



*FISCAL YEAR 2002*

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# ANALYTICAL PERSPECTIVES

BUDGET OF THE  
UNITED STATES GOVERNMENT

## THE BUDGET DOCUMENTS

*Budget of the United States Government, Fiscal Year 2002* contains the Budget Message of the President and information on the President's 2002 proposals by budget function.

*Analytical Perspectives, Budget of the United States Government, Fiscal Year 2002* contains analyses that are designed to highlight specified subject areas or provide other significant presentations of budget data that place the budget in perspective.

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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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# ECONOMIC AND ACCOUNTING ANALYSES

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# 1. ECONOMIC ASSUMPTIONS

## Introduction

Economic growth decelerated suddenly and sharply last year; by the end of the year, the record-long expansion was on the verge of stalling. The economy hardly expanded in the fourth quarter, and signs of weakness in the first months of this year were widespread. The stock market has plummeted, consumer and business confidence has dropped sharply, industrial production and capacity utilization rates have declined, and job growth has slackened. The unemployment rate, although low by historical standards, has begun to climb.

Despite the sudden weakness, most forecasters, including the Administration, anticipate that an economic recovery will begin later this year. Forward-looking indicators have begun to strengthen recently, pointing to faster growth in the coming months. Monetary policy has shifted to stimulating demand. The Federal Reserve reduced the Federal funds rate twice in January, and it made another cut in March.

Fiscal policy is poised to support a recovery. The Administration proposes to reduce individual income taxes, which will provide near-term fiscal stimulus and long-term economic incentives to encourage work and saving. Beyond the next year or two, the long-term outlook has never been brighter. There is accumulating evidence that the underlying productivity trend has improved markedly. This is welcome news for American workers and business. Enhanced productivity growth enables real wages to grow faster, profits to expand, and the stock market to rise. In the long run, productivity growth is the key to maintaining a strong economy and rising living standards.

This chapter begins with a review of recent developments and then presents the Administration's economic assumptions, followed by a comparison with projections of the Congressional Budget Office and the consensus of private sector forecasters. The following section decomposes the surplus into its cyclical and structural components. The chapter concludes with estimates of the sensitivity of the budget to changes in economic assumptions.

## Recent Developments

*Financial Markets:* Beginning in 1999 and lasting through May 2000, the Federal Reserve tightened monetary policy to reduce the risk of higher inflation in a rapidly expanding economy. However, the ensuing deceleration of demand, the falloff in profits, and financial strains were unexpectedly sharp. As a result, the threat of higher inflation diminished while the risk that the expansion might end soon rose. In response to this shift in the balance of risks, the Federal Reserve eased monetary policy by cutting the Federal funds by a total

of one percentage point in January and by another one-half percentage point in March to 5.0 percent. Judging by the futures market, investors expect additional cuts in the funds rate of one-half percentage point by the summer.

The credit markets responded promptly to the monetary easing. In the Treasury market, the yield on 3-month bills fell by 1.5 percentage points from the end of 2000 to late March, bringing the rate down to 4.3 percent. The decline in the yield on the 10-year Treasury note was less pronounced, from 5.1 percent to 4.8 percent. Together these changes restored an upward sloping yield curve, which in the past has often signaled faster economic growth ahead. In response to the shift in monetary policy, bond yields fell this year while new issuance rose significantly. The renewed access to capital enables firms to cope with the financial pressures from weaker sales and profits.

The easing of monetary policy and lower interest rates, however, did not succeed in arresting the fall in the stock market. As of late March, the S&P 500 and the broad-based Wilshire 5000 were down almost 15 percent since the end of last year, bringing the total decline from their peaks in March 2000 to over 25 percent. The technology-laden NASDAQ was hit even harder—off about 20 percent through late March, and about 60 percent from its year-earlier peak.

*Economic Activity:* Economic growth decelerated significantly last year, sliding from a robust 5.2 percent annual rate of increase during the first half of the year to only a 1.1 percent advance in the fourth quarter. The decline in the growth rate reflected the effects of falling stock prices and rising interest rates. The deceleration was most pronounced in the sectors that are especially responsive to changes in financial market conditions: residential investment, business capital spending, and consumer durable goods purchases.

- Residential investment contracted in the third and fourth quarters, the first back-to-back declines in four years. Homebuilding was adversely affected by the rise in mortgage rates during 1999 and the first half of 2000. By May, the rate on 30-year mortgages reached 8.5 percent, the highest level in over five years. Since then, however, the mortgage rate has fallen to 7.0 percent, the lowest rate in three years, and there were signs of a pickup in the housing markets as the new year began.
- After adjusting for inflation, investment in new plant and equipment contracted slightly in the fourth quarter, a marked drop-off from the double-digit gains that prevailed since 1995. Even demand for high-technology hardware and software, which had soared in recent years, slackened in

the final quarter, growing at about one-third the pace of the first half of the year. Weakening capital spending reflected lackluster demand, growing excess capacity, and a rising cost of capital because of higher interest rates and falling equity values.

- Real consumer spending on durable goods fell in the fourth quarter, led by an unexpected drop in motor vehicle purchases, which, in turn, contributed to a buildup of unwanted inventories on dealers' lots and sizeable cutbacks in production in the first quarter. The drop in durable goods spending restrained the total growth of consumer spending in the fourth quarter to a 2.8 percent annual rate, the smallest advance in over three years. The slackening of consumer spending was influenced by falling equity wealth—a reversal from the prior five years when exceptional stock market gains boosted wealth and fueled consumer spending. From its peak in March 2000 to the end of the year, the decline in the stock market cut \$3 trillion off the \$18 trillion in market capitalization of U.S. equities.

The foreign sector also restrained GDP growth in the fourth quarter, trimming about one-half percentage point off the growth rate. Imports of goods and services declined modestly at the end of the year, which bolstered growth slightly, but this was more than offset by a decline in exports, in part because of weakening demand in our trading partners.

The economic news so far in 2001 has been mixed. On the downside, surveys of consumers' attitudes revealed a further loss of confidence, with especially heightened concerns about the future. The stock market, which is an indicator of investors' confidence, fell as well.

On the upside, the Nation's total payrolls continued to expand in January and February, despite large job losses in manufacturing industries. The unemployment rate ticked up from 4.0 percent to 4.2 percent in January and held there in February. This is still a very low rate, two percentage points below the average rate over the previous thirty years.

Based on information for the first two months of the year, consumer spending after adjustment for inflation appears to have continued to expand in the first quarter at a moderate pace. Sales of motor vehicles, however, recovered sharply, which helped reduce the excess inventories that built up at the end of last year.

In the housing market, starts, permits, existing home sales and refinancing all increased at the start of the year in response to the fall in mortgage rates during the second half of 2000. There were also signs that business investment was holding up. In January, non-defense capital goods orders and unfilled orders, excluding the volatile aircraft sector, rose sharply.

*Inflation:* Price inflation accelerated last year, primarily because of a jump in crude oil prices, which rippled through to higher energy prices. The price of West Texas Intermediate crude oil doubled during 1999

and rose by another third during the first 11 months of 2000. On a year-over-year basis, the total Consumer Price Index (CPI) rose 3.4 percent in 2000, up from 2.2 percent in 1999. Since November, oil prices have fallen sharply, which can be expected to slow the growth of overall inflation this year. Excluding the volatile food and energy components, the acceleration in core CPI inflation last year was much less pronounced than the rise in the total. The core CPI rose just 2.4 percent during 2000, which is not much more than the 2.1 percent rise in 1999.

The GDP chain-weighted price index, a broad gauge of inflation covering all the goods and services produced in the United States, rose just 2.1 percent in 2000 measured on a year-over-year basis. Although higher than the 1.5 percent advance in 1999, it is still a remarkably low rate of inflation. Looking at the prices paid by consumers, businesses, and governments, and excluding the food and energy components, inflation was only 1.8 percent in 2000, not much different than the 1.5 percent of 1999.

Historically low unemployment last year contributed to strong growth of labor compensation, including benefits as well as cash wages. Nonetheless, core price inflation rose very little because of continued robust productivity growth, which provided an offset to the upward price pressures from rising labor costs.

With the unemployment rate near 4 percent for the last two years and only a small step-up in the core rate of inflation, the economy appeared capable of maintaining stable inflation at a lower level of unemployment than previously envisaged. In light of this experience, the Budget assumes that NAIRU (the "nonaccelerating inflation rate of unemployment") is 4.6 percent in the long run. That is identical to the rate implied by the consensus of private sector forecasters. By contrast, two years ago the consensus implied a NAIRU just above 5 percent.

*Productivity:* Productivity growth during the past five years has averaged 2.9 percent per year, double the rate that prevailed from 1974 through 1995. Increased capital investment and general improvements in business efficiency were responsible for the step up. The maintenance of this strong productivity growth, even as the expansion has aged and unemployment has declined to very low levels, provides evidence that the improvement is likely to be ongoing.

