTURE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
(Farm income stabilization):									
(Authority to borrow, mandatory)	351	BA	**18,713**	**25,819** [B] **710**	**12,887** [B] **2,789**	**8,538** [B] **2,770**	**7,348**	**6,019**	**5,040**
(Spending authority from offsetting collections, mandatory)		BA	**9,843**	**10,841**	**12,494**	**10,933**	**9,683**	**9,708**	**10,944**
(Outlays)		O	27,426	36,058 [B] 710	25,834 [B] 2,839	19,894 [B] 2,770	18,271	16,081	16,324
Commodity credit corporation fund (gross)		BA	**30,331**	**39,268**	**31,238**	**25,529**	**19,749**	**18,532**	**18,810**
		O	29,182	38,723	31,441	25,696	20,830	18,760	19,056
Total, offsetting collections			–9,882	–10,802	–12,466	–10,933	–9,683	–9,708	–10,944
Total (Farm income stabilization) (net)		BA	**18,674**	**26,568**	**15,704**	**11,308**	**7,348**	**6,019**	**5,040**
		O	17,544	25,966	16,207	11,731	8,588	6,373	5,380
Total Commodity credit corporation fund		BA	**20,449**	**28,466**	**18,772**	**14,596**	**10,066**	**8,824**	**7,866**
		O	19,300	27,921	18,975	14,763	11,147	9,052	8,112
Credit Accounts:									
Agricultural credit insurance fund program account:									
Appropriation, discretionary	351	BA	**451**	**486**	**455**	**455**	**460**	**472**	**482**
Appropriation, mandatory		BA	....	**726**	....	....	....	....	....
Outlays		O	433	1,194	479	468	480	480	490
Limitation on direct loan activity			(1,336)	(1,723)	(1,080)	(1,080)	(1,093)	(1,120)	(1,145)
Limitation on loan guarantee commitments			(2,551)	(3,903)	(3,478)	(3,478)	(3,520)	(3,607)	(3,686)
Total Agricultural credit insurance fund program account		BA	**451**	**1,212**	**455**	**455**	**460**	**472**	**482**
		O	433	1,194	479	468	480	480	490
Agricultural credit insurance fund liquidating account:									
Spending authority from offsetting collections, mandatory	351	BA	**18**	**29**	**27**	**26**	**26**	**23**	**23**
Outlays		O	30	29	27	26	26	23	23
Agricultural credit insurance fund liquidating account (gross)		BA	**18**	**29**	**27**	**26**	**26**	**23**	**23**
		O	30	29	27	26	26	23	23
Total, offsetting collections			–1,060	–1,130	–1,135	–1,114	–1,093	–1,068	–1,042
Total Agricultural credit insurance fund liquidating account (net)		BA	**–1,042**	**–1,101**	**–1,108**	**–1,088**	**–1,067**	**–1,045**	**–1,019**
		O	–1,030	–1,101	–1,108	–1,088	–1,067	–1,045	–1,019
Commodity Credit Corporation export loans program account:									
Appropriation, discretionary	351	BA	**4**	**4**	**4**	**4**	**4**	**4**	**4**
Appropriation, mandatory		BA	**322**	**734**	**323**	**323**	**323**	**323**	**323**
Spending authority from offsetting collections, mandatory		BA	....	**779**	....	....	....	....	....
Outlays		O	157	834	327	327	328	328	328
Commodity Credit Corporation export loans program account (gross)		BA	**326**	**1,517**	**327**	**327**	**327**	**327**	**327**
		O	157	834	327	327	328	328	328
Total, offsetting collections			....	–779	....	....	....	....	....
Total Commodity Credit Corporation export loans program account (net)		BA	**326**	**738**	**327**	**327**	**327**	**327**	**327**
		O	157	55	327	327	328	328	328
Commodity credit corporation guaranteed loans liquidating account:									
Spending authority from offsetting collections, mandatory	351	BA	**234**	**316**	**328**	**315**	**358**	**348**	**367**
Commodity credit corporation guaranteed loans liquidating account (gross)		BA	**234**	**316**	**328**	**315**	**358**	**348**	**367**
Total, offsetting collections			–234	–316	–328	–315	–358	–348	–367
Total Commodity credit corporation guaranteed loans liquidating account (net)		BA	....	....	....	....	....	....	....
		O	–234	–316	–328	–315	–358	–348	–367
Farm storage facility loans program account:									
Appropriation, mandatory	351	BA	....	**10**	**4**	....	....	....	....
Outlays		O	....	10	4	....	....	....	....
Total Federal funds Farm Service Agency		BA	**21,014**	**30,173**	**19,282**	**15,122**	**10,628**	**9,441**	**8,538**
		O	19,506	28,597	19,228	15,033	11,375	9,331	8,425

DEPARTMENT OF AGRICULTURE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Natural Resources Conservation Service									
Federal funds									
General and Special Funds:									
Conservation operations:									
Appropriation, discretionary	302	BA	**641**	**661**	**747**	**747**	**756**	**775**	**792**
Spending authority from offsetting collections, discretionary		BA	**156**	**156**	**278**	**278**	**281**	**288**	**295**
Outlays		O	813	842	1,016	1,029	1,039	1,061	1,085
Conservation operations (gross)		BA	**797**	**817**	**1,025**	**1,025**	**1,037**	**1,063**	**1,087**
		O	813	842	1,016	1,029	1,039	1,061	1,085
Total, offsetting collections			–156	–156	–278	–278	–281	–288	–295
Total Conservation operations (net)		BA	**641**	**661**	**747**	**747**	**756**	**775**	**792**
		O	657	686	738	751	758	773	790
Watershed surveys and planning:									
Appropriation, discretionary	301	BA	**10**	**10**	**10**	**10**	**10**	**10**	**11**
Spending authority from offsetting collections, discretionary		BA	....	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	11	11	11	12	12	12	12
Watershed surveys and planning (gross)		BA	**10**	**11**	**11**	**11**	**11**	**11**	**12**
		O	11	11	11	12	12	12	12
Total, offsetting collections			....	–1	–1	–1	–1	–1	–1
Total Watershed surveys and planning (net)		BA	**10**	**10**	**10**	**10**	**10**	**10**	**11**
		O	11	10	10	11	11	11	11
Watershed and flood prevention operations:									
Appropriation, discretionary	301	BA	**194**	**171**	**83**	**83**	**84**	**86**	**88**
Spending authority from offsetting collections, discretionary		BA	**19**	**25**	**25**	**25**	**25**	**26**	**26**
Outlays		O	227	274	222	153	139	112	113
Watershed and flood prevention operations (gross)		BA	**213**	**196**	**108**	**108**	**109**	**112**	**114**
		O	227	274	222	153	139	112	113
Total, offsetting collections			–19	–25	–25	–25	–25	–26	–26
Total Watershed and flood prevention operations (net)		BA	**194**	**171**	**83**	**83**	**84**	**86**	**88**
		O	208	249	197	128	114	86	87
Resource conservation and development:									
Appropriation, discretionary	302	BA	**35**	**35**	**36**	**36**	**36**	**37**	**38**
Spending authority from offsetting collections, discretionary		BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	37	34	36	39	38	40	44
Resource conservation and development (gross)		BA	**36**	**36**	**37**	**37**	**37**	**38**	**39**
		O	37	34	36	39	38	40	44
Total, offsetting collections			–1	–1	–1	–1	–1	–1	–1
Total Resource conservation and development (net)		BA	**35**	**35**	**36**	**36**	**36**	**37**	**38**
		O	36	33	35	38	37	39	43
Great plains conservation program:									
Outlays	302	O	2	3	3	2	1	....	....
Forestry incentives program:									
Appropriation, discretionary	302	BA	**16**	**5**	....	....	....	....	....
Outlays		O	6	11	9	5	1	1	....
Water bank program:									
Outlays	302	O	6	6	6	4	....	....	....
Colorado river basin salinity control program:									
Outlays	304	O	1	1	1	....	....	....	....
Wetlands reserve program:									
Outlays	302	O	14	9	8	....	....	....	....
Wildlife habitat incentive program:									
Outlays	302	O	11	9	7	4	3	2	2
Trust funds									
Miscellaneous contributed funds:									
Appropriation, mandatory	302	BA	**4**	....	....	....	....	....	....

DEPARTMENT OF AGRICULTURE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	2	4	4				
Total Federal funds Natural Resources Conservation Service		BA	**896**	**882**	**876**	**876**	**886**	**908**	**929**
		O	952	1,017	1,014	943	925	912	933
Total Trust funds Natural Resources Conservation Service		BA	**4**						
		O	2	4	4				
Rural Development									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	452	BA	**120**	**120**	**130**	**130**	**132**	**135**	**138**
Spending authority from offsetting collections, discretionary		BA	**470**	**483**	**469**	**469**	**475**	**486**	**497**
Outlays		O	580	605	599	593	606	619	632
Salaries and expenses (gross)		BA	**590**	**603**	**599**	**599**	**607**	**621**	**635**
		O	580	605	599	593	606	619	632
Total, offsetting collections			–470	–483	–469	–469	–475	–486	–497
Total Salaries and expenses (net)		BA	**120**	**120**	**130**	**130**	**132**	**135**	**138**
		O	110	122	130	124	131	133	135
Credit Accounts:									
Rural community advancement program:									
Appropriation, discretionary	452	BA	**753**	**699**	**763**	**763**	**771**	**791**	**807**
Appropriation, mandatory		BA	**91**						
Outlays		O	680	714	658	695	744	806	819
Limitation on direct loan activity			(910)	(914)	(1,332)	(1,332)	(1,348)	(1,381)	(1,412)
Limitation on loan guarantee commitments			(1,293)	(1,154)	(1,535)	(1,535)	(1,553)	(1,592)	(1,627)
Total Rural community advancement program		BA	**844**	**699**	**763**	**763**	**771**	**791**	**807**
		O	680	714	658	695	744	806	819
Total Federal funds Rural Development		BA	**964**	**819**	**893**	**893**	**903**	**926**	**945**
		O	790	836	788	819	875	939	954
Rural Housing Service									
Federal funds									
General and Special Funds:									
Salaries and expenses (Farmers Home Administration):									
Outlays	452	O	3						
Rural housing assistance grants:									
Appropriation, discretionary	604	BA	**43**	**61**	**39**	**39**	**39**	**40**	**41**
Outlays		O	57	66	53	47	42	41	41
Rental assistance program:									
Appropriation, discretionary	604	BA	**583**	**640**	**680**	**680**	**688**	**705**	**721**
Outlays		O	555	597	631	662	686	719	740
Mutual and self-help housing grants:									
Appropriation, discretionary	604	BA	**26**	**28**	**40**	**40**	**40**	**41**	**42**
Outlays		O	20	26	32	38	40	40	41
Credit Accounts:									
Farm labor program account:									
Appropriation, discretionary	604	BA			**36**	**36**	**36**	**38**	**38**
Outlays		O			7	21	32	34	36
Limitation on loan guarantee commitments					(30)	(30)	(30)	(31)	(32)
Rural housing insurance fund program account:									
Appropriation, discretionary	371	BA	**559**	**568**	**741**	**741**	**751**	**769**	**786**
					[J] **–40**	[J] **–40**	[J] **–40**	[J] **–41**	[J] **–42**
Appropriation, mandatory		BA	**238**						
Outlays		O	803	592	719	731	745	758	773
					[J] –40	[J] –40	[J] –40	[J] –41	[J] –42
Limitation on direct loan activity			(1,169)	(1,371)	(1,485)	(1,485)	(1,503)	(1,540)	(1,574)
Limitation on loan guarantee commitments			(3,075)	(3,300)	(3,900)	(3,900)	(3,947)	(4,045)	(4,133)
Total Rural housing insurance fund program account		BA	**797**	**568**	**701**	**701**	**711**	**728**	**744**
		O	803	592	679	691	705	717	731

DEPARTMENT OF AGRICULTURE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Rural housing insurance fund liquidating account:									
Appropriation, mandatory	371	BA	**976**	**200**	....	....	....	....	**317**
Spending authority from offsetting collections, mandatory		BA	....	**471**	**553**	**530**	**524**	**510**	....
Outlays		O	1,068	771	587	529	524	518	430
Rural housing insurance fund liquidating account (gross)		BA	**976**	**671**	**553**	**530**	**524**	**510**	**317**
		O	1,068	771	587	529	524	518	430
Total, offsetting collections			–2,172	–2,056	–1,927	–1,788	–1,661	–1,541	–1,430
Total Rural housing insurance fund liquidating account (net)		BA	**–1,196**	**–1,385**	**–1,374**	**–1,258**	**–1,137**	**–1,031**	**–1,113**
		O	–1,104	–1,285	–1,340	–1,259	–1,137	–1,023	–1,000
Total Federal funds Rural Housing Service		BA	**253**	**–88**	**122**	**238**	**377**	**521**	**473**
		O	334	–4	62	200	368	528	589

Rural Business — Cooperative Service

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Rural empowerment zones/enterprise community grants:									
Appropriation, discretionary	452	BA	**15**	**15**	....	....	....	....	....
Appropriation, mandatory		BA			[B] **15**	[B] **15**	[B] **15**	[B] **15**	[B] **15**
Outlays		O	....	6	12	9	2	....	1
						[B] 5	[B] 12	[B] 15	[B] 15
Total Rural empowerment zones/enterprise community grants		BA	**15**	**15**	**15**	**15**	**15**	**15**	**15**
		O	....	6	12	14	14	15	16
Salaries and expenses (Rural Development Administration):									
Outlays	452	O	....	1	....	....	....	....	....
Rural cooperative development grants:									
Appropriation, discretionary	452	BA	**3**	**6**	**12**	**12**	**12**	**12**	**12**
Outlays		O	3	6	7	11	12	12	12
Rural economic development grants:									
Spending authority from offsetting collections, mandatory	452	BA	**2**	**3**	**3**	**5**	**3**	**3**	**3**
Outlays		O	12	9	7	5	3	3	3
Rural economic development grants (gross)		BA	**2**	**3**	**3**	**5**	**3**	**3**	**3**
		O	12	9	7	5	3	3	3
Total, offsetting collections			–2	–3	–3	–3	–3	–3	–3
Total Rural economic development grants (net)		BA	....	....	....	**2**	....	....	....
		O	10	6	4	2	....	....	....
National sheep industry improvement center:									
Appropriation, discretionary	452	BA	....	....	**5**	**5**	**5**	**5**	**5**
Outlays		O	....	10	5	5	5	5	5
Public Enterprise Funds:									
Alternative agricultural research and commercialization corporation revolving fund:									
Appropriation, discretionary	352	BA	**4**	....	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	**1**	....	....	....	....	....	....
Outlays		O	5	3	....	....	....	....	....
Alternative agricultural research and commercialization corporation revolving fund (gross)		BA	**5**	....	....	....	....	....	....
		O	5	3	....	....	....	....	....
Total, offsetting collections			–1	....	....	....	....	....	....
Total Alternative agricultural research and commercialization corporation revolving fund (net)		BA	**4**	....	....	....	....	....	....
		O	4	3	....	....	....	....	....
Credit Accounts:									
Rural development loan fund program account:									
Appropriation, discretionary	452	BA	**20**	**20**	**36**	**36**	**36**	**37**	**38**
Appropriation, mandatory		BA	**1**	....	....	....	....	....	....
Outlays		O	27	25	25	26	31	34	35

DEPARTMENT OF AGRICULTURE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Limitation on direct loan activity			(33)	(38)	(64)	(64)	(65)	(66)	(68)
Total Rural development loan fund program account		BA	**21**	**20**	**36**	**36**	**36**	**37**	**38**
		O	27	25	25	26	31	34	35
Rural development loan fund liquidating account:									
Spending authority from offsetting collections, mandatory	452	BA	**1**	....	....	**1**	**1**	**1**	**1**
Outlays		O	1	1	....	....	....	....	....
Rural development loan fund liquidating account (gross)		BA	**1**	....	....	**1**	**1**	**1**	**1**
		O	1	1	....	....	....	....	....
Total, offsetting collections			–4	–4	–4	–4	–4	–3	–3
Total Rural development loan fund liquidating account (net)		BA	**–3**	**–4**	**–4**	**–3**	**–3**	**–2**	**–2**
		O	–3	–3	–4	–4	–4	–3	–3
Rural economic development loans program account:									
Appropriation, discretionary	452	BA	**4**	**3**	**4**	**4**	**4**	**4**	**4**
Outlays		O	6	4	4	4	4	4	5
Limitation on direct loan activity			(15)	(15)	(15)	(15)	(15)	(16)	(16)
Rural economic development loans liquidating account:									
Spending authority from offsetting collections, mandatory	271	BA	....	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	–1	–1	–1	–1	–1	–1	–1
Rural economic development loans liquidating account (gross)		BA	....	**1**	**1**	**1**	**1**	**1**	**1**
		O	–1	–1	–1	–1	–1	–1	–1
Total, offsetting collections			–1	–1	–1	–1	–1	–1	–1
Total Rural economic development loans liquidating account (net)		BA	**–1**	....	....	....	....	....	....
		O	–2	–2	–2	–2	–2	–2	–2
Total Federal funds Rural Business — Cooperative Service		BA	**43**	**40**	**68**	**71**	**69**	**71**	**72**
		O	45	56	51	56	60	65	68

Rural Utilities Service

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
Public Enterprise Funds:									
Rural communication development fund liquidating account:									
Appropriation, mandatory	452	BA	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Spending authority from offsetting collections, mandatory		BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	3	3	3	1	1	1	1
Rural communication development fund liquidating account (gross)		BA	**3**	**3**	**3**	**3**	**3**	**3**	**3**
		O	3	3	3	1	1	1	1
Total, offsetting collections			–1	–1	–1	–1	–1	–1	–1
Total Rural communication development fund liquidating account (net)		BA	**2**	**2**	**2**	**2**	**2**	**2**	**2**
		O	2	2	2	....	....	....	....
Credit Accounts:									
Rural electrification and telecommunications loans program account:									
Appropriation, discretionary	271	BA	**73**	**46**	**69**	**69**	**69**	**71**	**72**
Appropriation, mandatory		BA	**101**	....	....	....	....	....	....
Outlays		O	183	88	74	70	66	68	68
Limitation on direct loan activity			(1,911)	(2,610)	(1,645)	(1,645)	(1,665)	(1,706)	(1,743)
Limitation on loan guarantee commitments			(150)	(500)	(400)	(400)	(405)	(415)	(424)
Total Rural electrification and telecommunications loans program account		BA	**174**	**46**	**69**	**69**	**69**	**71**	**72**
		O	183	88	74	70	66	68	68
Rural electrification and telecommunications liquidating account:									
Appropriation, discretionary	271	BA	....	....	**–4**	**–4**	**–4**	**–4**	**–4**
Appropriation, mandatory		BA	**22**	**22**	**24**	**23**	**22**	**20**	**19**
Authority to borrow, mandatory		BA	**505**	....	....	....	....	....	....
Spending authority from offsetting collections, mandatory		BA	**1,041**	**1,567**	**1,204**	**1,162**	**1,267**	**1,106**	**1,066**

DEPARTMENT OF AGRICULTURE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	2,143	1,516	1,370	1,198	1,233	1,187	1,097
Rural electrification and telecommunications liquidating account (gross)		BA	**1,568**	**1,589**	**1,224**	**1,181**	**1,285**	**1,122**	**1,081**
		O	2,143	1,516	1,370	1,198	1,233	1,187	1,097
Change in receivables and unpaid, unfilled orders		BA	**1,008**	....	....	....	....	....	....
Total, offsetting collections			–2,788	–4,411	–3,138	–2,982	–2,832	–2,691	–2,556
Total Rural electrification and telecommunications liquidating account (net)		BA	**–212**	**–2,822**	**–1,914**	**–1,801**	**–1,547**	**–1,569**	**–1,475**
		O	–645	–2,895	–1,768	–1,784	–1,599	–1,504	–1,459
Rural telephone bank program account:									
Appropriation, discretionary	452	BA	**7**	**6**	**6**	**6**	**6**	**6**	**6**
Appropriation, mandatory		BA	....	**1**	....	....	....	....	....
Outlays		O	4	6	5	4	5	6	6
Limitation on direct loan activity			(158)	(175)	(175)	(175)	(177)	(181)	(185)
Total Rural telephone bank program account		BA	**7**	**7**	**6**	**6**	**6**	**6**	**6**
		O	4	6	5	4	5	6	6
Rural telephone bank liquidating account:									
Appropriation, discretionary	452	BA	....	....	**–6**	**–6**	**–6**	**–6**	**–6**
Appropriation, mandatory		BA	**–26**	**–25**	**–24**	**–24**	**–24**	**–24**	**–24**
Spending authority from offsetting collections, mandatory		BA	**155**	**151**	**206**	**220**	**217**	**213**	**210**
Outlays		O	32	30	29	29	27	26	25
Rural telephone bank liquidating account (gross)		BA	**129**	**126**	**176**	**190**	**187**	**183**	**180**
		O	32	30	29	29	27	26	25
Total, offsetting collections			–318	–233	–226	–220	–217	–213	–210
Total Rural telephone bank liquidating account (net)		BA	**–189**	**–107**	**–50**	**–30**	**–30**	**–30**	**–30**
		O	–286	–203	–197	–191	–190	–187	–185
Distance learning and telemedicine program:									
Appropriation, discretionary	452	BA	**13**	**21**	**27**	**27**	**27**	**28**	**29**
Outlays		O	9	15	18	20	23	27	27
Limitation on direct loan activity			(55)	(200)	(400)	(400)	(405)	(415)	(424)
Rural development insurance fund liquidating account:									
Appropriation, mandatory	452	BA	**449**	**210**	**503**	**1,543**	**155**	**579**	**–103**
Spending authority from offsetting collections, mandatory		BA	**201**	**378**	....	**246**	**143**	**102**	**316**
Outlays		O	627	580	329	390	154	108	26
Rural development insurance fund liquidating account (gross)		BA	**650**	**588**	**503**	**1,789**	**298**	**681**	**213**
		O	627	580	329	390	154	108	26
Total, offsetting collections			–541	–483	–439	–406	–373	–343	–316
Total Rural development insurance fund liquidating account (net)		BA	**109**	**105**	**64**	**1,383**	**–75**	**338**	**–103**
		O	86	97	–110	–16	–219	–235	–290
Total Federal funds Rural Utilities Service		BA	**–96**	**–2,748**	**–1,796**	**–344**	**–1,548**	**–1,154**	**–1,499**
		O	–647	–2,890	–1,976	–1,897	–1,914	–1,825	–1,833

Foreign Agricultural Service

Federal funds

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
General and Special Funds:									
Foreign agricultural service and general sales manager:									
Appropriation, discretionary	352	BA	**147**	**109**	**114**	**114**	**115**	**118**	**121**
Spending authority from offsetting collections, discretionary		BA	**65**	**60**	**58**	**58**	**59**	**60**	**61**
Outlays		O	194	164	171	172	175	178	182
Foreign agricultural service and general sales manager (gross)		BA	**212**	**169**	**172**	**172**	**174**	**178**	**182**
		O	194	164	171	172	175	178	182
Total, offsetting collections			–65	–60	–58	–58	–59	–60	–61
Total Foreign agricultural service and general sales manager (net)		BA	**147**	**109**	**114**	**114**	**115**	**118**	**121**
		O	129	104	113	114	116	118	121
Scientific activities overseas (foreign currency program):									
Outlays	352	O	1	1	1	1	1	1	1

DEPARTMENT OF AGRICULTURE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Public law 480 title I ocean freight differential grants:									
Appropriation, discretionary	351	BA	**16**	**21**	**20**	**20**	**20**	**21**	**21**
Outlays		O	41	105	34	21	30	31	31
P.L. 480 Grants — Titles II and III:									
Appropriation, discretionary	151	BA	**1,011**	**800**	**837**	**837**	**847**	**868**	**887**
Outlays		O	926	1,031	863	844	846	859	874
Credit Accounts:									
P.L. 480 program account:									
Appropriation, discretionary	351	BA	**178**	**122**	**116**	**116**	**117**	**120**	**123**
Appropriation, mandatory		BA		**23**					
Outlays		O	329	691	142	140	138	140	144
Limitation on direct loan activity			(963)	(145)	(160)	(160)	(162)	(166)	(170)
Total P.L. 480 program account		BA	**178**	**145**	**116**	**116**	**117**	**120**	**123**
		O	329	691	142	140	138	140	144
Expenses, Public Law 480, foreign assistance programs, Agriculture liquidating account:									
Spending authority from offsetting collections, mandatory	151	BA	**478**	**1**	**24**				
Expenses, Public Law 480, foreign assistance programs, Agriculture liquidating account (gross)		BA	**478**	**1**	**24**				
Total, offsetting collections			–478	–443	–460	–451	–465	–457	–441
Total Expenses, Public Law 480, foreign assistance programs, Agriculture liquidating account (net)		BA		**–442**	**–436**	**–451**	**–465**	**–457**	**–441**
		O	–478	–443	–460	–451	–465	–457	–441
Trust funds									
Miscellaneous contributed funds:									
Appropriation, mandatory	352	BA	**2**	**4**	**4**	**4**	**4**	**4**	**4**
Outlays		O	1	4	4	4	4	4	4
Total Federal funds Foreign Agricultural Service		BA	**1,352**	**633**	**651**	**636**	**634**	**670**	**711**
		O	948	1,489	693	669	666	692	730
Total Trust funds Foreign Agricultural Service		BA	**2**	**4**	**4**	**4**	**4**	**4**	**4**
		O	1	4	4	4	4	4	4

Food and Nutrition Service

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Food program administration:									
Appropriation, discretionary	605	BA	**111**	**114**	**129**	**129**	**131**	**134**	**137**
Spending authority from offsetting collections, discretionary		BA	**1**						
Outlays		O	111	116	127	129	131	134	136
Food program administration (gross)		BA	**112**	**114**	**129**	**129**	**131**	**134**	**137**
		O	111	116	127	129	131	134	136
Total, offsetting collections			–1						
Total Food program administration (net)		BA	**111**	**114**	**129**	**129**	**131**	**134**	**137**
		O	110	116	127	129	131	134	136
Food stamp program:									
Appropriation, discretionary	605	BA	**4**	**5**	**28**	**28**	**28**	**29**	**30**
Appropriation, mandatory		BA	**21,232**	**21,067**	**22,104**	**23,216**	**24,256**	**25,110**	**25,917**
					[B] **24**	[B] **96**	[B] **223**	[B] **371**	[B] **367**
Spending authority from offsetting collections, mandatory		BA	**194**	**197**	**197**	**197**	**197**	**197**	**197**
Outlays		O	19,199	19,924	21,232	22,324	23,358	24,214	25,019
					[B] 24	[B] 96	[B] 223	[B] 371	[B] 367
Food stamp program (gross)		BA	**21,430**	**21,269**	**22,353**	**23,537**	**24,704**	**25,707**	**26,511**
		O	19,199	19,924	21,256	22,420	23,581	24,585	25,386
Total, offsetting collections			–194	–197	–197	–197	–197	–197	–197
Total Food stamp program (net)		BA	**21,236**	**21,072**	**22,156**	**23,340**	**24,507**	**25,510**	**26,314**
		O	19,005	19,727	21,059	22,223	23,384	24,388	25,189

DEPARTMENT OF AGRICULTURE—Continued

(In millions of dollars)

Account			1999 actual	estimate					
				2000	2001	2002	2003	2004	2005
Child nutrition programs:									
Appropriation, discretionary	605	BA	5	14	18	18	18	19	19
Appropriation, mandatory		BA	9,179	9,545	9,533	10,489	10,939	11,439	11,958
					[B]–1	[B]–22	[B]–26	[B]–31	[B]–36
Outlays		O	8,878	9,354	9,892	10,434	10,899	11,391	11,910
					[B]–3	[B]–15	[B]–21	[B]–26	[B]–31
Total Child nutrition programs		BA	9,184	9,559	9,550	10,485	10,931	11,427	11,941
		O	8,878	9,354	9,889	10,419	10,878	11,365	11,879
Special supplemental nutrition program for women, infants, and children (WIC):									
Appropriation, discretionary	605	BA	3,924	4,032	4,148	4,148	4,198	4,302	4,396
Outlays		O	3,942	4,058	4,148	4,148	4,195	4,295	4,391
Commodity assistance program:									
Appropriation, discretionary	605	BA	131	133	158	158	160	164	168
Outlays		O	136	132	167	158	160	163	167
Food donations programs:									
Appropriation, discretionary	605	BA	141	141	151	151	153	157	160
Outlays		O	144	142	149	151	152	156	159
Total Federal funds Food and Nutrition Service		BA	34,727	35,051	36,292	38,411	40,080	41,694	43,116
		O	32,215	33,529	35,539	37,228	38,900	40,501	41,921
Forest Service									
Federal funds									
General and Special Funds:									
National forest system:									
Appropriation, discretionary	302	BA	1,300	1,262	1,287	1,272	1,302	1,335	1,364
Advance appropriation, discretionary		BA	....	....	....	15	....	....	....
Spending authority from offsetting collections, discretionary		BA	50	71	73	73	74	76	77
Outlays		O	1,301	1,339	1,357	1,360	1,374	1,406	1,437
National forest system (gross)		BA	1,350	1,333	1,360	1,360	1,376	1,411	1,441
		O	1,301	1,339	1,357	1,360	1,374	1,406	1,437
Total, offsetting collections			–50	–71	–73	–73	–74	–76	–77
Total National forest system (net)		BA	1,300	1,262	1,287	1,287	1,302	1,335	1,364
		O	1,251	1,268	1,284	1,287	1,300	1,330	1,360
Infrastructure:									
Appropriation, discretionary	302	BA	299	397	425	425	430	441	450
Spending authority from offsetting collections, discretionary		BA	1	1	1	1	1	1	1
Outlays		O	260	365	399	425	430	439	449
Infrastructure (gross)		BA	300	398	426	426	431	442	451
		O	260	365	399	425	430	439	449
Total, offsetting collections			–1	–1	–1	–1	–1	–1	–1
Total Infrastructure (net)		BA	299	397	425	425	430	441	450
		O	259	364	398	424	429	438	448
Road and trail fund:									
Appropriation, mandatory	303	BA			[B]31	[B]25	[B]25	[B]25	[B]25
Outlays		O			[B]20	[B]20	[B]20	[B]20	[B]20
Forest and rangeland research:									
Appropriation, discretionary	302	BA	199	203	231	231	234	240	245
Spending authority from offsetting collections, discretionary		BA	10	22	24	24	24	25	25
Outlays		O	194	224	247	255	257	263	268
Forest and rangeland research (gross)		BA	209	225	255	255	258	265	270
		O	194	224	247	255	257	263	268
Total, offsetting collections			–10	–22	–24	–24	–24	–25	–25
Total Forest and rangeland research (net)		BA	199	203	231	231	234	240	245
		O	184	202	223	231	233	238	243
State, private and international forestry:									
Appropriation, discretionary	302	BA	171	207	261	261	264	271	276
Spending authority from offsetting collections, discretionary		BA	....	5	7	7	7	7	7

DEPARTMENT OF AGRICULTURE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	180	203	254	269	271	276	281
State, private and international forestry (gross)		BA	**171**	**212**	**268**	**268**	**271**	**278**	**283**
		O	180	203	254	269	271	276	281
Total, offsetting collections			......	–5	–7	–7	–7	–7	–7
Total State, private and international forestry (net)		BA	**171**	**207**	**261**	**261**	**264**	**271**	**276**
		O	180	198	247	262	264	269	274
Healthy investments in rural environments:									
Appropriation, mandatory	302	BA			[B] **745**	[B] **320**	[B] **317**	[B] **315**	[B] **314**
Outlays		O			[B] 315	[B] 319	[B] 318	[B] 315	[B] 314
Management of national forest lands for subsistence uses:									
Appropriation, discretionary	302	BA	**3**	......	**6**	**6**	**6**	**6**	**6**
Outlays		O	......	3	6	6	6	6	6
Wildland fire management:									
Appropriation, discretionary	302	BA	**762**	**561**	**770**	**770**	**779**	**799**	**816**
Spending authority from offsetting collections, discretionary		BA	**75**	**87**	**95**	**95**	**96**	**99**	**101**
Outlays		O	900	588	700	715	723	741	756
Wildland fire management (gross)		BA	**837**	**648**	**865**	**865**	**875**	**898**	**917**
		O	900	588	700	715	723	741	756
Total, offsetting collections			–75	–87	–95	–95	–96	–99	–101
Total Wildland fire management (net)		BA	**762**	**561**	**770**	**770**	**779**	**799**	**816**
		O	825	501	605	620	627	642	655
Payments to States, northern spotted owl guarantee, Forest Service:									
Appropriation, mandatory	806	BA	**125**	**120**	**115**	**109**	**104**	**104**	**104**
					[B] **–115**	[B] **–109**	[B] **–104**	[B] **–104**	[B] **–104**
Outlays		O	125	120	115	109	104	104	104
					[B] –115	[B] –109	[B] –104	[B] –104	[B] –104
Total Payments to States, northern spotted owl guarantee, Forest Service		BA	**125**	**120**	......	......	......	......	......
		O	125	120	......	......	......	......	......
Payments to states stabilization:									
Appropriation, mandatory	806	BA			[B] **270**	[B] **270**	[B] **270**	[B] **270**	[B] **270**
Outlays		O			[B] 270	[B] 270	[B] 270	[B] 270	[B] 270
Southeast Alaska economic disaster assistance fund:									
Appropriation, discretionary	451	BA	......	**22**	......	......	......	......	......
Outlays		O	20	10	7	5	......	......	......
Facilities acquisition and enhancement fund:									
Appropriation, mandatory	302	BA			[B] **2**	[B] **5**	[B] **5**	[B] **10**	[B] **10**
Outlays		O			[B] 2	[B] 5	[B] 5	[B] 10	[B] 10
Range betterment fund:									
Appropriation, discretionary	302	BA	**3**	**3**	......	......	......	......	......
Outlays		O	3	3	1	......	......	......	......
Land acquisition accounts									
(Conservation and land management):									
(Appropriation, discretionary)	302	BA	**1**	**1**	......	......	......	......	......
(Outlays)		O	1	1	......	......	......	......	......
(Recreational resources):									
(Appropriation, discretionary)	303	BA	**118**	**156**	**130**	**130**	**132**	**135**	**138**
(Outlays)		O	92	143	139	130	131	134	137
Total Land acquisition accounts		BA	**119**	**157**	**130**	**130**	**132**	**135**	**138**
		O	93	144	139	130	131	134	137
Land acquisition reinvestment fund:									
Appropriation, mandatory	302	BA			[B] **1**	[B] **1**	[B] **2**	[B] **3**	[B] **3**
Outlays		O			[B] 1	[B] 1	[B] 2	[B] 3	[B] 3
Forest Service permanent appropriations									
(Conservation and land management):									
(Appropriation, mandatory)	302	BA	**182**	**213**	**204**	**186**	**182**	**183**	**183**
					[B] **–317**	[B] **–141**	[B] **–135**	[B] **–127**	[B] **–126**

DEPARTMENT OF AGRICULTURE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
(Outlays)		O	231	202	198	189	183	182	183
					[B]–166	[B]–142	[B]–135	[B]–128	[B]–126
Total (Conservation and land management)		BA	**182**	**213**	**–113**	**45**	**47**	**56**	**57**
		O	231	202	32	47	48	54	57
(Recreational resources):									
(Appropriation, mandatory)	303	BA	**26**	**25**	**26**	....	....	....	....
						[B]11	**[B]24**	**[B]41**	**[B]48**
(Outlays)		O	26	26	26	5	....	....	....
						[B]11	[B]24	[B]41	[B]48
Total (Recreational resources)		BA	**26**	**25**	**26**	**11**	**24**	**41**	**48**
		O	26	26	26	16	24	41	48
(General purpose fiscal assistance):									
(Appropriation, mandatory)	806	BA	**109**	**120**	**112**	**107**	**106**	**122**	**121**
					[B]–112	**[B]–108**	**[B]–106**	**[B]–122**	**[B]–121**
(Outlays)		O	109	121	112	107	106	122	121
					[B]–112	[B]–108	[B]–106	[B]–122	[B]–121
Total (General purpose fiscal assistance)		BA	**109**	**120**	....	**–1**	....	....	....
		O	109	121	....	–1	....	....	....
Total Forest Service permanent appropriations		BA	**317**	**358**	**–87**	**55**	**71**	**97**	**105**
		O	366	349	58	62	72	95	105
Intragovernmental Funds:									
Working capital fund:									
Spending authority from offsetting collections, mandatory	302	BA	**165**	**134**	**134**	**134**	**134**	**134**	**134**
Outlays		O	151	134	134	134	134	134	134
Working capital fund (gross)		BA	**165**	**134**	**134**	**134**	**134**	**134**	**134**
		O	151	134	134	134	134	134	134
Total, offsetting collections			–165	–134	–134	–134	–134	–134	–134
Total Working capital fund (net)		BA	....	....	....	....	....	....	....
		O	–14	....	....	....	....	....	....
	Trust funds								
Forest service trust funds:									
Appropriation, mandatory	302	BA	**193**	**196**	**240**	**251**	**251**	**251**	**250**
					[B]–459	**[B]–200**	**[B]–200**	**[B]–200**	**[B]–200**
Outlays		O	133	195	231	248	250	250	250
					[B]–190	[B]–198	[B]–200	[B]–200	[B]–200
Total Forest service trust funds		BA	**193**	**196**	**–219**	**51**	**51**	**51**	**50**
		O	133	195	41	50	50	50	50
Total Federal funds Forest Service		BA	**3,298**	**3,290**	**4,072**	**3,786**	**3,837**	**3,947**	**4,022**
		O	3,292	3,162	3,576	3,642	3,677	3,770	3,845
Total Trust funds Forest Service		BA	**193**	**196**	**–219**	**51**	**51**	**51**	**50**
		O	133	195	41	50	50	50	50

Summary

Account			1999 actual	2000	2001	2002	2003	2004	2005
Federal funds:									
(As shown in detail above)		BA	**68,345**	**73,360**	**67,324**	**65,684**	**61,902**	**63,115**	**63,498**
		O	63,502	72,142	65,638	63,062	61,018	61,034	61,821
Deductions for offsetting receipts:									
Intrafund transactions	352	BA/O	*–5*	*–6*	*–9*	*–9*	*–9*	*–9*	*–9*

DEPARTMENT OF AGRICULTURE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Proprietary receipts from the public	271	BA/O	*–167*	*–5*	*–8*	*–8*	*–8*	*–8*	*–8*
	302	BA/O	*–348*	*–621*	*–429*	*–421*	*–415*	*–432*	*–412*
					[B] –195	*[B] –239*	*[B] –272*	*[B] –271*	*[B] –278*
					[J] 4	*[J] 4*	*[J] 4*	*[J] 4*	*[J] 4*
	303	BA/O	*–30*	*–29*	*–30*	*–3*	*–3*	*–3*	*–3*
					[B] –25	*[B] –53*	*[B] –61*	*[B] –73*	*[B] –75*
	351	BA/O	....	*–417*	....	....	....	....	....
	371	BA/O	*–34*	....	....	....	....	....	....
	452	BA/O	*–62*	*–1*	....	....	....	....	....
Total Federal funds		BA	**67,699**	**72,281**	**66,632**	**64,955**	**61,138**	**62,323**	**62,717**
		O	62,856	71,063	64,946	62,333	60,254	60,242	61,040
Trust funds:									
(As shown in detail above)		BA	**355**	**351**	**–64**	**206**	**206**	**206**	**205**
		O	303	354	200	205	205	205	205
Deductions for offsetting receipts:									
Proprietary receipts from the public	302	BA/O	*–163*	*–166*	*–210*	*–220*	*–220*	*–220*	*–220*
					[B] 160	*[B] 170*	*[B] 170*	*[B] 170*	*[B] 170*
	352	BA/O	*–162*	*–155*	*–155*	*–155*	*–155*	*–155*	*–155*
Total Trust funds		BA	**30**	**30**	**–269**	**1**	**1**	**1**	....
		O	–22	33	–5	....	....	....	....
Interfund transactions	302	BA/O	....	....	*–1*	*–1*	*–1*	*–1*	*–1*
Total Department of Agriculture		BA	**67,729**	**72,311**	**66,362**	**64,955**	**61,138**	**62,323**	**62,716**
		O	62,834	71,096	64,940	62,332	60,253	60,241	61,039

DEPARTMENT OF COMMERCE

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Departmental Management									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	376	BA	**38**	**31**	**32**	**32**	**32**	**33**	**34**
Spending authority from offsetting collections, discretionary		BA	**50**	**348**	**358**	**358**	**362**	**371**	**379**
Outlays		O	83	384	391	390	394	404	413
Salaries and expenses (gross)		BA	**88**	**379**	**390**	**390**	**394**	**404**	**413**
		O	83	384	391	390	394	404	413
Total, offsetting collections			–50	–348	–358	–358	–362	–371	–379
Total Salaries and expenses (net)		BA	**38**	**31**	**32**	**32**	**32**	**33**	**34**
		O	33	36	33	32	32	33	34
Digital Department:									
Appropriation, discretionary	376	BA	....	....	**6**	**6**	**6**	**6**	**6**
Outlays		O	....	....	4	6	6	6	6
Security:									
Appropriation, discretionary	376	BA	....	....	**13**	**13**	**13**	**13**	**14**
Spending authority from offsetting collections, discretionary		BA	....	....	**9**	**9**	**9**	**9**	**10**
Outlays		O	....	....	21	22	22	23	24
Security (gross)		BA	....	....	**22**	**22**	**22**	**22**	**24**
		O	....	....	21	22	22	23	24
Total, offsetting collections			....	....	–9	–9	–9	–9	–10
Total Security (net)		BA	....	....	**13**	**13**	**13**	**13**	**14**
		O	....	....	12	13	13	14	14
Office of the Inspector General:									
Appropriation, discretionary	376	BA	**21**	**20**	**23**	**23**	**23**	**24**	**24**
Outlays		O	20	21	22	23	23	24	24

DEPARTMENT OF COMMERCE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Intragovernmental Funds:									
Working capital fund:									
Spending authority from offsetting collections, mandatory	376	BA	97	115	99	99	99	99	99
Outlays		O	94	115	99	99	99	99	99
Working capital fund (gross)		BA	97	115	99	99	99	99	99
		O	94	115	99	99	99	99	99
Change in receivables and unpaid, unfilled orders		BA	–5	....	....	....	....	....	....
Total, offsetting collections			–92	–115	–99	–99	–99	–99	–99
Total Working capital fund (net)		BA	....	....	....	....	....	....	....
		O	2	....	....	....	....	....	....
Franchise fund:									
Spending authority from offsetting collections, mandatory	376	BA	16	17	23	23	23	23	23
Outlays		O	21	18	23	23	23	23	23
Franchise fund (gross)		BA	16	17	23	23	23	23	23
		O	21	18	23	23	23	23	23
Change in receivables and unpaid, unfilled orders		BA	2	....	....	....	....	....	....
Total, offsetting collections			–18	–17	–23	–23	–23	–23	–23
Total Franchise fund (net)		BA	....	....	....	....	....	....	....
		O	3	1	....	....	....	....	....
Credit Accounts:									
Emergency oil and gas guaranteed loan program account:									
Appropriation, discretionary	376	BA	125	....	....	....	....	....	....
Outlays		O	....	125	....	....	....	....	....
Limitation on loan guarantee commitments			....	(500)	....	....	....	....	....
Emergency steel guaranteed loan program account:									
Appropriation, discretionary	376	BA	145	....	....	....	....	....	....
Outlays		O	....	145	....	....	....	....	....
Limitation on loan guarantee commitments			....	(1,000)	....	....	....	....	....
Trust funds									
Gifts and bequests:									
Appropriation, mandatory	376	BA	1	1	1	1	1	1	1
Outlays		O	1	2	1	1	1	1	1
Total Federal funds Departmental Management		BA	329	51	74	74	74	76	78
		O	58	328	71	74	74	77	78
Total Trust funds Departmental Management		BA	1	1	1	1	1	1	1
		O	1	2	1	1	1	1	1

Economic Development Administration

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	452	BA	26	27	28	28	28	29	30
				A 1					
Spending authority from offsetting collections, discretionary		BA	2	2	1	1	1	1	1
Outlays		O	28	30	29	29	30	30	31
				A 1					
Salaries and expenses (gross)		BA	28	30	29	29	29	30	31
		O	28	31	29	29	30	30	31
Total, offsetting collections			–2	–2	–1	–1	–1	–1	–1
Total Salaries and expenses (net)		BA	26	28	28	28	28	29	30
		O	26	29	28	28	29	29	30
Economic development assistance programs:									
Appropriation, discretionary	452	BA	387	361	419	419	424	434	444
				A 24					
Spending authority from offsetting collections, discretionary		BA	17	1	1	1	1	1	1

DEPARTMENT OF COMMERCE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	372	406 A 3	399 A 13	402 A 7	396 A 1	408	424
Economic development assistance programs (gross)		BA	**404**	**386**	**420**	**420**	**425**	**435**	**445**
		O	372	409	412	409	397	408	424
Total, offsetting collections			–17	–1	–1	–1	–1	–1	–1
Total Economic development assistance programs (net)		BA	**387**	**385**	**419**	**419**	**424**	**434**	**444**
		O	355	408	411	408	396	407	423
Credit Accounts:									
Economic development revolving fund liquidating account:									
Spending authority from offsetting collections, mandatory	452	BA	**11**	**5**	**5**	**5**	**5**	**5**	**5**
Outlays		O	5	5	5	5	5	5	5
Economic development revolving fund liquidating account (gross)		BA	**11**	**5**	**5**	**5**	**5**	**5**	**5**
		O	5	5	5	5	5	5	5
Total, offsetting collections			–11	–5	–5	–5	–5	–5	–5
Total Economic development revolving fund liquidating account (net)		BA	....	....	....	....	....	....	....
		O	–6	....	....	....	....	....	....
Total Federal funds Economic Development Administration		BA	**413**	**413**	**447**	**447**	**452**	**463**	**474**
		O	375	437	439	436	425	436	453

Bureau of the Census

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	376	BA	**146**	**140**	**174**	**174**	**176**	**180**	**184**
Appropriation, mandatory		BA	**10**	**20**	**20**	**20**	**10**	**10**	**10**
Outlays		O	166	120	174	191	187	190	193
Total Salaries and expenses		BA	**156**	**160**	**194**	**194**	**186**	**190**	**194**
		O	166	120	174	191	187	190	193
Periodic censuses and programs:									
Appropriation, discretionary	376	BA	**1,235**	**4,610**	**545**	**501**	**488**	**353**	**382**
Outlays		O	1,006	4,271	1,169	510	491	381	376
Intragovernmental Funds:									
Census working capital fund:									
Spending authority from offsetting collections, mandatory	376	BA	**171**	**186**	**188**	**188**	**188**	**188**	**188**
Outlays		O	131	186	188	188	188	188	188
Census working capital fund (gross)		BA	**171**	**186**	**188**	**188**	**188**	**188**	**188**
		O	131	186	188	188	188	188	188
Total, offsetting collections			–171	–186	–188	–188	–188	–188	–188
Total Census working capital fund (net)		BA	....	....	....	....	....	....	....
		O	–40	....	....	....	....	....	....
Total Federal funds Bureau of the Census		BA	**1,391**	**4,770**	**739**	**695**	**674**	**543**	**576**
		O	1,132	4,391	1,343	701	678	571	569

Economic and Statistical Analysis

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	376	BA	**48**	**49**	**55**	**55**	**56**	**57**	**58**
Spending authority from offsetting collections, discretionary		BA	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Outlays		O	51	52	56	57	58	59	60
Salaries and expenses (gross)		BA	**50**	**51**	**57**	**57**	**58**	**59**	**60**
		O	51	52	56	57	58	59	60

DEPARTMENT OF COMMERCE—Continued

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Total, offsetting collections			–2	–2	–2	–2	–2	–2	–2
Total Salaries and expenses (net)		BA	48	49	55	55	56	57	58
		O	49	50	54	55	56	57	58
Public Enterprise Funds:									
Economics and statistics administration revolving fund:									
Spending authority from offsetting collections, discretionary	376	BA	5	3	3	3	3	3	3
Outlays		O	6	3	3	3	3	3	3
Economics and statistics administration revolving fund (gross)		BA	5	3	3	3	3	3	3
		O	6	3	3	3	3	3	3
Total, offsetting collections			–5	–3	–3	–3	–3	–3	–3
Total Economics and statistics administration revolving fund (net)		BA							
		O	1						
Total Federal funds Economic and Statistical Analysis		BA	48	49	55	55	56	57	58
		O	50	50	54	55	56	57	58

Promotion of Industry and Commerce

International Trade Administration

Federal funds

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
General and Special Funds:									
Operations and administration:									
Appropriation, discretionary	376	BA	301	307	357	357	361	370	378
Spending authority from offsetting collections, discretionary		BA	14	31	31	31	31	32	33
Outlays		O	300	331	371	383	391	399	408
Operations and administration (gross)		BA	315	338	388	388	392	402	411
		O	300	331	371	383	391	399	408
Total, offsetting collections			–14	–31	–31	–31	–31	–32	–33
Total Operations and administration (net)		BA	301	307	357	357	361	370	378
		O	286	300	340	352	360	367	375
Trust funds									
Foreign service national separation liability trust fund:									
Outlays	602	O	11						

Export Administration

Federal funds

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
General and Special Funds:									
Operations and administration									
(Defense-related activities):									
(Appropriation, discretionary)	054	BA	2	2	5	5	5	5	5
(Outlays)		O	2	2	4	5	5	5	6
(Other advancement of commerce):									
(Appropriation, discretionary)	376	BA	54	52	67	67	68	69	71
(Spending authority from offsetting collections, discretionary)		BA	9	5	5	5	5	5	5
(Outlays)		O	53	66	71	71	73	74	75
Operations and administration (gross)		BA	65	59	77	77	78	79	81
		O	55	68	75	76	78	79	81
Total, offsetting collections			–9	–5	–5	–5	–5	–5	–5
Total (Other advancement of commerce) (net)		BA	54	52	67	67	68	69	71
		O	44	61	66	66	68	69	70
Total Operations and administration		BA	56	54	72	72	73	74	76
		O	46	63	70	71	73	74	76
Total Federal funds Export Administration		BA	56	54	72	72	73	74	76
		O	46	63	70	71	73	74	76

DEPARTMENT OF COMMERCE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Minority Business Development Agency									
Federal funds									
General and Special Funds:									
Minority business development:									
Appropriation, discretionary	376	BA	**27**	**27**	**28**	**28**	**28**	**29**	**30**
Outlays		O	31	26	28	28	28	29	29
United States Travel and Tourism Administration									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	376	BA	**–1**	....	....	....	....	....	....
Total Federal funds Promotion of Industry and Commerce		BA	**383**	**388**	**457**	**457**	**462**	**473**	**484**
		O	363	389	438	451	461	470	480
Total Trust funds Promotion of Industry and Commerce		O	11	....	....	....	....	....	....
Science and Technology									
National Oceanic and Atmospheric Administration									
Federal funds									
General and Special Funds:									
Operations, research, and facilities:									
Appropriation, discretionary	306	BA	**1,664**	**1,741**	**1,973**	**1,973**	**1,997**	**2,046**	**2,091**
				[A] **26**					
					[J] **–34**	[J] **–34**	[J] **–34**	[J] **–35**	[J] **–36**
Appropriation, mandatory		BA	....	**14**	**14**	**23**	**24**	**24**	**24**
Spending authority from offsetting collections, discretionary		BA	**280**	**241**	**208**	**208**	**210**	**216**	**220**
					[J] **34**	[J] **34**	[J] **34**	[J] **35**	[J] **36**
Spending authority from offsetting collections, mandatory		BA	**3**	....	....	....	....	....	....
Outlays		O	2,050	1,877	2,074	2,211	2,364	2,394	2,372
				[A] 16	[A] 10				
Operations, research, and facilities (gross)		BA	**1,947**	**2,022**	**2,195**	**2,204**	**2,231**	**2,286**	**2,335**
		O	2,050	1,893	2,084	2,211	2,364	2,394	2,372
Change in receivables and unpaid, unfilled orders		BA	**–14**	....	....	....	....	....	....
Total, offsetting collections			–266	–241	–208	–208	–211	–215	–221
					[J] –34	[J] –34	[J] –34	[J] –35	[J] –36
Total Operations, research, and facilities (net)		BA	**1,667**	**1,781**	**1,953**	**1,962**	**1,986**	**2,036**	**2,078**
		O	1,784	1,652	1,842	1,969	2,119	2,144	2,115
Procurement, acquisition and construction:									
Appropriation, discretionary	306	BA	**585**	**593**	**635**	....	....	....	....
Advance appropriation, discretionary		BA	....	....	....	**732**	**705**	**706**	**657**
Outlays		O	592	398	523	395	259	171	110
Total Procurement, acquisition and construction		BA	**585**	**593**	**635**	**732**	**705**	**706**	**657**
		O	592	398	523	395	259	171	110
Pacific coastal salmon recovery:									
Appropriation, discretionary	306	BA	....	**58**	**160**	**160**	**162**	**166**	**170**
Outlays		O	....	58	160	160	162	166	170
Fisheries assistance:									
Appropriation, discretionary	302	BA	....	....	**10**	**10**	**10**	**10**	**11**
Outlays		O	....	....	10	10	10	10	10
Coastal impact assistance:									
Appropriation, discretionary	302	BA	....	....	**100**	**100**	**101**	**104**	**106**
Outlays		O	....	....	50	90	101	102	105
Promote and develop fishery products and research pertaining to American fisheries:									
Appropriation, discretionary	376	BA	**–63**	**–69**	**–68**	**–68**	**–69**	**–71**	**–72**
Appropriation, mandatory		BA	**66**	**70**	**70**	**70**	**70**	**70**	**70**

DEPARTMENT OF COMMERCE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	5	6	3	1	1	1	1
Total Promote and develop fishery products and research pertaining to American fisheries		BA	**3**	**1**	**2**	**2**	**1**	**–1**	**–2**
		O	5	6	3	1	1	1	1
Fishermen's contingency fund:									
Appropriation, discretionary	376	BA	....	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	....	2	1	1	1	1	1
Public Enterprise Funds:									
Coastal zone management fund:									
Appropriation, discretionary	306	BA	....	....	**–3**	**–3**	**–3**	**–3**	**–3**
Spending authority from offsetting collections, discretionary		BA	**4**	**4**	**3**	**3**	**3**	**3**	**3**
Outlays		O	7	7	....	....	....	....	....
Coastal zone management fund (gross)		BA	**4**	**4**	....	....	....	....	....
		O	7	7	....	....	....	....	....
Total, offsetting collections			–4	–4	–3	–3	–3	–3	–3
Total Coastal zone management fund (net)		BA	....	....	**–3**	**–3**	**–3**	**–3**	**–3**
		O	3	3	–3	–3	–3	–3	–3
Damage assessment and restoration revolving fund:									
Appropriation, mandatory	306	BA	....	**4**	**2**	....	....	....	....
Spending authority from offsetting collections, mandatory		BA	**10**	**2**	**2**	**2**	**2**	**2**	**2**
Outlays		O	....	22	4	2	2	2	2
Damage assessment and restoration revolving fund (gross)		BA	**10**	**6**	**4**	**2**	**2**	**2**	**2**
		O	....	22	4	2	2	2	2
Total, offsetting collections			–13	–2	–2	–2	–2	–2	–2
Total Damage assessment and restoration revolving fund (net)		BA	**–3**	**4**	**2**	....	....	....	....
		O	–13	20	2	....	....	....	....
Credit Accounts:									
Fisheries finance, program account:									
Appropriation, discretionary	376	BA	**28**	....	**7**	**7**	**7**	**7**	**7**
Outlays		O	23	6	7	7	7	7	7
Limitation on direct loan activity			(229)	(28)	(324)	(324)	(328)	(336)	(343)
Federal ship financing fund, fishing vessels liquidating account:									
Appropriation, mandatory	376	BA	**2**	**1**	....	....	....	....	....
Spending authority from offsetting collections, mandatory		BA	**8**	....	....	....	....	....	....
Outlays		O	2	1	....	....	....	....	....
Federal ship financing fund, fishing vessels liquidating account (gross)		BA	**10**	**1**	....	....	....	....	....
		O	2	1	....	....	....	....	....
Total, offsetting collections			–8	....	....	....	....	....	....
Total Federal ship financing fund, fishing vessels liquidating account (net)		BA	**2**	**1**	....	....	....	....	....
		O	–6	1	....	....	....	....	....
Total Federal funds National Oceanic and Atmospheric Administration		BA	**2,282**	**2,439**	**2,867**	**2,971**	**2,970**	**3,026**	**3,025**
		O	2,388	2,146	2,595	2,630	2,657	2,599	2,516

Patent and Trademark Office

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	376	BA	**–72**	**–3**	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	**853**	**871**	**1,039**	**1,039**	**1,051**	**1,077**	**1,101**
Outlays		O	840	681	865	959	1,034	1,066	1,086
Salaries and expenses (gross)		BA	**781**	**868**	**1,039**	**1,039**	**1,051**	**1,077**	**1,101**
		O	840	681	865	959	1,034	1,066	1,086

DEPARTMENT OF COMMERCE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–887	–984	–1,152	–1,152	–1,166	–1,195	–1,221
Total Salaries and expenses (net)		BA	**–106**	**–116**	**–113**	**–113**	**–115**	**–118**	**–120**
		O	–47	–303	–287	–193	–132	–129	–135
Technology Administration									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	376	BA	**9**	**8**	**9**	**9**	**9**	**9**	**10**
Spending authority from offsetting collections, discretionary		BA	....	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	9	22	10	10	10	10	10
Salaries and expenses (gross)		BA	**9**	**9**	**10**	**10**	**10**	**10**	**11**
		O	9	22	10	10	10	10	10
Total, offsetting collections			....	–1	–1	–1	–1	–1	–1
Total Salaries and expenses (net)		BA	**9**	**8**	**9**	**9**	**9**	**9**	**10**
		O	9	21	9	9	9	9	9
National Technical Information Service									
Federal funds									
Public Enterprise Funds:									
NTIS revolving fund:									
Appropriation, discretionary	376	BA	**1**	....	....	....	....	....	....
				[A] **4**					
Spending authority from offsetting collections, discretionary		BA	**34**	**35**	....	....	....	....	....
Outlays		O	36	58	16	....	....	....	....
				[A] 4					
NTIS revolving fund (gross)		BA	**35**	**39**	....	....	....	....	....
		O	36	62	16	....	....	....	....
Total, offsetting collections			–34	–35	....	....	....	....	....
Total NTIS revolving fund (net)		BA	**1**	**4**	....	....	....	....	....
		O	2	27	16	....	....	....	....
National Institute of Standards and Technology									
Federal funds									
General and Special Funds:									
Scientific and technical research and services:									
Appropriation, discretionary	376	BA	**280**	**282**	**332**	**332**	**336**	**344**	**352**
				[A] **1**					
Outlays		O	283	290	322	330	334	341	350
				[A] 1					
Total Scientific and technical research and services		BA	**280**	**283**	**332**	**332**	**336**	**344**	**352**
		O	283	291	322	330	334	341	350
Industrial technology services:									
Appropriation, discretionary	376	BA	**325**	**247**	**338**	**338**	**342**	**351**	**359**
Outlays		O	327	268	285	230	319	340	345
					[A] 1	[A] 2	[A] 1		
Total Industrial technology services		BA	**325**	**247**	**338**	**338**	**342**	**351**	**359**
		O	327	268	286	232	320	340	345
Construction of research facilities:									
Appropriation, discretionary	376	BA	**57**	**106**	**36**	**36**	**36**	**37**	**38**
Outlays		O	36	32	41	55	63	52	44
Intragovernmental Funds:									
Working capital fund:									
Appropriation, discretionary	376	BA	....	....	**8**	**8**	**8**	**8**	**8**
Spending authority from offsetting collections, discretionary		BA	**133**	**108**	**108**	**108**	**109**	**112**	**114**

DEPARTMENT OF COMMERCE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	147	102	112	116	117	119	122
Working capital fund (gross)		BA	133	108	116	116	117	120	122
		O	147	102	112	116	117	119	122
Total, offsetting collections			–133	–108	–108	–108	–109	–112	–114
Total Working capital fund (net)		BA			8	8	8	8	8
		O	14	–6	4	8	8	7	8
Total Federal funds National Institute of Standards and Technology		BA	662	636	714	714	722	740	757
		O	660	585	653	625	725	740	747
National Telecommunications and Information Administration									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	376	BA	11	11	20	20	20	21	21
Spending authority from offsetting collections, discretionary		BA	18	20	24	24	24	25	25
Outlays		O	31	34	43	44	44	46	46
Salaries and expenses (gross)		BA	29	31	44	44	44	46	46
		O	31	34	43	44	44	46	46
Total, offsetting collections			–18	–20	–24	–24	–24	–25	–25
Total Salaries and expenses (net)		BA	11	11	20	20	20	21	21
		O	13	14	19	20	20	21	21
Public telecommunications facilities, planning and construction:									
Appropriation, discretionary	503	BA	20	26	110				
Advance appropriation, discretionary		BA				110	88	45	47
Outlays		O	17	27	37	75	90	92	68
Total Public telecommunications facilities, planning and construction		BA	20	26	110	110	88	45	47
		O	17	27	37	75	90	92	68
Technology Opportunity Grants:									
Appropriation, discretionary	503	BA	18	16	45	45	46	47	48
Outlays		O	17	28	23	28	39	45	46
Internet Home Access Program:									
Appropriation, discretionary	451	BA			50	50	51	52	53
Outlays		O			4	27	41	51	52
Total Federal funds National Telecommunications and Information Administration		BA	49	53	225	225	205	165	169
		O	47	69	83	150	190	209	187
Total Federal funds Science and Technology		BA	2,897	3,024	3,702	3,806	3,791	3,822	3,841
		O	3,059	2,545	3,069	3,221	3,449	3,428	3,324
Summary									
Federal funds:									
(As shown in detail above)		BA	5,461	8,695	5,474	5,534	5,509	5,434	5,511
		O	5,037	8,140	5,414	4,938	5,143	5,039	4,962
Deductions for offsetting receipts:									
Intrafund transactions	908	BA/O				–9	–10	–10	–10
Proprietary receipts from the public	306	BA/O	–13	–8	–8	–8	–8	–8	–8
Total Federal funds		BA	5,448	8,687	5,466	5,517	5,491	5,416	5,493
		O	5,024	8,132	5,406	4,921	5,125	5,021	4,944
Trust funds:									
(As shown in detail above)		BA	1	1	1	1	1	1	1
		O	12	2	1	1	1	1	1
Total Department of Commerce		BA	5,449	8,688	5,467	5,518	5,492	5,417	5,494
		O	5,036	8,134	5,407	4,922	5,126	5,022	4,945

DEPARTMENT OF DEFENSE—MILITARY

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Military Personnel									
Federal funds									
General and Special Funds:									
Military personnel, Army:									
Appropriation, discretionary	051	BA	**20,811**	**21,292**	**22,198**	**78,449**	**80,390**	**83,085**	**85,585**
Advance appropriation, discretionary		BA	....	**560**	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	**192**	**213**	**181**	**694**	**694**	**694**	**694**
Outlays		O	20,491	22,096	22,243	78,516	80,588	83,301	89,301
Military personnel, Army (gross)		BA	**21,003**	**22,065**	**22,379**	**79,143**	**81,084**	**83,779**	**86,279**
		O	20,491	22,096	22,243	78,516	80,588	83,301	89,301
Change in receivables and unpaid, unfilled orders		BA	**28**	....	....	....	....	....	....
Adjustment to receivables and unpaid, unfilled orders		BA	**–61**	....	....	....	....	....	....
Total, offsetting collections			–159	–213	–181	–694	–694	–694	–694
Total Military personnel, Army (net)		BA	**20,811**	**21,852**	**22,198**	**78,449**	**80,390**	**83,085**	**85,585**
		O	20,332	21,883	22,062	77,822	79,894	82,607	88,607
Military personnel, Navy:									
Appropriation, discretionary	051	BA	**16,611**	**16,817**	**17,743**	....	....	....	....
Advance appropriation, discretionary		BA	....	**437**	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	**248**	**237**	**219**	....	....	....	....
Outlays		O	16,603	17,532	17,844	....	....	....	....
Military personnel, Navy (gross)		BA	**16,859**	**17,491**	**17,962**	....	....	....	....
		O	16,603	17,532	17,844	....	....	....	....
Change in receivables and unpaid, unfilled orders		BA	**21**	....	....	....	....	....	....
Adjustment to receivables and unpaid, unfilled orders		BA	**3**	....	....	....	....	....	....
Total, offsetting collections			–272	–237	–219	....	....	....	....
Total Military personnel, Navy (net)		BA	**16,611**	**17,254**	**17,743**	....	....	....	....
		O	16,331	17,295	17,625	....	....	....	....
Military personnel, Marine Corps:									
Appropriation, discretionary	051	BA	**6,200**	**6,388**	**6,822**	....	....	....	....
Advance appropriation, discretionary		BA	....	**178**	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	**30**	**31**	**32**	....	....	....	....
Outlays		O	6,217	6,564	6,853	....	....	....	....
Military personnel, Marine Corps (gross)		BA	**6,230**	**6,597**	**6,854**	....	....	....	....
		O	6,217	6,564	6,853	....	....	....	....
Change in receivables and unpaid, unfilled orders		BA	**–4**	....	....	....	....	....	....
Adjustment to receivables and unpaid, unfilled orders		BA	**–9**	....	....	....	....	....	....
Total, offsetting collections			–17	–31	–32	....	....	....	....
Total Military personnel, Marine Corps (net)		BA	**6,200**	**6,566**	**6,822**	....	....	....	....
		O	6,200	6,533	6,821	....	....	....	....
Military personnel, Air Force:									
Appropriation, discretionary	051	BA	**17,048**	**17,342**	**18,283**	....	....	....	....
Advance appropriation, discretionary		BA	....	**472**	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	**205**	**248**	**190**	....	....	....	....
Outlays		O	17,104	17,985	18,244	....	....	....	....
Military personnel, Air Force (gross)		BA	**17,253**	**18,062**	**18,473**	....	....	....	....
		O	17,104	17,985	18,244	....	....	....	....
Change in receivables and unpaid, unfilled orders		BA	**161**	....	....	....	....	....	....
Adjustment to receivables and unpaid, unfilled orders		BA	**–117**	....	....	....	....	....	....
Total, offsetting collections			–249	–247	–190	....	....	....	....
Total Military personnel, Air Force (net)		BA	**17,048**	**17,815**	**18,283**	....	....	....	....
		O	16,855	17,738	18,054	....	....	....	....
Reserve personnel, Army:									
Appropriation, discretionary	051	BA	**2,183**	**2,251**	**2,434**	....	....	....	....
Advance appropriation, discretionary		BA	....	**41**	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	**14**	**20**	**20**	....	....	....	....

DEPARTMENT OF DEFENSE—MILITARY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	2,158	2,282	2,407				
Reserve personnel, Army (gross)		BA	**2,197**	**2,312**	**2,454**				
		O	2,158	2,282	2,407				
Adjustment to receivables and unpaid, unfilled orders		BA	**–2**						
Total, offsetting collections			–12	–20	–20				
Total Reserve personnel, Army (net)		BA	**2,183**	**2,292**	**2,434**				
		O	2,146	2,262	2,387				
Reserve personnel, Navy:									
Appropriation, discretionary	051	BA	**1,451**	**1,444**	**1,528**				
Advance appropriation, discretionary		BA		**30**					
Spending authority from offsetting collections, discretionary		BA	**15**	**17**	**18**				
Outlays		O	1,437	1,475	1,502				
Reserve personnel, Navy (gross)		BA	**1,466**	**1,491**	**1,546**				
		O	1,437	1,475	1,502				
Adjustment to receivables and unpaid, unfilled orders		BA	**–1**						
Total, offsetting collections			–14	–17	–18				
Total Reserve personnel, Navy (net)		BA	**1,451**	**1,474**	**1,528**				
		O	1,423	1,458	1,484				
Reserve personnel, Marine Corps:									
Appropriation, discretionary	051	BA	**401**	**405**	**436**				
Advance appropriation, discretionary		BA		**8**					
Spending authority from offsetting collections, discretionary		BA	**1**	**1**	**1**				
Outlays		O	389	409	426				
Reserve personnel, Marine Corps (gross)		BA	**402**	**414**	**437**				
		O	389	409	426				
Change in receivables and unpaid, unfilled orders		BA	**1**						
Adjustment to receivables and unpaid, unfilled orders		BA	**–1**						
Total, offsetting collections			–1	–1	–1				
Total Reserve personnel, Marine Corps (net)		BA	**401**	**413**	**436**				
		O	388	408	425				
Reserve personnel, Air Force:									
Appropriation, discretionary	051	BA	**856**	**879**	**982**				
Advance appropriation, discretionary		BA		**13**					
Spending authority from offsetting collections, discretionary		BA	**1**	**2**	**3**				
Outlays		O	822	881	970				
Reserve personnel, Air Force (gross)		BA	**857**	**894**	**985**				
		O	822	881	970				
Change in receivables and unpaid, unfilled orders		BA	**1**						
Adjustment to receivables and unpaid, unfilled orders		BA	**–1**						
Total, offsetting collections			–1	–2	–3				
Total Reserve personnel, Air Force (net)		BA	**856**	**892**	**982**				
		O	821	879	967				
National Guard personnel, Army:									
Appropriation, discretionary	051	BA	**3,636**	**3,535**	**3,748**				
Advance appropriation, discretionary		BA		**70**					
Spending authority from offsetting collections, discretionary		BA	**9**	**9**	**9**				
Outlays		O	3,561	3,551	3,673				
National Guard personnel, Army (gross)		BA	**3,645**	**3,614**	**3,757**				
		O	3,561	3,551	3,673				
Change in receivables and unpaid, unfilled orders		BA	**–5**						
Adjustment to receivables and unpaid, unfilled orders		BA	**–2**						
Total, offsetting collections			–2	–9	–9				
Total National Guard personnel, Army (net)		BA	**3,636**	**3,605**	**3,748**				
		O	3,559	3,542	3,664				

DEPARTMENT OF DEFENSE—MILITARY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
National Guard personnel, Air Force:									
Appropriation, discretionary	051	BA	**1,452**	**1,499**	**1,627**				
Advance appropriation, discretionary		BA		**30**					
Spending authority from offsetting collections, discretionary		BA	**20**	**22**	**22**				
Outlays		O	1,472	1,533	1,627				
National Guard personnel, Air Force (gross)		BA	**1,472**	**1,551**	**1,649**				
		O	1,472	1,533	1,627				
Adjustment to receivables and unpaid, unfilled orders		BA	**4**						
Total, offsetting collections			–24	–22	–22				
Total National Guard personnel, Air Force (net)		BA	**1,452**	**1,529**	**1,627**				
		O	1,448	1,511	1,605				
Total Federal funds Military Personnel		BA	**70,649**	**73,692**	**75,801**	**78,449**	**80,390**	**83,085**	**85,585**
		O	69,503	73,509	75,094	77,822	79,894	82,607	88,607

Operation and Maintenance

Federal funds

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
General and Special Funds:									
Operation and maintenance, Army:									
Appropriation, discretionary	051	BA	**20,721**	**18,737**	**19,074**	**107,264**	**108,891**	**112,009**	**114,559**
Spending authority from offsetting collections, discretionary		BA	**5,902**	**5,907**	**6,106**	**14,571**	**14,571**	**14,571**	**14,571**
Outlays		O	25,600	25,243	25,690	121,029	122,607	125,550	128,037
Operation and maintenance, Army (gross)		BA	**26,623**	**24,644**	**25,180**	**121,835**	**123,462**	**126,580**	**129,130**
		O	25,600	25,243	25,690	121,029	122,607	125,550	128,037
Change in receivables and unpaid, unfilled orders		BA	**–3**						
Adjustment to receivables and unpaid, unfilled orders		BA	**–106**						
Total, offsetting collections			–5,743	–5,857	–6,056	–14,571	–14,571	–14,571	–14,571
Total Operation and maintenance, Army (net)		BA	**20,771**	**18,787**	**19,124**	**107,264**	**108,891**	**112,009**	**114,559**
		O	19,857	19,386	19,634	106,458	108,036	110,979	113,466
Operation and maintenance, Navy:									
Appropriation, discretionary	051	BA	**23,239**	**22,471**	**23,250**				
Spending authority from offsetting collections, discretionary		BA	**3,727**	**3,762**	**3,762**				
Outlays		O	24,431	25,956	27,025				
Operation and maintenance, Navy (gross)		BA	**26,966**	**26,233**	**27,012**				
		O	24,431	25,956	27,025				
Change in receivables and unpaid, unfilled orders		BA	**4**						
Adjustment to receivables and unpaid, unfilled orders		BA	**–235**						
Total, offsetting collections			–3,446	–3,712	–3,712				
Total Operation and maintenance, Navy (net)		BA	**23,289**	**22,521**	**23,300**				
		O	20,985	22,244	23,313				
Operation and maintenance, Marine Corps:									
Appropriation, discretionary	051	BA	**2,689**	**2,687**	**2,706**				
Spending authority from offsetting collections, discretionary		BA	**480**	**412**	**412**				
Outlays		O	2,970	3,042	3,104				
Operation and maintenance, Marine Corps (gross)		BA	**3,169**	**3,099**	**3,118**				
		O	2,970	3,042	3,104				
Change in receivables and unpaid, unfilled orders		BA	**–30**						
Adjustment to receivables and unpaid, unfilled orders		BA	**33**						
Total, offsetting collections			–483	–412	–412				
Total Operation and maintenance, Marine Corps (net)		BA	**2,689**	**2,687**	**2,706**				
		O	2,487	2,630	2,692				
Operation and maintenance, Air Force:									
Appropriation, discretionary	051	BA	**22,050**	**20,408**	**22,297**				
Spending authority from offsetting collections, discretionary		BA	**2,786**	**2,404**	**2,341**				

DEPARTMENT OF DEFENSE—MILITARY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	23,597	22,618	24,904				
Operation and maintenance, Air Force (gross)		BA	**24,836**	**22,812**	**24,638**				
		O	23,597	22,618	24,904				
Change in receivables and unpaid, unfilled orders		BA	**217**						
Adjustment to receivables and unpaid, unfilled orders		BA	**–35**						
Total, offsetting collections			–2,918	–2,354	–2,291				
Total Operation and maintenance, Air Force (net)		BA	**22,100**	**20,458**	**22,347**				
		O	20,679	20,264	22,613				
Operation and maintenance, Defense-wide:									
Appropriation, discretionary	051	BA	**11,453**	**11,832**	**11,920**				
				A **24**					
Spending authority from offsetting collections, discretionary		BA	**648**	**824**	**831**				
Outlays		O	11,020	12,373	12,751				
				A 18	A 5				
Operation and maintenance, Defense-wide (gross)		BA	**12,101**	**12,680**	**12,751**				
		O	11,020	12,391	12,756				
Change in receivables and unpaid, unfilled orders		BA	**–349**						
Adjustment to receivables and unpaid, unfilled orders		BA	**–35**						
Total, offsetting collections			–264	–824	–831				
Total Operation and maintenance, Defense-wide (net)		BA	**11,453**	**11,856**	**11,920**				
		O	10,756	11,567	11,925				
Office of the Inspector General:									
Appropriation, discretionary	051	BA	**132**	**137**	**148**				
Outlays		O	134	137	146				
Office of the Inspector General (gross)		BA	**132**	**137**	**148**				
		O	134	137	146				
Change in receivables and unpaid, unfilled orders		BA	**–1**						
Adjustment to receivables and unpaid, unfilled orders		BA	**1**						
Total Office of the Inspector General (net)		BA	**132**	**137**	**148**				
		O	134	137	146				
Operation and maintenance, Army Reserve:									
Appropriation, discretionary	051	BA	**1,259**	**1,462**	**1,521**				
Spending authority from offsetting collections, discretionary		BA	**68**	**68**	**72**				
Outlays		O	1,320	1,469	1,560				
Operation and maintenance, Army Reserve (gross)		BA	**1,327**	**1,530**	**1,593**				
		O	1,320	1,469	1,560				
Change in receivables and unpaid, unfilled orders		BA	**–6**						
Total, offsetting collections			–62	–68	–72				
Total Operation and maintenance, Army Reserve (net)		BA	**1,259**	**1,462**	**1,521**				
		O	1,258	1,401	1,488				
Operation and maintenance, Navy Reserve:									
Appropriation, discretionary	051	BA	**982**	**954**	**961**				
Spending authority from offsetting collections, discretionary		BA	**76**	**73**	**74**				
Outlays		O	1,039	1,022	1,031				
Operation and maintenance, Navy Reserve (gross)		BA	**1,058**	**1,027**	**1,035**				
		O	1,039	1,022	1,031				
Change in receivables and unpaid, unfilled orders		BA	**–16**						
Adjustment to receivables and unpaid, unfilled orders		BA	**–1**						
Total, offsetting collections			–59	–73	–74				
Total Operation and maintenance, Navy Reserve (net)		BA	**982**	**954**	**961**				
		O	980	949	957				
Operation and maintenance, Marine Corps Reserve:									
Appropriation, discretionary	051	BA	**127**	**138**	**134**				
Spending authority from offsetting collections, discretionary		BA	**4**	**5**	**5**				

DEPARTMENT OF DEFENSE—MILITARY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	128	148	136				
Operation and maintenance, Marine Corps Reserve (gross)		BA	**131**	**143**	**139**				
		O	128	148	136				
Change in receivables and unpaid, unfilled orders		BA	**5**						
Adjustment to receivables and unpaid, unfilled orders		BA	**–2**						
Total, offsetting collections			–7	–5	–5				
Total Operation and maintenance, Marine Corps Reserve (net)		BA	**127**	**138**	**134**				
		O	121	143	131				
Operation and maintenance, Air Force Reserve:									
Appropriation, discretionary	051	BA	**1,790**	**1,773**	**1,886**				
Spending authority from offsetting collections, discretionary		BA	**80**	**51**	**51**				
Outlays		O	1,722	1,865	1,920				
Operation and maintenance, Air Force Reserve (gross)		BA	**1,870**	**1,824**	**1,937**				
		O	1,722	1,865	1,920				
Change in receivables and unpaid, unfilled orders		BA	**–4**						
Adjustment to receivables and unpaid, unfilled orders		BA	**1**						
Total, offsetting collections			–77	–51	–51				
Total Operation and maintenance, Air Force Reserve (net)		BA	**1,790**	**1,773**	**1,886**				
		O	1,645	1,814	1,869				
Operation and maintenance, Army National Guard:									
Appropriation, discretionary	051	BA	**2,806**	**3,145**	**3,182**				
Spending authority from offsetting collections, discretionary		BA	**118**	**159**	**162**				
Outlays		O	2,693	3,304	3,272				
Operation and maintenance, Army National Guard (gross)		BA	**2,924**	**3,304**	**3,344**				
		O	2,693	3,304	3,272				
Adjustment to receivables and unpaid, unfilled orders		BA	**–4**						
Total, offsetting collections			–114	–159	–162				
Total Operation and maintenance, Army National Guard (net)		BA	**2,806**	**3,145**	**3,182**				
		O	2,579	3,145	3,110				
Operation and maintenance, Air National Guard:									
Appropriation, discretionary	051	BA	**3,216**	**3,224**	**3,446**				
Spending authority from offsetting collections, discretionary		BA	**223**	**200**	**205**				
Outlays		O	3,328	3,459	3,593				
Operation and maintenance, Air National Guard (gross)		BA	**3,439**	**3,424**	**3,651**				
		O	3,328	3,459	3,593				
Change in receivables and unpaid, unfilled orders		BA	**–23**						
Total, offsetting collections			–200	–200	–205				
Total Operation and maintenance, Air National Guard (net)		BA	**3,216**	**3,224**	**3,446**				
		O	3,128	3,259	3,388				
Quality of Life Enhancements, Defense:									
Appropriation, discretionary	051	BA	**455**	**298**					
Outlays		O	366	433	297				
Pentagon renovation transfer fund:									
Appropriation, discretionary	051	BA	**280**	**222**					
Outlays		O	280	222					
Depot level maintenance and repair transfer fund:									
Appropriation, discretionary	051	BA	**455**	**–400**					
Outlays		O							
Overseas contingency operations transfer account:									
Appropriation, discretionary	051	BA	**544**	**1,714** [A] **2,050**	**4,101**				
Outlays		O		1,791 [A] 1,527	3,414 [A] 408				
Total Overseas contingency operations transfer account		BA	**544**	**3,764**	**4,101**				
		O		3,318	3,822				

DEPARTMENT OF DEFENSE—MILITARY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Military Training, Equipment and Associated Support Transfer Fund:									
Appropriation, discretionary	051	BA	**57**						
OPLAN 34A–35 P.O.W. Payments:									
Outlays	051	O		4	4				
Spares, Repairs, and Associated Logistical Support Transfer Fund:									
Appropriation, discretionary	051	BA	**779**	**–550**					
United States Courts of Appeals for the armed forces:									
Appropriation, discretionary	051	BA	**7**	**8**	**9**				
Outlays		O	5	12	9				
Drug interdiction and counter-drug activities, Defense:									
Appropriation, discretionary	051	BA		**833**	**836**				
				[A] **98**					
Outlays		O		287	649				
				[A] 34	[A] 43				
Total Drug interdiction and counter-drug activities, Defense		BA		**931**	**836**				
		O		321	692				
Support for international sporting competitions, Defense:									
Outlays	051	O	1	13	2				
Foreign currency fluctuations, Defense:									
Reappropriation, discretionary	051	BA	**354**						
Real property maintenance, Defense:									
Outlays	051	O	13						
Defense health program:									
Appropriation, discretionary	051	BA	**10,499**	**11,320**	**11,600**				
Spending authority from offsetting collections, discretionary		BA	**749**	**700**	**700**				
Outlays		O	10,909	11,822	12,299				
Defense health program (gross)		BA	**11,248**	**12,020**	**12,300**				
		O	10,909	11,822	12,299				
Change in receivables and unpaid, unfilled orders		BA	**–321**						
Adjustment to receivables and unpaid, unfilled orders		BA	**35**						
Total, offsetting collections			–463	–700	–700				
Total Defense health program (net)		BA	**10,499**	**11,320**	**11,600**				
		O	10,446	11,122	11,599				
The Department of Defense Environmental Restoration Accounts:									
Appropriation, discretionary	051	BA		**1,297**	**1,270**				
Outlays		O	–4	285	863				
Overseas humanitarian, disaster and civic aid:									
Appropriation, discretionary	051	BA	**105**	**56**	**65**				
Outlays		O	106	123	60				
Defense reinvestment for economic growth:									
Outlays	051	O	20						
Former Soviet Union threat reduction account:									
Appropriation, discretionary	051	BA	**440**	**458**	**458**				
Outlays		O	321	664	358				
Payment to kaho'olawe:									
Appropriation, discretionary	051	BA	**25**	**35**	**25**				
Outlays		O	25	35	25				
Emergency response fund:									
Outlays	051	O	7						
Allied contributions and cooperation account:									
Appropriation, mandatory	051	BA	**208**	**210**	**215**	**215**	**215**	**215**	**215**
Outlays		O	126	224	216	216	216	215	215
Miscellaneous Special Funds:									
Appropriation, discretionary	051	BA	**52**	**62**	**25**				
Appropriation, mandatory		BA	**5**	**6**	**6**	**6**	**6**	**6**	**6**
Outlays		O	68	84	30	6	6	6	6
Total Miscellaneous Special Funds		BA	**57**	**68**	**31**	**6**	**6**	**6**	**6**
		O	68	84	30	6	6	6	6
Overseas military facility investment recovery:									
Appropriation, discretionary	051	BA	**4**	**3**					
Outlays		O	29	22	18				

DEPARTMENT OF DEFENSE—MILITARY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Credit Accounts:									
Defense export loan guarantee program account:									
Limitation on loan guarantee commitments	051		(14,980)	(14,980)	(14,980)	....	....	....	....
Defense vessel transfer program account:									
Appropriation, discretionary	051	BA	**107**	....	....	....	....	....	....
Total Federal funds Operation and Maintenance		BA	**104,990**	**104,862**	**109,285**	**107,485**	**109,112**	**112,230**	**114,780**
		O	96,418	103,821	109,261	106,680	108,258	111,200	113,687
Procurement									
Federal funds									
General and Special Funds:									
Aircraft procurement, Army:									
Appropriation, discretionary	051	BA	**1,391**	**1,444**	**1,323**	**63,021**	**66,710**	**67,652**	**70,931**
Spending authority from offsetting collections, discretionary		BA	**6**	**17**	**18**	**18**	**18**	**18**	**18**
Outlays		O	1,543	1,407	1,327	54,093	60,002	63,524	66,134
Aircraft procurement, Army (gross)		BA	**1,397**	**1,461**	**1,341**	**63,039**	**66,728**	**67,670**	**70,949**
		O	1,543	1,407	1,327	54,093	60,002	63,524	66,134
Change in receivables and unpaid, unfilled orders		BA	**5**	....	....	....	....	....	....
Total, offsetting collections			–11	–17	–18	–18	–18	–18	–18
Total Aircraft procurement, Army (net)		BA	**1,391**	**1,444**	**1,323**	**63,021**	**66,710**	**67,652**	**70,931**
		O	1,532	1,390	1,309	54,075	59,984	63,506	66,116
Missile procurement, Army:									
Appropriation, discretionary	051	BA	**1,210**	**1,303**	**1,296**	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	**63**	**496**	**115**	....	....	....	....
Outlays		O	881	1,554	1,256	....	....	....	....
Missile procurement, Army (gross)		BA	**1,273**	**1,799**	**1,411**	....	....	....	....
		O	881	1,554	1,256	....	....	....	....
Change in receivables and unpaid, unfilled orders		BA	**37**	....	....	....	....	....	....
Adjustment to receivables and unpaid, unfilled orders		BA	**–2**	....	....	....	....	....	....
Total, offsetting collections			–98	–496	–115	....	....	....	....
Total Missile procurement, Army (net)		BA	**1,210**	**1,303**	**1,296**	....	....	....	....
		O	783	1,058	1,141	....	....	....	....
Procurement of weapons and tracked combat vehicles, Army:									
Appropriation, discretionary	051	BA	**1,538**	**1,562**	**1,875**	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	**24**	**34**	**61**	....	....	....	....
Outlays		O	1,614	1,425	1,618	....	....	....	....
Procurement of weapons and tracked combat vehicles, Army (gross)		BA	**1,562**	**1,596**	**1,936**	....	....	....	....
		O	1,614	1,425	1,618	....	....	....	....
Change in receivables and unpaid, unfilled orders		BA	**–11**	....	....	....	....	....	....
Adjustment to receivables and unpaid, unfilled orders		BA	**–3**	....	....	....	....	....	....
Total, offsetting collections			–10	–34	–61	....	....	....	....
Total Procurement of weapons and tracked combat vehicles, Army (net)		BA	**1,538**	**1,562**	**1,875**	....	....	....	....
		O	1,604	1,391	1,557	....	....	....	....
Procurement of ammunition, Army:									
Appropriation, discretionary	051	BA	**1,189**	**1,187**	**1,131**	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	**380**	**405**	**400**	....	....	....	....
Outlays		O	1,248	1,574	1,461	....	....	....	....
Procurement of ammunition, Army (gross)		BA	**1,569**	**1,592**	**1,531**	....	....	....	....
		O	1,248	1,574	1,461	....	....	....	....
Change in receivables and unpaid, unfilled orders		BA	**–345**	....	....	....	....	....	....
Total, offsetting collections			–34	–405	–400	....	....	....	....
Total Procurement of ammunition, Army (net)		BA	**1,190**	**1,187**	**1,131**	....	....	....	....
		O	1,214	1,169	1,061	....	....	....	....
Other procurement, Army:									
Appropriation, discretionary	051	BA	**3,425**	**3,737**	**3,796**	....	....	....	....