### Economic Projections

The Administration's economic projections, summarized in Table 1–1, assume the adoption of the policies proposed in the Budget: tax relief for American workers and their families, the maximum feasible reduction in Federal debt, Federal spending restraint, and the preservation of the Social Security surplus for Social Security. Enactment of this comprehensive program will provide both a needed near-term stimulus to the economy and promote an economic climate that fosters long-term growth. The Federal Reserve is assumed to continue



**Table 1-1. ECONOMIC ASSUMPTIONS<sup>1</sup>**

(Calendar years; dollar amounts in billions)

	Actual 1999	Projections											
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Gross Domestic Product (GDP):</b>													
Levels, dollar amounts in billions:													
Current dollars .....	9,299	9,974	10,434	11,004	11,596	12,217	12,866	13,550	14,269	15,023	15,817	16,649	17,524
Real, chained (1996) dollars .....	8,876	9,325	9,551	9,867	10,184	10,509	10,840	11,180	11,532	11,894	12,264	12,642	13,031
Chained price index (1996 = 100), annual average .....	104.8	107.0	109.2	111.5	113.8	116.2	118.7	121.2	123.7	126.3	128.9	131.7	134.4
Percent change, fourth quarter over fourth quarter:													
Current dollars .....	6.5	6.2	4.8	5.5	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.2
Real, chained (1996) dollars .....	5.0	3.7	2.6	3.3	3.2	3.2	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Chained price index (1996 = 100) .....	1.6	2.3	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Percent change, year over year:													
Current dollars .....	5.8	7.3	4.6	5.5	5.4	5.4	5.3	5.3	5.3	5.3	5.3	5.3	5.3
Real, chained (1996) dollars .....	4.2	5.1	2.4	3.3	3.2	3.2	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Chained price index (1996 = 100) .....	1.5	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
<b>Incomes, billions of current dollars:</b>													
Corporate profits before tax .....	823	935	951	983	1,030	1,080	1,137	1,173	1,222	1,256	1,291	1,332	1,402
Wages and salaries .....	4,470	4,766	5,016	5,312	5,620	5,930	6,256	6,590	6,927	7,272	7,641	8,035	8,448
Other taxable income <sup>2</sup> .....	2,141	2,285	2,348	2,431	2,505	2,590	2,677	2,770	2,872	2,979	3,092	3,206	3,324
<b>Consumer Price Index (all urban):<sup>3</sup></b>													
Level (1982-84 = 100), annual average .....	166.7	172.3	176.9	181.4	186.1	190.8	195.6	200.4	205.5	210.6	215.9	221.3	226.8
Percent change, fourth quarter over fourth quarter .....	2.6	3.4	2.5	2.6	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Percent change, year over year .....	2.2	3.4	2.7	2.6	2.6	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
<b>Unemployment rate, civilian, percent:</b>													
Fourth quarter level .....	4.1	4.0	4.6	4.6	4.5	4.5	4.5	4.5	4.5	4.6	4.6	4.6	4.6
Annual average .....	4.2	4.0	4.4	4.6	4.5	4.5	4.5	4.5	4.5	4.6	4.6	4.6	4.6
<b>Federal pay raises, January, percent:</b>													
Military <sup>4</sup> .....	3.6	4.8	3.7	4.6	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Civilian <sup>5</sup> .....	3.6	4.8	3.7	3.6	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
<b>Interest rates, percent:</b>													
91-day Treasury bills <sup>6</sup> .....	4.7	5.8	5.3	5.6	5.6	5.6	5.3	5.0	5.0	5.0	5.0	5.0	5.0
10-year Treasury notes .....	5.6	6.0	5.4	5.6	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7

<sup>1</sup> Based on information available as of January 20, 2001.<sup>2</sup> Rent, interest, dividend and proprietor's components of personal income.<sup>3</sup> Seasonally adjusted CPI for all urban consumers.<sup>4</sup> Percentages apply to basic pay only; adjustments for housing and subsistence allowances will be determined by the Secretary of Defense.<sup>5</sup> Overall average increase, including locality pay adjustments.<sup>6</sup> Average rate (bank discount basis) on new issues within period.

to pursue monetary policies that support economic activity while keeping inflation under control.

The economic assumptions are conservative and are close to those of the Congressional Budget Office and mainstream private sector forecasters. The key assumption for the average real GDP growth over the next 10 years is even slightly below the private sector consensus. The economy may perform even better than assumed here. Nonetheless, for the purpose of planning fiscal policy, it is appropriate to base the Budget on prudent assumptions that do not over-estimate available resources.

*Real GDP, Potential GDP and Unemployment:* Real GDP, which rose 5.0 percent in 2000 on a calendar-year basis, is projected to increase 2.4 percent this year. Economic activity is expected to gain momentum during the year as the easing of monetary policy stimulates interest-sensitive sectors. The restraint on production and GDP growth from the buildup of excess inventories evident early in the year is likely to diminish as inventories are brought in line with sales.

Economic activity is expected to increase 3.3 percent during 2002. Faster economic growth over the next year

and a half will add to the pace of job creation, household incomes, and corporate profits, which in turn will improve consumer confidence and equity markets. With actual GDP growth below the Nation's potential GDP growth during much of this year, the unemployment rate is projected to creep up to 4.6 percent by the fourth quarter. During 2002, the unemployment rate is projected to remain at that relatively low level.

Beyond 2002, real GDP growth is projected to moderate gradually to a 3.1 percent annual rate of increase beginning in 2005. Average GDP growth over the next ten years is expected to be close to potential growth, which would maintain the unemployment rate on a plateau of around 4.6 percent. Potential GDP growth depends largely on the growth of the labor force and the trend growth of labor productivity. The labor force is projected to increase 1.0 percent per year on average over the ten years 2002 to 2011.

Nonfarm business sector productivity is projected to grow 3.0 percent in calendar year 2001, 2.6 percent in 2002-2003, slowing to a 2.2 percent average annual increase from 2004 through 2011. Over the next ten years, productivity growth is assumed to average 2.3

percent yearly, close to the very long-run average for the U.S. economy. This is well above the 1.4 percent average rate during 1974–1995, although it is a deceleration from the 2.9 percent average rate of the past five years. The assumption that productivity growth will taper off somewhat from its recent trend is a conservative one, appropriate for prudent budget planning.

**Inflation:** The rate of inflation, measured by either the CPI or the GDP chain-weighted price index, is expected to slow this year as energy prices fall from the high levels at the end of last year. The CPI is projected to rise 2.7 percent in 2001 on a calendar year basis and slow to 2.5 percent yearly beginning in 2004. The GDP measure of inflation is forecast to increase 2.1 percent each year. The CPI tends to increase faster than the GDP chain-weighted price index in part because sharply falling computer prices, which are expected to continue, exert less of an impact on the CPI than on the GDP inflation measure.

**Interest Rates:** The 91-day Treasury bill rate is projected to rise during 2001, leveling off at 5.6 percent during 2002–2004, then gradually decline to 5.0 percent in 2006 and thereafter. The yield on the 10-year Treasury note is assumed to rise to 5.7 percent in 2003 and remain at that level through 2011. The projected decline in the short-term rate after 2004 would restore an upward sloping yield curve, which is normal during periods of expansion.

**Incomes:** The share of total taxable income in nominal GDP is projected to decline gradually, mainly because capital consumption is expected to claim a larger proportion of GDP. The investment boom of recent years and the projected rising share of investment in GDP imply a rapid growth of depreciation, a component of business expenses. As the share of depreciation in GDP rises, the share of corporate profits is projected to decline. The share of wages and salaries in GDP is projected to be relatively stable over the projection horizon.

### Comparison with CBO and Private-Sector Forecasts

The Congressional Budget Office (CBO) and many private-sector forecasters also make 10-year projections. The CBO projection is used by Congress in formulating budget policy. In the executive branch, this function is performed jointly by the Treasury, the Council of Economic Advisers, and the Office of Management and Budget. The private sector forecasts are often used by businesses for long-term planning. Table 1–2 compares the Budget assumptions with projections by the CBO and the Blue Chip consensus, an average of about 50 private forecasts

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

**Table 1–2. COMPARISON OF ECONOMIC ASSUMPTIONS**

(Calendar years; percent)

	Projections											Average, 2002–11
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	
<b>Real GDP (chain-weighted):<sup>1</sup></b>												
CBO January .....	2.4	3.4	3.3	3.0	3.0	3.0	3.0	3.0	3.0	3.1	3.1	3.1
Blue Chip Consensus March .....	1.9	3.4	3.5	3.4	3.4	3.4	3.3	3.3	3.3	3.3	3.3	3.4
2002 Budget .....	2.4	3.3	3.2	3.2	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.2
<b>Chain-weighted GDP Price Index:<sup>1</sup></b>												
CBO January .....	2.3	2.1	2.0	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Blue Chip Consensus March .....	2.1	2.0	2.1	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2
2002 Budget .....	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
<b>Consumer Price Index (all-urban):<sup>1</sup></b>												
CBO January .....	2.8	2.8	2.7	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.6
Blue Chip Consensus March .....	2.8	2.4	2.6	2.6	2.5	2.6	2.6	2.6	2.6	2.6	2.6	2.6
2002 Budget .....	2.7	2.6	2.6	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
<b>Unemployment rate:<sup>2</sup></b>												
CBO January .....	4.4	4.5	4.5	4.7	4.8	4.9	5.0	5.1	5.2	5.2	5.2	4.9
Blue Chip Consensus March .....	4.5	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
2002 Budget .....	4.4	4.6	4.5	4.5	4.5	4.5	4.5	4.6	4.6	4.6	4.6	4.6
<b>Interest rates:<sup>2</sup></b>												
<b>91-day Treasury bills:</b>												
CBO January .....	4.8	4.9	5.0	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9
Blue Chip Consensus March .....	4.6	4.8	5.2	5.3	5.3	5.2	5.2	5.2	5.2	5.2	5.2	5.2
2002 Budget .....	5.3	5.6	5.6	5.6	5.3	5.0	5.0	5.0	5.0	5.0	5.0	5.2
<b>10-year Treasury notes:</b>												
CBO January .....	4.9	5.3	5.5	5.6	5.7	5.8	5.8	5.8	5.8	5.8	5.8	5.7
Blue Chip Consensus March .....	5.1	5.4	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7
2002 Budget .....	5.4	5.6	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7

Sources: Congressional Budget Office; Aspen Publishers, Inc., Blue Chip Economic Indicators

<sup>1</sup> Year over year percent change.

<sup>2</sup> Annual averages, percent.

a “pre-policy” projection. The private sector forecasts are based on an appraisal of “the most-likely policy outcome,” which would vary considerably among forecasters. Despite these differences in policy assumptions, the three sets of projections are currently quite close for almost all the key economic assumptions.

For real GDP growth, the Blue Chip consensus is slightly lower than the public-sector forecasts in 2001. The private forecasts, made in early-March, were influenced in part by the weaker recent data. For 2002, all three sets of forecasts anticipate a rebound of growth. Over the ten years 2002–2011, the Blue Chip consensus averages 3.4 percent GDP growth, two-tenths of a percentage point faster than the 3.2 percent in the Administration’s conservative assumptions.

The Administration’s inflation projection is very similar to that of the Blue Chip consensus. CBO’s GDP inflation projection is slightly below the Administration’s assumptions in most years. The Administration’s unemployment rate is nearly identical to the Blue Chip’s, while the CBO’s rate is well above either of the other two forecasts.

The Administration’s projection of the yield on the 10-year Treasury note is identical in most years to that of the Blue Chip consensus, and is close to that of CBO. The Administration’s short-term interest rate projection is somewhat higher than that of the Blue Chip consensus over the next few years. Beyond 2005, the three short-term interest projections are quite close.

### 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 intensely employed, and outlays for unemployment-sensitive programs (such as unemployment compensation and food stamps) are lower. As a result, the surplus is larger than it would be if unemployment were at the sustainable long-run average. The portion of the surplus that can be traced to this factor is called the cyclical component. The balance, the portion that would remain with the unemployment rate at its long-run value, is called the structural surplus (or structural deficit).

The structural balance 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. For this reason, changes in the structural balance give a better

picture of the impact of budget policy on the economy than does the unadjusted budget balance.

During 1992–1996, when the actual unemployment rate was above the 5.2 percent estimate of NAIRU, the cyclical component was negative: the unadjusted deficit was larger than the structural deficit. From 1997 to 2000, the consensus of private sector forecasters gradually reduced NAIRU to 4.6 percent. Nonetheless, the actual unemployment rate was below NAIRU, resulting in a positive cyclical component. By 2000, the actual surplus of \$236 billion was \$72 billion larger than the structural surplus.

In the early 1990s, large swings in net outlays for deposit insurance (the S&L 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 1–3.

Two significant points are illustrated by this table. First, of the \$527 billion swing in the actual budget balance between 1992 and 2000 (from a \$290 billion deficit to a \$236 billion surplus), only 35 percent (\$182 billion) resulted from cyclical improvement in the economy. The rest of the reduction stemmed from policy actions and an unusually strong rise in individual income tax receipts as a percentage of GDP. Second, in 2002 and thereafter, the cyclical component of the surplus is small because the projected unemployment rate is close to the assumed NAIRU of 4.6 percent. Deposit insurance net outlays are also projected to be very small in the coming years. Therefore, the adjusted structural surplus and the unadjusted surplus are nearly identical during the forecast horizon.

### Sensitivity of the Budget to Economic Assumptions

Both receipts and outlays are affected by changes in economic conditions. This sensitivity 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

**Table 1–3. 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	–255.1	–203.3	–164.0	–107.5	–22.0	69.2	124.6	236.4	280.7	231.2	242.0	262.1	269.0
Cyclical component .....	–109.9	–104.0	–68.7	–29.5	–16.0	5.9	33.5	44.8	72.0	36.3	2.1	6.4	7.6	7.1
Structural deficit (–) or surplus .....	–180.5	–151.1	–134.6	–134.5	–91.5	–27.9	35.7	79.8	164.4	244.4	229.1	235.6	254.5	261.9
Deposit insurance outlays .....	–2.3	–28.0	–7.6	–17.9	–8.4	–14.4	–4.4	–5.3	–3.1	–1.0	–0.7	0.1	0.6	1.1
Adjusted structural deficit (–) or surplus .....	–182.8	–179.1	–142.2	–152.3	–99.9	–42.3	31.3	74.5	161.3	243.4	228.4	235.7	255.1	263.0

NOTE: The NAIRU is assumed to be 5.2% through calendar year 1998, 4.9% in 1999, and 4.6% thereafter.

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 force, 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 1–4.

If real GDP growth is lower by one percentage point in calendar year 2001 only and the unemployment rate rises by one-half percentage point more than in the budget assumptions, the fiscal year 2001 surplus is estimated to decrease by \$11.7 billion; receipts in 2001 would be lower by \$9.6 billion, and outlays would be higher by \$2.1 billion, primarily for unemployment-sensitive programs. In fiscal year 2002, the estimated receipts shortfall would grow further to \$20.9 billion, and outlays would increase by \$7.3 billion relative to the base, even though the growth rate in calendar 2002 equaled the rate originally assumed. This is because the level of real (and nominal) GDP and taxable incomes would be permanently lower, and unemployment higher. The budget effects (including growing interest costs associated with smaller surpluses) would continue to grow slightly in each successive year.

The budget effects are much larger if the real growth rate is assumed to be one percentage point less in each year (2001–2011) and the unemployment rate to rise one-half percentage point in each year. In this case, the levels of real and nominal GDP would be below the base case by a growing percentage. The budget balance would be worsened by \$545.0 billion relative to the base case by 2011.

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 \$431.9 billion worsening of the budget balance by 2011.

Joint changes in interest rates and inflation have a smaller effect on the surplus than equal percentage point changes in real GDP growth. An example is the effect of a one percentage point higher rate of inflation and one percentage point higher interest rates during calendar year 2001 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 2001 rise by \$5.5 billion and receipts by \$11.0 billion, for an increase of \$5.5 billion in the 2001 surplus. In 2002, outlays would be above the base by \$11.4 billion, due in part to lagged cost-of-living adjustments; receipts would rise \$22.4 billion above the base, however, resulting in an \$11.0 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 \$57.7 billion to outlays in 2011 and \$341.1 billion to receipts, for a net increase in the 2011 surplus of \$283.4 billion. This rule-of-thumb now shows a more positive net budget outcome than was estimated a few years ago, when the interest outlays were larger because of higher levels of public debt.

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 in part because, when the budget is in surplus and 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.

The outlay effects of a one percentage point increase in interest rates alone is now relatively small, and changes sign, that is, reduces outlays after 2006 when increased interest earnings on the Government's excess balances exceed increased interest payments on the outstanding debt held by the public. The receipts portion of this rule-of-thumb is due to the Federal Reserve's deposit of earnings on its securities portfolio.