DEPARTMENT OF DEFENSE—MILITARY—Continued
(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Spending authority from offsetting collections, discretionary		BA	**2**	**63**	**63**				
Outlays		O	3,156	3,239	3,471				
Other procurement, Army (gross)		BA	**3,427**	**3,800**	**3,859**				
		O	3,156	3,239	3,471				
Change in receivables and unpaid, unfilled orders		BA	**32**						
Adjustment to receivables and unpaid, unfilled orders		BA	**–2**						
Total, offsetting collections			–32	–63	–63				
Total Other procurement, Army (net)		BA	**3,425**	**3,737**	**3,796**				
		O	3,124	3,176	3,408				
Aircraft procurement, Navy:									
Appropriation, discretionary	051	BA	**7,632**	**8,650**	**7,964**				
Spending authority from offsetting collections, discretionary		BA	**1**	**7**	**7**				
Outlays		O	6,027	7,217	7,486				
Aircraft procurement, Navy (gross)		BA	**7,633**	**8,657**	**7,971**				
		O	6,027	7,217	7,486				
Change in receivables and unpaid, unfilled orders		BA	**–2**						
Adjustment to receivables and unpaid, unfilled orders		BA	**4**						
Total, offsetting collections			–3	–7	–7				
Total Aircraft procurement, Navy (net)		BA	**7,632**	**8,650**	**7,964**				
		O	6,024	7,210	7,479				
Weapons procurement, Navy:									
Appropriation, discretionary	051	BA	**1,614**	**1,394**	**1,434**				
Spending authority from offsetting collections, discretionary		BA	**–17**	**10**	**10**				
Outlays		O	1,331	1,343	1,367				
Weapons procurement, Navy (gross)		BA	**1,597**	**1,404**	**1,444**				
		O	1,331	1,343	1,367				
Change in receivables and unpaid, unfilled orders		BA	**69**						
Total, offsetting collections			–52	–10	–10				
Total Weapons procurement, Navy (net)		BA	**1,614**	**1,394**	**1,434**				
		O	1,279	1,333	1,357				
Procurement of ammunition, Navy and Marine Corps:									
Appropriation, discretionary	051	BA	**458**	**585**	**430**				
Spending authority from offsetting collections, discretionary		BA	**12**	**10**	**10**				
Outlays		O	406	440	425				
Procurement of ammunition, Navy and Marine Corps (gross)		BA	**470**	**595**	**440**				
		O	406	440	425				
Change in receivables and unpaid, unfilled orders		BA	**–1**						
Total, offsetting collections			–11	–10	–10				
Total Procurement of ammunition, Navy and Marine Corps (net)		BA	**458**	**585**	**430**				
		O	395	430	415				
Shipbuilding and conversion, Navy:									
Appropriation, discretionary	051	BA	**5,918**	**6,936**	**12,297**				
Outlays		O	6,912	5,823	6,398				
Shipbuilding and conversion, Navy (gross)		BA	**5,918**	**6,936**	**12,297**				
		O	6,912	5,823	6,398				
Change in receivables and unpaid, unfilled orders		BA	**215**						
Total, offsetting collections			–215						
Total Shipbuilding and conversion, Navy (net)		BA	**5,918**	**6,936**	**12,297**				
		O	6,697	5,823	6,398				
Other procurement, Navy:									
Appropriation, discretionary	051	BA	**4,055**	**4,262**	**3,335**				
Spending authority from offsetting collections, discretionary		BA	**54**	**42**	**42**				

DEPARTMENT OF DEFENSE—MILITARY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	3,421	3,915	3,828				
Other procurement, Navy (gross)		BA	**4,109**	**4,304**	**3,377**				
		O	3,421	3,915	3,828				
Change in receivables and unpaid, unfilled orders		BA	**12**						
Adjustment to receivables and unpaid, unfilled orders		BA	**–8**						
Total, offsetting collections			–58	–42	–42				
Total Other procurement, Navy (net)		BA	**4,055**	**4,262**	**3,335**				
		O	3,363	3,873	3,786				
Coastal defense augmentation:									
Outlays	051	O		6	6				
Procurement, Marine Corps:									
Appropriation, discretionary	051	BA	**862**	**1,290**	**1,172**				
Spending authority from offsetting collections, discretionary		BA	**1**	**9**	**9**				
Outlays		O	593	826	1,026				
Procurement, Marine Corps (gross)		BA	**863**	**1,299**	**1,181**				
		O	593	826	1,026				
Adjustment to receivables and unpaid, unfilled orders		BA	**–1**						
Total, offsetting collections				–9	–9				
Total Procurement, Marine Corps (net)		BA	**862**	**1,290**	**1,172**				
		O	593	817	1,017				
Aircraft procurement, Air Force:									
Appropriation, discretionary	051	BA	**8,303**	**8,442**	**9,540**				
				[A] 73					
Spending authority from offsetting collections, discretionary		BA	**42**	**45**	**50**				
Outlays		O	8,943	7,098	8,333				
				[A] 13	[A] 29				
Aircraft procurement, Air Force (gross)		BA	**8,345**	**8,560**	**9,590**				
		O	8,943	7,111	8,362				
Change in receivables and unpaid, unfilled orders		BA	**1**						
Adjustment to receivables and unpaid, unfilled orders		BA	**–28**						
Total, offsetting collections			–15	–45	–50				
Total Aircraft procurement, Air Force (net)		BA	**8,303**	**8,515**	**9,540**				
		O	8,928	7,066	8,312				
Missile procurement, Air Force:									
Appropriation, discretionary	051	BA	**2,223**	**2,056**	**3,062**				
Spending authority from offsetting collections, discretionary		BA	**29**	**75**	**75**				
Outlays		O	2,361	2,266	2,365				
Missile procurement, Air Force (gross)		BA	**2,252**	**2,131**	**3,137**				
		O	2,361	2,266	2,365				
Change in receivables and unpaid, unfilled orders		BA	**37**						
Adjustment to receivables and unpaid, unfilled orders		BA	**–4**						
Total, offsetting collections			–62	–75	–75				
Total Missile procurement, Air Force (net)		BA	**2,223**	**2,056**	**3,062**				
		O	2,299	2,191	2,290				
Procurement of ammunition, Air Force:									
Appropriation, discretionary	051	BA	**399**	**582**	**639**				
Spending authority from offsetting collections, discretionary		BA	**8**	**13**	**13**				
Outlays		O	393	428	472				
Procurement of ammunition, Air Force (gross)		BA	**407**	**595**	**652**				
		O	393	428	472				
Change in receivables and unpaid, unfilled orders		BA	**–2**						
Adjustment to receivables and unpaid, unfilled orders		BA	**–3**						

DEPARTMENT OF DEFENSE—MILITARY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–4	–13	–13				
Total Procurement of ammunition, Air Force (net)		BA	398	582	639				
		O	389	415	459				
Other procurement, Air Force:									
Appropriation, discretionary	051	BA	7,509	7,177	7,699				
Spending authority from offsetting collections, discretionary		BA	81	300	300				
Outlays		O	6,849	7,504	7,838				
Other procurement, Air Force (gross)		BA	7,590	7,477	7,999				
		O	6,849	7,504	7,838				
Change in receivables and unpaid, unfilled orders		BA	7						
Adjustment to receivables and unpaid, unfilled orders		BA	–10						
Total, offsetting collections			–78	–300	–300				
Total Other procurement, Air Force (net)		BA	7,509	7,177	7,699				
		O	6,771	7,204	7,538				
Procurement, Defense-wide:									
Appropriation, discretionary	051	BA	2,059	2,354	2,275				
Spending authority from offsetting collections, discretionary		BA	74	108	108				
Outlays		O	2,218	2,201	2,349				
Procurement, Defense-wide (gross)		BA	2,133	2,462	2,383				
		O	2,218	2,201	2,349				
Change in receivables and unpaid, unfilled orders		BA	–22						
Adjustment to receivables and unpaid, unfilled orders		BA	–2						
Total, offsetting collections			–50	–108	–108				
Total Procurement, Defense-wide (net)		BA	2,059	2,354	2,275				
		O	2,168	2,093	2,241				
National guard and reserve equipment:									
Appropriation, discretionary	051	BA	358	149					
Outlays		O	716	531	288				
Defense production act purchases:									
Appropriation, discretionary	051	BA		3					
Outlays		O	11	7	7				
Chemical agents and munitions destruction, Army:									
Appropriation, discretionary	051	BA	777	1,022	1,004				
Spending authority from offsetting collections, discretionary		BA	3	5	5				
Outlays		O	941	794	894				
Chemical agents and munitions destruction, Army (gross)		BA	780	1,027	1,009				
		O	941	794	894				
Change in receivables and unpaid, unfilled orders		BA	2						
Total, offsetting collections			–5	–5	–5				
Total Chemical agents and munitions destruction, Army (net)		BA	777	1,022	1,004				
		O	936	789	889				
Total Federal funds Procurement		BA	50,920	54,208	60,272	63,021	66,710	67,652	70,931
		O	48,826	47,972	50,958	54,075	59,984	63,506	66,116

Research, Development, Test, and Evaluation

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Research, development, test, and evaluation, Army:									
Appropriation, discretionary	051	BA	5,054	5,200	5,260	38,371	37,564	37,452	36,361
Spending authority from offsetting collections, discretionary		BA	1,725	1,268	1,320	4,071	4,071	4,071	4,071
Outlays		O	6,594	6,307	6,571	41,608	41,395	41,206	40,603
Research, development, test, and evaluation, Army (gross)		BA	6,779	6,468	6,580	42,442	41,635	41,523	40,432
		O	6,594	6,307	6,571	41,608	41,395	41,206	40,603
Change in receivables and unpaid, unfilled orders		BA	–149						
Adjustment to receivables and unpaid, unfilled orders		BA	–9						

DEPARTMENT OF DEFENSE—MILITARY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–1,567	–1,268	–1,320	–4,071	–4,071	–4,071	–4,071
Total Research, development, test, and evaluation, Army (net)		BA	**5,054**	**5,200**	**5,260**	**38,371**	**37,564**	**37,452**	**36,361**
		O	5,027	5,039	5,251	37,537	37,324	37,135	36,532
Research, development, test, and evaluation, Navy:									
Appropriation, discretionary	051	BA	**8,977**	**9,001**	**8,477**				
Spending authority from offsetting collections, discretionary		BA	**197**	**185**	**185**				
Outlays		O	8,203	9,259	8,902				
Research, development, test, and evaluation, Navy (gross)		BA	**9,174**	**9,186**	**8,662**				
		O	8,203	9,259	8,902				
Change in receivables and unpaid, unfilled orders		BA	**–30**						
Adjustment to receivables and unpaid, unfilled orders		BA	**–16**						
Total, offsetting collections			–151	–185	–185				
Total Research, development, test, and evaluation, Navy (net)		BA	**8,977**	**9,001**	**8,477**				
		O	8,052	9,074	8,717				
Research, development, test, and evaluation, Air Force:									
Appropriation, discretionary	051	BA	**13,807**	**14,194**	**13,686**				
Spending authority from offsetting collections, discretionary		BA	**1,775**	**2,050**	**2,050**				
Outlays		O	15,867	15,501	15,604				
Research, development, test, and evaluation, Air Force (gross)		BA	**15,582**	**16,244**	**15,736**				
		O	15,867	15,501	15,604				
Change in receivables and unpaid, unfilled orders		BA	**–12**						
Adjustment to receivables and unpaid, unfilled orders		BA	**–68**						
Total, offsetting collections			–1,695	–2,050	–2,050				
Total Research, development, test, and evaluation, Air Force (net)		BA	**13,807**	**14,194**	**13,686**				
		O	14,172	13,451	13,554				
F–22 transfer account:									
Appropriation, discretionary	051	BA		**293**					
Outlays		O			179				
Research, development, test, and evaluation, Defense-wide:									
Appropriation, discretionary	051	BA	**10,146**	**9,388**	**10,238**				
				[A] **–15**					
Spending authority from offsetting collections, discretionary		BA	**380**	**433**	**515**				
Outlays		O	10,087	9,984	10,265				
				[A] –7	[A] –6				
Research, development, test, and evaluation, Defense-wide (gross)		BA	**10,526**	**9,806**	**10,753**				
		O	10,087	9,977	10,259				
Change in receivables and unpaid, unfilled orders		BA	**–119**						
Adjustment to receivables and unpaid, unfilled orders		BA	**–1**						
Total, offsetting collections			–260	–433	–515				
Total Research, development, test, and evaluation, Defense-wide (net)		BA	**10,146**	**9,373**	**10,238**				
		O	9,827	9,544	9,744				
Developmental test and evaluation, Defense:									
Appropriation, discretionary	051	BA	**259**	**265**					
Spending authority from offsetting collections, discretionary		BA	**5**						
Outlays		O	260	253	144				
Developmental test and evaluation, Defense (gross)		BA	**264**	**265**					
		O	260	253	144				
Change in receivables and unpaid, unfilled orders		BA	**2**						
Total, offsetting collections			–7						
Total Developmental test and evaluation, Defense (net)		BA	**259**	**265**					
		O	253	253	144				
Operational test and evaluation, Defense:									
Appropriation, discretionary	051	BA	**47**	**31**	**202**				

DEPARTMENT OF DEFENSE—MILITARY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	32	39	107	......	......	......	......
Total Federal funds Research, Development, Test, and Evaluation		BA	**38,290**	**38,357**	**37,863**	**38,371**	**37,564**	**37,452**	**36,361**
		O	37,363	37,400	37,696	37,537	37,324	37,135	36,532
Military Construction									
Federal funds									
General and Special Funds:									
Military construction, Army:									
Appropriation, discretionary	051	BA	**992**	**1,037**	**898**	**3,765**	**3,574**	**4,515**	**5,349**
Advance appropriation, discretionary		BA	......	......	......	**510**	**231**	**61**	**19**
Spending authority from offsetting collections, discretionary		BA	**2,602**	**2,000**	**2,000**	**2,373**	**2,373**	**2,373**	**2,373**
Outlays		O	3,157	2,819	2,958	6,941	6,458	6,367	6,731
Military construction, Army (gross)		BA	**3,594**	**3,037**	**2,898**	**6,648**	**6,178**	**6,949**	**7,741**
		O	3,157	2,819	2,958	6,941	6,458	6,367	6,731
Change in receivables and unpaid, unfilled orders		BA	**–225**	......	......	......	......	......	......
Adjustment to receivables and unpaid, unfilled orders		BA	**–8**	......	......	......	......	......	......
Total, offsetting collections			–2,369	–2,000	–2,000	–2,373	–2,373	–2,373	–2,373
Total Military construction, Army (net)		BA	**992**	**1,037**	**898**	**4,275**	**3,805**	**4,576**	**5,368**
		O	788	819	958	4,568	4,085	3,994	4,358
Military construction, Navy:									
Appropriation, discretionary	051	BA	**609**	**897**	**753**	......	......	......	......
Spending authority from offsetting collections, discretionary		BA	**362**	**354**	**354**	......	......	......	......
Outlays		O	1,048	992	1,142	......	......	......	......
Military construction, Navy (gross)		BA	**971**	**1,251**	**1,107**	......	......	......	......
		O	1,048	992	1,142	......	......	......	......
Change in receivables and unpaid, unfilled orders		BA	**11**	......	......	......	......	......	......
Total, offsetting collections			–373	–354	–354	......	......	......	......
Total Military construction, Navy (net)		BA	**609**	**897**	**753**	......	......	......	......
		O	675	638	788	......	......	......	......
Military construction, Air Force:									
Appropriation, discretionary	051	BA	**642**	**784**	**531**	......	......	......	......
Outlays		O	712	698	717	......	......	......	......
Military construction, Defense-wide:									
Appropriation, discretionary	051	BA	**551**	**591**	**785**	......	......	......	......
				[A] **39**					
Outlays		O	631	603	626	......	......	......	......
				[A] 4	[A] 15				
Total Military construction, Defense-wide		BA	**551**	**630**	**785**	......	......	......	......
		O	631	607	641	......	......	......	......
North Atlantic Treaty Organization Security Investment Program:									
Appropriation, discretionary	051	BA	**245**	**81**	**190**	......	......	......	......
Spending authority from offsetting collections, discretionary		BA	......	**11**	**11**	......	......	......	......
Outlays		O	85	86	298	......	......	......	......
North Atlantic Treaty Organization Security Investment Program (gross)		BA	**245**	**92**	**201**	......	......	......	......
		O	85	86	298	......	......	......	......
Change in receivables and unpaid, unfilled orders		BA	**16**	......	......	......	......	......	......
Adjustment to receivables and unpaid, unfilled orders		BA	**1**	......	......	......	......	......	......
Total, offsetting collections			–17	–11	–11	......	......	......	......
Total North Atlantic Treaty Organization Security Investment Program (net)		BA	**245**	**81**	**190**	......	......	......	......
		O	68	75	287	......	......	......	......
Military construction, Army National Guard:									
Appropriation, discretionary	051	BA	**151**	**236**	**59**	......	......	......	......
Outlays		O	153	144	163	......	......	......	......
Military construction, Air National Guard:									
Appropriation, discretionary	051	BA	**186**	**262**	**50**	......	......	......	......
Outlays		O	215	187	210	......	......	......	......

DEPARTMENT OF DEFENSE—MILITARY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Military construction, Army Reserve:									
Appropriation, discretionary	051	BA	**102**	**111**	**82**				
Outlays		O	76	89	92				
Military construction, Naval Reserve:									
Appropriation, discretionary	051	BA	**32**	**28**	**16**				
Outlays		O	48	31	29				
Military construction, Air Force Reserve:									
Appropriation, discretionary	051	BA	**34**	**64**	**15**				
Outlays		O	38	36	44				
Military construction transfer fund:									
Appropriation, discretionary	051	BA	**181**						
Base realignment and closure account:									
Appropriation, discretionary	051	BA	**1,618**	**664**	**1,170**				
Spending authority from offsetting collections, discretionary		BA	**7**	**8**	**8**				
Outlays		O	2,117	1,451	1,060				
Base realignment and closure account (gross)		BA	**1,625**	**672**	**1,178**				
		O	2,117	1,451	1,060				
Change in receivables and unpaid, unfilled orders		BA	**–7**						
Total, offsetting collections				–8	–8				
Total Base realignment and closure account (net)		BA	**1,618**	**664**	**1,170**				
		O	2,117	1,443	1,052				
Foreign currency fluctuations, construction:									
Reappropriation, discretionary	051	BA	**63**						
Total Federal funds Military Construction		BA	**5,406**	**4,794**	**4,549**	**4,275**	**3,805**	**4,576**	**5,368**
		O	5,521	4,767	4,981	4,568	4,085	3,994	4,358
Family Housing									
Federal funds									
General and Special Funds:									
Family housing, Army:									
Appropriation, discretionary	051	BA	**1,252**	**1,161**	**1,140**	**3,708**	**3,863**	**3,983**	**4,085**
Spending authority from offsetting collections, discretionary		BA	**16**	**19**	**22**	**82**	**82**	**82**	**82**
Outlays		O	1,269	1,284	1,171	3,755	3,916	3,939	4,051
Family housing, Army (gross)		BA	**1,268**	**1,180**	**1,162**	**3,790**	**3,945**	**4,065**	**4,167**
		O	1,269	1,284	1,171	3,755	3,916	3,939	4,051
Change in receivables and unpaid, unfilled orders		BA	**–1**						
Total, offsetting collections			–15	–19	–22	–82	–82	–82	–82
Total Family housing, Army (net)		BA	**1,252**	**1,161**	**1,140**	**3,708**	**3,863**	**3,983**	**4,085**
		O	1,254	1,265	1,149	3,673	3,834	3,857	3,969
Family housing, Navy and Marine Corps:									
Appropriation, discretionary	051	BA	**1,216**	**1,226**	**1,245**				
Spending authority from offsetting collections, discretionary		BA	**13**	**21**	**21**				
Outlays		O	1,348	1,324	1,259				
Family housing, Navy and Marine Corps (gross)		BA	**1,229**	**1,247**	**1,266**				
		O	1,348	1,324	1,259				
Adjustment to receivables and unpaid, unfilled orders		BA	**4**						
Total, offsetting collections			–17	–21	–21				
Total Family housing, Navy and Marine Corps (net)		BA	**1,216**	**1,226**	**1,245**				
		O	1,331	1,303	1,238				
Family housing, Air Force:									
Appropriation, discretionary	051	BA	**1,082**	**1,162**	**1,050**				
Spending authority from offsetting collections, discretionary		BA	**11**	**11**	**11**				
Outlays		O	1,040	1,121	1,146				
Family housing, Air Force (gross)		BA	**1,093**	**1,173**	**1,061**				
		O	1,040	1,121	1,146				

DEPARTMENT OF DEFENSE—MILITARY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–11	–11	–11				
Total Family housing, Air Force (net)		BA	**1,082**	**1,162**	**1,050**				
		O	1,029	1,110	1,135				
Family housing, Defense-wide:									
Appropriation, discretionary	051	BA	**37**	**41**	**45**				
Spending authority from offsetting collections, discretionary		BA	**2**	**3**	**3**				
Outlays		O	37	44	47				
Family housing, Defense-wide (gross)		BA	**39**	**44**	**48**				
		O	37	44	47				
Total, offsetting collections			–2	–3	–3				
Total Family housing, Defense-wide (net)		BA	**37**	**41**	**45**				
		O	35	41	44				
Public Enterprise Funds:									
Homeowners assistance fund, Defense:									
Appropriation, discretionary	051	BA	**7**	**5**	**4**				
Spending authority from offsetting collections, discretionary		BA	**46**	**30**	**25**				
Outlays		O	80	43	35				
Homeowners assistance fund, Defense (gross)		BA	**53**	**35**	**29**				
		O	80	43	35				
Change in receivables and unpaid, unfilled orders		BA	**–2**						
Total, offsetting collections			–44	–30	–25				
Total Homeowners assistance fund, Defense (net)		BA	**7**	**5**	**4**				
		O	36	13	10				
Credit Accounts:									
Department of Defense, Family Housing Improvement Fund:									
Appropriation, discretionary	051	BA	**2**	**2**					
Outlays		O	7	21	13				
Department of Defense, Military Unaccompanied Housing Improvement Fund:									
Appropriation, discretionary	051	BA	**–5**						
Total Federal funds Family Housing		BA	**3,591**	**3,597**	**3,484**	**3,708**	**3,863**	**3,983**	**4,085**
		O	3,692	3,753	3,589	3,673	3,834	3,857	3,969

Revolving and Management Funds

Federal funds

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Public Enterprise Funds:									
National defense stockpile transaction fund:									
Appropriation, discretionary	051	BA				**768**	**731**	**440**	**449**
Spending authority from offsetting collections, discretionary		BA	**299**	**298**	**306**	**73,814**	**73,814**	**73,814**	**73,814**
Outlays		O	240	245	299	74,913	74,664	74,473	74,332
National defense stockpile transaction fund (gross)		BA	**299**	**298**	**306**	**74,582**	**74,545**	**74,254**	**74,263**
		O	240	245	299	74,913	74,664	74,473	74,332
Total, offsetting collections			–449	–448	–456	–73,814	–73,814	–73,814	–73,814
Total National defense stockpile transaction fund (net)		BA	**–150**	**–150**	**–150**	**768**	**731**	**440**	**449**
		O	–209	–203	–157	1,099	850	659	518
Reserve mobilization income insurance fund:									
Spending authority from offsetting collections, discretionary	051	BA	**1**						
Outlays		O	5						
Reserve mobilization income insurance fund (gross)		BA	**1**						
		O	5						
Total, offsetting collections			–1						
Total Reserve mobilization income insurance fund (net)		BA							
		O	4						

DEPARTMENT OF DEFENSE—MILITARY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Intragovernmental Funds:									
Pentagon reservation maintenance revolving fund:									
Spending authority from offsetting collections, mandatory	051	BA	386	379	384	384	384	384	384
Outlays		O	35	263	264	384	384	384	384
Pentagon reservation maintenance revolving fund (gross)		BA	386	379	384	384	384	384	384
		O	35	263	264	384	384	384	384
Change in receivables and unpaid, unfilled orders		BA	–274	3	5	.....	.....	.....	.....
Adjustment to receivables and unpaid, unfilled orders		BA	–1	.....	.....	.....	.....	.....	.....
Total, offsetting collections			–112	–382	–389	–384	–384	–384	–384
Total Pentagon reservation maintenance revolving fund (net)		BA	–1	.....	.....	.....	.....	.....	.....
		O	–77	–119	–125	.....	.....	.....	.....
National defense sealift fund:									
Appropriation, discretionary	051	BA	594	702	388	.....	.....	.....	.....
Spending authority from offsetting collections, discretionary		BA	643	768	805	.....	.....	.....	.....
Outlays		O	1,916	1,511	1,465	.....	.....	.....	.....
National defense sealift fund (gross)		BA	1,237	1,470	1,193	.....	.....	.....	.....
		O	1,916	1,511	1,465	.....	.....	.....	.....
Change in receivables and unpaid, unfilled orders		BA	119	.....	.....	.....	.....	.....	.....
Total, offsetting collections			–762	–768	–805	.....	.....	.....	.....
Total National defense sealift fund (net)		BA	594	702	388	.....	.....	.....	.....
		O	1,154	743	660	.....	.....	.....	.....
Working capital fund, Army:									
Appropriation, discretionary	051	BA	.....	62	.....	.....	.....	.....	.....
Contract authority, mandatory		BA	9	.....	.....	.....	.....	.....	.....
Spending authority from offsetting collections, discretionary		BA	8,818	7,604	6,854	.....	.....	.....	.....
Outlays		O	8,292	8,533	6,803	.....	.....	.....	.....
Working capital fund, Army (gross)		BA	8,827	7,666	6,854	.....	.....	.....	.....
		O	8,292	8,533	6,803	.....	.....	.....	.....
Change in receivables and unpaid, unfilled orders		BA	–301	1,028	–57	.....	.....	.....	.....
Adjustment to receivables and unpaid, unfilled orders		BA	1	.....	.....	.....	.....	.....	.....
Total, offsetting collections			–8,518	–8,632	–6,797	.....	.....	.....	.....
Total Working capital fund, Army (net)		BA	9	62	.....	.....	.....	.....	.....
		O	–226	–99	6	.....	.....	.....	.....
Working capital fund, Navy:									
Appropriation, discretionary	051	BA	2	.....	.....	.....	.....	.....	.....
Contract authority, mandatory		BA	13	.....	.....	.....	.....	.....	.....
Spending authority from offsetting collections, discretionary		BA	20,475	19,798	20,011	.....	.....	.....	.....
Outlays		O	20,089	19,145	18,944	.....	.....	.....	.....
Working capital fund, Navy (gross)		BA	20,490	19,798	20,011	.....	.....	.....	.....
		O	20,089	19,145	18,944	.....	.....	.....	.....
Change in receivables and unpaid, unfilled orders		BA	–347	–340	–1,166	.....	.....	.....	.....
Total, offsetting collections			–20,128	–19,458	–18,845	.....	.....	.....	.....
Total Working capital fund, Navy (net)		BA	15	.....	.....	.....	.....	.....	.....
		O	–39	–313	99	.....	.....	.....	.....
Working capital fund, Air Force:									
Appropriation, discretionary	051	BA	31	28	.....	.....	.....	.....	.....
Contract authority, mandatory		BA	1,480	.....	.....	.....	.....	.....	.....
Spending authority from offsetting collections, discretionary		BA	19,074	18,913	20,229	.....	.....	.....	.....
Outlays		O	19,560	18,835	19,756	.....	.....	.....	.....
Working capital fund, Air Force (gross)		BA	20,585	18,941	20,229	.....	.....	.....	.....
		O	19,560	18,835	19,756	.....	.....	.....	.....
Change in receivables and unpaid, unfilled orders		BA	207	191	–470	.....	.....	.....	.....
Total, offsetting collections			–19,281	–19,104	–19,759	.....	.....	.....	.....
Total Working capital fund, Air Force (net)		BA	1,511	28	.....	.....	.....	.....	.....
		O	279	–269	–3	.....	.....	.....	.....

DEPARTMENT OF DEFENSE—MILITARY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Working capital fund, Defense wide:									
Appropriation, discretionary	051	BA	–569						
Contract authority, mandatory		BA	2,660						
Spending authority from offsetting collections, discretionary		BA	19,998	19,521	20,244				
Outlays		O	18,937	20,887	20,245				
Working capital fund, Defense wide (gross)		BA	22,089	19,521	20,244				
		O	18,937	20,887	20,245				
Change in receivables and unpaid, unfilled orders		BA	–191	–41	–144				
Total, offsetting collections			–19,807	–19,480	–20,100				
Total Working capital fund, Defense wide (net)		BA	2,091						
		O	–870	1,407	145				
Working capital fund, Defense Commissary Agency:									
Appropriation, discretionary	051	BA	1,051	1,009	916				
Contract authority, mandatory		BA	259						
Spending authority from offsetting collections, discretionary		BA	4,991	5,205	5,193				
Outlays		O	5,934	6,012	6,048				
Working capital fund, Defense Commissary Agency (gross)		BA	6,301	6,214	6,109				
		O	5,934	6,012	6,048				
Change in receivables and unpaid, unfilled orders		BA	23	–232	–124				
Adjustment to receivables and unpaid, unfilled orders		BA	–1						
Total, offsetting collections			–5,013	–4,973	–5,069				
Total Working capital fund, Defense Commissary Agency (net)		BA	1,310	1,009	916				
		O	921	1,039	979				
Buildings maintenance fund:									
Spending authority from offsetting collections, mandatory	051	BA	23	27	29	29	29	29	29
Outlays		O	6	37	29	29	29	29	29
Buildings maintenance fund (gross)		BA	23	27	29	29	29	29	29
		O	6	37	29	29	29	29	29
Change in receivables and unpaid, unfilled orders		BA	–11						
Total, offsetting collections			–12	–27	–29	–29	–29	–29	–29
Total Buildings maintenance fund (net)		BA							
		O	–6	10					
Army conventional ammunition working capital fund:									
Spending authority from offsetting collections, mandatory	051	BA	–18	125	72	40	12		
Outlays		O	786	549	70	40	12		
Army conventional ammunition working capital fund (gross)		BA	–18	125	72	40	12		
		O	786	549	70	40	12		
Change in receivables and unpaid, unfilled orders		BA	851	157					
Total, offsetting collections			–833	–282	–72	–40	–12		
Total Army conventional ammunition working capital fund (net)		BA							
		O	–47	267	–2				
Total Federal funds Revolving and Management Funds		BA	5,379	1,651	1,154	768	731	440	449
		O	884	2,463	1,602	1,099	850	659	518

Allowances

Federal funds

General and Special Funds:

Account			1999 actual	2000	2001	2002	2003	2004	2005
General transfer authority outlay allowance:									
Outlays	051	O		230	220	100	40	20	10
DoD-wide savings proposals:									
Outlays	051	O							3,152
Effect of proposed repeal of pay delay enacted in P.L. 106–113, DoD Military:									
Outlays	051	O		[A] 3,454	[A] –3,454				

DEPARTMENT OF DEFENSE—MILITARY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Effect of proposed repeal of obligation delays enacted in P.L. 106–113, DoD Military:									
Outlays	051	O		[A]1,250	[A]–1,250				
Total Federal funds Allowances		O	....	**4,934**	**–4,484**	**100**	**40**	**20**	**3,162**
Trust Funds									
Trust funds									
Voluntary separation incentive fund:									
Appropriation, mandatory	051	BA	**173**	**143**	**76**	**158**	**159**	**159**	**158**
Outlays		O	156	159	159	159	159	159	158
Host Nation support fund for relocation:									
Appropriation, mandatory	051	BA	....	**6**	**6**	**6**	**6**	**6**	**6**
Outlays		O	....	6	6	6	6	6	6
Other DOD trust funds:									
Appropriation, mandatory	051	BA	**35**	**30**	**30**	**30**	**30**	**30**	**30**
Outlays		O	39	30	30	30	30	30	30
National security education trust fund:									
Appropriation, discretionary	051	BA	**3**	**8**	**7**	**10**	**10**	**10**	**10**
Outlays		O	6	8	7	10	10	10	10
Foreign national employees separation pay:									
Appropriation, mandatory	051	BA	**15**	**12**	**12**	**12**	**12**	**12**	**12**
Outlays		O	27	12	12	12	12	12	12
Other DoD trust revolving funds:									
Spending authority from offsetting collections, mandatory	051	BA	**17**	**15**	**15**	**15**	**15**	**15**	**15**
Outlays		O	17	16	14	15	15	15	15
Other DoD trust revolving funds (gross)		BA	**17**	**15**	**15**	**15**	**15**	**15**	**15**
		O	17	16	14	15	15	15	15
Change in receivables and unpaid, unfilled orders		BA	....	**1**	....	....	....	....	....
Total, offsetting collections			–17	–16	–15	–15	–15	–15	–15
Total Other DoD trust revolving funds (net)		BA	....	....	....	....	....	....	....
		O	....	....	–1	....	....	....	....
Surcharge collections, sales of commissary stores, defense:									
Contract authority, mandatory	051	BA	**68**	**37**	....	....	....	....	....
Spending authority from offsetting collections, mandatory		BA	**259**	**263**	**262**	**262**	**262**	**262**	**262**
Outlays		O	350	353	288	262	262	262	262
Surcharge collections, sales of commissary stores, defense (gross)		BA	**327**	**300**	**262**	**262**	**262**	**262**	**262**
		O	350	353	288	262	262	262	262
Change in receivables and unpaid, unfilled orders		BA	**25**	**–25**	....	....	....	....	....
Total, offsetting collections			–284	–238	–262	–262	–262	–262	–262
Total Surcharge collections, sales of commissary stores, defense (net)		BA	**68**	**37**	....	....	....	....	....
		O	66	115	26	....	....	....	....
Total Trust funds Trust Funds		BA	**294**	**236**	**131**	**216**	**217**	**217**	**216**
		O	294	330	239	217	217	217	216
Summary									
Federal funds:									
(As shown in detail above)		BA	**279,225**	**281,161**	**292,408**	**296,077**	**302,175**	**309,418**	**317,559**
		O	262,207	278,619	278,697	285,554	294,269	302,978	316,949
Deductions for offsetting receipts:									
Intrafund transactions	051	BA/O	*–25*	*–35*	*–25*	....	....	....	....
Proprietary receipts from the public	051	BA/O	*–958*	*–1,314*	*–1,366*	*–1,372*	*–1,336*	*–1,221*	*–1,236*
Offsetting governmental receipts	051	BA/O	*–5*	*–6*	*–6*	*–6*	*–6*	*–6*	*–6*
Total Federal funds		BA	**278,237**	**279,806**	**291,011**	**294,699**	**300,833**	**308,191**	**316,317**
		O	261,219	277,264	277,300	284,176	292,927	301,751	315,707
Trust funds:									
(As shown in detail above)		BA	**294**	**236**	**131**	**216**	**217**	**217**	**216**
		O	294	330	239	217	217	217	216

DEPARTMENT OF DEFENSE—MILITARY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Interfund transactions	051	BA/O	*–133*	*–118*	*–55*	*–118*	*–118*	*–118*	*–118*
Total Department of Defense—Military		BA	**278,398**	**279,924**	**291,087**	**294,797**	**300,932**	**308,290**	**316,415**
		O	261,380	277,476	277,484	284,275	293,026	301,850	315,805

DEPARTMENT OF EDUCATION

(In millions of dollars)

Office of Elementary and Secondary Education

Federal funds

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
General and Special Funds:									
Education Reform:									
Appropriation, discretionary	501	BA	**1,314**	**1,765**	....	....	....	....	....
					[J] 2,073	**[J] 2,073**	**[J] 2,098**	**[J] 2,150**	**[J] 2,197**
Outlays		O	887	1,125	1,385	892	242	84	18
					[J] 104	[J] 933	[J] 1,763	[J] 1,983	[J] 2,099
Total Education Reform		BA	**1,314**	**1,765**	**2,073**	**2,073**	**2,098**	**2,150**	**2,197**
		O	887	1,125	1,489	1,825	2,005	2,067	2,117
Education for the disadvantaged:									
Appropriation, discretionary	501	BA	**2,222**	**2,496**	**30**	**30**	**30**	**31**	**32**
					[J] 2,915	**[J] 2,915**	**[J] 2,950**	**[J] 3,023**	**[J] 3,090**
Advance appropriation, discretionary		BA	**1,448**	**6,205**	**6,205**	....	....	....	....
						[J] 6,205	**[J] 6,205**	**[J] 6,205**	**[J] 6,205**
Outlays		O	7,554	8,379	8,109	1,759	204	31	31
					[J] 456	[J] 7,296	[J] 8,943	[J] 9,159	[J] 9,223
Total Education for the disadvantaged		BA	**3,670**	**8,701**	**9,150**	**9,150**	**9,185**	**9,259**	**9,327**
		O	7,554	8,379	8,565	9,055	9,147	9,190	9,254
Impact aid:									
Appropriation, discretionary	501	BA	**864**	**906**	....	....	....	....	....
					[J] 770	**[J] 770**	**[J] 779**	**[J] 798**	**[J] 816**
Outlays		O	1,081	1,034	102	28	1	....	....
					[J] 689	[J] 752	[J] 777	[J] 797	[J] 814
Total Impact aid		BA	**864**	**906**	**770**	**770**	**779**	**798**	**816**
		O	1,081	1,034	791	780	778	797	814
School improvement programs:									
Appropriation, discretionary	501	BA	**2,811**	**1,492**	**202**	**202**	**204**	**209**	**214**
					[J] 2,200	**[J] 2,200**	**[J] 2,226**	**[J] 2,282**	**[J] 2,332**
Advance appropriation, discretionary		BA	....	....	**1,515**	....	....	....	....
						[J] 1,515	**[J] 1,515**	**[J] 1,515**	**[J] 1,515**
Spending authority from offsetting collections, discretionary		BA	**36**	....	....	....	....	....	....
Outlays		O	1,362	2,527	2,628	1,155	467	203	208
					[J] 186	[J] 2,601	[J] 3,532	[J] 3,740	[J] 3,784
School improvement programs (gross)		BA	**2,847**	**1,492**	**3,917**	**3,917**	**3,945**	**4,006**	**4,061**
		O	1,362	2,527	2,814	3,756	3,999	3,943	3,992
Total, offsetting collections			–36	....	....	....	....	....	....
Total School improvement programs (net)		BA	**2,811**	**1,492**	**3,917**	**3,917**	**3,945**	**4,006**	**4,061**
		O	1,326	2,527	2,814	3,756	3,999	3,943	3,992
Reading excellence:									
Appropriation, discretionary	501	BA	**50**	**65**	....	....	....	....	....
					[J] 91	**[J] 91**	**[J] 92**	**[J] 94**	**[J] 96**
Advance appropriation, discretionary		BA	**210**	....	**195**	....	....	....	....
						[J] 195	**[J] 195**	**[J] 195**	**[J] 195**

DEPARTMENT OF EDUCATION—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O		133	206	117	52	13	
					[J]3	[J]144	[J]230	[J]273	[J]289
Total Reading excellence		BA	**260**	**65**	**286**	**286**	**287**	**289**	**291**
		O		133	209	261	282	286	289
Chicago litigation settlement:									
Outlays	501	O	2	3	3				
Indian education:									
Appropriation, discretionary	501	BA	**66**	**77**					
					[J]116	**[J]116**	**[J]117**	**[J]120**	**[J]123**
Outlays		O	57	80	65	15	2		
					[J]14	[J]93	[J]114	[J]117	[J]120
Total Indian education		BA	**66**	**77**	**116**	**116**	**117**	**120**	**123**
		O	57	80	79	108	116	117	120
Credit Accounts:									
School Renovation, program account:									
Appropriation, discretionary	501	BA			**1,300**	**1,300**	**1,316**	**1,348**	**1,377**
Outlays		O			74	571	1,108	1,308	1,329
Total Federal funds Office of Elementary and Secondary Education		BA	**8,985**	**13,006**	**17,612**	**17,612**	**17,727**	**17,970**	**18,192**
		O	10,907	13,281	14,024	16,356	17,435	17,708	17,915

Office of Bilingual Education and Minority Languages Affairs

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Bilingual and immigrant education:									
Appropriation, discretionary	501	BA	**380**	**406**					
					[J]460	**[J]460**	**[J]466**	**[J]477**	**[J]488**
Outlays		O	311	497	351	81	8		
					[J]55	[J]368	[J]452	[J]466	[J]476
Total Bilingual and immigrant education		BA	**380**	**406**	**460**	**460**	**466**	**477**	**488**
		O	311	497	406	449	460	466	476

Office of Special Education and Rehabilitative Services

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Special education:									
Appropriation, discretionary	501	BA	**5,334**	**2,294**	**2,627**	**2,627**	**2,659**	**2,724**	**2,784**
Advance appropriation, discretionary		BA			**3,742**	**3,742**	**3,742**	**3,742**	**3,742**
Spending authority from offsetting collections, discretionary		BA	**1**						
Outlays		O	4,445	5,432	5,815	6,234	6,356	6,399	6,453
Special education (gross)		BA	**5,335**	**2,294**	**6,369**	**6,369**	**6,401**	**6,466**	**6,526**
		O	4,445	5,432	5,815	6,234	6,356	6,399	6,453
Total, offsetting collections			–1						
Total Special education (net)		BA	**5,334**	**2,294**	**6,369**	**6,369**	**6,401**	**6,466**	**6,526**
		O	4,444	5,432	5,815	6,234	6,356	6,399	6,453
Rehabilitation services and disability research:									
Appropriation, discretionary	506	BA	**348**	**368**	**399**	**399**	**404**	**414**	**423**
Appropriation, mandatory		BA	**2,304**	**2,339**	**2,400**	**2,455**	**2,516**	**2,581**	**2,649**
Spending authority from offsetting collections, discretionary		BA	**3**	**3**	**3**	**3**	**3**	**3**	**3**
Outlays		O	2,716	2,846	2,772	2,838	2,902	2,974	3,050
Rehabilitation services and disability research (gross)		BA	**2,655**	**2,710**	**2,802**	**2,857**	**2,923**	**2,998**	**3,075**
		O	2,716	2,846	2,772	2,838	2,902	2,974	3,050
Total, offsetting collections			–3	–3	–3	–3	–3	–3	–3
Total Rehabilitation services and disability research (net)		BA	**2,652**	**2,707**	**2,799**	**2,854**	**2,920**	**2,995**	**3,072**
		O	2,713	2,843	2,769	2,835	2,899	2,971	3,047
American printing house for the blind:									
Appropriation, discretionary	501	BA	**9**	**10**	**10**	**10**	**10**	**10**	**11**

DEPARTMENT OF EDUCATION—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	8	12	10	10	11	11	11
National technical institute for the deaf:									
Appropriation, discretionary	502	BA	**46**	**48**	**51**	**51**	**52**	**53**	**54**
Outlays		O	46	44	48	50	51	52	53
Gallaudet University:									
Appropriation, discretionary	502	BA	**83**	**86**	**88**	**88**	**89**	**91**	**93**
Outlays		O	81	81	89	90	90	91	93
Total Federal funds Office of Special Education and Rehabilitative Services		BA	**8,124**	**5,145**	**9,317**	**9,372**	**9,472**	**9,615**	**9,756**
		O	7,292	8,412	8,731	9,219	9,407	9,524	9,657

Office of Vocational and Adult Education

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Vocational and adult education:									
Appropriation, discretionary	501	BA	**1,539**	**891**	**960**	**960**	**971**	**995**	**1,017**
Advance appropriation, discretionary		BA	....	....	**791**	**791**	**791**	**791**	**791**
Outlays		O	1,364	1,547	1,642	1,724	1,748	1,761	1,780
Total Vocational and adult education		BA	**1,539**	**891**	**1,751**	**1,751**	**1,762**	**1,786**	**1,808**
		O	1,364	1,547	1,642	1,724	1,748	1,761	1,780

Office of Postsecondary Education

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Higher education:									
Appropriation, discretionary	502	BA	**1,310**	**1,529**	**1,756**	**1,756**	**1,777**	**1,821**	**1,861**
					[J] 40	**[J] 40**	**[J] 40**	**[J] 41**	**[J] 42**
Outlays		O	855	1,468	1,503	1,680	1,754	1,778	1,817
					[J] 5	[J] 32	[J] 39	[J] 41	[J] 41
Total Higher education		BA	**1,310**	**1,529**	**1,796**	**1,796**	**1,817**	**1,862**	**1,903**
		O	855	1,468	1,508	1,712	1,793	1,819	1,858
Howard University:									
Appropriation, discretionary	502	BA	**214**	**219**	**224**	**224**	**227**	**232**	**237**
Outlays		O	220	210	224	224	226	232	237
Credit Accounts:									
College housing and academic facilities loans, program account:									
Appropriation, discretionary	502	BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	1	1	1	1	1	1	1
College housing and academic facilities loans liquidating account:									
Spending authority from offsetting collections, mandatory	502	BA	**66**	**60**	**58**	**56**	**54**	**50**	**47**
Outlays		O	22	23	23	22	20	20	19
College housing and academic facilities loans liquidating account (gross)		BA	**66**	**60**	**58**	**56**	**54**	**50**	**47**
		O	22	23	23	22	20	20	19
Total, offsetting collections			–66	–60	–58	–56	–54	–50	–47
Total College housing and academic facilities loans liquidating account (net)		BA	....	....	....	....	....	....	....
		O	–44	–37	–35	–34	–34	–30	–28
Total Federal funds Office of Postsecondary Education		BA	**1,525**	**1,749**	**2,021**	**2,021**	**2,045**	**2,095**	**2,141**
		O	1,032	1,642	1,698	1,903	1,986	2,022	2,068

Office of Student Financial Assistance

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Student financial assistance:									
Appropriation, discretionary	502	BA	**9,348**	**9,375**	**10,258**	**10,258**	**10,509**	**10,771**	**11,007**
Outlays		O	9,125	9,363	9,829	10,349	10,308	10,553	10,810
Perkins Loan Revolving Fund:									
Outlays	502	O	1	....	....	....	....	....	....
Credit Accounts:									
Federal direct student loan program, program account:									
Appropriation, discretionary	502	BA	**1**	....	....	....	....	....	....

DEPARTMENT OF EDUCATION—Continued

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Appropriation, mandatory		BA	**618**	**735**	**770**	**780**	**795**	**795**	**795**
Outlays		O	627	681	722	783	795	796	796
Limitation on mandatory administrative expenses			(618)						
Federal direct student loan program, program account (gross)		BA	**619**	**735**	**770**	**780**	**795**	**795**	**795**
		O	627	681	722	783	795	796	796
Total, offsetting collections			–720	–3,432	–607	–492	–508	–313	–200
Total Federal direct student loan program, program account (net)		BA	**–101**	**–2,697**	**163**	**288**	**287**	**482**	**595**
		O	–93	–2,751	115	291	287	483	596
Federal family education loan program account:									
Appropriation, discretionary	502	BA	**47**	**48**	**48**	**48**	**49**	**50**	**51**
Appropriation, mandatory		BA	**3,332**	**4,507**	**4,004**	**4,218**	**3,967**	**3,582**	**3,775**
						[B] **–689**	[B] **–503**	[B] **–326**	[B] **–344**
					[O] **–654**				
Spending authority from offsetting collections, mandatory		BA		**37**					
Outlays		O	2,805	4,067	3,548	3,753	3,666	3,337	3,364
						[B] –602	[B] –505	[B] –345	[B] –301
					[O] –387				
Federal family education loan program account (gross)		BA	**3,379**	**4,592**	**3,398**	**3,577**	**3,513**	**3,306**	**3,482**
		O	2,805	4,067	3,161	3,151	3,161	2,992	3,063
Total, offsetting collections				–37					
					[O] –590				
Total Federal family education loan program account (net)		BA	**3,379**	**4,555**	**2,808**	**3,577**	**3,513**	**3,306**	**3,482**
		O	2,805	4,030	2,571	3,151	3,161	2,992	3,063
Federal family education loan liquidating account:									
Spending authority from offsetting collections, mandatory	502	BA	**2,147**	**308**	**184**	**109**	**64**	**38**	**21**
					[J] **43**	[J] **2**	[J] **2**	[J] **1**	[J] **1**
Outlays		O	1,534	294	174	120	71	43	24
					[J] 36	[J] 2	[J] 1	[J] 1	[J] 1
Federal family education loan liquidating account (gross)		BA	**2,147**	**308**	**227**	**111**	**66**	**39**	**22**
		O	1,534	294	210	122	72	44	25
Total, offsetting collections			–2,697	–1,001	–803	–637	–491	–369	–268
					[J] –22	[J] 17	[J] 13	[J] 9	[J] 6
Total Federal family education loan liquidating account (net)		BA	**–550**	**–693**	**–598**	**–509**	**–412**	**–321**	**–240**
		O	–1,163	–707	–615	–498	–406	–316	–237
Total Federal funds Office of Student Financial Assistance		BA	**12,076**	**10,540**	**12,631**	**13,614**	**13,897**	**14,238**	**14,844**
		O	10,675	9,935	11,900	13,293	13,350	13,712	14,232

Office of Educational Research and Improvement

Federal funds

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
General and Special Funds:									
Education research, statistics, and improvement:									
Appropriation, discretionary	503	BA	**657**	**591**					
					[J] **503**	[J] **503**	[J] **509**	[J] **522**	[J] **533**
Spending authority from offsetting collections, discretionary		BA	**7**	**7**					
					[J] **7**	[J] **7**	[J] **7**	[J] **7**	[J] **7**
Outlays		O	486	697	455	120	6		
					[J] 156	[J] 409	[J] 508	[J] 519	[J] 529
Education research, statistics, and improvement (gross)		BA	**664**	**598**	**510**	**510**	**516**	**529**	**540**
		O	486	697	611	529	514	519	529
Total, offsetting collections			–7	–7					
					[J] –7	[J] –7	[J] –7	[J] –7	[J] –7
Total Education research, statistics, and improvement (net)		BA	**657**	**591**	**503**	**503**	**509**	**522**	**533**
		O	479	690	604	522	507	512	522

DEPARTMENT OF EDUCATION—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Departmental Management									
Federal funds									
General and Special Funds:									
Program administration:									
Appropriation, discretionary	503	BA	**367**	**383**	**413**	**413**	**418**	**428**	**437**
Spending authority from offsetting collections, discretionary		BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	347	403	401	410	417	427	436
Program administration (gross)		BA	**368**	**384**	**414**	**414**	**419**	**429**	**438**
		O	347	403	401	410	417	427	436
Total, offsetting collections			–1	–1	–1	–1	–1	–1	–1
Total Program administration (net)		BA	**367**	**383**	**413**	**413**	**418**	**428**	**437**
		O	346	402	400	409	416	426	435
Office for Civil Rights:									
Appropriation, discretionary	751	BA	**66**	**71**	**76**	**76**	**77**	**79**	**80**
Outlays		O	63	76	74	75	76	79	80
Office of the Inspector General:									
Appropriation, discretionary	751	BA	**31**	**34**	**37**	**37**	**37**	**38**	**39**
Outlays		O	33	36	35	36	37	38	39
Headquarters Renovation:									
Outlays	503	O	....	3	....	....	....	....	....
Total Federal funds Departmental Management		BA	**464**	**488**	**526**	**526**	**532**	**545**	**556**
		O	442	517	509	520	529	543	554
Summary									
Federal funds:									
(As shown in detail above)		BA	**33,750**	**32,816**	**44,821**	**45,859**	**46,410**	**47,248**	**48,318**
		O	32,502	36,521	39,514	43,986	45,422	46,248	47,204
Deductions for offsetting receipts:									
Proprietary receipts from the public	502	BA/O	*–66*	*–77*	*–1,359*	*–1,135*	*–50*	*–50*	*–50*
						[B] 194			
Total Department of Education		BA	**33,684**	**32,739**	**43,462**	**44,918**	**46,360**	**47,198**	**48,268**
		O	32,436	36,444	38,155	43,045	45,372	46,198	47,154

DEPARTMENT OF ENERGY

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
National Nuclear Security Administration									
Federal funds									
General and Special Funds:									
Weapons activities:									
Appropriation, discretionary	053	BA	**4,396**	**4,427**	**4,594**	**4,594**	**4,649**	**4,764**	**4,869**
				[A] 55					
Spending authority from offsetting collections, discretionary		BA	**1,057**	**1,500**	**1,350**	**1,350**	**1,366**	**1,400**	**1,431**
Outlays		O	5,661	5,904	5,884	5,936	5,996	6,121	6,258
				[A] 36	[A] 17	[A] 3			
Weapons activities (gross)		BA	**5,453**	**5,982**	**5,944**	**5,944**	**6,015**	**6,164**	**6,300**
		O	5,661	5,940	5,901	5,939	5,996	6,121	6,258
Total, offsetting collections			–1,057	–1,500	–1,350	–1,350	–1,367	–1,400	–1,430
Total Weapons activities (net)		BA	**4,396**	**4,482**	**4,594**	**4,594**	**4,648**	**4,764**	**4,870**
		O	4,604	4,440	4,551	4,589	4,629	4,721	4,828
Other nuclear security activities:									
Appropriation, discretionary	053	BA	**1,781**	**1,504**	**1,584**	**1,584**	**1,603**	**1,643**	**1,679**
				[A] –40					
Advance appropriation, discretionary		BA	....	....	....	....	....	**49**	....
							[A] 40		

DEPARTMENT OF ENERGY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	1,520	1,546	1,604	1,622	1,637	1,703	1,678
Total Other nuclear security activities		BA	**1,781**	**1,464**	**1,584**	**1,584**	**1,643**	**1,692**	**1,679**
		O	1,520	1,546	1,604	1,622	1,637	1,703	1,678
Total Federal funds National Nuclear Security Administration		BA	**6,177**	**5,946**	**6,178**	**6,178**	**6,291**	**6,456**	**6,549**
		O	6,124	5,986	6,155	6,211	6,266	6,424	6,506

Environmental and Other Defense Activities

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Defense environmental restoration and waste management:									
Appropriation, discretionary	053	BA	**4,316**	**4,467**	**4,552**	**4,552**	**4,607**	**4,721**	**4,824**
				[H] **–13**					
Spending authority from offsetting collections, discretionary		BA	....	**9**	**50**	**50**	**51**	**52**	**53**
Outlays		O	4,341	4,435	4,569	4,597	4,642	4,736	4,841
				[H] –9	[H] –3	[H] –1			
Defense environmental restoration and waste management (gross)		BA	**4,316**	**4,463**	**4,602**	**4,602**	**4,658**	**4,773**	**4,877**
		O	4,341	4,426	4,566	4,596	4,642	4,736	4,841
Total, offsetting collections			....	–9	–50	–50	–51	–52	–53
Total Defense environmental restoration and waste management (net)		BA	**4,316**	**4,454**	**4,552**	**4,552**	**4,607**	**4,721**	**4,824**
		O	4,341	4,417	4,516	4,546	4,591	4,684	4,788
Defense facilities closure projects:									
Appropriation, discretionary	053	BA	**1,042**	**1,060**	**1,082**	**1,082**	**1,095**	**1,122**	**1,147**
Outlays		O	1,014	1,046	1,074	1,081	1,091	1,113	1,138
Defense environmental management privatization:									
Appropriation, discretionary	053	BA	**228**	**188**	**515**	**600**	**670**	**686**	**598**
Outlays		O	....	31	45	202	255	265	274
Other Defense Activities:									
Appropriation, discretionary	053	BA	**491**	**212**	**555**	**555**	**562**	**576**	**588**
				[A] **18**					
Outlays		O	517	196	433	538	559	570	583
				[A] 12	[A] 5	[A] 1			
Total Other Defense Activities		BA	**491**	**230**	**555**	**555**	**562**	**576**	**588**
		O	517	208	438	539	559	570	583
Defense nuclear waste disposal:									
Appropriation, discretionary	053	BA	**189**	**112**	**112**	**112**	**113**	**116**	**119**
Outlays		O	192	87	112	112	113	115	118
Energy employees compensation initiative:									
Appropriation, discretionary	053	BA			[J] **17**	[J] **17**	[J] **17**	[J] **18**	[J] **18**
Outlays		O			[J] 11	[J] 16	[J] 17	[J] 17	[J] 18
Total Federal funds Environmental and Other Defense Activities		BA	**6,266**	**6,044**	**6,833**	**6,918**	**7,064**	**7,239**	**7,294**
		O	6,064	5,789	6,196	6,496	6,626	6,764	6,919

Energy Programs

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Science:									
Appropriation, discretionary	251	BA	**2,721**	**2,788**	**3,151**	**2,870**	**2,904**	**2,976**	**3,042**
Advance appropriation, discretionary		BA	....	....	....	**300**	**232**	**150**	**115**
Outlays		O	2,449	2,719	2,993	3,130	3,149	3,134	3,145
Total Science		BA	**2,721**	**2,788**	**3,151**	**3,170**	**3,136**	**3,126**	**3,157**
		O	2,449	2,719	2,993	3,130	3,149	3,134	3,145
Energy supply:									
Appropriation, discretionary	271	BA	**786**	**644**	**765**	**765**	**774**	**793**	**811**
Spending authority from offsetting collections, discretionary		BA	**853**	**1,350**	**1,352**	**1,352**	**1,368**	**1,402**	**1,433**

DEPARTMENT OF ENERGY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	1,773	2,097	2,071	2,099	2,137	2,183	2,231
Energy supply (gross)		BA	1,639	1,994	2,117	2,117	2,142	2,195	2,244
		O	1,773	2,097	2,071	2,099	2,137	2,183	2,231
Change in receivables and unpaid, unfilled orders		BA	–18	....	....	....	....	....	....
Total, offsetting collections			–835	–1,350	–1,352	–1,352	–1,368	–1,402	–1,433
Total Energy supply (net)		BA	786	644	765	765	774	793	811
		O	938	747	719	747	769	781	798
Non-defense environmental management:									
Appropriation, discretionary	271	BA	431	332	286	286	289	297	303
Outlays		O	447	364	305	288	289	295	301
Fossil energy research and development:									
Appropriation, discretionary	271	BA	376	417	376	376	381	390	398
Outlays		O	353	389	392	384	378	383	391
Naval petroleum and oil shale reserves:									
Appropriation, discretionary	271	BA	14	....	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	2	....	....	....	....	....	....
Outlays		O	30	21	21	....	....	....	....
Naval petroleum and oil shale reserves (gross)		BA	16	....	....	....	....	....	....
		O	30	21	21	....	....	....	....
Total, offsetting collections			–2	....	....	....	....	....	....
Total Naval petroleum and oil shale reserves (net)		BA	14	....	....	....	....	....	....
		O	28	21	21	....	....	....	....
Energy conservation:									
Appropriation, discretionary	272	BA	619	745	850	850	860	882	901
Spending authority from offsetting collections, discretionary		BA	64	....	....	....	....	....	....
Outlays		O	650	690	767	834	853	865	884
Energy conservation (gross)		BA	683	745	850	850	860	882	901
		O	650	690	767	834	853	865	884
Total, offsetting collections			–64	....	....	....	....	....	....
Total Energy conservation (net)		BA	619	745	850	850	860	882	901
		O	586	690	767	834	853	865	884
Strategic petroleum reserve:									
Appropriation, discretionary	274	BA	160	158	158	158	160	164	167
Outlays		O	225	164	158	158	159	162	165
SPR petroleum account:									
Appropriation, discretionary	274	BA	....	....	–7	....	....	....	....
				H –12					
Total SPR petroleum account		BA	....	–12	–7	....	....	....	....
Energy information administration:									
Appropriation, discretionary	276	BA	70	72	75	75	76	78	79
Outlays		O	67	71	74	75	75	77	79
Economic regulation:									
Appropriation, discretionary	276	BA	2	2	2	2	2	2	2
Outlays		O	2	2	2	2	2	2	2
Federal Energy Regulatory Commission:									
Spending authority from offsetting collections, discretionary	276	BA	168	175	175	175	177	181	185
Outlays		O	168	166	174	175	177	181	185
Federal Energy Regulatory Commission (gross)		BA	168	175	175	175	177	181	185
		O	168	166	174	175	177	181	185
Total, offsetting collections			–168	–175	–175	–175	–177	–181	–185
Total Federal Energy Regulatory Commission (net)		BA	....	....	....	....	....	....	....
		O	....	–9	–1	....	....	....	....
Geothermal resources development fund:									
Appropriation, discretionary	271	BA	....	–1	....	....	....	....	....

DEPARTMENT OF ENERGY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Clean coal technology:									
Appropriation, discretionary	271	BA	–40	–156	–326				
Advance appropriation, discretionary		BA		10	171	236			
Outlays		O	57	71	105	165	150	110	71
Total Clean coal technology		BA	–40	–146	–155	236			
		O	57	71	105	165	150	110	71
Alternative fuels production:									
Appropriation, discretionary	271	BA			–1				
Alternative fuels production (gross)		BA			–1				
Total, offsetting collections			–1						
Total Alternative fuels production (net)		BA	–1		–1				
		O	–1						
Elk Hills school lands fund:									
Appropriation, discretionary	271	BA	36						
Advance appropriation, discretionary		BA			36	36	36	36	60
Outlays		O	36		36	36	36	36	60
Total Elk Hills school lands fund		BA	36		36	36	36	36	60
		O	36		36	36	36	36	60
Payments to States under Federal Power Act:									
Appropriation, mandatory	806	BA	3	3	3	3	3	3	3
Outlays		O	3	3	3	3	3	3	3
Nuclear waste disposal fund:									
Appropriation, discretionary	271	BA	168	236	326	326	330	338	345
Spending authority from offsetting collections, discretionary		BA	81						
Outlays		O	169	140	281	326	328	334	342
Nuclear waste disposal fund (gross)		BA	249	236	326	326	330	338	345
		O	169	140	281	326	328	334	342
Change in receivables and unpaid, unfilled orders		BA	–81						
Total Nuclear waste disposal fund (net)		BA	168	236	326	326	330	338	345
		O	169	140	281	326	328	334	342
Uranium enrichment decontamination and decommissioning fund:									
Appropriation, discretionary	271	BA	220	249 [A] 16	303	303	307	314	321
Outlays		O	228	209 [A] 11	287 [A] 5	303	306	312	319
Total Uranium enrichment decontamination and decommissioning fund		BA	220	265	303	303	307	314	321
		O	228	220	292	303	306	312	319
Public Enterprise Funds:									
Isotope production and distribution program fund:									
Spending authority from offsetting collections, discretionary	271	BA	31	30	27	27	27	28	28
Outlays		O	31	30	27	27	27	28	29
Isotope production and distribution program fund (gross)		BA	31	30	27	27	27	28	28
		O	31	30	27	27	27	28	29
Total, offsetting collections			–31	–30	–27	–27	–27	–28	–29
Total Isotope production and distribution program fund (net)		BA							–1
		O							
Total Federal funds Energy Programs		BA	5,565	5,503	6,168	6,586	6,354	6,423	6,546
		O	5,587	5,592	6,147	6,451	6,497	6,494	6,560

Power Marketing Administration

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Operation and maintenance, Alaska Power Administration:									
Outlays	271	O	5						

DEPARTMENT OF ENERGY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Operation and maintenance, Southeastern Power Administration:									
Appropriation, discretionary	271	BA	**8**	**8**	**4**	**4**	**4**	**4**	**4**
Spending authority from offsetting collections, discretionary		BA	**19**	**28**	**34**	**26**	**20**	**15**	....
Outlays		O	30	36	39	30	24	19	4
Operation and maintenance, Southeastern Power Administration (gross)		BA	**27**	**36**	**38**	**30**	**24**	**19**	**4**
		O	30	36	39	30	24	19	4
Total, offsetting collections			–19	–28	–34	–26	–20	–15	....
Total Operation and maintenance, Southeastern Power Administration (net)		BA	**8**	**8**	**4**	**4**	**4**	**4**	**4**
		O	11	8	5	4	4	4	4
Operation and maintenance, Southwestern Power Administration:									
Appropriation, discretionary	271	BA	**26**	**29**	**28**	**28**	**28**	**29**	**30**
Spending authority from offsetting collections, discretionary		BA	**7**	**11**	**12**	**12**	**12**	**12**	**13**
Outlays		O	34	39	40	40	41	41	42
Operation and maintenance, Southwestern Power Administration (gross)		BA	**33**	**40**	**40**	**40**	**40**	**41**	**43**
		O	34	39	40	40	41	41	42
Change in receivables and unpaid, unfilled orders		BA	**–3**	....	....	....	....	....	....
Total, offsetting collections			–4	–11	–12	–12	–12	–12	–12
Total Operation and maintenance, Southwestern Power Administration (net)		BA	**26**	**29**	**28**	**28**	**28**	**29**	**31**
		O	30	28	28	28	29	29	30
Continuing fund, Southeastern Power Administration:									
Appropriation, mandatory	271	BA	**2**	....	....	....	....	....	....
Continuing fund, Southwestern Power Administration:									
Appropriation, mandatory	271	BA	**2**	....	....	....	....	....	....
Outlays		O	2	....	....	....	....	....	....
Construction, rehabilitation, operation and maintenance, Western Area Power Administration:									
Appropriation, discretionary	271	BA	**203**	**192**	**165**	**165**	**167**	**171**	**175**
Spending authority from offsetting collections, discretionary		BA	**73**	**180**	**236**	**234**	**232**	**227**	**212**
Outlays		O	268	378	416	399	398	396	385
Construction, rehabilitation, operation and maintenance, Western Area Power Administration (gross)		BA	**276**	**372**	**401**	**399**	**399**	**398**	**387**
		O	268	378	416	399	398	396	385
Change in receivables and unpaid, unfilled orders		BA	**–10**	....	....	....	....	....	....
Total, offsetting collections			–63	–180	–236	–234	–232	–227	–212
Total Construction, rehabilitation, operation and maintenance, Western Area Power Administration (net)		BA	**203**	**192**	**165**	**165**	**167**	**171**	**175**
		O	205	198	180	165	166	169	173
Falcon and Amistad operating and maintenance fund:									
Appropriation, discretionary	271	BA	**1**	**1**	**3**	**3**	**3**	**3**	**3**
Outlays		O	1	1	2	3	3	3	3
Public Enterprise Funds:									
Bonneville Power Administration fund:									
Authority to borrow, mandatory	271	BA	**185**	**217**	**231**	**250**	**221**	**131**	**208**
Spending authority from offsetting collections, mandatory		BA	**2,462**	**2,234**	**2,272**	**2,652**	**2,741**	**2,696**	**2,636**
Outlays		O	2,426	2,452	2,503	2,904	2,962	2,827	2,844
Bonneville Power Administration fund (gross)		BA	**2,647**	**2,451**	**2,503**	**2,902**	**2,962**	**2,827**	**2,844**
		O	2,426	2,452	2,503	2,904	2,962	2,827	2,844
Total, offsetting collections			–2,629	–2,399	–2,435	–2,917	–2,981	–2,955	–2,958
Total Bonneville Power Administration fund (net)		BA	**18**	**52**	**68**	**–15**	**–19**	**–128**	**–114**
		O	–203	53	68	–13	–19	–128	–114
Colorado river basins power marketing fund, Western Area Power Administration:									
Spending authority from offsetting collections, discretionary	271	BA	**103**	**114**	**115**	**115**	**116**	**119**	**122**
Outlays		O	75	114	115	115	116	119	122
Colorado river basins power marketing fund, Western Area Power Administration (gross)		BA	**103**	**114**	**115**	**115**	**116**	**119**	**122**
		O	75	114	115	115	116	119	122
Change in receivables and unpaid, unfilled orders		BA	**1**	....	....	....	....	....	....