The last entry in the table shows rules of thumb for the added interest cost associated with changes in the 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 1-4. SENSITIVITY OF THE BUDGET TO ECONOMIC ASSUMPTIONS**

(In billions of dollars)

Budget effect	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Real Growth and Employment</b>											
<b>Budgetary effects of 1 percent lower real GDP growth:</b>											
For calendar year 2001 only: <sup>1</sup>											
Receipts .....	-9.6	-20.9	-24.8	-26.0	-27.3	-28.5	-29.8	-31.2	-32.7	-34.2	-35.9
Outlays .....	2.1	7.3	8.6	10.8	13.0	15.1	17.5	20.2	23.0	26.2	29.7
Decrease in surplus (-) .....	-11.7	-28.3	-33.3	-36.8	-40.3	-43.6	-47.3	-51.4	-55.8	-60.4	-65.6
Sustained during 2001-2011: <sup>1</sup>											
Receipts .....	-9.6	-30.8	-56.7	-84.8	-115.2	-147.9	-183.0	-220.8	-261.6	-305.0	-353.0
Outlays .....	2.1	9.5	18.5	30.1	43.8	59.6	78.4	101.0	126.6	157.1	192.0
Decrease in surplus (-) .....	-11.7	-40.3	-75.2	-114.9	-159.1	-207.5	-261.4	-321.8	-388.2	-462.1	-545.0
Sustained during 2001-2011, with no change in unemployment:											
Receipts .....	-9.6	-30.8	-56.7	-84.9	-115.3	-148.0	-183.1	-221.0	-261.9	-305.2	-353.3
Outlays .....	0.2	1.1	3.3	7.1	12.2	18.2	25.9	35.8	47.6	61.9	78.6
Decrease in surplus (-) .....	-9.8	-31.8	-60.1	-92.0	-127.5	-166.1	-209.0	-256.8	-309.5	-367.2	-431.9
<b>Inflation and Interest Rates</b>											
<b>Budgetary effects of 1 percentage point higher rate of:</b>											
Inflation and interest rates during calendar year 2001 only:											
Receipts .....	11.0	22.4	22.1	20.7	21.9	23.1	24.5	25.8	27.1	28.7	30.6
Outlays .....	5.5	11.4	9.8	9.0	8.4	7.2	6.5	6.1	5.6	5.2	4.6
Increase in surplus (+) .....	5.5	11.0	12.3	11.7	13.4	15.9	18.0	19.7	21.5	23.5	26.0
Inflation and interest rates, sustained during 2001-2011:											
Receipts .....	11.0	34.1	58.2	82.4	109.2	138.7	171.4	207.3	247.1	290.9	341.1
Outlays .....	5.3	16.1	23.9	30.8	37.5	42.8	47.4	51.4	54.5	56.7	57.7
Increase in surplus (+) .....	5.7	17.9	34.3	51.7	71.7	95.9	124.0	155.9	192.7	234.1	283.4
Interest rates only, sustained during 2001-2011:											
Receipts .....	1.4	3.8	4.8	5.3	5.7	6.1	6.5	7.0	7.4	7.8	8.2
Outlays .....	4.1	9.8	11.6	11.3	10.2	8.3	5.7	2.1	-2.1	-7.1	-13.4
Decrease in surplus (-) .....	-2.7	-6.0	-6.8	-6.0	-4.6	-2.2	0.9	4.8	9.4	14.8	21.6
Inflation only, sustained during 2001-2011:											
Receipts .....	9.6	30.3	53.4	77.2	103.5	132.6	164.8	200.3	239.7	283.1	332.9
Outlays .....	1.2	6.6	12.8	20.6	29.2	37.4	46.0	55.2	64.5	74.3	84.7
Increase in surplus (+) .....	8.4	23.7	40.5	56.6	74.4	95.2	118.9	145.1	175.3	208.8	248.2
<b>Interest Cost of Higher Federal Borrowing</b>											
Outlay effect of \$100 billion reduction in the 2001 unified surplus	2.8	5.9	6.3	6.7	6.9	7.0	7.2	7.6	8.0	8.4	8.9

\* \$50 million or less.

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



## 2. STEWARDSHIP: TOWARD A FEDERAL BALANCE SHEET

### Introduction

The Government's financial condition can only be properly evaluated using a broad range of data—more than would usually be shown on a business balance sheet—and several complementary perspectives. This chapter presents a framework for such analysis. No single table in the chapter is the equivalent of a Federal balance sheet, but taken as a whole, the chapter provides an overview of the Government's resources, the current and future claims on them, and some idea of 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, modified to take into account the Government's unique roles and circumstances.

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

The presentation consists of three parts:

- Part I 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 the Government is able to draw on other resources. It can tax and use other measures to meet future obligations. The liabilities shown in the table include the binding commitments that have resulted from prior Government action, but the Government's responsibilities are much broader than this.
- Part II presents possible paths for the Federal budget that extend beyond the ten-year budget window. Table 2–2 summarizes this information. This part is intended to show the Government's long-run financial burdens and the resources that it will have 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 changed between 1999 and 2001.

- Part III 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<sup>1</sup> 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 is ultimately judged by the bottom line in its balance sheet, but for the national Government, the ultimate test is how its actions affect the country.

<sup>1</sup>Objectives of Federal Financial Reporting, Statement of Federal Financial Accounting Concepts Number 1, September 2, 1993. The other objectives are 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?**

The Federal Government has fundamentally different objectives from a business enterprise. The primary goal of every business is to earn a profit, and the Federal Government leaves almost all activities at which a profit could be earned to the private sector. For the vast bulk of the Federal Government's operations, it would be difficult or impossible to charge prices—let alone prices that would cover expenses. The Government undertakes these activities not to improve its balance sheet, but to benefit the Nation—to foster not only monetary but also nonmonetary values.

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 if they are done successfully. The return on these investments shows up not as an increase in Government assets, but as an increase in the general state of knowledge and in the earning capacity of the country's citizens. A business's motives for investment are quite different; business invests to earn a profit for itself, not others, and if its investments are successful, their value will be reflected in its balance sheet. Because the Federal Government's objectives are different, its balance sheet behaves differently, and should be interpreted differently.

**2. 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. These powers, which include taxation, allow the Government to meet its present obligations and those that are anticipated from future operations even though the Government's assets are less than its liabilities.

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.

In recent years, the Government's net liabilities have leveled off and begun to shrink. By achieving a budget surplus, the Government has been able to repay some of its debts and reduce the balance between its liabilities and its assets.

**3. Why does the Government not keep a proper set of books?**

The Government is not a business, and accounting standards designed to illuminate how much a business earns and how much equity it has could provide misleading information if applied to the Government. In recent years, the Federal Accounting Standards Advisory Board (FASAB) has developed, and the Government has adopted, a conceptual accounting framework that reflects the Government's distinct 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



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

adopted, a full set of accounting standards. Federal agencies now issue audited financial reports that follow these standards; an audited Government-wide consolidated financial report was issued in 1999 and 2000. In short, the Government does follow generally accepted accounting principles for Federal entities, just as businesses do for private enterprises and State and local governments do for their activities.

This chapter is intended to address the “stewardship objective”—assessing the interrelated condition of the Federal Government and the Nation. The data in this chapter illuminate the trade-offs and connections between making the Federal Government “better off” and making the Nation “better off.” The Government does not have a “bottom line” comparable to the net worth of a business corporation, and some analysts have found the absence of a bottom line to be frustrating. But it would not help to pretend that such a number exists when clearly it does not.

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

Future Social Security benefits are a political and moral responsibility of the Federal Government, but these benefits are not a liability in the usual sense. The Government has unilaterally decreased as well as increased Social Security benefits in the past, and future reforms could alter them again. When the amount in question can be changed unilaterally, it is not ordinarily considered a liability.

Other Federal programs exist that are similar to Social Security in the promises they make—Medicare, Medicaid, Veterans pensions, and Food Stamps—to name a few. Yet few would consider the future benefits expected under these programs to be Federal liabilities. It would be difficult, however, to justify a different accounting treatment for them, if Social Security were to be classified as a liability. There is no bright line dividing Social Security from other programs that promise benefits to people, and all such programs should be accounted for similarly.

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

Under Generally Accepted Accounting Principles, Social Security is not considered to be a liability, so omitting it from Table 2-1 is consistent with the accounting standards developed for the Federal Government by the Federal Accounting Standards Advisory Board (FASAB).

**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 even larger than ever before?**

The aging of the U.S. population will become dramatically evident when the baby-boomers begin to retire in less than ten years. This demographic transition poses serious long-term problems for the Federal budget and its major entitlement programs. The current budget surplus, however, will help the country address these problems. The surplus means that there will be a significant decline in Federal net interest payments over the next several years. This is one key step towards keeping the budget in balance when the baby-boomers retire.

The second part of this chapter describes how the budget is likely to evolve 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?***

The Government consumes capital each year in the process of providing goods and services to the public. If the Government financed new capital by borrowing, it should also plan to pay off this debt as the capital was used up. As discussed in Chapter 6 of *Analytical Perspectives*, net investment in physical capital owned by the Federal Government has often been negative recently, so little if any deficit spending would actually have been justified recently 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. 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 difficulty with the logic of borrowing to invest. Businesses expect investments to earn a return large enough to cover their cost. In contrast, the Federal Government does not generally expect to receive a direct payoff 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. The Government may deem it desirable to run a budget surplus, even if this means paying for its own investments from current revenues, instead of borrowing. Considerations in addition to the size of Federal investment must be weighed in choosing the right level of the surplus.

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

The Federal budget has many purposes. It should not be surprising that, with more than one purpose, the budget is presented in more than one way. None of these measures is always right, or always wrong; it depends upon the purpose to which the budget is put.

For the purpose of measuring the Government's effects on the economy, it would be misleading to omit Social Security or any other part of the budget, as all parts of the budget affect the economy. For purposes of fiscal discipline, leaving out particular Government activities could actually be dangerous. The principle of a "unified" all-inclusive budget has been used to forestall the practice of moving favored programs off-budget—which has been done to shield those programs from scrutiny and funding discipline.

For setting fiscal policy, however, an alternative to the unified budget is useful. In particular, the Congress has moved Social Security off-budget. The purpose of doing so 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.

The data needed to judge its 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 State and local governments. 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 analysis is Table 2-1, which shows the Government's assets and liabilities. This illustrative tabulation of net liabilities is 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. For many years, Government debts increased far more than did Government assets, although in recent years, Government budget surpluses have allowed the Government to reduce its debt and thereby lower its net liabilities.

Table 2-1 presents the Government's binding obligations—such as Treasury debt and the present discounted value of the pensions owed to Federal employees as deferred compensation. 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 with the other Government liabilities. These obligations form only a subset of the Government's financial responsibilities.

The Federal Government also has resources that go beyond the assets that would normally appear on a

balance sheet. These include the Government's sovereign powers to tax, regulate commerce, and set monetary policy. The best way to analyze how the Government uses these powers is to make a long-run projection of the Federal budget (as is done in Part II 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.

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 Congress. Such changes are a regular part of the legislative cycle. It is likely, however, that many of these programs will remain Federal responsibilities in some form for the foreseeable future.

The numbers in the budget are silent on the issue of 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 measures need to be developed to obtain a full picture. Examples of what might be done are discussed below.

The presentation that follows consists of a series of tables and charts. Taken together, they are the functional equivalent of a business 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 are grouped in two broad categories—assets/resources and liabilities/responsibilities.

**Chart 2-1. A Balance Sheet Presentation for the Federal Government**

Assets/Resources		Liabilities/Responsibilities
<p><b>Federal Assets</b></p> <ul style="list-style-type: none"> <li>Financial Assets                             <ul style="list-style-type: none"> <li>Monetary Assets</li> <li>Mortgages and Other Loans</li> <li>Other Financial Assets                                     <ul style="list-style-type: none"> <li>Less Expected Loan Losses</li> </ul> </li> </ul> </li> <li>Physical Assets                             <ul style="list-style-type: none"> <li>Fixed Reproducible Capital                                     <ul style="list-style-type: none"> <li>Defense</li> <li>Nondefense</li> </ul> </li> <li>Inventories</li> <li>Non-reproducible Capital                                     <ul style="list-style-type: none"> <li>Land</li> <li>Mineral Rights</li> </ul> </li> </ul> </li> </ul>	<p><b>Federal Governmental Assets and Liabilities (Table 2-1)</b></p>	<p><b>Federal Liabilities</b></p> <ul style="list-style-type: none"> <li>Financial Liabilities                             <ul style="list-style-type: none"> <li>Debt Held by the Public</li> <li>Miscellaneous</li> </ul> </li> <li>Guarantees and Insurance                             <ul style="list-style-type: none"> <li>Deposit Insurance</li> <li>Pension Benefit Guarantees</li> <li>Loan Guarantees</li> <li>Other Insurance</li> </ul> </li> <li>Federal Retiree Pension and Health Insurance Liabilities</li> </ul> <p>Net Balance</p>
<p><b>Resources/Receipts</b></p> <ul style="list-style-type: none"> <li>Projected Receipts</li> </ul>	<p><b>Long-Run Federal Budget Projections (Table 2-2)</b></p>	<p><b>Responsibilities/Outlays</b></p> <ul style="list-style-type: none"> <li>Discretionary Outlays</li> <li>Mandatory Outlays                             <ul style="list-style-type: none"> <li>Social Security</li> <li>Health Programs</li> <li>Other Programs</li> </ul> </li> <li>Net Interest</li> </ul> <p>Surplus/Deficit</p>
<p><b>National Assets/Resources</b></p> <ul style="list-style-type: none"> <li>Federally Owned Physical Assets</li> <li>State &amp; Local Physical Assets                             <ul style="list-style-type: none"> <li>Federal Contribution</li> </ul> </li> <li>Privately Owned Physical Assets</li> <li>Education Capital                             <ul style="list-style-type: none"> <li>Federal Contribution</li> </ul> </li> <li>R&amp;D Capital                             <ul style="list-style-type: none"> <li>Federal Contribution</li> </ul> </li> </ul>	<p><b>National Wealth (Table 2-4)</b></p>	<p><b>National Needs/Conditions</b></p> <ul style="list-style-type: none"> <li>Indicators of economic, social, educational, and environmental conditions</li> </ul>
	<p><b>Social Indicators (Table 2-5)</b></p>	

- 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.

## 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 a number of years beginning in 1960. Assets and liabilities are measured in terms of constant FY 2000 dollars. Ever since 1960, Government liabilities have exceeded the value of assets (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 subsequently those prices declined.<sup>2</sup> Currently, the total real value

<sup>2</sup>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 run-up 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.

of Federal assets is estimated to be about 27 percent greater than it was in 1960. Meanwhile, Federal liabilities have increased by 162 percent in real terms. The decline in the Federal net asset position was principally due to persistent Federal budget deficits and the relatively slow increase in Federal asset holdings.

Since the mid-1990s, the shift from budget deficits to budget surpluses has sharply reduced Federal net liabilities. Last year rising energy prices and increased land values also contributed to a rise in the real value of Federal assets, which pulled down net liabilities even further. Currently, the net excess of liabilities over assets is about \$3.2 trillion, or \$11,500 per capita, com-

Table 2–1. GOVERNMENT ASSETS AND LIABILITIES \*

(As of the end of the fiscal year, in billions of 2000 dollars)

	1960	1965	1970	1975	1980	1985	1990	1995	1998	1999	2000
<b>ASSETS</b>											
Financial Assets:											
Cash and Checking Deposits .....	42	61	38	30	46	30	41	42	49	64	56
Other Monetary Assets .....	1	1	1	1	2	2	2	1	4	5	6
Mortgages .....	27	26	39	40	74	76	97	67	47	80	77
Other Loans .....	100	137	172	171	218	288	204	159	178	187	189
less Expected Loan Losses .....	-1	-3	-4	-9	-17	-17	-19	-24	-47	-51	-37
Other Treasury Financial Assets .....	43	55	24	31	39	39	97	151	131	140	144
Total .....	212	277	269	265	362	419	422	397	361	425	435
Nonfinancial Assets:											
Fixed Reproducible Capital .....	996	997	1,040	944	912	1,056	1,110	1,106	999	980	974
Defense .....	865	822	830	691	633	760	795	768	664	642	624
Nondefense .....	131	175	210	253	279	296	315	338	335	338	350
Inventories .....	263	228	212	189	232	267	236	167	139	138	135
Nonreproducible Capital .....	424	435	417	614	979	1,061	835	622	695	731	922
Land .....	92	128	161	253	321	338	346	258	333	360	399
Mineral Rights .....	332	308	256	361	658	724	489	364	362	370	523
Subtotal .....	1,683	1,660	1,669	1,747	2,122	2,385	2,180	1,895	1,833	1,849	2,031
<b>Total Assets .....</b>	<b>1,895</b>	<b>1,937</b>	<b>1,937</b>	<b>2,012</b>	<b>2,485</b>	<b>2,804</b>	<b>2,602</b>	<b>2,291</b>	<b>2,193</b>	<b>2,274</b>	<b>2,466</b>
<b>LIABILITIES</b>											
Financial Liabilities:											
Debt held by the Public .....	1,124	1,159	1,048	1,061	1,306	2,174	2,965	3,930	3,862	3,715	3,410
Trade Payables and Miscellaneous .....	15	21	23	31	55	82	117	90	75	73	73
Subtotal .....	1,139	1,180	1,070	1,092	1,361	2,255	3,082	4,021	3,937	3,788	3,484
Insurance Liabilities:											
Deposit Insurance .....	0	0	0	0	2	9	72	5	2	1	1
Pension Benefit Guarantee <sup>1</sup> .....	0	0	0	43	31	43	43	21	49	41	40
Loan Guarantees .....	0	0	2	6	12	11	16	29	35	35	37
Other Insurance .....	31	28	22	20	27	17	20	17	16	16	16
Subtotal .....	31	28	24	70	73	80	150	72	102	95	95
Federal Pension and Retiree Health Liabilities:											
Pension Liabilities .....	794	1,006	1,196	1,360	1,792	1,793	1,746	1,689	1,664	1,688	1,684
Retiree Health Insurance Benefits .....	190	241	287	326	430	430	419	405	376	376	384
Total .....	984	1,248	1,483	1,685	2,222	2,223	2,165	2,093	2,039	2,064	2,068
<b>Total Liabilities .....</b>	<b>2,154</b>	<b>2,456</b>	<b>2,578</b>	<b>2,847</b>	<b>3,655</b>	<b>4,559</b>	<b>5,398</b>	<b>6,187</b>	<b>6,079</b>	<b>5,947</b>	<b>5,646</b>
<b>Balance .....</b>	<b>-259</b>	<b>-519</b>	<b>-641</b>	<b>-835</b>	<b>-1,171</b>	<b>-1,755</b>	<b>-2,796</b>	<b>-3,895</b>	<b>-3,885</b>	<b>-3,673</b>	<b>-3,180</b>
<b>Addenda:</b>											
<b>Balance Per Capita (in 2000 dollars) .....</b>	<b>-1,433</b>	<b>-2,670</b>	<b>-3,124</b>	<b>-3,867</b>	<b>-5,127</b>	<b>-7,338</b>	<b>-11,152</b>	<b>-14,771</b>	<b>-14,326</b>	<b>-13,422</b>	<b>-11,520</b>
<b>Ratio to GDP (in percent) .....</b>	<b>-10.1</b>	<b>-16.0</b>	<b>-16.6</b>	<b>-19.0</b>	<b>-22.3</b>	<b>-28.2</b>	<b>-38.9</b>	<b>-47.7</b>	<b>-42.0</b>	<b>-38.0</b>	<b>-31.6</b>

\* This table shows assets and liabilities for the Government as a whole excluding the Federal Reserve System.