DEPARTMENT OF ENERGY—Continued

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Total, offsetting collections			–104	–135	–136	–136	–138	–141	–144
Total Colorado river basins power marketing fund, Western Area Power Administration (net)		BA	....	**–21**	**–21**	**–21**	**–22**	**–22**	**–22**
		O	–29	–21	–21	–21	–22	–22	–22
Total Federal funds Power Marketing Administration		BA	**260**	**261**	**247**	**164**	**161**	**57**	**77**
		O	22	267	262	166	161	55	74
Departmental Administration									
Federal funds									
General and Special Funds:									
Departmental administration:									
Appropriation, discretionary	276	BA	**136**	**99**	**85**	**85**	**86**	**88**	**90**
Spending authority from offsetting collections, discretionary		BA	**74**	**107**	**129**	**129**	**131**	**134**	**137**
Outlays		O	184	207	212	214	217	221	225
Departmental administration (gross)		BA	**210**	**206**	**214**	**214**	**217**	**222**	**227**
		O	184	207	212	214	217	221	225
Total, offsetting collections			–74	–107	–129	–129	–131	–134	–137
Total Departmental administration (net)		BA	**136**	**99**	**85**	**85**	**86**	**88**	**90**
		O	110	100	83	85	86	87	88
Office of the Inspector General:									
Appropriation, discretionary	276	BA	**29**	**30**	**33**	**33**	**33**	**34**	**35**
Outlays		O	29	30	33	33	33	34	35
Interim storage activities:									
Appropriation, discretionary	053	BA	....	....	**–85**	**–85**	**–86**	**–88**	**–90**
Intragovernmental Funds:									
Working capital fund:									
Spending authority from offsetting collections, discretionary	276	BA	**82**	**77**	**82**	**82**	**83**	**85**	**87**
Outlays		O	81	82	82	82	83	85	86
Working capital fund (gross)		BA	**82**	**77**	**82**	**82**	**83**	**85**	**87**
		O	81	82	82	82	83	85	86
Total, offsetting collections			–82	–77	–82	–82	–83	–85	–87
Total Working capital fund (net)		BA	....	....	....	....	....	....	....
		O	–1	5	....	....	....	....	–1
Total Federal funds Departmental Administration		BA	**165**	**129**	**33**	**33**	**33**	**34**	**35**
		O	138	135	116	118	119	121	122
Summary									
Federal funds:									
(As shown in detail above)		BA	**18,433**	**17,883**	**19,459**	**19,879**	**19,903**	**20,209**	**20,501**
		O	17,935	17,769	18,876	19,442	19,669	19,858	20,181
Deductions for offsetting receipts:									
Intrafund transactions	271	BA/O	*–398*	*–420*	*–420*	*–420*	*–425*	*–436*	*–445*
	908	BA/O	*–145*	*–740*	*–819*	*–941*	*–1,019*	*–1,042*	*–1,013*
Proprietary receipts from the public	271	BA/O	*–1,319*	*–1,319*	*–1,244*	*–1,274*	*–1,245*	*–1,235*	*–1,167*
Offsetting governmental receipts	276	BA/O	*–25*	*–21*	*–28*	*–28*	*–28*	*–29*	*–30*
Total Department of Energy		BA	**16,546**	**15,383**	**16,948**	**17,216**	**17,186**	**17,467**	**17,846**
		O	16,048	15,269	16,365	16,779	16,952	17,116	17,526

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(In millions of dollars)

Health Programs

Public Health Service

Food and Drug Administration

Federal funds

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	554	BA	980	1,049	1,188	1,168	1,179	1,208	1,235
Appropriation, mandatory		BA	1	1	1	1	1	1	1
Advance appropriation, discretionary		BA				23			
Spending authority from offsetting collections, discretionary		BA	166	181	200	200	202	207	212
					[J] 19	[J] 19	[J] 19	[J] 20	[J] 20
Outlays		O	1,112	1,228	1,393	1,387	1,397	1,416	1,441
					[J] 19	[J] 19	[J] 19	[J] 20	[J] 20
Salaries and expenses (gross)		BA	1,147	1,231	1,408	1,411	1,401	1,436	1,468
		O	1,112	1,228	1,412	1,406	1,416	1,436	1,461
Change in receivables and unpaid, unfilled orders		BA	–2			–3	–3	–3	–3
Total, offsetting collections			–164	–181	–200	–200	–202	–207	–212
					[J] –19	[J] –19	[J] –19	[J] –20	[J] –20
Total Salaries and expenses (net)		BA	981	1,050	1,189	1,189	1,177	1,206	1,233
		O	948	1,047	1,193	1,187	1,195	1,209	1,229
Public Enterprise Funds:									
Revolving fund for certification and other services:									
Spending authority from offsetting collections, mandatory	554	BA	4	4	4	4	4	4	4
Outlays		O	7	4	4	4	4	4	4
Revolving fund for certification and other services (gross)		BA	4	4	4	4	4	4	4
		O	7	4	4	4	4	4	4
Total, offsetting collections			–4	–4	–4	–4	–4	–4	–4
Total Revolving fund for certification and other services (net)		BA							
		O	3						
Total Federal funds Food and Drug Administration		BA	981	1,050	1,189	1,189	1,177	1,206	1,233
		O	951	1,047	1,193	1,187	1,195	1,209	1,229

Health Resources and Services Administration

Federal funds

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
General and Special Funds:									
Vaccine injury compensation:									
Appropriation, mandatory	551	BA	100						
Outlays		O	43	57					
Payment to the Ricky Ray hemophilia relief fund:									
Appropriation, discretionary	551	BA			100	100	101	104	106
Outlays		O			100	100	101	104	106
Public Enterprise Funds:									
Medical facilities guarantee and loan fund:									
Appropriation, mandatory	551	BA	–2	1					
Spending authority from offsetting collections, mandatory		BA	6	6	5	5			
Outlays		O	3	4	4				
Medical facilities guarantee and loan fund (gross)		BA	4	7	5	5			
		O	3	4	4				
Total, offsetting collections			–6	–6	–5	–5			
Total Medical facilities guarantee and loan fund (net)		BA	–2	1					
		O	–3	–2	–1	–5			
Credit Accounts:									
Health Resources and Services (Health care services):									
(Appropriation, discretionary)	551	BA	3,803	4,220	4,382	4,382	4,558	4,665	4,762
(Appropriation, mandatory)		BA	50	50	50	50			

DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
(Spending authority from offsetting collections, discretionary)		BA	**88**	**108**	**110**	**110**	**111**	**114**	**117**
(Spending authority from offsetting collections, mandatory)		BA	....	**3**	**4**	**4**	**4**	**4**	**4**
(Outlays)		O	3,566	4,100	4,412	4,571	4,608	4,706	4,810
(Limitation on loan guarantee commitments)			....	(100)	(51)	(51)	(52)	(53)	(54)
Health Resources and Services (gross)		BA	**3,941**	**4,381**	**4,546**	**4,546**	**4,673**	**4,783**	**4,883**
		O	3,566	4,100	4,412	4,571	4,608	4,706	4,810
Total, offsetting collections			–88	–107	–110	–110	–111	–114	–116
Total (Health care services) (net)		BA	**3,853**	**4,274**	**4,436**	**4,436**	**4,562**	**4,669**	**4,767**
		O	3,478	3,993	4,302	4,461	4,497	4,592	4,694
(Health research and training):									
(Appropriation, discretionary)	552	BA	**303**	**344**	**299**	**299**	**303**	**310**	**317**
(Spending authority from offsetting collections, discretionary)		BA	**13**	**13**	**13**	**13**	**13**	**13**	**14**
(Outlays)		O	293	344	335	322	314	318	326
Health Resources and Services (gross)		BA	**4,169**	**4,631**	**4,748**	**4,748**	**4,878**	**4,992**	**5,098**
		O	3,771	4,337	4,637	4,783	4,811	4,910	5,020
Total, offsetting collections			–13	–17	–17	–17	–17	–18	–18
Total (Health research and training) (net)		BA	**303**	**340**	**295**	**295**	**299**	**305**	**313**
		O	280	327	318	305	297	300	308
Total Health Resources and Services		BA	**4,156**	**4,614**	**4,731**	**4,731**	**4,861**	**4,974**	**5,080**
		O	3,758	4,320	4,620	4,766	4,794	4,892	5,002
Health Education assistance loans program account:									
Appropriation, discretionary	552	BA	**4**	**4**	**4**	**4**	**4**	**4**	**4**
Outlays		O	3	6	4	4	4	4	4
Health education assistance loans liquidating account:									
Appropriation, mandatory	552	BA	**37**	**15**	**10**	**10**	**9**	**7**	**5**
Spending authority from offsetting collections, mandatory		BA	**20**	**20**	**20**	**20**	**20**	**20**	**20**
Outlays		O	20	48	30	30	29	27	25
Health education assistance loans liquidating account (gross)		BA	**57**	**35**	**30**	**30**	**29**	**27**	**25**
		O	20	48	30	30	29	27	25
Total, offsetting collections			–20	–20	–20	–20	–20	–20	–20
Total Health education assistance loans liquidating account (net)		BA	**37**	**15**	**10**	**10**	**9**	**7**	**5**
		O	....	28	10	10	9	7	5
Trust funds									
Vaccine injury compensation program trust fund:									
Appropriation, discretionary	551	BA	**7**	**10**	**10**	**10**	**10**	**10**	**11**
Appropriation, mandatory		BA	**53**	**62**	**114**	**84**	**84**	**84**	**84**
Outlays		O	60	73	124	94	94	94	95
Total Vaccine injury compensation program trust fund		BA	**60**	**72**	**124**	**94**	**94**	**94**	**95**
		O	60	73	124	94	94	94	95
Ricky Ray hemophilia relief fund:									
Appropriation, discretionary	551	BA	....	**75**	**100**	**100**	**101**	**104**	**106**
Outlays		O	....	75	100	100	101	104	106
Total Federal funds Health Resources and Services Administration		BA	**4,295**	**4,634**	**4,845**	**4,845**	**4,975**	**5,089**	**5,195**
		O	3,801	4,409	4,733	4,875	4,908	5,007	5,117
Total Trust funds Health Resources and Services Administration		BA	**60**	**147**	**224**	**194**	**195**	**198**	**201**
		O	60	148	224	194	195	198	201

Indian Health Services

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Indian Health Services:									
Appropriation, discretionary	551	BA	**1,948**	**2,074**	**2,271**	**2,271**	**2,298**	**2,355**	**2,407**
Appropriation, mandatory		BA	**30**	**30**	**30**	**30**	....	....	....
Spending authority from offsetting collections, discretionary		BA	**561**	**582**	**582**	**582**	**589**	**604**	**617**

DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	2,490	2,653	2,882	2,884	2,896	2,952	3,015
Indian Health Services (gross)		BA	2,539	2,686	2,883	2,883	2,887	2,959	3,024
		O	2,490	2,653	2,882	2,884	2,896	2,952	3,015
Total, offsetting collections			–561	–582	–582	–582	–589	–604	–617
Total Indian Health Services (net)		BA	1,978	2,104	2,301	2,301	2,298	2,355	2,407
		O	1,929	2,071	2,300	2,302	2,307	2,348	2,398
Indian health facilities:									
Appropriation, discretionary	551	BA	292	317	349	337	335	344	352
Appropriation, mandatory		BA	5	5	5	5	5	5	5
Advance appropriation, discretionary		BA				18			
Spending authority from offsetting collections, discretionary		BA	21	12	12	12	12	12	13
Outlays		O	290	322	340	364	350	365	368
Indian health facilities (gross)		BA	318	334	366	372	352	361	370
		O	290	322	340	364	350	365	368
Total, offsetting collections			–21	–12	–12	–12	–12	–12	–13
Total Indian health facilities (net)		BA	297	322	354	360	340	349	357
		O	269	310	328	352	338	353	355
Total Federal funds Indian Health Services		BA	2,275	2,426	2,655	2,661	2,638	2,704	2,764
		O	2,198	2,381	2,628	2,654	2,645	2,701	2,753

Centers for Disease Control and Prevention

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Disease control, research, and training									
(Health care services):									
(Appropriation, discretionary)	551	BA	2,379	2,715	2,970	2,864	2,900	2,953	3,021
(Appropriation, mandatory)		BA	3	3	3	3			
(Advance appropriation, discretionary)		BA				21	21		
(Spending authority from offsetting collections, discretionary)		BA	122	131	134	134	136	139	142
(Outlays)		O	2,330	2,593	2,912	3,030	3,042	3,066	3,113
Disease control, research, and training (gross)		BA	2,504	2,849	3,107	3,022	3,057	3,092	3,163
		O	2,330	2,593	2,912	3,030	3,042	3,066	3,113
Total, offsetting collections			–122	–131	–134	–134	–136	–139	–142
Total (Health care services) (net)		BA	2,382	2,718	2,973	2,888	2,921	2,953	3,021
		O	2,208	2,462	2,778	2,896	2,906	2,927	2,971
(Health research and training):									
(Appropriation, discretionary)	552	BA	227	248	269	269	272	279	285
(Appropriation, mandatory)		BA	2	2	2	2	2	2	2
(Spending authority from offsetting collections, discretionary)		BA	58	58	61	61	62	63	65
(Outlays)		O	280	288	316	329	334	340	348
Disease control, research, and training (gross)		BA	2,669	3,026	3,305	3,220	3,257	3,297	3,373
		O	2,488	2,750	3,094	3,225	3,240	3,267	3,319
Total, offsetting collections			–58	–58	–61	–61	–62	–63	–65
Total (Health research and training) (net)		BA	229	250	271	271	274	281	287
		O	222	230	255	268	272	277	283
Total Disease control, research, and training		BA	2,611	2,968	3,244	3,159	3,195	3,234	3,308
		O	2,430	2,692	3,033	3,164	3,178	3,204	3,254
Total Federal funds Centers for Disease Control and Prevention		BA	2,611	2,968	3,244	3,159	3,195	3,234	3,308
		O	2,430	2,692	3,033	3,164	3,178	3,204	3,254

DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
National Institutes of Health									
Federal funds									
General and Special Funds:									
National Institutes of Health:									
Appropriation, discretionary	552	BA	**15,607**	**17,793**	**18,813**	**18,787**	**19,039**	**19,511**	**19,938**
Appropriation, mandatory		BA	**40**	**40**	**40**	**40**	**13**	**13**	**13**
Advance appropriation, discretionary		BA				**26**			
Spending authority from offsetting collections, discretionary		BA	**1,109**	**1,187**	**1,215**	**1,215**	**1,230**	**1,260**	**1,288**
Outlays		O	14,764	16,725	19,080	20,233	20,149	20,434	20,865
National Institutes of Health (gross)		BA	**16,756**	**19,020**	**20,068**	**20,068**	**20,282**	**20,784**	**21,239**
		O	14,764	16,725	19,080	20,233	20,149	20,434	20,865
Change in receivables and unpaid, unfilled orders		BA	**–160**						
Total, offsetting collections			–949	–1,187	–1,215	–1,215	–1,230	–1,260	–1,288
Total National Institutes of Health (net)		BA	**15,647**	**17,833**	**18,853**	**18,853**	**19,052**	**19,524**	**19,951**
		O	13,815	15,538	17,865	19,018	18,919	19,174	19,577
Substance Abuse and Mental Health Services Administration									
Federal funds									
General and Special Funds:									
Substance abuse and mental health services:									
Appropriation, discretionary	551	BA	**2,487**	**2,652**	**2,823**	**2,823**	**2,857**	**2,928**	**2,992**
Spending authority from offsetting collections, discretionary		BA	**33**	**40**	**40**	**40**	**40**	**41**	**42**
Outlays		O	2,247	2,491	2,688	2,772	2,860	2,920	2,983
Substance abuse and mental health services (gross)		BA	**2,520**	**2,692**	**2,863**	**2,863**	**2,897**	**2,969**	**3,034**
		O	2,247	2,491	2,688	2,772	2,860	2,920	2,983
Total, offsetting collections			–33	–40	–40	–40	–40	–41	–42
Total Substance abuse and mental health services (net)		BA	**2,487**	**2,652**	**2,823**	**2,823**	**2,857**	**2,928**	**2,992**
		O	2,214	2,451	2,648	2,732	2,820	2,879	2,941
Agency for Healthcare Research and Quality									
Federal funds									
General and Special Funds:									
Health care policy and research:									
Appropriation, discretionary	552	BA	**100**	**110**					
Spending authority from offsetting collections, discretionary		BA	**82**	**100**	**261**	**261**	**264**	**271**	**277**
Outlays		O	161	220	353	291	276	275	277
Health care policy and research (gross)		BA	**182**	**210**	**261**	**261**	**264**	**271**	**277**
		O	161	220	353	291	276	275	277
Total, offsetting collections			–82	–100	–261	–261	–264	–271	–277
Total Health care policy and research (net)		BA	**100**	**110**					
		O	79	120	92	30	12	4	
Total Federal funds Public Health Service		BA	**28,396**	**31,673**	**33,609**	**33,530**	**33,894**	**34,685**	**35,443**
		O	25,488	28,638	32,192	33,660	33,677	34,178	34,871
Total Trust funds Public Health Service		BA	**60**	**147**	**224**	**194**	**195**	**198**	**201**
		O	60	148	224	194	195	198	201
Other Health Programs									
Health Care Financing Administration									
Federal funds									
General and Special Funds:									
Grants to States for Medicaid:									
Appropriation, mandatory	551	BA	**74,594**	**86,266**	**93,586**	**97,760**	**105,738**	**114,283**	**123,881**
					[B] 663	**[B] 1,830**	**[B] 4,509**	**[B] 7,020**	**[B] 8,451**
Advance appropriation, mandatory		BA	**27,801**	**28,734**	**30,589**	**36,208**	**39,162**	**42,327**	**45,882**
Spending authority from offsetting collections, mandatory		BA		**50**	**60**	**70**			

DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Outlays		O	108,042	116,167	124,235	134,038	144,900	156,610	169,763
					[B] 663	[B] 1,830	[B] 4,509	[B] 7,020	[B] 8,451
Grants to States for Medicaid (gross)		BA	102,395	115,050	124,898	135,868	149,409	163,630	178,214
		O	108,042	116,167	124,898	135,868	149,409	163,630	178,214
Total, offsetting collections			....	–50	–60	–70	....	....	....
Total Grants to States for Medicaid (net)		BA	102,395	115,000	124,838	135,798	149,409	163,630	178,214
		O	108,042	116,117	124,838	135,798	149,409	163,630	178,214
State grants and demonstrations:									
Appropriation, mandatory	551	BA	....	....	62	67	72	77	81
					[B] 10				
Outlays		O	....	....	16	31	47	62	67
					[B] 10				
Total State grants and demonstrations		BA	....	....	72	67	72	77	81
		O	....	....	26	31	47	62	67
Payments to health care trust funds:									
Appropriation, mandatory	571	BA	69,609	76,600	77,398	83,892	91,728	98,133	105,748
					[J] 15,120	[J] 11,820	[J] 3,636	[J] 9,668	[J] 11,404
Outlays		O	69,589	72,973	77,398	83,892	91,728	98,133	105,748
					[J] 15,120	[J] 11,820	[J] 3,636	[J] 9,668	[J] 11,404
Total Payments to health care trust funds		BA	69,609	76,600	92,518	95,712	95,364	107,801	117,152
		O	69,589	72,973	92,518	95,712	95,364	107,801	117,152
Program management									
(Health care services):									
(Spending authority from offsetting collections, discretionary)	551	BA	2,032	2,071	2,095	2,095	2,120	2,172	2,220
					[J] 135	[J] 135	[J] 136	[J] 140	[J] 143
(Outlays)		O	1,865	2,091	2,095	2,095	2,120	2,172	2,220
					[J] 135	[J] 135	[J] 136	[J] 140	[J] 143
Program management (gross)		BA	2,032	2,071	2,230	2,230	2,256	2,312	2,363
		O	1,865	2,091	2,230	2,230	2,256	2,312	2,363
(Change in receivables and unpaid, unfilled orders)		BA	–286	....	....	....	....	....	....
(Adjustment to receivables and unpaid, unfilled orders)		BA	149	....	....	....	....	....	....
Total, offsetting collections			–1,896	–2,071	–2,095	–2,095	–2,120	–2,172	–2,220
					[J] –135	[J] –135	[J] –136	[J] –140	[J] –143
Total (Health care services) (net)		BA	–1	....	....	....	....	....	....
		O	–31	20	....	....	....	....	....
(Health research and training):									
(Appropriation, mandatory)	552	BA			[B] 250	[B] 490	[B] 10		
(Spending authority from offsetting collections, discretionary)		BA	50	62	55	55	56	57	58
(Outlays)		O	48	62	55	55	56	57	58
					[B] 250	[B] 490	[B] 10		
Program management (gross)		BA	49	62	305	545	66	57	58
		O	17	82	305	545	66	57	58
Total, offsetting collections			–50	–62	–55	–55	–56	–57	–58
Total (Health research and training) (net)		BA	....	....	250	490	10	....	....
		O	–2	....	250	490	10	....	....
Total Program management		BA	–1	....	250	490	10	....	....
		O	–33	20	250	490	10	....	....
State children's health insurance fund:									
Appropriation, mandatory	551	BA	4,247	4,259	4,249	3,115	3,175	3,175	4,082
					[B] 212	[B] 422	[B] 726	[B] 1,029	[B] 1,326
Outlays		O	565	1,300	1,905	2,505	3,000	3,100	3,100
					[B] 212	[B] 422	[B] 726	[B] 1,029	[B] 1,326
Total State children's health insurance fund		BA	4,247	4,259	4,461	3,537	3,901	4,204	5,408
		O	565	1,300	2,117	2,927	3,726	4,129	4,426

DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Public Enterprise Funds:									
Health maintenance organization loan and loan guarantee fund:									
Spending authority from offsetting collections, mandatory	551	BA	2	1					
Health maintenance organization loan and loan guarantee fund (gross)		BA	2	1					
Total, offsetting collections			–2	–1					
Total Health maintenance organization loan and loan guarantee fund (net)		BA							
		O	–2	–1					
Trust funds									
Federal hospital insurance trust fund:									
Appropriation, discretionary	571	BA	1,297	1,361	1,425	1,425	1,442	1,478	1,511
					[J] –74	[J] –74	[J] –75	[J] –77	[J] –78
Appropriation, mandatory		BA	129,576	132,469	143,325	147,643	157,752	165,657	179,188
					[B] –185	[B] 1,702	[B] –4,033	[B] –3,265	[B] –4,946
Outlays		O	130,758	133,730	145,023	149,060	158,982	167,378	180,669
					[B] –185	[B] 1,702	[B] –4,033	[B] –3,265	[B] –4,946
					[J] –74	[J] –74	[J] –75	[J] –77	[J] –78
Total Federal hospital insurance trust fund		BA	130,873	133,830	144,491	150,696	155,086	163,793	175,675
		O	130,758	133,730	144,764	150,688	154,874	164,036	175,645
Health care fraud and abuse control account:									
Appropriation, mandatory	571	BA	764	864	950	1,010	1,075	1,075	1,075
Spending authority from offsetting collections, mandatory		BA	3	4					
Outlays		O	745	868	950	1,010	1,075	1,075	1,075
Health care fraud and abuse control account (gross)		BA	767	868	950	1,010	1,075	1,075	1,075
		O	745	868	950	1,010	1,075	1,075	1,075
Total, offsetting collections			–3	–4					
Total Health care fraud and abuse control account (net)		BA	764	864	950	1,010	1,075	1,075	1,075
		O	742	864	950	1,010	1,075	1,075	1,075
Federal supplementary medical insurance trust fund:									
Appropriation, discretionary	571	BA	1,506	1,706	1,772	1,772	1,793	1,837	1,878
					[J] –146	[J] –146	[J] –148	[J] –151	[J] –155
Appropriation, mandatory		BA	79,032	88,034	97,010	100,467	111,151	118,801	130,330
					[B] –685	[B] 1,134	[B] 9,355	[B] 20,729	[B] 24,724
Spending authority from offsetting collections, mandatory		BA	179	2,718	3,345	2,481	796		
Outlays		O	80,697	92,394	102,165	104,699	113,676	120,689	132,190
					[B] –685	[B] 1,134	[B] 9,355	[B] 20,729	[B] 24,724
					[J] –146	[J] –146	[J] –148	[J] –151	[J] –155
Federal supplementary medical insurance trust fund (gross)		BA	80,717	92,458	101,296	105,708	122,947	141,216	156,777
		O	80,697	92,394	101,334	105,687	122,883	141,267	156,759
Total, offsetting collections			–179	–2,718	–3,345	–2,481	–796		
Total Federal supplementary medical insurance trust fund (net)		BA	80,538	89,740	97,951	103,227	122,151	141,216	156,777
		O	80,518	89,676	97,989	103,206	122,087	141,267	156,759
Total Federal funds Health Care Financing Administration		BA	176,250	195,859	222,139	235,604	248,756	275,712	300,855
		O	178,161	190,409	219,749	234,958	248,556	275,622	299,859
Total Trust funds Health Care Financing Administration		BA	212,175	224,434	243,392	254,933	278,312	306,084	333,527
		O	212,018	224,270	243,703	254,904	278,036	306,378	333,479
Total Federal funds Health Programs		BA	204,646	227,532	255,748	269,134	282,650	310,397	336,298
		O	203,649	219,047	251,941	268,618	282,233	309,800	334,730
Total Trust funds Health Programs		BA	212,235	224,581	243,616	255,127	278,507	306,282	333,728
		O	212,078	224,418	243,927	255,098	278,231	306,576	333,680

DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued

(In millions of dollars)

Account			1999 actual	estimate					
				2000	2001	2002	2003	2004	2005
Administration for Children and Families									
Federal funds									
General and Special Funds:									
Temporary assistance for needy families:									
Appropriation, mandatory	609	BA	**17,693**	**16,689**	**16,679**	**16,679**	**16,679**	**16,679**	**16,679**
					^{O}**–240**				
Outlays		O	14,161	14,996	15,742	16,522	17,323	17,933	18,284
					^{B}208	^{B}90	^{B}117	^{B}32	^{B}–94
					^{O}–122				
Total Temporary assistance for needy families		BA	**17,693**	**16,689**	**16,439**	**16,679**	**16,679**	**16,679**	**16,679**
		O	14,161	14,996	15,828	16,612	17,440	17,965	18,190
Payments to states for child support enforcement and family support programs:									
Appropriation, mandatory	609	BA	**1,989**	**283**	**2,442**	**2,349**	**2,556**	**2,783**	**2,947**
					^{B}**32**	^{B}**33**	^{B}**33**	^{B}**33**	^{B}**32**
Advance appropriation, mandatory		BA	**660**	**750**	**650**	**1,000**	**1,050**	**1,100**	**1,150**
Spending authority from offsetting collections, mandatory		BA	**400**	**382**	**415**	**460**	**461**	**454**	**446**
Outlays		O	3,156	3,435	3,474	3,759	4,014	4,285	4,501
					^{B}32	^{B}33	^{B}33	^{B}33	^{B}32
Payments to states for child support enforcement and family support programs (gross)		BA	**3,049**	**1,415**	**3,539**	**3,842**	**4,100**	**4,370**	**4,575**
		O	3,156	3,435	3,506	3,792	4,047	4,318	4,533
Total, offsetting collections			–400	–382	–415	–460	–461	–454	–446
Total Payments to states for child support enforcement and family support programs (net)		BA	**2,649**	**1,033**	**3,124**	**3,382**	**3,639**	**3,916**	**4,129**
		O	2,756	3,053	3,091	3,332	3,586	3,864	4,087
Low income home energy assistance:									
Appropriation, discretionary	609	BA	**175**	**300**	**300**	**300**	**304**	**311**	**318**
Reappropriation, discretionary		BA	**2**	....	....	....	....	....	....
Advance appropriation, discretionary		BA	**1,100**	**1,100**	**1,100**	**1,100**	**1,113**	**1,141**	**1,166**
Outlays		O	1,176	1,242	1,105	1,102	1,110	1,133	1,159
Total Low income home energy assistance		BA	**1,277**	**1,400**	**1,400**	**1,400**	**1,417**	**1,452**	**1,484**
		O	1,176	1,242	1,105	1,102	1,110	1,133	1,159
Refugee and entrant assistance:									
Appropriation, discretionary	609	BA	**415**	**426**	**433**	**433**	**438**	**449**	**459**
Reappropriation, discretionary		BA	**66**	**28**	....	....	....	....	....
Outlays		O	332	444	446	440	436	440	447
Total Refugee and entrant assistance		BA	**481**	**454**	**433**	**433**	**438**	**449**	**459**
		O	332	444	446	440	436	440	447
Promoting safe and stable families:									
Appropriation, mandatory	506	BA	**275**	**295**	**305**	**305**	**305**	**305**	**305**
Outlays		O	248	286	288	301	304	305	305
Job opportunities and basic skills training program:									
Outlays	504	O	9	8	5	....	....	....	....
State legalization impact assistance grants:									
Outlays	506	O	–1	....	....	....	....	....	....
Child care entitlement to States:									
Appropriation, mandatory	609	BA	**2,167**	**2,367**	**2,567**	**2,717**	**2,717**	**2,717**	**2,717**
					^{B}**600**	^{B}**600**	^{B}**600**	^{B}**600**	^{B}**600**
Outlays		O	2,254	2,420	2,556	2,685	2,717	2,717	2,717
					^{B}402	^{B}588	^{B}606	^{B}606	^{B}600
Total Child care entitlement to States		BA	**2,167**	**2,367**	**3,167**	**3,317**	**3,317**	**3,317**	**3,317**
		O	2,254	2,420	2,958	3,273	3,323	3,323	3,317
Payments to States for the child care and development block grant:									
Appropriation, discretionary	609	BA	**1,000**	....	**817**	....	....	....	....
Advance appropriation, discretionary		BA	....	**1,183**	**1,183**	**2,000**	**2,024**	**2,074**	**2,120**
Outlays		O	1,032	1,147	1,720	1,974	2,017	2,056	2,103
Total Payments to States for the child care and development block grant		BA	**1,000**	**1,183**	**2,000**	**2,000**	**2,024**	**2,074**	**2,120**
		O	1,032	1,147	1,720	1,974	2,017	2,056	2,103

DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Social services block grant:									
Appropriation, mandatory	506	BA	**1,909**	**1,775**	**1,700** [B] **75**	**1,700**	**1,700**	**1,700**	**1,700**
Outlays		O	1,993	1,623	1,932 [B] 66	1,710 [B] 9	1,710	1,710	1,710
Total Social services block grant		BA	**1,909**	**1,775**	**1,775**	**1,700**	**1,700**	**1,700**	**1,700**
		O	1,993	1,623	1,998	1,719	1,710	1,710	1,710
Children and families services programs:									
Appropriation, discretionary	506	BA	**6,029**	**5,328**	**6,272**	**6,272**	**6,347**	**6,506**	**6,647**
Advance appropriation, discretionary		BA	....	....	**1,400**	**1,400**	**1,417**	**1,452**	**1,484**
Spending authority from offsetting collections, discretionary		BA	**16**	**14**	**14**	**14**	**14**	**15**	**15**
Outlays		O	5,723	6,228	7,027	7,782	7,835	7,916	8,061
Children and families services programs (gross)		BA	**6,045**	**5,342**	**7,686**	**7,686**	**7,778**	**7,973**	**8,146**
		O	5,723	6,228	7,027	7,782	7,835	7,916	8,061
Change in receivables and unpaid, unfilled orders		BA	**4**	....	....	....	....	....	....
Total, offsetting collections			–20	–14	–14	–14	–14	–15	–15
Total Children and families services programs (net)		BA	**6,029**	**5,328**	**7,672**	**7,672**	**7,764**	**7,958**	**8,131**
		O	5,703	6,214	7,013	7,768	7,821	7,901	8,046
Violent crime reduction programs:									
Appropriation, discretionary	754	BA	**105**	**101**	**134**	**134**	**136**	**139**	**142**
Outlays		O	70	103	112	122	130	136	139
Children's research and technical assistance:									
Appropriation, mandatory	609	BA	**52**	**39**	**58** [B] **1**	**59**	**59**	**61** [B] **–1**	**61** [B] **–1**
Spending authority from offsetting collections, mandatory		BA	**4**	**9**	**13**	**14**	**14**	**14**	**14**
Outlays		O	57	71	68 [B] 3	67 [B] 2	75 [B] 2	74 [B] 2	74 [B] 2
Children's research and technical assistance (gross)		BA	**56**	**48**	**72**	**73**	**73**	**74**	**74**
		O	57	71	71	69	77	76	76
Total, offsetting collections			–4	–9	–13	–14	–14	–14	–14
Total Children's research and technical assistance (net)		BA	**52**	**39**	**59**	**59**	**59**	**60**	**60**
		O	53	62	58	55	63	62	62
Payments to states for foster care and adoption assistance:									
Appropriation, mandatory	506	BA	**3,764**	**4,307** [A] **35**	**4,863** [B] **5**	**5,208**	**5,658**	**6,159**	**6,715**
Advance appropriation, mandatory		BA	**1,158**	**1,355**	**1,538**	**1,736**	**1,886**	**2,053**	**2,239**
Outlays		O	4,707	5,490 [A] 5	6,272 [A] 21 [B] 1	6,892 [A] 7 [B] 1	7,467 [A] 2 [B] 1	8,113 [B] 1	8,842 [B] 1
Total Payments to states for foster care and adoption assistance		BA	**4,922**	**5,697**	**6,406**	**6,944**	**7,544**	**8,212**	**8,954**
		O	4,707	5,495	6,294	6,900	7,470	8,114	8,843
Total Federal funds Administration for Children and Families		BA	**38,559**	**36,361**	**42,914**	**44,025**	**45,022**	**46,261**	**47,480**
		O	34,493	37,093	40,916	43,598	45,410	47,009	48,408

Administration on Aging

Federal funds

General and Special Funds:

Aging services programs:									
Appropriation, discretionary	506	BA	**882**	**933**	**1,084**	**1,084**	**1,097**	**1,124**	**1,149**
Outlays		O	879	886	1,020	1,072	1,092	1,115	1,140

Departmental Management

Federal funds

General and Special Funds:

General departmental management:									
Appropriation, discretionary	551	BA	**773**	**824**	**526**	**526**	**532**	**546**	**557**
Spending authority from offsetting collections, discretionary		BA	**109**	**101**	**111**	**111**	**112**	**115**	**118**

DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Outlays		O	449	906	618	678	660	654	666
General departmental management (gross)		BA	**882**	**925**	**637**	**637**	**644**	**661**	**675**
		O	449	906	618	678	660	654	666
Change in receivables and unpaid, unfilled orders		BA	**–2**	....	....	....	....	....	....
Total, offsetting collections			–106	–101	–111	–111	–112	–115	–118
Total General departmental management (net)		BA	**774**	**824**	**526**	**526**	**532**	**546**	**557**
		O	343	805	507	567	548	539	548
Program Support Center									
Federal funds									
General and Special Funds:									
Retirement pay and medical benefits for commissioned officers:									
Appropriation, mandatory	551	BA	**202**	**215**	**220**	**234**	**249**	**265**	**282**
Outlays		O	202	215	219	214	228	243	258
Intragovernmental Funds:									
HHS service and supply fund:									
Spending authority from offsetting collections, mandatory	551	BA	**421**	**411**	**434**	**434**	**434**	**434**	**434**
Outlays		O	421	411	434	434	434	434	434
HHS service and supply fund (gross)		BA	**421**	**411**	**434**	**434**	**434**	**434**	**434**
		O	421	411	434	434	434	434	434
Change in receivables and unpaid, unfilled orders		BA	**–45**	....	....	....	....	....	....
Total, offsetting collections			–376	–411	–434	–434	–434	–434	–434
Total HHS service and supply fund (net)		BA	....	....	....	....	....	....	....
		O	45	....	....	....	....	....	....
Trust funds									
Miscellaneous trust funds:									
Appropriation, mandatory	551	BA	**52**	**52**	**52**	**52**	**52**	**52**	**52**
Outlays		O	60	55	53	52	52	52	52
Total Federal funds Program Support Center		BA	**202**	**215**	**220**	**234**	**249**	**265**	**282**
		O	247	215	219	214	228	243	258
Total Trust funds Program Support Center		BA	**52**	**52**	**52**	**52**	**52**	**52**	**52**
		O	60	55	53	52	52	52	52
Office of the Inspector General									
Federal funds									
General and Special Funds:									
Office of the Inspector General:									
Appropriation, discretionary	551	BA	**29**	**31**	**34**	**34**	**34**	**35**	**36**
Spending authority from offsetting collections, discretionary		BA	**14**	**22**	**23**	**23**	**23**	**24**	**24**
Outlays		O	58	45	58	57	57	59	60
Office of the Inspector General (gross)		BA	**43**	**53**	**57**	**57**	**57**	**59**	**60**
		O	58	45	58	57	57	59	60
Change in receivables and unpaid, unfilled orders		BA	**10**	....	....	....	....	....	....
Total, offsetting collections			–24	–22	–23	–23	–23	–24	–24
Total Office of the Inspector General (net)		BA	**29**	**31**	**34**	**34**	**34**	**35**	**36**
		O	34	23	35	34	34	35	36
Allowances									
Federal funds									
General and Special Funds:									
Effect of proposed repeal of obligation delays enacted in P.L. 106–113, Health and Human Services (Social services):									
(Outlays)	506	O		A 232	A –232				

DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
(Health research and training):									
(Outlays)	552	O		[A] 267	[A] –267				
Total Effect of proposed repeal of obligation delays enacted in P.L 106–113, Health and Human Services		O	......	499	–499	......	......	......	......
Total Federal funds Allowances		O	......	**499**	**–499**	......	......	......	......
Summary									
Federal funds:									
(As shown in detail above)		BA	**245,092**	**265,896**	**300,526**	**315,037**	**329,584**	**358,628**	**385,802**
		O	239,645	258,568	294,139	314,103	329,545	358,741	385,120
Deductions for offsetting receipts:									
Proprietary receipts from the public	551	BA/O	*–5*	*–5*	*–5*	*–5*	*–5*	*–5*	*–5*
	552	BA/O	*–15*	*–15*	*–15*	*–15*	*–15*	*–15*	*–15*
	554	BA/O	*–1*	*–1*	*–1*	*–1*	*–1*	*–1*	*–1*
	609	BA/O	*–868*	*–851*	*–850*	*–820*	*–865*	*–874*	*–853*
					[B] *–22*	[B] *–14*	[B] *16*	[B] *24*	[B] *21*
Total Federal funds		BA	**244,203**	**265,024**	**299,633**	**314,182**	**328,714**	**357,757**	**384,949**
		O	238,756	257,696	293,246	313,248	328,675	357,870	384,267
Trust funds:									
(As shown in detail above)		BA	**212,287**	**224,633**	**243,668**	**255,179**	**278,559**	**306,334**	**333,780**
		O	212,138	224,473	243,980	255,150	278,283	306,628	333,732
Deductions for offsetting receipts:									
Proprietary receipts from the public	551	BA/O	*–25*	*–25*	*–25*	*–25*	*–25*	*–25*	*–25*
	571	BA/O	*–21,561*	*–21,735*	*–23,340*	*–25,396*	*–27,813*	*–30,427*	*–33,095*
					[B] *180*	[B] *–226*	[B] *–8,052*	[B] *–10,921*	[B] *–13,703*
	908	BA/O	*–9*	......	......	......	......	......	......
Total Trust funds		BA	**190,692**	**202,873**	**220,483**	**229,532**	**242,669**	**264,961**	**286,957**
		O	190,543	202,713	220,795	229,503	242,393	265,255	286,909
Interfund transactions	551	BA/O	......	*–75*	*–100*	*–100*	*–101*	*–104*	*–106*
	571	BA/O	*–69,598*	*–72,995*	*–77,426*	*–83,923*	*–91,736*	*–98,133*	*–105,748*
					[J] *–15,120*	[J] *–11,820*	[J] *–3,636*	[J] *–9,668*	[J] *–11,404*
Total Department of Health and Human Services		BA	**365,297**	**394,827**	**427,470**	**447,871**	**475,910**	**514,813**	**554,648**
		O	359,701	387,339	421,395	446,908	475,595	515,220	553,918

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

(In millions of dollars)

Public and Indian Housing Programs

Federal funds

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
General and Special Funds:									
Housing certificate fund:									
Appropriation, discretionary	604	BA	**9,411**	**4,963**	**9,928**	**9,928**	**10,047**	**10,297**	**10,521**
				[H] **–103**					
Advance appropriation, discretionary		BA	......	......	**4,200**	**4,200**	**4,250**	**4,356**	**4,451**
Outlays		O	7,858	16,090	16,579	17,098	17,474	17,514	17,796
Total Housing certificate fund		BA	**9,411**	**4,860**	**14,128**	**14,128**	**14,297**	**14,653**	**14,972**
		O	7,858	16,090	16,579	17,098	17,474	17,514	17,796
Section 8 reserve preservation account:									
Outlays	604	O	429	......	......	......	......	......	......
Annual contributions for assisted housing:									
Appropriation, discretionary	604	BA	**–1,089**	**–120**	......	......	......	......	......
Outlays		O	7,365	......	......	......	......	......	......
Moving to work:									
Appropriation, discretionary	451	BA	......	**5**	......	......	......	......	......
Outlays		O	......	3	2	......	......	......	......
Public housing capital fund:									
Appropriation, discretionary	604	BA	**3,000**	**2,869**	**2,955**	**2,955**	**2,991**	**3,064**	**3,132**

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	3,080	3,159	3,345	2,791	2,961	3,309	3,311
Public housing operating fund:									
Appropriation, discretionary	604	BA	2,818	3,138	3,192	3,192	3,230	3,310	3,383
Outlays		O	2,876	2,972	3,160	3,192	3,211	3,270	3,346
Drug elimination grants for low-income housing:									
Appropriation, discretionary	604	BA	310	310	345	345	349	358	366
Outlays		O	283	325	315	302	335	346	350
Revitalization of severely distressed public housing (HOPE VI):									
Appropriation, discretionary	604	BA	625	575	625	625	633	648	662
Outlays		O	321	588	597	706	734	591	621
Native American housing block grant:									
Appropriation, discretionary	604	BA	620	620	650	650	657	673	688
Outlays		O	597	665	699	590	579	625	645
Limitation on loan guarantee commitments			(55)	(55)	(43)	(43)	(44)	(45)	(46)
Public Enterprise Funds:									
Low-rent public housing—loans and other expenses:									
Authority to borrow, mandatory	604	BA	25	40	40	30	30	30	30
Spending authority from offsetting collections, mandatory		BA	83	71	71	71	74	74	74
Outlays		O	116	116	116	43	36	25	19
Low-rent public housing—loans and other expenses (gross)		BA	108	111	111	101	104	104	104
		O	116	116	116	43	36	25	19
Total, offsetting collections			–83	–71	–71	–71	–74	–74	–74
Total Low-rent public housing—loans and other expenses (net)		BA	25	40	40	30	30	30	30
		O	33	45	45	–28	–38	–49	–55
Credit Accounts:									
Indian housing loan guarantee fund program account:									
Appropriation, discretionary	371	BA	6	6	6	6	6	6	6
Reappropriation, discretionary		BA	4	...	...	...	...	...	...
Outlays		O	2	7	7	7	8	9	9
Limitation on loan guarantee commitments			(69)	(72)	(72)	(72)	(73)	(75)	(76)
Total Indian housing loan guarantee fund program account		BA	10	6	6	6	6	6	6
		O	2	7	7	7	8	9	9
Total Federal funds Public and Indian Housing Programs		BA	15,730	12,303	21,941	21,931	22,193	22,742	23,239
		O	22,844	23,854	24,749	24,658	25,264	25,615	26,023

Community Planning and Development

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Housing opportunities for persons with AIDS:									
Appropriation, discretionary	604	BA	225	232	260	260	263	270	276
Outlays		O	211	212	212	212	245	255	264
Community development block grants:									
Appropriation, discretionary	451	BA	4,893	4,781	4,895	4,895	4,954	5,077	5,188
					[J]5	[J]5	[J]5	[J]5	[J]5
Outlays		O	4,804	4,856	4,826	4,956	4,997	5,074	4,979
						[J]2	[J]4	[J]5	[J]5
Total Community development block grants		BA	4,893	4,781	4,900	4,900	4,959	5,082	5,193
		O	4,804	4,856	4,826	4,958	5,001	5,079	4,984
Regional connections:									
Appropriation, discretionary	452	BA			[J]25	[J]25	[J]25	[J]26	[J]26
Outlays		O			[J]1	[J]9	[J]20	[J]24	[J]25
Urban empowerment zones:									
Appropriation, discretionary	451	BA	45	55	...	...	...	...	...
Appropriation, mandatory		BA			[B]150	[B]150	[B]150	[B]150	[B]150
Outlays		O	3	17	37	30	11	4	2
					[B]3	[B]51	[B]114	[B]138	[B]144
Total Urban empowerment zones		BA	45	55	150	150	150	150	150
		O	3	17	40	81	125	142	146
Brownfields redevelopment:									
Appropriation, discretionary	451	BA	25	25	50	50	51	52	53

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	....	10	28	43	47	49	50
Youthbuild program:									
Outlays	604	O	2	2	....	....	....	....	....
Home investment partnership program:									
Appropriation, discretionary	604	BA	**1,600**	**1,600**	**1,650**	**1,650**	**1,670**	**1,711**	**1,749**
Outlays		O	1,347	1,657	1,734	1,769	1,626	1,647	1,670
Homeless assistance grants:									
Appropriation, discretionary	604	BA	**975**	**1,020**	**1,200**	**1,200**	**1,214**	**1,245**	**1,271**
Outlays		O	643	961	1,112	1,272	1,431	1,375	1,264
Rural housing and economic development:									
Appropriation, discretionary	604	BA	**32**	**25**	**27**	**27**	**27**	**28**	**29**
Outlays		O	....	11	22	25	27	28	28
Urban development action grants:									
Outlays	451	O	18	10	10	10	10	10	10
Capacity building for community development and affordable housing:									
Outlays	451	O	9	9	7	3	....	....	....
Supportive housing program:									
Outlays	604	O	63	....	....	....	....	....	....
Shelter plus care:									
Outlays	604	O	75	....	....	....	....	....	....
Innovative homeless initiatives demonstration program:									
Outlays	604	O	9	....	....	....	....	....	....
National cities in schools community development program:									
Appropriation, discretionary	451	BA	**5**	**5**	**5**	**5**	**5**	**5**	**5**
Outlays		O	4	4	6	6	6	6	6
Public Enterprise Funds:									
Revolving fund (liquidating programs):									
Spending authority from offsetting collections, mandatory	451	BA	**53**	**44**	**42**	**37**	**28**	**19**	**15**
Outlays		O	7	16	14	9	6	5	4
Revolving fund (liquidating programs) (gross)		BA	**53**	**44**	**42**	**37**	**28**	**19**	**15**
		O	7	16	14	9	6	5	4
Total, offsetting collections			–53	–44	–42	–37	–28	–19	–15
Total Revolving fund (liquidating programs) (net)		BA	....	....	....	....	....	....	....
		O	–46	–28	–28	–28	–22	–14	–11
Credit Accounts:									
Community development loan guarantees program account:									
Appropriation, discretionary	451	BA	**30**	**30**	**30**	**30**	**30**	**31**	**32**
Outlays		O	9	16	21	27	31	30	31
Limitation on loan guarantee commitments			(1,261)	(1,261)	(1,217)	(1,217)	(1,232)	(1,262)	(1,290)
Community development loan guarantees liquidating account:									
Spending authority from offsetting collections, mandatory	451	BA	**24**	**4**	**4**	**5**	**1**	**1**	**1**
Outlays		O	4	....	....	....	....	....	....
Community development loan guarantees liquidating account (gross)		BA	**24**	**4**	**4**	**5**	**1**	**1**	**1**
		O	4	....	....	....	....	....	....
Total, offsetting collections			–24	–4	–4	–5	–1	–1	–1
Total Community development loan guarantees liquidating account (net)		BA	....	....	....	....	....	....	....
		O	–20	–4	–4	–5	–1	–1	–1
America's private investment companies program account:									
Appropriation, discretionary	451	BA	....	**20**	**37**	**37**	**37**	**38**	**39**
Outlays		O	....	15	28	31	35	37	39
Limitation on loan guarantee commitments			....	(541)	(1,000)	(1,000)	(1,012)	(1,037)	(1,060)
Total Federal funds Community Planning and Development		BA	**7,830**	**7,793**	**8,334**	**8,334**	**8,431**	**8,638**	**8,823**
		O	7,131	7,748	8,015	8,413	8,581	8,667	8,505

Housing Programs

Federal funds

General and Special Funds:									
Housing for special populations:									
Appropriation, discretionary	604	BA	**854**	**911**	**989**	**989**	**1,001**	**1,026**	**1,048**
Outlays		O	761	784	1,014	1,336	1,577	1,944	2,073

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Other assisted housing programs									
(Housing assistance):									
(Appropriation, discretionary)	604	BA		–7					
(Outlays)		O	708	710	711	712	713	714	715
Total Other assisted housing programs		BA		–7					
		O	708	710	711	712	713	714	715
Homeownership and opportunity for people everywhere grants (HOPE grants):									
Appropriation, discretionary	604	BA		–11					
Outlays		O	18	18	18	11			
Congregate services:									
Outlays	604	O	5	2					
Section 8 moderate rehabilitation, single room occupancy:									
Outlays	604	O	31						
Manufactured home inspection and monitoring:									
Appropriation, mandatory	376	BA	15	16	17	18	19	20	22
Outlays		O	15	15	16	17	18	19	19
Public Enterprise Funds:									
Rental housing assistance fund:									
Spending authority from offsetting collections, mandatory	604	BA	34	31	28	27	25	24	23
Outlays		O	34	31	28	27	25	24	23
Rental housing assistance fund (gross)		BA	34	31	28	27	25	24	23
		O	34	31	28	27	25	24	23
Total, offsetting collections			–34	–31	–28	–27	–25	–24	–23
Total Rental housing assistance fund (net)		BA							
		O							
Flexible Subsidy Fund:									
Spending authority from offsetting collections, discretionary	604	BA	48	39	36	36	36	37	38
Outlays		O	17	14	20	3			
Flexible Subsidy Fund (gross)		BA	48	39	36	36	36	37	38
		O	17	14	20	3			
Total, offsetting collections			–48	–39	–36	–36	–36	–37	–38
Total Flexible Subsidy Fund (net)		BA							
		O	–31	–25	–16	–33	–36	–37	–38
Homeownership assistance fund:									
Spending authority from offsetting collections, mandatory	604	BA	1						
Homeownership assistance fund (gross)		BA	1						
Total, offsetting collections			–1						
Total Homeownership assistance fund (net)		BA							
		O	–1						
Nehemiah housing opportunity fund:									
Outlays	604	O	2	8	8	8			
Credit Accounts:									
FHA-mutual mortgage insurance program account:									
Appropriation, discretionary	371	BA	329	491	491	491	497	509	520
Appropriation, mandatory		BA	4,494						
Outlays		O	4,823	451	491	491	496	508	520
Limitation on mandatory administrative expenses			(329)	(491)	(491)	(491)	(497)	(509)	(520)
Limitation on direct loan activity			(100)	(100)	(250)	(250)	(253)	(259)	(265)
Limitation on loan guarantee commitments			(140,000)	(140,000)	(160,000)	(160,000)	(161,920)	(165,936)	(169,570)
Total FHA-mutual mortgage insurance program account		BA	4,823	491	491	491	497	509	520
		O	4,823	451	491	491	496	508	520
FHA-Mutual mortgage and cooperative housing insurance funds liquidating account:									
Spending authority from offsetting collections, mandatory	371	BA	4,939	4,651	4,986	1,818	1,887	1,980	2,069

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	4,620	714	444	254	201	122	119
FHA-Mutual mortgage and cooperative housing insurance funds liquidating account (gross)		BA	**4,939**	**4,651**	**4,986**	**1,818**	**1,887**	**1,980**	**2,069**
		O	4,620	714	444	254	201	122	119
Total, offsetting collections			–4,939	–4,651	–5,341	–1,818	–1,887	–1,980	–2,069
Total FHA-Mutual mortgage and cooperative housing insurance funds liquidating account (net)		BA	....	....	**–355**	....	....	....	....
		O	–319	–3,937	–4,897	–1,564	–1,686	–1,858	–1,950
FHA-General and special risk program account:									
Appropriation, discretionary	371	BA	**292**	**262** [A] **49**	**456**	**456**	**462**	**473**	**484**
Appropriation, mandatory		BA	**233**	....	....	....	....	....	....
Reappropriation, discretionary		BA	**16**	....	....	....	....	....	....
Outlays		O	638	479 [A] 37	469 [A] 12	456	460	471	482
Limitation on direct loan activity			(50)	(50)	(50)	(50)	(51)	(52)	(53)
Limitation on loan guarantee commitments			(18,100)	(18,100) [A] (2,835)	(21,000)	(21,000)	(21,252)	(21,779)	(22,256)
Total FHA-General and special risk program account		BA	**541**	**311**	**456**	**456**	**462**	**473**	**484**
		O	638	516	481	456	460	471	482
FHA-General and special risk insurance funds liquidating account:									
Appropriation, mandatory	371	BA	....	**502**	**2,346**	**630**	**630**	**292**	**176**
Authority to borrow, mandatory		BA	**76**	**46**	**46**	**46**	**46**	**46**	**46**
Spending authority from offsetting collections, mandatory		BA	**552**	**668**	**653**	**622**	**743**	**772**	**547**
Outlays		O	1,057	1,170	2,999	1,252	1,373	1,064	723
FHA-General and special risk insurance funds liquidating account (gross)		BA	**628**	**1,216**	**3,045**	**1,298**	**1,419**	**1,110**	**769**
		O	1,057	1,170	2,999	1,252	1,373	1,064	723
Total, offsetting collections			–559	–668	–653	–622	–743	–772	–547
Total FHA-General and special risk insurance funds liquidating account (net)		BA	**69**	**548**	**2,392**	**676**	**676**	**338**	**222**
		O	498	502	2,346	630	630	292	176
Housing for the elderly or handicapped fund liquidating account:									
Spending authority from offsetting collections, mandatory	371	BA	**772**	**751**	**751**	**751**	**751**	**751**	**751**
Outlays		O	382	365	267	361	361	361	361
Housing for the elderly or handicapped fund liquidating account (gross)		BA	**772**	**751**	**751**	**751**	**751**	**751**	**751**
		O	382	365	267	361	361	361	361
Total, offsetting collections			–772	–751	–751	–751	–751	–751	–751
Total Housing for the elderly or handicapped fund liquidating account (net)		BA	....	....	....	....	....	....	....
		O	–390	–386	–484	–390	–390	–390	–390
Nonprofit sponsor assistance liquidating account:									
Appropriation, discretionary	604	BA	....	**–6**	....	....	....	....	....
Total Federal funds Housing Programs		BA	**6,302**	**2,253**	**3,990**	**2,630**	**2,655**	**2,366**	**2,296**
		O	6,758	–1,342	–312	1,674	1,782	1,663	1,607
Government National Mortgage Association									
Federal funds									
Credit Accounts:									
Guarantees of mortgage-backed securities loan guarantee program account:									
Appropriation, discretionary	371	BA	**9**	**9**	**49**	**49**	**49**	**50**	**52**
Outlays		O	9	9	49	49	50	51	52
Limitation on loan guarantee commitments			(200,000)	(200,000)	(200,000)	(200,000)	(202,400)	(207,420)	(211,962)
Guarantees of mortgage-backed securities liquidating account:									
Spending authority from offsetting collections, discretionary	371	BA	....	....	**–50**	**–50**	**–51**	**–52**	**–53**
Spending authority from offsetting collections, mandatory		BA	**428**	**532**	**159**	**54**	**53**	**51**	**51**

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	93	6,358	35	....	–1	–2	–3
Guarantees of mortgage-backed securities liquidating account (gross)		BA	**428**	**532**	**109**	**4**	**2**	**–1**	**–2**
		O	93	6,358	35	....	–1	–2	–3
Total, offsetting collections			–428	–532	–159	–54	–53	–51	–51
Total Guarantees of mortgage-backed securities liquidating account (net)		BA	....	....	**–50**	**–50**	**–51**	**–52**	**–53**
		O	–335	5,826	–124	–54	–54	–53	–54
Total Federal funds Government National Mortgage Association		BA	**9**	**9**	**–1**	**–1**	**–2**	**–2**	**–1**
		O	–326	5,835	–75	–5	–4	–2	–2

Policy Development and Research

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Research and technology:									
Appropriation, discretionary	451	BA	**58**	**45**	**62**	**62**	**63**	**64**	**66**
Outlays		O	27	53	56	65	68	67	64

Fair Housing and Equal Opportunity

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Fair housing activities:									
Appropriation, discretionary	751	BA	**40**	**44**	**50**	**50**	**51**	**52**	**53**
Outlays		O	31	36	31	48	49	50	51

Office of Lead Hazard Control

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Lead hazard reduction:									
Appropriation, discretionary	451	BA	**80**	**80**	**120**	**120**	**121**	**124**	**127**
Outlays		O	2	80	81	97	86	100	112

Management and Administration

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses									
(Community development):									
(Appropriation, discretionary)	451	BA	**64**	**65**	**77**	**77**	**78**	**80**	**82**
(Spending authority from offsetting collections, discretionary)		BA	**1**	**1**	**2**	**2**	**2**	**2**	**2**
(Outlays)		O	68	66	76	79	80	81	83
Salaries and expenses (gross)		BA	**65**	**66**	**79**	**79**	**80**	**82**	**84**
		O	68	66	76	79	80	81	83
Total, offsetting collections			–1	–1	–2	–2	–2	–2	–2
Total (Community development) (net)		BA	**64**	**65**	**77**	**77**	**78**	**80**	**82**
		O	67	65	74	77	78	79	81
(Housing assistance):									
(Appropriation, discretionary)	604	BA	**344**	**349**	**413**	**413**	**418**	**428**	**438**
(Spending authority from offsetting collections, discretionary)		BA	**533**	**528**	**528**	**528**	**534**	**548**	**560**
(Outlays)		O	893	876	926	941	951	974	996
Salaries and expenses (gross)		BA	**941**	**942**	**1,018**	**1,018**	**1,030**	**1,056**	**1,080**
		O	960	941	1,000	1,018	1,029	1,053	1,077
Total, offsetting collections			–533	–528	–528	–528	–534	–548	–560
Total (Housing assistance) (net)		BA	**344**	**349**	**413**	**413**	**418**	**428**	**438**
		O	360	348	398	413	417	426	436
(Federal law enforcement activities):									
(Appropriation, discretionary)	751	BA	**64**	**63**	**75**	**75**	**76**	**78**	**79**

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
(Outlays)		O	67	64	72	75	75	77	79
Total Salaries and expenses		BA	**472**	**477**	**565**	**565**	**572**	**586**	**599**
		O	494	477	544	565	570	582	596
Office of Inspector General:									
Appropriation, discretionary	451	BA	**50**	**51**	**52**	**52**	**53**	**54**	**55**
				A **–6**					
Reappropriation, discretionary		BA			A **6**	A **6**	A **6**	A **6**	A **6**
Spending authority from offsetting collections, discretionary		BA	**33**	**32**	**32**	**32**	**32**	**33**	**34**
Outlays		O	42	112	87	84	85	87	88
				A –5	A 4	A 6	A 6	A 6	A 6
Office of Inspector General (gross)		BA	**83**	**77**	**90**	**90**	**91**	**93**	**95**
		O	42	107	91	90	91	93	94
Total, offsetting collections			–33	–32	–32	–32	–32	–33	–34
Total Office of Inspector General (net)		BA	**50**	**45**	**58**	**58**	**59**	**60**	**61**
		O	9	75	59	58	59	60	60
Office of federal housing enterprise oversight:									
Appropriation, discretionary	371	BA	**16**	**19**	**26**	**26**	**26**	**27**	**28**
Outlays		O	16	19	25	26	26	27	27
Intragovernmental Funds:									
Working capital fund:									
Spending authority from offsetting collections, mandatory	451	BA	**319**	**266**	**390**	**390**	**390**	**390**	**390**
Outlays		O	296	285	390	390	390	390	390
Working capital fund (gross)		BA	**319**	**266**	**390**	**390**	**390**	**390**	**390**
		O	296	285	390	390	390	390	390
Change in receivables and unpaid, unfilled orders		BA	**–12**	....	....	....	....	....	....
Adjustment to receivables and unpaid, unfilled orders		BA	**–2**	....	....	....	....	....	....
Total, offsetting collections			–305	–266	–390	–390	–390	–390	–390
Total Working capital fund (net)		BA	....	....	....	....	....	....	....
		O	–9	19	....	....	....	....	....
Total Federal funds Management and Administration		BA	**538**	**541**	**649**	**649**	**657**	**673**	**688**
		O	510	590	628	649	655	669	683
Summary									
Federal funds:									
(As shown in detail above)		BA	**30,587**	**23,068**	**35,145**	**33,775**	**34,169**	**34,657**	**35,291**
		O	36,977	36,854	33,173	35,599	36,481	36,829	37,043
Deductions for offsetting receipts:									
Proprietary receipts from the public	371	BA/O	*–4,227*	*–6,759*	*–870*	*–5,157*	*–5,409*	*–5,679*	*–6,315*
Offsetting governmental receipts	371	BA/O	*–16*	*–19*	*–26*	*–26*	*–26*	*–27*	*–28*
Total Department of Housing and Urban Development		BA	**26,344**	**16,290**	**34,249**	**28,592**	**28,734**	**28,951**	**28,948**
		O	32,734	30,076	32,277	30,416	31,046	31,123	30,700

DEPARTMENT OF THE INTERIOR

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Land and Minerals Management									
Bureau of Land Management									
Federal funds									
General and Special Funds:									
Management of lands and resources:									
Appropriation, discretionary	302	BA	**619**	**644**	**715**	**715**	**724**	**741**	**758**
Spending authority from offsetting collections, discretionary		BA	**65**	**54**	**54**	**54**	**55**	**56**	**57**

DEPARTMENT OF THE INTERIOR—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	661	698	763	790	776	793	810
Management of lands and resources (gross)		BA	**684**	**698**	**769**	**769**	**779**	**797**	**815**
		O	661	698	763	790	776	793	810
Change in receivables and unpaid, unfilled orders		BA	**–6**	**11**	**2**				
Total, offsetting collections			–59	–65	–56	–56	–57	–58	–59
Total Management of lands and resources (net)		BA	**619**	**644**	**715**	**713**	**722**	**739**	**756**
		O	602	633	707	734	719	735	751
Construction:									
Appropriation, discretionary	302	BA	**11**	**11**	**11**	**11**	**11**	**11**	**12**
Outlays		O	6	7	10	11	11	11	11
Payments in lieu of taxes:									
Appropriation, discretionary	806	BA	**125**	**134**	**135**	**135**	**137**	**140**	**143**
Outlays		O	125	134	135	135	137	140	143
Oregon and California grant lands:									
Appropriation, discretionary	302	BA	**97**	**99**	**104**	**104**	**105**	**108**	**110**
Outlays		O	104	99	104	102	100	107	110
Wildland fire management:									
Appropriation, discretionary	302	BA	**337**	**291**	**297**	**297**	**301**	**308**	**315**
				[A] **100**					
Spending authority from offsetting collections, discretionary		BA	**41**	**70**	**15**	**15**	**15**	**16**	**16**
Outlays		O	348	404	329	341	314	321	329
Wildland fire management (gross)		BA	**378**	**461**	**312**	**312**	**316**	**324**	**331**
		O	348	404	329	341	314	321	329
Change in receivables and unpaid, unfilled orders		BA	**–19**	**10**	**9**				
Total, offsetting collections			–22	–80	–24	–24	–24	–25	–25
Total Wildland fire management (net)		BA	**337**	**391**	**297**	**288**	**292**	**299**	**306**
		O	326	324	305	317	290	296	304
Central hazardous materials fund:									
Appropriation, discretionary	304	BA	**10**	**10**	**10**	**10**	**10**	**10**	**11**
Outlays		O	8	11	13	10	10	10	10
Land acquisition:									
Appropriation, discretionary	302	BA	**15**	**16**	**61**	**61**	**62**	**63**	**65**
Spending authority from offsetting collections, discretionary		BA	**300**	**24**					
Outlays		O	289	56	28	73	78	62	63
Land acquisition (gross)		BA	**315**	**40**	**61**	**61**	**62**	**63**	**65**
		O	289	56	28	73	78	62	63
Total, offsetting collections			–300	–24					
Total Land acquisition (net)		BA	**15**	**16**	**61**	**61**	**62**	**63**	**65**
		O	–11	32	28	73	78	62	63
Range improvements:									
Appropriation, mandatory	302	BA	**10**	**10**	**10**	**10**	**10**	**10**	**10**
Outlays		O	10	12	10	10	10	10	10
Service charges, deposits, and forfeitures:									
Appropriation, discretionary	302	BA	**12**	**9**	**8**	**8**	**8**	**8**	**8**
Outlays		O	11	8	10	9	8	8	8
Permanent operating funds:									
Appropriation, mandatory	302	BA	**21**	**31**	**43**	**47**	**47**	**49**	**50**
					[B] **2**	[B] **12**	[B] **20**	[B] **20**	[B] **20**
Outlays		O	24	35	44	47	47	49	50
					[B] 2	[B] 11	[B] 20	[B] 20	[B] 20
Total Permanent operating funds		BA	**21**	**31**	**45**	**59**	**67**	**69**	**70**
		O	24	35	46	58	67	69	70
Miscellaneous permanent payment accounts									
(Conservation and land management):									
(Appropriation, mandatory)	302	BA	**50**	**6**	**8**	**8**	**8**	**8**	**8**
(Outlays)		O	50	6	8	8	8	8	8
(General purpose fiscal assistance):									
(Appropriation, mandatory)	806	BA	**69**	**67**	**65**	**62**	**59**	**57**	**56**
					[B] **11**	[B] **14**	[B] **17**	[B] **19**	[B] **20**

DEPARTMENT OF THE INTERIOR—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
(Outlays)		O	68	67	65	62	59	57	56
					[B] 11	[B] 14	[B] 17	[B] 19	[B] 20
Total (General purpose fiscal assistance)		BA	**69**	**67**	**76**	**76**	**76**	**76**	**76**
		O	68	67	76	76	76	76	76
Total Miscellaneous permanent payment accounts		BA	**119**	**73**	**84**	**84**	**84**	**84**	**84**
		O	118	73	84	84	84	84	84
Public Enterprise Funds:									
Helium fund:									
Spending authority from offsetting collections, mandatory	306	BA	**18**	**15**	**15**	**15**	**15**	**15**	**15**
Outlays		O	6	4	7	....	....	....	....
Helium fund (gross)		BA	**18**	**15**	**15**	**15**	**15**	**15**	**15**
		O	6	4	7	....	....	....	....
Change in receivables and unpaid, unfilled orders		BA	**–2**	....	....	....	....	....	....
Total, offsetting collections			–16	–15	–15	–15	–15	–15	–15
Total Helium fund (net)		BA	....	....	....	....	....	....	....
		O	–10	–11	–8	–15	–15	–15	–15
Intragovernmental Funds:									
Working capital fund:									
Spending authority from offsetting collections, discretionary	302	BA	**23**	**24**	**24**	**24**	**24**	**25**	**25**
Outlays		O	20	24	27	24	24	25	25
Working capital fund (gross)		BA	**23**	**24**	**24**	**24**	**24**	**25**	**25**
		O	20	24	27	24	24	25	25
Total, offsetting collections			–23	–24	–24	–24	–24	–25	–25
Total Working capital fund (net)		BA	....	....	....	....	....	....	....
		O	–3	....	3	....	....	....	....
Trust funds									
Miscellaneous trust funds:									
Appropriation, mandatory	302	BA	**13**	**9**	**9**	**9**	**9**	**9**	**10**
Outlays		O	12	13	10	9	9	9	10
Total Federal funds Bureau of Land Management		BA	**1,376**	**1,428**	**1,480**	**1,483**	**1,508**	**1,541**	**1,575**
		O	1,310	1,357	1,447	1,528	1,499	1,517	1,549
Total Trust funds Bureau of Land Management		BA	**13**	**9**	**9**	**9**	**9**	**9**	**10**
		O	12	13	10	9	9	9	10

Minerals Management Service

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Royalty and Offshore minerals:									
Appropriation, discretionary	302	BA	**118**	**110**	**134**	**134**	**136**	**139**	**142**
					[J] **–10**	[J] **–10**	[J] **–10**	[J] **–10**	[J] **–11**
Spending authority from offsetting collections, discretionary		BA	**100**	**124**	**107**	**107**	**108**	**111**	**113**
					[J] **10**	[J] **10**	[J] **10**	[J] **10**	[J] **11**
Outlays		O	214	233	238	231	239	249	254
Royalty and Offshore minerals (gross)		BA	**218**	**234**	**241**	**241**	**244**	**250**	**255**
		O	214	233	238	231	239	249	254
Total, offsetting collections			–100	–124	–107	–107	–108	–111	–113
					[J] –10	[J] –10	[J] –10	[J] –10	[J] –11
Total Royalty and Offshore minerals (net)		BA	**118**	**110**	**124**	**124**	**126**	**129**	**131**
		O	114	109	121	114	121	128	130
Mineral leasing and associated payments (General purpose fiscal assistance):									
(Appropriation, mandatory)	806	BA	**478**	**678**	**583**	**599**	**590**	**598**	**621**

DEPARTMENT OF THE INTERIOR—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
(Outlays)		O	478	678	583	599	590	598	621
Total Mineral leasing and associated payments		BA	**478**	**678**	**583**	**599**	**590**	**598**	**621**
		O	478	678	583	599	590	598	621
National forests fund, payment to States:									
Appropriation, mandatory	302	BA	**3**	**5**	**3**	**3**	**3**	**4**	**4**
Outlays		O	3	5	3	3	3	4	4
Leases of lands acquired for flood control, navigation, and allied purposes:									
Appropriation, mandatory	302	BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	1	1	1	1	1	1	1
Trust funds									
Oil spill research:									
Appropriation, discretionary	302	BA	**6**	**6**	**6**	**6**	**6**	**6**	**6**
Outlays		O	6	6	6	6	6	6	7
Total Federal funds Minerals Management Service		BA	**600**	**794**	**711**	**727**	**720**	**732**	**757**
		O	596	793	708	717	715	731	756
Total Trust funds Minerals Management Service		BA	**6**	**6**	**6**	**6**	**6**	**6**	**6**
		O	6	6	6	6	6	6	7
Office of Surface Mining Reclamation and Enforcement									
Federal funds									
General and Special Funds:									
Regulation and technology:									
Appropriation, discretionary	302	BA	**93**	**96**	**98**	**98**	**99**	**102**	**104**
Spending authority from offsetting collections, discretionary		BA	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Outlays		O	91	95	100	100	101	103	105
Regulation and technology (gross)		BA	**95**	**98**	**100**	**100**	**101**	**104**	**106**
		O	91	95	100	100	101	103	105
Total, offsetting collections			–2	–2	–2	–2	–2	–2	–2
Total Regulation and technology (net)		BA	**93**	**96**	**98**	**98**	**99**	**102**	**104**
		O	89	93	98	98	99	101	103
Abandoned mine reclamation fund									
(Conservation and land management):									
(Appropriation, discretionary)	302	BA	**185**	**196**	**211**	**211**	**214**	**219**	**224**
(Spending authority from offsetting collections, discretionary)		BA	**1**						
(Outlays)		O	186	184	217	188	178	212	217
Abandoned mine reclamation fund (gross)		BA	**186**	**196**	**211**	**211**	**214**	**219**	**224**
		O	186	184	217	188	178	212	217
Total, offsetting collections			–1						
Total (Conservation and land management) (net)		BA	**185**	**196**	**211**	**211**	**214**	**219**	**224**
		O	185	184	217	188	178	212	217
(Health care services):									
(Appropriation, discretionary)	551	BA		**68**					
(Appropriation, mandatory)		BA	**82**	**41**	**67**	**56**	**52**	**49**	**46**
(Outlays)		O	81	109	67	56	52	49	46
Total (Health care services)		BA	**82**	**109**	**67**	**56**	**52**	**49**	**46**
		O	81	109	67	56	52	49	46
Total Abandoned mine reclamation fund		BA	**267**	**305**	**278**	**267**	**266**	**268**	**270**
		O	266	293	284	244	230	261	263
Total Federal funds Office of Surface Mining Reclamation and Enforcement		BA	**360**	**401**	**376**	**365**	**365**	**370**	**374**
		O	355	386	382	342	329	362	366
Total Federal funds Land and Minerals Management		BA	**2,336**	**2,623**	**2,567**	**2,575**	**2,593**	**2,643**	**2,706**
		O	2,261	2,536	2,537	2,587	2,543	2,610	2,671
Total Trust funds Land and Minerals Management		BA	**19**	**15**	**15**	**15**	**15**	**15**	**16**
		O	18	19	16	15	15	15	17

DEPARTMENT OF THE INTERIOR—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Water and Science									
Bureau of Reclamation									
Federal funds									
General and Special Funds:									
Water and Related Resources:									
Appropriation, discretionary	301	BA	**600**	**584**	**607**	**607**	**614**	**630**	**643**
Spending authority from offsetting collections, discretionary		BA	**138**	**157**	**159**	**159**	**161**	**165**	**169**
Outlays		O	736	836	756	766	773	787	805
Water and Related Resources (gross)		BA	**738**	**741**	**766**	**766**	**775**	**795**	**812**
		O	736	836	756	766	773	787	805
Change in receivables and unpaid, unfilled orders		BA	**–3**	**3**	....	....	....	....	....
Total, offsetting collections			–135	–160	–159	–159	–160	–165	–168
Total Water and Related Resources (net)		BA	**600**	**584**	**607**	**607**	**615**	**630**	**644**
		O	601	676	597	607	613	622	637
California Bay-Delta restoration:									
Appropriation, discretionary	301	BA	**75**	**60**	**60**	**60**	**61**	**62**	**64**
Outlays		O	23	154	60	60	60	61	62
Policy and Administration:									
Appropriation, discretionary	301	BA	**47**	**47**	**50**	**50**	**51**	**52**	**53**
Outlays		O	49	49	50	50	51	52	53
Central Valley Project Restoration fund:									
Appropriation, discretionary	301	BA	**33**	**42**	**38**	**38**	**38**	**39**	**40**
Outlays		O	38	65	38	38	39	40	40
Colorado River dam fund, Boulder Canyon project:									
Appropriation, mandatory	301	BA	**65**	**61**	**66**	**66**	**63**	**63**	**57**
Outlays		O	58	45	62	64	63	62	58
Dutch John community assistance:									
Appropriation, mandatory	806	BA	....	**1**	....	....	....	....	....
Outlays		O	....	1	....	....	....	....	....
Public Enterprise Funds:									
Lower Colorado River Basin development fund:									
Appropriation, discretionary	301	BA	**43**	**22**	**34**	**34**	**34**	**35**	**36**
Spending authority from offsetting collections, mandatory		BA	**163**	**127**	**127**	**127**	**125**	**125**	**125**
Outlays		O	201	135	153	158	158	157	158
Lower Colorado River Basin development fund (gross)		BA	**206**	**149**	**161**	**161**	**159**	**160**	**161**
		O	201	135	153	158	158	157	158
Total, offsetting collections			–163	–144	–148	–148	–146	–146	–146
Total Lower Colorado River Basin development fund (net)		BA	**43**	**5**	**13**	**13**	**13**	**14**	**15**
		O	38	–9	5	10	12	11	12
Upper Colorado River Basin fund:									
Appropriation, discretionary	301	BA	**1**	**1**	**2**	**2**	**2**	**2**	**2**
Spending authority from offsetting collections, mandatory		BA	**180**	**56**	**59**	**128**	**59**	**59**	**58**
Outlays		O	81	162	56	31	86	58	58
Upper Colorado River Basin fund (gross)		BA	**181**	**57**	**61**	**130**	**61**	**61**	**60**
		O	81	162	56	31	86	58	58
Total, offsetting collections			–180	–56	–59	–128	–59	–59	–58
Total Upper Colorado River Basin fund (net)		BA	**1**	**1**	**2**	**2**	**2**	**2**	**2**
		O	–99	106	–3	–97	27	–1	....
Intragovernmental Funds:									
Working capital fund:									
Appropriation, discretionary	301	BA	**–26**	....	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	**180**	**272**	**285**	**285**	**288**	**296**	**302**
Outlays		O	179	255	285	285	288	294	301
Working capital fund (gross)		BA	**154**	**272**	**285**	**285**	**288**	**296**	**302**
		O	179	255	285	285	288	294	301

DEPARTMENT OF THE INTERIOR—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–180	–272	–285	–285	–288	–296	–302
Total Working capital fund (net)		BA	**–26**						
		O	–1	–17				–2	–1
Credit Accounts:									
Bureau of reclamation loan program account:									
Appropriation, discretionary	301	BA	**8**	**11**	**9**	**9**	**9**	**9**	**10**
Appropriation, mandatory		BA	**3**	**1**					
Outlays		O	9	14	10	9	9	9	10
Limitations on direct loan activity			(38)	(43)	(27)	(27)	(27)	(28)	(29)
Total Bureau of reclamation loan program account		BA	**11**	**12**	**9**	**9**	**9**	**9**	**10**
		O	9	14	10	9	9	9	10
Bureau of reclamation loan liquidating account:									
Total, offsetting collections	301			–3	–4	–4	–4	–4	–3
Trust funds									
Reclamation trust funds:									
Appropriation, mandatory	301	BA	**23**	**14**	**5**	**1**			
Outlays		O	13	53	7	2			
Total Federal funds Bureau of Reclamation		BA	**849**	**810**	**841**	**841**	**848**	**867**	**882**
		O	716	1,081	815	737	870	850	868
Total Trust funds Bureau of Reclamation		BA	**23**	**14**	**5**	**1**			
		O	13	53	7	2			

Central Utah Project

Federal funds

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
General and Special Funds:									
Central Utah Project Completion Account:									
Appropriation, discretionary	301	BA	**32**	**29**	**26**	**26**	**26**	**27**	**28**
Outlays		O	31	33	26	26	26	27	27
Utah reclamation mitigation and conservation account:									
Appropriation, discretionary	301	BA	**12**	**14**	**15**	**15**	**15**	**16**	**16**
Appropriation, mandatory		BA	**2**						
Outlays		O	20	29	15	16	16	16	16
Total Utah reclamation mitigation and conservation account		BA	**14**	**14**	**15**	**15**	**15**	**16**	**16**
		O	20	29	15	16	16	16	16
Total Federal funds Central Utah Project		BA	**46**	**43**	**41**	**41**	**41**	**43**	**44**
		O	51	62	41	42	42	43	43

United States Geological Survey

Federal funds

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
General and Special Funds:									
Surveys, investigations and research									
(Recreational resources):									
(Appropriation, discretionary)	303	BA	**162**	**137**	**159**	**159**	**161**	**164**	**169**
(Spending authority from offsetting collections, discretionary)		BA	**42**	**46**	**46**	**46**	**47**	**48**	**49**
(Outlays)		O	191	166	199	203	206	210	215
Surveys, investigations and research (gross)		BA	**204**	**183**	**205**	**205**	**208**	**212**	**218**
		O	191	166	199	203	206	210	215
(Change in receivables and unpaid, unfilled orders)		BA	**13**	**–1**	**–1**	**–1**			
Total, offsetting collections			–55	–45	–45	–45	–46	–47	–48
Total (Recreational resources) (net)		BA	**162**	**137**	**159**	**159**	**162**	**165**	**170**
		O	136	121	154	158	160	163	167
(Other natural resources):									
(Appropriation, discretionary)	306	BA	**635**	**676**	**736**	**736**	**744**	**763**	**780**
				A **2**					
(Spending authority from offsetting collections, discretionary)		BA	**317**	**308**	**301**	**301**	**305**	**312**	**319**

DEPARTMENT OF THE INTERIOR—Continued

(In millions of dollars)

Account			1999 actual	estimate					
				2000	2001	2002	2003	2004	2005
(Outlays)		O	975	976	998	1,033	1,048	1,069	1,094
				A 2					
Surveys, investigations and research (gross)		BA	**1,114**	**1,123**	**1,196**	**1,196**	**1,211**	**1,240**	**1,269**
		O	1,111	1,099	1,152	1,191	1,208	1,232	1,261
(Change in receivables and unpaid, unfilled orders)		BA	**–1**	**–6**	**–6**	**–6**	....	....	....
Total, offsetting collections			–316	–302	–295	–295	–298	–306	–313
Total (Other natural resources) (net)		BA	**635**	**678**	**736**	**736**	**751**	**769**	**786**
		O	659	676	703	738	750	763	781
Total Surveys, investigations and research		BA	**797**	**815**	**895**	**895**	**913**	**934**	**956**
		O	795	797	857	896	910	926	948
Intragovernmental Funds:									
Working capital fund:									
Spending authority from offsetting collections, mandatory	306	BA	**54**	**31**	**36**	**35**	**35**	**35**	**35**
Outlays		O	60	42	37	36	35	35	37
Working capital fund (gross)		BA	**54**	**31**	**36**	**35**	**35**	**35**	**35**
		O	60	42	37	36	35	35	37
Change in receivables and unpaid, unfilled orders		BA	**2**	....	....	....	....	....	....
Total, offsetting collections			–56	–31	–36	–35	–35	–35	–35
Total Working capital fund (net)		BA	....	....	....	....	....	....	....
		O	4	11	1	1	....	....	2
Trust funds									
Contributed funds:									
Appropriation, mandatory	303	BA	....	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	2	1	1	1	1	1	1
Total Federal funds United States Geological Survey		BA	**797**	**815**	**895**	**895**	**913**	**934**	**956**
		O	799	808	858	897	910	926	950
Total Trust funds United States Geological Survey		BA	....	**1**	**1**	**1**	**1**	**1**	**1**
		O	2	1	1	1	1	1	1
Bureau of Mines									
Federal funds									
General and Special Funds:									
Mines and minerals:									
Outlays	306	O	2	2	....	....	....	....	....
Total Federal funds Water and Science		BA	**1,692**	**1,668**	**1,777**	**1,777**	**1,802**	**1,844**	**1,882**
		O	1,568	1,953	1,714	1,676	1,822	1,819	1,861
Total Trust funds Water and Science		BA	**23**	**15**	**6**	**2**	**1**	**1**	**1**
		O	15	54	8	3	1	1	1
Fish and Wildlife and Parks									
United States Fish and Wildlife Service									
Federal funds									
General and Special Funds:									
Resource management:									
Appropriation, discretionary	303	BA	**660**	**715**	**762**	**762**	**771**	**790**	**808**
Spending authority from offsetting collections, discretionary		BA	**103**	**108**	**108**	**108**	**109**	**112**	**114**
Outlays		O	710	812	861	870	878	898	918
Resource management (gross)		BA	**763**	**823**	**870**	**870**	**880**	**902**	**922**
		O	710	812	861	870	878	898	918
Change in receivables and unpaid, unfilled orders		BA	**15**	....	....	....	....	....	....
Adjustment to receivables and unpaid, unfilled orders		BA	**–11**	....	....	....	....	....	....