<sup>1</sup> The model and data used to calculate this liability were revised for 1996–1999.

pared with net liabilities of \$3.9 trillion (FY 2000 dollars) and \$14,800 per capita (FY 2000 dollars) in 1995.

### **Assets**

The assets in Table 2–1 are a comprehensive list of the financial and physical resources owned by the Federal Government.

*Financial Assets:* According to the Federal Reserve Board's Flow-of-Funds accounts, the Federal Government's holdings of financial assets amounted to \$0.4 trillion at the end of FY 2000. 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. Holdings of mortgages rose sharply in the late 1980s and then declined in the 1990s, as the Government acquired mortgages from failed savings and loan institutions and then liquidated them.

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 \$40 billion as of 2000. 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 2000 (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 these resources 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, but they have risen since 1993. It is assumed here that Federal land shared in the decline and the subsequent recovery. Oil prices declined in 1997–1998 but rebounded sharply in 1999–2000 causing the estimated value of Federal mineral deposits to fluctuate. (The estimates omit other types of valuable assets owned by the Government, such as works of art and historical artefacts, because the valuation of many of these assets would have little realistic basis, 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, mainly because of declines in defense capital, although Government asset values have risen strongly since 1998. Even so, the Government's holdings are vast. At the end of 2000, the value of Government assets is estimated to have been about \$2.5 trillion.

### **Liabilities**

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

*Financial Liabilities:* Financial liabilities amounted to about \$3.5 trillion at the end of 2000. The single largest component was Federal debt held by the public, amounting to around \$3.4 trillion. In addition to debt held by the public, the Government's financial liabilities include approximately \$0.1 trillion in miscellaneous liabilities.

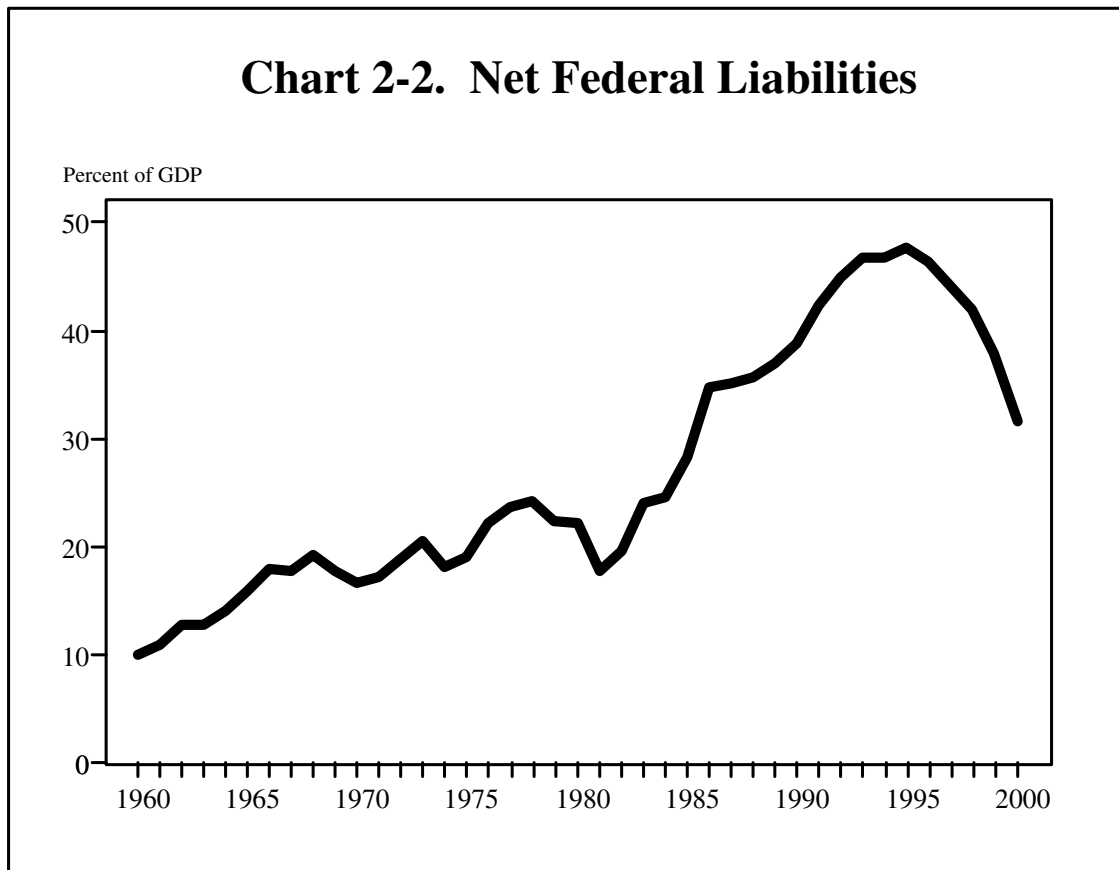
*Guarantees and Insurance Liabilities:* The Federal Government has contingent liabilities arising from loan guarantees and insurance programs. When the Government guarantees a loan or offers insurance, cash disbursements may initially be small or, if a fee is charged, the Government may even collect money; but the risk of future cash payments associated with such commitments can be large. The figures reported in Table 2–1 are estimates of the current discounted value of prospective future losses on outstanding guarantees and insurance contracts. 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 about half since 1990.

*Federal Pension and Retiree Health Liabilities:* The Federal Government owes pension benefits as a form of deferred compensation to retired workers and to current employees who will eventually retire. It also provides its retirees with subsidized health insurance through the Federal Employees Health Benefits program. The amount of these liabilities is large. The discounted present value of the benefits is estimated to have been around \$2.1 trillion at the end of FY 2000.<sup>3</sup>

### **The Balance of Net Liabilities**

Because of its sovereign powers, the Government need not maintain a positive balance of net assets; the buildup in net liabilities since 1960 did not damage Federal creditworthiness. By 1995 net liabilities had reached 48 percent of GDP. Since then, the net balance as a percentage of GDP has fallen for five straight years. The real value—adjusted for inflation—of net liabilities has also fallen by \$0.7 trillion (FY 2000 dollars), reflecting the shift from budget deficits to surpluses, and a recent recovery in some Federal asset prices. If the budget surplus is maintained, as projected in the President's Budget, the net balance will continue to improve.

<sup>3</sup>The pension liability is the actuarial present value of benefits accrued-to-date based on past and projected salaries. The 2000 liability is extrapolated from recent trends. The retiree health insurance liability is based on actuarial calculations of the present value of costs for existing programs. It has only been estimated on a consistent basis since 1997. For earlier years the liability was assumed to grow in line with the pension liability, which may differ significantly from what the actuaries would calculate for this period.



## PART II—THE BALANCE OF RESOURCES AND RESPONSIBILITIES

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. Long-run budget projections can be useful, however, in sounding warnings about future problems. 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.

***The Threat to the Budget from the Impending Demographic Transition:*** It is evident even now that there will be mounting challenges to the budget early in this century. In 2008, the first of the huge baby-boom generation born after World War II will reach age 62 and become eligible for early retirement under Social Security. In the years that follow, there will be serious strains on the budget because of increased ex-

penditures for Social Security and for the Government's health programs which serve the elderly—Medicare and increasingly Medicaid. Long-range projections can help define how serious these strains might become, and what would be needed to withstand them.

The U.S. population has been aging for decades, but the impending demographic shift is now just over the horizon. The baby-boom cohort has moved into its prime earning years, while the much smaller cohort born during the Great Depression has been retiring. Together these shifts in the population have held down the rate of growth in the number of retirees relative to the labor force. The suppressed budgetary pressures are likely to burst forth when the baby-boomers begin to retire at the end of this decade.