DEPARTMENT OF THE INTERIOR—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–107	–108	–108	–108	–109	–112	–114
Total Resource management (net)		BA	**660**	**715**	**762**	**762**	**771**	**790**	**808**
		O	603	704	753	762	769	786	804
Construction:									
Appropriation, discretionary	303	BA	**88**	**54**	**44**	**44**	**45**	**46**	**47**
				A **5**					
Spending authority from offsetting collections, discretionary		BA	**37**	**2**	**2**	**2**	**2**	**2**	**2**
Outlays		O	117	95	63	49	46	46	47
				A 1	A 3	A 1			
Construction (gross)		BA	**125**	**61**	**46**	**46**	**47**	**48**	**49**
		O	117	96	66	50	46	46	47
Change in receivables and unpaid, unfilled orders		BA	**1**	....	....	....	....	....	....
Total, offsetting collections			–38	–2	–2	–2	–2	–2	–2
Total Construction (net)		BA	**88**	**59**	**44**	**44**	**45**	**46**	**47**
		O	79	94	64	48	44	44	45
Multinational species conservation fund:									
Appropriation, discretionary	303	BA	**2**	**2**	**3**	**3**	**3**	**3**	**3**
Outlays		O	1	2	3	3	3	3	3
Commercial salmon fishery capacity reduction:									
Appropriation, discretionary	302	BA	....	**5**	....	....	....	....	....
Outlays		O	....	5	....	....	....	....	....
Non-game wildlife state grants:									
Appropriation, discretionary	302	BA	....	....	**100**	**100**	**101**	**104**	**106**
Outlays		O	....	....	25	75	100	102	103
Land acquisition:									
Appropriation, discretionary	303	BA	**48**	**52**	**112**	**112**	**113**	**116**	**119**
Spending authority from offsetting collections, discretionary		BA	**73**	**2**	....	....	....	....	....
Outlays		O	104	84	86	106	113	114	117
Land acquisition (gross)		BA	**121**	**54**	**112**	**112**	**113**	**116**	**119**
		O	104	84	86	106	113	114	117
Change in receivables and unpaid, unfilled orders		BA	**12**	....	....	....	....	....	....
Total, offsetting collections			–85	–2	....	....	....	....	....
Total Land acquisition (net)		BA	**48**	**52**	**112**	**112**	**113**	**116**	**119**
		O	19	82	86	106	113	114	117
Wildlife conservation and appreciation fund:									
Appropriation, discretionary	303	BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	1	1	1	1	1	1	1
Migratory bird conservation account:									
Appropriation, mandatory	303	BA	**65**	**42**	**42**	**42**	**42**	**42**	**42**
Outlays		O	55	49	42	42	42	42	42
North American wetlands conservation fund:									
Appropriation, discretionary	303	BA	**15**	**15**	**30**	**30**	**30**	**31**	**32**
Appropriation, mandatory		BA	**4**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	14	18	27	31	31	32	32
Total North American wetlands conservation fund		BA	**19**	**16**	**31**	**31**	**31**	**32**	**33**
		O	14	18	27	31	31	32	32
Cooperative endangered species conservation fund:									
Appropriation, discretionary	303	BA	**14**	**23**	**65**	**65**	**66**	**67**	**69**
Appropriation, mandatory		BA	**29**	**32**	**30**	**33**	**34**	**35**	**36**
Outlays		O	38	47	53	80	100	101	103
Total Cooperative endangered species conservation fund		BA	**43**	**55**	**95**	**98**	**100**	**102**	**105**
		O	38	47	53	80	100	101	103
National wildlife refuge fund:									
Appropriation, discretionary	806	BA	**11**	**11**	**10**	**10**	**10**	**10**	**11**
Appropriation, mandatory		BA	**8**	**9**	**9**	**9**	**9**	**10**	**10**

DEPARTMENT OF THE INTERIOR—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	19	20	19	19	19	19	21
Total National wildlife refuge fund		BA	**19**	**20**	**19**	**19**	**19**	**20**	**21**
		O	19	20	19	19	19	19	21
Recreational fee demonstration program:									
Appropriation, mandatory	303	BA	**3**	**4**	**4**	....	....	....	....
						[B] **4**	[B] **4**	[B] **4**	[B] **4**
Outlays		O	2	4	4	1	....	....	....
						[B] 3	[B] 4	[B] 4	[B] 4
Total Recreational fee demonstration program		BA	**3**	**4**	**4**	**4**	**4**	**4**	**4**
		O	2	4	4	4	4	4	4
Federal aid in wildlife restoration:									
Appropriation, mandatory	303	BA	**199**	**228**	**237**	**248**	**260**	**272**	**286**
Outlays		O	213	202	208	224	240	251	263
Miscellaneous permanent appropriations:									
Appropriation, mandatory	303	BA	**2**	**2**	**2**	**3**	**3**	**3**	**3**
Outlays		O	4	2	2	2	3	3	3
Trust funds									
Sport fish restoration:									
Appropriation, mandatory	303	BA	**279**	**306**	**292**	**305**	**339**	**344**	**358**
Outlays		O	257	292	293	294	312	327	341
Contributed funds:									
Appropriation, mandatory	303	BA	**6**	**4**	**4**	**4**	**4**	**4**	**4**
Outlays		O	4	4	4	4	4	4	4
Total Federal funds United States Fish and Wildlife Service		BA	**1,149**	**1,201**	**1,452**	**1,467**	**1,493**	**1,535**	**1,578**
		O	1,048	1,230	1,287	1,397	1,469	1,502	1,541
Total Trust funds United States Fish and Wildlife Service		BA	**285**	**310**	**296**	**309**	**343**	**348**	**362**
		O	261	296	297	298	316	331	345

National Park Service

Federal funds

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
General and Special Funds:									
Operation of the national park system:									
Appropriation, discretionary	303	BA	**1,286**	**1,364**	**1,454**	**1,454**	**1,471**	**1,508**	**1,541**
Spending authority from offsetting collections, discretionary		BA	**35**	**14**	**14**	**14**	**14**	**15**	**15**
Outlays		O	1,290	1,356	1,446	1,469	1,482	1,514	1,548
Operation of the national park system (gross)		BA	**1,321**	**1,378**	**1,468**	**1,468**	**1,485**	**1,523**	**1,556**
		O	1,290	1,356	1,446	1,469	1,482	1,514	1,548
Change in receivables and unpaid, unfilled orders		BA	**–12**	**12**	....	....	....	....	....
Total, offsetting collections			–23	–26	–14	–14	–14	–15	–15
Total Operation of the national park system (net)		BA	**1,286**	**1,364**	**1,454**	**1,454**	**1,471**	**1,508**	**1,541**
		O	1,267	1,330	1,432	1,455	1,468	1,499	1,533
National recreation and preservation:									
Appropriation, discretionary	303	BA	**46**	**53**	**69**	**69**	**70**	**72**	**73**
Outlays		O	45	45	59	55	65	70	72
Construction and major maintenance:									
Appropriation, discretionary	303	BA	**239**	**226**	**180**	**159**	**165**	**176**	**191**
				[A] **4**					
Advance appropriation, discretionary		BA	....	....	....	**21**	**17**	**11**	....
Spending authority from offsetting collections, discretionary		BA	**252**	**95**	**80**	**80**	**81**	**83**	**85**
Outlays		O	342	302	247	242	255	269	270
				[A] 1	[A] 1	[A] 1	[A] 1		
Construction and major maintenance (gross)		BA	**491**	**325**	**260**	**260**	**263**	**270**	**276**
		O	342	303	248	243	256	269	270
Change in receivables and unpaid, unfilled orders		BA	....	**–13**	**5**	**5**	**3**	....	....
Total, offsetting collections			–252	–82	–85	–85	–86	–88	–90
Total Construction and major maintenance (net)		BA	**239**	**230**	**180**	**180**	**180**	**182**	**186**
		O	90	221	163	158	170	181	180

DEPARTMENT OF THE INTERIOR—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Land acquisition and State assistance:									
Appropriation, discretionary	303	BA	**148**	**121**	**297**	**297**	**301**	**308**	**315**
Contract authority, discretionary		BA	**–30**	**–30**	**–30**	**–30**	**–30**	**–31**	**–32**
Contract authority, mandatory		BA	**30**	**30**	**30**	**30**	**30**	**30**	**30**
Spending authority from offsetting collections, discretionary		BA		**55**					
Outlays		O	69	164	222	199	250	284	306
Land acquisition and State assistance (gross)		BA	**148**	**176**	**297**	**297**	**301**	**307**	**313**
		O	69	164	222	199	250	284	306
Change in receivables and unpaid, unfilled orders		BA		**–33**	**14**	**11**	**8**		
Total, offsetting collections				–22	–14	–14	–14	–15	–15
Total Land acquisition and State assistance (net)		BA	**148**	**121**	**297**	**294**	**295**	**292**	**298**
		O	69	142	208	185	236	269	291
Recreation fee permanent appropriations:									
Appropriation, mandatory	303	BA	**145**	**157**	**165**	**30**	**30**	**30**	**30**
						[B] **144**	[B] **145**	[B] **146**	[B] **147**
Outlays		O	68	132	161	155	111	67	30
						[B] 23	[B] 68	[B] 112	[B] 148
Total Recreation fee permanent appropriations		BA	**145**	**157**	**165**	**174**	**175**	**176**	**177**
		O	68	132	161	178	179	179	178
Historic preservation fund:									
Appropriation, discretionary	303	BA	**72**	**75**	**72**	**72**	**73**	**75**	**77**
Outlays		O	37	73	80	72	73	73	75
Other permanent appropriations:									
Appropriation, mandatory	303	BA	**50**	**51**	**55**	**58**	**60**	**63**	**68**
					[B] **3**	[B] **3**	[B] **4**	[B] **4**	[B] **5**
Outlays		O	30	52	55	55	55	58	62
					[B] 3	[B] 3	[B] 4	[B] 4	[B] 5
Total Other permanent appropriations		BA	**50**	**51**	**58**	**61**	**64**	**67**	**73**
		O	30	52	58	58	59	62	67
Trust funds									
Construction (trust fund):									
Outlays	401	O	1	4	5				
Miscellaneous trust funds:									
Appropriation, mandatory	303	BA	**15**	**15**	**15**	**15**	**15**	**15**	**15**
Outlays		O	15	15	15	15	15	15	15
Total Federal funds National Park Service		BA	**1,986**	**2,051**	**2,295**	**2,304**	**2,328**	**2,372**	**2,425**
		O	1,606	1,995	2,161	2,161	2,250	2,333	2,396
Total Trust funds National Park Service		BA	**15**	**15**	**15**	**15**	**15**	**15**	**15**
		O	16	19	20	15	15	15	15
Total Federal funds Fish and Wildlife and Parks		BA	**3,135**	**3,252**	**3,747**	**3,771**	**3,821**	**3,907**	**4,003**
		O	2,654	3,225	3,448	3,558	3,719	3,835	3,937
Total Trust funds Fish and Wildlife and Parks		BA	**300**	**325**	**311**	**324**	**358**	**363**	**377**
		O	277	315	317	313	331	346	360

Indian Affairs

Bureau of Indian Affairs

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Operation of Indian programs (Conservation and land management):									
(Appropriation, discretionary)	302	BA	**127**	**134**	**132**	**132**	**134**	**137**	**140**
(Spending authority from offsetting collections, discretionary)		BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
(Outlays)		O	180	127	129	133	134	137	140
Operation of Indian programs (gross)		BA	**128**	**135**	**133**	**133**	**135**	**138**	**141**
		O	180	127	129	133	134	137	140

DEPARTMENT OF THE INTERIOR—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–1	–1	–1	–1	–1	–1	–1
Total (Conservation and land management) (net)		BA	**127**	**134**	**132**	**132**	**134**	**137**	**140**
		O	179	126	128	132	133	136	139
(Area and regional development):									
(Appropriation, discretionary)	452	BA	**880**	**935**	**1,048**	**1,048**	**1,061**	**1,087**	**1,110**
(Spending authority from offsetting collections, discretionary)		BA	**6**	**6**	**5**	**5**	**5**	**5**	**5**
(Outlays)		O	859	876	985	1,050	1,061	1,082	1,106
Operation of Indian programs (gross)		BA	**1,013**	**1,075**	**1,185**	**1,185**	**1,200**	**1,229**	**1,255**
		O	1,038	1,002	1,113	1,182	1,194	1,218	1,245
(Change in receivables and unpaid, unfilled orders)		BA	**–35**	....	....	....	....	....	....
Total, offsetting collections			–6	–6	–5	–5	–5	–5	–5
Total (Area and regional development) (net)		BA	**845**	**935**	**1,048**	**1,048**	**1,061**	**1,087**	**1,110**
		O	853	870	980	1,045	1,056	1,077	1,101
(Elementary, secondary, and vocational education):									
(Appropriation, discretionary)	501	BA	**577**	**570**	**615**	**615**	**622**	**638**	**652**
(Spending authority from offsetting collections, discretionary)		BA	**153**	**153**	**134**	**134**	**136**	**139**	**142**
(Outlays)		O	673	697	716	748	755	771	788
Operation of Indian programs (gross)		BA	**1,702**	**1,792**	**1,929**	**1,929**	**1,953**	**2,001**	**2,044**
		O	1,705	1,693	1,824	1,925	1,944	1,984	2,028
Total, offsetting collections			–118	–153	–134	–134	–136	–139	–142
Total (Elementary, secondary, and vocational education) (net)		BA	**612**	**570**	**615**	**615**	**622**	**638**	**652**
		O	555	544	582	614	619	632	646
Total Operation of Indian programs		BA	**1,584**	**1,639**	**1,795**	**1,795**	**1,817**	**1,862**	**1,902**
		O	1,587	1,540	1,690	1,791	1,808	1,845	1,886
Construction:									
Appropriation, discretionary	452	BA	**123**	**197**	**366**	**366**	**370**	**380**	**388**
Spending authority from offsetting collections, discretionary		BA	**18**	**9**	**8**	**8**	**8**	**8**	**8**
Outlays		O	177	146	209	251	338	378	384
Construction (gross)		BA	**141**	**206**	**374**	**374**	**378**	**388**	**396**
		O	177	146	209	251	338	378	384
Total, offsetting collections			–18	–9	–8	–8	–8	–8	–8
Total Construction (net)		BA	**123**	**197**	**366**	**366**	**370**	**380**	**388**
		O	159	137	201	243	330	370	376
White Earth settlement fund:									
Appropriation, mandatory	452	BA	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Outlays		O	2	2	2	2	2	2	2
Indian land and water claim settlements and miscellaneous payments to Indians:									
Appropriation, discretionary	452	BA	**29**	**27**	**34**	**34**	**34**	**35**	**36**
Outlays		O	29	27	34	34	34	35	36
Operation and maintenance of quarters:									
Appropriation, mandatory	452	BA	**5**	**6**	**6**	**6**	**6**	**6**	**6**
Outlays		O	4	6	6	6	6	6	6
Miscellaneous permanent appropriations:									
Appropriation, mandatory	452	BA	**73**	**79**	**80**	**81**	**82**	**84**	**85**
Outlays		O	72	74	79	80	81	83	84
Credit Accounts:									
Indian direct loan program account:									
Appropriation, mandatory	452	BA	**1**	**6**	**1**	**1**	**1**	**1**	**1**
Outlays		O	1	6	1	1	1	1	1
Revolving fund for loans liquidating account:									
Spending authority from offsetting collections, mandatory	452	BA	**6**	**3**	**3**	**3**	**3**	**3**	**3**
Revolving fund for loans liquidating account (gross)		BA	**6**	**3**	**3**	**3**	**3**	**3**	**3**

DEPARTMENT OF THE INTERIOR—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–6	–3	–3	–3	–3	–3	–3
Total Revolving fund for loans liquidating account (net)		BA	....	....	....	....	....	....	....
		O	–6	–3	–3	–3	–3	–3	–3
Indian guaranteed loan program account:									
Appropriation, discretionary	452	BA	**5**	**5**	**6**	**6**	**6**	**6**	**6**
Outlays		O	4	5	7	6	6	6	6
Limitation on loan guarantee commitments			(60)	(60)	(82)	(82)	(83)	(85)	(87)
Indian loan guaranty and insurance fund liquidating account:									
Appropriation, mandatory	452	BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Spending authority from offsetting collections, mandatory		BA	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Outlays		O	2	3	3	3	3	3	3
Indian loan guaranty and insurance fund liquidating account (gross)		BA	**3**	**3**	**3**	**3**	**3**	**3**	**3**
		O	2	3	3	3	3	3	3
Total, offsetting collections			–2	–2	–2	–2	–2	–2	–2
Total Indian loan guaranty and insurance fund liquidating account (net)		BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
		O	....	1	1	1	1	1	1
Total Federal funds Bureau of Indian Affairs		BA	**1,823**	**1,962**	**2,291**	**2,292**	**2,319**	**2,377**	**2,427**
		O	1,852	1,795	2,018	2,161	2,266	2,346	2,395

Departmental Offices

Departmental Management

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	306	BA	**93**	**63**	**64**	**64**	**65**	**66**	**68**
Spending authority from offsetting collections, discretionary		BA	**70**	**57**	**55**	**55**	**56**	**57**	**58**
Outlays		O	150	118	119	123	123	123	126
Salaries and expenses (gross)		BA	**163**	**120**	**119**	**119**	**121**	**123**	**126**
		O	150	118	119	123	123	123	126
Change in receivables and unpaid, unfilled orders		BA	**–4**	....	....	....	....	....	....
Total, offsetting collections			–66	–57	–55	–55	–56	–57	–58
Total Salaries and expenses (net)		BA	**93**	**63**	**64**	**64**	**65**	**66**	**68**
		O	84	61	64	68	67	66	68
King Cove road and airstrip:									
Appropriation, discretionary	451	BA	**35**	....	....	....	....	....	....
Outlays		O	35	....	....	....	....	....	....
Management of Federal lands for subsistence uses:									
Appropriation, discretionary	302	BA	**8**	....	....	....	....	....	....
Outlays		O	....	7	1	....	....	....	....
Everglades watershed protection:									
Outlays	303	O	119	42	....	....	....	....	....
Everglades restoration account:									
Appropriation, mandatory	303	BA	**4**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	....	4	1	1	1	1	1
Priority Federal land aquisitions and exchanges:									
Appropriation, discretionary	303	BA	....	**116**	....	....	....	....	....
Outlays		O	532	51	24	22	19	....	....
Intragovernmental Funds:									
Working capital fund:									
Appropriation, discretionary	306	BA	**124**	**3**	....	....	....	....	....
Spending authority from offsetting collections, mandatory		BA	**206**	**211**	**220**	**220**	**220**	**220**	**220**
Outlays		O	210	328	220	220	220	220	220
Working capital fund (gross)		BA	**330**	**214**	**220**	**220**	**220**	**220**	**220**
		O	210	328	220	220	220	220	220
Change in receivables and unpaid, unfilled orders		BA	**–20**	....	....	....	....	....	....

DEPARTMENT OF THE INTERIOR—Continued

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Total, offsetting collections			–186	–211	–220	–220	–220	–220	–220
Total Working capital fund (net)		BA	**124**	**3**					
		O	24	117					
Interior Franchise Fund:									
Spending authority from offsetting collections, mandatory	306	BA	**73**	**90**	**150**	**150**	**150**	**150**	**150**
Outlays		O	39	75	105	144	150	150	150
Interior Franchise Fund (gross)		BA	**73**	**90**	**150**	**150**	**150**	**150**	**150**
		O	39	75	105	144	150	150	150
Change in receivables and unpaid, unfilled orders		BA	**–22**						
Total, offsetting collections			–51	–90	–150	–150	–150	–150	–150
Total Interior Franchise Fund (net)		BA							
		O	–12	–15	–45	–6			
Total Federal funds Departmental Management		BA	**264**	**183**	**65**	**65**	**66**	**67**	**69**
		O	782	267	45	85	87	67	69

Insular Affairs

Federal funds

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
General and Special Funds:									
Assistance to territories:									
Appropriation, discretionary	808	BA	**38**	**42**	**41**	**31**	**41**	**43**	**43**
Appropriation, mandatory		BA	**28**	**28**	**33**	**33**	**33**	**33**	**33**
Advance appropriation, discretionary		BA				**10**			
Spending authority from offsetting collections, discretionary		BA	**1**	**35**	**1**	**1**	**1**	**1**	**1**
Outlays		O	76	102	90	99	102	103	104
Limitation on direct loan activity				(19)					
Assistance to territories (gross)		BA	**67**	**105**	**75**	**75**	**75**	**77**	**77**
		O	76	102	90	99	102	103	104
Total, offsetting collections			–1	–35	–1	–1	–1	–1	–1
Total Assistance to territories (net)		BA	**66**	**70**	**74**	**74**	**74**	**76**	**76**
		O	75	67	89	98	101	102	103
Trust Territory of the Pacific Islands:									
Outlays	808	O	3	6	6	6			
Compact of free association:									
Appropriation, discretionary	808	BA	**9**	**8**	**9**	**9**	**9**	**9**	**10**
Appropriation, mandatory		BA	**132**	**134**	**136**	**161**	**164**	**164**	**164**
Outlays		O	143	169	195	199	189	189	173
Total Compact of free association		BA	**141**	**142**	**145**	**170**	**173**	**173**	**174**
		O	143	169	195	199	189	189	173
Payments to the United States territories, fiscal assistance:									
Appropriation, mandatory	806	BA	**109**	**109**	**106**	**96**	**92**	**92**	**92**
Outlays		O	109	109	106	96	92	92	92
Total Federal funds Insular Affairs		BA	**316**	**321**	**325**	**340**	**339**	**341**	**342**
		O	330	351	396	399	382	383	368

Office of the Solicitor

Federal funds

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
General and Special Funds:									
Office of the Solicitor:									
Appropriation, discretionary	306	BA	**38**	**40**	**44**	**44**	**45**	**46**	**47**
Spending authority from offsetting collections, discretionary		BA	**4**	**4**	**2**	**2**	**2**	**2**	**2**
Outlays		O	43	42	46	46	46	47	50
Office of the Solicitor (gross)		BA	**42**	**44**	**46**	**46**	**47**	**48**	**49**
		O	43	42	46	46	46	47	50

DEPARTMENT OF THE INTERIOR—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–4	–4	–2	–2	–2	–2	–2
Total Office of the Solicitor (net)		BA	**38**	**40**	**44**	**44**	**45**	**46**	**47**
		O	39	38	44	44	44	45	48
Office of Inspector General									
Federal funds									
General and Special Funds:									
Office of Inspector General:									
Appropriation, discretionary	306	BA	**25**	**26**	**29**	**29**	**29**	**30**	**31**
Spending authority from offsetting collections, discretionary		BA	**3**	**3**	**3**	**3**	**3**	**3**	**3**
Outlays		O	22	26	32	32	32	33	34
Office of Inspector General (gross)		BA	**28**	**29**	**32**	**32**	**32**	**33**	**34**
		O	22	26	32	32	32	33	34
Change in receivables and unpaid, unfilled orders		BA	**–3**	....	....	....	....	....	....
Total, offsetting collections			....	–3	–3	–3	–3	–3	–3
Total Office of Inspector General (net)		BA	**25**	**26**	**29**	**29**	**29**	**30**	**31**
		O	22	23	29	29	29	30	31
Natural Resources Damage Assessment and Restoration									
Federal funds									
General and Special Funds:									
Natural resource damage assessment fund:									
Appropriation, discretionary	303	BA	**4**	**5**	**5**	**5**	**5**	**5**	**5**
Appropriation, mandatory		BA	**34**	**40**	**44**	**44**	**22**	**22**	**22**
Outlays		O	21	41	45	45	41	38	38
Total Natural resource damage assessment fund		BA	**38**	**45**	**49**	**49**	**27**	**27**	**27**
		O	21	41	45	45	41	38	38
Office of Special Trustee for American Indians									
Federal funds									
General and Special Funds:									
Office of the Special Trustee for American Indians:									
Appropriation, discretionary	808	BA	**57**	**90**	**83**	**83**	**84**	**86**	**88**
Outlays		O	43	101	85	83	84	85	88
Payments for trust accounting deficiencies:									
Appropriation, mandatory	306	BA			[J] **7**				
Outlays		O			[J] 7				
Indian land consolidation pilot:									
Appropriation, discretionary	452	BA	**5**	**5**	**13**	**13**	**13**	**13**	**14**
Outlays		O	2	7	13	13	13	13	14
Miscellaneous Indian trust payments:									
Appropriation, mandatory	452	BA	**32**	....	....	....	....	....	....
Outlays		O	32	....	....	....	....	....	....
Tribal special fund:									
Appropriation, mandatory	452	BA	....	**60**	**30**	**32**	**34**	**36**	**38**
Outlays		O	....	30	30	32	34	36	38
Miscellaneous permanent appropriations:									
Appropriation, mandatory	452	BA	**23**	....	....	....	....	....	....
Outlays		O	9	....	....	....	....	....	....
Trust funds									
Tribal trust fund:									
Appropriation, mandatory	452	BA	....	**31**	**33**	**35**	**37**	**39**	**41**
Outlays		O	....	31	33	35	37	39	41
Cooperative fund (Papago):									
Appropriation, mandatory	452	BA	**2**	....	....	....	....	....	....
Outlays		O	....	31	....	....	....	....	....
Miscellaneous trust funds:									
Appropriation, mandatory	452	BA	**438**	....	....	....	....	....	....

DEPARTMENT OF THE INTERIOR—Continued

(In millions of dollars)

Account			1999 actual	estimate					
				2000	2001	2002	2003	2004	2005
Outlays		O	322	....	....	....	....	....	....
Total Federal funds Office of Special Trustee for American Indians		BA	**117**	**155**	**133**	**128**	**131**	**135**	**140**
		O	86	138	135	128	131	134	140
Total Trust funds Office of Special Trustee for American Indians		BA	**440**	**31**	**33**	**35**	**37**	**39**	**41**
		O	322	62	33	35	37	39	41
National Indian Gaming Commission									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Spending authority from offsetting collections, discretionary	806	BA	**4**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	14	4	1	1	1	1	1
Salaries and expenses (gross)		BA	**4**	**1**	**1**	**1**	**1**	**1**	**1**
		O	14	4	1	1	1	1	1
Total, offsetting collections			–4	–1	–1	–1	–1	–1	–1
Total Salaries and expenses (net)		BA	....	....	....	....	....	....	....
		O	10	3	....	....	....	....	....
National Indian Gaming Commission, activity fees:									
Appropriation, mandatory	806	BA	**5**	**7**	**7**	**7**	**7**	**7**	**7**
Outlays		O	....	7	7	7	7	7	7
Total Federal funds National Indian Gaming Commission		BA	**5**	**7**	**7**	**7**	**7**	**7**	**7**
		O	10	10	7	7	7	7	7
Total Federal funds Departmental Offices		BA	**803**	**777**	**652**	**662**	**644**	**653**	**663**
		O	1,290	868	701	737	721	704	701
Total Trust funds Departmental Offices		BA	**440**	**31**	**33**	**35**	**37**	**39**	**41**
		O	322	62	33	35	37	39	41
Summary									
Federal funds:									
(As shown in detail above)		BA	**9,789**	**10,282**	**11,034**	**11,077**	**11,179**	**11,424**	**11,681**
		O	9,625	10,377	10,418	10,719	11,071	11,314	11,565
Deductions for offsetting receipts:									
Intrafund transactions	301	BA/O	*–10*	*–10*	*–10*	*–10*	*–10*	*–10*	*–10*
	303	BA/O	*–29*	*–33*	*–32*	*–33*	*–36*	*–38*	*–39*
	452	BA/O	*–23*	....	....	....	....	....	....
	908	BA/O	*–115*	*–111*	*–173*	*–182*	*–192*	*–202*	*–205*
									[J] *–9*
Proprietary receipts from the public	301	BA/O	*–308*	*–236*	*–242*	*–241*	*–240*	*–245*	*–242*
	302	BA/O	*–1,126*	*–1,525*	*–1,366*	*–1,397*	*–1,370*	*–1,394*	*–1,437*
					[B] *–5*	[B] *–10*	[B] *–36*	[B] *–36*	[B] *–36*
	303	BA/O	*–282*	*–280*	*–294*	*–229*	*–203*	*–207*	*–216*
						[B] *–78*	[B] *–79*	[B] *–81*	[B] *–80*
	306	BA/O	*–3*	*–3*	*–2*	*–3*	*–3*	*–5*	*–5*
	452	BA/O	*–72*	*–126*	*–106*	*–109*	*–112*	*–114*	*–117*
	806	BA/O	....	*–1*	....	....	....	....	....
	908	BA/O	*–15*	*–15*	*–14*	*–18*	*–18*	*–18*	*–17*
Total Federal funds		BA	**7,806**	**7,942**	**8,790**	**8,767**	**8,880**	**9,074**	**9,268**
		O	7,642	8,037	8,174	8,409	8,772	8,964	9,152
Trust funds:									
(As shown in detail above)		BA	**782**	**386**	**365**	**376**	**411**	**418**	**435**
		O	632	450	374	366	384	401	419

DEPARTMENT OF THE INTERIOR—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Deductions for offsetting receipts:									
Proprietary receipts from the public	301	BA/O	*–23*	*–14*	*–5*	*–1*	....	....	....
	302	BA/O	*–13*	*–9*	*–9*	*–9*	*–9*	*–9*	*–10*
	303	BA/O	*–6*	*–4*	*–4*	*–4*	*–4*	*–4*	*–4*
	306	BA/O	....	*–1*	*–1*	*–1*	*–1*	*–1*	*–1*
	452	BA/O	*–217*	*–25*	*–27*	*–28*	*–30*	*–32*	*–34*
	908	BA/O	*–105*	*–6*	*–6*	*–6*	*–7*	*–7*	*–7*
Total Trust funds		BA	**418**	**327**	**313**	**327**	**360**	**365**	**379**
		O	268	391	322	317	333	348	363
Interfund transactions	452	BA/O	....	*–31*	....	....	....	....	....
	808	BA/O	*–95*	....	....	....	....	....	....
Total Department of the Interior		BA	**8,129**	**8,238**	**9,103**	**9,094**	**9,240**	**9,439**	**9,647**
		O	7,815	8,397	8,496	8,726	9,105	9,312	9,515

DEPARTMENT OF JUSTICE

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
General Administration									
Federal funds									
General and Special Funds:									
Salaries and expenses									
(Defense-related activities):									
(Appropriation, discretionary)	054	BA	**27**	**27**	**27**	**27**	**27**	**28**	**29**
(Outlays)		O	27	24	27	27	27	28	28
(Federal law enforcement activities):									
(Appropriation, discretionary)	751	BA	**79**	**81**	**94**	**94**	**95**	**97**	**100**
(Spending authority from offsetting collections, discretionary)		BA	**104**	**65**	**65**	**65**	**66**	**67**	**69**
(Outlays)		O	164	137	158	159	161	164	169
Salaries and expenses (gross)		BA	**210**	**173**	**186**	**186**	**188**	**192**	**198**
		O	191	161	185	186	188	192	197
Total, offsetting collections			–104	–65	–65	–65	–66	–67	–69
Total (Federal law enforcement activities) (net)		BA	**79**	**81**	**94**	**94**	**95**	**97**	**100**
		O	60	72	93	94	95	97	100
Total Salaries and expenses		BA	**106**	**108**	**121**	**121**	**122**	**125**	**129**
		O	87	96	120	121	122	125	128
Narrowband communications:									
Appropriation, discretionary	751	BA	....	**103**	**205**	**205**	**207**	**213**	**217**
Spending authority from offsetting collections, discretionary		BA	....	**13**	....	....	....	....	....
Outlays		O	....	81	179	206	207	211	216
Narrowband communications (gross)		BA	....	**116**	**205**	**205**	**207**	**213**	**217**
		O	....	81	179	206	207	211	216
Total, offsetting collections			....	–13	....	....	....	....	....
Total Narrowband communications (net)		BA	....	**103**	**205**	**205**	**207**	**213**	**217**
		O	....	68	179	206	207	211	216
Counterterrorism fund:									
Appropriation, discretionary	751	BA	**145**	**10**	**25**	**25**	**25**	**26**	**26**
Outlays		O	165	36	25	31	31	32	33
Telecommunications carrier compliance fund									
(Defense-related activities):									
(Appropriation, discretionary)	054	BA	....	**8**	....	....	....	....	....
(Spending authority from offsetting collections, discretionary)		BA	....	....	**120**	**120**	**121**	**124**	**127**

DEPARTMENT OF JUSTICE—Continued

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
(Outlays)		O	....	38	120	120	121	124	127
Telecommunications carrier compliance fund (gross)		BA	....	**8**	**120**	**120**	**121**	**124**	**127**
		O	....	38	120	120	121	124	127
Total, offsetting collections			....	....	–120	–120	–121	–124	–127
Total (Defense-related activities) (net)		BA	....	**8**	....	....	....	....	....
		O	....	38	....	....	....	....	....
(Federal law enforcement activities):									
(Appropriation, discretionary)	751	BA	....	**7**	**120**	**120**	**121**	**124**	**127**
(Spending authority from offsetting collections, discretionary)		BA	**3**	**40**	....	....	....	....	....
(Outlays)		O	16	64	120	120	121	124	127
Telecommunications carrier compliance fund (gross)		BA	**3**	**55**	**120**	**120**	**121**	**124**	**127**
		O	16	102	120	120	121	124	127
Total, offsetting collections			–3	–40	....	....	....	....	....
Total (Federal law enforcement activities) (net)		BA	....	**7**	**120**	**120**	**121**	**124**	**127**
		O	13	24	120	120	121	124	127
Total Telecommunications carrier compliance fund		BA	....	**15**	**120**	**120**	**121**	**124**	**127**
		O	13	62	120	120	121	124	127
Administrative review and appeals:									
Appropriation, discretionary	751	BA	**138**	**148**	**165**	**165**	**167**	**171**	**175**
Spending authority from offsetting collections, discretionary		BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	137	143	171	170	168	172	175
Administrative review and appeals (gross)		BA	**139**	**149**	**166**	**166**	**168**	**172**	**176**
		O	137	143	171	170	168	172	175
Total, offsetting collections			–1	–1	–1	–1	–1	–1	–1
Total Administrative review and appeals (net)		BA	**138**	**148**	**165**	**165**	**167**	**171**	**175**
		O	136	142	170	169	167	171	174
Detention trustee:									
Appropriation, discretionary	753	BA	....	....	**26**	**26**	**26**	**27**	**28**
Outlays		O	....	....	26	26	26	27	28
Office of Inspector General:									
Appropriation, discretionary	751	BA	**37**	**40**	**42**	**42**	**43**	**44**	**45**
Spending authority from offsetting collections, discretionary		BA	**21**	**11**	**11**	**11**	**11**	**11**	**12**
Outlays		O	58	51	53	53	54	55	57
Office of Inspector General (gross)		BA	**58**	**51**	**53**	**53**	**54**	**55**	**57**
		O	58	51	53	53	54	55	57
Total, offsetting collections			–21	–11	–11	–11	–11	–11	–12
Total Office of Inspector General (net)		BA	**37**	**40**	**42**	**42**	**43**	**44**	**45**
		O	37	40	42	42	43	44	45
Intragovernmental Funds:									
Working capital fund:									
Appropriation, discretionary	751	BA	**48**	....	....	....	....	....	....
Spending authority from offsetting collections, mandatory		BA	**660**	**672**	**652**	**652**	**652**	**652**	**652**
Outlays		O	815	672	652	652	652	652	652
Working capital fund (gross)		BA	**708**	**672**	**652**	**652**	**652**	**652**	**652**
		O	815	672	652	652	652	652	652
Total, offsetting collections			–660	–672	–652	–652	–652	–652	–652
Total Working capital fund (net)		BA	**48**	....	....	....	....	....	....
		O	155	....	....	....	....	....	....
Total Federal funds General Administration		BA	**474**	**424**	**704**	**704**	**711**	**730**	**747**
		O	593	444	682	715	717	734	751

DEPARTMENT OF JUSTICE—Continued

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
United States Parole Commission									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	751	BA	6	9	9	9	9	9	10
Reappropriation, discretionary		BA	1	....	....	....	....	....	....
Outlays		O	7	8	9	9	9	9	9
Total Salaries and expenses		BA	7	9	9	9	9	9	10
		O	7	8	9	9	9	9	9
Legal Activities and U.S. Marshals									
Federal funds									
General and Special Funds:									
Salaries and expenses, General Legal Activities:									
Appropriation, discretionary	752	BA	492	504	552	552	559	572	585
Spending authority from offsetting collections, discretionary		BA	232	234	231	231	234	240	245
Outlays		O	709	720	776	782	792	810	828
Salaries and expenses, General Legal Activities (gross)		BA	724	738	783	783	793	812	830
		O	709	720	776	782	792	810	828
Total, offsetting collections			–232	–234	–231	–231	–234	–240	–245
Total Salaries and expenses, General Legal Activities (net)		BA	492	504	552	552	559	572	585
		O	477	486	545	551	558	570	583
Salaries and expenses, Antitrust Division:									
Spending authority from offsetting collections, discretionary	752	BA	102	109	134	134	135	139	142
Outlays		O	99	89	121	153	157	161	164
Salaries and expenses, Antitrust Division (gross)		BA	102	109	134	134	135	139	142
		O	99	89	121	153	157	161	164
Total, offsetting collections			–98	–111	–165	–165	–167	–171	–175
Total Salaries and expenses, Antitrust Division (net)		BA	4	–2	–31	–31	–32	–32	–33
		O	1	–22	–44	–12	–10	–10	–11
Salaries and expenses, United States Attorneys:									
Appropriation, discretionary	752	BA	1,134	1,167	1,291	1,291	1,306	1,339	1,368
Reappropriation, discretionary		BA	3	....	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	119	129	133	133	135	138	141
Outlays		O	1,188	1,288	1,376	1,420	1,440	1,472	1,505
Salaries and expenses, United States Attorneys (gross)		BA	1,256	1,296	1,424	1,424	1,441	1,477	1,509
		O	1,188	1,288	1,376	1,420	1,440	1,472	1,505
Total, offsetting collections			–119	–129	–133	–133	–135	–138	–141
Total Salaries and expenses, United States Attorneys (net)		BA	1,137	1,167	1,291	1,291	1,306	1,339	1,368
		O	1,069	1,159	1,243	1,287	1,305	1,334	1,364
Salaries and expenses, Foreign Claims Settlement Commission:									
Appropriation, discretionary	153	BA	1	1	1	1	1	1	1
Outlays		O	1	1	1	1	1	1	1
Salaries and expenses, United States Marshals Service:									
Appropriation, discretionary	752	BA	497	541	586	586	593	608	621
Reappropriation, discretionary		BA	7	....	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	35	16	33	33	33	34	35
Outlays		O	551	570	621	619	626	640	655
Salaries and expenses, United States Marshals Service (gross)		BA	539	557	619	619	626	642	656
		O	551	570	621	619	626	640	655
Total, offsetting collections			–35	–16	–33	–33	–33	–34	–35
Total Salaries and expenses, United States Marshals Service (net)		BA	504	541	586	586	593	608	621
		O	516	554	588	586	593	606	620

DEPARTMENT OF JUSTICE—Continued

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Construction:									
Appropriation, discretionary	751	BA	**5**	**6**	**6**	**6**	**6**	**6**	**6**
Outlays		O	....	1	5	6	6	6	7
Federal prisoner detention:									
Appropriation, discretionary	752	BA	**456**	**525**	**597**	**597**	**604**	**619**	**633**
Spending authority from offsetting collections, discretionary		BA	**61**	**36**	**35**	**35**	**35**	**36**	**37**
Outlays		O	573	418	584	609	634	648	663
Federal prisoner detention (gross)		BA	**517**	**561**	**632**	**632**	**639**	**655**	**670**
		O	573	418	584	609	634	648	663
Total, offsetting collections			–61	–36	–35	–35	–35	–36	–37
Total Federal prisoner detention (net)		BA	**456**	**525**	**597**	**597**	**604**	**619**	**633**
		O	512	382	549	574	599	612	626
Fees and expenses of witnesses:									
Appropriation, mandatory	752	BA	**95**	**95**	**156**	**111**	**113**	**116**	**119**
Outlays		O	102	96	137	110	112	115	118
Salaries and expenses, Community Relations Service:									
Appropriation, discretionary	752	BA	**7**	**7**	**10**	**10**	**10**	**10**	**11**
Spending authority from offsetting collections, discretionary		BA	**1**	....	....	....	....	....	....
Outlays		O	7	7	10	10	11	11	11
Salaries and expenses, Community Relations Service (gross)		BA	**8**	**7**	**10**	**10**	**10**	**10**	**11**
		O	7	7	10	10	11	11	11
Total, offsetting collections			–1	....	....	....	....	....	....
Total Salaries and expenses, Community Relations Service (net)		BA	**7**	**7**	**10**	**10**	**10**	**10**	**11**
		O	6	7	10	10	11	11	11
Independent counsel:									
Appropriation, mandatory	752	BA	**26**	**10**	**10**	**10**	**10**	**10**	**10**
Outlays		O	31	10	10	10	10	10	10
Civil liberties public education fund:									
Outlays	808	O	6	....	....	....	....	....	....
United States trustee system fund:									
Appropriation, discretionary	752	BA	**5**	....	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	**110**	**113**	**127**	**127**	**129**	**132**	**135**
Outlays		O	138	109	114	124	128	131	134
United States trustee system fund (gross)		BA	**115**	**113**	**127**	**127**	**129**	**132**	**135**
		O	138	109	114	124	128	131	134
Total, offsetting collections			–110	–121	–127	–127	–128	–131	–134
Total United States trustee system fund (net)		BA	**5**	**–8**	....	....	**1**	**1**	**1**
		O	28	–12	–13	–3	....	....	....
Assets forfeiture fund:									
Appropriation, discretionary	752	BA	**23**	**23**	**23**	**23**	**23**	**24**	**24**
Appropriation, mandatory		BA	**560**	**484**	**463**	**430**	**440**	**451**	**459**
Spending authority from offsetting collections, discretionary		BA	**2**	**4**	**4**	**4**	**4**	**4**	**4**
Outlays		O	502	521	429	430	430	431	431
Assets forfeiture fund (gross)		BA	**585**	**511**	**490**	**457**	**467**	**479**	**487**
		O	502	521	429	430	430	431	431
Total, offsetting collections			–2	–4	–4	–4	–4	–4	–4
Total Assets forfeiture fund (net)		BA	**583**	**507**	**486**	**453**	**463**	**475**	**483**
		O	500	517	425	426	426	427	427
Intragovernmental Funds:									
Justice prisoner and alien transportation system, U.S. Marshals Service:									
Spending authority from offsetting collections, discretionary	752	BA	**74**	**76**	**86**	**86**	**87**	**89**	**91**
Outlays		O	73	69	85	86	87	89	91
Justice prisoner and alien transportation system, U.S. Marshals Service (gross)		BA	**74**	**76**	**86**	**86**	**87**	**89**	**91**
		O	73	69	85	86	87	89	91

DEPARTMENT OF JUSTICE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–74	–76	–86	–86	–87	–89	–91
Total Justice prisoner and alien transportation system, U.S. Marshals Service (net)		BA	....	....	....	....	....	....	....
		O	–1	–7	–1	....	....	....	....
Total Federal funds Legal Activities and U.S. Marshals		BA	3,315	3,353	3,664	3,586	3,634	3,725	3,805
		O	3,248	3,172	3,455	3,546	3,611	3,682	3,756

Radiation Exposure Compensation

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Administrative expenses:									
Appropriation, discretionary	054	BA	2	2	2	2	2	2	2
Outlays		O	2	2	2	2	2	2	2
Payment to radiation exposure compensation trust fund:									
Appropriation, discretionary	054	BA	....	3	14	14	14	15	15
Outlays		O	....	3	14	14	14	15	15
Trust funds									
Radiation exposure compensation trust fund:									
Appropriation, discretionary	054	BA	–2	3	14	14	14	15	15
Reappropriation, discretionary		BA	2	....	....	....	....	....	....
Outlays		O	13	11	9	14	15	15	15
Total Radiation exposure compensation trust fund		BA	....	3	14	14	14	15	15
		O	13	11	9	14	15	15	15
Total Federal funds Radiation Exposure Compensation		BA	2	5	16	16	16	17	17
		O	2	5	16	16	16	17	17
Total Trust funds Radiation Exposure Compensation		BA	....	3	14	14	14	15	15
		O	13	11	9	14	15	15	15

Interagency Law Enforcement

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Interagency crime and drug enforcement:									
Appropriation, discretionary	751	BA	304	317	329	329	333	341	349
Outlays		O	317	314	326	329	332	339	347

Federal Bureau of Investigation

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses									
(Defense-related activities):									
(Appropriation, discretionary)	054	BA	292	292	300	300	304	311	318
(Outlays)		O	266	283	269	293	303	309	315
(Federal law enforcement activities):									
(Appropriation, discretionary)	751	BA	2,652	2,753	2,978	2,978	3,014	3,088	3,156
(Reappropriation, discretionary)		BA	12	....	....	....	....	....	....
(Spending authority from offsetting collections, discretionary)		BA	528	528	511	511	517	530	542
					[B]14	[B]14	[B]14	[B]15	[B]15
(Outlays)		O	3,284	3,193	3,158	3,412	3,517	3,596	3,673
					[B]14	[B]14	[B]14	[B]15	[B]15
Salaries and expenses (gross)		BA	3,484	3,573	3,803	3,803	3,849	3,944	4,031
		O	3,550	3,476	3,441	3,719	3,834	3,920	4,003
Total, offsetting collections			–528	–528	–511	–511	–517	–530	–542
					[B]–14	[B]–14	[B]–14	[B]–15	[B]–15
Total (Federal law enforcement activities) (net)		BA	2,664	2,753	2,978	2,978	3,014	3,088	3,156
		O	2,756	2,665	2,647	2,901	3,000	3,066	3,131
Total Salaries and expenses		BA	2,956	3,045	3,278	3,278	3,318	3,399	3,474
		O	3,022	2,948	2,916	3,194	3,303	3,375	3,446
Construction:									
Appropriation, discretionary	751	BA	–3	1	3	3	3	3	3

DEPARTMENT OF JUSTICE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	18	2	5	2	3	3	3
Total Federal funds Federal Bureau of Investigation		BA	**2,953**	**3,046**	**3,281**	**3,281**	**3,321**	**3,402**	**3,477**
		O	3,040	2,950	2,921	3,196	3,306	3,378	3,449
Drug Enforcement Administration									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	751	BA	**1,227**	**1,273**	**1,368**	**1,368**	**1,384**	**1,419**	**1,450**
Reappropriation, discretionary		BA	**9**						
Spending authority from offsetting collections, discretionary		BA	**190**	**214**	**203**	**203**	**205**	**211**	**215**
Outlays		O	1,315	1,360	1,420	1,561	1,585	1,619	1,653
Salaries and expenses (gross)		BA	**1,426**	**1,487**	**1,571**	**1,571**	**1,589**	**1,630**	**1,665**
		O	1,315	1,360	1,420	1,561	1,585	1,619	1,653
Total, offsetting collections			–190	–214	–203	–203	–205	–211	–215
Total Salaries and expenses (net)		BA	**1,236**	**1,273**	**1,368**	**1,368**	**1,384**	**1,419**	**1,450**
		O	1,125	1,146	1,217	1,358	1,380	1,408	1,438
Construction:									
Appropriation, discretionary	751	BA	**8**	**6**	**6**	**6**	**6**	**6**	**6**
Outlays		O	13	3	12	6	6	6	7
Diversion control fee account:									
Appropriation, mandatory	751	BA	**54**	**80**	**83**	**89**	**92**	**95**	**99**
Outlays		O	63	80	79	89	91	94	97
Total Federal funds Drug Enforcement Administration		BA	**1,298**	**1,359**	**1,457**	**1,463**	**1,482**	**1,520**	**1,555**
		O	1,201	1,229	1,308	1,453	1,477	1,508	1,542
Immigration and Naturalization Service									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	751	BA	**2,568**	**2,893**	**3,120**	**3,120**	**3,157**	**3,236**	**3,307**
Reappropriation, discretionary		BA	**8**						
Spending authority from offsetting collections, discretionary		BA	**1,261**	**1,301**	**1,614**	**1,614**	**1,633**	**1,674**	**1,711**
Outlays		O	3,806	4,533	4,836	4,598	4,774	4,891	4,995
Salaries and expenses (gross)		BA	**3,837**	**4,194**	**4,734**	**4,734**	**4,790**	**4,910**	**5,018**
		O	3,806	4,533	4,836	4,598	4,774	4,891	4,995
Total, offsetting collections			–1,261	–1,301	–1,614	–1,614	–1,633	–1,674	–1,711
Total Salaries and expenses (net)		BA	**2,576**	**2,893**	**3,120**	**3,120**	**3,157**	**3,236**	**3,307**
		O	2,545	3,232	3,222	2,984	3,141	3,217	3,284
Construction:									
Appropriation, discretionary	751	BA	**90**	**100**	**111**	**111**	**112**	**115**	**118**
Outlays		O	47	95	91	100	110	112	114
Immigration emergency fund:									
Appropriation, discretionary	751	BA	**–5**	**–1**					
Outlays		O	1						
Immigration support:									
Appropriation, discretionary	751	BA			**357**	**357**	**361**	**370**	**378**
Appropriation, mandatory		BA	**1,255**	**1,322**	**1,299**	**1,319**	**1,319**	**1,319**	**1,319**
Outlays		O	1,182	1,322	1,656	1,676	1,680	1,689	1,697
Total Immigration support		BA	**1,255**	**1,322**	**1,656**	**1,676**	**1,680**	**1,689**	**1,697**
		O	1,182	1,322	1,656	1,676	1,680	1,689	1,697
Intragovernmental Funds:									
Shared support operations fund:									
Spending authority from offsetting collections, discretionary	751	BA			**155**	**155**	**157**	**161**	**164**

DEPARTMENT OF JUSTICE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O			155	155	157	161	164
Shared support operations fund (gross)		BA			**155**	**155**	**157**	**161**	**164**
		O			155	155	157	161	164
Total, offsetting collections					–155	–155	–157	–161	–164
Total Shared support operations fund (net)		BA							
		O							
Total Federal funds Immigration and Naturalization Service		BA	**3,916**	**4,314**	**4,887**	**4,907**	**4,949**	**5,040**	**5,122**
		O	3,775	4,649	4,969	4,760	4,931	5,018	5,095
Federal Prison System									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	753	BA	**2,734**	**3,112**	**3,546**	**3,546**	**3,589**	**3,721**	**3,869**
Reappropriation, discretionary		BA	**113**						
Spending authority from offsetting collections, discretionary		BA	**54**	**22**	**22**	**22**	**22**	**23**	**23**
Outlays		O	2,811	3,118	3,401	3,546	3,604	3,722	3,862
Salaries and expenses (gross)		BA	**2,901**	**3,134**	**3,568**	**3,568**	**3,611**	**3,744**	**3,892**
		O	2,811	3,118	3,401	3,546	3,604	3,722	3,862
Total, offsetting collections			–54	–22	–22	–22	–22	–23	–23
Total Salaries and expenses (net)		BA	**2,847**	**3,112**	**3,546**	**3,546**	**3,589**	**3,721**	**3,869**
		O	2,757	3,096	3,379	3,524	3,582	3,699	3,839
Buildings and facilities:									
Appropriation, discretionary	753	BA	**452**	**557**	**836**	**155**	**157**	**161**	**164**
Advance appropriation, discretionary		BA				**791**	**535**		
Spending authority from offsetting collections, discretionary		BA	**29**						
Outlays		O	484	460	665	761	949	760	439
Buildings and facilities (gross)		BA	**481**	**557**	**836**	**946**	**692**	**161**	**164**
		O	484	460	665	761	949	760	439
Total, offsetting collections			–29						
Total Buildings and facilities (net)		BA	**452**	**557**	**836**	**946**	**692**	**161**	**164**
		O	455	460	665	761	949	760	439
Intragovernmental Funds:									
Federal Prison Industries, Incorporated:									
Spending authority from offsetting collections, discretionary	753	BA	**3**	**4**	**4**	**4**	**4**	**4**	**4**
Spending authority from offsetting collections, mandatory		BA	**460**	**601**	**604**	**692**	**726**	**761**	**798**
Outlays		O	455	605	608	696	730	765	802
Federal Prison Industries, Incorporated (gross)		BA	**463**	**605**	**608**	**696**	**730**	**765**	**802**
		O	455	605	608	696	730	765	802
Total, offsetting collections			–463	–605	–608	–696	–730	–765	–803
Total Federal Prison Industries, Incorporated (net)		BA							**–1**
		O	–8						–1
Trust funds									
Commissary funds, Federal prisons (trust revolving fund):									
Spending authority from offsetting collections, mandatory	753	BA	**192**	**201**	**209**	**215**	**220**	**225**	**229**
Outlays		O	192	203	205	211	217	224	230
Commissary funds, Federal prisons (trust revolving fund) (gross)		BA	**192**	**201**	**209**	**215**	**220**	**225**	**229**
		O	192	203	205	211	217	224	230

DEPARTMENT OF JUSTICE—Continued

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Total, offsetting collections			–192	–201	–209	–215	–220	–225	–229
Total Commissary funds, Federal prisons (trust revolving fund) (net)		BA	....	....	....	....	....	....	....
		O	....	2	–4	–4	–3	–1	1
Total Federal funds Federal Prison System		BA	**3,299**	**3,669**	**4,382**	**4,492**	**4,281**	**3,882**	**4,032**
		O	3,204	3,556	4,044	4,285	4,531	4,459	4,277
Total Trust funds Federal Prison System		BA	....	....	....	....	....	....	....
		O	....	2	–4	–4	–3	–1	1

Office of Justice Programs

Federal funds

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
General and Special Funds:									
Justice assistance:									
Appropriation, discretionary	754	BA	**156**	**315**	**378**	**378**	**383**	**392**	**401**
Spending authority from offsetting collections, discretionary		BA	**310**	**265**	**265**	**265**	**268**	**275**	**281**
Outlays		O	259	524	517	609	644	658	671
Justice assistance (gross)		BA	**466**	**580**	**643**	**643**	**651**	**667**	**682**
		O	259	524	517	609	644	658	671
Total, offsetting collections			–310	–265	–265	–265	–268	–275	–281
Total Justice assistance (net)		BA	**156**	**315**	**378**	**378**	**383**	**392**	**401**
		O	–51	259	252	344	376	383	390
State and local law enforcement assistance:									
Appropriation, discretionary	754	BA	**552**	**1,577**	**1,662**	**1,662**	**1,682**	**1,724**	**1,761**
Spending authority from offsetting collections, discretionary		BA	**45**	**33**	**33**	**33**	**33**	**34**	**35**
Outlays		O	359	585	3,352	1,909	1,742	1,717	1,750
State and local law enforcement assistance (gross)		BA	**597**	**1,610**	**1,695**	**1,695**	**1,715**	**1,758**	**1,796**
		O	359	585	3,352	1,909	1,742	1,717	1,750
Total, offsetting collections			–45	–33	–33	–33	–33	–34	–35
Total State and local law enforcement assistance (net)		BA	**552**	**1,577**	**1,662**	**1,662**	**1,682**	**1,724**	**1,761**
		O	314	552	3,319	1,876	1,709	1,683	1,715
Violent crime reduction programs, State and local law enforcement assistance:									
Appropriation, discretionary	754	BA	**2,370**	**1,182**	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	**10**	**63**	....	....	....	....	....
Outlays		O	2,276	1,149	....	....	....	....	....
Violent crime reduction programs, State and local law enforcement assistance (gross)		BA	**2,380**	**1,245**	....	....	....	....	....
		O	2,276	1,149	....	....	....	....	....
Total, offsetting collections			–10	–63	....	....	....	....	....
Total Violent crime reduction programs, State and local law enforcement assistance (net)		BA	**2,370**	**1,182**	....	....	....	....	....
		O	2,266	1,086	....	....	....	....	....
Weed and seed program fund:									
Appropriation, discretionary	751	BA	**34**	**34**	**42**	**42**	**43**	**44**	**45**
Spending authority from offsetting collections, discretionary		BA	**7**	**7**	....	....	....	....	....
Outlays		O	35	29	47	60	44	43	44
Weed and seed program fund (gross)		BA	**41**	**41**	**42**	**42**	**43**	**44**	**45**
		O	35	29	47	60	44	43	44
Total, offsetting collections			–7	–7	....	....	....	....	....
Total Weed and seed program fund (net)		BA	**34**	**34**	**42**	**42**	**43**	**44**	**45**
		O	28	22	47	60	44	43	44
Community oriented policing services:									
Appropriation, discretionary	754	BA	**1,430**	**595**	**1,335**	**1,335**	**1,351**	**1,385**	**1,415**
Outlays		O	1,161	829	1,748	1,483	1,375	1,289	1,354

DEPARTMENT OF JUSTICE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Juvenile justice programs:									
Appropriation, discretionary	754	BA	**278**	**280**	**282**	**282**	**285**	**292**	**299**
Spending authority from offsetting collections, discretionary		BA	**34**	**35**	**35**	**35**	**35**	**36**	**37**
Outlays		O	185	214	382	505	345	321	328
Juvenile justice programs (gross)		BA	**312**	**315**	**317**	**317**	**320**	**328**	**336**
		O	185	214	382	505	345	321	328
Total, offsetting collections			–34	–35	–35	–35	–35	–36	–37
Total Juvenile justice programs (net)		BA	**278**	**280**	**282**	**282**	**285**	**292**	**299**
		O	151	179	347	470	310	285	291
Public safety officers' benefits:									
Appropriation, discretionary	754	BA	....	....	**5**	**5**	**5**	**5**	**5**
Appropriation, mandatory		BA	**32**	**33**	**33**	**34**	**34**	**35**	**35**
Outlays		O	29	34	41	39	39	40	40
Total Public safety officers' benefits		BA	**32**	**33**	**38**	**39**	**39**	**40**	**40**
		O	29	34	41	39	39	40	40
Crime victims fund:									
Appropriation, discretionary	754	BA	....	....	**–513**	**200**	**200**	**113**	....
Appropriation, mandatory		BA	**321**	**503**	**1,063**	**350**	**350**	**350**	**350**
Outlays		O	348	749	698	648	550	463	350
Total Crime victims fund		BA	**321**	**503**	**550**	**550**	**550**	**463**	**350**
		O	348	749	698	648	550	463	350
Total Federal funds Office of Justice Programs		BA	**5,173**	**4,519**	**4,287**	**4,288**	**4,333**	**4,340**	**4,311**
		O	4,246	3,710	6,452	4,920	4,403	4,186	4,184

Summary

Account			1999 actual	2000	2001	2002	2003	2004	2005
Federal funds:									
(As shown in detail above)		BA	**20,741**	**21,015**	**23,016**	**23,075**	**23,069**	**23,006**	**23,425**
		O	19,633	20,037	24,182	23,229	23,333	23,330	23,427
Deductions for offsetting receipts:									
Intrafund transactions	908	BA/O	*–59*	*–50*	*–41*	*–41*	*–41*	*–41*	*–41*
Offsetting governmental receipts	751	BA/O	*–1,270*	*–1,461*	*–1,764*	*–1,675*	*–1,701*	*–1,713*	*–1,723*
Total Federal funds		BA	**19,412**	**19,504**	**21,211**	**21,359**	**21,327**	**21,252**	**21,661**
		O	18,304	18,526	22,377	21,513	21,591	21,576	21,663
Trust funds:									
(As shown in detail above)		BA	....	**3**	**14**	**14**	**14**	**15**	**15**
		O	13	13	5	10	12	14	16
Interfund transactions	054	BA/O	....	*–3*	*–14*	*–14*	*–14*	*–15*	*–15*
Total Department of Justice		BA	**19,412**	**19,504**	**21,211**	**21,359**	**21,327**	**21,252**	**21,661**
		O	18,317	18,536	22,368	21,509	21,589	21,575	21,664

DEPARTMENT OF LABOR

(In millions of dollars)

Employment and Training Administration

Federal funds

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
General and Special Funds:									
Training and employment services:									
Appropriation, discretionary	504	BA	**5,278**	**2,991**	**3,643**	**3,643**	**3,687**	**3,778**	**3,861**
					[J] **–105**	[J] **–105**	[J] **–106**	[J] **–109**	[J] **–111**
Appropriation, mandatory		BA	**41**	**50**	**48**	....	....	....	....
Advance appropriation, discretionary		BA	....	....	**2,463**	**2,463**	**2,493**	**2,554**	**2,610**
Spending authority from offsetting collections, discretionary		BA	**1**	**4**	**4**	**4**	**4**	**4**	**4**
Spending authority from offsetting collections, mandatory		BA			[B] **105**	[B] **105**	[B] **105**	[B] **105**	[B] **105**

DEPARTMENT OF LABOR—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	4,676	5,373	5,725	5,847	6,083	6,238	6,362
					[B] 3	[B] 56	[B] 93	[B] 105	[B] 105
					[J] –3	[J] –55	[J] –92	[J] –105	[J] –107
Training and employment services (gross)		BA	5,320	3,045	6,158	6,110	6,183	6,332	6,469
		O	4,676	5,373	5,725	5,848	6,084	6,238	6,360
Total, offsetting collections			–1	–4	–4	–4	–4	–4	–4
					[B] –105	[B] –105	[B] –105	[B] –105	[B] –105
Total Training and employment services (net)		BA	5,319	3,041	6,049	6,001	6,074	6,223	6,360
		O	4,675	5,369	5,616	5,739	5,975	6,129	6,251
Welfare to work jobs:									
Appropriation, mandatory	504	BA	1,488	–137	....	....	....	....	....
				[B] –50					
Outlays		O	267	960	1,370	130	16	....	....
				[B] –100	[B] –465	[B] 150	[B] 289	[B] 76	
Total Welfare to work jobs		BA	1,488	–187	....	....	....	....	....
		O	267	860	905	280	305	76	....
Community service employment for older Americans:									
Appropriation, discretionary	504	BA	440	440	440	440	445	456	466
Outlays		O	441	440	440	440	441	448	458
Federal unemployment benefits and allowances (Training and employment):									
(Appropriation, mandatory)	504	BA	131	132	132	94	95	95	95
					[B] 23	[B] 61	[B] 62	[B] 63	[B] 64
(Spending authority from offsetting collections, mandatory)		BA	15	....	....	....	....	....	....
(Outlays)		O	115	130	131	120	102	95	96
					[B] 7	[B] 31	[B] 54	[B] 62	[B] 63
Federal unemployment benefits and allowances (gross)		BA	146	132	155	155	157	158	159
		O	115	130	138	151	156	157	159
Total, offsetting collections			–15	....	....	....	....	....	....
Total (Training and employment) (net)		BA	131	132	155	155	157	158	159
		O	100	130	138	151	156	157	159
(Unemployment compensation):									
(Appropriation, mandatory)	603	BA	230	283	275	249	227	235	243
					[B] 24	[B] 46	[B] 56	[B] 57	[B] 59
(Spending authority from offsetting collections, mandatory)		BA	46	40	40	40	40	40	40
(Outlays)		O	272	299	315	289	267	275	283
					[B] 24	[B] 46	[B] 56	[B] 57	[B] 59
Federal unemployment benefits and allowances (gross)		BA	407	455	494	490	480	490	501
		O	372	429	477	486	479	489	501
Total, offsetting collections			–46	–40	–40	–40	–40	–40	–40
Total (Unemployment compensation) (net)		BA	230	283	299	295	283	292	302
		O	226	259	299	295	283	292	302
Total Federal unemployment benefits and allowances		BA	361	415	454	450	440	450	461
		O	326	389	437	446	439	449	461
State unemployment insurance and employment service operations (Training and employment):									
(Appropriation, discretionary)	504	BA	162	163	197	197	199	205	208
(Spending authority from offsetting collections, discretionary)		BA	798	800	826	826	836	857	875
					[J] –17	[J] –17	[J] –17	[J] –18	[J] –18
(Spending authority from offsetting collections, mandatory)		BA			[B] 17				
(Outlays)		O	843	985	990	988	1,029	1,056	1,077
					[B] 17				
					[J] –17	[J] –17	[J] –17	[J] –18	[J] –18
State unemployment insurance and employment service operations (gross)		BA	960	963	1,023	1,006	1,018	1,044	1,065
		O	843	985	990	971	1,012	1,038	1,059

DEPARTMENT OF LABOR—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–798	–800	–826 [B] –17 [J] 17	–826 [J] 17	–836 [J] 17	–857 [J] 18	–875 [J] 18
Total (Training and employment) (net)		BA O	**162** 45	**163** 185	**197** 164	**197** 162	**199** 193	**205** 199	**208** 202
(Unemployment compensation):									
(Spending authority from offsetting collections, discretionary)	603	BA	**2,351**	**2,276**	**2,369**	**2,369**	**2,397**	**2,457**	**2,511**
(Outlays)		O	2,351	2,276	2,369	2,369	2,397	2,457	2,511
State unemployment insurance and employment service operations (gross)		BA O	**2,513** 2,396	**2,439** 2,461	**2,566** 2,533	**2,566** 2,531	**2,596** 2,590	**2,662** 2,656	**2,719** 2,713
Total, offsetting collections			–2,351	–2,276	–2,369	–2,369	–2,397	–2,457	–2,511
Total (Unemployment compensation) (net)		BA O	....	....	....	....	....	....	....
Total State unemployment insurance and employment service operations		BA O	**162** 45	**163** 185	**197** 164	**197** 162	**199** 193	**205** 199	**208** 202
Advances to the unemployment trust fund and other funds									
(General retirement and disability insurance (excluding social se):									
(Appropriation, mandatory)	601	BA			[J] **1,468**				
(Outlays)		O			[J] 1,468				
(Unemployment compensation):									
(Appropriation, mandatory)	603	BA	**23**	....	....	....	....	....	....
(Outlays)		O	23	....	....	....	....	....	....
Total Advances to the unemployment trust fund and other funds		BA O	**23** 23	....	**1,468** 1,468	....	....	....	....
Program administration:									
Appropriation, discretionary	504	BA	**97**	**101**	**111**	**111**	**112**	**115**	**117**
Spending authority from offsetting collections, discretionary		BA	**47**	**45**	**48** [J] **–5**	**48** [J] **–5**	**49** [J] **–5**	**50** [J] **–5**	**51** [J] **–5**
Spending authority from offsetting collections, mandatory		BA			[B] **5**	[B] **6**	[B] **6**	[B] **6**	[B] **6**
Outlays		O	138	151	162 [B] 5 [J] –5	159 [B] 6 [J] –5	161 [B] 6 [J] –5	165 [B] 6 [J] –5	169 [B] 6 [J] –5
Program administration (gross)		BA O	**144** 138	**146** 151	**159** 162	**160** 160	**162** 162	**166** 166	**169** 170
Total, offsetting collections			–47	–45	–48 [B] –5 [J] 5	–48 [B] –6 [J] 5	–49 [B] –6 [J] 5	–50 [B] –6 [J] 5	–51 [B] –6 [J] 5
Total Program administration (net)		BA O	**97** 91	**101** 106	**111** 114	**111** 111	**112** 112	**115** 115	**117** 118
Trust funds									
Unemployment trust fund									
(Training and employment):									
(Appropriation, discretionary)	504	BA	**1,090**	**1,089**	**1,135** [J] **–33**	**1,135** [J] **–33**	**1,149** [J] **–33**	**1,177** [J] **–34**	**1,204** [J] **–35**
(Outlays)		O	1,153	1,116	1,101 [J] –33	1,136 [J] –33	1,141 [J] –33	1,161 [J] –34	1,188 [J] –35
Total (Training and employment)		BA O	**1,090** 1,153	**1,089** 1,116	**1,102** 1,068	**1,102** 1,103	**1,116** 1,108	**1,143** 1,127	**1,169** 1,153
(Unemployment compensation):									
(Appropriation, discretionary)	603	BA	**2,298**	**2,270**	**2,364**	**2,364**	**2,392**	**2,452**	**2,505**
(Appropriation, mandatory)		BA	**21,442**	**21,864**	**24,708**	**28,851**	**32,098**	**33,429**	**34,642**
(Advance appropriation, discretionary)		BA	**40**	....	....	....	....	....	....

DEPARTMENT OF LABOR—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
(Outlays)		O	23,717	24,134	27,072	31,215	34,490	35,881	37,147
Total (Unemployment compensation)		BA	**23,780**	**24,134**	**27,072**	**31,215**	**34,490**	**35,881**	**37,147**
		O	23,717	24,134	27,072	31,215	34,490	35,881	37,147
Total Unemployment trust fund		BA	**24,870**	**25,223**	**28,174**	**32,317**	**35,606**	**37,024**	**38,316**
		O	24,870	25,250	28,140	32,318	35,598	37,008	38,300
Total Federal funds Employment and Training Administration		BA	**7,890**	**3,973**	**8,719**	**7,199**	**7,270**	**7,449**	**7,612**
		O	5,868	7,349	9,144	7,178	7,465	7,416	7,490
Total Trust funds Employment and Training Administration		BA	**24,870**	**25,223**	**28,174**	**32,317**	**35,606**	**37,024**	**38,316**
		O	24,870	25,250	28,140	32,318	35,598	37,008	38,300
Pension and welfare benefit administration									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	601	BA	**90**	**99**	**108**	**108**	**109**	**112**	**114**
Spending authority from offsetting collections, discretionary		BA	....	**6**	**7**	**7**	**7**	**7**	**7**
Outlays		O	92	102	114	115	116	119	121
Salaries and expenses (gross)		BA	**90**	**105**	**115**	**115**	**116**	**119**	**121**
		O	92	102	114	115	116	119	121
Total, offsetting collections			....	–6	–7	–7	–7	–7	–7
Total Salaries and expenses (net)		BA	**90**	**99**	**108**	**108**	**109**	**112**	**114**
		O	92	96	107	108	109	112	114
Pension Benefit Guaranty Corporation									
Federal funds									
Public Enterprise Funds:									
Pension benefit guaranty corporation fund:									
Spending authority from offsetting collections, discretionary	601	BA	**11**	**11**	**12**	**12**	**12**	**12**	**13**
Spending authority from offsetting collections, mandatory		BA	**1,855**	**2,426**	**2,663**	**2,635**	**2,734**	**2,829**	**2,926**
						B **1**	B **1**	B **1**	B **1**
Outlays		O	1,201	1,313	1,174	1,296	1,282	1,362	1,479
					B 1	B 2	B 3	B 4	B 4
Pension benefit guaranty corporation fund (gross)		BA	**1,866**	**2,437**	**2,675**	**2,648**	**2,747**	**2,842**	**2,940**
		O	1,201	1,313	1,175	1,298	1,285	1,366	1,483
Total, offsetting collections			–1,866	–2,437	–2,675	–2,647	–2,746	–2,842	–2,939
						B –1	B –1	B –1	B –1
Total Pension benefit guaranty corporation fund (net)		BA	....	....	....	....	....	**–1**	....
		O	–665	–1,124	–1,500	–1,350	–1,462	–1,477	–1,457
Employment Standards Administration									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	505	BA	**312**	**337**	**361**	**361**	**365**	**374**	**383**
Appropriation, mandatory		BA	**5**	**5**	**5**	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	**35**	**35**	**38**	**38**	**38**	**39**	**40**
Outlays		O	342	367	412	399	403	413	422
Salaries and expenses (gross)		BA	**352**	**377**	**404**	**399**	**403**	**413**	**423**
		O	342	367	412	399	403	413	422
Total, offsetting collections			–35	–35	–38	–38	–38	–39	–40
Total Salaries and expenses (net)		BA	**317**	**342**	**366**	**361**	**365**	**374**	**383**
		O	307	332	374	361	365	374	382
Special benefits									
(General retirement and disability insurance (excluding social se):									
(Appropriation, mandatory)	601	BA	**4**	**4**	**3**	**3**	**3**	**3**	**3**

DEPARTMENT OF LABOR—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
(Outlays)		O	4	4	3	3	3	3	3
(Federal employee retirement and disability):									
(Appropriation, mandatory)	602	BA	175	75	53	70	79	99	118
(Spending authority from offsetting collections, mandatory)		BA	1,901	1,923	1,955	1,988	2,022	2,065	2,114
(Outlays)		O	2,048	2,032	2,083	2,128	2,176	2,226	2,280
Special benefits (gross)		BA	2,080	2,002	2,011	2,061	2,104	2,167	2,235
		O	2,052	2,036	2,086	2,131	2,179	2,229	2,283
Total, offsetting collections			–1,901	–1,923	–1,955	–1,988	–2,022	–2,065	–2,114
Total (Federal employee retirement and disability) (net)		BA	175	75	53	70	79	99	118
		O	147	109	128	140	154	161	166
Total Special benefits		BA	179	79	56	73	82	102	121
		O	151	113	131	143	157	164	169
Panama Canal Commission compensation fund:									
Appropriation, mandatory	602	BA	7	7	6	....	....	....	....
Outlays		O	6	6	7	7	7	7	7
Trust funds									
Black lung disability trust fund:									
Appropriation, mandatory	601	BA	598	599	593	608	621	630	638
					[J] 1,468				
Authority to borrow, mandatory		BA	402	415	435	436	434	436	439
Outlays		O	1,000	1,014	1,028	1,044	1,055	1,066	1,077
					[J] 1,468				
Total Black lung disability trust fund		BA	1,000	1,014	2,496	1,044	1,055	1,066	1,077
		O	1,000	1,014	2,496	1,044	1,055	1,066	1,077
Special workers' compensation expenses:									
Appropriation, discretionary	601	BA	2	2	2	2	2	2	2
Appropriation, mandatory		BA	142	160	151	153	154	154	154
Outlays		O	143	157	148	151	151	152	151
Total Special workers' compensation expenses		BA	144	162	153	155	156	156	156
		O	143	157	148	151	151	152	151
Total Federal funds Employment Standards Administration		BA	503	428	428	434	447	476	504
		O	464	451	512	511	529	545	558
Total Trust funds Employment Standards Administration		BA	1,144	1,176	2,649	1,199	1,211	1,222	1,233
		O	1,143	1,171	2,644	1,195	1,206	1,218	1,228

Occupational Safety and Health Administration

Federal funds

General and Special Funds:

Account			1999 actual	2000	2001	2002	2003	2004	2005
Salaries and expenses:									
Appropriation, discretionary	554	BA	354	381	426	426	431	442	451
Spending authority from offsetting collections, discretionary		BA	2	2	2	2	2	2	2
Outlays		O	351	377	432	427	432	442	451
Salaries and expenses (gross)		BA	356	383	428	428	433	444	453
		O	351	377	432	427	432	442	451
Change in receivables and unpaid, unfilled orders		BA	1	....	....	....	....	....	....
Total, offsetting collections			–3	–2	–2	–2	–2	–2	–2
Total Salaries and expenses (net)		BA	354	381	426	426	431	442	451
		O	348	375	430	425	430	440	449

Mine Safety and Health Administration

Federal funds

General and Special Funds:

Account			1999 actual	2000	2001	2002	2003	2004	2005
Salaries and expenses:									
Appropriation, discretionary	554	BA	218	228	242	242	245	251	256
Spending authority from offsetting collections, discretionary		BA	....	1	2	2	2	2	2

DEPARTMENT OF LABOR—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	213	223	246	244	247	252	258
Salaries and expenses (gross)		BA	**218**	**229**	**244**	**244**	**247**	**253**	**258**
		O	213	223	246	244	247	252	258
Total, offsetting collections			....	–1	–2	–2	–2	–2	–2
Total Salaries and expenses (net)		BA	**218**	**228**	**242**	**242**	**245**	**251**	**256**
		O	213	222	244	242	245	250	256

Bureau of Labor Statistics

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	505	BA	**344**	**357**	**386**	**386**	**391**	**400**	**409**
Spending authority from offsetting collections, discretionary		BA	**73**	**73**	**81**	**81**	**82**	**84**	**86**
					[J] **–11**	[J] **–11**	[J] **–11**	[J] **–11**	[J] **–12**
Spending authority from offsetting collections, mandatory		BA			[B] **11**	[B] **11**	[B] **11**	[B] **11**	[B] **11**
Outlays		O	399	411	453	466	471	482	493
					[B] 11	[B] 11	[B] 11	[B] 11	[B] 11
					[J] –11	[J] –11	[J] –11	[J] –11	[J] –12
Salaries and expenses (gross)		BA	**417**	**430**	**467**	**467**	**473**	**484**	**494**
		O	399	411	453	466	471	482	492
Total, offsetting collections			–73	–73	–81	–81	–82	–84	–86
					[B] –11	[B] –11	[B] –11	[B] –11	[B] –11
					[J] 11	[J] 11	[J] 11	[J] 11	[J] 12
Total Salaries and expenses (net)		BA	**344**	**357**	**386**	**386**	**391**	**400**	**409**
		O	326	338	372	385	389	398	407

Departmental Management

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	505	BA	**198**	**244**	**437**	**437**	**442**	**453**	**463**
Spending authority from offsetting collections, discretionary		BA	**38**	**32**	**33**	**33**	**33**	**34**	**35**
Outlays		O	210	251	414	468	474	484	496
Salaries and expenses (gross)		BA	**236**	**276**	**470**	**470**	**475**	**487**	**498**
		O	210	251	414	468	474	484	496
Total, offsetting collections			–38	–32	–33	–33	–33	–34	–35
Total Salaries and expenses (net)		BA	**198**	**244**	**437**	**437**	**442**	**453**	**463**
		O	172	219	381	435	441	450	461
Office of the Inspector General:									
Appropriation, discretionary	505	BA	**45**	**48**	**51**	**51**	**52**	**53**	**54**
Spending authority from offsetting collections, discretionary		BA	**8**	**16**	**17**	**17**	**17**	**18**	**18**
Outlays		O	50	63	69	68	68	70	72
Office of the Inspector General (gross)		BA	**53**	**64**	**68**	**68**	**69**	**71**	**72**
		O	50	63	69	68	68	70	72
Total, offsetting collections			–8	–16	–17	–17	–17	–18	–18
Total Office of the Inspector General (net)		BA	**45**	**48**	**51**	**51**	**52**	**53**	**54**
		O	42	47	52	51	51	52	54
Veterans employment and training:									
Appropriation, discretionary	702	BA	....	....	**22**	**22**	**22**	**23**	**23**
Spending authority from offsetting collections, discretionary		BA	**183**	**184**	**188**	**188**	**190**	**195**	**200**
Outlays		O	186	183	191	203	212	217	221
Veterans employment and training (gross)		BA	**183**	**184**	**210**	**210**	**212**	**218**	**223**
		O	186	183	191	203	212	217	221
Change in receivables and unpaid, unfilled orders		BA	**3**	....	....	....	....	....	....