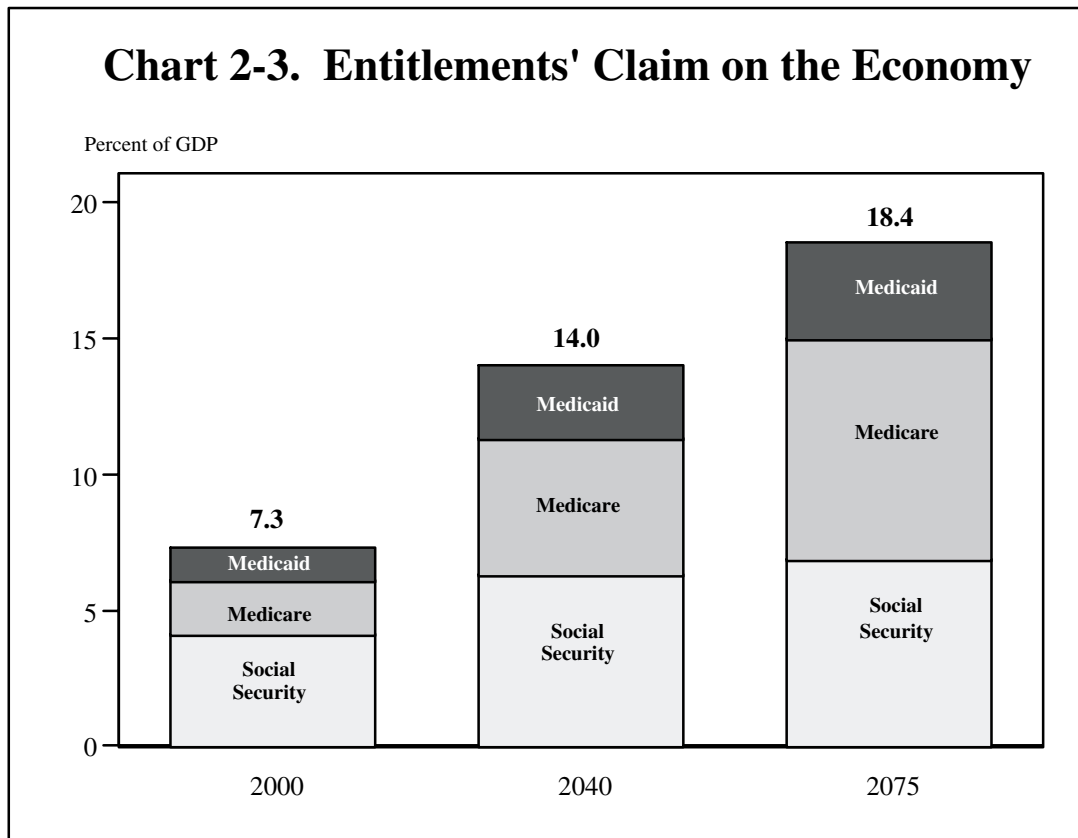
The pressures are expected to persist even after the baby-boomers are no longer here. The Social Security actuaries project that the ratio of workers to Social Security beneficiaries will fall from around 3½ currently to around 2 as the baby-boomers retire, and because of lower fertility and improved mortality, that ratio is not expected to rise again. With fewer workers to pay taxes that support the retired population, the budgetary pressures on the Federal retirement pro-

grams will persist. The problem posed by the demographic transition is a permanent one.

Another way to see the problem is to examine the projected spending on Social Security, Medicare, and Medicaid. Currently, these programs account for 46 percent of non-interest Federal spending; up from 30 percent in 1980. By 2040, when most of the remaining baby-boomers will be in their 80s, these three programs could easily account for more than two-thirds of non-interest Federal spending. At the end of the projection period, the figure rises to over 75 percent of non-interest spending. In other words, under an extension of current budget policy, almost all of the budget would go to these three programs alone. That would considerably reduce the flexibility of the budget, and the Government's ability to respond to new challenges.

Measured relative to the size of the economy, the three major entitlement programs now amount to 7 percent of GDP.<sup>4</sup> By 2040, this share doubles to 14 percent, and in 2075 it is projected to reach 18 percent of GDP. Current projections suggest, absent structural changes in the programs, that the Federal Government will eventually have to find 11 percent of GDP to cover future benefits.

**The Shortfall in Social Security:** Social Security is intended to be self-financing. Workers and employers pay taxes earmarked for the Social Security trust funds, and the funds disburse benefits. In recent years, the funds have been increasing in size as a result of a growing Social Security surplus. At the end of FY 2000, the combined Old Age, Survivors and Disability Insurance (OASDI) trust funds had reached \$1 trillion. The demographic transition, however, is expected to reverse the buildup of the trust funds under current law. The program's actuaries project that by 2016, taxes flowing into the funds will fall short of program benefits and expenses.<sup>5</sup> The funds are projected to continue to grow for some years beyond this point because of positive interest income, but by 2025, the trust funds will peak and begin to be drawn down; by 2038, when the youngest baby-boomers will be in their 70s, the actuaries project that the OASDI trust funds will be exhausted. That would not mean that Social Security benefits would cease, because taxes are projected to cover about 70 percent of benefits at that point, but the program could no longer sustain promised benefits out of earmarked tax receipts alone (see accompanying box for a fuller discussion).



<sup>4</sup>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 2000 dollar by almost 50 percent by 2030, and by 65 percent by 2050. For long-run comparisons, it is much more useful to examine the ratio of the surplus/deficit and other budget totals to the expected size of the economy as measured by GDP.

<sup>5</sup>The long-range projections discussed in this chapter are based on an extension of the Administration's economic projections from the budget, which is different from the economic assumptions used by the actuaries. Under the extended Administration projections this point would be reached in 2019, not 2016, and the other key dates would come later also.



### Social Security: The Long-Range Challenge

For 65 years, Social Security has provided retirement security and disability insurance for tens of millions of Americans through a self-financing system. The principle of self-financing is important because it compels corrections to the system in the event of projected financial imbalances.

Although Social Security is running surpluses today, OMB projects it will begin running cash deficits within 20 years. Social Security's spending path is unsustainable, driven largely by the demographic trends of lower fertility rates and longer life spans. These trends indicate that the number of workers available to support each retiree will decline from 3.4 today to an estimated 2.1 in 2030. As a result, the Government will not be able to meet current-law benefit obligations at current payroll tax rates. At present, the Social Security system faces a closed-group actuarial deficit of \$8.7 trillion.

The size of Social Security's shortfall cannot be known with any precision. Under the Social Security Trustees' 2001 intermediate-cost economic and demographic assumptions, the gap between Social Security receipts and outlays in 2040 will be 1.7 percent of GDP. Under their high-cost assumptions, the shortfall in that year would be 72 percent larger, or 2.9 percent of GDP.

Long-range uncertainty underscores the importance of creating a system that is financially stable and self-contained. Otherwise, if pessimistic assumptions turn out to be accurate, the demands created by Social Security could compromise the rest of the budget and the Nation's economic health.

Moreover, the current structure of Social Security leads to substantial generational inequities in the average rate of return people can expect from the program. While previous generations fared well, individuals born today on average can expect to earn less than a two percent rate of return on their payroll tax contributions. This estimate may overstate the rate of return, because it assumes no changes in current-law taxes or benefits even though meeting the projected financing shortfall through benefit cuts or additional revenues would further reduce Social Security's implicit rate of return for future cohorts. A 1995 analysis found that the cohort born in 2000 would experience a 1.7 percent rate of return before accounting for Social Security's shortfall, and a 1.5 percent rate of return after adjusting revenues to keep the system solvent.

One way to address the issues of uncertainty and declining rates of return, while protecting national savings, would be to allow individuals to keep some of their payroll taxes in personal retirement accounts. Giving workers the ability and the control to build wealth for their own retirement would lessen the pressure of adverse demographic trends on the long-range budget. Such accounts would reduce the need for a rapidly growing Government outlay by creating opportunities for younger workers to enjoy the fruits of higher rates of return in private equity markets. Personal retirement accounts could boost national savings, because they would be designed as investment vehicles. The current Social Security program, by contrast, is in essence a tax-and-transfer system that may or may not enhance national savings. The program's contribution to savings depends on Social Security's own financial status at any given point in time, as well as the extent to which the rest of the budget relies on Social Security surpluses to fund ongoing programs.

### Medicare: The Long-Range Challenge

According to the Medicare Trustees most recent 2001 report, the Hospital Insurance (HI) trust fund will go bankrupt in 2029, and spending will exceed taxes into the fund in 2016. The long-run outlook for the HI Trust Fund is measured by the actuarial balance. The actuarial balance reflects the financing changes needed (e.g., benefit cuts, tax increase), expressed in terms of the tax rate increase required today to balance the HI Trust Fund over the next 75 years. In 2001, Trustees are projecting an actuarial deficit of -1.97 percent. This is a 63 percent increase in the deficit over last year's estimate (-1.21 percent), due largely to the Trustee's acknowledgment that Medicare per capita expenditures will grow faster than they had previously assumed, outpacing per capita GDP growth by a full percent.

But, Medicare actually has two trust funds, not one: the HI and the SMI trust funds. Like HI, growth in per beneficiary SMI expenditures are projected to outpace per capita GDP growth by a full percent. In the short run, a comprehensive analysis of the Medicare program that takes into account both of these trust funds reveals that there is already a Medicare deficit, not a surplus. In fact, over the next ten years 2002-2011, the Medicare program will require annual transfers from the general revenue fund totaling \$1.2 trillion to meet program expenditures.

The long-range projections of combined Medicare spending reveal substantial spending growth. Not only are per capita expenditures increasing rapidly, but the number of beneficiaries is skyrocketing as well. Between 2010 and 2030, the number of persons age 65 and older will increase from 39.7 million to 69.1 million. As a result of this combination of factors, total Medicare expenditures are projected to quadruple as a percentage of GDP, from 2 percent in 2000 to 8 percent in 2075.