DEPARTMENT OF LABOR—Continued

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Total, offsetting collections			–186	–184	–188	–188	–190	–195	–200
Total Veterans employment and training (net)		BA	....	....	**22**	**22**	**22**	**23**	**23**
		O	....	–1	3	15	22	22	21
Intragovernmental Funds:									
Working capital fund:									
Spending authority from offsetting collections, discretionary	505	BA	**119**	**127**	**130**	**130**	**132**	**135**	**138**
Outlays		O	123	130	137	120	122	125	127
Working capital fund (gross)		BA	**119**	**127**	**130**	**130**	**132**	**135**	**138**
		O	123	130	137	120	122	125	127
Total, offsetting collections			–119	–127	–130	–130	–132	–135	–138
Total Working capital fund (net)		BA	....	....	....	....	....	....	....
		O	4	3	7	–10	–10	–10	–11
Total Federal funds Departmental Management		BA	**243**	**292**	**510**	**510**	**516**	**529**	**540**
		O	218	268	443	491	504	514	525
Summary									
Federal funds:									
(As shown in detail above)		BA	**9,642**	**5,758**	**10,819**	**9,305**	**9,409**	**9,658**	**9,886**
		O	6,864	7,975	9,752	7,990	8,209	8,198	8,342
Deductions for offsetting receipts:									
Intrafund transactions	602	BA/O	*–2*	*–1*	....	....	....	....	....
	908	BA/O	*–5*	*–6*	*–6*	*–6*	*–6*	*–6*	*–6*
Total Federal funds		BA	**9,635**	**5,751**	**10,813**	**9,299**	**9,403**	**9,652**	**9,880**
		O	6,857	7,968	9,746	7,984	8,203	8,192	8,336
Trust funds:									
(As shown in detail above)		BA	**26,014**	**26,399**	**30,823**	**33,516**	**36,817**	**38,246**	**39,549**
		O	26,013	26,421	30,784	33,513	36,804	38,226	39,528
Deductions for offsetting receipts:									
Proprietary receipts from the public	908	BA/O	*–6*	*–4*	*–4*	*–4*	*–4*	*–4*	*–4*
Total Trust funds		BA	**26,008**	**26,395**	**30,819**	**33,512**	**36,813**	**38,242**	**39,545**
		O	26,007	26,417	30,780	33,509	36,800	38,222	39,524
Interfund transactions	601	BA/O			[J] *–1,468*				
	603	BA/O	*–403*	*–399*	*–454*	*–474*	*–500*	*–543*	*–574*
Total Department of Labor		BA	**35,240**	**31,747**	**39,710**	**42,337**	**45,716**	**47,351**	**48,851**
		O	32,461	33,986	38,604	41,019	44,503	45,871	47,286

DEPARTMENT OF STATE

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Administration of Foreign Affairs									
Federal funds									
General and Special Funds:									
Diplomatic and consular programs:									
Appropriation, discretionary	153	BA	**2,801**	**2,823**	**3,101**	**3,101**	**3,138**	**3,216**	**3,286**
				[A] **24**					
Reappropriation, discretionary		BA	**50**	....	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	**777**	**831**	**883**	**883**	**894**	**916**	**936**
Outlays		O	2,914	4,219	4,008	4,004	4,023	4,119	4,208
				[A] 21	[A] 2	[A] 1			
Diplomatic and consular programs (gross)		BA	**3,628**	**3,678**	**3,984**	**3,984**	**4,032**	**4,132**	**4,222**
		O	2,914	4,240	4,010	4,005	4,023	4,119	4,208

DEPARTMENT OF STATE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–777	–831	–883	–883	–893	–916	–936
Total Diplomatic and consular programs (net)		BA	**2,851**	**2,847**	**3,101**	**3,101**	**3,139**	**3,216**	**3,286**
		O	2,137	3,409	3,127	3,122	3,130	3,203	3,272
International information programs:									
Appropriation, discretionary	154	BA	**464**	....	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	**12**	....	....	....	....	....	....
Outlays		O	481	79	5	....	....	....	....
International information programs (gross)		BA	**476**	....	....	....	....	....	....
		O	481	79	5	....	....	....	....
Total, offsetting collections			–12	....	....	....	....	....	....
Total International information programs (net)		BA	**464**	....	....	....	....	....	....
		O	469	79	5	....	....	....	....
Arms control and disarmament activities:									
Appropriation, discretionary	153	BA	**42**	....	....	....	....	....	....
Outlays		O	45	17	5	....	....	....	....
Capital investment fund:									
Appropriation, discretionary	153	BA	**159**	**81**	**97**	**97**	**98**	**101**	**103**
Reappropriation, discretionary		BA	**25**	....	....	....	....	....	....
Outlays		O	104	144	89	97	98	99	102
Total Capital investment fund		BA	**184**	**81**	**97**	**97**	**98**	**101**	**103**
		O	104	144	89	97	98	99	102
Technology fund:									
Appropriation, discretionary	154	BA	**12**	....	....	....	....	....	....
Outlays		O	6	6	....	....	....	....	....
Office of the Inspector General:									
Appropriation, discretionary	153	BA	**28**	**27**	**30**	**30**	**30**	**31**	**32**
Outlays		O	30	28	29	30	31	31	32
Embassy security, construction, and maintenance:									
Appropriation, discretionary	153	BA	**1,062**	**739**	**1,079**	**579**	**579**	**579**	**579**
				[A] **239**					
Advance appropriation, discretionary		BA	....	....	....	**650**	**800**	**950**	**950**
Spending authority from offsetting collections, discretionary		BA	**88**	**205**	**114**	**150**	**150**	**150**	**150**
Outlays		O	703	906	940	1,180	1,336	1,487	1,582
				[A] 72	[A] 65	[A] 55	[A] 43	[A] 5	
Embassy security, construction, and maintenance (gross)		BA	**1,150**	**1,183**	**1,193**	**1,379**	**1,529**	**1,679**	**1,679**
		O	703	978	1,005	1,235	1,379	1,492	1,582
Total, offsetting collections			–88	–205	–114	–150	–150	–150	–150
Total Embassy security, construction, and maintenance (net)		BA	**1,062**	**978**	**1,079**	**1,229**	**1,379**	**1,529**	**1,529**
		O	615	773	891	1,085	1,229	1,342	1,432
Security and maintenance of United States missions (special foreign currency program):									
Outlays	153	O	....	2	....	....	....	....	....
Representation allowances:									
Appropriation, discretionary	153	BA	**4**	**6**	**6**	**6**	**6**	**6**	**6**
Outlays		O	4	6	6	6	6	7	7
Protection of foreign missions and officials:									
Appropriation, discretionary	153	BA	**8**	**8**	**10**	**10**	**10**	**10**	**11**
Outlays		O	12	8	8	10	10	10	10
Emergencies in the diplomatic and consular service:									
Appropriation, discretionary	153	BA	**17**	**6**	**11**	**11**	**11**	**11**	**12**
Outlays		O	11	10	9	11	11	11	11
Buying power maintenance:									
Appropriation, discretionary	153	BA	**–4**	....	....	....	....	....	....
USIA buying power maintenance:									
Appropriation, discretionary	154	BA	**–18**	....	....	....	....	....	....
Payment to the American Institute in Taiwan:									
Appropriation, discretionary	153	BA	**15**	**15**	**16**	**16**	**16**	**17**	**17**
Outlays		O	8	15	16	16	16	16	16
Payment to the Foreign Service retirement and disability fund:									
Appropriation, mandatory	153	BA	**216**	**162**	**166**	**168**	**175**	**178**	**181**
Outlays		O	216	162	166	168	175	178	181

DEPARTMENT OF STATE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Intragovernmental Funds:									
Working capital fund:									
Spending authority from offsetting collections, mandatory	153	BA	**862**	**1,076**	**1,095**	**1,095**	**1,095**	**1,095**	**1,095**
Outlays		O	822	1,070	1,095	1,095	1,095	1,095	1,095
Working capital fund (gross)		BA	**862**	**1,076**	**1,095**	**1,095**	**1,095**	**1,095**	**1,095**
		O	822	1,070	1,095	1,095	1,095	1,095	1,095
Total, offsetting collections			–865	–1,076	–1,095	–1,095	–1,095	–1,095	–1,095
Total Working capital fund (net)		BA	**–3**						
		O	–43	–6					
Credit Accounts:									
Repatriation loans program account:									
Appropriation, discretionary	153	BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	1	1	1	1	1	1	1
Trust funds									
Foreign Service retirement and disability fund:									
Appropriation, mandatory	602	BA	**538**	**556**	**576**	**597**	**619**	**642**	**666**
Outlays		O	538	556	576	597	619	642	666
Foreign service national separation liability trust fund:									
Appropriation, mandatory	602	BA	**8**	**8**	**8**	**8**	**8**	**8**	**8**
Outlays		O	6	8	8	8	8	8	8
USIA foreign service national separation liability trust fund:									
Outlays	602	O		1					
Miscellaneous trust funds:									
Appropriation, mandatory	153	BA	**3**	**14**	**3**	**3**	**3**	**3**	**3**
Outlays		O		14	3	3	3	3	3
Miscellaneous trust funds, information and exchange programs:									
Appropriation, mandatory	154	BA	**2**	**2**	**2**	**2**	**2**	**3**	**3**
Outlays		O	2	2	2	2	2	3	3
Total Federal funds Administration of Foreign Affairs		BA	**4,879**	**4,131**	**4,517**	**4,669**	**4,865**	**5,100**	**5,178**
		O	3,615	4,654	4,352	4,546	4,707	4,898	5,064
Total Trust funds Administration of Foreign Affairs		BA	**551**	**580**	**589**	**610**	**632**	**656**	**680**
		O	546	581	589	610	632	656	680

International Organizations and Conferences

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Contributions to international organizations:									
Appropriation, discretionary	153	BA	**934**	**880**	**946**	**946**	**957**	**981**	**1,003**
Outlays		O	947	882	945	946	957	980	1,003
Contributions for international peacekeeping activities:									
Appropriation, discretionary	153	BA	**219**	**498** [A] **107**	**739**	**739**	**748**	**766**	**783**
Outlays		O	235	493 [A] 107	734	739	748	766	783
Total Contributions for international peacekeeping activities		BA	**219**	**605**	**739**	**739**	**748**	**766**	**783**
		O	235	600	734	739	748	766	783
Arrearage payments:									
Appropriation, discretionary	153	BA	**475**	**351**					
Outlays		O			582	244			
Total Federal funds International Organizations and Conferences		BA	**1,628**	**1,836**	**1,685**	**1,685**	**1,705**	**1,747**	**1,786**
		O	1,182	1,482	2,261	1,929	1,705	1,746	1,786

International Commissions

International Boundary and Water Commission, United States and Mexico:

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses, IBWC:									
Appropriation, discretionary	301	BA	**20**	**19**	**7**	**7**	**7**	**7**	**7**

DEPARTMENT OF STATE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Spending authority from offsetting collections, discretionary		BA	**2**	**3**					
Outlays		O	22	23	9	7	7	7	7
Salaries and expenses, IBWC (gross)		BA	**22**	**22**	**7**	**7**	**7**	**7**	**7**
		O	22	23	9	7	7	7	7
Total, offsetting collections			–2	–3					
Total Salaries and expenses, IBWC (net)		BA	**20**	**19**	**7**	**7**	**7**	**7**	**7**
		O	20	20	9	7	7	7	7
Construction, IBWC:									
Appropriation, discretionary	301	BA	**6**	**6**	**27**	**27**	**27**	**28**	**29**
Spending authority from offsetting collections, discretionary		BA	**10**	**25**	**101**	**101**	**102**	**105**	**107**
Outlays		O	31	31	111	129	137	146	148
Construction, IBWC (gross)		BA	**16**	**31**	**128**	**128**	**129**	**133**	**136**
		O	31	31	111	129	137	146	148
Total, offsetting collections			–10	–25	–101	–101	–102	–105	–107
Total Construction, IBWC (net)		BA	**6**	**6**	**27**	**27**	**27**	**28**	**29**
		O	21	6	10	28	35	41	41
Total Federal funds International Boundary and Water Commission, United States and Mexico:		BA	**26**	**25**	**34**	**34**	**34**	**35**	**36**
		O	41	26	19	35	42	48	48
		Federal funds							
General and Special Funds:									
American sections, international commissions:									
Appropriation, discretionary	301	BA	**6**	**6**	**9**	**9**	**9**	**9**	**10**
Outlays		O	6	6	8	8	9	10	10
International fisheries commissions:									
Appropriation, discretionary	302	BA	**15**	**15**	**19**	**19**	**19**	**20**	**20**
Outlays		O	14	15	19	19	19	20	20
Total Federal funds International Commissions		BA	**47**	**46**	**62**	**62**	**62**	**64**	**66**
		O	61	47	46	62	70	78	78

Other

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
		Federal funds							
General and Special Funds:									
Migration and refugee assistance:									
Appropriation, discretionary	151	BA	**904**	**621**	**658**	**658**	**666**	**682**	**697**
Spending authority from offsetting collections, discretionary		BA	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Outlays		O	658	817	709	660	665	680	695
Migration and refugee assistance (gross)		BA	**906**	**623**	**660**	**660**	**668**	**684**	**699**
		O	658	817	709	660	665	680	695
Total, offsetting collections			–2	–2	–2	–2	–2	–2	–2
Total Migration and refugee assistance (net)		BA	**904**	**621**	**658**	**658**	**666**	**682**	**697**
		O	656	815	707	658	663	678	693
United States emergency refugee and migration assistance fund:									
Appropriation, discretionary	151	BA	**195**	**13**	**20**	**20**	**20**	**21**	**21**
Outlays		O	77	104	90	15	19	20	20
International narcotics control and law enforcement:									
Appropriation, discretionary	151	BA	**533**	**312**	**312**	**312**	**316**	**324**	**331**
Spending authority from offsetting collections, discretionary		BA	**22**	**4**					
Outlays		O	285	386	339	275	314	317	324
International narcotics control and law enforcement (gross)		BA	**555**	**316**	**312**	**312**	**316**	**324**	**331**
		O	285	386	339	275	314	317	324
Total, offsetting collections			–22	–4					
Total International narcotics control and law enforcement (net)		BA	**533**	**312**	**312**	**312**	**316**	**324**	**331**
		O	263	382	339	275	314	317	324

DEPARTMENT OF STATE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Assistance to Plan Colombia:									
Appropriation, discretionary	151	BA			**256**	**256**	**259**	**265**	**271**
				[A] **818**					
Outlays		O			81	162	208	240	252
				[A] 249	[A] 303	[A] 182	[A] 52	[A] 14	[A] 6
Total Assistance to Plan Colombia		BA		**818**	**256**	**256**	**259**	**265**	**271**
		O		249	384	344	260	254	258
Anti-terrorism assistance:									
Outlays	152	O		2	2				
Payment to the Asia Foundation:									
Appropriation, discretionary	154	BA	**8**	**8**	**10**	**10**	**10**	**10**	**11**
Outlays		O	7	8	10	11	11	11	11
Educational and cultural exchange programs:									
Appropriation, discretionary	154	BA	**292**	**204**	**225**	**225**	**228**	**233**	**238**
				[A] **4**					
Spending authority from offsetting collections, discretionary		BA	**4**	**3**	**3**	**3**	**3**	**3**	**3**
Outlays		O	276	247	226	232	237	238	239
				[A] 2	[A] 2				
Educational and cultural exchange programs (gross)		BA	**296**	**211**	**228**	**228**	**231**	**236**	**241**
		O	276	249	228	232	237	238	239
Total, offsetting collections			–4	–3	–3	–3	–3	–3	–3
Total Educational and cultural exchange programs (net)		BA	**292**	**208**	**225**	**225**	**228**	**233**	**238**
		O	272	246	225	229	234	235	236
National Endowment for Democracy:									
Appropriation, discretionary	154	BA	**34**	**31**	**32**	**32**	**32**	**33**	**34**
Outlays		O	32	33	31	32	32	33	34
East West Center:									
Appropriation, discretionary	154	BA	**13**	**12**	**13**	**13**	**13**	**13**	**14**
Outlays		O	12	13	13	13	13	13	13
North/South Center:									
Appropriation, discretionary	154	BA	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Outlays		O	2	2	2	2	2	2	2
International litigation fund:									
Appropriation, mandatory	153	BA		**1**	**1**	**1**	**1**	**1**	**1**
Spending authority from offsetting collections, mandatory		BA	**2**						
Outlays		O	1	1	1	1	1	1	1
International litigation fund (gross)		BA	**2**	**1**	**1**	**1**	**1**	**1**	**1**
		O	1	1	1	1	1	1	1
Total, offsetting collections			–2						
Total International litigation fund (net)		BA		**1**	**1**	**1**	**1**	**1**	**1**
		O	–1	1	1	1	1	1	1
International Center, Washington, D.C:									
Spending authority from offsetting collections, mandatory	153	BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	3						
International Center, Washington, D.C (gross)		BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
		O	3						
Total, offsetting collections			–1	–1	–1	–1	–1	–1	–1
Total International Center, Washington, D.C. (net)		BA							
		O	2	–1	–1	–1	–1	–1	–1
Trust funds									
Israeli Arab and Eisenhower exchange fellowship programs:									
Appropriation, discretionary	154	BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**

DEPARTMENT OF STATE—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	1	1	1	1	1	1	1
Total Federal funds Other		BA	**1,981**	**2,026**	**1,529**	**1,529**	**1,547**	**1,584**	**1,620**
		O	1,322	1,854	1,803	1,579	1,548	1,563	1,591
Total Trust funds Other		BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
		O	1	1	1	1	1	1	1
Summary									
Federal funds:									
(As shown in detail above)		BA	**8,535**	**8,039**	**7,793**	**7,945**	**8,179**	**8,495**	**8,650**
		O	6,180	8,037	8,462	8,116	8,030	8,285	8,519
Deductions for offsetting receipts:									
Intrafund transactions	153	BA/O	....	*–1*	*–1*	*–1*	*–1*	*–1*	*–1*
Proprietary receipts from the public	153	BA/O	*–2*	....	....	....	....	....	....
Total Federal funds		BA	**8,533**	**8,038**	**7,792**	**7,944**	**8,178**	**8,494**	**8,649**
		O	6,178	8,036	8,461	8,115	8,029	8,284	8,518
Trust funds:									
(As shown in detail above)		BA	**552**	**581**	**590**	**611**	**633**	**657**	**681**
		O	547	582	590	611	633	657	681
Deductions for offsetting receipts:									
Intrafund transactions	602	BA/O	....	*–1*	*–1*	*–1*	*–1*	*–1*	*–1*
Proprietary receipts from the public	154	BA/O	....	*–1*	*–1*	*–1*	*–1*	*–1*	*–1*
Total Trust funds		BA	**552**	**579**	**588**	**609**	**631**	**655**	**679**
		O	547	580	588	609	631	655	679
Interfund transactions	153	BA/O	*–261*	*–206*	*–210*	*–213*	*–222*	*–226*	*–229*
	602	BA/O	*–8*	*–8*	*–8*	*–8*	*–8*	*–8*	*–8*
Total Department of State		BA	**8,816**	**8,403**	**8,162**	**8,332**	**8,579**	**8,915**	**9,091**
		O	6,456	8,402	8,831	8,503	8,430	8,705	8,960

DEPARTMENT OF TRANSPORTATION

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Office of the Secretary									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	407	BA	**67**	**59**	**69**	**69**	**70**	**72**	**73**
Spending authority from offsetting collections, discretionary		BA	**3**	**11**	**11**	**11**	**11**	**11**	**12**
Outlays		O	61	85	79	80	81	82	85
Salaries and expenses (gross)		BA	**70**	**70**	**80**	**80**	**81**	**83**	**85**
		O	61	85	79	80	81	82	85
Total, offsetting collections			–3	–11	–11	–11	–11	–11	–12
Total Salaries and expenses (net)		BA	**67**	**59**	**69**	**69**	**70**	**72**	**73**
		O	58	74	68	69	70	71	73
Office of civil rights:									
Appropriation, discretionary	407	BA	**7**	**7**	**9**	**9**	**9**	**9**	**10**
Outlays		O	7	7	9	9	9	9	10
Minority business outreach:									
Appropriation, discretionary	407	BA	**3**	**3**	**3**	**3**	**3**	**3**	**3**
Outlays		O	3	6	3	3	3	3	3
Transportation planning, research, and development:									
Appropriation, discretionary	407	BA	**9**	**3**	**5**	**5**	**5**	**5**	**5**
Spending authority from offsetting collections, discretionary		BA	....	**1**	....	....	....	....	....

DEPARTMENT OF TRANSPORTATION—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	4	7	6	5	6	6	6
Transportation planning, research, and development (gross)		BA	**9**	**4**	**5**	**5**	**5**	**5**	**5**
		O	4	7	6	5	6	6	6
Total, offsetting collections				–1					
Total Transportation planning, research, and development (net)		BA	**9**	**3**	**5**	**5**	**5**	**5**	**5**
		O	4	6	6	5	6	6	6
Essential air service and rural airport improvement fund:									
Appropriation, mandatory	402	BA		**5**	**22**	**22**	**22**	**22**	**22**
Spending authority from offsetting collections, discretionary		BA	**48**	**45**	**28**	**28**	**28**	**29**	**30**
Outlays		O	42	43	50	50	41	41	43
Essential air service and rural airport improvement fund (gross)		BA	**48**	**50**	**50**	**50**	**50**	**51**	**52**
		O	42	43	50	50	41	41	43
Total, offsetting collections			–48	–45	–28	–28	–28	–29	–30
Total Essential air service and rural airport improvement fund (net)		BA		**5**	**22**	**22**	**22**	**22**	**22**
		O	–6	–2	22	22	13	12	13
Intragovernmental Funds:									
Transportation administrative service center:									
Spending authority from offsetting collections, mandatory	407	BA	**199**	**231**	**206**	**206**	**206**	**206**	**206**
Outlays		O	180	231	206	206	206	206	206
Transportation administrative service center (gross)		BA	**199**	**231**	**206**	**206**	**206**	**206**	**206**
		O	180	231	206	206	206	206	206
Change in receivables and unpaid, unfilled orders		BA	**–24**						
Total, offsetting collections			–174	–231	–206	–206	–206	–206	–206
Total Transportation administrative service center (net)		BA	**1**						
		O	6						
Credit Accounts:									
Minority business resource center program account:									
Appropriation, discretionary	407	BA	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Outlays		O		2	2	2	2	2	2
Limitation on direct loan activity			(14)	(14)	(14)	(14)	(14)	(15)	(15)
					[J](–14)	[J](–14)	[J](–14)	[J](–15)	[J](–15)
Limitation of loan guarantee commitments					[J](14)	[J](14)	[J](14)	[J](15)	[J](15)
Trust funds									
Payments to air carriers (trust fund):									
Appropriation, discretionary	402	BA	**–4**						
Outlays		O	1	1					
Total Federal funds Office of the Secretary		BA	**89**	**79**	**110**	**110**	**111**	**113**	**115**
		O	72	93	110	110	103	103	107
Total Trust funds Office of the Secretary		BA	**–4**						
		O	1	1					

Coast Guard

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Operating expenses									
(Defense-related activities):									
(Appropriation, discretionary)	054	BA	**300**	**300**	**341**	**341**	**345**	**354**	**361**
(Outlays)		O	300	300	333	338	344	352	359
(Water transportation):									
(Appropriation, discretionary)	403	BA	**2,720**	**2,454**	**2,833**	**2,833**	**2,867**	**2,938**	**3,002**
				[A]**18**					
					[J]**–116**	[J]**–348**	[J]**–352**	[J]**–361**	[J]**–369**
(Spending authority from offsetting collections, discretionary)		BA	**106**	**130**	**132**	**132**	**134**	**137**	**140**
					[J]**116**	[J]**348**	[J]**352**	[J]**361**	[J]**369**

DEPARTMENT OF TRANSPORTATION—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
(Outlays)		O	2,629	2,522 [A] 18	2,923	2,934	2,995	3,058	3,124
Operating expenses (gross)		BA	3,126	2,902	3,306	3,306	3,346	3,429	3,503
		O	2,929	2,840	3,256	3,272	3,339	3,410	3,483
(Change in receivables and unpaid, unfilled orders)		BA	–41						
(Adjustment to receivables and unpaid, unfilled orders)		BA	52						
Total, offsetting collections			–117	–130	–132 [J] –116	–132 [J] –348	–134 [J] –352	–137 [J] –361	–139 [J] –369
Total (Water transportation) (net)		BA	2,720	2,472	2,717	2,485	2,515	2,577	2,634
		O	2,512	2,410	2,675	2,454	2,509	2,560	2,616
Total Operating expenses		BA	3,020	2,772	3,058	2,826	2,860	2,931	2,995
		O	2,812	2,710	3,008	2,792	2,853	2,912	2,975
Acquisition, construction, and improvements:									
Appropriation, discretionary	403	BA	604	368	490 [J] –96	490 [J] –288	496 [J] –291	508 [J] –299	519 [J] –305
Spending authority from offsetting collections, discretionary		BA	28	48	58 [J] 96	58 [J] 288	59 [J] 291	60 [J] 299	62 [J] 305
Outlays		O	421	463	453	517	523	540	560
Acquisition, construction, and improvements (gross)		BA	632	416	548	548	555	568	581
		O	421	463	453	517	523	540	560
Change in receivables and unpaid, unfilled orders		BA	14						
Adjustment to receivables and unpaid, unfilled orders		BA	–14						
Total, offsetting collections			–28	–48	–58 [J] –96	–58 [J] –288	–59 [J] –291	–60 [J] –299	–62 [J] –305
Total Acquisition, construction, and improvements (net)		BA	604	368	394	202	205	209	214
		O	393	415	299	171	173	181	193
Environmental compliance and restoration:									
Appropriation, discretionary	304	BA	21	17	17	17	17	18	18
Outlays		O	23	14	15	15	17	17	17
Alteration of bridges:									
Appropriation, discretionary	403	BA	38	15					
Outlays		O	12	43	31	15	2		
Retired pay:									
Appropriation, mandatory	403	BA	684	730	778	825	877	926	978
Outlays		O	669	693	761	818	869	919	970
Reserve training:									
Appropriation, discretionary	403	BA	74	72	73	73	74	76	77
Outlays		O	73	71	73	73	73	76	77
Research, development, test, and evaluation:									
Appropriation, discretionary	403	BA	13	15	18	18	18	19	19
Spending authority from offsetting collections, discretionary		BA	4	4	4	4	4	4	4
Outlays		O	20	22	22	27	22	23	23
Research, development, test, and evaluation (gross)		BA	17	19	22	22	22	23	23
		O	20	22	22	27	22	23	23
Total, offsetting collections			–4	–4	–4	–4	–4	–4	–4
Total Research, development, test, and evaluation (net)		BA	13	15	18	18	18	19	19
		O	16	18	18	23	18	19	19
Intragovernmental Funds:									
Coast Guard supply fund:									
Spending authority from offsetting collections, discretionary	403	BA	62	63	63	63	64	65	67
Outlays		O	70	63	63	63	64	65	67
Coast Guard supply fund (gross)		BA	62	63	63	63	64	65	67
		O	70	63	63	63	64	65	67

DEPARTMENT OF TRANSPORTATION—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–62	–63	–63	–63	–64	–65	–67
Total Coast Guard supply fund (net)		BA	....	....	....	....	....	....	....
		O	8	....	....	....	....	....	....
Coast Guard yard fund:									
Spending authority from offsetting collections, discretionary	403	BA	**62**	**63**	**67**	**67**	**68**	**69**	**71**
Outlays		O	69	63	67	67	68	69	71
Coast Guard yard fund (gross)		BA	**62**	**63**	**67**	**67**	**68**	**69**	**71**
		O	69	63	67	67	68	69	71
Total, offsetting collections			–62	–63	–67	–67	–68	–69	–71
Total Coast Guard yard fund (net)		BA	....	....	....	....	....	....	....
		O	7	....	....	....	....	....	....
Trust funds									
Boat safety:									
Appropriation, mandatory	403	BA	**64**	**64**	**64**	**64**	**64**	**64**	**64**
Outlays		O	57	54	61	64	64	64	64
Oil spill recovery, coast guard:									
Appropriation, mandatory	304	BA	**66**	**61**	**61**	**61**	**61**	**61**	**61**
Outlays		O	44	61	61	61	61	61	61
Trust fund share of expenses:									
Appropriation, discretionary	304	BA	**49**	**49**	**49**	**49**	**50**	**51**	**52**
Outlays		O	49	49	49	49	50	51	52
Miscellaneous trust revolving funds:									
Spending authority from offsetting collections, mandatory	403	BA	**7**	**7**	**7**	**7**	**7**	**7**	**7**
Outlays		O	7	7	7	7	7	7	7
Miscellaneous trust revolving funds (gross)		BA	**7**	**7**	**7**	**7**	**7**	**7**	**7**
		O	7	7	7	7	7	7	7
Total, offsetting collections			–7	–7	–7	–7	–7	–7	–7
Total Miscellaneous trust revolving funds (net)		BA	....	....	....	....	....	....	....
		O	....	....	....	....	....	....	....
Total Federal funds Coast Guard		BA	**4,454**	**3,989**	**4,338**	**3,961**	**4,051**	**4,179**	**4,301**
		O	4,013	3,964	4,205	3,907	4,005	4,124	4,251
Total Trust funds Coast Guard		BA	**179**	**174**	**174**	**174**	**175**	**176**	**177**
		O	150	164	171	174	175	176	177

Federal Aviation Administration

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Operations:									
Appropriation, discretionary	402	BA	**1,473**	....	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	**4,180**	....	....	....	....	....	....
Outlays		O	5,635	659	....	....	....	....	....
Operations (gross)		BA	**5,653**	....	....	....	....	....	....
		O	5,635	659	....	....	....	....	....
Total, offsetting collections			–4,180	....	....	....	....	....	....
Total Operations (net)		BA	**1,473**	....	....	....	....	....	....
		O	1,455	659	....	....	....	....	....
Public Enterprise Funds:									
Aviation insurance revolving fund:									
Spending authority from offsetting collections, discretionary	402	BA	**4**	**3**	**3**	**3**	**3**	**3**	**3**
Aviation insurance revolving fund (gross)		BA	**4**	**3**	**3**	**3**	**3**	**3**	**3**

DEPARTMENT OF TRANSPORTATION—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–4	–3	–3	–3	–3	–3	–3
Total Aviation insurance revolving fund (net)		BA	....	....	....	....	....	....	....
		O	–4	–3	–3	–3	–3	–3	–3
Intragovernmental Funds:									
Administrative services franchise fund:									
Spending authority from offsetting collections, discretionary	402	BA	**18**	**33**	**220**	**220**	**222**	**228**	**233**
Outlays		O	19	38	184	211	218	227	232
Administrative services franchise fund (gross)		BA	**18**	**33**	**220**	**220**	**222**	**228**	**233**
		O	19	38	184	211	218	227	232
Total, offsetting collections			–18	–33	–220	–220	–223	–228	–233
Total Administrative services franchise fund (net)		BA	....	....	....	....	**–1**	....	....
		O	1	5	–36	–9	–5	–1	–1
Trust funds									
Grants-in-aid for airports (Airport and airway trust fund):									
Contract authority, mandatory	402	BA	**2,322**	**1,896**	**1,950**	**1,999**	**2,050**	**2,103**	**2,158**
Outlays		O	1,565	1,894	1,925	1,955	1,999	2,052	2,098
				[A] 2	[A] –26	[A] –13	[A] –6	[A] –3	[A] –3
Limitation on program level (obligations)			(1,950)	(1,896)	(1,950)	(1,999)	(2,050)	(2,104)	(2,160)
				[A] (–50)					
Total Grants-in-aid for airports (Airport and airway trust fund)		BA	**2,322**	**1,896**	**1,950**	**1,999**	**2,050**	**2,103**	**2,158**
		O	1,565	1,896	1,899	1,942	1,993	2,049	2,095
Facilities and equipment (Airport and airway trust fund):									
Appropriation, discretionary	402	BA	**2,121**	**2,045**	**2,495**	**1,907**	**2,019**	**2,122**	**2,244**
Advance appropriation, discretionary		BA	....	....	....	**638**	**590**	**565**	**537**
Spending authority from offsetting collections, discretionary		BA	**27**	**77**	**77**	**77**	**78**	**80**	**82**
Outlays		O	2,222	1,882	2,053	2,392	2,510	2,683	2,761
Facilities and equipment (Airport and airway trust fund) (gross)		BA	**2,148**	**2,122**	**2,572**	**2,622**	**2,687**	**2,767**	**2,863**
		O	2,222	1,882	2,053	2,392	2,510	2,683	2,761
Total, offsetting collections			–27	–77	–77	–77	–79	–81	–83
Total Facilities and equipment (Airport and airway trust fund) (net)		BA	**2,121**	**2,045**	**2,495**	**2,545**	**2,608**	**2,686**	**2,780**
		O	2,195	1,805	1,976	2,315	2,431	2,602	2,678
Research, engineering and development (Airport and airway trust fund):									
Appropriation, discretionary	402	BA	**150**	**156**	**184**	**188**	**193**	**199**	**205**
Spending authority from offsetting collections, discretionary		BA	**5**	**16**	**16**	**16**	**16**	**17**	**17**
Outlays		O	179	210	215	227	207	213	219
Research, engineering and development (Airport and airway trust fund) (gross)		BA	**155**	**172**	**200**	**204**	**209**	**216**	**222**
		O	179	210	215	227	207	213	219
Total, offsetting collections			–5	–16	–16	–16	–16	–17	–17
Total Research, engineering and development (Airport and airway trust fund) (net)		BA	**150**	**156**	**184**	**188**	**193**	**199**	**205**
		O	174	194	199	211	191	196	202
Trust fund share of FAA operations:									
Appropriation, discretionary	402	BA	**4,112**	**5,893**	**6,592**	**6,843**	**7,188**	**7,641**	**8,218**
Spending authority from offsetting collections, discretionary		BA	....	**72**	**74**	**74**	**75**	**77**	**78**
Outlays		O	4,122	5,266	6,596	6,887	7,222	7,664	8,228
				[A] –2	[A] 2				
Trust fund share of FAA operations (gross)		BA	**4,112**	**5,965**	**6,666**	**6,917**	**7,263**	**7,718**	**8,296**
		O	4,122	5,264	6,598	6,887	7,222	7,664	8,228

DEPARTMENT OF TRANSPORTATION—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			....	–72	–74	–74	–76	–78	–79
Total Trust fund share of FAA operations (net)		BA	**4,112**	**5,893**	**6,592**	**6,843**	**7,187**	**7,640**	**8,217**
		O	4,122	5,192	6,524	6,813	7,146	7,586	8,149
Total Federal funds Federal Aviation Administration		BA	**1,473**	....	....	....	**–1**	....	....
		O	1,452	661	–39	–12	–8	–4	–4
Total Trust funds Federal Aviation Administration		BA	**8,705**	**9,990**	**11,221**	**11,575**	**12,038**	**12,628**	**13,360**
		O	8,056	9,087	10,598	11,281	11,761	12,433	13,124
Federal Highway Administration									
Federal funds									
General and Special Funds:									
Miscellaneous appropriations:									
Appropriation, discretionary	401	BA	**200**	....	....	....	....	....	....
Outlays		O	65	132	99	83	74	54	28
Appalachian development highway system:									
Appropriation, discretionary	401	BA	**132**	....	....	....	....	....	....
Outlays		O	73	118	76	37	23	13	10
State infrastructure banks:									
Appropriation, discretionary	401	BA	**–7**	....	....	....	....	....	....
Outlays		O	29	15	12	9	7	4	2
Ellsworth Housing Settlememt:									
Appropriation, discretionary	401	BA	....	**3**	....	....	....	....	....
Outlays		O	....	1	2	....	....	....	....
Trust funds									
Federal-aid highways:									
Contract authority, mandatory	401	BA	**29,307**	**31,605**	**34,054**	**31,235**	**31,251**	**31,861**	**32,484**
Spending authority from offsetting collections, discretionary		BA	**70**	**92**	**92**	**92**	**93**	**95**	**98**
Outlays		O	22,812	25,486	27,719	28,472	27,965	27,827	27,884
Limitation on program level (obligations)			(25,511)	(27,520)	(29,319)	(27,096)	(27,145)	(27,145)	(27,145)
Limitation on direct loan obligations			(1,000)	(1,080)	(1,320)	(1,440)	(1,560)	(1,560)	(1,560)
Limitation on program level (obligations)			(600)	(720)	(880)	(960)	(1,040)	(1,040)	(1,040)
Federal-aid highways (gross)		BA	**29,377**	**31,697**	**34,146**	**31,327**	**31,344**	**31,956**	**32,582**
		O	22,812	25,486	27,719	28,472	27,965	27,827	27,884
Total, offsetting collections			–70	–92	–92	–92	–93	–95	–98
Total Federal-aid highways (net)		BA	**29,307**	**31,605**	**34,054**	**31,235**	**31,251**	**31,861**	**32,484**
		O	22,742	25,394	27,627	28,380	27,872	27,732	27,786
Highway-related safety grants:									
Outlays	401	O	1	1	....	....	....	....	....
Miscellaneous trust funds (Ground transportation):									
(Appropriation, mandatory)	401	BA	**50**	**21**	**21**	**21**	**21**	**21**	**21**
(Outlays)		O	26	21	21	21	21	21	21
Total Miscellaneous trust funds		BA	**50**	**21**	**21**	**21**	**21**	**21**	**21**
		O	26	21	21	21	21	21	21
Miscellaneous highway trust funds:									
Outlays	401	O	40	52	34	27	19	8	3
Right-of-way revolving fund liquidating account:									
Outlays	401	O	20	3	3	....	....	....	....
Right-of-way revolving fund liquidating account (gross)		O	20	3	3	....	....	....	....
Total, offsetting collections			–24	–24	–24	–24	–24	–24	–24
Total Right-of-way revolving fund liquidating account (net)		BA	**–24**	**–24**	**–24**	**–24**	**–24**	**–24**	**–24**
		O	–4	–21	–21	–24	–24	–24	–24
Total Federal funds Federal Highway Administration		BA	**325**	**3**	....	....	....	....	....
		O	167	266	189	129	104	71	40
Total Trust funds Federal Highway Administration		BA	**29,333**	**31,602**	**34,051**	**31,232**	**31,248**	**31,858**	**32,481**
		O	22,805	25,447	27,661	28,404	27,888	27,737	27,786

DEPARTMENT OF TRANSPORTATION—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Federal Motor Carrier Safety Administration									
Trust funds									
Motor carrier safety:									
Contract authority, mandatory	401	BA	....	**76**	**92**	**94**	**94**	**96**	**98**
Outlays		O	....	68	91	94	94	95	98
Limitation on program level (obligations)			....	(76)	(92)	(94)	(94)	(96)	(98)
National motor carrier safety program:									
Contract authority, mandatory	401	BA	**100**	**105**	**187**	**182**	**190**	**194**	**198**
Outlays		O	87	109	128	186	184	191	195
Limitation on program level (obligations)			(100)	(105)	(187)	(182)	(190)	(194)	(198)
Total Trust funds Federal Motor Carrier Safety Administration		BA	**100**	**181**	**279**	**276**	**284**	**290**	**296**
		O	87	177	219	280	278	286	293
National Highway Traffic Safety Administration									
Federal funds									
General and Special Funds:									
Operations and research:									
Appropriation, discretionary	401	BA	**1**	**86**	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	....	**13**	....	....	....	....	....
Outlays		O	66	101	39	13	6	....	....
Operations and research (gross)		BA	**1**	**99**	....	....	....	....	....
		O	66	101	39	13	6	....	....
Total, offsetting collections			....	–13	....	....	....	....	....
Total Operations and research (net)		BA	**1**	**86**	....	....	....	....	....
		O	66	88	39	13	6	....	....
Trust funds									
Operations and research (Highway trust fund):									
Appropriation, discretionary	401	BA	**89**	**2**	**144**	**144**	**146**	**149**	**153**
Contract authority, mandatory		BA	**72**	**72**	**142**	**72**	**72**	**73**	**75**
Spending authority from offsetting collections, discretionary		BA	**32**	**12**	**14**	**14**	**14**	**15**	**15**
Outlays		O	107	102	219	225	231	239	241
Limitation on program level (obligations)			(71)	(72)	(142)	(72)	(72)	(73)	(75)
Operations and research (Highway trust fund) (gross)		BA	**193**	**86**	**300**	**230**	**232**	**237**	**243**
		O	107	102	219	225	231	239	241
Change in receivables and unpaid, unfilled orders		BA	**–19**	....	....	....	....	....	....
Adjustment to receivables and unpaid, unfilled orders		BA	**19**	....	....	....	....	....	....
Total, offsetting collections			–32	–12	–14	–14	–14	–15	–15
Total Operations and research (Highway trust fund) (net)		BA	**161**	**74**	**286**	**216**	**218**	**222**	**228**
		O	75	90	205	211	217	224	226
Highway traffic safety grants:									
Contract authority, mandatory	401	BA	**200**	**207**	**214**	**223**	**225**	**230**	**234**
Outlays		O	190	210	217	219	221	225	230
Limitation on program level (obligations)			(200)	(207)	(213)	(223)	(225)	(230)	(234)
Total Federal funds National Highway Traffic Safety Administration		BA	**1**	**86**	....	....	....	....	....
		O	66	88	39	13	6	....	....
Total Trust funds National Highway Traffic Safety Administration		BA	**361**	**281**	**500**	**439**	**443**	**452**	**462**
		O	265	300	422	430	438	449	456
Federal Railroad Administration									
Federal funds									
General and Special Funds:									
Safety and operations:									
Appropriation, discretionary	401	BA	**82**	**94**	**103**	**103**	**104**	**107**	**109**
					[J] **–77**	[J] **–77**	[J] **–78**	[J] **–80**	[J] **–82**
Spending authority from offsetting collections, discretionary		BA	**1**	**2**	**2**	**2**	**2**	**2**	**2**
					[J] **77**	[J] **77**	[J] **78**	[J] **80**	[J] **82**

DEPARTMENT OF TRANSPORTATION—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	80	110	104	105	106	108	111
Safety and operations (gross)		BA	83	96	105	105	106	109	111
		O	80	110	104	105	106	108	111
Total, offsetting collections			–1	–2	–2	–2	–2	–2	–2
					[J] –77	[J] –77	[J] –78	[J] –80	[J] –82
Total Safety and operations (net)		BA	82	94	26	26	26	27	27
		O	79	108	25	26	26	26	27
AMTRAK reform council:									
Appropriation, discretionary	407	BA	....	1	1	1	1	1	1
Outlays		O	....	1	1	1	1	1	1
Emergency railroad rehabilitation and repair:									
Outlays	401	O	6	8	....	....	....	....	....
Local rail freight assistance:									
Outlays	401	O	3	3	....	....	....	....	....
Railroad research and development:									
Appropriation, discretionary	401	BA	22	22	27	27	27	28	29
					[J] –26	[J] –26	[J] –26	[J] –27	[J] –28
Spending authority from offsetting collections, discretionary		BA			[J] 26	[J] 26	[J] 26	[J] 27	[J] 28
Outlays		O	22	38	30	24	26	28	28
Railroad research and development (gross)		BA	22	22	27	27	27	28	29
		O	22	38	30	24	26	28	28
Total, offsetting collections					[J] –26	[J] –26	[J] –26	[J] –27	[J] –28
Total Railroad research and development (net)		BA	22	22	1	1	1	1	1
		O	22	38	4	–2	....	1	....
Conrail commuter transition assistance:									
Outlays	401	O	5	6	....	....	....	....	....
Northeast corridor improvement program:									
Outlays	401	O	26	19	....	....	....	....	....
Rhode island rail development:									
Appropriation, discretionary	401	BA	5	10	17	17	17	18	18
Outlays		O	3	24	8	15	17	18	18
Pennsylvania station redevelopment project:									
Appropriation, discretionary	401	BA	....	....	20	....	....	....	....
Advance appropriation, discretionary		BA	....	....	....	20	20	....	....
Outlays		O	....	....	2	10	16	16	10
Total Pennsylvania station redevelopment project		BA	....	....	20	20	20	....	....
		O	....	....	2	10	16	16	10
Alaska railroad rehabilitation:									
Appropriation, discretionary	401	BA	38	15	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	5	....	....	....	....	....	....
Outlays		O	16	42	9	....	....	....	....
Alaska railroad rehabilitation (gross)		BA	43	15	....	....	....	....	....
		O	16	42	9	....	....	....	....
Total, offsetting collections			–5	....	....	....	....	....	....
Total Alaska railroad rehabilitation (net)		BA	38	15	....	....	....	....	....
		O	11	42	9	....	....	....	....
Capital grants to the National Railroad Passenger Corporation:									
Appropriation, discretionary	401	BA	609	571	521	521	527	540	552
Outlays		O	243	597	551	521	524	532	545
Next generation high-speed rail:									
Appropriation, discretionary	401	BA	20	27	22	22	22	23	23
Outlays		O	18	24	21	24	17	23	22
Public Enterprise Funds:									
Railroad rehabilitation and improvement liquidating account:									
Spending authority from offsetting collections, mandatory	401	BA	3	3	2	2	2	2	1

DEPARTMENT OF TRANSPORTATION—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	3	3	2	2	2	2	1
Railroad rehabilitation and improvement liquidating account (gross)		BA	**3**	**3**	**2**	**2**	**2**	**2**	**1**
		O	3	3	2	2	2	2	1
Total, offsetting collections			–7	–8	–6	–6	–6	–6	–6
Total Railroad rehabilitation and improvement liquidating account (net)		BA	**–4**	**–5**	**–4**	**–4**	**–4**	**–4**	**–5**
		O	–4	–5	–4	–4	–4	–4	–5
Credit Accounts:									
Alameda Corridor direct loan financing program:									
Outlays	401	O	18						
Limitation on direct loan obligations			(400)						
Amtrak corridor improvement loans liquidating account:									
Total, offsetting collections	401		–1	–1	–1	–1	–1	–1	
Trust funds									
Expanded intercity rail passenger service fund:									
Contract authority, mandatory	401	BA			**468**				
Outlays		O			47	164	375	425	478
Limitation on program level (obligations)					(468)	(468)	(474)	(485)	(496)
Trust fund share of next generation high-speed rail:									
Outlays	401	O	2	5					
Total Federal funds Federal Railroad Administration		BA	**771**	**734**	**603**	**603**	**609**	**605**	**617**
		O	429	864	616	590	596	612	618
Total Trust funds Federal Railroad Administration		BA			**468**				
		O	2	5	47	164	375	425	478

Federal Transit Administration

Federal funds

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
General and Special Funds:									
Administrative expenses:									
Appropriation, discretionary	401	BA	**–1**						
Appropriation, mandatory		BA	**11**	**12**	**13**	**13**	**15**	**15**	**15**
Spending authority from offsetting collections, discretionary		BA	**44**	**50**	**53**	**56**	**60**	**62**	**63**
Outlays		O	52	60	66	68	75	78	79
Limitation on program level (obligations)			(11)	(12)	(13)	(13)	(15)	(15)	(15)
Administrative expenses (gross)		BA	**54**	**62**	**66**	**69**	**75**	**77**	**78**
		O	52	60	66	68	75	78	79
Change in receivables and unpaid, unfilled orders		BA	**–1**						
Adjustment to receivables and unpaid, unfilled orders		BA	**1**						
Total, offsetting collections			–44	–50	–53	–56	–60	–62	–63
Total Administrative expenses (net)		BA	**10**	**12**	**13**	**13**	**15**	**15**	**15**
		O	8	10	13	12	15	16	16
Research, training, and human resources:									
Outlays	401	O		2	1	1			
Interstate transfer grants-transit:									
Appropriation, discretionary	401	BA	**–1**						
Outlays		O	19	7	3				
Interstate transfer grants-transit (gross)		BA	**–1**						
		O	19	7	3				
Adjustment to receivables and unpaid, unfilled orders		BA	**8**						
Total, offsetting collections			–8						
Total Interstate transfer grants-transit (net)		BA	**–1**						
		O	11	7	3				
Washington metropolitan area transit authority:									
Appropriation, mandatory	401	BA	**50**						

DEPARTMENT OF TRANSPORTATION—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	167	134	94	69	25	10	10
Washington metropolitan area transit authority (gross)		BA	**50**						
		O	167	134	94	69	25	10	10
Adjustment to receivables and unpaid, unfilled orders		BA	**5**						
Total, offsetting collections			–5						
Total Washington metropolitan area transit authority (net)		BA	**50**						
		O	162	134	94	69	25	10	10
Formula grants:									
Appropriation, mandatory	401	BA	**519**	**570**	**669**	**718**	**767**	**782**	**798**
Spending authority from offsetting collections, discretionary		BA	**2,280**	**2,478**	**2,676**	**2,875**	**3,073**	**3,133**	**3,196**
Outlays		O	2,174	2,356	2,249	2,795	3,107	3,563	3,741
Limitation on program level (obligations)			(519)	(570)	(669)	(718)	(767)	(784)	(799)
Formula grants (gross)		BA	**2,799**	**3,048**	**3,345**	**3,593**	**3,840**	**3,915**	**3,994**
		O	2,174	2,356	2,249	2,795	3,107	3,563	3,741
Total, offsetting collections			–2,280	–2,478	–2,676	–2,874	–3,071	–3,133	–3,195
Total Formula grants (net)		BA	**519**	**570**	**669**	**719**	**769**	**782**	**799**
		O	–106	–122	–427	–79	36	430	546
University transportation research:									
Appropriation, mandatory	401	BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Spending authority from offsetting collections, discretionary		BA	**5**	**5**	**5**	**5**	**5**	**5**	**5**
Outlays		O	5	7	7	8	5	6	6
Limitation on program level (obligations)			(1)	(1)	(1)	(1)	(1)	(1)	(1)
University transportation research (gross)		BA	**6**	**6**	**6**	**6**	**6**	**6**	**6**
		O	5	7	7	8	5	6	6
Total, offsetting collections			–5	–5	–5	–5	–5	–5	–5
Total University transportation research (net)		BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
		O		2	2	3		1	1
Transit planning and research:									
Appropriation, mandatory	401	BA	**20**	**21**	**22**	**23**	**24**	**24**	**25**
Spending authority from offsetting collections, discretionary		BA	**84**	**98**	**100**	**106**	**110**	**113**	**115**
Outlays		O	88	94	120	150	127	133	136
Limitation on program level (obligations)			(20)	(21)	(22)	(23)	(24)	(24)	(25)
Transit planning and research (gross)		BA	**104**	**119**	**122**	**129**	**134**	**137**	**140**
		O	88	94	120	150	127	133	136
Change in receivables and unpaid, unfilled orders		BA	**1**						
Adjustment to receivables and unpaid, unfilled orders		BA	**–3**						
Total, offsetting collections			–82	–98	–100	–105	–109	–112	–114
Total Transit planning and research (net)		BA	**20**	**21**	**22**	**24**	**25**	**25**	**26**
		O	6	–4	20	45	18	21	22
Job Access and Reverse Commute Grants:									
Appropriation, discretionary	401	BA	**25**						
Appropriation, mandatory		BA	**10**	**15**	**20**	**25**	**30**	**31**	**31**
Spending authority from offsetting collections, discretionary		BA	**40**	**60**	**130**	**100**	**120**	**122**	**125**
Outlays		O		20	46	75	108	125	142
Limitation on program level (obligations)			(10)	(15)	(20)	(25)	(30)	(31)	(31)
Job Access and Reverse Commute Grants (gross)		BA	**75**	**75**	**150**	**125**	**150**	**153**	**156**
		O		20	46	75	108	125	142
Total, offsetting collections			–40	–60	–130	–100	–120	–122	–125
Total Job Access and Reverse Commute Grants (net)		BA	**35**	**15**	**20**	**25**	**30**	**31**	**31**
		O	–40	–40	–84	–25	–12	3	17
Capital Investment Grants:									
Appropriation, mandatory	401	BA	**501**	**540**	**529**	**568**	**607**	**619**	**632**
Spending authority from offsetting collections, discretionary		BA	**1,806**	**1,949**	**2,117**	**2,293**	**2,449**	**2,498**	**2,548**
Outlays		O	249	579	1,149	1,708	2,217	2,617	2,877

DEPARTMENT OF TRANSPORTATION—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Limitation on program level (obligations)			(501)	(540)	(529)	(568)	(607)	(619)	(632)
Capital Investment Grants (gross)		BA	**2,307**	**2,489**	**2,646**	**2,861**	**3,056**	**3,117**	**3,180**
		O	249	579	1,149	1,708	2,217	2,617	2,877
Total, offsetting collections			–1,806	–1,949	–2,117	–2,273	–2,429	–2,477	–2,527
Total Capital Investment Grants (net)		BA	**501**	**540**	**529**	**588**	**627**	**640**	**653**
		O	–1,557	–1,370	–968	–565	–212	140	350
Miscellaneous expired accounts:									
Appropriation, discretionary	401	BA	....	**–4**	....	....	....	....	....
Trust funds									
Discretionary grants (Highway trust fund, Mass transit account):									
Contract authority, discretionary	401	BA	**–392**	....	....	....	....	....	....
Outlays		O	1,524	1,314	932	578	287	100	....
Trust fund share of expenses:									
Appropriation, discretionary	401	BA	....	**6**	....	....	....	....	....
Contract authority, discretionary		BA	**–1**	....	....	....	....	....	....
Contract authority, mandatory		BA	**4,252**	**4,638**	**5,089**	**5,398**	**5,781**	**5,897**	**6,015**
Outlays		O	4,252	4,626	5,067	5,448	5,832	5,949	6,068
Limitation on program level (obligations)			(4,252)	(4,620)	(5,067)	(5,448)	(5,832)	(5,949)	(6,068)
Total Trust fund share of expenses		BA	**4,251**	**4,644**	**5,089**	**5,398**	**5,781**	**5,897**	**6,015**
		O	4,252	4,626	5,067	5,448	5,832	5,949	6,068
Total Federal funds Federal Transit Administration		BA	**1,135**	**1,155**	**1,254**	**1,370**	**1,467**	**1,494**	**1,525**
		O	–1,516	–1,381	–1,346	–539	–130	621	962
Total Trust funds Federal Transit Administration		BA	**3,859**	**4,644**	**5,089**	**5,398**	**5,781**	**5,897**	**6,015**
		O	5,776	5,940	5,999	6,026	6,119	6,049	6,068

Saint Lawrence Seaway Development Corporation

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Operations and maintenance (Harbor services fee collections):									
Appropriation, mandatory	403	BA			[B] **13**	[B] **13**	[B] **14**	[B] **15**	[B] **15**
Outlays		O			[B] 13	[B] 13	[B] 14	[B] 15	[B] 15
Public Enterprise Funds:									
Saint Lawrence Seaway Development Corporation:									
Spending authority from offsetting collections, mandatory	403	BA	**13**	**13**	**14**	**14**	**14**	**15**	**15**
Outlays		O	13	13	14	14	14	15	15
Saint Lawrence Seaway Development Corporation (gross)		BA	**13**	**13**	**14**	**14**	**14**	**15**	**15**
		O	13	13	14	14	14	15	15
Total, offsetting collections			–13	–13	–14	–14	–14	–15	–15
Total Saint Lawrence Seaway Development Corporation (net)		BA	....	....	....	....	....	....	....
		O	....	....	....	....	....	....	....
Trust funds									
Operations and maintenance:									
Appropriation, discretionary	403	BA	**11**	**12**	**13**	**13**	**13**	**13**	**14**
					[J] **–13**	[J] **–13**	[J] **–13**	[J] **–13**	[J] **–14**
Outlays		O	11	12	13	13	13	13	14
					[J] –13	[J] –13	[J] –13	[J] –13	[J] –14
Total Operations and maintenance		BA	**11**	**12**	....	....	....	....	....
		O	11	12	....	....	....	....	....
Total Federal funds Saint Lawrence Seaway Development Corporation		BA	....	....	**13**	**13**	**14**	**15**	**15**
		O	....	....	13	13	14	15	15
Total Trust funds Saint Lawrence Seaway Development Corporation		BA	**11**	**12**	....	....	....	....	....
		O	11	12	....	....	....	....	....

DEPARTMENT OF TRANSPORTATION—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Research and Special Programs Administration									
Federal funds									
General and Special Funds:									
Research and special programs:									
Appropriation, discretionary	407	BA	**31**	**32**	**43**	**43**	**44**	**45**	**46**
					[J] –5	**[J] –5**	**[J] –5**	**[J] –5**	**[J] –5**
Spending authority from offsetting collections, discretionary		BA	**43**	**76**	**76**	**76**	**77**	**79**	**81**
					[J] 19	**[J] 19**	**[J] 19**	**[J] 20**	**[J] 20**
Outlays		O	58	107	115	119	131	134	137
Research and special programs (gross)		BA	**74**	**108**	**133**	**133**	**135**	**139**	**142**
		O	58	107	115	119	131	134	137
Change in receivables and unpaid, unfilled orders		BA	**–18**	...	...	...	...	...	...
Adjustment to receivables and unpaid, unfilled orders		BA	**4**	...	...	...	...	...	...
Total, offsetting collections			–29	–76	–76	–76	–77	–79	–81
					[J] –19	[J] –19	[J] –19	[J] –20	[J] –20
Total Research and special programs (net)		BA	**31**	**32**	**38**	**38**	**39**	**40**	**41**
		O	29	31	20	24	35	35	36
Pipeline safety:									
Appropriation, discretionary	407	BA	**30**	**31**	**43**	**43**	**43**	**45**	**45**
Spending authority from offsetting collections, discretionary		BA	**5**	**11**	**9**	**9**	**9**	**9**	**10**
Outlays		O	34	40	45	50	51	54	56
Pipeline safety (gross)		BA	**35**	**42**	**52**	**52**	**52**	**54**	**55**
		O	34	40	45	50	51	54	56
Change in receivables and unpaid, unfilled orders		BA	**1**	...	...	...	...	...	...
Adjustment to receivables and unpaid, unfilled orders		BA	**–2**	...	...	...	...	...	...
Total, offsetting collections			–4	–11	–9	–9	–9	–9	–10
Total Pipeline safety (net)		BA	**30**	**31**	**43**	**43**	**43**	**45**	**45**
		O	30	29	36	41	42	45	46
Emergency preparedness grants:									
Appropriation, mandatory	407	BA	**8**	**14**	**14**	**14**	**14**	**14**	**14**
Outlays		O	7	10	12	15	15	14	14
Intragovernmental Funds:									
Working capital fund, Volpe National Transportation Systems Center:									
Spending authority from offsetting collections, discretionary	407	BA	**194**	**202**	**205**	**205**	**207**	**213**	**217**
Outlays		O	183	202	205	206	206	212	217
Working capital fund, Volpe National Transportation Systems Center (gross)		BA	**194**	**202**	**205**	**205**	**207**	**213**	**217**
		O	183	202	205	206	206	212	217
Change in receivables and unpaid, unfilled orders		BA	**–12**	...	...	...	...	...	...
Total, offsetting collections			–182	–202	–205	–205	–207	–213	–217
Total Working capital fund, Volpe National Transportation Systems Center (net)		BA	...	...	...	...	...	...	...
		O	1	...	...	1	–1	–1	...
Trust funds									
Trust fund share of pipeline safety:									
Appropriation, discretionary	407	BA	**4**	**5**	**4**	**4**	**4**	**4**	**4**
Outlays		O	4	5	5	4	4	4	4
Total Federal funds Research and Special Programs Administration		BA	**69**	**77**	**95**	**95**	**96**	**99**	**100**
		O	67	70	68	81	91	93	96
Total Trust funds Research and Special Programs Administration		BA	**4**	**5**	**4**	**4**	**4**	**4**	**4**
		O	4	5	5	4	4	4	4
Office of Inspector General									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	407	BA	**43**	**44**	**48**	**48**	**49**	**50**	**51**
Appropriation, mandatory		BA	**1**	...	...	...	...	...	...
Spending authority from offsetting collections, discretionary		BA	**1**	**4**	**5**	**5**	**5**	**5**	**5**

DEPARTMENT OF TRANSPORTATION—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	46	49	53	53	54	55	56
Salaries and expenses (gross)		BA	**45**	**48**	**53**	**53**	**54**	**55**	**56**
		O	46	49	53	53	54	55	56
Total, offsetting collections			–1	–4	–5	–5	–5	–5	–5
Total Salaries and expenses (net)		BA	**44**	**44**	**48**	**48**	**49**	**50**	**51**
		O	45	45	48	48	49	50	51

Surface Transportation Board

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	401	BA	**15**	**15**	**17**	**17**	**17**	**18**	**18**
					[J] –17	**[J] –17**	**[J] –17**	**[J] –18**	**[J] –18**
Spending authority from offsetting collections, discretionary		BA	**1**	**2**	**1**	**1**	**1**	**1**	**1**
					[J] 17	**[J] 17**	**[J] 17**	**[J] 18**	**[J] 18**
Outlays		O	15	18	18	18	18	19	19
Salaries and expenses (gross)		BA	**16**	**17**	**18**	**18**	**18**	**19**	**19**
		O	15	18	18	18	18	19	19
Change in receivables and unpaid, unfilled orders		BA	**–1**	...	...	...	...	...	...
Adjustment to receivables and unpaid, unfilled orders		BA	**1**	...	...	...	...	...	...
Total, offsetting collections			–1	–2	–1	–1	–1	–1	–1
					[J] –17	[J] –17	[J] –17	[J] –18	[J] –18
Total Salaries and expenses (net)		BA	**15**	**15**	...	...	...	...	...
		O	14	16	...	...	...	...	...

Maritime Administration

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Ship construction:									
Appropriation, discretionary	403	BA	**–17**	...	...	...	...	...	...
Operating-differential subsidies:									
Outlays	403	O	17	15	11	1	...	...	...
Maritime security program:									
Appropriation, discretionary	054	BA	**90**	**96**	**99**	**99**	**100**	**103**	**105**
Outlays		O	94	101	99	99	100	102	105
Ocean freight differential:									
Authority to borrow, mandatory	403	BA	**16**	**75**	**26**	**26**	**26**	**26**	**26**
Outlays		O	16	75	26	26	26	26	26
Operations and training:									
Appropriation, discretionary	403	BA	**72**	**72**	**80**	**80**	**81**	**83**	**85**
Reappropriation, discretionary		BA	...	**1**	...	...	...	...	...
Spending authority from offsetting collections, discretionary		BA	**41**	**57**	**57**	**57**	**58**	**59**	**60**
Outlays		O	175	150	143	137	139	142	144
Operations and training (gross)		BA	**113**	**130**	**137**	**137**	**139**	**142**	**145**
		O	175	150	143	137	139	142	144
Change in receivables and unpaid, unfilled orders		BA	**79**	...	...	...	...	...	...
Adjustment to receivables and unpaid, unfilled orders		BA	**–1**	...	...	...	...	...	...
Total, offsetting collections			–119	–57	–57	–57	–58	–59	–60
Total Operations and training (net)		BA	**72**	**73**	**80**	**80**	**81**	**83**	**85**
		O	56	93	86	80	81	83	84
Ready reserve force:									
Outlays	054	O	15	12	5	1	1	...	...
Public Enterprise Funds:									
Vessel operations revolving fund:									
Spending authority from offsetting collections, discretionary	403	BA	**312**	**420**	**344**	**344**	**348**	**357**	**365**

DEPARTMENT OF TRANSPORTATION—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	477	317	317	244	348	360	368
Vessel operations revolving fund (gross)		BA	312	420	344	344	348	357	365
		O	477	317	317	244	348	360	368
Change in receivables and unpaid, unfilled orders		BA	221						
Total, offsetting collections			–533	–420	–344	–344	–348	–357	–365
Total Vessel operations revolving fund (net)		BA							
		O	–56	–103	–27	–100		3	3
War risk insurance revolving fund:									
Spending authority from offsetting collections, discretionary	403	BA	2	2	2	2	2	2	2
Outlays		O	1	1	1	1	1	1	1
War risk insurance revolving fund (gross)		BA	2	2	2	2	2	2	2
		O	1	1	1	1	1	1	1
Total, offsetting collections			–2	–2	–2	–2	–2	–2	–2
Total War risk insurance revolving fund (net)		BA							
		O	–1	–1	–1	–1	–1	–1	–1
Credit Accounts:									
Federal ship financing fund liquidating account:									
Spending authority from offsetting collections, mandatory	403	BA	4	7	7	6	6	6	6
Outlays		O	6						
Federal ship financing fund liquidating account (gross)		BA	4	7	7	6	6	6	6
		O	6						
Change in receivables and unpaid, unfilled orders		BA	7						
Total, offsetting collections			–11	–7	–7	–6	–6	–6	–6
Total Federal ship financing fund liquidating account (net)		BA							
		O	–5	–7	–7	–6	–6	–6	–6
Maritime guaranteed loan (Title XI) program account:									
Appropriation, discretionary	403	BA	10	10	6	6	6	6	6
Appropriation, mandatory		BA		55					
Spending authority from offsetting collections, discretionary		BA	46						
Outlays		O	34	175	6	6	6	6	6
Limitation on loan guarantee commitments			(1,767)	(1,505)	(40)	(40)	(40)	(41)	(42)
Maritime guaranteed loan (Title XI) program account (gross)		BA	56	65	6	6	6	6	6
		O	34	175	6	6	6	6	6
Total, offsetting collections			–46						
Total Maritime guaranteed loan (Title XI) program account (net)		BA	10	65	6	6	6	6	6
		O	–12	175	6	6	6	6	6
Total Federal funds Maritime Administration		BA	171	309	211	211	213	218	222
		O	124	360	198	106	207	213	217

Summary

Account			1999 actual	2000	2001	2002	2003	2004	2005
Federal funds:									
(As shown in detail above)		BA	8,547	6,491	6,672	6,411	6,609	6,773	6,946
		O	4,933	5,046	4,101	4,446	5,037	5,898	6,353
Deductions for offsetting receipts:									
Proprietary receipts from the public	401	BA/O		–65					
	403	BA/O	–85	–30	–1	–1	–1	–1	–1
	407	BA/O	–8	–14	–14	–14	–14	–14	–14
Offsetting governmental receipts	403	BA/O	–85	–92	–94	–96	–21	–21	–21
	407	BA/O	–31	–31	–45	–46	–47	–47	–49
Total Federal funds		BA	8,338	6,259	6,518	6,254	6,526	6,690	6,861
		O	4,724	4,814	3,947	4,289	4,954	5,815	6,268
Trust funds:									
(As shown in detail above)		BA	42,548	46,889	51,786	49,098	49,973	51,305	52,795
		O	37,157	41,138	45,122	46,763	47,038	47,559	48,386

DEPARTMENT OF TRANSPORTATION—Continued

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Deductions for offsetting receipts:									
Proprietary receipts from the public	151	BA/O	*–6*	*–6*	*–6*	*–6*	*–6*	*–6*	*–6*
	401	BA/O	*–20*	*–16*	*–16*	*–16*	*–16*	*–16*	*–16*
	908	BA/O	*–2*	....	....	....	....	....	....
Total Trust funds		BA	**42,520**	**46,867**	**51,764**	**49,076**	**49,951**	**51,283**	**52,773**
		O	37,129	41,116	45,100	46,741	47,016	47,537	48,364
Interfund transactions	401	BA/O	*–24*	*–5*	*–5*	*–5*	*–5*	*–5*	*–5*
Total Department of Transportation		BA	**50,834**	**53,121**	**58,277**	**55,325**	**56,472**	**57,968**	**59,629**
		O	41,829	45,925	49,042	51,025	51,965	53,347	54,627

DEPARTMENT OF THE TREASURY

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Departmental Offices									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	803	BA	**153**	**134**	**155**	**155**	**157**	**161**	**164**
Spending authority from offsetting collections, discretionary		BA	**16**	**15**	**15**	**15**	**15**	**16**	**16**
Outlays		O	153	140	168	170	172	176	180
Salaries and expenses (gross)		BA	**169**	**149**	**170**	**170**	**172**	**177**	**180**
		O	153	140	168	170	172	176	180
Total, offsetting collections			–16	–15	–15	–15	–15	–16	–16
Total Salaries and expenses (net)		BA	**153**	**134**	**155**	**155**	**157**	**161**	**164**
		O	137	125	153	155	157	160	164
United States community adjustment and investment program:									
Appropriation, discretionary	451	BA	**9**	**10**	**10**	**10**	**10**	**10**	**11**
Outlays		O	1	14	10	10	10	10	10
Department-wide systems and Capital Investments Programs:									
Appropriation, discretionary	803	BA	**78**	**43**	**99**	**99**	**100**	**103**	**105**
Outlays		O	21	60	53	84	99	100	103
Office of Inspector General:									
Appropriation, discretionary	803	BA	**30**	**31**	**34**	**34**	**34**	**35**	**36**
Spending authority from offsetting collections, discretionary		BA	....	....	**1**	**1**	**1**	**1**	**1**
Outlays		O	30	30	35	35	35	36	37
Office of Inspector General (gross)		BA	**30**	**31**	**35**	**35**	**35**	**36**	**37**
		O	30	30	35	35	35	36	37
Total, offsetting collections			....	....	–1	–1	–1	–1	–1
Total Office of Inspector General (net)		BA	**30**	**31**	**34**	**34**	**34**	**35**	**36**
		O	30	30	34	34	34	35	36
Inspector General for Tax Administration:									
Appropriation, discretionary	803	BA	....	**112**	**118**	**118**	**119**	**122**	**125**
Spending authority from offsetting collections, discretionary		BA	....	**2**	**2**	**2**	**2**	**2**	**2**
Outlays		O	....	103	119	120	121	124	127
Inspector General for Tax Administration (gross)		BA	....	**114**	**120**	**120**	**121**	**124**	**127**
		O	....	103	119	120	121	124	127
Total, offsetting collections			....	–2	–2	–2	–2	–2	–2
Total Inspector General for Tax Administration (net)		BA	....	**112**	**118**	**118**	**119**	**122**	**125**
		O	....	101	117	118	119	122	125
Treasury buildings and annex repair and restoration:									
Appropriation, discretionary	803	BA	**27**	**23**	**31**	**31**	**31**	**32**	**33**
Outlays		O	8	22	29	30	32	32	33

DEPARTMENT OF THE TREASURY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Money laundering strategy:									
Appropriation, discretionary	751	BA	....	....	15	15	15	16	16
Outlays		O	....	....	13	15	15	16	16
Financial crimes enforcement network:									
Appropriation, discretionary	751	BA	24	28	35	35	35	36	37
Spending authority from offsetting collections, discretionary		BA	2	3	1	1	1	1	1
Outlays		O	26	29	34	36	37	37	38
Financial crimes enforcement network (gross)		BA	26	31	36	36	36	37	38
		O	26	29	34	36	37	37	38
Change in receivables and unpaid, unfilled orders		BA	–1	1	....	....	....	....	....
Total, offsetting collections			–1	–4	–1	–1	–1	–1	–1
Total Financial crimes enforcement network (net)		BA	24	28	35	35	35	36	37
		O	25	25	33	35	36	36	37
Expanded access to financial services:									
Appropriation, discretionary	808	BA	....	....	30	30	30	31	32
Outlays		O	....	....	10	30	30	30	31
Counterterrorism Fund:									
Appropriation, discretionary	751	BA	....	....	25	25	25	26	26
Outlays		O	7	3	....	....	....	....	....
Violent crime reduction program:									
Appropriation, discretionary	751	BA	105	115	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	6	....	....	....	....	....	....
Outlays		O	61	122	54	....	....	....	....
Violent crime reduction program (gross)		BA	111	115	....	....	....	....	....
		O	61	122	54	....	....	....	....
Change in receivables and unpaid, unfilled orders		BA	....	11	....	....	....	....	....
Total, offsetting collections			–6	–11	....	....	....	....	....
Total Violent crime reduction program (net)		BA	105	115	....	....	....	....	....
		O	55	111	54	....	....	....	....
Sallie Mae Assessments:									
Appropriation, discretionary	808	BA	....	1	1	1	1	1	1
Outlays		O	....	1	1	1	1	1	1
Department of the Treasury forfeiture fund:									
Appropriation, mandatory	751	BA	347	240	240	240	240	240	240
Outlays		O	300	382	253	253	253	253	253
Presidential election campaign fund:									
Appropriation, mandatory	808	BA	61	61	61	63	63	63	63
Outlays		O	26	218	2	....	29	218	3
Public Enterprise Funds:									
Exchange stabilization fund:									
Spending authority from offsetting collections, mandatory	155	BA	1,385	1,454	1,527	1,603	1,683	1,768	1,856
Exchange stabilization fund (gross)		BA	1,385	1,454	1,527	1,603	1,683	1,768	1,856
Total, offsetting collections			–1,385	–1,454	–1,527	–1,603	–1,683	–1,768	–1,856
Total Exchange stabilization fund (net)		BA	....	....	....	....	....	....	....
		O	–1,385	–1,454	–1,527	–1,603	–1,683	–1,768	–1,856
Intragovernmental Funds:									
Working capital fund:									
Spending authority from offsetting collections, mandatory	803	BA	219	244	248	253	258	263	268
Outlays		O	300	244	248	253	258	263	268
Working capital fund (gross)		BA	219	244	248	253	258	263	268
		O	300	244	248	253	258	263	268
Change in receivables and unpaid, unfilled orders		BA	27	....	....	....	....	....	....
Total, offsetting collections			–246	–244	–248	–253	–258	–263	–268
Total Working capital fund (net)		BA	....	....	....	....	....	....	....
		O	54	....	....	....	....	....	....
Treasury franchise fund:									
Spending authority from offsetting collections, discretionary	803	BA	160	172	180	180	182	187	191

DEPARTMENT OF THE TREASURY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	127	157	165	180	181	186	190
Treasury franchise fund (gross)		BA	**160**	**172**	**180**	**180**	**182**	**187**	**191**
		O	127	157	165	180	181	186	190
Change in receivables and unpaid, unfilled orders		BA	**–23**	**–10**	**–10**				
Total, offsetting collections			–137	–162	–170	–170	–172	–176	–180
Total Treasury franchise fund (net)		BA				**10**	**10**	**11**	**11**
		O	–10	–5	–5	10	9	10	10
Credit Accounts:									
Community development financial institutions fund program account:									
Appropriation, discretionary	451	BA	**95**	**95**	**125**	**125**	**127**	**130**	**132**
Appropriation, mandatory		BA		**1**					
Outlays		O	86	90	110	112	120	125	128
Limitation on direct loan activity			(32)	(53)	(53)	(53)	(54)	(55)	(56)
Total Community development financial institutions fund program account		BA	**95**	**96**	**125**	**125**	**127**	**130**	**132**
		O	86	90	110	112	120	125	128
Total Federal funds Departmental Offices		BA	**929**	**894**	**979**	**991**	**997**	**1,017**	**1,032**
		O	–645	–277	–660	–716	–739	–620	–906

Federal Law Enforcement Training Center

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	751	BA	**75**	**84**	**93**	**93**	**94**	**96**	**99**
Spending authority from offsetting collections, discretionary		BA	**40**	**35**	**36**	**36**	**36**	**37**	**38**
Outlays		O	105	116	128	129	130	133	137
Salaries and expenses (gross)		BA	**115**	**119**	**129**	**129**	**130**	**133**	**137**
		O	105	116	128	129	130	133	137
Total, offsetting collections			–40	–35	–36	–36	–36	–37	–38
Total Salaries and expenses (net)		BA	**75**	**84**	**93**	**93**	**94**	**96**	**99**
		O	65	81	92	93	94	96	99
Acquisitions, construction, improvements, and related expenses:									
Appropriation, discretionary	751	BA	**35**	**22**	**17**	**17**	**17**	**18**	**18**
Outlays		O	32	32	27	19	17	17	17
Total Federal funds Federal Law Enforcement Training Center		BA	**110**	**106**	**110**	**110**	**111**	**114**	**117**
		O	97	113	119	112	111	113	116

Interagency Law Enforcement

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Interagency crime and drug enforcement:									
Appropriation, discretionary	751	BA	**76**	**75**	**103**	**103**	**104**	**107**	**109**
Outlays		O	87	82	98	103	104	107	109

Financial Management Service

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	803	BA	**202**	**200**	**203**	**203**	**205**	**211**	**215**
Appropriation, mandatory		BA	**13**	**13**	**20**	**20**	**26**	**26**	**26**
Spending authority from offsetting collections, discretionary		BA	**122**	**111**	**114**	**114**	**115**	**118**	**121**
Outlays		O	317	325	336	337	346	354	361
Salaries and expenses (gross)		BA	**337**	**324**	**337**	**337**	**346**	**355**	**362**
		O	317	325	336	337	346	354	361
Change in receivables and unpaid, unfilled orders		BA	**–12**						

DEPARTMENT OF THE TREASURY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–110	–111	–114	–114	–115	–118	–121
Total Salaries and expenses (net)		BA	**215**	**213**	**223**	**223**	**231**	**237**	**241**
		O	207	214	222	223	231	236	240
Payment to Department of Justice, FIRREA related claims:									
Outlays	752	O	26	2	...	...	...	...	...
Payment to the Resolution Funding Corporation:									
Appropriation, mandatory	908	BA	**2,328**	**1,072**	**1,728**	**1,247**	**2,047**	**1,947**	**2,231**
Outlays		O	2,328	1,072	1,728	1,247	2,047	1,947	2,231
Payment to terrestrial wildlife habitat restoration trust fund:									
Appropriation, mandatory	306	BA	**5**	**5**	**5**	**5**	**5**	**5**	**5**
Outlays		O	5	5	5	5	5	5	5
Federal Reserve Bank reimbursement fund:									
Appropriation, mandatory	803	BA	**124**	**127**	**129**	**132**	**135**	**138**	**141**
Outlays		O	132	129	129	132	135	138	141
Interest on uninvested funds:									
Appropriation, mandatory	908	BA	**5**	**8**	**8**	**8**	**8**	**8**	**8**
Outlays		O	5	8	8	8	8	8	8
Federal interest liabilities to the states:									
Appropriation, mandatory	908	BA	**20**	**14**	**13**	**12**	**11**	**10**	**10**
Outlays		O	18	16	13	12	11	10	10
Net interest paid to loan guarantee financing accounts:									
Appropriation, mandatory	908	BA	**3,617**	**3,795**	**3,858**	**3,948**	**4,045**	**4,149**	**4,261**
Outlays		O	3,617	3,795	3,858	3,948	4,045	4,149	4,261
Claims, judgments, and relief acts:									
Appropriation, mandatory	808	BA	**1,859**	**725**	**712**	**712**	**712**	**712**	**712**
Outlays		O	1,827	757	712	712	712	712	712
Biomass energy development:									
Appropriation, discretionary	271	BA	...	**–49**	**–2**	**–2**	**–2**	**–2**	**–2**
				A **–4**					
Spending authority from offsetting collections, discretionary		BA	**5**	**4**	**4**	**4**	**4**	**4**	**4**
Outlays		O	...	...	...	...	...	...	...
Biomass energy development (gross)		BA	**5**	**–49**	**2**	**2**	**2**	**2**	**2**
		O	...	...	...	...	...	...	...
Total, offsetting collections			–5	–4	–4	–4	–4	–4	–4
Total Biomass energy development (net)		BA	...	**–53**	**–2**	**–2**	**–2**	**–2**	**–2**
		O	–5	–4	–4	–4	–4	–4	–4
Payments to the farm credit system financial assistance corporation liquidating account:									
Appropriation, mandatory	908	BA	**3**	...	...	**1**	**1**	**1**	**1**
Outlays		O	3	...	...	...	1	1	1
Public Enterprise Funds:									
Check forgery insurance fund:									
Appropriation, mandatory	803	BA	...	**4**	**2**	**2**	**1**	**1**	**1**
Spending authority from offsetting collections, mandatory		BA	...	**5**	**6**	**8**	**9**	**9**	**9**
Outlays		O	3	13	8	10	10	10	10
Check forgery insurance fund (gross)		BA	...	**9**	**8**	**10**	**10**	**10**	**10**
		O	3	13	8	10	10	10	10
Total, offsetting collections			...	–5	–6	–8	–9	–9	–9
Total Check forgery insurance fund (net)		BA	...	**4**	**2**	**2**	**1**	**1**	**1**
		O	3	8	2	2	1	1	1
Total Federal funds Financial Management Service		BA	**8,176**	**5,910**	**6,676**	**6,288**	**7,194**	**7,206**	**7,609**
		O	8,166	6,002	6,673	6,285	7,192	7,203	7,606

Federal Financing Bank

Federal funds

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Intragovernmental Funds:									
Federal Financing Bank:									
Appropriation, mandatory	803	BA	**1,155**	...	...	...	...	...	...
Authority to borrow, mandatory		BA	...	**21**	**22**	**24**	**25**	**27**	**31**
Spending authority from offsetting collections, mandatory		BA	**3,868**	**3,731**	**3,477**	**3,304**	**3,167**	**3,055**	**2,881**

DEPARTMENT OF THE TREASURY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	4,997	3,752	3,499	3,328	3,192	3,082	2,912
Federal Financing Bank (gross)		BA	**5,023**	**3,752**	**3,499**	**3,328**	**3,192**	**3,082**	**2,912**
		O	4,997	3,752	3,499	3,328	3,192	3,082	2,912
Total, offsetting collections			–3,868	–3,731	–3,477	–3,304	–3,167	–3,055	–2,881
Total Federal Financing Bank (net)		BA	**1,155**	**21**	**22**	**24**	**25**	**27**	**31**
		O	1,129	21	22	24	25	27	31
Bureau of Alcohol, Tobacco and Firearms									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	751	BA	**557**	**565**	**756**	**756**	**765**	**784**	**801**
Reappropriation, discretionary		BA	**1**						
Spending authority from offsetting collections, discretionary		BA	**41**	**51**	**51**	**51**	**52**	**53**	**54**
Outlays		O	558	565	790	807	815	836	853
Salaries and expenses (gross)		BA	**599**	**616**	**807**	**807**	**817**	**837**	**855**
		O	558	565	790	807	815	836	853
Change in receivables and unpaid, unfilled orders		BA	**–35**						
Total, offsetting collections			–6	–51	–51	–51	–52	–53	–54
Total Salaries and expenses (net)		BA	**558**	**565**	**756**	**756**	**765**	**784**	**801**
		O	552	514	739	756	763	783	799
Laboratory facilities and headquarters:									
Outlays	751	O	1	49	7	5			
Internal revenue collections for Puerto Rico:									
Appropriation, mandatory	806	BA	**235**	**253**	**315**	**246**	**235**	**235**	**235**
				[B] **32**	[B] **–32**				
Outlays		O	235	253	315	246	235	235	235
				[B] 32	[B] –32				
Total Internal revenue collections for Puerto Rico		BA	**235**	**285**	**283**	**246**	**235**	**235**	**235**
		O	235	285	283	246	235	235	235
Total Federal funds Bureau of Alcohol, Tobacco and Firearms		BA	**793**	**850**	**1,039**	**1,002**	**1,000**	**1,019**	**1,036**
		O	788	848	1,029	1,007	998	1,018	1,034
United States Customs Service									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	751	BA	**1,795**	**1,702**	**1,859**	**1,859**	**1,881**	**1,928**	**1,970**
					[J] **3**	[J] **3**	[J] **3**	[J] **3**	[J] **3**
Appropriation, mandatory		BA	**274**	**300**	**320**	**351**	**386**	**424**	**465**
Spending authority from offsetting collections, discretionary		BA	**465**	**480**	**448**	**448**	**453**	**465**	**475**
					[J] **–3**	[J] **–3**	[J] **–3**	[J] **–3**	[J] **–3**
Outlays		O	2,446	2,316	2,629	2,655	2,714	2,809	2,902
Salaries and expenses (gross)		BA	**2,534**	**2,482**	**2,627**	**2,658**	**2,720**	**2,817**	**2,910**
		O	2,446	2,316	2,629	2,655	2,714	2,809	2,902
Change in receivables and unpaid, unfilled orders		BA	**18**	**–29**					
Adjustment to receivables and unpaid, unfilled orders		BA	**–9**						
Total, offsetting collections			–474	–451	–448	–448	–453	–465	–475
					[J] 3	[J] 3	[J] 3	[J] 3	[J] 3
Total Salaries and expenses (net)		BA	**2,069**	**2,002**	**2,182**	**2,213**	**2,270**	**2,355**	**2,438**
		O	1,972	1,865	2,184	2,210	2,264	2,347	2,430
Operation and maintenance, air and marine interdiction programs:									
Appropriation, discretionary	751	BA	**275**	**109**	**157**	**157**	**159**	**163**	**166**
Spending authority from offsetting collections, discretionary		BA	**5**	**1**	**1**	**1**	**1**	**1**	**1**

DEPARTMENT OF THE TREASURY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	150	164	144	158	159	163	166
Operation and maintenance, air and marine interdiction programs (gross)		BA	**280**	**110**	**158**	**158**	**160**	**164**	**167**
		O	150	164	144	158	159	163	166
Change in receivables and unpaid, unfilled orders		BA	**–3**	...	...	...	...	...	...
Total, offsetting collections			–2	–1	–1	–1	–1	–1	–1
Total Operation and maintenance, air and marine interdiction programs (net)		BA	**275**	**109**	**157**	**157**	**159**	**163**	**166**
		O	148	163	143	157	158	162	165
Customs facilities, construction, improvements and related expenses:									
Appropriation, discretionary	751	BA	**7**	...	...	...	...	...	...
Outlays		O	2	5	4	2	2	1	...
Automation modernization:									
Appropriation, discretionary	751	BA	...	...	**338**	**338**	**343**	**351**	**359**
					[J] **–210**	[J] **–210**	[J] **–213**	[J] **–218**	[J] **–223**
Spending authority from offsetting collections, discretionary		BA			[J] **210**	[J] **210**	[J] **213**	[J] **218**	[J] **223**
Outlays		O	...	...	178	278	313	335	352
Automation modernization (gross)		BA	...	...	**338**	**338**	**343**	**351**	**359**
		O	...	...	178	278	313	335	352
Total, offsetting collections					[J] –210	[J] –210	[J] –213	[J] –218	[J] –223
Total Automation modernization (net)		BA	...	...	**128**	**128**	**130**	**133**	**136**
		O	...	...	–32	68	100	117	129
Customs services at small airports:									
Appropriation, discretionary	751	BA	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Spending authority from offsetting collections, discretionary		BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	3	3	3	3	3	3	3
Customs services at small airports (gross)		BA	**3**	**3**	**3**	**3**	**3**	**3**	**3**
		O	3	3	3	3	3	3	3
Total, offsetting collections			–1	–1	–1	–1	–1	–1	–1
Total Customs services at small airports (net)		BA	**2**	**2**	**2**	**2**	**2**	**2**	**2**
		O	2	2	2	2	2	2	2
Refunds, transfers, and expenses of operation, Puerto Rico:									
Appropriation, mandatory	806	BA	**100**	**112**	**114**	**117**	**119**	**122**	**125**
Spending authority from offsetting collections, mandatory		BA	**4**	**4**	**4**	**4**	**4**	**4**	**4**
Outlays		O	100	116	118	121	123	126	129
Refunds, transfers, and expenses of operation, Puerto Rico (gross)		BA	**104**	**116**	**118**	**121**	**123**	**126**	**129**
		O	100	116	118	121	123	126	129
Total, offsetting collections			–4	–4	–4	–4	–4	–4	–4
Total Refunds, transfers, and expenses of operation, Puerto Rico (net)		BA	**100**	**112**	**114**	**117**	**119**	**122**	**125**
		O	96	112	114	117	119	122	125
Trust funds									
Harbor maintenance fee collection:									
Appropriation, discretionary	751	BA	**3**	**3**	**3**	**3**	**3**	**3**	**3**
					[J] **–3**	[J] **–3**	[J] **–3**	[J] **–3**	[J] **–3**
Outlays		O	3	3	3	3	3	3	3
					[J] –3	[J] –3	[J] –3	[J] –3	[J] –3
Total Harbor maintenance fee collection		BA	**3**	**3**	...	...	...	...	...
		O	3	3	...	...	...	...	...
Refunds, transfers and expenses, unclaimed, and abandoned goods:									
Appropriation, mandatory	751	BA	**4**	**5**	**5**	**5**	**7**	**7**	**7**
Outlays		O	7	5	5	5	7	7	7
Total Federal funds United States Customs Service		BA	**2,453**	**2,225**	**2,583**	**2,617**	**2,680**	**2,775**	**2,867**
		O	2,220	2,147	2,415	2,556	2,645	2,751	2,851
Total Trust funds United States Customs Service		BA	**7**	**8**	**5**	**5**	**7**	**7**	**7**
		O	10	8	5	5	7	7	7

DEPARTMENT OF THE TREASURY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Bureau of Engraving and Printing									
Federal funds									
Intragovernmental Funds:									
Bureau of Engraving and Printing fund:									
Spending authority from offsetting collections, discretionary	803	BA	**567**	**530**	**580**	**580**	**587**	**602**	**615**
Outlays		O	527	520	570	580	587	602	615
Bureau of Engraving and Printing fund (gross)		BA	**567**	**530**	**580**	**580**	**587**	**602**	**615**
		O	527	520	570	580	587	602	615
Total, offsetting collections			–567	–530	–580	–580	–587	–601	–615
Total Bureau of Engraving and Printing fund (net)		BA	....	....	....	....	....	**1**	....
		O	–40	–10	–10	....	....	1	....
United States Mint									
Federal funds									
Public Enterprise Funds:									
United States mint public enterprise fund:									
Appropriation, discretionary	803	BA	....	....	**18**	**18**	**18**	**19**	**19**
Spending authority from offsetting collections, discretionary		BA	**1,399**	**1,457**	**1,119**	**1,119**	**1,132**	**1,161**	**1,186**
Outlays		O	1,419	1,462	1,119	1,119	1,132	1,159	1,185
United States mint public enterprise fund (gross)		BA	**1,399**	**1,457**	**1,137**	**1,137**	**1,150**	**1,180**	**1,205**
		O	1,419	1,462	1,119	1,119	1,132	1,159	1,185
Total, offsetting collections			–1,399	–1,457	–1,119	–1,119	–1,132	–1,161	–1,186
Total United States mint public enterprise fund (net)		BA	....	....	**18**	**18**	**18**	**19**	**19**
		O	20	5	....	....	....	–2	–1
Bureau of the Public Debt									
Federal funds									
General and Special Funds:									
Administering the public debt:									
Appropriation, discretionary	803	BA	**173**	**177**	**183**	**183**	**185**	**190**	**194**
Appropriation, mandatory		BA	**138**	**139**	**162**	**162**	**162**	**162**	**162**
Spending authority from offsetting collections, discretionary		BA	**8**	**8**	**8**	**8**	**8**	**8**	**8**
Outlays		O	313	360	353	360	362	366	371
Administering the public debt (gross)		BA	**319**	**324**	**353**	**353**	**355**	**360**	**364**
		O	313	360	353	360	362	366	371
Total, offsetting collections			–8	–8	–8	–8	–8	–8	–8
Total Administering the public debt (net)		BA	**311**	**316**	**345**	**345**	**347**	**352**	**356**
		O	305	352	345	352	354	358	363
Payment of Government losses in shipment:									
Appropriation, mandatory	803	BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	....	1	1	1	1	1	1
Total Federal funds Bureau of the Public Debt		BA	**312**	**317**	**346**	**346**	**348**	**353**	**357**
		O	305	353	346	353	355	359	364
Internal Revenue Service									
Federal funds									
General and Special Funds:									
Processing, assistance, and management:									
Appropriation, discretionary	803	BA	**3,126**	**3,341**	**3,699**	**3,699**	**3,743**	**3,836**	**3,920**
				[A] **20**					
Appropriation, mandatory		BA	**78**	**82**	**82**	**82**	**82**	**82**	**82**
Reappropriation, discretionary		BA	**9**	....	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	**29**	**30**	**30**	**30**	**30**	**31**	**32**

DEPARTMENT OF THE TREASURY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	3,231	3,453	3,779	3,811	3,852	3,941	4,026
				[A] 18	[A] 2				
Processing, assistance, and management (gross)		BA	**3,242**	**3,473**	**3,811**	**3,811**	**3,855**	**3,949**	**4,034**
		O	3,231	3,471	3,781	3,811	3,852	3,941	4,026
Total, offsetting collections			–29	–30	–30	–30	–30	–31	–32
Total Processing, assistance, and management (net)		BA	**3,213**	**3,443**	**3,781**	**3,781**	**3,825**	**3,918**	**4,002**
		O	3,202	3,441	3,751	3,781	3,822	3,910	3,994
Tax law enforcement									
(Federal law enforcement activities):									
(Appropriation, discretionary)	751	BA	**367**	**385**	**399**	**399**	**404**	**414**	**423**
(Outlays)		O	366	393	398	399	404	413	422
(Central fiscal operations):									
(Appropriation, discretionary)	803	BA	**2,748**	**2,853**	**3,040**	**3,040**	**3,076**	**3,153**	**3,222**
				[A] **7**					
(Appropriation, mandatory)		BA	**10**	**8**	**8**	**8**	**8**	**8**	**8**
(Reappropriation, discretionary)		BA	**10**	....	....	....	....	....	....
(Spending authority from offsetting collections, discretionary)		BA	**65**	**66**	**92**	**92**	**93**	**95**	**98**
(Outlays)		O	2,827	2,989	3,129	3,140	3,175	3,252	3,324
				[A] 7					
Tax law enforcement (gross)		BA	**3,200**	**3,319**	**3,539**	**3,539**	**3,581**	**3,670**	**3,751**
		O	3,193	3,389	3,527	3,539	3,579	3,665	3,746
Total, offsetting collections			–65	–66	–92	–92	–93	–95	–98
Total (Central fiscal operations) (net)		BA	**2,768**	**2,868**	**3,048**	**3,048**	**3,084**	**3,161**	**3,230**
		O	2,762	2,930	3,037	3,048	3,082	3,157	3,226
Total Tax law enforcement		BA	**3,135**	**3,253**	**3,447**	**3,447**	**3,488**	**3,575**	**3,653**
		O	3,128	3,323	3,435	3,447	3,486	3,570	3,648
Earned income tax credit compliance initiative:									
Appropriation, discretionary	803	BA	**142**	**144**	**145**	**145**	**147**	**150**	**154**
Reappropriation, discretionary		BA	**1**	....	....	....	....	....	....
Outlays		O	131	144	145	145	146	150	154
Total Earned income tax credit compliance initiative		BA	**143**	**144**	**145**	**145**	**147**	**150**	**154**
		O	131	144	145	145	146	150	154
Information systems:									
Appropriation, discretionary	803	BA	**1,812**	**1,495**	**1,584**	**1,584**	**1,603**	**1,643**	**1,679**
				[A] **13**					
Spending authority from offsetting collections, discretionary		BA	**12**	**12**	**12**	**12**	**12**	**12**	**13**
Outlays		O	1,829	1,447	1,384	1,433	1,526	1,636	1,673
				[A] 9	[A] 2	[A] 1	[A] 1	[A] 1	
Information systems (gross)		BA	**1,824**	**1,520**	**1,596**	**1,596**	**1,615**	**1,655**	**1,692**
		O	1,829	1,456	1,386	1,434	1,527	1,637	1,673
Total, offsetting collections			–12	–12	–12	–12	–12	–12	–13
Total Information systems (net)		BA	**1,812**	**1,508**	**1,584**	**1,584**	**1,603**	**1,643**	**1,679**
		O	1,817	1,444	1,374	1,422	1,515	1,625	1,660
Information technology investments:									
Appropriation, discretionary	803	BA	**211**	....	**119**	....	....	....	....
Advance appropriation, discretionary		BA	....	....	....	**375**	**375**	**375**	**375**
Outlays		O	1	185	239	325	368	369	368
Total Information technology investments		BA	**211**	....	**119**	**375**	**375**	**375**	**375**
		O	1	185	239	325	368	369	368
Payment where earned income credit exceeds liability for tax:									
Appropriation, mandatory	609	BA	**25,632**	**25,676**	**25,799**	**26,876**	**27,638**	**28,701**	**29,722**
					[B] **15**	[B] **304**	[B] **314**	[B] **326**	[B] **339**

DEPARTMENT OF THE TREASURY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	25,632	25,676	25,799	26,876	27,638	28,701	29,722
					[B]15	[B]304	[B]314	[B]326	[B]339
Total Payment where earned income credit exceeds liability for tax		BA	**25,632**	**25,676**	**25,814**	**27,180**	**27,952**	**29,027**	**30,061**
		O	25,632	25,676	25,814	27,180	27,952	29,027	30,061
Payment where child credit exceeds liability for tax (Other income security):									
(Appropriation, mandatory)	609	BA	**445**	**550**	**520**	**505**	**460**	**450**	**420**
(Outlays)		O	445	550	520	505	460	450	420
Total Payment where child credit exceeds liability for tax		BA	**445**	**550**	**520**	**505**	**460**	**450**	**420**
		O	445	550	520	505	460	450	420
Payment where child and dependent care tax credit exceeds liability for tax:									
Appropriation, mandatory	609	BA						**[B]1,427**	**[B]1,501**
Outlays		O						[B]1,427	[B]1,501
Payment where long-term care or disability tax credit exceeds liability for tax:									
Appropriation, mandatory	551	BA			**[B]8**	**[B]72**	**[B]98**	**[B]134**	**[B]163**
Outlays		O			[B]8	[B]72	[B]98	[B]134	[B]163
Refundable tax credit for electronic tax return filers:									
Appropriation, mandatory	803	BA				**[B]303**	**[B]324**	**[B]331**	**[B]339**
Outlays		O				[B]303	[B]324	[B]331	[B]339
Refunding internal revenue collections, interest:									
Appropriation, mandatory	908	BA	**2,724**	**3,157**	**3,307**	**3,436**	**3,563**	**3,702**	**3,852**
Outlays		O	2,724	3,157	3,307	3,436	3,563	3,702	3,852
Informant payments:									
Appropriation, mandatory	803	BA	**8**	**8**	**8**	**8**	**8**	**8**	**8**
Outlays		O	8	8	8	8	8	8	8
Public Enterprise Funds:									
Federal tax lien revolving fund:									
Spending authority from offsetting collections, mandatory	803	BA	**6**	**6**	**6**	**6**	**6**	**6**	**6**
Outlays		O	6	6	6	6	6	6	6
Federal tax lien revolving fund (gross)		BA	**6**	**6**	**6**	**6**	**6**	**6**	**6**
		O	6	6	6	6	6	6	6
Total, offsetting collections			–6	–6	–6	–6	–6	–6	–6
Total Federal tax lien revolving fund (net)		BA	....	....	....	....	....	....	....
		O	....	....	....	....	....	....	....
Total Federal funds Internal Revenue Service		BA	**37,323**	**37,739**	**38,733**	**40,836**	**41,843**	**44,740**	**46,207**
		O	37,088	37,928	38,601	40,624	41,742	44,703	46,168

United States Secret Service

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	751	BA	**684**	**677**	**822**	**822**	**832**	**852**	**871**
Spending authority from offsetting collections, discretionary		BA	**17**	**79**	**4**	**4**	**4**	**4**	**4**
Outlays		O	622	707	812	826	835	854	873
Salaries and expenses (gross)		BA	**701**	**756**	**826**	**826**	**836**	**856**	**875**
		O	622	707	812	826	835	854	873
Change in receivables and unpaid, unfilled orders		BA	**–14**	....	....	....	....	....	....
Total, offsetting collections			–3	–79	–4	–4	–4	–4	–4
Total Salaries and expenses (net)		BA	**684**	**677**	**822**	**822**	**832**	**852**	**871**
		O	619	628	808	822	831	850	869
Acquisition, construction, improvements and related expenses:									
Appropriation, discretionary	751	BA	**8**	**4**	**5**	**5**	**5**	**5**	**5**
Outlays		O	36	3	3	5	5	5	6
Contribution for annuity benefits:									
Appropriation, mandatory	751	BA	**80**	**100**	**110**	**110**	**110**	**110**	**110**

DEPARTMENT OF THE TREASURY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	77	90	100	100	100	100	100
Total Federal funds United States Secret Service		BA	**772**	**781**	**937**	**937**	**947**	**967**	**986**
		O	732	721	911	927	936	955	975

Comptroller of the Currency

Trust funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
Assessment funds:									
Spending authority from offsetting collections, mandatory	373	BA	**394**	**389**	**397**	**424**	**434**	**444**	**456**
Outlays		O	402	384	391	424	434	444	456
Assessment funds (gross)		BA	**394**	**389**	**397**	**424**	**434**	**444**	**456**
		O	402	384	391	424	434	444	456
Total, offsetting collections			–394	–389	–397	–424	–434	–444	–456
Total Assessment funds (net)		BA							
		O	8	–5	–6				

Office of Thrift Supervision

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
Public Enterprise Funds:									
Office of Thrift Supervision:									
Spending authority from offsetting collections, mandatory	373	BA	**143**	**156**	**160**	**162**	**166**	**170**	**174**
Outlays		O	142	156	160	162	166	170	174
Office of Thrift Supervision (gross)		BA	**143**	**156**	**160**	**162**	**166**	**170**	**174**
		O	142	156	160	162	166	170	174
Total, offsetting collections			–143	–156	–160	–162	–166	–170	–174
Total Office of Thrift Supervision (net)		BA							
		O	–1						

Interest on the Public Debt

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Interest on the public debt:									
Appropriation, mandatory	901	BA	**353,511**	**358,980**	**359,536**	**361,979**	**365,622**	**368,401**	**369,363**
				[J] **65**	[J] **446**	[J] **1,513**	[J] **2,436**	[J] **2,726**	[J] **3,034**
Outlays		O	353,511	358,980	359,536	361,979	365,622	368,401	369,363
				[J] 65	[J] 446	[J] 1,513	[J] 2,436	[J] 2,726	[J] 3,034
Total Interest on the public debt		BA	**353,511**	**359,045**	**359,982**	**363,492**	**368,058**	**371,127**	**372,397**
		O	353,511	359,045	359,982	363,492	368,058	371,127	372,397

Summary

Account			1999 actual	2000	2001	2002	2003	2004	2005
Federal funds:									
(As shown in detail above)		BA	**405,610**	**407,963**	**411,528**	**416,764**	**423,325**	**429,472**	**432,767**
		O	403,457	406,978	409,526	414,767	421,427	427,742	430,744
Deductions for offsetting receipts:									
Intrafund transactions	803	BA/O	*–8*	*–8*	*–8*	*–8*	*–8*	*–8*	*–8*
	809	BA/O	*–30*	*–100*	*–100*	*–100*	*–100*	*–100*	*–100*
	908	BA/O	*–3,999*	*–4,061*	*–3,807*	*–3,403*	*–3,137*	*–3,358*	*–3,546*
Proprietary receipts from the public	151	BA/O	*–11*	*–11*	*–11*	*–11*	*–11*	*–11*	*–11*
	155	BA/O	*–175*	*–253*	*–254*	*–67*	*–80*	*–81*	*–87*
	751	BA/O	*–2*	*–2*	*–2*	*–3*	*–3*	*–3*	*–3*
	803	BA/O	*–99*	*–103*	*–110*	*–116*	*–118*	*–120*	*–120*
	809	BA/O	*–941*	*–1,000*	*–999*	*–999*	*–999*	*–999*	*–999*
	901	BA/O	*–7*						
	908	BA/O	*–9,210*	*–10,753*	*–12,019*	*–12,990*	*–14,067*	*–15,029*	*–15,935*
Offsetting governmental receipts	751	BA/O	*–1,208*	*–1,253*	*–1,292*	*–1,343*	*–1,400*		
								[B] *–1,460*	[B] *–1,524*
Total Federal funds		BA	**389,920**	**390,419**	**392,926**	**397,724**	**403,402**	**408,303**	**410,434**
		O	387,767	389,434	390,924	395,727	401,504	406,573	408,411

DEPARTMENT OF THE TREASURY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Trust funds:									
(As shown in detail above)		BA	**7**	**8**	**5**	**5**	**7**	**7**	**7**
		O	18	3	–1	5	7	7	7
Interfund transactions	306	BA/O	*–5*	*–5*	*–5*	*–5*	*–5*	*–5*	*–5*
	601	BA/O	*–754*	*–751*	*–809*	*–837*	*–865*	*–895*	*–923*
					[J] –1,468				
	803	BA/O	*–328*	*–269*	*–267*	*–266*	*–265*	*–265*	*–265*
Total Department of the Treasury		BA	**388,840**	**389,402**	**390,382**	**396,621**	**402,274**	**407,145**	**409,248**
		O	386,698	388,412	388,374	394,624	400,376	405,415	407,225

DEPARTMENT OF VETERANS AFFAIRS

(In millions of dollars)

Veterans Health Administration

Federal funds

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
General and Special Funds:									
Medical care:									
Appropriation, discretionary	703	BA	**17,820**	**19,498**	**20,618**	**20,580**	**20,823**	**21,338**	**21,803**
Appropriation, mandatory		BA	....	....	**272**	**310**	**318**	**327**	**336**
Spending authority from offsetting collections, discretionary		BA	**103**	**117**	**126**	**126**	**128**	**131**	**134**
Outlays		O	17,950	18,553	21,193	20,971	21,223	21,701	22,180
Medical care (gross)		BA	**17,923**	**19,615**	**21,016**	**21,016**	**21,269**	**21,796**	**22,273**
		O	17,950	18,553	21,193	20,971	21,223	21,701	22,180
Total, offsetting collections			–103	–117	–126	–126	–128	–131	–134
Total Medical care (net)		BA	**17,820**	**19,498**	**20,890**	**20,890**	**21,141**	**21,665**	**22,139**
		O	17,847	18,436	21,067	20,845	21,095	21,570	22,046
Medical and prosthetic research:									
Appropriation, discretionary	703	BA	**316**	**321**	**321**	**321**	**325**	**333**	**340**
Spending authority from offsetting collections, discretionary		BA	**41**	**33**	**40**	**40**	**40**	**41**	**42**
Outlays		O	358	344	366	360	364	371	381
Medical and prosthetic research (gross)		BA	**357**	**354**	**361**	**361**	**365**	**374**	**382**
		O	358	344	366	360	364	371	381
Total, offsetting collections			–41	–33	–40	–40	–40	–41	–42
Total Medical and prosthetic research (net)		BA	**316**	**321**	**321**	**321**	**325**	**333**	**340**
		O	317	311	326	320	324	330	339
Medical administration and miscellaneous operating expenses:									
Appropriation, discretionary	703	BA	**63**	**60**	**65**	**65**	**66**	**67**	**69**
Spending authority from offsetting collections, discretionary		BA	....	**7**	**7**	**7**	**7**	**7**	**7**
Outlays		O	61	64	74	73	73	76	77
Medical administration and miscellaneous operating expenses (gross)		BA	**63**	**67**	**72**	**72**	**73**	**74**	**76**
		O	61	64	74	73	73	76	77
Total, offsetting collections			....	–7	–7	–7	–7	–7	–7
Total Medical administration and miscellaneous operating expenses (net)		BA	**63**	**60**	**65**	**65**	**66**	**67**	**69**
		O	61	57	67	66	66	69	70
Medical care cost recovery fund:									
Outlays	703	O	1	....	....	....	....	....	....
Public Enterprise Funds:									
Medical facilities revolving fund:									
Spending authority from offsetting collections, mandatory	703	BA	**3**	**3**	**3**	**3**	**3**	**4**	**4**

DEPARTMENT OF VETERANS AFFAIRS—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	3	5	5	5	5	5	6
Medical facilities revolving fund (gross)		BA	3	3	3	3	3	4	4
		O	3	5	5	5	5	5	6
Total, offsetting collections			–3	–3	–3	–3	–3	–4	–4
Total Medical facilities revolving fund (net)		BA	....	....	....	....	....	....	....
		O	....	2	2	2	2	1	2
Canteen service revolving fund:									
Spending authority from offsetting collections, mandatory	705	BA	218	228	229	230	231	232	233
Outlays		O	218	228	229	230	231	232	233
Canteen service revolving fund (gross)		BA	218	228	229	230	231	232	233
		O	218	228	229	230	231	232	233
Total, offsetting collections			–218	–228	–229	–230	–231	–232	–233
Total Canteen service revolving fund (net)		BA	....	....	....	....	....	....	....
		O	....	....	....	....	....	....	....
Special therapeutic and rehabilitation activities fund:									
Spending authority from offsetting collections, mandatory	703	BA	40	41	42	43	44	45	46
Outlays		O	38	39	40	41	42	43	44
Special therapeutic and rehabilitation activities fund (gross)		BA	40	41	42	43	44	45	46
		O	38	39	40	41	42	43	44
Total, offsetting collections			–40	–41	–42	–43	–44	–45	–46
Total Special therapeutic and rehabilitation activities fund (net)		BA	....	....	....	....	....	....	....
		O	–2	–2	–2	–2	–2	–2	–2
Medical center research organizations:									
Spending authority from offsetting collections, mandatory	703	BA	105	108	110	113	116	119	123
Outlays		O	105	108	110	113	116	119	123
Medical center research organizations (gross)		BA	105	108	110	113	116	119	123
		O	105	108	110	113	116	119	123
Total, offsetting collections			–105	–108	–110	–113	–116	–119	–123
Total Medical center research organizations (net)		BA	....	....	....	....	....	....	....
		O	....	....	....	....	....	....	....
Trust funds									
General post fund, national homes:									
Appropriation, mandatory	705	BA	33	34	35	35	34	35	36
Outlays		O	29	29	31	30	31	33	32
Total Federal funds Veterans Health Administration		BA	18,199	19,879	21,276	21,276	21,532	22,065	22,548
		O	18,224	18,804	21,460	21,231	21,485	21,968	22,455
Total Trust funds Veterans Health Administration		BA	33	34	35	35	34	35	36
		O	29	29	31	30	31	33	32

Veterans Benefits Administration

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Compensation:									
Appropriation, mandatory	701	BA	18,663	18,375	19,567	20,340	20,988	21,656	22,325
				[B] 1,800	[B] –1,795	[B] 5	[B] –11	[B] –29	[B] –48
					[J] 345	[J] 769	[J] 1,243	[J] 1,725	[J] 2,216
Outlays		O	17,963	18,957	19,672	20,324	20,972	21,639	23,830
				[B] 1,800	[B] –1,795	[B] 5	[B] –9	[B] –28	[B] –47
					[J] 311	[J] 767	[J] 1,203	[J] 1,685	[J] 2,174
Total Compensation		BA	18,663	20,175	18,117	21,114	22,220	23,352	24,493
		O	17,963	20,757	18,188	21,096	22,166	23,296	25,957

DEPARTMENT OF VETERANS AFFAIRS—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Pensions:									
Appropriation, mandatory	701	BA	**3,085**	**3,063**	**3,066**	**3,066**	**3,566**	**3,586**	**3,629**
							[B] **–6**		
Spending authority from offsetting collections, mandatory		BA	....	**4**	**4**	**3**	**3**	**3**	**3**
Outlays		O	3,076	3,057	3,065	3,068	3,564	3,584	3,933
							[B] –6		
Pensions (gross)		BA	**3,085**	**3,067**	**3,070**	**3,069**	**3,563**	**3,589**	**3,632**
		O	3,076	3,057	3,065	3,068	3,558	3,584	3,933
Total, offsetting collections			....	–4	–4	–3	–3	–3	–3
Total Pensions (net)		BA	**3,085**	**3,063**	**3,066**	**3,066**	**3,560**	**3,586**	**3,629**
		O	3,076	3,053	3,061	3,065	3,555	3,581	3,930
Burial benefits and miscellaneous assistance:									
Appropriation, mandatory	701	BA	**109**	**130**	**133**	**128**	**129**	**131**	**131**
Outlays		O	109	130	133	128	129	131	131
Readjustment benefits:									
Appropriation, discretionary	702	BA	....	....	**–30**	**–30**	**–30**	**–31**	**–32**
Appropriation, mandatory		BA	**1,175**	**1,469**	**1,664**	**1,674**	**1,664**	**1,665**	**1,683**
Spending authority from offsetting collections, mandatory		BA	**187**	**185**	**200**	**208**	**218**	**230**	**240**
Outlays		O	1,632	1,676	1,889	1,849	1,849	1,862	1,903
Readjustment benefits (gross)		BA	**1,362**	**1,654**	**1,834**	**1,852**	**1,852**	**1,864**	**1,891**
		O	1,632	1,676	1,889	1,849	1,849	1,862	1,903
Total, offsetting collections			–187	–185	–200	–208	–218	–230	–240
Total Readjustment benefits (net)		BA	**1,175**	**1,469**	**1,634**	**1,644**	**1,634**	**1,634**	**1,651**
		O	1,445	1,491	1,689	1,641	1,631	1,632	1,663
Reinstated entitlement program for survivors under Public Law 97–377:									
Spending authority from offsetting collections, mandatory	701	BA	**19**	**15**	**13**	**12**	**11**	**9**	**8**
Outlays		O	19	16	13	12	11	9	8
Reinstated entitlement program for survivors under Public Law 97–377 (gross)		BA	**19**	**15**	**13**	**12**	**11**	**9**	**8**
		O	19	16	13	12	11	9	8
Total, offsetting collections			–19	–15	–13	–12	–11	–9	–8
Total Reinstated entitlement program for survivors under Public Law 97–377 (net)		BA	....	....	....	....	....	....	....
		O	....	1	....	....	....	....	....
Veterans insurance and indemnities:									
Appropriation, mandatory	701	BA	**46**	**29**	**20**	**36**	**36**	**36**	**38**
Spending authority from offsetting collections, mandatory		BA	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Outlays		O	47	31	22	38	38	38	40
Veterans insurance and indemnities (gross)		BA	**48**	**31**	**22**	**38**	**38**	**38**	**40**
		O	47	31	22	38	38	38	40
Total, offsetting collections			–2	–2	–2	–2	–2	–2	–2
Total Veterans insurance and indemnities (net)		BA	**46**	**29**	**20**	**36**	**36**	**36**	**38**
		O	45	29	20	36	36	36	38
Public Enterprise Funds:									
Service-disabled veterans insurance fund:									
Spending authority from offsetting collections, mandatory	701	BA	**61**	**71**	**68**	**68**	**68**	**69**	**70**
Outlays		O	61	72	68	73	73	74	75
Service-disabled veterans insurance fund (gross)		BA	**61**	**71**	**68**	**68**	**68**	**69**	**70**
		O	61	72	68	73	73	74	75
Total, offsetting collections			–71	–59	–50	–68	–68	–69	–70
Total Service-disabled veterans insurance fund (net)		BA	**–10**	**12**	**18**	....	....	....	....
		O	–10	13	18	5	5	5	5
Veterans reopened insurance fund:									
Spending authority from offsetting collections, mandatory	701	BA	**72**	**73**	**72**	**72**	**70**	**68**	**67**

DEPARTMENT OF VETERANS AFFAIRS—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	68	72	72	71	69	66	61
Veterans reopened insurance fund (gross)		BA	**72**	**73**	**72**	**72**	**70**	**68**	**67**
		O	68	72	72	71	69	66	61
Total, offsetting collections			–62	–59	–56	–53	–50	–47	–44
Total Veterans reopened insurance fund (net)		BA	**10**	**14**	**16**	**19**	**20**	**21**	**23**
		O	6	13	16	18	19	19	17
Servicemembers' group life insurance fund:									
Spending authority from offsetting collections, mandatory	701	BA	**402**	**399**	**397**	**395**	**394**	**393**	**392**
Outlays		O	402	399	397	395	394	393	392
Servicemembers' group life insurance fund (gross)		BA	**402**	**399**	**397**	**395**	**394**	**393**	**392**
		O	402	399	397	395	394	393	392
Total, offsetting collections			–402	–399	–397	–395	–394	–393	–392
Total Servicemembers' group life insurance fund (net)		BA	....	....	....	....	....	....	....
		O	....	....	....	....	....	....	....
Credit Accounts:									
Veterans housing benefit program fund program account:									
Appropriation, discretionary	704	BA	**159**	**157**	**166**	**166**	**168**	**172**	**176**
Appropriation, mandatory		BA	**1,389**	**1,310**	**166**	**139**	**320**	**342**	**349**
							[B]–168	**[B]–167**	**[B]–176**
Outlays		O	1,548	1,467	332	305	488	514	525
							[B]–168	[B]–167	[B]–176
Total Veterans housing benefit program fund program account		BA	**1,548**	**1,467**	**332**	**305**	**320**	**347**	**349**
		O	1,548	1,467	332	305	320	347	349
Veterans Housing Benefit Program Fund Liquidating Account:									
Appropriation, mandatory	704	BA	**154**	....	....	....	....	....	....
Spending authority from offsetting collections, mandatory		BA	**784**	**514**	**440**	**378**	**320**	**269**	**225**
Outlays		O	330	376	350	314	272	231	194
Veterans Housing Benefit Program Fund Liquidating Account (gross)		BA	**938**	**514**	**440**	**378**	**320**	**269**	**225**
		O	330	376	350	314	272	231	194
Change in receivables and unpaid, unfilled orders		BA	**–84**	....	....	....	....	....	....
Total, offsetting collections			–700	–514	–440	–378	–320	–269	–225
Total Veterans Housing Benefit Program Fund Liquidating Account (net)		BA	**154**	....	....	....	....	....	....
		O	–370	–138	–90	–64	–48	–38	–31
Miscellaneous veterans housing loans program account:									
Appropriation, discretionary	704	BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Appropriation, mandatory		BA	**3**	**45**	....	....	....	....	....
Outlays		O	1	11	7	11	11	14	1
Total Miscellaneous veterans housing loans program account		BA	**4**	**46**	**1**	**1**	**1**	**1**	**1**
		O	1	11	7	11	11	14	1
Miscellaneous Veterans Programs loan fund program account:									
Appropriation, discretionary	702	BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	1	1	1	1	1	1	1
Limitation on direct loan activity			(2)	(3)	(3)	(3)	(3)	(3)	(3)
Trust funds									
Post-Vietnam era veterans education account:									
Appropriation, mandatory	702	BA	**5**	**2**	**1**	**1**	**1**	**2**	**2**
Outlays		O	20	20	18	17	17	16	16
National Service Life Insurance fund:									
Appropriation, mandatory	701	BA	**1,146**	**1,098**	**1,059**	**1,014**	**961**	**908**	**851**
Spending authority from offsetting collections, mandatory		BA	**634**	**700**	**725**	**758**	**788**	**814**	**837**
Outlays		O	1,732	1,756	1,759	1,755	1,742	1,727	1,704
National Service Life Insurance fund (gross)		BA	**1,780**	**1,798**	**1,784**	**1,772**	**1,749**	**1,722**	**1,688**
		O	1,732	1,756	1,759	1,755	1,742	1,727	1,704

DEPARTMENT OF VETERANS AFFAIRS—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–531	–497	–492	–472	–451	–424	–401
Total National Service Life Insurance fund (net)		BA	**1,249**	**1,301**	**1,292**	**1,300**	**1,298**	**1,298**	**1,287**
		O	1,201	1,259	1,267	1,283	1,291	1,303	1,303
United States government life insurance fund:									
Appropriation, mandatory	701	BA	**6**	**5**	**5**	**4**	**4**	**3**	**3**
Spending authority from offsetting collections, mandatory		BA	**6**	**6**	**6**	**7**	**6**	**6**	**5**
Outlays		O	12	12	12	11	11	10	9
United States government life insurance fund (gross)		BA	**12**	**11**	**11**	**11**	**10**	**9**	**8**
		O	12	12	12	11	11	10	9
Total, offsetting collections			–1	–1	–1	–1	–1	–1	–1
Total United States government life insurance fund (net)		BA	**11**	**10**	**10**	**10**	**9**	**8**	**7**
		O	11	11	11	10	10	9	8
Veterans special life insurance fund:									
Spending authority from offsetting collections, mandatory	701	BA	**220**	**223**	**214**	**214**	**226**	**229**	**226**
Outlays		O	201	207	199	268	250	239	233
Veterans special life insurance fund (gross)		BA	**220**	**223**	**214**	**214**	**226**	**229**	**226**
		O	201	207	199	268	250	239	233
Total, offsetting collections			–239	–238	–236	–234	–232	–228	–224
Total Veterans special life insurance fund (net)		BA	**–19**	**–15**	**–22**	**–20**	**–6**	**1**	**2**
		O	–38	–31	–37	34	18	11	9
Total Federal funds Veterans Benefits Administration		BA	**24,785**	**26,406**	**23,338**	**26,314**	**27,921**	**29,109**	**30,316**
		O	23,814	26,828	23,375	26,242	27,825	29,024	32,061
Total Trust funds Veterans Benefits Administration		BA	**1,246**	**1,298**	**1,281**	**1,291**	**1,302**	**1,309**	**1,298**
		O	1,194	1,259	1,259	1,344	1,336	1,339	1,336

Construction

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Construction, major projects:									
Appropriation, discretionary	703	BA	**142**	**65**	**62**	**62**	**63**	**64**	**66**
Outlays		O	290	184	142	100	74	66	64
Construction, minor projects:									
Appropriation, discretionary	703	BA	**175**	**160**	**162**	**162**	**164**	**168**	**172**
Outlays		O	176	171	166	162	163	165	168
Grants for construction of State extended care facilities:									
Appropriation, discretionary	703	BA	**90**	**90**	**60**	**60**	**61**	**62**	**64**
Outlays		O	40	64	85	86	76	60	61
Grants for the construction of State veterans cemeteries:									
Appropriation, discretionary	705	BA	**10**	**25**	**25**	**25**	**25**	**26**	**26**
Outlays		O	4	8	17	21	25	25	26
Public Enterprise Funds:									
Parking revolving fund:									
Spending authority from offsetting collections, discretionary	703	BA	**3**	**3**	**3**	**3**	**3**	**3**	**3**
Outlays		O	15	7	7	5	4	3	3
Parking revolving fund (gross)		BA	**3**	**3**	**3**	**3**	**3**	**3**	**3**
		O	15	7	7	5	4	3	3
Total, offsetting collections			–3	–3	–3	–3	–3	–3	–3
Total Parking revolving fund (net)		BA	....	....	....	....	....	....	....
		O	12	4	4	2	1	....	....
Total Federal funds Construction		BA	**417**	**340**	**309**	**309**	**313**	**320**	**328**
		O	522	431	414	371	339	316	319

DEPARTMENT OF VETERANS AFFAIRS—Continued

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Departmental Administration									
Federal funds									
General and Special Funds:									
General operating expenses:									
Appropriation, discretionary	705	BA	882	941	1,062	1,062	1,075	1,101	1,126
Spending authority from offsetting collections, discretionary		BA	295	315	296	296	300	307	314
Outlays		O	1,162	1,260	1,369	1,358	1,373	1,405	1,436
General operating expenses (gross)		BA	1,177	1,256	1,358	1,358	1,375	1,408	1,440
		O	1,162	1,260	1,369	1,358	1,373	1,405	1,436
Total, offsetting collections			–295	–315	–296	–296	–300	–307	–314
Total General operating expenses (net)		BA	882	941	1,062	1,062	1,075	1,101	1,126
		O	867	945	1,073	1,062	1,073	1,098	1,122
Office of Inspector General:									
Appropriation, discretionary	705	BA	36	43	46	46	47	48	49
Spending authority from offsetting collections, discretionary		BA	2	3	3	3	3	3	3
Outlays		O	37	45	50	49	55	56	57
Office of Inspector General (gross)		BA	38	46	49	49	50	51	52
		O	37	45	50	49	55	56	57
Total, offsetting collections			–2	–3	–3	–3	–3	–3	–3
Total Office of Inspector General (net)		BA	36	43	46	46	47	48	49
		O	35	42	47	46	52	53	54
National Cemetery Administration:									
Appropriation, discretionary	705	BA	92	97	110	110	111	114	117
Outlays		O	89	94	111	110	111	113	117
Intragovernmental Funds:									
Supply fund:									
Spending authority from offsetting collections, mandatory	705	BA	495	664	688	688	945	991	1,039
Outlays		O	546	664	688	688	945	991	1,039
Supply fund (gross)		BA	495	664	688	688	945	991	1,039
		O	546	664	688	688	945	991	1,039
Change in receivables and unpaid, unfilled orders		BA	78						
Total, offsetting collections			–573	–664	–688	–688	–945	–991	–1,039
Total Supply fund (net)		BA							
		O	–27						
Franchise fund:									
Spending authority from offsetting collections, mandatory	705	BA	113	135	150	153	156	159	162
Outlays		O	111	135	150	153	156	159	162
Franchise fund (gross)		BA	113	135	150	153	156	159	162
		O	111	135	150	153	156	159	162
Total, offsetting collections			–113	–135	–150	–153	–156	–159	–162
Total Franchise fund (net)		BA							
		O	–2						
Total Federal funds Departmental Administration		BA	1,010	1,081	1,218	1,218	1,233	1,263	1,292
		O	962	1,081	1,231	1,218	1,236	1,264	1,293
Summary									
Federal funds:									
(As shown in detail above)		BA	44,411	47,706	46,141	49,117	50,999	52,757	54,484
		O	43,522	47,144	46,480	49,062	50,885	52,572	56,128
Deductions for offsetting receipts:									
Intrafund transactions	703	BA/O			*–182*	*–182*	*–184*	*–188*	*–193*

DEPARTMENT OF VETERANS AFFAIRS—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Proprietary receipts from the public	702	BA/O	*–168*	*–186*	*–189*	*–190*	*–190*	*–192*	*–191*
	703	BA/O	*–574*	*–600*	*–776*	*–776*	*–784*	*–805*	*–822*
	704	BA/O	*–619*	*–730*	....	....	....	....	....
Total Federal funds		BA	**43,050**	**46,190**	**44,994**	**47,969**	**49,841**	**51,572**	**53,278**
		O	42,161	45,628	45,333	47,914	49,727	51,387	54,922
Trust funds:									
(As shown in detail above)		BA	**1,279**	**1,332**	**1,316**	**1,326**	**1,336**	**1,344**	**1,334**
		O	1,223	1,288	1,290	1,374	1,367	1,372	1,368
Deductions for offsetting receipts:									
Proprietary receipts from the public	701	BA/O	*–204*	*–189*	*–179*	*–168*	*–157*	*–145*	*–133*
	702	BA/O	*–3*	*–2*	*–1*	....	....	....	....
Total Trust funds		BA	**1,072**	**1,141**	**1,136**	**1,158**	**1,179**	**1,199**	**1,201**
		O	1,016	1,097	1,110	1,206	1,210	1,227	1,235
Interfund transactions	701	BA/O	*–6*	*–2*	*–1*	*–1*	*–1*	*–1*	*–1*
	702	BA/O	*–3*	....	....	*–1*	*–2*	*–2*	*–2*
Total Department of Veterans Affairs		BA	**44,113**	**47,329**	**46,129**	**49,125**	**51,017**	**52,768**	**54,476**
		O	43,168	46,723	46,442	49,118	50,934	52,611	56,154

CORPS OF ENGINEERS

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
	Federal funds								
General and Special Funds:									
General investigations:									
Appropriation, discretionary	301	BA	**161**	**161**	**138**	**138**	**140**	**143**	**146**
				[A] 7					
Spending authority from offsetting collections, discretionary		BA	**17**	**20**	**20**	**20**	**20**	**21**	**21**
Outlays		O	168	188	167	158	159	163	166
				[A] 7					
General investigations (gross)		BA	**178**	**188**	**158**	**158**	**160**	**164**	**167**
		O	168	195	167	158	159	163	166
Change in receivables and unpaid, unfilled orders		BA	**–4**	....	....	....	....	....	....
Total, offsetting collections			–13	–20	–20	–20	–20	–21	–21
Total General investigations (net)		BA	**161**	**168**	**138**	**138**	**140**	**143**	**146**
		O	155	175	147	138	139	142	145
Construction, general:									
Appropriation, discretionary	301	BA	**1,375**	**1,288**	**1,272**	**1,272**	**1,287**	**1,319**	**1,348**
Spending authority from offsetting collections, discretionary		BA	**515**	**429**	**424**	**424**	**429**	**440**	**449**
Outlays		O	1,701	1,928	1,702	1,696	1,710	1,747	1,786
					[J] –2				
Construction, general (gross)		BA	**1,890**	**1,717**	**1,696**	**1,696**	**1,716**	**1,759**	**1,797**
		O	1,701	1,928	1,700	1,696	1,710	1,747	1,786
Change in receivables and unpaid, unfilled orders		BA	**–60**	....	....	....	....	....	....
Total, offsetting collections			–455	–429	–424	–424	–429	–440	–449
Total Construction, general (net)		BA	**1,375**	**1,288**	**1,272**	**1,272**	**1,287**	**1,319**	**1,348**
		O	1,246	1,499	1,276	1,272	1,281	1,307	1,337
Operation and maintenance, general (Water resources):									
(Appropriation, discretionary)	301	BA	**1,617**	**1,116**	**1,120**	**1,120**	**1,133**	**1,162**	**1,187**
				[A] 19					
					[J] 700	**[J] 700**	**[J] 708**	**[J] 726**	**[J] 742**
(Spending authority from offsetting collections, discretionary)		BA	**236**	**842**	**838**	**838**	**848**	**869**	**888**
					[J] –700	**[J] –700**	**[J] –708**	**[J] –726**	**[J] –742**

CORPS OF ENGINEERS—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
(Outlays)		O	1,866	2,042	1,957	1,958	1,978	2,023	2,068
				[A] 19					
					[J] –175		[J] –2	[J] –5	[J] –5
Operation and maintenance, general (gross)		BA	**1,853**	**1,977**	**1,958**	**1,958**	**1,981**	**2,031**	**2,075**
		O	1,866	2,061	1,782	1,958	1,976	2,018	2,063
Total, offsetting collections			–236	–842	–838	–838	–848	–869	–888
					[J] 700	[J] 700	[J] 708	[J] 726	[J] 742
Total (Water resources) (net)		BA	**1,617**	**1,135**	**1,820**	**1,820**	**1,841**	**1,888**	**1,929**
		O	1,630	1,219	1,644	1,820	1,836	1,875	1,917
(Recreational resources):									
(Appropriation, discretionary)	303	BA	**36**	**33**	**34**	**34**	**34**	**35**	**36**
(Outlays)		O	36	33	34	34	34	35	36
Total Operation and maintenance, general		BA	**1,653**	**1,168**	**1,854**	**1,854**	**1,875**	**1,923**	**1,965**
		O	1,666	1,252	1,678	1,854	1,870	1,910	1,953
Regulatory program:									
Appropriation, discretionary	301	BA	**106**	**117**	**125**	**125**	**127**	**130**	**132**
Spending authority from offsetting collections, discretionary		BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	106	121	126	126	127	130	133
Regulatory program (gross)		BA	**107**	**118**	**126**	**126**	**128**	**131**	**133**
		O	106	121	126	126	127	130	133
Total, offsetting collections			–1	–1	–1	–1	–1	–1	–1
Total Regulatory program (net)		BA	**106**	**117**	**125**	**125**	**127**	**130**	**132**
		O	105	120	125	125	126	129	132
Flood control and coastal emergencies:									
Appropriation, discretionary	301	BA	**–5**	....	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	**–418**	**100**	**100**	**100**	**101**	**104**	**106**
Outlays		O	321	114	114	114	115	118	120
Flood control and coastal emergencies (gross)		BA	**–423**	**100**	**100**	**100**	**101**	**104**	**106**
		O	321	114	114	114	115	118	120
Change in receivables and unpaid, unfilled orders		BA	**577**	....	....	....	....	....	....
Total, offsetting collections			–159	–100	–100	–100	–101	–104	–106
Total Flood control and coastal emergencies (net)		BA	**–5**	....	....	....	....	....	....
		O	162	14	14	14	14	14	14
Formerly utilized sites remedial action program:									
Appropriation, discretionary	053	BA	**140**	**150**	**140**	**140**	**142**	**145**	**148**
Spending authority from offsetting collections, discretionary		BA	**10**	**10**	**10**	**10**	**10**	**10**	**11**
Outlays		O	163	164	155	150	151	154	158
Formerly utilized sites remedial action program (gross)		BA	**150**	**160**	**150**	**150**	**152**	**155**	**159**
		O	163	164	155	150	151	154	158
Total, offsetting collections			–10	–10	–10	–10	–10	–10	–11
Total Formerly utilized sites remedial action program (net)		BA	**140**	**150**	**140**	**140**	**142**	**145**	**148**
		O	153	154	145	140	141	144	147
General expenses:									
Appropriation, discretionary	301	BA	**148**	**150**	**152**	**152**	**154**	**158**	**161**
Outlays		O	143	170	149	152	153	157	161
Flood control, Mississippi River and tributaries:									
Appropriation, discretionary	301	BA	**324**	**309**	**309**	**309**	**313**	**320**	**327**
Spending authority from offsetting collections, discretionary		BA	**16**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	345	287	310	310	313	319	327
Flood control, Mississippi River and tributaries (gross)		BA	**340**	**310**	**310**	**310**	**314**	**321**	**328**
		O	345	287	310	310	313	319	327
Change in receivables and unpaid, unfilled orders		BA	**–8**	....	....	....	....	....	....

CORPS OF ENGINEERS—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–8	–1	–1	–1	–1	–1	–1
Total Flood control, Mississippi River and tributaries (net)		BA	**324**	**309**	**309**	**309**	**313**	**320**	**327**
		O	337	286	309	309	312	318	326
Payment to the South Dakota Terrestrial Wildlife Habitat Restoration Trust Fund:									
Appropriation, mandatory	306	BA	**10**	**10**	**10**	**10**	**10**	**10**	**10**
Outlays		O	10	10	10	10	10	10	10
Washington aqueduct:									
Authority to borrow, mandatory	301	BA	**22**						
Outlays		O	30	33					
Washington aqueduct (gross)		BA	**22**						
		O	30	33					
Total, offsetting collections			–11	–17	–6				
Total Washington aqueduct (net)		BA	**11**	**–17**	**–6**				
		O	19	16	–6				
Permanent appropriations									
(Water resources):									
(Appropriation, mandatory)	301	BA	**7**	**7**	**7**	**7**	**8**	**8**	**8**
(Outlays)		O	7	7	7	7	8	8	8
(General purpose fiscal assistance):									
(Appropriation, mandatory)	806	BA	**11**	**9**	**9**	**9**	**9**	**10**	**10**
(Outlays)		O	12	9	9	9	9	10	10
Total Permanent appropriations		BA	**18**	**16**	**16**	**16**	**17**	**18**	**18**
		O	19	16	16	16	17	18	18
Intragovernmental Funds:									
Revolving fund:									
Spending authority from offsetting collections, mandatory	301	BA	**3,306**	**3,050**	**3,050**	**3,050**	**3,050**	**3,050**	**3,050**
Outlays		O	3,264	3,045	3,045	3,050	3,050	3,050	3,050
Revolving fund (gross)		BA	**3,306**	**3,050**	**3,050**	**3,050**	**3,050**	**3,050**	**3,050**
		O	3,264	3,045	3,045	3,050	3,050	3,050	3,050
Change in receivables and unpaid, unfilled orders		BA	**37**						
Total, offsetting collections			–3,343	–3,050	–3,050	–3,050	–3,050	–3,050	–3,050
Total Revolving fund (net)		BA							
		O	–79	–5	–5				
Trust funds									
Inland waterways trust fund:									
Appropriation, discretionary	301	BA	**88**	**75**	**74**	**74**	**75**	**77**	**78**
Outlays		O	88	75	74	74	75	77	78
Rivers and harbors contributed funds:									
Appropriation, mandatory	301	BA	**293**	**258**	**280**	**315**	**323**	**331**	**344**
Outlays		O	252	258	280	315	323	331	344
Harbor maintenance trust fund:									
Appropriation, discretionary	301	BA	**103**	**714**	**705**	**705**	**713**	**731**	**747**
					[J] **1,053**	[J] **–705**	[J] **–713**	[J] **–731**	[J] **–747**
Outlays		O	281	714	705	705	713	731	747
					[J] 1,053	[J] –705	[J] –713	[J] –731	[J] –747
Total Harbor maintenance trust fund		BA	**103**	**714**	**1,758**				
		O	281	714	1,758				
Coastal wetlands restoration trust fund:									
Appropriation, mandatory	301	BA	**29**	**53**	**51**	**49**	**66**	**34**	**18**
Outlays		O	34	53	51	49	66	34	18

Summary

Account			1999 actual	2000	2001	2002	2003	2004	2005
Federal funds:									
(As shown in detail above)		BA	**3,941**	**3,359**	**4,010**	**4,016**	**4,065**	**4,166**	**4,255**
		O	3,936	3,707	3,858	4,030	4,063	4,149	4,243
Deductions for offsetting receipts:									
Intrafund transactions	908	BA/O			*[J] –65*	*[J] –79*	*[J] –82*	*[J] –85*	*[J] –87*

CORPS OF ENGINEERS—Continued

(In millions of dollars)

Account			1999 actual	estimate					
				2000	2001	2002	2003	2004	2005
Proprietary receipts from the public	301	BA/O	*–7*	*–7*	*–973*	*–970*	*–968*	*–1,004*	*–1,022*
	303	BA/O	*–33*	*–34*	*–34*	*–34*	*–34*	*–34*	*–34*
Total Federal funds		BA	**3,901**	**3,318**	**2,938**	**2,933**	**2,981**	**3,043**	**3,112**
		O	3,896	3,666	2,786	2,947	2,979	3,026	3,100
Trust funds:									
(As shown in detail above)		BA	**513**	**1,100**	**2,163**	**438**	**464**	**442**	**440**
		O	655	1,100	2,163	438	464	442	440
Deductions for offsetting receipts:									
Proprietary receipts from the public	301	BA/O	*–350*	*–258*	*–280*	*–315*	*–323*	*–331*	*–344*
Total Trust funds		BA	**163**	**842**	**1,883**	**123**	**141**	**111**	**96**
		O	305	842	1,883	123	141	111	96
Interfund transactions	301	BA/O			[J] *–1,758*				
	306	BA/O	*–10*	*–10*	*–10*	*–10*	*–10*	*–10*	*–10*
Total Corps of Engineers		BA	**4,054**	**4,150**	**3,053**	**3,046**	**3,112**	**3,144**	**3,198**
		O	4,191	4,498	2,901	3,060	3,110	3,127	3,186

OTHER DEFENSE CIVIL PROGRAMS

(In millions of dollars)

Account			1999 actual	estimate					
				2000	2001	2002	2003	2004	2005
Military Retirement									
Federal funds									
General and Special Funds:									
Payment to military retirement fund:									
Appropriation, mandatory	054	BA	**15,250**	**15,302**	**15,914**	**16,551**	**17,213**	**17,901**	**18,618**
Outlays		O	15,250	15,302	15,914	16,551	17,213	17,901	18,618
Trust funds									
Military retirement fund:									
Appropriation, mandatory	602	BA	**31,986**	**33,041**	**34,016**	**34,971**	**35,949**	**36,946**	**37,950**
Outlays		O	31,889	32,941	33,914	34,866	35,840	36,835	37,836
Educational Benefits									
Trust funds									
Education benefits fund:									
Appropriation, mandatory	702	BA	**179**	**225**	**228**	**238**	**251**	**265**	**278**
Outlays		O	178	225	228	238	251	265	278
American Battle Monuments commission									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	705	BA	**26**	**28**	**26**	**26**	**26**	**27**	**28**
Outlays		O	27	24	27	26	26	27	27
Trust funds									
Contributions:									
Appropriation, mandatory	705	BA	**14**	**90**	**11**	**10**	**2**	**1**	**1**
Outlays		O	14	90	11	....	....	....	....
Armed Forces Retirement Home									
Trust funds									
Armed forces retirement home:									
Appropriation, discretionary	602	BA	**71**	**68**	**70**	**64**	**71**	**72**	**75**
Advance appropriation, discretionary		BA	....	....	....	**6**	....	....	....
Outlays		O	73	64	70	67	70	73	74
Total Armed forces retirement home		BA	**71**	**68**	**70**	**70**	**71**	**72**	**75**
		O	73	64	70	67	70	73	74

OTHER DEFENSE CIVIL PROGRAMS—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Cemeterial Expenses									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	705	BA	**12**	**12**	**16**	**16**	**16**	**17**	**17**
Outlays		O	13	9	15	16	16	16	17
Forest and Wildlife Conservation, Military Reservations									
Federal funds									
General and Special Funds:									
Forest products program:									
Appropriation, mandatory	302	BA	**–2**	....	....	....	....	....	....
Wildlife conservation:									
Appropriation, mandatory	303	BA	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Outlays		O	2	2	2	2	2	2	2
Total Federal funds Forest and Wildlife Conservation, Military Reservations		BA	....	**2**	**2**	**2**	**2**	**2**	**2**
		O	2	2	2	2	2	2	2
Selective Service System									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	054	BA	**26**	**24**	**24**	**24**	**24**	**25**	**25**
Outlays		O	26	23	23	24	24	25	25
Summary									
Federal funds:									
(As shown in detail above)		BA	**15,314**	**15,368**	**15,982**	**16,619**	**17,281**	**17,972**	**18,690**
		O	15,318	15,360	15,981	16,619	17,281	17,971	18,689
Deductions for offsetting receipts:									
Proprietary receipts from the public	303	BA/O	*1*	*–2*	*–2*	*–2*	*–2*	*–2*	*–2*
Total Federal funds		BA	**15,315**	**15,366**	**15,980**	**16,617**	**17,279**	**17,970**	**18,688**
		O	15,319	15,358	15,979	16,617	17,279	17,969	18,687
Trust funds:									
(As shown in detail above)		BA	**32,250**	**33,424**	**34,325**	**35,289**	**36,273**	**37,284**	**38,304**
		O	32,154	33,320	34,223	35,171	36,161	37,173	38,188
Deductions for offsetting receipts:									
Proprietary receipts from the public	602	BA/O	*–12*	*–75*	*–18*	*–18*	*–18*	*–18*	*–18*
Total Trust funds		BA	**32,238**	**33,349**	**34,307**	**35,271**	**36,255**	**37,266**	**38,286**
		O	32,142	33,245	34,205	35,153	36,143	37,155	38,170
Interfund transactions	054	BA/O	*–15,250*	*–15,302*	*–15,914*	*–16,551*	*–17,213*	*–17,901*	*–18,618*
	702	BA/O	*–197*	*–293*	*–300*	*–300*	*–300*	*–300*	*–300*
Total Other Defense Civil Programs		BA	**32,106**	**33,120**	**34,073**	**35,037**	**36,021**	**37,035**	**38,056**
		O	32,014	33,008	33,970	34,919	35,909	36,923	37,939

ENVIRONMENTAL PROTECTION AGENCY

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Federal funds									
General and Special Funds:									
Office of the Inspector General:									
Appropriation, discretionary	304	BA	**31**	**32**	**34**	**34**	**34**	**35**	**36**
Spending authority from offsetting collections, discretionary		BA	**12**	**11**	**12**	**12**	**12**	**12**	**13**

ENVIRONMENTAL PROTECTION AGENCY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	42	43	46	46	47	48	49
Office of the Inspector General (gross)		BA	**43**	**43**	**46**	**46**	**46**	**47**	**49**
		O	42	43	46	46	47	48	49
Total, offsetting collections			–12	–11	–12	–12	–12	–12	–13
Total Office of the Inspector General (net)		BA	**31**	**32**	**34**	**34**	**34**	**35**	**36**
		O	30	32	34	34	35	36	36
Science and technology:									
Appropriation, discretionary	304	BA	**661**	**643**	**674**	**674**	**683**	**699**	**715**
Spending authority from offsetting collections, discretionary		BA	**47**	**30**	**30**	**30**	**30**	**31**	**32**
Outlays		O	650	689	694	703	708	720	738
Science and technology (gross)		BA	**708**	**673**	**704**	**704**	**713**	**730**	**747**
		O	650	689	694	703	708	720	738
Change in receivables and unpaid, unfilled orders		BA	**–4**						
Total, offsetting collections			–43	–30	–30	–30	–30	–31	–32
Total Science and technology (net)		BA	**661**	**643**	**674**	**674**	**683**	**699**	**715**
		O	607	659	664	673	678	689	706
Environmental Programs and Management:									
Appropriation, discretionary	304	BA	**1,853**	**1,895**	**2,099**	**2,099**	**2,124**	**2,177**	**2,224**
Spending authority from offsetting collections, discretionary		BA	**48**	**45**	**45**	**45**	**46**	**47**	**48**
Outlays		O	1,912	1,941	2,062	2,125	2,158	2,202	2,251
Environmental Programs and Management (gross)		BA	**1,901**	**1,940**	**2,144**	**2,144**	**2,170**	**2,224**	**2,272**
		O	1,912	1,941	2,062	2,125	2,158	2,202	2,251
Change in receivables and unpaid, unfilled orders		BA	**–9**						
Total, offsetting collections			–39	–45	–45	–45	–46	–47	–48
Total Environmental Programs and Management (net)		BA	**1,853**	**1,895**	**2,099**	**2,099**	**2,124**	**2,177**	**2,224**
		O	1,873	1,896	2,017	2,080	2,112	2,155	2,203
Buildings and facilities:									
Appropriation, discretionary	304	BA	**57**	**62**	**24**	**24**	**24**	**25**	**26**
Outlays		O	151	112	68	40	27	24	25
State and Tribal Assistance Grants:									
Appropriation, discretionary	304	BA	**3,408**	**3,446**	**2,907**	**2,907**	**2,943**	**3,016**	**3,081**
Spending authority from offsetting collections, discretionary		BA	**7**						
Outlays		O	2,752	3,064	3,400	3,304	3,154	3,056	3,022
State and Tribal Assistance Grants (gross)		BA	**3,415**	**3,446**	**2,907**	**2,907**	**2,943**	**3,016**	**3,081**
		O	2,752	3,064	3,400	3,304	3,154	3,056	3,022
Total, offsetting collections			–7						
Total State and Tribal Assistance Grants (net)		BA	**3,408**	**3,446**	**2,907**	**2,907**	**2,943**	**3,016**	**3,081**
		O	2,745	3,064	3,400	3,304	3,154	3,056	3,022
Payment to the hazardous substance superfund:									
Appropriation, discretionary	304	BA	**325**	**700**	**250**	**250**	**253**	**259**	**265**
Outlays		O	325	700	250	250	253	259	265
Public Enterprise Funds:									
Reregistration and expedited processing revolving fund:									
Spending authority from offsetting collections, mandatory	304	BA	**18**	**18**	**42**	**53**	**30**	**20**	**20**
Outlays		O	22	18	15	23	20	20	20
Reregistration and expedited processing revolving fund (gross)		BA	**18**	**18**	**42**	**53**	**30**	**20**	**20**
		O	22	18	15	23	20	20	20
Total, offsetting collections			–18	–18	–42	–53	–30	–20	–20
Total Reregistration and expedited processing revolving fund (net)		BA							
		O	4		–27	–30	–10		
Intragovernmental Funds:									
Working capital fund:									
Spending authority from offsetting collections, discretionary	304	BA	**109**	**123**	**125**	**125**	**127**	**130**	**132**

ENVIRONMENTAL PROTECTION AGENCY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	124	123	125	125	127	130	132
Working capital fund (gross)		BA	109	123	125	125	127	130	132
		O	124	123	125	125	127	130	132
Change in receivables and unpaid, unfilled orders		BA	11						
Total, offsetting collections			–120	–123	–125	–125	–127	–130	–132
Total Working capital fund (net)		BA							
		O	4						
Trust funds									
Hazardous substance superfund:									
Appropriation, discretionary	304	BA	1,492	1,400	1,450	1,450	1,467	1,503	1,537
Appropriation, mandatory		BA			[B] 150	[B] 150	[B] 150	[B] 150	[B] 150
Spending authority from offsetting collections, discretionary		BA	139	200	200	200	202	207	212
Outlays		O	1,717	1,679	1,627	1,638	1,689	1,753	1,809
					[B] 39	[B] 84	[B] 108	[B] 122	[B] 129
Hazardous substance superfund (gross)		BA	1,631	1,600	1,800	1,800	1,819	1,860	1,899
		O	1,717	1,679	1,666	1,722	1,797	1,875	1,938
Change in receivables and unpaid, unfilled orders		BA	1						
Total, offsetting collections			–140	–200	–200	–200	–202	–207	–212
Total Hazardous substance superfund (net)		BA	1,492	1,400	1,600	1,600	1,617	1,653	1,687
		O	1,577	1,479	1,466	1,522	1,595	1,668	1,726
Leaking underground storage tank trust fund:									
Appropriation, discretionary	304	BA	73	70	72	72	73	75	76
Outlays		O	65	69	70	71	72	73	75
Oil spill response:									
Appropriation, discretionary	304	BA	15	15	16	16	16	17	17
Spending authority from offsetting collections, discretionary		BA	27	26	26	26	26	27	28
Outlays		O	38	41	42	42	42	44	45
Oil spill response (gross)		BA	42	41	42	42	42	44	45
		O	38	41	42	42	42	44	45
Change in receivables and unpaid, unfilled orders		BA	–13						
Total, offsetting collections			–14	–26	–26	–26	–26	–27	–28
Total Oil spill response (net)		BA	15	15	16	16	16	17	17
		O	24	15	16	16	16	17	17
Summary									
Federal funds:									
(As shown in detail above)		BA	6,335	6,778	5,988	5,988	6,061	6,211	6,347
		O	5,739	6,463	6,406	6,351	6,249	6,219	6,257
Deductions for offsetting receipts:									
Offsetting governmental receipts	304	BA/O	–10	–11	–10	–10	–10	–10	–10
					[J] –20	[J] –8	[J] –8	[J] –8	[J] –8
Total Federal funds		BA	6,325	6,767	5,958	5,970	6,043	6,193	6,329
		O	5,729	6,452	6,376	6,333	6,231	6,201	6,239
Trust funds:									
(As shown in detail above)		BA	1,580	1,485	1,688	1,688	1,706	1,745	1,780
		O	1,666	1,563	1,552	1,609	1,683	1,758	1,818
Deductions for offsetting receipts:									
Proprietary receipts from the public	304	BA/O	–320	–275	–225	–175	–175	–175	–175
Total Trust funds		BA	1,260	1,210	1,463	1,513	1,531	1,570	1,605
		O	1,346	1,288	1,327	1,434	1,508	1,583	1,643
Interfund transactions	304	BA/O	–325	–700	–250	–250	–253	–259	–265
Total Environmental Protection Agency		BA	7,260	7,277	7,171	7,233	7,321	7,504	7,669
		O	6,750	7,040	7,453	7,517	7,486	7,525	7,617

EXECUTIVE OFFICE OF THE PRESIDENT

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Compensation of the President and the White House Office									
Federal funds									
General and Special Funds:									
Compensation of the President and the White House Office:									
Appropriation, discretionary	802	BA	**53**	**53**	**54**	**54**	**55**	**56**	**57**
Spending authority from offsetting collections, discretionary		BA	**1**	**1**	....	....	....	....	....
Outlays		O	53	53	55	54	55	56	57
Compensation of the President and the White House Office (gross)		BA	**54**	**54**	**54**	**54**	**55**	**56**	**57**
		O	53	53	55	54	55	56	57
Change in receivables and unpaid, unfilled orders		BA	**1**	....	....	....	....	....	....
Total, offsetting collections			–2	–1	....	....	....	....	....
Total Compensation of the President and the White House Office (net)		BA	**53**	**53**	**54**	**54**	**55**	**56**	**57**
		O	51	52	55	54	55	56	57
Executive Residence at the White House									
Federal funds									
General and Special Funds:									
Operating expenses:									
Appropriation, discretionary	802	BA	**9**	**9**	**11**	**11**	**11**	**11**	**12**
Spending authority from offsetting collections, discretionary		BA	**3**	**4**	**4**	**4**	**4**	**4**	**4**
Outlays		O	12	13	15	15	15	15	15
Operating expenses (gross)		BA	**12**	**13**	**15**	**15**	**15**	**15**	**16**
		O	12	13	15	15	15	15	15
Total, offsetting collections			–3	–4	–4	–4	–4	–4	–4
Total Operating expenses (net)		BA	**9**	**9**	**11**	**11**	**11**	**11**	**12**
		O	9	9	11	11	11	11	11
White house repair and restoration:									
Appropriation, discretionary	802	BA	....	**1**	**6**	**6**	**6**	**6**	**6**
Outlays		O	....	1	4	6	6	7	7
Total Federal funds Executive Residence at the White House		BA	**9**	**10**	**17**	**17**	**17**	**17**	**18**
		O	9	10	15	17	17	18	18
Special Assistance to the President and the Official Residence of the Vice President									
Federal funds									
General and Special Funds:									
Special Assistance to the President and the Official Residence of the Vice President:									
Appropriation, discretionary	802	BA	**4**	**4**	**4**	**4**	**4**	**4**	**4**
Outlays		O	4	4	4	4	4	4	4
Council of Economic Advisers									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	802	BA	**4**	**4**	**4**	**4**	**4**	**4**	**4**
Outlays		O	3	4	4	4	4	4	4
Council on Environmental Quality and Office of Environmental Quality									
Federal funds									
General and Special Funds:									
Council on Environmental Quality and Office of Environmental Quality:									
Appropriation, discretionary	802	BA	**3**	**3**	**3**	**3**	**3**	**3**	**3**
Outlays		O	3	3	3	3	3	3	3
Intragovernmental Funds:									
Management fund, Office of Environmental Quality:									
Spending authority from offsetting collections, mandatory	802	BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**

EXECUTIVE OFFICE OF THE PRESIDENT—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	1	1	1	1	1	1	1
Management fund, Office of Environmental Quality (gross)		BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
		O	1	1	1	1	1	1	1
Total, offsetting collections			–1	–1	–1	–1	–1	–1	–1
Total Management fund, Office of Environmental Quality (net)		BA	....	....	....	....	....	....	....
		O	....	....	....	....	....	....	....
Total Federal funds Council on Environmental Quality and Office of Environmental Quality		BA	**3**	**3**	**3**	**3**	**3**	**3**	**3**
		O	3	3	3	3	3	3	3

Office of Policy Development

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	802	BA	**4**	**4**	**4**	**4**	**4**	**4**	**4**
Outlays		O	4	4	4	4	5	5	5

National Security Council

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	802	BA	**7**	**7**	**7**	**7**	**7**	**7**	**7**
Outlays		O	7	7	7	7	7	7	7

Office of Administration

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	802	BA	**58**	**39**	**44**	**44**	**45**	**46**	**47**
Spending authority from offsetting collections, discretionary		BA	**6**	**6**	**6**	**6**	**6**	**6**	**6**
Outlays		O	46	44	49	50	50	51	53
Salaries and expenses (gross)		BA	**64**	**45**	**50**	**50**	**51**	**52**	**53**
		O	46	44	49	50	50	51	53
Total, offsetting collections			–6	–6	–6	–6	–6	–6	–6
Total Salaries and expenses (net)		BA	**58**	**39**	**44**	**44**	**45**	**46**	**47**
		O	40	38	43	44	44	45	47

Armstrong Resoultion

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Armstrong resolution account:									
Outlays	802	O	1	2	1	....	....	....	....

Office of Management and Budget

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	802	BA	**61**	**63**	**69**	**69**	**70**	**72**	**73**
Outlays		O	60	63	68	69	70	71	73

EXECUTIVE OFFICE OF THE PRESIDENT—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Office of National Drug Control Policy									
Federal funds									
General and Special Funds:									
Salaries and expenses									
(Executive direction and management):									
(Appropriation, discretionary)	802	BA	**21**	**23**	**25**	**25**	**25**	**26**	**26**
(Outlays)		O	23	18	25	25	25	26	26
Total Salaries and expenses		BA	**21**	**23**	**25**	**25**	**25**	**26**	**26**
		O	23	18	25	25	25	26	26
Counterdrug technology assessment center:									
Appropriation, discretionary	802	BA	**29**	**32**	**20**	**20**	**20**	**21**	**21**
Outlays		O	28	31	21	20	20	21	21
Total Federal funds Office of National Drug Control Policy		BA	**50**	**55**	**45**	**45**	**45**	**47**	**47**
		O	51	49	46	45	45	47	47
Office of Science and Technology Policy									
Federal funds									
General and Special Funds:									
Office of science and technology policy:									
Appropriation, discretionary	802	BA	**5**	**5**	**5**	**5**	**5**	**5**	**5**
Outlays		O	5	5	5	5	5	5	5
Office of the United States Trade Representative									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	802	BA	**26**	**26**	**28**	**28**	**28**	**29**	**30**
Outlays		O	26	25	29	28	28	29	29
Unanticipated Needs									
Federal funds									
General and Special Funds:									
Unanticipated needs:									
Appropriation, discretionary	802	BA	**31**	**1**	**4**	**4**	**4**	**4**	**4**
Outlays		O	30	1	4	4	4	4	4
Unanticipated needs for natural disasters:									
Appropriation, discretionary	453	BA	**–10**						
Information technology systems and related expenses:									
Appropriation, discretionary	808	BA	**123**						
Outlays		O	123						
Total Federal funds Unanticipated Needs		BA	**144**	**1**	**4**	**4**	**4**	**4**	**4**
		O	153	1	4	4	4	4	4
Summary									
Federal funds:									
Total Executive Office of the President		BA	**428**	**274**	**288**	**288**	**291**	**298**	**303**
		O	417	267	288	288	291	298	303

FEDERAL EMERGENCY MANAGEMENT AGENCY

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Federal funds									
General and Special Funds:									
Disaster relief:									
Appropriation, discretionary	453	BA	**2,114**	**2,765**	**2,906**	**2,906**	**2,941**	**3,014**	**3,080**
Outlays		O	3,746	2,752	1,838	1,713	1,077	989	631

FEDERAL EMERGENCY MANAGEMENT AGENCY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Disaster assistance for unmet needs:									
Appropriation, discretionary	453	BA	**230**	....	....	....	....	....	....
Outlays		O	....	74	97	37	11	11	....
Pre-disaster mitigation:									
Appropriation, discretionary	453	BA	....	....	**27**	**27**	**27**	**28**	**29**
Outlays		O	....	....	14	25	28	28	28
Salaries and expenses									
(Defense-related activities):									
(Appropriation, discretionary)	054	BA	**25**	**26**	**28**	**28**	**28**	**29**	**30**
(Spending authority from offsetting collections, discretionary)		BA	**3**	**4**	**4**	**4**	**4**	**4**	**4**
(Outlays)		O	27	30	32	32	32	33	33
Salaries and expenses (gross)		BA	**28**	**30**	**32**	**32**	**32**	**33**	**34**
		O	27	30	32	32	32	33	33
Total, offsetting collections			–3	–4	–4	–4	–4	–4	–4
Total (Defense-related activities) (net)		BA	**25**	**26**	**28**	**28**	**28**	**29**	**30**
		O	24	26	28	28	28	29	29
(Disaster relief and insurance):									
(Appropriation, discretionary)	453	BA	**150**	**156**	**193**	**193**	**195**	**200**	**205**
(Spending authority from offsetting collections, discretionary)		BA	....	**2**	**2**	**2**	**2**	**2**	**2**
(Outlays)		O	144	159	189	195	197	201	206
Salaries and expenses (gross)		BA	**175**	**184**	**223**	**223**	**225**	**231**	**237**
		O	168	185	217	223	225	230	235
Total, offsetting collections			....	–2	–2	–2	–2	–2	–2
Total (Disaster relief and insurance) (net)		BA	**150**	**156**	**193**	**193**	**195**	**200**	**205**
		O	144	157	187	193	195	199	204
Total Salaries and expenses		BA	**175**	**182**	**221**	**221**	**223**	**229**	**235**
		O	168	183	215	221	223	228	233
Emergency management planning and assistance									
(Defense-related activities):									
(Appropriation, discretionary)	054	BA	**18**	**20**	**20**	**20**	**20**	**21**	**21**
(Spending authority from offsetting collections, discretionary)		BA	**59**	**86**	**36**	**36**	**36**	**37**	**38**
(Outlays)		O	67	105	56	56	56	57	59
Emergency management planning and assistance (gross)		BA	**77**	**106**	**56**	**56**	**56**	**58**	**59**
		O	67	105	56	56	56	57	59
(Change in receivables and unpaid, unfilled orders)		BA	**–119**	....	....	....	....	....	....
(Adjustment to receivables and unpaid, unfilled orders)		BA	**119**	....	....	....	....	....	....
Total, offsetting collections			–59	–86	–36	–36	–36	–37	–38
Total (Defense-related activities) (net)		BA	**18**	**20**	**20**	**20**	**20**	**21**	**21**
		O	8	19	20	20	20	20	21
(Disaster relief and insurance):									
(Appropriation, discretionary)	453	BA	**232**	**250**	**256**	**256**	**259**	**265**	**271**
(Spending authority from offsetting collections, discretionary)		BA	**2**	**3**	**2**	**2**	**2**	**2**	**2**
(Outlays)		O	98	241	253	258	260	263	269
Emergency management planning and assistance (gross)		BA	**252**	**273**	**278**	**278**	**281**	**288**	**294**
		O	106	260	273	278	280	283	290
Total, offsetting collections			–2	–3	–2	–2	–2	–2	–2
Total (Disaster relief and insurance) (net)		BA	**232**	**250**	**256**	**256**	**259**	**265**	**271**
		O	96	238	251	256	258	261	267
Total Emergency management planning and assistance		BA	**250**	**270**	**276**	**276**	**279**	**286**	**292**
		O	104	257	271	276	278	281	288
Office of the Inspector General:									
Appropriation, discretionary	453	BA	**5**	**8**	**8**	**8**	**8**	**8**	**8**
Outlays		O	5	8	8	8	8	8	8
Emergency food and shelter program:									
Appropriation, discretionary	605	BA	**100**	**110**	**140**	**140**	**142**	**145**	**148**
Outlays		O	100	110	140	140	142	145	148

FEDERAL EMERGENCY MANAGEMENT AGENCY—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Radiological emergency preparedness fund:									
Appropriation, discretionary	453	BA	13	....	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	....	13	15	15	15	16	16
Outlays		O	10	13	15	15	15	15	16
Radiological emergency preparedness fund (gross)		BA	13	13	15	15	15	16	16
		O	10	13	15	15	15	15	16
Total, offsetting collections			–13	–15	–15	–15	–15	–16	–16
Total Radiological emergency preparedness fund (net)		BA	....	–2	....	....	....	....	....
		O	–3	–2	....	....	....	–1	....
Flood map modernization fund:									
Appropriation, discretionary	453	BA	....	5	....	....	....	....	....
Spending authority from offsetting collections, mandatory		BA			[B]104	[B]107	[B]109	[B]112	[B]114
Outlays		O	....	2	2	1	....	....	....
					[B]47	[B]95	[B]108	[B]110	[B]112
Flood map modernization fund (gross)		BA	....	5	104	107	109	112	114
		O	....	2	49	96	108	110	112
Total, offsetting collections					[B]–104	[B]–107	[B]–109	[B]–112	[B]–114
Total Flood map modernization fund (net)		BA	....	5	....	....	....	....	....
		O	....	2	–55	–11	–1	–2	–2
Public Enterprise Funds:									
National flood insurance fund:									
Spending authority from offsetting collections, mandatory	453	BA	1,282	1,309	1,360	1,741	1,857	1,989	2,132
Outlays		O	1,350	1,270	1,319	1,359	1,396	1,443	1,494
National flood insurance fund (gross)		BA	1,282	1,309	1,360	1,741	1,857	1,989	2,132
		O	1,350	1,270	1,319	1,359	1,396	1,443	1,494
Total, offsetting collections			–1,416	–1,545	–1,652	–1,761	–1,877	–2,009	–2,152
Total National flood insurance fund (net)		BA	–134	–236	–292	–20	–20	–20	–20
		O	–66	–275	–333	–402	–481	–566	–658
National flood mitigation fund:									
Spending authority from offsetting collections, mandatory	453	BA	20	20	20	20	20	20	20
Outlays		O	8	18	25	24	22	20	20
Intragovernmental Funds:									
Working capital fund:									
Spending authority from offsetting collections, discretionary	803	BA	23	23	31	31	31	32	33
Outlays		O	20	24	31	31	31	32	33
Working capital fund (gross)		BA	23	23	31	31	31	32	33
		O	20	24	31	31	31	32	33
Total, offsetting collections			–23	–23	–31	–31	–31	–32	–33
Total Working capital fund (net)		BA	....	....	....	....	....	....	....
		O	–3	1	....	....	....	....	....
Credit Accounts:									
Disaster assistance direct loan program account:									
Appropriation, discretionary	453	BA	7	2	2	2	2	2	2
Appropriation, mandatory		BA	....	68	....	....	....	....	....
Outlays		O	–14	70	2	2	2	2	2
Limitation on direct loan acitivity			(30)	(25)	(25)	(25)	(25)	(26)	(26)
Total Disaster assistance direct loan program account		BA	7	70	2	2	2	2	2
		O	–14	70	2	2	2	2	2
Disaster assistance direct loan liquidating account:									
Spending authority from offsetting collections, mandatory	453	BA	....	....	....	4	7	7	7
Disaster assistance direct loan liquidating account (gross)		BA	....	....	....	4	7	7	7

FEDERAL EMERGENCY MANAGEMENT AGENCY—Continued

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Total, offsetting collections			–4	....	....	–4	–7	–7	–7
Total Disaster assistance direct loan liquidating account (net)		BA	**–4**	....	....	....	....	....	....
		O	–4	....	....	–4	–7	–7	–7
Summary									
Federal funds:									
(As shown in detail above)		BA	**2,763**	**3,192**	**3,308**	**3,580**	**3,622**	**3,712**	**3,794**
		O	4,041	3,198	2,222	2,029	1,302	1,136	691
Deductions for offsetting receipts:									
Offsetting governmental receipts	453	BA/O	*–2*	....	....	....	....	....	....
Total Federal Emergency Management Agency		BA	**2,761**	**3,192**	**3,308**	**3,580**	**3,622**	**3,712**	**3,794**
		O	4,039	3,198	2,222	2,029	1,302	1,136	691

GENERAL SERVICES ADMINISTRATION

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Real Property Activities									
Federal funds									
General and Special Funds:									
Real property relocation:									
Outlays	804	O	....	11	....	....	....	....	....
Disposal of surplus real and related personal property:									
Appropriation, mandatory	804	BA	**5**	**6**	**8**	**7**	**7**	**7**	**8**
Outlays		O	4	6	8	7	7	7	8
Intragovernmental Funds:									
Federal buildings fund:									
Appropriation, discretionary	804	BA	**450**	....	**682**	**130**	**115**	**188**	**147**
Advance appropriation, discretionary		BA	....	....	....	**219**	**163**	**96**	....
Spending authority from offsetting collections, discretionary		BA	**5,751**	**6,471**	**6,523**	**6,731**	**6,915**	**7,016**	**7,235**
Outlays		O	6,274	6,703	6,758	6,952	7,215	7,387	7,455
Limitation on program level (obligations)			(5,675)	(5,528)	(6,256)	(6,112)	(6,199)	(6,314)	(6,390)
Limitation on direct loan activity			....	(14)	....	....	....	....	....
Federal buildings fund (gross)		BA	**6,201**	**6,471**	**7,205**	**7,080**	**7,193**	**7,300**	**7,382**
		O	6,274	6,703	6,758	6,952	7,215	7,387	7,455
Change in receivables and unpaid, unfilled orders		BA	**599**	....	....	....	....	....	....
Total, offsetting collections			–6,494	–6,525	–6,460	–6,707	–6,872	–7,042	–7,216
Total Federal buildings fund (net)		BA	**306**	**–54**	**745**	**373**	**321**	**258**	**166**
		O	–220	178	298	245	343	345	239
Total Federal funds Real Property Activities		BA	**311**	**–48**	**753**	**380**	**328**	**265**	**174**
		O	–216	195	306	252	350	352	247
Supply and Technology Activities									
Federal funds									
General and Special Funds:									
Expenses of transportation audit contracts and contract administration:									
Appropriation, mandatory	804	BA	**12**	**12**	**13**	**13**	**11**	**10**	**9**
Outlays		O	9	12	13	13	11	10	9
Intragovernmental Funds:									
General supply fund:									
Spending authority from offsetting collections, mandatory	804	BA	**3,410**	**3,327**	**3,342**	**3,409**	**3,477**	**3,547**	**3,617**
Outlays		O	3,400	3,327	3,342	3,409	3,477	3,547	3,617
General supply fund (gross)		BA	**3,410**	**3,327**	**3,342**	**3,409**	**3,477**	**3,547**	**3,617**
		O	3,400	3,327	3,342	3,409	3,477	3,547	3,617
Change in receivables and unpaid, unfilled orders		BA	**41**	....	....	....	....	....	....

GENERAL SERVICES ADMINISTRATION—Continued

(In millions of dollars)

Account			1999 actual	estimate					
				2000	2001	2002	2003	2004	2005
Total, offsetting collections			–3,455	–3,327	–3,342	–3,409	–3,477	–3,547	–3,617
Total General supply fund (net)		BA	–4	...	...	...	...	...	...
		O	–55	...	...	...	...	...	...
Information technology fund:									
Spending authority from offsetting collections, discretionary	804	BA	4,866	4,302	4,278	4,278	4,329	4,437	4,534
Outlays		O	4,176	4,407	4,310	4,278	4,333	4,431	4,534
Information technology fund (gross)		BA	4,866	4,302	4,278	4,278	4,329	4,437	4,534
		O	4,176	4,407	4,310	4,278	4,333	4,431	4,534
Change in receivables and unpaid, unfilled orders		BA	–749	...	...	...	...	...	...
Total, offsetting collections			–4,117	–4,302	–4,278	–4,278	–4,329	–4,437	–4,534
Total Information technology fund (net)		BA	...	...	...	...	...	...	...
		O	59	105	32	...	4	–6	...
Total Federal funds Supply and Technology Activities		BA	8	12	13	13	11	10	9
		O	13	117	45	13	15	4	9

General Activities

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Policy and operations:									
Appropriation, discretionary	804	BA	194	138	145	145	147	150	154
				[A]2					
Spending authority from offsetting collections, discretionary		BA	11	17	21	21	21	22	22
Outlays		O	146	214	163	167	167	172	175
				[A]2					
Policy and operations (gross)		BA	205	157	166	166	168	172	176
		O	146	216	163	167	167	172	175
Change in receivables and unpaid, unfilled orders		BA	–7	...	...	...	...	...	...
Total, offsetting collections			–4	–17	–21	–21	–21	–22	–22
Total Policy and operations (net)		BA	194	140	145	145	147	150	154
		O	142	199	142	146	146	150	153
Office of Inspector General:									
Appropriation, discretionary	804	BA	32	33	35	35	35	36	37
Outlays		O	32	33	34	34	35	36	36
Allowances and office staff for former Presidents:									
Appropriation, discretionary	802	BA	2	2	3	3	3	3	3
Outlays		O	2	2	3	3	3	3	3
Expenses, presidential transition:									
Appropriation, discretionary	802	BA	...	...	7	7	7	7	7
Outlays		O	...	...	7	7	7	7	7
Public Enterprise Funds:									
Federal consumer information center fund:									
Appropriation, discretionary	376	BA	3	3	7	7	7	7	7
Spending authority from offsetting collections, discretionary		BA	4	4	4	4	4	4	4
Outlays		O	6	7	11	11	11	11	11
Federal consumer information center fund (gross)		BA	7	7	11	11	11	11	11
		O	6	7	11	11	11	11	11
Total, offsetting collections			–4	–4	–4	–4	–4	–4	–4
Total Federal consumer information center fund (net)		BA	3	3	7	7	7	7	7
		O	2	3	7	7	7	7	7
Intragovernmental Funds:									
Working capital fund:									
Reappropriation, discretionary	804	BA	4	...	...	...	...	...	...
Spending authority from offsetting collections, discretionary		BA	213	279	297	297	301	308	315

GENERAL SERVICES ADMINISTRATION—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	214	279	297	297	301	308	315
Working capital fund (gross)		BA	**217**	**279**	**297**	**297**	**301**	**308**	**315**
		O	214	279	297	297	301	308	315
Change in receivables and unpaid, unfilled orders		BA	**–3**	....	....	....	....	....	....
Total, offsetting collections			–210	–279	–297	–297	–301	–308	–315
Total Working capital fund (net)		BA	**4**	....	....	....	....	....	....
		O	4	....	....	....	....	....	....
Total Federal funds General Activities		BA	**235**	**178**	**197**	**197**	**199**	**203**	**208**
		O	182	237	193	197	198	203	206
Summary									
Federal funds:									
(As shown in detail above)		BA	**554**	**142**	**963**	**590**	**538**	**478**	**391**
		O	–21	549	544	462	563	559	462
Deductions for offsetting receipts:									
Proprietary receipts from the public	407	BA/O	....	....	....	[1] *–340*	....	....	....
	804	BA/O	*–25*	*–24*	*–69*	*–33*	*–32*	*–28*	*–27*
Total General Services Administration		BA	**529**	**118**	**894**	**217**	**506**	**450**	**364**
		O	–46	525	475	89	531	531	435

[1] Preliminary estimate; actual receipts will depend on the final land use plan.

INTERNATIONAL ASSISTANCE PROGRAMS

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
International Security Assistance									
Federal funds									
General and Special Funds:									
Economic support fund:									
Appropriation, discretionary	152	BA	**2,608**	**2,792**	**2,313**	**2,313**	**2,341**	**2,399**	**2,451**
Outlays		O	2,349	2,358	2,329	2,460	2,555	2,209	2,277
Central America and the Caribbean emergency disaster recovery fund:									
Appropriation, discretionary	151	BA	**592**	**–10**	....	....	....	....	....
Outlays		O	10	232	228	–4	....	....	....
Foreign military financing program:									
Appropriation, discretionary	152	BA	**3,400**	**4,789**	**3,538**	**3,538**	**3,581**	**3,669**	**3,749**
				[A] **31**					
Spending authority from offsetting collections, discretionary		BA	**1**	....	....	....	....	....	....
Outlays		O	3,357	2,947	4,296	3,867	3,827	3,676	3,683
				[A] 2	[A] 9	[A] 14	[A] 4	[A] 2	
Foreign military financing program (gross)		BA	**3,401**	**4,820**	**3,538**	**3,538**	**3,581**	**3,669**	**3,749**
		O	3,357	2,949	4,305	3,881	3,831	3,678	3,683
Total, offsetting collections			–1	....	....	....	....	....	....
Total Foreign military financing program (net)		BA	**3,400**	**4,820**	**3,538**	**3,538**	**3,581**	**3,669**	**3,749**
		O	3,356	2,949	4,305	3,881	3,831	3,678	3,683
International military education and training:									
Appropriation, discretionary	152	BA	**50**	**50**	**55**	**55**	**56**	**57**	**58**
				[A] **3**					
Outlays		O	42	53	55	55	55	57	57
				[A] 2	[A] 1				
Total International military education and training		BA	**50**	**53**	**55**	**55**	**56**	**57**	**58**
		O	42	55	56	55	55	57	57
Military-to-military contact program:									
Outlays	152	O	....	1	....	....	....	....	....
Peacekeeping operations:									
Appropriation, discretionary	152	BA	**120**	**152**	**134**	**134**	**136**	**139**	**142**

INTERNATIONAL ASSISTANCE PROGRAMS—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Spending authority from offsetting collections, discretionary		BA	**5**						
Outlays		O	98	143	140	134	136	138	141
Peacekeeping operations (gross)		BA	**125**	**152**	**134**	**134**	**136**	**139**	**142**
		O	98	143	140	134	136	138	141
Total, offsetting collections			–5						
Total Peacekeeping operations (net)		BA	**120**	**152**	**134**	**134**	**136**	**139**	**142**
		O	93	143	140	134	136	138	141
Non-proliferation, anti-terrorism, demining, and related programs:									
Appropriation, discretionary	152	BA	**239**	**218**	**312**	**312**	**316**	**324**	**331**
Spending authority from offsetting collections, discretionary		BA	**6**						
Outlays		O	222	204	283	300	314	320	327
Non-proliferation, anti-terrorism, demining, and related programs (gross)		BA	**245**	**218**	**312**	**312**	**316**	**324**	**331**
		O	222	204	283	300	314	320	327
Total, offsetting collections			–6						
Total Non-proliferation, anti-terrorism, demining, and related programs (net)		BA	**239**	**218**	**312**	**312**	**316**	**324**	**331**
		O	216	204	283	300	314	320	327
Nonproliferation and Disarmament Fund:									
Outlays	152	O	3	5	3				
Credit Accounts:									
Foreign military financing loan program account:									
Appropriation, mandatory	152	BA	**5**	**189**					
Outlays		O	24	227	66	40			
Foreign military loan liquidating account:									
Appropriation, mandatory	152	BA	**38**	**38**	**31**	**27**	**25**	**38**	**7**
Spending authority from offsetting collections, mandatory		BA	**5**	**7**	**11**	**37**	**35**	**26**	**54**
Outlays		O	43	45	42	64	60	64	61
Foreign military loan liquidating account (gross)		BA	**43**	**45**	**42**	**64**	**60**	**64**	**61**
		O	43	45	42	64	60	64	61
Total, offsetting collections			–229	–635	–548	–467	–405	–339	–337
Total Foreign military loan liquidating account (net)		BA	**–186**	**–590**	**–506**	**–403**	**–345**	**–275**	**–276**
		O	–186	–590	–506	–403	–345	–275	–276

Summary

Account			1999 actual	2000	2001	2002	2003	2004	2005
Federal funds:									
(As shown in detail above)		BA	**6,828**	**7,624**	**5,846**	**5,949**	**6,085**	**6,313**	**6,455**
		O	5,907	5,584	6,904	6,463	6,546	6,127	6,209
Deductions for offsetting receipts:									
Proprietary receipts from the public	151	BA/O	*–3*						
	152	BA/O	*–367*						
	908	BA/O	*–131*						
Total International Security Assistance		BA	**6,327**	**7,624**	**5,846**	**5,949**	**6,085**	**6,313**	**6,455**
		O	5,406	5,584	6,904	6,463	6,546	6,127	6,209

Multilateral Assistance

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Contribution to the International Bank for Reconstruction and Development:									
Appropriation, discretionary	151	BA	**168**	**36**	**176**	**176**	**178**	**183**	**187**
Outlays		O	54	52	54	18	72	84	87
Contribution to the International Development Association:									
Appropriation, discretionary	151	BA	**800**	**771**	**836**	**836**	**846**	**867**	**886**
Outlays		O	994	992	1,077	982	883	935	853
Contribution to Multilateral Investment Guarantee Agency:									
Appropriation, discretionary	151	BA		**4**	**16**	**16**	**16**	**17**	**17**
Outlays		O		1	6	16	16	16	16
Contribution to the Inter-American Development Bank:									
Appropriation, discretionary	151	BA	**47**	**42**	**34**	**34**	**34**	**35**	**36**
Outlays		O	42	45	48	34	35	41	35

INTERNATIONAL ASSISTANCE PROGRAMS—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Contribution to the Asian Development Bank:									
Appropriation, discretionary	151	BA	**223**	**91**	**125**	**125**	**127**	**130**	**132**
Outlays		O	255	190	177	151	129	143	145
Contribution to the African Development Fund:									
Appropriation, discretionary	151	BA	**128**	**131**	**106**	**106**	**107**	**110**	**112**
Outlays		O	95	100	100	70	73	77	88
Contribution to the European Bank for Reconstruction and Development:									
Appropriation, discretionary	151	BA	**36**	**36**	**36**	**36**	**36**	**37**	**38**
Outlays		O	25	28	31	45	32	36	37
North American development bank:									
Outlays	151	O			11	11	11	17	
Contribution to enterprise for the Americas multilateral investment fund:									
Appropriation, discretionary	151	BA	**50**		**26**	**26**	**26**	**27**	**28**
Outlays		O	30	42	46	41	40	41	41
International affairs technical assistance program:									
Appropriation, discretionary	151	BA	**3**	**2**	**7**	**7**	**7**	**7**	**7**
Outlays		O		2	2	4	6	7	7
International organizations and programs:									
Appropriation, discretionary	151	BA	**308**	**294**	**356**	**356**	**360**	**369**	**377**
Outlays		O	338	295	350	356	360	368	377
Credit Accounts:									
Debt restructuring:									
Appropriation, discretionary	151	BA	**74**	**123** [A]**210**	**262**	**299**	**302**	**319**	**325**
Appropriation, mandatory		BA		**5**					
Advance appropriation, discretionary		BA				**240**	**135**		
Outlays		O	23	120 [A]53	136 [A]105	291 [A]32	430 [A]21	406	360
Total Debt restructuring		BA	**74**	**338**	**262**	**539**	**437**	**319**	**325**
		O	23	173	241	323	451	406	360
Total Federal funds Multilateral Assistance		BA	**1,837**	**1,745**	**1,980**	**2,257**	**2,174**	**2,101**	**2,145**
		O	1,856	1,920	2,143	2,051	2,108	2,171	2,046

International Development Assistance

Agency for International Development

Federal funds

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
General and Special Funds:									
Sustainable development assistance program:									
Appropriation, discretionary	151	BA	**1,189**	**1,199**	**932**	**932**	**943**	**967**	**988**
Spending authority from offsetting collections, discretionary		BA	**5**						
Outlays		O	771	1,169	1,134	904	875	885	929
Sustainable development assistance program (gross)		BA	**1,194**	**1,199**	**932**	**932**	**943**	**967**	**988**
		O	771	1,169	1,134	904	875	885	929
Total, offsetting collections			–5						
Total Sustainable development assistance program (net)		BA	**1,189**	**1,199**	**932**	**932**	**943**	**967**	**988**
		O	766	1,169	1,134	904	875	885	929
Child survival and disease programs:									
Appropriation, discretionary	151	BA	**595**	**602**	**659**	**659**	**667**	**683**	**698**
Outlays		O	430	505	546	541	581	608	644
Development fund for Africa:									
Appropriation, discretionary	151	BA			**533**	**533**	**539**	**553**	**565**
Outlays		O	194	120	133	393	441	470	503
Assistance for Eastern Europe and the Baltic States:									
Appropriation, discretionary	151	BA	**436**	**533** [A]**195**	**610**	**610**	**617**	**633**	**646**
Outlays		O	523	535 [A]20	328 [A]64	408 [A]46	487 [A]31	570 [A]25	608 [A]8
Total Assistance for Eastern Europe and the Baltic States		BA	**436**	**728**	**610**	**610**	**617**	**633**	**646**
		O	523	555	392	454	518	595	616
Assistance for the independent states of the former Soviet Union:									
Appropriation, discretionary	151	BA	**587**	**836**	**830**	**830**	**840**	**861**	**880**

INTERNATIONAL ASSISTANCE PROGRAMS—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	652	590	682	667	725	808	837
Sub-Saharan Africa disaster assistance:									
Outlays	151	O		2					
International disaster assistance:									
Appropriation, discretionary	151	BA	**388**	**202**	**220**	**220**	**223**	**228**	**233**
Outlays		O	295	236	261	246	232	226	227
Operating expenses of the Agency for International Development:									
Appropriation, discretionary	151	BA	**501**	**519** [A] **22**	**520**	**520**	**526**	**539**	**551**
Spending authority from offsetting collections, discretionary		BA	**4**	**4**	**4**	**4**	**4**	**4**	**4**
Outlays		O	488	532 [A] 14	529 [A] 4	522 [A] 2	526 [A] 1	537	551
Operating expenses of the Agency for International Development (gross)		BA	**505**	**545**	**524**	**524**	**530**	**543**	**555**
		O	488	546	533	524	527	537	551
Total, offsetting collections			–4	–4	–4	–4	–4	–4	–4
Total Operating expenses of the Agency for International Development (net)		BA	**501**	**541**	**520**	**520**	**526**	**539**	**551**
		O	484	542	529	520	523	533	547
Payment to the Foreign Service retirement and disability fund:									
Appropriation, mandatory	153	BA	**45**	**44**	**44**	**45**	**47**	**48**	**48**
Outlays		O	45	44	44	45	47	48	48
Operating expenses of AID, Office of Inspector General:									
Appropriation, discretionary	151	BA	**29**	**25**	**27**	**27**	**27**	**28**	**29**
Outlays		O	29	24	27	27	26	28	28
Public Enterprise Funds:									
Property management fund:									
Spending authority from offsetting collections, mandatory	151	BA		**1**					
Outlays		O		2					
Property management fund (gross)		BA		**1**					
		O		2					
Total, offsetting collections				–1					
Total Property management fund (net)		BA							
		O		1					
Credit Accounts:									
Urban and environmental credit program account:									
Appropriation, discretionary	151	BA	**7**	**7**					
Outlays		O	18	10	5	1	1	1	
Housing and other credit guaranty programs liquidating account:									
Appropriation, mandatory	151	BA	**17**	**35**	**17**	**1**			
Spending authority from offsetting collections, mandatory		BA	**84**	**124**	**57**	**68**	**70**	**71**	**67**
Outlays		O	62	38	40	45	36	32	31
Housing and other credit guaranty programs liquidating account (gross)		BA	**101**	**159**	**74**	**69**	**70**	**71**	**67**
		O	62	38	40	45	36	32	31
Total, offsetting collections			–84	–124	–57	–68	–70	–71	–67
Total Housing and other credit guaranty programs liquidating account (net)		BA	**17**	**35**	**17**	**1**			
		O	–22	–86	–17	–23	–34	–39	–36
Micro and small enterprise development program account:									
Appropriation, discretionary	151	BA	**2**	**2**					
Outlays		O	1	3	2				
Development credit authority program account:									
Appropriation, discretionary	151	BA		**3**	**23**	**23**	**23**	**24**	**24**
Outlays		O		3	13	14	15	15	15
Economic assistance loans — liquidating account:									
Spending authority from offsetting collections, mandatory	151	BA	**1,075**	**782**	**700**	**658**	**652**	**612**	**568**
Economic assistance loans — liquidating account (gross)		BA	**1,075**	**782**	**700**	**658**	**652**	**612**	**568**

INTERNATIONAL ASSISTANCE PROGRAMS—Continued
(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–1,075	–782	–700	–658	–652	–612	–568
Total Economic assistance loans — liquidating account (net)		BA	....	....	....	....	....	....	....
		O	–1,075	–782	–700	–658	–652	–612	–568
Trust funds									
Foreign service national separation liability trust fund:									
Appropriation, mandatory	602	BA	**3**	**3**	**3**	**3**	**3**	**3**	**3**
Outlays		O	1	1	1	1	1	1	1
Summary									
Federal funds:									
(As shown in detail above)		BA	**3,796**	**4,224**	**4,415**	**4,400**	**4,452**	**4,564**	**4,662**
		O	2,340	2,936	3,051	3,131	3,298	3,566	3,790
Deductions for offsetting receipts:									
Proprietary receipts from the public	151	BA/O	....	*–110*	*–40*	....	....	....	....
Total Federal funds		BA	**3,796**	**4,114**	**4,375**	**4,400**	**4,452**	**4,564**	**4,662**
		O	2,340	2,826	3,011	3,131	3,298	3,566	3,790
Trust funds:									
(As shown in detail above)		BA	**3**	**3**	**3**	**3**	**3**	**3**	**3**
		O	1	1	1	1	1	1	1
Interfund transactions	602	BA/O	*–2*	*–3*	*–3*	*–3*	*–3*	*–3*	*–3*
Total Agency for International Development		BA	**3,797**	**4,114**	**4,375**	**4,400**	**4,452**	**4,564**	**4,662**
		O	2,339	2,824	3,009	3,129	3,296	3,564	3,788
Overseas Private Investment Corporation									
Federal funds									
Public Enterprise Funds:									
Overseas Private Investment Corporation noncredit account:									
Appropriation, discretionary	151	BA	**–69**	**–45**	**–47**	**–47**	**–48**	**–49**	**–50**
Spending authority from offsetting collections, discretionary		BA	**154**	**143**	**132**	**132**	**134**	**137**	**140**
Outlays		O	55	153	55	93	72	62	63
Overseas Private Investment Corporation noncredit account (gross)		BA	**85**	**98**	**85**	**85**	**86**	**88**	**90**
		O	55	153	55	93	72	62	63
Change in receivables and unpaid, unfilled orders		BA	**–4**	**–8**	**–6**	....	....	....	....
Total, offsetting collections			–328	–339	–346	–346	–350	–359	–367
Total Overseas Private Investment Corporation noncredit account (net)		BA	**–247**	**–249**	**–267**	**–261**	**–264**	**–271**	**–277**
		O	–273	–186	–291	–253	–278	–297	–304
Credit Accounts:									
Overseas private investment corporation program account:									
Appropriation, discretionary	151	BA	**72**	**45**	**47**	**47**	**47**	**49**	**50**
Outlays		O	42	50	56	41	42	41	44
Limitation on loan guarantee commitments			(2,333)	(2,333)	(1,000)	(1,000)	(1,012)	(1,037)	(1,060)
Overseas Private Investment Corporation liquidating account:									
Spending authority from offsetting collections, mandatory	151	BA	**11**	**3**	....	....	....	....	....
Outlays		O	1	14	....	....	....	....	....
Overseas Private Investment Corporation liquidating account (gross)		BA	**11**	**3**	....	....	....	....	....
		O	1	14	....	....	....	....	....
Total, offsetting collections			–11	–3	....	....	....	....	....
Total Overseas Private Investment Corporation liquidating account (net)		BA	....	....	....	....	....	....	....
		O	–10	11	....	....	....	....	....
Total Federal funds Overseas Private Investment Corporation		BA	**–175**	**–204**	**–220**	**–214**	**–217**	**–222**	**–227**
		O	–241	–125	–235	–212	–236	–256	–260

INTERNATIONAL ASSISTANCE PROGRAMS—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Trade and Development Agency									
Federal funds									
General and Special Funds:									
Trade and Development Agency:									
Appropriation, discretionary	151	BA	**59**	**44**	**54**	**54**	**55**	**56**	**57**
Outlays		O	49	57	56	53	57	55	56
Peace Corps									
Federal funds									
General and Special Funds:									
Peace Corps:									
Appropriation, discretionary	151	BA	**256**	**244**	**275**	**275**	**278**	**285**	**291**
Spending authority from offsetting collections, discretionary		BA	**8**	**8**	**8**	**8**	**8**	**8**	**8**
Outlays		O	244	272	277	289	295	301	307
Peace Corps (gross)		BA	**264**	**252**	**283**	**283**	**286**	**293**	**299**
		O	244	272	277	289	295	301	307
Total, offsetting collections			–8	–8	–8	–8	–8	–8	–8
Total Peace Corps (net)		BA	**256**	**244**	**275**	**275**	**278**	**285**	**291**
		O	236	264	269	281	287	293	299
Trust funds									
Peace Corps miscellaneous trust fund:									
Appropriation, mandatory	151	BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	1	1	1	1	1	1	1
Inter-American Foundation									
Federal funds									
General and Special Funds:									
Inter-American Foundation:									
Appropriation, discretionary	151	BA	**20**	**5**	**20**	**20**	**20**	**21**	**21**
Spending authority from offsetting collections, discretionary		BA	**8**	**5**					
Outlays		O	21	21	28	17	19	20	21
Inter-American Foundation (gross)		BA	**28**	**10**	**20**	**20**	**20**	**21**	**21**
		O	21	21	28	17	19	20	21
Total, offsetting collections			–8	–5					
Total Inter-American Foundation (net)		BA	**20**	**5**	**20**	**20**	**20**	**21**	**21**
		O	13	16	28	17	19	20	21
African Development Foundation									
Federal funds									
General and Special Funds:									
African Development Foundation:									
Appropriation, discretionary	151	BA	**11**	**14**	**16**	**16**	**16**	**17**	**17**
Spending authority from offsetting collections, discretionary		BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	12	14	17	13	15	17	18
African Development Foundation (gross)		BA	**12**	**15**	**17**	**17**	**17**	**18**	**18**
		O	12	14	17	13	15	17	18
Total, offsetting collections			–1	–1	–1	–1	–1	–1	–1
Total African Development Foundation (net)		BA	**11**	**14**	**16**	**16**	**16**	**17**	**17**
		O	11	13	16	12	14	16	17
Total Federal funds International Development Assistance		BA	**3,967**	**4,217**	**4,520**	**4,551**	**4,604**	**4,721**	**4,821**
		O	2,408	3,051	3,145	3,282	3,439	3,694	3,923
Total Trust funds International Development Assistance		BA	**4**	**4**	**4**	**4**	**4**	**4**	**4**
		O	2	2	2	2	2	2	2

INTERNATIONAL ASSISTANCE PROGRAMS—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Interfund transactions	602	BA/O	*–2*	*–3*	*–3*	*–3*	*–3*	*–3*	*–3*
Total International Development Assistance		BA	**3,969**	**4,218**	**4,521**	**4,552**	**4,605**	**4,722**	**4,822**
		O	2,408	3,050	3,144	3,281	3,438	3,693	3,922
International Monetary Programs									
Federal funds									
General and Special Funds:									
United States quota, International Monetary Fund:									
Appropriation, discretionary	155	BA	**14,763**						
Outlays		O	–167						
Loans to International Monetary Fund:									
Appropriation, discretionary	155	BA	**3,450**						
Contribution to enhanced structural adjustment facility of the International Monetary Fund:									
Outlays	155	O	22	16	10				
Total Federal funds International Monetary Programs		BA	**18,213**						
		O	–145	16	10				
Military Sales Program									
Federal funds									
Public Enterprise Funds:									
Special defense acquisition fund:									
Appropriation, discretionary	155	BA		**18**					
Outlays		O	6	18	6	5			
Special defense acquisition fund (gross)		BA		**18**					
		O	6	18	6	5			
Total, offsetting collections			–8	–10					
Total Special defense acquisition fund (net)		BA	**–8**	**8**					
		O	–2	8	6	5			
Trust funds									
Foreign military sales trust fund:									
Contract authority, mandatory	155	BA	**8,712**	**9,070**	**10,730**	**11,040**	**11,100**	**11,090**	**11,350**
Outlays		O	12,159	10,560	10,760	10,890	10,920	11,020	11,150
Summary									
Federal funds:									
(As shown in detail above)		BA	**–8**	**8**					
		O	–2	8	6	5			
Trust funds:									
(As shown in detail above)		BA	**8,712**	**9,070**	**10,730**	**11,040**	**11,100**	**11,090**	**11,350**
		O	12,159	10,560	10,760	10,890	10,920	11,020	11,150
Deductions for offsetting receipts:									
Proprietary receipts from the public	155	BA/O	*–11,624*	*–10,560*	*–10,760*	*–10,890*	*–10,920*	*–11,020*	*–11,150*
Total Trust funds		BA	**–2,912**	**–1,490**	**–30**	**150**	**180**	**70**	**200**
		O	535						
Total Military Sales Program		BA	**–2,920**	**–1,482**	**–30**	**150**	**180**	**70**	**200**
		O	533	8	6	5			
Special Assistance for Central America									
Federal funds									
General and Special Funds:									
Demobilization and transition fund:									
Outlays	152	O	1						

INTERNATIONAL ASSISTANCE PROGRAMS—Continued

(In millions of dollars)

International Commodity Agreements

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Summary									
Federal funds:									
Deductions for offsetting receipts:									
Proprietary receipts from the public	155	BA/O	....	*–80*	....	....	....	....	....
Total International Commodity Agreements		BA	....	**–80**	....	....	....	....	....
		O	....	–80	....	....	....	....	....

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Summary									
Federal funds:									
(As shown in detail above)		BA	**30,837**	**13,704**	**12,386**	**12,757**	**12,863**	**13,135**	**13,421**
		O	10,025	10,689	12,248	11,801	12,093	11,992	12,178
Deductions for offsetting receipts:									
Proprietary receipts from the public	151	BA/O	*–3*	*–110*	*–40*	....	....	....	....
	152	BA/O	*–367*	....	....	....	....	....	....
	155	BA/O	....	*–80*	....	....	....	....	....
	908	BA/O	*–131*	....	....	....	....	....	....
Total Federal funds		BA	**30,336**	**13,514**	**12,346**	**12,757**	**12,863**	**13,135**	**13,421**
		O	9,524	10,499	12,208	11,801	12,093	11,992	12,178
Trust funds:									
(As shown in detail above)		BA	**8,716**	**9,074**	**10,734**	**11,044**	**11,104**	**11,094**	**11,354**
		O	12,161	10,562	10,762	10,892	10,922	11,022	11,152
Deductions for offsetting receipts:									
Proprietary receipts from the public	155	BA/O	*–11,624*	*–10,560*	*–10,760*	*–10,890*	*–10,920*	*–11,020*	*–11,150*
Total Trust funds		BA	**–2,908**	**–1,486**	**–26**	**154**	**184**	**74**	**204**
		O	537	2	2	2	2	2	2
Interfund transactions	602	BA/O	*–2*	*–3*	*–3*	*–3*	*–3*	*–3*	*–3*
Total International Assistance Programs		BA	**27,426**	**12,025**	**12,317**	**12,908**	**13,044**	**13,206**	**13,622**
		O	10,059	10,498	12,207	11,800	12,092	11,991	12,177

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Federal funds									
General and Special Funds:									
Human space flight:									
Appropriation, discretionary	252	BA	**5,480**	**5,488**	**5,500**	**3,529**	**3,486**	**3,490**	**3,411**
				[A] –20					
Advance appropriation, discretionary		BA	....	....	....	**1,858**	**1,452**	**1,327**	**1,275**
Spending authority from offsetting collections, discretionary		BA	**183**	**204**	**195**	**195**	**195**	**195**	**195**
Outlays		O	5,591	5,674	5,655	5,657	5,289	5,067	4,932
				[A] –13	[A] –6	[A] –1			
Human space flight (gross)		BA	**5,663**	**5,672**	**5,695**	**5,582**	**5,133**	**5,012**	**4,881**
		O	5,591	5,661	5,649	5,656	5,289	5,067	4,932
Change in receivables and unpaid, unfilled orders		BA	**–9**	....	....	....	....	....	....
Total, offsetting collections			–174	–204	–195	–195	–195	–195	–195
Total Human space flight (net)		BA	**5,480**	**5,468**	**5,500**	**5,387**	**4,938**	**4,817**	**4,686**
		O	5,417	5,457	5,454	5,461	5,094	4,872	4,737
Science, Aeronautics and Technology									
(Space flight, research, and supporting activities):									
(Appropriation, discretionary)	252	BA	**4,885**	**4,918**	**5,352**	**5,785**	**6,375**	**6,951**	**7,298**
(Spending authority from offsetting collections, discretionary)		BA	**520**	**549**	**491**	**491**	**491**	**491**	**491**

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
(Outlays)		O	5,472	5,448	5,543	5,822	6,484	7,051	7,523
Science, Aeronautics and Technology (gross)		BA	**5,405**	**5,467**	**5,843**	**6,276**	**6,866**	**7,442**	**7,789**
		O	5,472	5,448	5,543	5,822	6,484	7,051	7,523
(Change in receivables and unpaid, unfilled orders)		BA	**–29**	....	....	....	....	....	....
Total, offsetting collections			–491	–549	–491	–491	–491	–491	–491
Total (Space flight, research, and supporting activities) (net)		BA	**4,885**	**4,918**	**5,352**	**5,785**	**6,375**	**6,951**	**7,298**
		O	4,981	4,899	5,052	5,331	5,993	6,560	7,032
(Air transportation):									
(Appropriation, discretionary)	402	BA	**769**	**663**	**577**	**604**	**619**	**620**	**616**
(Spending authority from offsetting collections, discretionary)		BA	**54**	**57**	**57**	**57**	**57**	**57**	**57**
(Outlays)		O	855	524	641	625	669	674	675
Science, Aeronautics and Technology (gross)		BA	**5,708**	**5,638**	**5,986**	**6,446**	**7,051**	**7,628**	**7,971**
		O	5,836	5,423	5,693	5,956	6,662	7,234	7,707
(Change in receivables and unpaid, unfilled orders)		BA	**–3**	....	....	....	....	....	....
Total, offsetting collections			–51	–57	–57	–57	–57	–57	–57
Total (Air transportation) (net)		BA	**769**	**663**	**577**	**604**	**619**	**620**	**616**
		O	804	467	584	568	612	617	618
Total Science, Aeronautics and Technology		BA	**5,654**	**5,581**	**5,929**	**6,389**	**6,994**	**7,571**	**7,914**
		O	5,785	5,366	5,636	5,899	6,605	7,177	7,650
Mission support									
(Space flight, research, and supporting activities):									
(Appropriation, discretionary)	252	BA	**2,075**	**2,144**	**2,226**	**2,299**	**2,432**	**2,498**	**2,547**
				[A]20					
(Spending authority from offsetting collections, discretionary)		BA	**82**	**108**	**123**	**123**	**123**	**123**	**126**
(Outlays)		O	2,085	2,243	2,318	2,427	2,526	2,603	2,662
				[A]16	[A]3				
Mission support (gross)		BA	**2,157**	**2,272**	**2,349**	**2,422**	**2,555**	**2,621**	**2,673**
		O	2,085	2,259	2,321	2,427	2,526	2,603	2,662
(Change in receivables and unpaid, unfilled orders)		BA	**17**	....	....	....	....	....	....
Total, offsetting collections			–99	–108	–123	–123	–123	–123	–123
Total (Space flight, research, and supporting activities) (net)		BA	**2,075**	**2,164**	**2,226**	**2,299**	**2,432**	**2,498**	**2,550**
		O	1,986	2,151	2,198	2,304	2,403	2,480	2,539
(Air transportation):									
(Appropriation, discretionary)	402	BA	**425**	**368**	**358**	**367**	**381**	**394**	**398**
(Spending authority from offsetting collections, discretionary)		BA	**15**	**19**	**9**	**9**	**9**	**9**	**9**
(Outlays)		O	432	405	367	370	387	400	406
Mission support (gross)		BA	**2,515**	**2,551**	**2,593**	**2,675**	**2,822**	**2,901**	**2,957**
		O	2,418	2,556	2,565	2,674	2,790	2,880	2,945
(Change in receivables and unpaid, unfilled orders)		BA	**8**	....	....	....	....	....	....
Total, offsetting collections			–23	–19	–9	–9	–9	–9	–9
Total (Air transportation) (net)		BA	**425**	**368**	**358**	**367**	**381**	**394**	**398**
		O	409	386	358	361	378	391	397
Total Mission support		BA	**2,500**	**2,532**	**2,584**	**2,666**	**2,813**	**2,892**	**2,948**
		O	2,395	2,537	2,556	2,665	2,781	2,871	2,936
Research and development									
(Space flight, research, and supporting activities):									
(Outlays)	252	O	28	48	....	....	....	....	....
Research and development (gross)		O	28	48	....	....	....	....	....
(Change in receivables and unpaid, unfilled orders)		BA	**10**	**19**	....	....	....	....	....

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–10	–19					
Total (Space flight, research, and supporting activities) (net)		BA							
		O	18	29					
Total Research and development		BA							
		O	18	29					
Space flight, control, and data communications:									
Outlays	252	O	2	12	2				
Construction of facilities									
(Space flight, research, and supporting activities):									
(Outlays)	252	O	23	25	6				
(Air transportation):									
(Outlays)	402	O	4						
Total Construction of facilities		O	27	25	6				
Office of Inspector General:									
Appropriation, discretionary	252	BA	**20**	**20**	**22**	**23**	**24**	**25**	**25**
Outlays		O	19	20	21	23	24	25	25
Trust funds									
Science, space, and technology education trust fund:									
Appropriation, mandatory	503	BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	1	1	1	1	1	1	1
Summary									
Federal funds:									
(As shown in detail above)		BA	**13,654**	**13,601**	**14,035**	**14,465**	**14,769**	**15,305**	**15,573**
		O	13,663	13,446	13,675	14,048	14,504	14,945	15,348
Trust funds:									
(As shown in detail above)		BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
		O	1	1	1	1	1	1	1
Total National Aeronautics and Space Administration		BA	**13,655**	**13,602**	**14,036**	**14,466**	**14,770**	**15,306**	**15,574**
		O	13,664	13,447	13,676	14,049	14,505	14,946	15,349

NATIONAL SCIENCE FOUNDATION

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Federal funds									
General and Special Funds:									
Research and related activities									
(Defense-related activities):									
(Appropriation, discretionary)	054	BA	**63**	**63**	**63**	**63**	**64**	**65**	**67**
(Outlays)		O	53	55	60	61	65	64	65
(General science and basic research):									
(Appropriation, discretionary)	251	BA	**2,711**	**2,895**	**3,478**	**3,478**	**3,520**	**3,607**	**3,686**
(Spending authority from offsetting collections, discretionary)		BA	**79**	**100**	**100**	**100**	**101**	**104**	**106**
(Outlays)		O	2,406	2,650	3,003	3,349	3,558	3,597	3,701
Research and related activities (gross)		BA	**2,853**	**3,058**	**3,641**	**3,641**	**3,685**	**3,776**	**3,859**
		O	2,459	2,705	3,063	3,410	3,623	3,661	3,766
(Change in receivables and unpaid, unfilled orders)		BA	**–11**						
Total, offsetting collections			–68	–100	–100	–100	–101	–104	–106
Total (General science and basic research) (net)		BA	**2,711**	**2,895**	**3,478**	**3,478**	**3,520**	**3,607**	**3,686**
		O	2,338	2,550	2,903	3,249	3,457	3,493	3,595
Total Research and related activities		BA	**2,774**	**2,958**	**3,541**	**3,541**	**3,584**	**3,672**	**3,753**
		O	2,391	2,605	2,963	3,310	3,522	3,557	3,660
Academic research infrastructure:									
Outlays	251	O	37	19	11	5			
Major research equipment:									
Appropriation, discretionary	251	BA	**90**	**93**	**139**		**84**	**94**	**133**

NATIONAL SCIENCE FOUNDATION—Continued

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Advance appropriation, discretionary		BA	....	....	....	**144**	**58**	**50**	**14**
Outlays		O	99	73	90	110	130	140	143
Total Major research equipment		BA	**90**	**93**	**139**	**144**	**142**	**144**	**147**
		O	99	73	90	110	130	140	143
Salaries and expenses:									
Appropriation, discretionary	251	BA	**144**	**149**	**158**	**158**	**160**	**164**	**167**
Spending authority from offsetting collections, discretionary		BA	**5**	**5**	**5**	**5**	**5**	**5**	**5**
Outlays		O	142	162	162	163	164	169	172
Salaries and expenses (gross)		BA	**149**	**154**	**163**	**163**	**165**	**169**	**172**
		O	142	162	162	163	164	169	172
Change in receivables and unpaid, unfilled orders		BA	**–1**	....	....	....	....	....	....
Total, offsetting collections			–4	–5	–5	–5	–5	–5	–5
Total Salaries and expenses (net)		BA	**144**	**149**	**158**	**158**	**160**	**164**	**167**
		O	138	157	157	158	159	164	167
Office of the Inspector General:									
Appropriation, discretionary	251	BA	**5**	**5**	**6**	**6**	**6**	**6**	**6**
Outlays		O	5	5	6	6	6	6	6
Education and human resources:									
Appropriation, discretionary	251	BA	**662**	**691**	**729**	**729**	**738**	**756**	**773**
				A **1**					
Appropriation, mandatory		BA	**27**	**33**	**31**	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	**14**	**15**	**15**	**15**	**15**	**16**	**16**
Outlays		O	585	710	725	723	737	750	765
Education and human resources (gross)		BA	**703**	**740**	**775**	**744**	**753**	**772**	**789**
		O	585	710	725	723	737	750	765
Total, offsetting collections			–14	–15	–15	–15	–15	–16	–16
Total Education and human resources (net)		BA	**689**	**725**	**760**	**729**	**738**	**756**	**773**
		O	571	695	710	708	722	734	749
Trust funds									
Donations:									
Appropriation, mandatory	251	BA	**37**	**42**	**35**	**35**	**34**	**34**	**34**
Outlays		O	42	42	35	34	34	34	34
Summary									
Federal funds:									
(As shown in detail above)		BA	**3,702**	**3,930**	**4,604**	**4,578**	**4,630**	**4,742**	**4,846**
		O	3,241	3,554	3,937	4,297	4,539	4,601	4,725
Trust funds:									
(As shown in detail above)		BA	**37**	**42**	**35**	**35**	**34**	**34**	**34**
		O	42	42	35	34	34	34	34
Total National Science Foundation		BA	**3,739**	**3,972**	**4,639**	**4,613**	**4,664**	**4,776**	**4,880**
		O	3,283	3,596	3,972	4,331	4,573	4,635	4,759

OFFICE OF PERSONNEL MANAGEMENT

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	805	BA	**87**	**90**	**101**	**101**	**102**	**105**	**107**
				A **1**					
Spending authority from offsetting collections, discretionary		BA	**132**	**128**	**131**	**131**	**133**	**136**	**139**

OFFICE OF PERSONNEL MANAGEMENT—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	206	217	227	232	235	240	246
				[A] 1					
Salaries and expenses (gross)		BA	219	219	232	232	235	241	246
		O	206	218	227	232	235	240	246
Change in receivables and unpaid, unfilled orders		BA	–27	....	....	....	....	....	....
Total, offsetting collections			–105	–128	–131	–131	–133	–136	–139
Total Salaries and expenses (net)		BA	87	91	101	101	102	105	107
		O	101	90	96	101	102	104	107
Office of Inspector General:									
Appropriation, discretionary	805	BA	1	1	1	1	1	1	1
Spending authority from offsetting collections, discretionary		BA	9	10	10	10	10	10	11
Outlays		O	10	9	11	11	11	11	12
Office of Inspector General (gross)		BA	10	11	11	11	11	11	12
		O	10	9	11	11	11	11	12
Total, offsetting collections			–9	–10	–10	–10	–10	–10	–11
Total Office of Inspector General (net)		BA	1	1	1	1	1	1	1
		O	1	–1	1	1	1	1	1
Government payment for annuitants, employees health benefits:									
Appropriation, mandatory	551	BA	4,611	4,995	5,427	5,859	6,310	6,892	7,559
					[J] –73	[J] –105	[J] –114	[J] –124	[J] –136
Outlays		O	4,447	4,979	5,407	5,842	6,286	6,857	7,521
					[J] –73	[J] –105	[J] –114	[J] –124	[J] –136
Total Government payment for annuitants, employees health benefits		BA	4,611	4,995	5,354	5,754	6,196	6,768	7,423
		O	4,447	4,979	5,334	5,737	6,172	6,733	7,385
Government payment for annuitants, employee life insurance:									
Appropriation, mandatory	602	BA	31	33	35	36	37	38	39
Outlays		O	31	33	35	36	37	38	39
Payment to civil service retirement and disability fund:									
Appropriation, mandatory	805	BA	21,401	21,245	21,509	21,819	22,224	22,588	22,974
					[J] 1	[J] 1	[J] 1	[J] 2	[J] 3
Outlays		O	21,401	21,245	21,509	21,819	22,224	22,588	22,974
					[J] 1	[J] 1	[J] 1	[J] 2	[J] 3
Total Payment to civil service retirement and disability fund		BA	21,401	21,245	21,510	21,820	22,225	22,590	22,977
		O	21,401	21,245	21,510	21,820	22,225	22,590	22,977
Intragovernmental Funds:									
Revolving fund:									
Spending authority from offsetting collections, discretionary	805	BA	185	243	267	267	270	277	283
Outlays		O	192	243	267	267	270	277	283
Revolving fund (gross)		BA	185	243	267	267	270	277	283
		O	192	243	267	267	270	277	283
Change in receivables and unpaid, unfilled orders		BA	18	....	....	....	....	....	....
Total, offsetting collections			–203	–243	–267	–267	–270	–277	–283
Total Revolving fund (net)		BA	....	....	....	....	....	....	....
		O	–11	....	....	....	....	....	....
Trust funds									
Civil service retirement and disability fund:									
Appropriation, discretionary	602	BA	78	83	90	90	91	93	95
Appropriation, mandatory		BA	43,924	45,590	47,680	49,997	52,612	55,485	58,598
					[B] –2	[B] –8	[B] –12	[B] –15	[B] –18
					[J] 27	[J] 64	[J] 49	[J] 11	[J] –3
Outlays		O	43,932	45,455	47,540	49,815	52,227	55,279	58,372
					[B] –2	[B] –8	[B] –12	[B] –15	[B] –18
					[J] 27	[J] 64	[J] 49	[J] 11	[J] –3
Total Civil service retirement and disability fund		BA	44,002	45,673	47,795	50,143	52,740	55,574	58,672
		O	43,932	45,455	47,565	49,871	52,264	55,275	58,351

OFFICE OF PERSONNEL MANAGEMENT—Continued

(In millions of dollars)

Account			1999 actual	estimate					
				2000	2001	2002	2003	2004	2005
Employees life insurance fund:									
Spending authority from offsetting collections, discretionary	602	BA	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Spending authority from offsetting collections, mandatory		BA	**2,596**	**3,188**	**3,280**	**3,409**	**3,469**	**3,495**	**3,593**
Outlays		O	1,561	1,752	1,966	2,122	2,257	2,402	2,555
Employees life insurance fund (gross)		BA	**2,598**	**3,190**	**3,282**	**3,411**	**3,471**	**3,497**	**3,595**
		O	1,561	1,752	1,966	2,122	2,257	2,402	2,555
Change in receivables and unpaid, unfilled orders		BA	**347**	**–39**	**6**	**–18**	**–3**	**6**	**–12**
Total, offsetting collections			–2,945	–3,151	–3,288	–3,393	–3,468	–3,502	–3,582
Total Employees life insurance fund (net)		BA	....	....	....	....	....	**1**	**1**
		O	–1,384	–1,399	–1,322	–1,271	–1,211	–1,100	–1,027
Employees and retired employees health benefits funds:									
Spending authority from offsetting collections, discretionary	551	BA	**20**	**23**	**23**	**23**	**23**	**24**	**24**
Spending authority from offsetting collections, mandatory		BA	**18,227**	**19,848**	**21,316**	**23,031**	**24,905**	**26,850**	**28,884**
					[B] **–78**	[B] **–112**	[B] **–122**	[B] **–133**	[B] **–142**
					[J] **–194**	[J] **–280**	[J] **–300**	[J] **–323**	[J] **–349**
Outlays		O	18,463	20,006	21,411	23,224	25,079	27,165	29,189
					[B] –272	[B] –392	[B] –422	[B] –456	[B] –491
Employees and retired employees health benefits funds (gross)		BA	**18,247**	**19,871**	**21,067**	**22,662**	**24,506**	**26,418**	**28,417**
		O	18,463	20,006	21,139	22,832	24,657	26,709	28,698
Change in receivables and unpaid, unfilled orders		BA	**–208**	**–87**	**–74**	**–85**	**–93**	**–96**	**–101**
Total, offsetting collections			–18,039	–19,784	–21,265	–22,970	–24,836	–26,777	–28,806
					[B] 78	[B] 112	[B] 122	[B] 133	[B] 142
					[J] 194	[J] 280	[J] 300	[J] 323	[J] 349
Total Employees and retired employees health benefits funds (net)		BA	....	....	....	**–1**	**–1**	**1**	**1**
		O	424	222	146	254	243	388	383
Summary									
Federal funds:									
(As shown in detail above)		BA	**26,131**	**26,365**	**27,001**	**27,712**	**28,561**	**29,502**	**30,547**
		O	25,970	26,346	26,976	27,695	28,537	29,466	30,509
Trust funds:									
(As shown in detail above)		BA	**44,002**	**45,673**	**47,795**	**50,142**	**52,739**	**55,576**	**58,674**
		O	42,972	44,278	46,389	48,854	51,296	54,563	57,707
Interfund transactions	602	BA/O	*–26*	*–27*	*–26*	*–25*	*–25*	*–25*	*–25*
	805	BA/O	*–21,401*	*–21,245*	*–21,509*	*–21,819*	*–22,224*	*–22,588*	*–22,974*
					[J] *–1*	[J] *–1*	[J] *–1*	[J] *–2*	[J] *–3*
Total Office of Personnel Management		BA	**48,706**	**50,766**	**53,260**	**56,009**	**59,050**	**62,463**	**66,219**
		O	47,515	49,352	51,829	54,704	57,583	61,414	65,214

SMALL BUSINESS ADMINISTRATION

(In millions of dollars)

Account			1999 actual	estimate					
				2000	2001	2002	2003	2004	2005
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	376	BA	**293**	**320**	**163**	**163**	**165**	**169**	**173**
Spending authority from offsetting collections, discretionary		BA	**275**	**281**	**290**	**290**	**293**	**301**	**307**
Outlays		O	538	585	521	472	457	468	478
Salaries and expenses (gross)		BA	**568**	**601**	**453**	**453**	**458**	**470**	**480**
		O	538	585	521	472	457	468	478
Total, offsetting collections			–275	–281	–290	–290	–293	–301	–307
Total Salaries and expenses (net)		BA	**293**	**320**	**163**	**163**	**165**	**169**	**173**
		O	263	304	231	182	164	167	171
Non-credit business assistance programs account:									
Appropriation, discretionary	376	BA	....	....	**256**	**256**	**259**	**265**	**271**

SMALL BUSINESS ADMINISTRATION—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Spending authority from offsetting collections, discretionary		BA	....	....	**9**	**9**	**9**	**9**	**10**
Outlays		O	....	....	150	234	266	271	278
Non-credit business assistance programs account (gross)		BA	....	....	**265**	**265**	**268**	**274**	**281**
		O	....	....	150	234	266	271	278
Total, offsetting collections			....	....	–9	–9	–9	–9	–10
Total Non-credit business assistance programs account (net)		BA	....	....	**256**	**256**	**259**	**265**	**271**
		O	....	....	141	225	257	262	268
Office of Inspector General:									
Appropriation, discretionary	376	BA	**11**	**11**	**14**	**14**	**14**	**15**	**15**
Outlays		O	11	10	14	14	14	14	14
Public Enterprise Funds:									
Surety bond guarantees revolving fund:									
Appropriation, discretionary	376	BA	**3**	....	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	**4**	**4**	**4**	**4**	**4**	**4**	**4**
Outlays		O	8	5	4	4	4	4	4
Surety bond guarantees revolving fund (gross)		BA	**7**	**4**	**4**	**4**	**4**	**4**	**4**
		O	8	5	4	4	4	4	4
Total, offsetting collections			–4	–4	–4	–4	–4	–4	–4
Total Surety bond guarantees revolving fund (net)		BA	**3**	....	....	....	....	....	....
		O	4	1	....	....	....	....	....
Credit Accounts:									
Business loan program account:									
Appropriation, discretionary	376	BA	**225**	**254**	**332**	**332**	**336**	**344**	**352**
Appropriation, mandatory		BA	**35**	**5**	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	**51**	....	....	....	....	....	....
Outlays		O	358	282	314	332	335	341	349
Limitation on loan guarantee commitments			(13,500)	(16,500)	(18,213)	(18,213)	(18,432)	(18,889)	(19,302)
Business loan program account (gross)		BA	**311**	**259**	**332**	**332**	**336**	**344**	**352**
		O	358	282	314	332	335	341	349
Total, offsetting collections			–51	....	....	....	....	....	....
Total Business loan program account (net)		BA	**260**	**259**	**332**	**332**	**336**	**344**	**352**
		O	307	282	314	332	335	341	349
Business loan fund liquidating account:									
Spending authority from offsetting collections, mandatory	376	BA	**313**	**421**	**419**	**383**	**270**	**258**	**146**
Outlays		O	....	147	159	220	198	195	93
Business loan fund liquidating account (gross)		BA	**313**	**421**	**419**	**383**	**270**	**258**	**146**
		O	....	147	159	220	198	195	93
Total, offsetting collections			–313	–421	–419	–383	–270	–258	–146
Total Business loan fund liquidating account (net)		BA	....	....	....	....	....	....	....
		O	–313	–274	–260	–163	–72	–63	–53
Disaster loans program account:									
Appropriation, discretionary	453	BA	**298**	**276** *A* **50**	**296**	**296**	**300**	**307**	**314**
Appropriation, mandatory		BA	**337**	....	....	....	....	....	....
Outlays		O	653	317	310	312	311	305	312
Total Disaster loans program account		BA	**635**	**326**	**296**	**296**	**300**	**307**	**314**
		O	653	317	310	312	311	305	312
Disaster loan fund liquidating account:									
Spending authority from offsetting collections, mandatory	453	BA	**70**	**130**	**29**	**206**	**1**	**1**	**1**
Outlays		O	63	61	27	....	....	....	....
Disaster loan fund liquidating account (gross)		BA	**70**	**130**	**29**	**206**	**1**	**1**	**1**
		O	63	61	27	....	....	....	....

SMALL BUSINESS ADMINISTRATION—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–229	–296	–103	–206	–1	–1	–1
Total Disaster loan fund liquidating account (net)		BA	**–159**	**–166**	**–74**				
		O	–166	–235	–76	–206	–1	–1	–1
Pollution control equipment fund liquidating account:									
Authority to borrow, mandatory	376	BA	**4**	**3**	**1**	**1**	**1**	**1**	**1**
Outlays		O	3	3	1				
Summary									
Federal funds:									
(As shown in detail above)		BA	**1,047**	**753**	**988**	**1,062**	**1,075**	**1,101**	**1,126**
		O	762	408	675	696	1,008	1,025	1,060
Deductions for offsetting receipts:									
Proprietary receipts from the public	376	BA/O	*–695*	*–301*					
	453	BA/O	*–10*						
Total Small Business Administration		BA	**342**	**452**	**988**	**1,062**	**1,075**	**1,101**	**1,126**
		O	57	107	675	696	1,008	1,025	1,060

SOCIAL SECURITY ADMINISTRATION

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Social Security Administration									
Federal funds									
General and Special Funds:									
Payments to social security trust funds:									
Appropriation, mandatory	651	BA	**10,830**	**11,663**	**10,985**	**11,494**	**12,048**	**12,813**	**13,725**
Outlays		O	10,824	11,664	10,985	11,494	12,048	12,813	13,725
Special benefits for disabled coal miners:									
Appropriation, mandatory	601	BA	**383**	**384**	**366**	**348**	**325**	**302**	**280**
Advance appropriation, mandatory		BA	**160**	**141**	**124**	**114**	**106**	**99**	**91**
Outlays		O	554	527	497	466	435	404	374
Total Special benefits for disabled coal miners		BA	**543**	**525**	**490**	**462**	**431**	**401**	**371**
		O	554	527	497	466	435	404	374
Supplemental security income program:									
Appropriation, discretionary	609	BA	**2,321**	**2,360**	**2,592**	**2,592**	**2,623**	**2,689**	**2,747**
Appropriation, mandatory		BA	**19,433**	**19,710**	**20,671**	**21,434**	**22,349**	**23,293**	**25,995**
				[B] **2,190**	[B] **–2,190**	[B] **23**	[B] **99**	[B] **208**	[B] **377**
Advance appropriation, mandatory		BA	**8,680**	**9,550**	**9,890**	**10,470**	**10,920**	**11,380**	**12,700**
Spending authority from offsetting collections, discretionary		BA	**75**	**80**	**91**	**91**	**92**	**94**	**96**
Spending authority from offsetting collections, mandatory		BA	**3,219**	**3,310**	**3,410**	**3,515**	**3,625**	**3,735**	**3,880**
							[B] **9**	[B] **12**	[B] **6**
Outlays		O	33,966	35,053	36,652	38,102	39,605	41,184	45,412
				[B] 2,190	[B] –2,190	[B] 23	[B] 99	[B] 208	[B] 377
Supplemental security income program (gross)		BA	**33,728**	**37,200**	**34,464**	**38,125**	**39,717**	**41,411**	**45,801**
		O	33,966	37,243	34,462	38,125	39,704	41,392	45,789
Total, offsetting collections			–3,294	–3,390	–3,501	–3,606	–3,717	–3,829	–3,976
							[B] –10	[B] –13	[B] –7
						[O] –311			
Total Supplemental security income program (net)		BA	**30,434**	**33,810**	**30,963**	**34,208**	**35,990**	**37,569**	**41,818**
		O	30,672	33,853	30,961	34,208	35,977	37,550	41,806
Special benefits for certain World War II veterans:									
Appropriation, discretionary	701	BA		**3**	**2**	**2**	**2**	**2**	**2**
Appropriation, mandatory		BA		**5**	**9**	**8**	**8**	**7**	**6**
Outlays		O		8	11	10	10	9	8
Total Special benefits for certain World War II veterans		BA		**8**	**11**	**10**	**10**	**9**	**8**
		O		8	11	10	10	9	8

SOCIAL SECURITY ADMINISTRATION—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Office of the Inspector General:									
Appropriation, discretionary	651	BA	12	15	17	17	17	18	18
Spending authority from offsetting collections, discretionary		BA	44	51	56	56	57	58	59
Outlays		O	50	69	72	73	73	76	78
Office of the Inspector General (gross)		BA	56	66	73	73	74	76	77
		O	50	69	72	73	73	76	78
Change in receivables and unpaid, unfilled orders		BA	2	4	–1				
Total, offsetting collections			–46	–55	–55	–55	–56	–57	–58
Total Office of the Inspector General (net)		BA	12	15	17	18	18	19	19
		O	4	14	17	18	17	19	20
Trust funds									
Federal old-age and survivors insurance trust fund:									
Appropriation, discretionary	651	BA	1,738	1,747	1,900	1,900	1,922	1,970	2,014
Appropriation, mandatory		BA	337,145	350,297	366,095	381,093	398,111	416,469	436,449
					[J] –231	[J] –210	[J] –131	[J] –103	[J] –96
Spending authority from offsetting collections, mandatory		BA	2,512	2,382	2,608	2,535	2,612	2,691	2,773
Outlays		O	340,427	353,364	369,405	384,244	401,198	419,547	439,528
						[J] 64	[J] 113	[J] 144	[J] 153
Federal old-age and survivors insurance trust fund (gross)		BA	341,395	354,426	370,372	385,318	402,514	421,027	441,140
		O	340,427	353,364	369,405	384,308	401,311	419,691	439,681
Total, offsetting collections			–2,512	–2,382	–2,608	–2,535	–2,612	–2,691	–2,773
Total Federal old-age and survivors insurance trust fund (net)		BA	338,883	352,044	367,764	382,783	399,902	418,336	438,367
		O	337,915	350,982	366,797	381,773	398,699	417,000	436,908
Federal disability insurance trust fund:									
Appropriation, discretionary	651	BA	1,406	1,413	1,534	1,534	1,552	1,591	1,625
Appropriation, mandatory		BA	50,823	54,584	58,919	63,679	69,149	75,359	82,093
					[J] –40	[J] –47	[J] –41	[J] –42	[J] –42
Outlays		O	52,142	55,657	60,118	64,877	70,225	76,422	83,148
Total Federal disability insurance trust fund		BA	52,229	55,997	60,413	65,166	70,660	76,908	83,676
		O	52,142	55,657	60,118	64,877	70,225	76,422	83,148
Total Federal funds Social Security Administration		BA	41,819	46,021	42,466	46,192	48,497	50,811	55,941
		O	42,054	46,066	42,471	46,196	48,487	50,795	55,933
Total Trust funds Social Security Administration		BA	391,112	408,041	428,177	447,949	470,562	495,244	522,043
		O	390,057	406,639	426,915	446,650	468,924	493,422	520,056

Summary

On-Budget

Account			1999 actual	2000	2001	2002	2003	2004	2005
Federal funds:									
(As shown in detail above)		BA	41,819	46,021	42,466	46,192	48,497	50,811	55,941
		O	42,054	46,066	42,471	46,196	48,487	50,795	55,933
Deductions for offsetting receipts:									
Proprietary receipts from the public	609	BA/O	*–1,479*	*–1,548*	*–1,612*	*–1,679*	*–1,745*	*–1,814*	*–2,009*
Total Federal funds		BA	40,340	44,473	40,854	44,513	46,752	48,997	53,932
		O	40,575	44,518	40,859	44,517	46,742	48,981	53,924
Interfund transactions	651	BA/O			*–1,152*				
Total Social Security Administration (on-budget)		BA	40,340	44,473	39,702	44,513	46,752	48,997	53,932
		O	40,575	44,518	39,707	44,517	46,742	48,981	53,924

Off-Budget

Account			1999 actual	2000	2001	2002	2003	2004	2005
Trust funds:									
(As shown in detail above)		BA	391,112	408,041	428,177	447,949	470,562	495,244	522,043
		O	390,057	406,639	426,915	446,650	468,924	493,422	520,056

SOCIAL SECURITY ADMINISTRATION—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Deductions for offsetting receipts:									
Proprietary receipts from the public	651	BA/O	*–20*	*–29*	*–42*	*–42*	*–42*	*–42*	*–42*
	903	BA/O	*–1*						
Total Trust funds		BA	**391,091**	**408,012**	**428,135**	**447,907**	**470,520**	**495,202**	**522,001**
		O	390,036	406,610	426,873	446,608	468,882	493,380	520,014
Interfund transactions	651	BA/O	*–10,824*	*–11,663*	*–10,985*	*–11,494*	*–12,048*	*–12,813*	*–13,725*
Total Social Security Administration (off-budget)		BA	**380,267**	**396,349**	**417,150**	**436,413**	**458,472**	**482,389**	**508,276**
		O	379,212	394,947	415,888	435,114	456,834	480,567	506,289
Total Social Security Administration		BA	**420,607**	**440,822**	**456,852**	**480,926**	**505,224**	**531,386**	**562,208**
		O	419,787	439,465	455,595	479,631	503,576	529,548	560,213

OTHER INDEPENDENT AGENCIES

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Advisory Council on Historic Preservation									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	303	BA	**3**	**3**	**3**	**3**	**3**	**3**	**3**
Outlays		O	3	3	3	3	3	3	3
Appalachian Regional Commission									
Federal funds									
General and Special Funds:									
Appalachian regional commission:									
Appropriation, discretionary	452	BA	**66**	**66**	**71**	**71**	**72**	**74**	**75**
Outlays		O	141	151	113	66	54	64	71
Trust funds									
Miscellaneous trust funds:									
Appropriation, mandatory	452	BA	**6**	**6**	**6**	**6**	**6**	**6**	**6**
Outlays		O	5	6	6	5	5	5	5
Summary									
Federal funds:									
(As shown in detail above)		BA	**66**	**66**	**71**	**71**	**72**	**74**	**75**
		O	141	151	113	66	54	64	71
Trust funds:									
(As shown in detail above)		BA	**6**	**6**	**6**	**6**	**6**	**6**	**6**
		O	5	6	6	5	5	5	5
Deductions for offsetting receipts:									
Proprietary receipts from the public	452	BA/O	*–3*	*–3*	*–3*	*–3*	*–3*	*–3*	*–3*
Total Trust funds		BA	**3**	**3**	**3**	**3**	**3**	**3**	**3**
		O	2	3	3	2	2	2	2
Interfund transactions	452	BA/O	*–3*	*–3*	*–3*	*–3*	*–3*	*–3*	*–3*
Total Appalachian Regional Commission		BA	**66**	**66**	**71**	**71**	**72**	**74**	**75**
		O	140	151	113	65	53	63	70
Architectural and Transportation Barriers Compliance Board									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	751	BA	**4**	**5**	**5**	**5**	**5**	**5**	**5**
Outlays		O	4	5	6	6	6	6	6

OTHER INDEPENDENT AGENCIES—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Barry Goldwater Scholarship and Excellence in Education Foundation									
Trust funds									
Barry Goldwater Scholarship and Excellence in Education Foundation:									
Appropriation, mandatory	502	BA	**3**	**4**	**4**	**4**	**4**	**4**	**4**
Outlays		O	3	3	3	3	3	3	3
Broadcasting Board of Governors									
Federal funds									
General and Special Funds:									
International broadcasting operations:									
Appropriation, discretionary	154	BA	**362**	**372**	**405**	**405**	**410**	**420**	**429**
Spending authority from offsetting collections, discretionary		BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	364	385	403	405	410	420	429
International broadcasting operations (gross)		BA	**363**	**373**	**406**	**406**	**411**	**421**	**430**
		O	364	385	403	405	410	420	429
Total, offsetting collections			–1	–1	–1	–1	–1	–1	–1
Total International broadcasting operations (net)		BA	**362**	**372**	**405**	**405**	**410**	**420**	**429**
		O	363	384	402	404	409	419	428
Broadcasting capital improvements:									
Appropriation, discretionary	154	BA	**13**	**10**	**20**	**20**	**20**	**21**	**21**
Outlays		O	41	22	16	16	20	20	20
Broadcasting to Cuba:									
Appropriation, discretionary	154	BA	**22**	**22**	**23**	**23**	**23**	**24**	**24**
Outlays		O	18	22	24	23	23	23	25
Trust funds									
Foreign Service National Separation Liability Trust Fund:									
Outlays	602	O	....	1	....	....	....	....	....
Total Federal funds Broadcasting Board of Governors		BA	**397**	**404**	**448**	**448**	**453**	**465**	**474**
		O	422	428	442	443	452	462	473
Total Trust funds Broadcasting Board of Governors		O	....	**1**	....	....	....	....	....
Central Intelligence Agency									
Federal funds									
General and Special Funds:									
Payment to Central Intelligence Agency retirement and disability system fund:									
Appropriation, mandatory	054	BA	**202**	**209**	**216**	**228**	**239**	**252**	**261**
Outlays		O	202	209	216	228	239	252	261
Chemical Safety and Hazard Investigtion Board									
Federal funds									
General and Special Funds:									
Chemical safety and hazard investigation board:									
Appropriation, discretionary	304	BA	**7**	**8**	**8**	**8**	**8**	**8**	**8**
Outlays		O	5	11	8	8	8	8	8
Christopher Columbus Fellowship Foundation									
Trust funds									
Christopher Columbus Fellowship Foundation:									
Appropriation, mandatory	502	BA	**1**	....	....	....	....	....	....
Commission of Fine Arts									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	451	BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	1	1	1	1	1	1	1
National capital arts and cultural affairs:									
Appropriation, discretionary	503	BA	**7**	**7**	**7**	**7**	**7**	**7**	**7**

OTHER INDEPENDENT AGENCIES—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	7	7	7	7	7	7	7
D.C. arts education grants:									
Appropriation, discretionary	451	BA	....	....	**1**	**1**	**1**	**1**	**1**
Outlays		O	....	....	1	1	1	1	1
Total Federal funds Commission of Fine Arts		BA	**8**	**8**	**9**	**9**	**9**	**9**	**9**
		O	8	8	9	9	9	9	9

Commission on Civil Rights

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	751	BA	**9**	**9**	**11**	**11**	**11**	**11**	**12**
				[A] **1**					
Outlays		O	8	8	11	11	11	12	12
Total Salaries and expenses		BA	**9**	**10**	**11**	**11**	**11**	**11**	**12**
		O	8	8	11	11	11	12	12

Committee for Purchase from People who are Blind or Severely Disabled, activities

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	505	BA	**2**	**3**	**4**	**4**	**4**	**4**	**4**
				[A] **1**					
Outlays		O	3	4	4	4	4	4	4
				[A] 1					
Total Salaries and expenses		BA	**2**	**4**	**4**	**4**	**4**	**4**	**4**
		O	3	5	4	4	4	4	4

Commodity Futures Trading Commission

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Commodity Futures Trading Commission:									
Appropriation, discretionary	376	BA	**61**	**63**	**72**	**72**	**73**	**75**	**76**
Outlays		O	60	64	71	72	73	74	76

Consumer Product Safety Commission

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	554	BA	**47**	**49**	**52**	**52**	**53**	**54**	**55**
Spending authority from offsetting collections, discretionary		BA	**2**	**2**	**3**	**3**	**3**	**3**	**3**
Outlays		O	48	51	55	55	56	57	58
Salaries and expenses (gross)		BA	**49**	**51**	**55**	**55**	**56**	**57**	**58**
		O	48	51	55	55	56	57	58
Total, offsetting collections			–2	–2	–3	–3	–3	–3	–3
Total Salaries and expenses (net)		BA	**47**	**49**	**52**	**52**	**53**	**54**	**55**
		O	46	49	52	52	53	54	55

Corporation for National and Community Service

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
National and community service programs, operating expenses:									
Appropriation, discretionary	506	BA	**437**	**433**	**534**	**534**	**540**	**554**	**566**
Outlays		O	372	419	498	724	515	540	552
Domestic volunteer service programs, Operating expenses:									
Appropriation, discretionary	506	BA	**276**	**295**	**313**	**313**	**317**	**325**	**332**
Spending authority from offsetting collections, discretionary		BA	**7**	**7**	**7**	**7**	**7**	**7**	**7**

OTHER INDEPENDENT AGENCIES—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	255	277	315	293	319	328	335
Domestic volunteer service programs, Operating expenses (gross)		BA	**283**	**302**	**320**	**320**	**324**	**332**	**339**
		O	255	277	315	293	319	328	335
Total, offsetting collections			–7	–7	–7	–7	–7	–7	–7
Total Domestic volunteer service programs, Operating expenses (net)		BA	**276**	**295**	**313**	**313**	**317**	**325**	**332**
		O	248	270	308	286	312	321	328
Inspector general:									
Appropriation, discretionary	506	BA	**3**	**4**	**5**	**5**	**5**	**5**	**5**
Outlays		O	3	4	5	8	5	5	5
Trust funds									
Gifts and contributions:									
Appropriation, discretionary	506	BA	**70**	**–10**	**80**	**80**	**81**	**83**	**85**
Appropriation, mandatory		BA	**26**	**19**	**20**	**32**	**32**	**32**	**32**
Outlays		O	56	75	84	21	37	46	47
Total Gifts and contributions		BA	**96**	**9**	**100**	**112**	**113**	**115**	**117**
		O	56	75	84	21	37	46	47
Summary									
Federal funds:									
(As shown in detail above)		BA	**716**	**732**	**852**	**852**	**862**	**884**	**903**
		O	623	693	811	1,018	832	866	885
Trust funds:									
(As shown in detail above)		BA	**96**	**9**	**100**	**112**	**113**	**115**	**117**
		O	56	75	84	21	37	46	47
Interfund transactions	506	BA/O	*–70*	*–70*	*–80*	*–80*	*–81*	*–83*	*–85*
Total Corporation for National and Community Service		BA	**742**	**671**	**872**	**884**	**894**	**916**	**935**
		O	609	698	815	959	788	829	847

Corporation for Public Broadcasting

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Corporation for public broadcasting:									
Appropriation, discretionary	503	BA	**31**	**10**	**20**	....	....	....	....
Advance appropriation, discretionary		BA	**250**	**316**	**340**	**385**	**395**	**374**	**382**
Outlays		O	281	317	345	362	386	399	403
Total Corporation for public broadcasting		BA	**281**	**326**	**360**	**385**	**395**	**374**	**382**
		O	281	317	345	362	386	399	403

Court of Appeals for Veterans Claims

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	705	BA	**10**	**11**	**12**	**12**	**12**	**12**	**13**
Outlays		O	9	11	12	12	12	12	12

Court Services and Offender Supervision Agency for the District of Columbia

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Federal payment to the Court Services and Offender Supervision Agency for the District of Columbia:									
Appropriation, discretionary	752	BA	**60**	**94**	**104**	**104**	**105**	**108**	**110**
Outlays		O	57	75	102	104	105	107	110

Defense Nuclear Facilities Safety Board

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	053	BA	**17**	**17**	**18**	**18**	**18**	**19**	**19**

OTHER INDEPENDENT AGENCIES—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	17	18	19	18	18	18	18
Delta Regional Authority									
Federal funds									
General and Special Funds:									
Delta regional authority:									
Appropriation, discretionary	452	BA			[J] **30**	[J] **30**	[J] **30**	[J] **31**	[J] **32**
Outlays		O			[J] 3	[J] 9	[J] 18	[J] 23	[J] 27
Denali Commission									
Federal funds									
General and Special Funds:									
Denali commission:									
Appropriation, discretionary	452	BA	**20**	**20**	**20**	**20**	**20**	**21**	**21**
Outlays		O	1	19	20	20	20	20	21
Trust funds									
Denali commission trust fund:									
Appropriation, discretionary	452	BA	....	**10**	**10**	**10**	**10**	**10**	**11**
Outlays		O	....	10	10	10	10	10	11
District of Columbia									
District of Columbia Courts									
Federal funds									
General and Special Funds:									
Federal payment to the District of Columbia Courts:									
Appropriation, discretionary	806	BA	**131**	**100**	**103**	**103**	**104**	**107**	**109**
Outlays		O	128	90	103	103	104	106	109
Defender services in District of Columbia courts:									
Appropriation, discretionary	806	BA	....	**33**	**38**	**38**	**38**	**39**	**40**
Outlays		O	....	30	37	38	39	39	40
Federal payment to the District of Columbia Criminal Justice System:									
Appropriation, discretionary	806	BA	**4**	....	....	....	....	....	....
Outlays		O	4	....	....	....	....	....	....
Federal payment to the District of Columbia Judicial Retirement and Survivors Annuity Fund:									
Appropriation, mandatory	752	BA	**6**	**5**	**5**	**5**	**6**	**6**	**6**
Outlays		O	6	5	5	5	6	6	6
Trust funds									
District of Columbia Judicial Retirement and Survivors Annuity Fund:									
Appropriation, mandatory	602	BA	**6**	**5**	**5**	**5**	**6**	**6**	**6**
Outlays		O	2	6	6	6	6	6	6
Summary									
Federal funds:									
(As shown in detail above)		BA	**141**	**138**	**146**	**146**	**148**	**152**	**155**
		O	138	125	145	146	149	151	155
Trust funds:									
(As shown in detail above)		BA	**6**	**5**	**5**	**5**	**6**	**6**	**6**
		O	2	6	6	6	6	6	6
Deductions for offsetting receipts:									
Proprietary receipts from the public	602	BA/O	*–66*	....	....	....	....	....	....
Total Trust funds		BA	**–60**	**5**	**5**	**5**	**6**	**6**	**6**
		O	–64	6	6	6	6	6	6
Interfund transactions	752	BA/O	*–6*	*–5*	*–5*	*–5*	*–6*	*–6*	*–6*
Total District of Columbia Courts		BA	**75**	**138**	**146**	**146**	**148**	**152**	**155**
		O	68	126	146	147	149	151	155

OTHER INDEPENDENT AGENCIES—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
District of Columbia Corrections									
Federal funds									
General and Special Funds:									
Payment to the District of Columbia Corrections Trustee, Operations:									
Appropriation, discretionary	806	BA	**185**	**175**	**134**	**134**	**136**	**139**	**142**
Outlays		O	152	208	134	134	136	139	142
District of Columbia General and Special Payments									
Federal funds									
General and Special Funds:									
Federal payment for resident tuition support:									
Appropriation, discretionary	502	BA	....	**17**	**17**	**17**	**17**	**18**	**18**
Outlays		O	....	17	17	17	17	18	18
Federal support for economic development and management reforms in the District:									
Appropriation, discretionary	806	BA	**297**	**32**	**49**	**49**	**50**	**51**	**52**
Outlays		O	244	81	49	49	50	51	52
Federal payment for Management Reform:									
Appropriation, discretionary	806	BA	**25**	....	....	....	....	....	....
Outlays		O	25	....	....	....	....	....	....
Federal payment for Medicare Coordinated Care Demonstration Project:									
Appropriation, discretionary	806	BA	**3**	....	....	....	....	....	....
Outlays		O	3	....	....	....	....	....	....
Federal payment for water and sewer services:									
Spending authority from offsetting collections, mandatory	806	BA	**23**	**22**	**22**	**22**	**22**	**22**	**22**
Outlays		O	36	22	22	22	22	22	22
Federal payment for water and sewer services (gross)		BA	**23**	**22**	**22**	**22**	**22**	**22**	**22**
		O	36	22	22	22	22	22	22
Total, offsetting collections			–23	–22	–22	–22	–22	–22	–22
Total Federal payment for water and sewer services (net)		BA	....	....	....	....	....	....	....
		O	13	....	....	....	....	....	....
Federal supplemental District of Columbia Pension Fund:									
Total, offsetting collections	601		21	–36	–48	–60	–74	–88	–102
Trust funds									
District of Columbia Federal pension liability trust fund:									
Appropriation, mandatory	601	BA	**172**	**450**	**454**	**459**	**463**	**466**	**469**
Outlays		O	140	450	454	459	463	466	469
Summary									
Federal funds:									
(As shown in detail above)		BA	**346**	**13**	**18**	**6**	**–7**	**–19**	**–32**
		O	306	62	18	6	–7	–19	–32
Trust funds:									
(As shown in detail above)		BA	**172**	**450**	**454**	**459**	**463**	**466**	**469**
		O	140	450	454	459	463	466	469
Deductions for offsetting receipts:									
Proprietary receipts from the public	601	BA/O	*–3,357*	*–171*	*–156*	*–139*	*–121*	*–102*	*–82*
Total Trust funds		BA	**–3,185**	**279**	**298**	**320**	**342**	**364**	**387**
		O	–3,217	279	298	320	342	364	387
Total District of Columbia General and Special Payments		BA	**–2,839**	**292**	**316**	**326**	**335**	**345**	**355**
		O	–2,911	341	316	326	335	345	355
Total Federal funds District of Columbia		BA	**672**	**326**	**298**	**286**	**277**	**272**	**265**
		O	596	395	297	286	278	271	265
Total Trust funds District of Columbia		BA	**–3,245**	**284**	**303**	**325**	**348**	**370**	**393**
		O	–3,281	285	304	326	348	370	393
Interfund transactions	752	BA/O	*–6*	*–5*	*–5*	*–5*	*–6*	*–6*	*–6*
Total District of Columbia		BA	**–2,579**	**605**	**596**	**606**	**619**	**636**	**652**
		O	–2,691	675	596	607	620	635	652

OTHER INDEPENDENT AGENCIES—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Equal Employment Opportunity Commission									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	751	BA	**279**	**281**	**322**	**322**	**326**	**334**	**342**
Outlays		O	256	261	321	322	325	333	341
Intragovernmental Funds:									
EEOC Education, technical assistance and training revolving fund:									
Spending authority from offsetting collections, mandatory	751	BA	**2**	**3**	**4**	**4**	**4**	**4**	**4**
Outlays		O	1	2	2	2	2	2	2
EEOC Education, technical assistance and training revolving fund (gross)		BA	**2**	**3**	**4**	**4**	**4**	**4**	**4**
		O	1	2	2	2	2	2	2
Total, offsetting collections			–2	–3	–4	–4	–4	–4	–4
Total EEOC Education, technical assistance and training revolving fund (net)		BA	....	....	....	....	....	....	....
		O	–1	–1	–2	–2	–2	–2	–2
Total Federal funds Equal Employment Opportunity Commission		BA	**279**	**281**	**322**	**322**	**326**	**334**	**342**
		O	255	260	319	320	323	331	339
Export-Import Bank of the United States									
Federal funds									
Credit Accounts:									
Export Import Bank loans program account:									
Appropriation, discretionary	155	BA	**825**	**811**	**1,026**	**1,026**	**1,039**	**1,064**	**1,088**
Appropriation, mandatory		BA	....	**1,663**	....	....	....	....	....
Outlays		O	746	2,276	665	720	813	895	955
Total Export Import Bank loans program account		BA	**825**	**2,474**	**1,026**	**1,026**	**1,039**	**1,064**	**1,088**
		O	746	2,276	665	720	813	895	955
Export-Import Bank of the United States liquidating account:									
Spending authority from offsetting collections, mandatory	155	BA	**1,150**	**617**	**597**	**520**	**466**	**448**	**436**
Outlays		O	258	17	22	....	....	....	....
Export-Import Bank of the United States liquidating account (gross)		BA	**1,150**	**617**	**597**	**520**	**466**	**448**	**436**
		O	258	17	22	....	....	....	....
Total, offsetting collections			–1,150	–617	–597	–520	–466	–448	–436
Total Export-Import Bank of the United States liquidating account (net)		BA	....	....	....	....	....	....	....
		O	–892	–600	–575	–520	–466	–448	–436
Summary									
Federal funds:									
(As shown in detail above)		BA	**825**	**2,474**	**1,026**	**1,026**	**1,039**	**1,064**	**1,088**
		O	–146	1,676	90	200	347	447	519
Deductions for offsetting receipts:									
Proprietary receipts from the public	155	BA/O	*–13*	*–2,251*	*–16*	*–11*	*–7*	*–3*	....
Total Export-Import Bank of the United States		BA	**812**	**223**	**1,010**	**1,015**	**1,032**	**1,061**	**1,088**
		O	–159	–575	74	189	340	444	519
Farm Credit Administration									
Federal funds									
Public Enterprise Funds:									
Revolving fund for administrative expenses:									
Spending authority from offsetting collections, mandatory	351	BA	**34**	**36**	**37**	**38**	**39**	**40**	**41**
Outlays		O	34	36	37	38	39	40	41
Limitation on administrative expenses			(36)	(36)	(37)	(37)	(37)	(38)	(39)
Revolving fund for administrative expenses (gross)		BA	**34**	**36**	**37**	**38**	**39**	**40**	**41**
		O	34	36	37	38	39	40	41

OTHER INDEPENDENT AGENCIES—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–34	–36	–37	–38	–39	–40	–41
Total Revolving fund for administrative expenses (net)		BA							
		O							
Farm Credit System Financial Assistance Corporation									
Federal funds									
Credit Accounts:									
Financial assistance corporation assistance fund, liquidating account:									
Spending authority from offsetting collections, mandatory	351	BA	194	151	137	143	166	74	64
Outlays		O	499	79	71	71	71	29	29
Financial assistance corporation assistance fund, liquidating account (gross)		BA	194	151	137	143	166	74	64
		O	499	79	71	71	71	29	29
Total, offsetting collections			–194	–151	–137	–143	–166	–74	–64
Total Financial assistance corporation assistance fund, liquidating account (net)		BA							
		O	305	–72	–66	–72	–95	–45	–35
Trust funds									
Financial assistance corporation trust fund:									
Appropriation, mandatory	351	BA	7	5	6	6	6	6	7
Farm Credit System Insurance Corporation									
Federal funds									
Public Enterprise Funds:									
Farm credit system insurance fund:									
Spending authority from offsetting collections, mandatory	351	BA	122	111	118	126	134	143	153
Outlays		O	59	2	2	2	2	2	2
Farm credit system insurance fund (gross)		BA	122	111	118	126	134	143	153
		O	59	2	2	2	2	2	2
Total, offsetting collections			–122	–111	–118	–126	–134	–143	–153
Total Farm credit system insurance fund (net)		BA							
		O	–63	–109	–116	–124	–132	–141	–151
Federal Communications Commission									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	376	BA	28	24	37	37	37	38	39
					J 2	J 2	J 2	J 2	J 2
Spending authority from offsetting collections, discretionary		BA	225	233	242	242	244	251	256
Outlays		O	231	279	278	279	282	289	295
					J 2	J 2	J 2	J 2	J 2
Salaries and expenses (gross)		BA	253	257	281	281	283	291	297
		O	231	279	280	281	284	291	297
Total, offsetting collections			–225	–233	–242	–242	–245	–251	–257
Total Salaries and expenses (net)		BA	28	24	39	39	38	40	40
		O	6	46	38	39	39	40	40
Universal service fund:									
Appropriation, mandatory	376	BA	3,752	4,616	4,897	5,474	6,113	6,783	7,482
Outlays		O	3,293	5,757	4,913	5,567	6,139	6,783	7,482
Credit Accounts:									
Spectrum auction program account:									
Appropriation, mandatory	376	BA	1,409						
Spending authority from offsetting collections, mandatory		BA	42	1,812					
Outlays		O	1,411	33	6	6	6	6	6
Spectrum auction program account (gross)		BA	1,451	1,812					
		O	1,411	33	6	6	6	6	6

OTHER INDEPENDENT AGENCIES—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–42	–1,812	....	....	....	....	....
Total Spectrum auction program account (net)		BA	**1,409**	....	....	....	....	....	....
		O	1,369	–1,779	6	6	6	6	6
Summary									
Federal funds:									
(As shown in detail above)		BA	**5,189**	**4,640**	**4,936**	**5,513**	**6,151**	**6,823**	**7,522**
		O	4,668	4,024	4,957	5,612	6,184	6,829	7,528
Deductions for offsetting receipts:									
Proprietary receipts from the public	376	BA/O	*–26*	*–26*	*–26*	*–26*	*–26*	*–26*	*–26*
Total Federal Communications Commission		BA	**5,163**	**4,614**	**4,910**	**5,487**	**6,125**	**6,797**	**7,496**
		O	4,642	3,998	4,931	5,586	6,158	6,803	7,502

Federal Deposit Insurance Corporation

Bank Insurance

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
Credit Accounts:									
Bank insurance fund:									
Spending authority from offsetting collections, mandatory	373	BA	**3,010**	**2,068**	**2,297**	**2,348**	**2,719**	**3,250**	**4,003**
Outlays		O	1,987	2,258	1,484	1,764	2,498	3,372	4,875
Bank insurance fund (gross)		BA	**3,010**	**2,068**	**2,297**	**2,348**	**2,719**	**3,250**	**4,003**
		O	1,987	2,258	1,484	1,764	2,498	3,372	4,875
Total, offsetting collections			–3,022	–2,093	–2,323 *J* –4 *O* –92	–2,374 *J* –9 *O* –96	–2,745 *J* –16 *O* –102	–3,276 *J* –23 *O* –106	–4,029 *J* –32 *O* –111
Total Bank insurance fund (net)		BA	**–12**	**–25**	**–122**	**–131**	**–144**	**–155**	**–169**
		O	–1,035	165	–935	–715	–365	–33	703
Public Enterprise Funds:									
Savings association insurance fund:									
Spending authority from offsetting collections, mandatory	373	BA	**692**	**673**	**695**	**874**	**1,029**	**1,206**	**1,465**
Outlays		O	257	337	353	551	783	1,010	1,545
Savings association insurance fund (gross)		BA	**692**	**673**	**695**	**874**	**1,029**	**1,206**	**1,465**
		O	257	337	353	551	783	1,010	1,545
Total, offsetting collections			–693	–677	–699	–878	–1,033	–1,210	–1,469
Total Savings association insurance fund (net)		BA	**–1**	**–4**	**–4**	**–4**	**–4**	**–4**	**–4**
		O	–436	–340	–346	–327	–250	–200	76
FSLIC resolution fund:									
Spending authority from offsetting collections, mandatory	373	BA	**3,906**	**2,308**	**733**	**996**	**296**	**421**	**151**
Outlays		O	339	1,406	738	1,143	316	337	67
FSLIC resolution fund (gross)		BA	**3,906**	**2,308**	**733**	**996**	**296**	**421**	**151**
		O	339	1,406	738	1,143	316	337	67
Total, offsetting collections			–3,922	–2,312	–737	–1,000	–300	–425	–155
Total FSLIC resolution fund (net)		BA	**–16**	**–4**	**–4**	**–4**	**–4**	**–4**	**–4**
		O	–3,583	–906	1	143	16	–88	–88
Intragovernmental Funds:									
FDIC-Office of inspector general:									
Spending authority from offsetting collections, mandatory	373	BA	**28**	**34**	**34**	**35**	**36**	**37**	**38**
Outlays		O	28	34	34	35	36	37	38
Total Federal funds Bank Insurance		BA	**–1**	**1**	**–96**	**–104**	**–116**	**–126**	**–139**
		O	–5,026	–1,047	–1,246	–864	–563	–284	729

OTHER INDEPENDENT AGENCIES—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Federal Drug Control Programs									
Federal funds									
General and Special Funds:									
High intensity drug trafficking areas program:									
Appropriation, discretionary	802	BA	**150**	**154**	**192**	**192**	**194**	**199**	**203**
Outlays		O	130	152	166	192	193	196	200
Special forfeiture fund:									
Appropriation, discretionary	802	BA	**203**	**215**	**259**	**259**	**262**	**269**	**274**
Outlays		O	178	129	220	254	261	266	272
Total Federal funds Federal Drug Control Programs		BA	**353**	**369**	**451**	**451**	**456**	**468**	**477**
		O	308	281	386	446	454	462	472
Federal Election Commission									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	808	BA	**37**	**38**	**40**	**40**	**40**	**41**	**42**
Outlays		O	33	38	40	44	44	45	46
Federal Financial Institutions Examination Council Appraisal Subcommittee									
Federal funds									
General and Special Funds:									
Registry fees:									
Appropriation, mandatory	376	BA	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Outlays		O	1	3	2	2	2	2	2
Federal Housing Finance Board									
Federal funds									
Public Enterprise Funds:									
Federal housing finance board:									
Spending authority from offsetting collections, mandatory	371	BA	**18**	**21**	**21**	**21**	**22**	**23**	**24**
Outlays		O	18	21	22	21	22	23	24
Federal housing finance board (gross)		BA	**18**	**21**	**21**	**21**	**22**	**23**	**24**
		O	18	21	22	21	22	23	24
Total, offsetting collections			–18	–21	–21	–21	–22	–23	–24
Total Federal housing finance board (net)		BA	....	....	....	....	....	....	....
		O	....	....	1	....	....	....	....
Federal Labor Relations Authority									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	805	BA	**23**	**24**	**25**	**25**	**25**	**26**	**26**
Outlays		O	23	22	25	25	25	26	26
Federal Maritime Commission									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	403	BA	**14**	**15**	**16**	**16**	**16**	**17**	**17**
Outlays		O	15	14	16	16	16	17	17
Federal Mediation and Conciliation Service									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	505	BA	**35**	**37**	**39**	**39**	**39**	**40**	**41**

OTHER INDEPENDENT AGENCIES—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Spending authority from offsetting collections, discretionary		BA	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Outlays		O	35	35	40	40	42	43	44
Salaries and expenses (gross)		BA	**37**	**39**	**41**	**41**	**41**	**42**	**43**
		O	35	35	40	40	42	43	44
Total, offsetting collections			–2	–2	–2	–2	–2	–2	–2
Total Salaries and expenses (net)		BA	**35**	**37**	**39**	**39**	**39**	**40**	**41**
		O	33	33	38	38	40	41	42

Federal Mine Safety and Health Review Commission

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	554	BA	**6**	**6**	**6**	**6**	**6**	**6**	**6**
Outlays		O	6	6	6	6	6	6	6

Federal Retirement Thrift Investment Board

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Program expenses:									
Appropriation, mandatory	602	BA	**75**	**101**	**80**	**82**	**84**	**85**	**87**
Outlays		O	59	117	80	82	84	85	87

Summary

Account			1999 actual	2000	2001	2002	2003	2004	2005
Federal funds:									
(As shown in detail above)		BA	**75**	**101**	**80**	**82**	**84**	**85**	**87**
		O	59	117	80	82	84	85	87
Deductions for offsetting receipts:									
Proprietary receipts from the public	602	BA/O	*–75*	*–101*	*–80*	*–82*	*–84*	*–85*	*–87*
Total Federal Retirement Thrift Investment Board		BA	....	....	....	....	....	....	....
		O	–16	16	....	....	....	....	....

Federal Trade Commission

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	376	BA	**13**	....	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	**107**	**126**	**166**	**166**	**168**	**172**	**176**
Outlays		O	113	126	163	166	168	171	176
Salaries and expenses (gross)		BA	**120**	**126**	**166**	**166**	**168**	**172**	**176**
		O	113	126	163	166	168	171	176
Total, offsetting collections			–98	–112	–166	–166	–168	–172	–176
Total Salaries and expenses (net)		BA	**22**	**14**	....	....	....	....	....
		O	15	14	–3	....	....	–1	....

Harry S. Truman Scholarship Foundation

Trust funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
Harry S. Truman memorial scholarship trust fund:									
Appropriation, mandatory	502	BA	**4**	**4**	**4**	**4**	**4**	**4**	**4**
Outlays		O	5	3	3	3	3	3	3

Institute of American Indian and Alaska Native Culture and Arts Development

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Payment to the institute:									
Appropriation, discretionary	502	BA	**4**	**2**	**4**	**4**	**4**	**4**	**4**
Outlays		O	4	2	4	4	4	4	4

OTHER INDEPENDENT AGENCIES—Continued

(In millions of dollars)

Intelligence Community Management Account

Federal funds

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
General and Special Funds:									
Intelligence community management account:									
Appropriation, discretionary	054	BA	**102**	**130**	**111**	**111**	**112**	**115**	**118**
Outlays		O	103	108	108	110	113	114	116

International Trade Commission

Federal funds

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	153	BA	**44**	**44**	**49**	**49**	**50**	**51**	**52**
Outlays		O	44	44	49	49	50	51	52

James Madison Memorial Fellowship Foundation

Trust funds

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
James Madison Memorial Fellowship Trust Fund:									
Appropriation, mandatory	502	BA	**3**	**3**	**3**	**3**	**3**	**3**	**3**
Outlays		O	2	2	2	2	2	2	2

Japan-United States Friendship Commission

Trust funds

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Japan-United States friendship trust fund:									
Appropriation, mandatory	154	BA	**3**	**3**	**3**	**3**	**3**	**3**	**3**
Outlays		O	2	4	3	3	3	3	3

Legal Services Corporation

Federal funds

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
General and Special Funds:									
Payment to the Legal Services Corporation:									
Appropriation, discretionary	752	BA	**300**	**304**	**340**	**340**	**344**	**353**	**360**
Outlays		O	298	303	337	340	344	352	360

Marine Mammal Commission

Federal funds

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	302	BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	1	1	1	1	1	1	1

Merit Systems Protection Board

Federal funds

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	805	BA	**26**	**27**	**29**	**29**	**29**	**30**	**31**
Spending authority from offsetting collections, discretionary		BA	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Outlays		O	27	29	31	31	31	32	32
Salaries and expenses (gross)		BA	**28**	**29**	**31**	**31**	**31**	**32**	**33**
		O	27	29	31	31	31	32	32
Total, offsetting collections			–2	–2	–2	–2	–2	–2	–2
Total Salaries and expenses (net)		BA	**26**	**27**	**29**	**29**	**29**	**30**	**31**
		O	25	27	29	29	29	30	30

Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation

Federal funds

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
General and Special Funds:									
Federal payment to the Morris K Udall scholarship and excellence in national government:									
Appropriation, discretionary	502	BA	....	**2**	**3**	**3**	**3**	**3**	**3**
					J **–1**	J **–1**	J **–1**	J **–1**	J **–1**

OTHER INDEPENDENT AGENCIES—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	....	2	3	3	3	3	3
					J –1	J –1	J –1	J –1	J –1
Total Federal payment to the Morris K Udall scholarship and excellence in national government		BA	....	2	2	2	2	2	2
		O	....	2	2	2	2	2	2
Environmental dispute resolution fund:									
Appropriation, discretionary	306	BA	4	1	1	1	1	1	1
Appropriation, mandatory		BA	....	....	1	1	1	1	1
Outlays		O	3	2	2	2	2	2	2
Total Environmental dispute resolution fund		BA	4	1	2	2	2	2	2
		O	3	2	2	2	2	2	2
Native Nations Institute:									
Appropriation, discretionary	502	BA			J 2	J 2	J 2	J 2	J 2
Outlays		O			J 1	J 2	J 2	J 3	J 3
		Trust funds							
Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation:									
Appropriation, mandatory	502	BA	1	1	2	2	2	2	2
Outlays		O	1	1	2	2	2	2	2
Summary									
Federal funds:									
(As shown in detail above)		BA	4	3	6	6	6	6	6
		O	3	4	5	6	6	7	7
Deductions for offsetting receipts:									
Proprietary receipts from the public	306	BA/O	....	–1	–1	–1	–1	–1	–1
	502	BA/O	....	....	....	....	....	....	–1
Total Federal funds		BA	4	2	5	5	5	5	4
		O	3	3	4	5	5	6	5
Trust funds:									
(As shown in detail above)		BA	1	1	2	2	2	2	2
		O	1	1	2	2	2	2	2
Interfund transactions	502	BA/O	....	–2	–3	–3	–3	–3	–3
					J 1	J 1	J 1	J 1	J 1
Total Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation		BA	5	1	5	5	5	5	4
		O	4	2	4	5	5	6	5

National Archives and Records Administration

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Operating expenses:									
Appropriation, discretionary	804	BA	226	174	203	203	205	211	215
Spending authority from offsetting collections, discretionary		BA	36	3	3	3	3	3	3
Outlays		O	249	176	203	206	208	213	218
Operating expenses (gross)		BA	262	177	206	206	208	214	218
		O	249	176	203	206	208	213	218
Total, offsetting collections			–36	–3	–3	–3	–3	–3	–3
Total Operating expenses (net)		BA	226	174	203	203	205	211	215
		O	213	173	200	203	205	210	215
Repairs and restoration:									
Appropriation, discretionary	804	BA	11	22	93	93	94	96	99
Outlays		O	6	11	65	70	86	95	96
National historical publications and records commission:									
Appropriation, discretionary	804	BA	10	4	6	6	6	6	6
Outlays		O	5	6	6	6	6	6	6
Intragovernmental Funds:									
Records center revolving fund:									
Appropriation, discretionary	804	BA	....	22	....	....	....	....	....

OTHER INDEPENDENT AGENCIES—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Spending authority from offsetting collections, discretionary		BA		94	98	98	99	102	104
Outlays		O		93	97	92	99	102	104
Records center revolving fund (gross)		BA		116	98	98	99	102	104
		O		93	97	92	99	102	104
Total, offsetting collections				–94	–98	–98	–99	–102	–104
Total Records center revolving fund (net)		BA		22					
		O		–1	–1	–6			
Trust funds									
National archives gift fund:									
Appropriation, mandatory	804	BA	1	1	1	1	1	1	1
Outlays		O	1	1	1	1			
National archives trust fund:									
Spending authority from offsetting collections, mandatory	804	BA	15	14	14	17	18	18	19
Outlays		O	15	13	15	18			
National archives trust fund (gross)		BA	15	14	14	17	18	18	19
		O	15	13	15	18			
Total, offsetting collections			–15	–14	–14	–17	–18	–18	–19
Total National archives trust fund (net)		BA							
		O		–1	1	1	–18	–18	–19
Total Federal funds National Archives and Records Administration		BA	247	222	302	302	305	313	320
		O	224	189	270	273	297	311	317
Total Trust funds National Archives and Records Administration		BA	1	1	1	1	1	1	1
		O	1		2	2	–18	–18	–19

National Capital Planning Commission

Federal funds

General and Special Funds:

Account			1999 actual	2000	2001	2002	2003	2004	2005
Salaries and expenses:									
Appropriation, discretionary	451	BA	6	6	6	6	6	6	6
Spending authority from offsetting collections, discretionary		BA	2		1	1	1	1	1
Outlays		O	8	6	6	6	6	6	6
Salaries and expenses (gross)		BA	8	6	7	7	7	7	7
		O	8	6	6	6	6	6	6
Total, offsetting collections			–2		–1	–1	–1	–1	–1
Total Salaries and expenses (net)		BA	6	6	6	6	6	6	6
		O	6	6	5	5	5	5	5

National Commission on Libraries and Information Science

Federal funds

General and Special Funds:

Account			1999 actual	2000	2001	2002	2003	2004	2005
Salaries and expenses:									
Appropriation, discretionary	503	BA	1	1	1	1	1	1	1
Outlays		O	1	1	1	1	1	1	1

National Council on Disability

Federal funds

General and Special Funds:

Account			1999 actual	2000	2001	2002	2003	2004	2005
Salaries and expenses:									
Appropriation, discretionary	506	BA	2	2	3	3	3	3	3
Outlays		O	2	3	3	3	3	3	3

OTHER INDEPENDENT AGENCIES—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
National Credit Union Administration									
Federal funds									
Public Enterprise Funds:									
Operating fund:									
Spending authority from offsetting collections, mandatory	373	BA	**106**	**132**	**140**	**152**	**165**	**180**	**196**
Outlays		O	104	132	140	152	165	180	196
Operating fund (gross)		BA	**106**	**132**	**140**	**152**	**165**	**180**	**196**
		O	104	132	140	152	165	180	196
Total, offsetting collections			–106	–132	–140	–152	–165	–180	–196
Total Operating fund (net)		BA	.....	.....	.....	.....	.....	.....	.....
		O	–2	.....	.....	.....	.....	.....	.....
Credit union share insurance fund:									
Spending authority from offsetting collections, mandatory	373	BA	**527**	**492**	**516**	**505**	**526**	**556**	**603**
Outlays		O	268	163	177	99	103	108	117
Credit union share insurance fund (gross)		BA	**527**	**492**	**516**	**505**	**526**	**556**	**603**
		O	268	163	177	99	103	108	117
Total, offsetting collections			–527	–492	–516	–505	–526	–556	–603
Total Credit union share insurance fund (net)		BA	.....	.....	.....	.....	.....	.....	.....
		O	–259	–329	–339	–406	–423	–448	–486
Central liquidity facility:									
Appropriation, discretionary	373	BA	**2**	**1**	.....	.....	.....	.....	.....
Spending authority from offsetting collections, discretionary		BA	**153**	**160**	**168**	**168**	**170**	**174**	**178**
Outlays		O	155	161	168	168	170	174	178
Central liquidity facility (gross)		BA	**155**	**161**	**168**	**168**	**170**	**174**	**178**
		O	155	161	168	168	170	174	178
Total, offsetting collections			–153	–160	–168	–168	–170	–174	–178
Total Central liquidity facility (net)		BA	**2**	**1**	.....	.....	.....	.....	.....
		O	2	1	.....	.....	.....	.....	.....
Community development credit union revolving loan fund:									
Appropriation, discretionary	373	BA	.....	.....	**1**	**1**	**1**	**1**	**1**
Spending authority from offsetting collections, discretionary		BA	**2**	**1**	.....	.....	.....	.....	.....
Spending authority from offsetting collections, mandatory		BA	**2**	**3**	**3**	**3**	**3**	**3**	**3**
Outlays		O	2	6	5	4	4	4	4
Community development credit union revolving loan fund (gross)		BA	**4**	**4**	**4**	**4**	**4**	**4**	**4**
		O	2	6	5	4	4	4	4
Total, offsetting collections			–4	–4	–3	–3	–3	–3	–3
Total Community development credit union revolving loan fund (net)		BA	.....	.....	**1**	**1**	**1**	**1**	**1**
		O	–2	2	2	1	1	1	1
Total Federal funds National Credit Union Administration		BA	**2**	**1**	**1**	**1**	**1**	**1**	**1**
		O	–261	–326	–337	–405	–422	–447	–485
National Education Goals Panel									
Federal funds									
General and Special Funds:									
National education goals panel:									
Appropriation, discretionary	503	BA	**2**	**2**	.....	.....	.....	.....	.....
					[J] **2**	[J] **2**	[J] **2**	[J] **2**	[J] **2**
Outlays		O	2	2	1	.....	.....	.....	.....
					[J] 1	[J] 1	[J] 2	[J] 2	[J] 3
Total National education goals panel		BA	**2**	**2**	**2**	**2**	**2**	**2**	**2**
		O	2	2	2	1	2	2	3

OTHER INDEPENDENT AGENCIES—Continued

(In millions of dollars)

National Endowment for the Arts

Federal funds

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
General and Special Funds:									
National endowment for the arts: Grants and administration:									
Appropriation, discretionary	503	BA	**98**	**98**	**150**	**150**	**152**	**156**	**159**
Appropriation, mandatory		BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Spending authority from offsetting collections, discretionary		BA	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Outlays		O	104	113	124	147	150	154	158
National endowment for the arts (gross)		BA	**100**	**100**	**152**	**152**	**154**	**158**	**161**
		O	104	113	124	147	150	154	158
Total, offsetting collections			–1	–1	–1	–1	–1	–1	–1
Total National endowment for the arts (net)		BA	**99**	**99**	**151**	**151**	**153**	**157**	**160**
		O	103	112	123	146	149	153	157

National Endowment for the Humanities

Federal funds

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
General and Special Funds:									
National endowment for the humanities: Grants and administration:									
Appropriation, discretionary	503	BA	**112**	**116**	**150**	**150**	**152**	**156**	**159**
Spending authority from offsetting collections, discretionary		BA	....	**1**	....	....	....	....	....
Outlays		O	113	104	123	147	151	154	157
National endowment for the humanities (gross)		BA	**112**	**117**	**150**	**150**	**152**	**156**	**159**
		O	113	104	123	147	151	154	157
Total, offsetting collections			....	–1	....	....	....	....	....
Total National endowment for the humanities (net)		BA	**112**	**116**	**150**	**150**	**152**	**156**	**159**
		O	113	103	123	147	151	154	157

Institute of Museum and Library Services

Federal funds

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
General and Special Funds:									
Office of Museum Services: Grants and administration:									
Appropriation, discretionary	503	BA	**24**	**24**	**33**	**33**	**33**	**34**	**35**
Spending authority from offsetting collections, discretionary		BA	....	**1**	....	....	....	....	....
Outlays		O	22	24	26	33	33	34	35
Office of Museum Services (gross)		BA	**24**	**25**	**33**	**33**	**33**	**34**	**35**
		O	22	24	26	33	33	34	35
Total, offsetting collections			....	–1	....	....	....	....	....
Total Office of Museum Services (net)		BA	**24**	**24**	**33**	**33**	**33**	**34**	**35**
		O	22	23	26	33	33	34	35
Office of Library Services: Grants and administration:									
Appropriation, discretionary	503	BA	**166**	**165**	**173**	**173**	**175**	**179**	**183**
Outlays		O	142	172	172	173	174	176	181
Total Federal funds Institute of Museum and Library Services		BA	**190**	**189**	**206**	**206**	**208**	**213**	**218**
		O	164	195	198	206	207	210	216

National Labor Relations Board

Federal funds

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	505	BA	**184**	**206**	**216**	**216**	**219**	**224**	**229**
Outlays		O	182	198	222	216	218	223	229

OTHER INDEPENDENT AGENCIES—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
National Mediation Board									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	505	BA	**8**	**10**	**10**	**10**	**10**	**10**	**11**
Outlays		O	9	10	11	11	11	11	11
National Transportation Safety Board									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	407	BA	**55**	**57**	**63**	**63**	**64**	**65**	**67**
				[A] **18**					
					[J] **–10**	[J] **–10**	[J] **–10**	[J] **–10**	[J] **–11**
Spending authority from offsetting collections, discretionary		BA			[J] **10**	[J] **10**	[J] **10**	[J] **10**	[J] **11**
Outlays		O	60	75	63	63	63	65	67
				[A] 16	[A] 2				
Salaries and expenses (gross)		BA	**55**	**75**	**63**	**63**	**64**	**65**	**67**
		O	60	91	65	63	63	65	67
Total, offsetting collections					[J] –10	[J] –10	[J] –10	[J] –10	[J] –11
Total Salaries and expenses (net)		BA	**55**	**75**	**53**	**53**	**54**	**55**	**56**
		O	60	91	55	53	53	55	56
Emergency fund:									
Appropriation, discretionary	407	BA	**1**	....	....	....	....	....	....
Total Federal funds National Transportation Safety Board		BA	**56**	**75**	**53**	**53**	**54**	**55**	**56**
		O	60	91	55	53	53	55	56
Neighborhood Reinvestment Corporation									
Federal funds									
General and Special Funds:									
Payment to the Neighborhood Reinvestment Corporation:									
Appropriation, discretionary	451	BA	**90**	**75**	**90**	**90**	**91**	**93**	**95**
Outlays		O	90	75	90	90	91	93	95
Nuclear Regulatory Commission									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	276	BA	**463**	**464**	**482**	**482**	**488**	**500**	**511**
Spending authority from offsetting collections, discretionary		BA	**4**	**4**	**4**	**4**	**4**	**4**	**4**
Outlays		O	478	468	482	487	491	501	512
Salaries and expenses (gross)		BA	**467**	**468**	**486**	**486**	**492**	**504**	**515**
		O	478	468	482	487	491	501	512
Total, offsetting collections			–4	–4	–4	–4	–4	–4	–4
Total Salaries and expenses (net)		BA	**463**	**464**	**482**	**482**	**488**	**500**	**511**
		O	474	464	478	483	487	497	508
Office of Inspector General:									
Appropriation, discretionary	276	BA	**5**	**6**	**6**	**6**	**6**	**6**	**6**
Outlays		O	5	5	6	6	6	6	6
Summary									
Federal funds:									
(As shown in detail above)		BA	**468**	**470**	**488**	**488**	**494**	**506**	**517**
		O	479	469	484	489	493	503	514

OTHER INDEPENDENT AGENCIES—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Deductions for offsetting receipts:									
Offsetting governmental receipts	276	BA/O	*–442*	*–447*	*–454*	*–454*	*–459*	*–471*	*–481*
Total Nuclear Regulatory Commission		BA	**26**	**23**	**34**	**34**	**35**	**35**	**36**
		O	37	22	30	35	34	32	33
Nuclear Waste Technical Review Board									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	271	BA	**3**	**3**	**3**	**3**	**3**	**3**	**3**
Outlays		O	2	3	3	3	3	3	3
Occupational Safety and Health Review Commission									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	554	BA	**8**	**8**	**9**	**9**	**9**	**9**	**10**
Outlays		O	8	8	10	9	9	9	9
Office of Government Ethics									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	805	BA	**8**	**9**	**10**	**10**	**10**	**10**	**11**
Outlays		O	8	9	10	10	10	10	10
Office of Navajo and Hopi Indian Relocation									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	808	BA	**13**	**8**	**15**	**15**	**15**	**16**	**16**
Outlays		O	21	14	19	15	15	16	16
Office of Special Counsel									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	805	BA	**9**	**10**	**11**	**11**	**11**	**11**	**12**
Outlays		O	9	10	11	11	11	11	11
Oklahoma City National Memorial Trust									
Federal funds									
Public Enterprise Funds:									
Oklahoma City National Memorial Trust:									
Outlays	303	O	2	3	....	....	....	....	....
Other Commissions and Boards									
Federal funds									
General and Special Funds:									
Other commissions and boards:									
Appropriation, discretionary	808	BA	**1**	**3**	....	....	....	....	....
Outlays		O	1	3	2	....	....	....	....
Panama Canal Commission									
Federal funds									
Public Enterprise Funds:									
Panama Canal revolving fund:									
Spending authority from offsetting collections, discretionary	403	BA	**756**	**176**	....	....	....	....	....

OTHER INDEPENDENT AGENCIES—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	683	524	26	....	....	....	....
Panama Canal revolving fund (gross)		BA	**756**	**176**	....	....	....	....	....
		O	683	524	26	....	....	....	....
Total, offsetting collections			–756	–176	....	....	....	....	....
Total Panama Canal revolving fund (net)		BA	....	....	....	....	....	....	....
		O	–73	348	26	....	....	....	....
Panama Canal Commission Dissolution Fund:									
Spending authority from offsetting collections, mandatory	403	BA	**7**	....	....	....	....	....	....
Outlays		O	....	5	2	....	....	....	....
Panama Canal Commission Dissolution Fund (gross)		BA	**7**	....	....	....	....	....	....
		O	....	5	2	....	....	....	....
Total, offsetting collections			–1	....	....	....	....	....	....
Total Panama Canal Commission Dissolution Fund (net)		BA	**6**	....	....	....	....	....	....
		O	–1	5	2	....	....	....	....
Total Federal funds Panama Canal Commission		BA	**6**	....	....	....	....	....	....
		O	–74	353	28	....	....	....	....

Postal Service-Payments to the Postal Service

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Payment to the Postal Service fund:									
Appropriation, discretionary	372	BA	**29**	**29**	**29**	**29**	**29**	**30**	**31**
Advance appropriation, discretionary		BA	....	**71**	**64**	**67**	....	....	....
Outlays		O	29	100	93	96	29	30	31
Total Payment to the Postal Service fund		BA	**29**	**100**	**93**	**96**	**29**	**30**	**31**
		O	29	100	93	96	29	30	31

Postal Service

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
Public Enterprise Funds:									
Postal Service fund:									
Authority to borrow, mandatory	372	BA	**5,607**	**5,516**	**1,575**	**1,477**	**325**	**–786**	**–256**
Spending authority from offsetting collections, mandatory		BA	**62,943**	**65,010**	**68,485**	**71,100**	**73,900**	**75,300**	**76,900**
Outlays		O	63,964	66,508	68,932	72,370	74,098	75,442	76,630
Postal Service fund (gross)		BA	**68,550**	**70,526**	**70,060**	**72,577**	**74,225**	**74,514**	**76,644**
		O	63,964	66,508	68,932	72,370	74,098	75,442	76,630
Total, offsetting collections			–62,943	–65,010	–68,485	–71,100	–73,900	–75,300	–76,900
Total Postal Service fund (net)		BA	**5,607**	**5,516**	**1,575**	**1,477**	**325**	**–786**	**–256**
		O	1,021	1,498	447	1,270	198	142	–270

Presidio Trust

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
Intragovernmental Funds:									
Presidio Trust:									
Appropriation, discretionary	303	BA	**14**	**24**	**23**	**23**	**23**	**24**	**24**
Authority to borrow, discretionary		BA	**20**	**20**	**10**	**10**	**10**	**10**	**11**
Spending authority from offsetting collections, discretionary		BA	**41**	**38**	**40**	**40**	**40**	**42**	**42**
Outlays		O	35	49	66	84	75	74	75
Limitation on Loan Guarantee Commitments			....	....	(200)	(200)	(202)	(207)	(212)
Presidio Trust (gross)		BA	**75**	**82**	**73**	**73**	**73**	**76**	**77**
		O	35	49	66	84	75	74	75
Change in receivables and unpaid, unfilled orders		BA	**–1**	**–1**	**–1**	....	....	....	....

OTHER INDEPENDENT AGENCIES—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Total, offsetting collections			–40	–37	–39	–39	–39	–40	–41
Total Presidio Trust (net)		BA	**34**	**44**	**33**	**34**	**34**	**36**	**36**
		O	–5	12	27	45	36	34	34
Railroad Retirement Board									
Federal funds									
General and Special Funds:									
Federal windfall subsidy:									
Appropriation, discretionary	601	BA	**189**	**173**	**160**	**160**	**162**	**166**	**170**
Outlays		O	188	173	160	160	162	166	170
Federal payments to the railroad retirement accounts:									
Appropriation, mandatory	601	BA	**493**	**370**	**326**	**331**	**337**	**346**	**356**
Outlays		O	493	370	326	331	337	346	356
Trust funds									
Railroad unemployment insurance trust fund:									
Appropriation, mandatory	603	BA	**95**	**101**	**107**	**111**	**114**	**116**	**117**
Outlays		O	68	101	107	111	114	116	117
Rail Industry Pension Fund:									
Appropriation, discretionary	601	BA	**96**	**96**	**98**	**98**	**99**	**101**	**104**
Appropriation, mandatory		BA	**2,920**	**2,991**	**3,047**	**3,102**	**3,165**	**3,254**	**3,350**
Spending authority from offsetting collections, discretionary		BA	**4**	**4**	**4**	**4**	**4**	**4**	**4**
Outlays		O	3,000	3,085	3,149	3,201	3,264	3,354	3,451
Rail Industry Pension Fund (gross)		BA	**3,020**	**3,091**	**3,149**	**3,204**	**3,268**	**3,359**	**3,458**
		O	3,000	3,085	3,149	3,201	3,264	3,354	3,451
Total, offsetting collections			–4	–4	–4	–4	–4	–4	–4
Total Rail Industry Pension Fund (net)		BA	**3,016**	**3,087**	**3,145**	**3,200**	**3,264**	**3,355**	**3,454**
		O	2,996	3,081	3,145	3,197	3,260	3,350	3,447
Supplemental Annuity Pension Fund:									
Appropriation, mandatory	601	BA	**76**	**72**	**69**	**66**	**64**	**62**	**60**
Outlays		O	75	72	69	66	64	62	60
Railroad social security equivalent benefit account:									
Appropriation, mandatory	601	BA	**2,314**	**2,251**	**2,282**	**2,312**	**2,344**	**2,374**	**2,401**
Authority to borrow, mandatory		BA	**2,992**	**3,074**	**3,094**	**3,106**	**3,124**	**3,145**	**3,162**
Outlays		O	5,318	5,310	5,370	5,413	5,461	5,511	5,558
Total Railroad social security equivalent benefit account		BA	**5,306**	**5,325**	**5,376**	**5,418**	**5,468**	**5,519**	**5,563**
		O	5,318	5,310	5,370	5,413	5,461	5,511	5,558
Summary									
Federal funds:									
(As shown in detail above)		BA	**682**	**543**	**486**	**491**	**499**	**512**	**526**
		O	681	543	486	491	499	512	526
Trust funds:									
(As shown in detail above)		BA	**8,493**	**8,585**	**8,697**	**8,795**	**8,910**	**9,052**	**9,194**
		O	8,457	8,564	8,691	8,787	8,899	9,039	9,182
Deductions for offsetting receipts:									
Intrafund transactions	601	BA/O	*–3,816*	*–3,760*	*–3,637*	*–3,749*	*–3,763*	*–3,786*	*–3,810*
Total Trust funds		BA	**4,677**	**4,825**	**5,060**	**5,046**	**5,147**	**5,266**	**5,384**
		O	4,641	4,804	5,054	5,038	5,136	5,253	5,372
Interfund transactions	601	BA/O	*–492*	*–370*	*–326*	*–331*	*–337*	*–346*	*–356*
Total Railroad Retirement Board		BA	**4,867**	**4,998**	**5,220**	**5,206**	**5,309**	**5,432**	**5,554**
		O	4,830	4,977	5,214	5,198	5,298	5,419	5,542
Securities and Exchange Commission									
Federal funds									
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	376	BA	**31**	....	....	....	....	....	....
Spending authority from offsetting collections, discretionary		BA	**322**	**383**	**424**	**424**	**429**	**440**	**449**

OTHER INDEPENDENT AGENCIES—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Outlays		O	339	371	415	424	428	438	447
Salaries and expenses (gross)		BA	**353**	**383**	**424**	**424**	**429**	**440**	**449**
		O	339	371	415	424	428	438	447
Total, offsetting collections			–592	–635	–651	–651	–659	–675	–690
Total Salaries and expenses (net)		BA	**–239**	**–252**	**–227**	**–227**	**–230**	**–235**	**–241**
		O	–253	–264	–236	–227	–231	–237	–243

Smithsonian Institution

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Salaries and expenses:									
Appropriation, discretionary	503	BA	**352**	**371**	**397**	**397**	**402**	**412**	**421**
Outlays		O	329	371	392	397	402	411	420
Museum programs and related research (special foreign currency program):									
Outlays	503	O	1						
Repair, restoration and alteration of facilities:									
Appropriation, discretionary	503	BA	**44**	**48**	**62**	**45**	**45**	**64**	**66**
Advance appropriation, discretionary		BA				**17**	**18**		
Outlays		O	44	62	35	39	56	62	63
Total Repair, restoration and alteration of facilities		BA	**44**	**48**	**62**	**62**	**63**	**64**	**66**
		O	44	62	35	39	56	62	63
Construction:									
Appropriation, discretionary	503	BA	**16**	**19**	**4**	**2**	**4**	**4**	**4**
Advance appropriation, discretionary		BA				**2**			
Outlays		O	17	10	16	4	4	4	4
Total Construction		BA	**16**	**19**	**4**	**4**	**4**	**4**	**4**
		O	17	10	16	4	4	4	4
Operations and maintenance, JFK center for the performing arts:									
Appropriation, discretionary	503	BA	**12**	**14**	**14**	**14**	**14**	**15**	**15**
Outlays		O	11	13	14	14	14	15	15
Construction, JFK center for the performing arts:									
Appropriation, discretionary	503	BA	**20**	**20**	**20**	**20**	**20**	**21**	**21**
Outlays		O	12	22	18	19	18	17	17
Salaries and expenses, National Gallery of Art:									
Appropriation, discretionary	503	BA	**58**	**61**	**65**	**65**	**66**	**67**	**69**
Outlays		O	58	60	64	65	66	68	69
Repair, restoration, and renovation of buildings, National Gallery of Art:									
Appropriation, discretionary	503	BA	**6**	**6**	**14**	**14**	**14**	**15**	**15**
Outlays		O	7	8	6	12	14	14	14
Salaries and expenses, Woodrow Wilson International Center for Scholars:									
Appropriation, discretionary	503	BA	**6**	**7**	**7**	**7**	**7**	**7**	**7**
Outlays		O	6	7	7	7	7	7	7
Total Federal funds Smithsonian Institution		BA	**514**	**546**	**583**	**583**	**590**	**605**	**618**
		O	485	553	552	557	581	598	609

State Justice Institute

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
State Justice Institute: Salaries and expenses:									
Appropriation, discretionary	752	BA	**7**	**7**	**7**	**7**	**7**	**7**	**7**
Outlays		O	8	14	8	7	7	7	7

Tennessee Valley Authority

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
Public Enterprise Funds:									
Tennessee Valley Authority fund									
(Energy supply):									
(Spending authority from offsetting collections, mandatory)	271	BA	**6,529**	**6,310**	**5,987**	**6,057**	**6,326**	**6,358**	**6,418**

OTHER INDEPENDENT AGENCIES—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
(Outlays)		O	6,846	6,310	5,987	6,057	6,326	6,358	6,418
Tennessee Valley Authority fund (gross)		BA	**6,529**	**6,310**	**5,987**	**6,057**	**6,326**	**6,358**	**6,418**
		O	6,846	6,310	5,987	6,057	6,326	6,358	6,418
Total, offsetting collections			–6,895	–6,669	–6,800	–6,908	–7,160	–7,501	–7,647
Total (Energy supply) (net)		BA	**–366**	**–359**	**–813**	**–851**	**–834**	**–1,143**	**–1,229**
		O	–49	–359	–813	–851	–834	–1,143	–1,229
(Area and regional development):									
(Appropriation, discretionary)	452	BA	**50**	....	....	....	....	....	....
(Spending authority from offsetting collections, discretionary)		BA	**9**	**3**	**3**	**3**	**3**	**3**	**3**
(Outlays)		O	60	56	3	3	3	3	3
Tennessee Valley Authority fund (gross)		BA	**–307**	**–356**	**–810**	**–848**	**–831**	**–1,140**	**–1,226**
		O	11	–303	–810	–848	–831	–1,140	–1,226
Total, offsetting collections			–9	–3	–3	–3	–3	–3	–3
Total (Area and regional development) (net)		BA	**50**	....	....	....	....	....	....
		O	51	53	....	....	....	....	....
Total Tennessee Valley Authority fund		BA	**–316**	**–359**	**–813**	**–851**	**–834**	**–1,143**	**–1,229**
		O	2	–306	–813	–851	–834	–1,143	–1,229
Total Federal funds Tennessee Valley Authority		BA	**–316**	**–359**	**–813**	**–851**	**–834**	**–1,143**	**–1,229**
		O	2	–306	–813	–851	–834	–1,143	–1,229

United Mine Workers of America Benefit Funds

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
General and Special Funds:									
Federal payment to United Mine Workers of America combined benefit fund:									
Appropriation, mandatory	551	BA			[J] **38**	[J] **37**	[J] **36**	[J] **36**	[J] **34**
Outlays		O			[J] 38	[J] 37	[J] 36	[J] 36	[J] 34
Trust funds									
United mine workers of America combined benefit fund:									
Appropriation, mandatory	551	BA	**202**	**223**	**176**	**159**	**149**	**141**	**133**
					[B] **49**	[B] **47**	[B] **46**	[B] **45**	[B] **43**
Outlays		O	202	223	176	159	149	141	133
					[B] 49	[B] 47	[B] 46	[B] 45	[B] 43
Total United mine workers of America combined benefit fund		BA	**202**	**223**	**225**	**206**	**195**	**186**	**176**
		O	202	223	225	206	195	186	176
United mine workers of America 1992 benefit plan:									
Appropriation, mandatory	551	BA	**28**	**28**	**29**	**29**	**30**	**30**	**31**
Outlays		O	28	28	29	29	30	30	31
Summary									
Federal funds:									
(As shown in detail above)		BA	....	....	**38**	**37**	**36**	**36**	**34**
		O	....	....	38	37	36	36	34
Trust funds:									
(As shown in detail above)		BA	**230**	**251**	**254**	**235**	**225**	**216**	**207**
		O	230	251	254	235	225	216	207
Interfund transactions	551	BA/O	*–82*	*–109*	*–67*	*–56*	*–52*	*–49*	*–46*
					[J] *–38*	[J] *–37*	[J] *–36*	[J] *–36*	[J] *–34*
Total United Mine Workers of America Benefit Funds		BA	**148**	**142**	**187**	**179**	**173**	**167**	**161**
		O	148	142	187	179	173	167	161

United States Enrichment Corporation Fund

Federal funds

Account			1999 actual	2000	2001	2002	2003	2004	2005
Public Enterprise Funds:									
United States Enrichment Corporation Fund:									
Appropriation, discretionary	271	BA	....	**–5**	**–12**	**–12**	**–12**	**–12**	**–13**

OTHER INDEPENDENT AGENCIES—Continued

(In millions of dollars)

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Outlays		O	5						

United States Holocaust Memorial Council

Federal funds

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
General and Special Funds:									
Holocaust Memorial Council:									
Appropriation, discretionary	808	BA	**35**	**33**	**35**	**35**	**35**	**36**	**37**
Outlays		O	36	33	34	37	36	36	38

United States Institute of Peace

Federal funds

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
General and Special Funds:									
Operating expenses:									
Appropriation, discretionary	153	BA	**12**	**13**	**14**	**14**	**14**	**15**	**15**
Outlays		O	12	13	14	14	14	14	14

Summary

On-Budget

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Federal funds:									
(As shown in detail above)		BA	**12,195**	**13,053**	**11,944**	**12,510**	**13,178**	**13,697**	**14,461**
		O	5,601	10,447	9,142	10,491	11,343	12,256	14,065
Deductions for offsetting receipts:									
Proprietary receipts from the public	155	BA/O	*–13*	*–2,251*	*–16*	*–11*	*–7*	*–3*	
	306	BA/O		*–1*	*–1*	*–1*	*–1*	*–1*	*–1*
	376	BA/O	*–26*	*–26*	*–26*	*–26*	*–26*	*–26*	*–26*
	502	BA/O	.						*–1*
	602	BA/O	*–75*	*–101*	*–80*	*–82*	*–84*	*–85*	*–87*
Offsetting governmental receipts	276	BA/O	*–442*	*–447*	*–454*	*–454*	*–459*	*–471*	*–481*
Total Federal funds		BA	**11,639**	**10,227**	**11,367**	**11,936**	**12,601**	**13,111**	**13,865**
		O	5,045	7,621	8,565	9,917	10,766	11,670	13,469
Trust funds:									
(As shown in detail above)		BA	**9,026**	**9,337**	**9,549**	**9,645**	**9,756**	**9,894**	**10,034**
		O	8,904	9,376	9,520	9,538	9,640	9,783	9,921
Deductions for offsetting receipts:									
Intrafund transactions	601	BA/O	*–3,816*	*–3,760*	*–3,637*	*–3,749*	*–3,763*	*–3,786*	*–3,810*
Proprietary receipts from the public	452	BA/O	*–3*	*–3*	*–3*	*–3*	*–3*	*–3*	*–3*
	601	BA/O	*–3,357*	*–171*	*–156*	*–139*	*–121*	*–102*	*–82*
	602	BA/O	*–66*						
Total Trust funds		BA	**1,784**	**5,403**	**5,753**	**5,754**	**5,869**	**6,003**	**6,139**
		O	1,662	5,442	5,724	5,647	5,753	5,892	6,026
Interfund transactions	452	BA/O	*–3*	*–3*	*–3*	*–3*	*–3*	*–3*	*–3*
	502	BA/O		*–2*	*–3*	*–3*	*–3*	*–3*	*–3*
					J 1	*J 1*	*J 1*	*J 1*	*J 1*
	506	BA/O	*–70*	*–70*	*–80*	*–80*	*–81*	*–83*	*–85*
	551	BA/O	*–82*	*–109*	*–67*	*–56*	*–52*	*–49*	*–46*
					J –38	*J –37*	*J –36*	*J –36*	*J –34*
	601	BA/O	*–492*	*–370*	*–326*	*–331*	*–337*	*–346*	*–356*
	602	BA/O		*–1*	*–1*	*–1*	*–1*	*–1*	*–1*
	752	BA/O	*–6*	*–5*	*–5*	*–5*	*–6*	*–6*	*–6*
Total Other Independent Agencies (on-budget)		BA	**12,770**	**15,070**	**16,598**	**17,175**	**17,952**	**18,588**	**19,471**
		O	6,054	12,503	13,767	15,049	16,001	17,036	18,962

Off-Budget

Account			1999 actual	2000 estimate	2001 estimate	2002 estimate	2003 estimate	2004 estimate	2005 estimate
Federal funds:									
(As shown in detail above)		BA	**5,607**	**5,516**	**1,575**	**1,477**	**325**	**–786**	**–256**
		O	1,021	1,498	447	1,270	198	142	–270
Total Other Independent Agencies (off-budget)		BA	**5,607**	**5,516**	**1,575**	**1,477**	**325**	**–786**	**–256**
		O	1,021	1,498	447	1,270	198	142	–270
Total Other Independent Agencies		BA	**18,377**	**20,586**	**18,173**	**18,652**	**18,277**	**17,802**	**19,215**
		O	7,075	14,001	14,214	16,319	16,199	17,178	18,692

ALLOWANCES

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Allowances									
Federal funds									
General and Special Funds:									
Adjustments to certain accounts:									
Appropriation, discretionary		BA	....	....	**–181**	**–250**	**–321**	**–324**	**–329**
Outlays		O	....	....	–170	–246	–317	–326	–331
Purchase of Martin Luther King, Jr. papers:									
Appropriation, discretionary		BA	....	....	**20**	....	....	....	....
Outlays		O	....	....	20	....	....	....	....
Effect of proposed repeal of pay delay enacted in P.L. 106–113, non-DoD Military:									
Outlays		O		[A]843	[A]–843				
Contingencies for:									
Relatively uncontrollable programs:									
Appropriation, discretionary		BA	....	....	0	....	....	....	....
Outlays		O	....	....	0	....	....	....	....
Other requirements:									
Appropriation, discretionary		BA	....	....	0	....	....	....	....
Outlays		O	....	....	0	....	....	....	....
Total Federal funds Allowances		BA	....	....	**–161**	**–250**	**–321**	**–324**	**–329**
		O	....	843	–993	–246	–317	–326	–331
Summary									
Federal funds:									
Total Allowances		BA	....	....	**–161**	**–250**	**–321**	**–324**	**–329**
		O	....	843	–993	–246	–317	–326	–331

Totals

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Budget Totals									
Federal funds:									
(As shown in detail above)		BA	**1,353,856**	**1,363,672**	**1,433,784**	**1,463,572**	**1,495,647**	**1,549,409**	**1,602,157**
		O	1,289,414	1,363,287	1,393,595	1,437,728	1,477,478	1,531,297	1,590,948
Deductions for offsetting receipts:									
(As shown in detail above):									
Intrafund transactions		BA/O	*–5,095*	*–5,767*	*–5,876*	*–5,578*	*–5,420*	*–5,704*	*–5,885*
					[J]–65	*[J]–79*	*[J]–82*	*[J]–85*	*[J]–96*
Proprietary receipts from the public		BA/O	*–24,697*	*–31,852*	*–25,449*	*–30,574*	*–30,485*	*–31,779*	*–33,512*
					[B]–247	*[B]–200*	*[B]–432*	*[B]–437*	*[B]–448*
					[J]4	*[J]4*	*[J]4*	*[J]4*	*[J]4*
Offsetting governmental receipts		BA/O	*–3,094*	*–3,341*	*–3,719*	*–3,684*	*–3,698*	*–2,324*	*–2,348*
								[B]–1,460	*[B]–1,524*
					[J]–20	*[J]–8*	*[J]–8*	*[J]–8*	*[J]–8*
(Undistributed by agency):									
Other undistributed offsetting receipts	959	BA/O	*–1,753*	*–2,076*	*–3,559*	*–5,535*	*–2,480*	*–770*	*–675*
		BA/O			*[J]–200*	*[J]–200*	*[J]–200*	*[J]–200*	*[J]–200*
Interfund transactions:									
Other interest	908	BA/O	*–1*	....	*–1,342*	....	....	....	....
Rents and royalties on the Outer Continental Shelf	953	BA/O	*–3,098*	*–3,550*	*–3,691*	*–3,282*	*–2,982*	*–2,853*	*–2,705*
Sale of major assets	954	BA/O	....	....	....	....	*–323*	....	....
Total deductions		BA/O	*–37,738*	*–46,586*	*–44,164*	*–49,136*	*–46,106*	*–45,616*	*–47,397*
Federal fund totals		BA	**1,316,118**	**1,317,086**	**1,389,620**	**1,414,436**	**1,449,541**	**1,503,793**	**1,554,760**
		O	1,251,676	1,316,701	1,349,431	1,388,592	1,431,372	1,485,681	1,543,551
Trust funds:									
(As shown in detail above)		BA	**380,349**	**401,091**	**435,061**	**448,947**	**480,368**	**514,937**	**549,763**
		O	376,959	395,379	427,312	444,814	475,214	510,168	543,883
Deductions for offsetting receipts:									
(As shown in detail above):									
Intrafund transactions		BA/O	*–3,816*	*–3,761*	*–3,638*	*–3,750*	*–3,764*	*–3,787*	*–3,811*

Totals—Continued

(In millions of dollars)

Account			1999 actual	estimate 2000	2001	2002	2003	2004	2005
Proprietary receipts from the public		BA/O	*–38,267*	*–33,708*	*–35,439*	*–37,588*	*–40,017*	*–42,710*	*–45,492*
					[B] 340	*[B] –56*	*[B] –7,882*	*[B] –10,751*	*[B] –13,533*
Total deductions		BA/O	*–42,083*	*–37,469*	*–38,737*	*–41,394*	*–51,663*	*–57,248*	*–62,836*
Trust fund totals		BA	338,266	363,622	396,324	407,553	428,705	457,689	486,927
		O	334,876	357,910	388,575	403,420	423,551	452,920	481,047
Interfund transactions (–):									
Interest received by on-budget trust funds	902	BA/O	–66,561	–71,291	–73,735	–76,779	–79,629	–82,210	–84,782
				[J] –65	[J] –377	[J] –1,413	[J] –2,297	[J] –2,556	[J] –2,804
Employer share, employee retirement (on-budget)	951	BA/O	–28,209	–29,575	–30,259	–31,348	–32,025	–33,127	–34,323
					[J] 34	[J] –22	[J] 17	[J] 24	[J] 26
Applied by agency above		BA/O	–109,520	–113,047	–138,892	–137,297	–138,065	–151,643	–162,176
Total interfund transactions		BA/O	–204,290	–213,978	–243,229	–246,859	–251,999	–269,512	–284,059
Budget totals∆		BA	1,450,094	1,466,730	1,542,715	1,575,130	1,626,247	1,691,970	1,757,628
		O	1,382,262	1,460,633	1,494,777	1,545,153	1,602,924	1,669,089	1,740,539
Off-Budget Totals									
Federal funds:									
(As shown in detail above)		BA	5,607	5,516	1,575	1,477	325	–786	–256
		O	1,021	1,498	447	1,270	198	142	–270
Trust funds:									
(As shown in detail above)		BA	391,112	408,041	428,177	447,949	470,562	495,244	522,043
		O	390,057	406,639	426,915	446,650	468,924	493,422	520,056
Deductions for offsetting receipts:									
(As shown in detail above):									
Proprietary receipts from the public		BA/O	*–21*	*–29*	*–42*	*–42*	*–42*	*–42*	*–42*
Trust fund totals		BA	391,091	408,012	428,135	447,907	470,520	495,202	522,001
		O	390,036	406,610	426,873	446,608	468,882	493,380	520,014
Interfund transactions (–):									
Interest received by off-budget trust funds	903	BA/O	–52,070	–59,656	–68,138	–77,622	–87,895	–98,812	–110,493
Employer share, employee retirement (off-budget)	952	BA/O	–7,385	–7,860	–8,212	–8,919	–9,493	–10,144	–10,905
					[J] 271	[J] 321	[J] 285	[J] 289	[J] 291
Applied by agency above		BA/O	–10,824	–11,663	–10,985	–11,494	–12,048	–12,813	–13,725
Total interfund transactions		BA/O	–70,279	–79,179	–87,064	–97,714	–109,151	–121,480	–134,832
Off-Budget totals∆		BA	326,419	334,349	342,646	351,670	361,694	372,936	386,913
		O	320,778	328,929	340,256	350,164	359,929	372,042	384,912
Federal Government totals∆		BA	1,776,513	1,801,079	1,885,361	1,926,800	1,987,941	2,064,906	2,144,541
		O	1,703,040	1,789,562	1,835,033	1,895,317	1,962,853	2,041,131	2,125,451

Federal Government Totals

(In millions of dollars)

	2000		2001		2002	
	BA	Outlays	BA	Outlays	BA	Outlays
Federal funds:						
Enacted, pending and initial requests:						
Appropriations	1,360,199	1,351,694	1,407,517	1,380,142	1,427,065	1,404,999
Proposed in this budget:						
Supplemental proposal (A)	4,370	7,560	6	–4,059	6	360
Rescission proposal (H)	–128	–9	....	–3	....	–1
To be proposed separately:						
Legislative Proposals:						
Subject to PAYGO (B)	4,682	4,632	3,450	1,689	8,317	8,458
Not subject to PAYGO (J)	65	65	25,962	18,307	30,068	25,589
Discretionary offset (O)	....	....	–1,576	–1,191	–407	–407
Allowances	....	843	....	–843	....	....
Deductions for offsetting receipts	–46,586	–46,586	–43,636	–43,636	–48,653	–48,653
Subject to PAYGO (B)	....	....	–247	–247	–200	–200
Not subject to PAYGO (J)	....	....	–281	–281	–283	–283
Total Federal funds	1,322,602	1,318,199	1,391,195	1,349,878	1,415,913	1,389,862
Trust funds:						
Enacted, pending and initial requests:						
Appropriations	809,132	802,018	862,362	852,946	895,238	889,562
Proposed in this budget:						
Supplemental proposal (A)	....	....	....	–24	....	–13
To be proposed separately:						
Legislative Proposals:						
Subject to PAYGO (B)	....	....	–1,132	–1,168	2,825	2,481
Not subject to PAYGO (J)	....	....	2,008	2,473	–1,167	–566
Deductions for offsetting receipts	–37,498	–37,498	–39,119	–39,119	–41,380	–41,380
Subject to PAYGO (B)	....	....	340	340	–56	–56
Total Trust funds	771,634	764,520	824,459	815,448	855,460	850,028
Interfund transactions (–)	–293,157	–293,157	–330,293	–330,293	–344,573	–344,573
Federal Government totals	1,801,079	1,789,562	1,885,361	1,835,033	1,926,800	1,895,317

Federal Government Totals—Continued

(In millions of dollars)

	2003		2004		2005	
	BA	Outlays	BA	Outlays	BA	Outlays
Federal funds:						
Enacted, pending and initial requests:						
Appropriations	1,465,013	1,447,356	1,505,964	1,489,187	1,554,527	1,543,752
Proposed in this budget:						
Supplemental proposal ([A])	46	164	6	53	6	20
To be proposed separately:						
Legislative Proposals:						
Subject to PAYGO ([B])	7,658	7,813	12,415	12,366	14,440	14,307
Not subject to PAYGO ([J])	23,357	22,445	30,344	29,939	33,039	32,710
Discretionary offset ([O])	–102	–102	–106	–106	–111	–111
Deductions for offsetting receipts	–45,388	–45,388	–43,430	–43,430	–45,125	–45,125
Subject to PAYGO ([B])	–432	–432	–1,897	–1,897	–1,972	–1,972
Not subject to PAYGO ([J])	–286	–286	–289	–289	–300	–300
Total Federal funds	1,449,866	1,431,570	1,503,007	1,485,823	1,554,504	1,543,281
Trust funds:						
Enacted, pending and initial requests:						
Appropriations	946,732	939,703	993,880	987,031	1,053,226	1,045,092
Proposed in this budget:						
Supplemental proposal ([A])	....	–6	....	–3	....	–3
To be proposed separately:						
Legislative Proposals:						
Subject to PAYGO ([B])	5,306	4,964	17,444	17,093	19,753	19,383
Not subject to PAYGO ([J])	–1,108	–523	–1,143	–531	–1,173	–533
Deductions for offsetting receipts	–43,823	–43,823	–46,539	–46,539	–49,345	–49,345
Subject to PAYGO ([B])	–7,882	–7,882	–10,751	–10,751	–13,533	–13,533
Total Trust funds	899,225	892,433	952,891	946,300	1,008,928	1,001,061
Interfund transactions (–)	–361,150	–361,150	–390,992	–390,992	–418,891	–418,891
Federal Government totals	1,987,941	1,962,853	2,064,906	2,041,131	2,144,541	2,125,451

[A] Supplemental proposal.
[B] Legislative proposal, subject to PAYGO.
[H] Rescission proposal.
[J] Legislative proposal, not subject to PAYGO.
[O] Legislative proposal, discretionary offset.

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