The Administration is committed to working with Congress to reform Medicare in a manner which improves the long-term solvency of the entire program without raising Medicare payroll taxes.

**And in Medicare:** Medicare faces a similar problem. Income to Medicare's Hospital Insurance (HI) trust fund is projected to exceed outgo until 2016, but the HI fund is projected to reach zero in 2029, nine years earlier than the OASDI trust funds. Unlike Social Security, Medicare has never been completely self-financed. In addition to the HI program, Medicare also consists of Supplementary Medical Insurance (SMI), which covers medical bills outside of the hospital. SMI is funded by a combination of premiums charged to the beneficiaries, which cover about one-quarter of benefits, and general revenue. Even if the HI trust fund were to remain solvent indefinitely, Medicare as a whole would continue to be subsidized by the rest of the budget. As Medicare costs rise, the subsidy increases, but even today Medicare is not self-financing (see accompanying box for a fuller discussion).

**An Improved Long-Range Outlook.**—At the beginning of the 1990s, when these long-run budget projections were first developed, the deficit was on an unstable trajectory. Given then-current economic projections and policies, the deficit was projected to mount steadily not only in dollar terms, but relative to the size of the economy. This pattern of rising deficits would have driven Federal debt held by the public to unsustainable levels. Policy actions during the 1990s reduced the deficits, and the strong economy that emerged in the second half of the 1990s did even more to eliminate them.

The unified budget is now projected to be in surplus for the next ten years. Even excluding the Social Security

surplus, the rest of the budget is also projected to be in surplus over the same period. If realized, these surpluses will reduce the amount of Federal debt outstanding and lower the Government's net interest payments. In FY 2000, net interest amounted to 2.3 percent of GDP; under current estimates, that could be cut to around 0.3 percent of GDP by 2010.

If the policies and assumptions in the budget are extended beyond the ten-year budget window, the unified budget could continue in surplus for many more years. However, there is a wide range of uncertainty around such long-range projections. As discussed below, they are affected by many hard-to-foresee economic and demographic factors, as well as by future policy decisions.

**Economic and Demographic Assumptions.**—Even though any such forecast is highly uncertain, long-run budget projections require starting with specific economic and demographic projections. The assumptions used as a starting point extend the Administration's medium-term economic projections, augmented by the long-run demographic projections from the 2000 Social Security Trustees' Report.

- Inflation, unemployment and interest rates hold stable at 2.5 percent per year for CPI inflation, 4.6 percent for the unemployment rate, and 5.7 percent for the yield on 10-year Treasury notes.
- Productivity growth as measured by real GDP per hour continues at the same constant rate as in

the Administration's medium-term projections—2.1 percent per year.

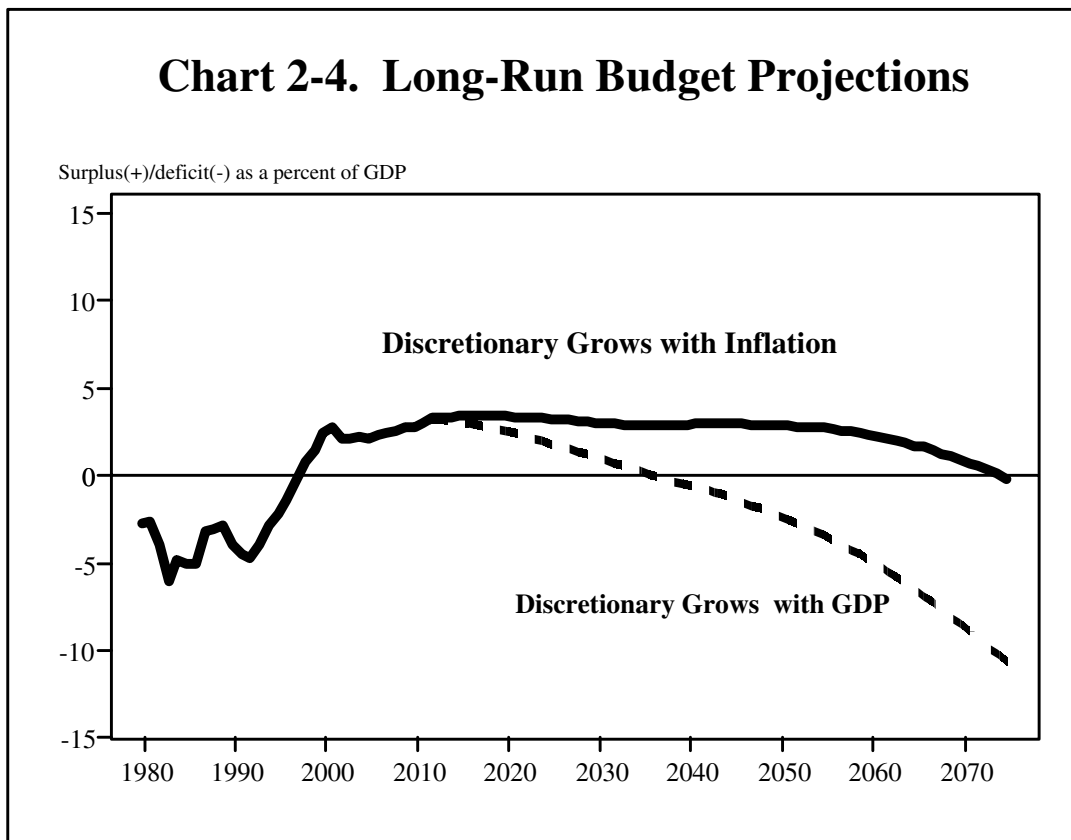
- In line with the projections of the Social Security Trustees, U.S. population growth is expected to slow from 1 percent per year in the 1990s to about half that rate by 2030.
- Labor force participation declines as the population ages and the proportion of retirees increases.
- Real GDP growth declines gradually after 2011 from around 3 percent per year to an average annual rate of 2.3 percent, because labor force growth is expected to slow while productivity growth is assumed to be constant.

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.

**Alternative Budget Projections.**—Chart 2-4 below shows budget projections under alternative assumptions about discretionary spending. These projections generally assume that mandatory spending proceeds according to current law and proposed policy, without

new programs or enhancements of existing programs except for those proposed in the budget. 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 4.1 percent of GDP in 2000 to 6.3 percent in 2040. They continue to rise after that but more gradually, eventually reaching 6.8 percent of GDP by 2075.<sup>6</sup>
- Medicare outlays net of premiums rise from 2.0 percent of GDP in 2000 to 5.0 percent of GDP in 2040, and 8.1 percent by 2075.
- Federal Medicaid spending goes up from 1.2 percent of GDP in 2000 to 2.7 percent in 2040 and to 3.5 percent of GDP in 2075.
- If discretionary spending is held constant in real terms, it would fall as a share of GDP from 6.3 percent in 2000 to 3.1 percent in 2040, and to 1.9 percent in 2075. Alternatively, discretionary spending may be fixed as a share of GDP at the level reached in 2011, when the budget window closes, maintaining a constant 5 percent share of GDP through 2075.



<sup>6</sup>These benefit estimates reflect the economic assumptions described above, which differ somewhat from the assumptions in the Social Security Trustees' Report. The benefit estimates were prepared by the Social Security actuaries using OMB economic assumptions.

**Table 2-2. LONG-RUN BUDGET PROJECTIONS OF 2002 BUDGET POLICY**  
(Percent of GDP)

	2000	2005	2010	2020	2030	2040	2050	2060	2075
<b>Discretionary Grows with Inflation</b>									
Receipts .....	20.6	19.2	18.6	18.6	18.7	18.7	18.8	18.8	18.7
Outlays .....	18.2	17.1	15.8	15.2	15.6	15.8	15.9	16.5	18.9
Discretionary .....	6.3	5.9	5.2	4.3	3.7	3.1	2.7	2.3	1.9
Mandatory .....	9.7	10.0	10.3	12.1	14.1	15.2	16.1	17.2	19.2
Social Security .....	4.1	4.1	4.2	5.3	6.2	6.3	6.3	6.5	6.8
Medicare .....	2.0	2.2	2.3	3.1	4.1	5.0	5.8	6.6	8.1
Medicaid .....	1.2	1.4	1.7	2.1	2.4	2.7	3.0	3.2	3.5
Other .....	2.4	2.2	2.0	1.7	1.4	1.2	1.0	0.9	0.8
Net Interest .....	2.3	1.1	0.3	-1.2	-2.1	-2.5	-2.9	-2.9	-2.2
Surplus/Deficit(-) .....	2.4	2.1	2.8	3.4	3.0	2.9	2.9	2.3	-0.2
Primary Surplus/Deficit (-) .....	4.7	3.3	3.1	2.1	0.9	0.4	0.0	-0.6	-2.3
Federal Debt Held by Public .....	34.7	17.5	2.3	-25.5	-42.3	-50.8	-56.8	-58.2	-41.7
<b>Discretionary Grows with GDP</b>									
Receipts .....	20.6	19.2	18.6	18.6	18.7	18.7	18.8	18.8	18.7
Outlays .....	18.2	17.1	15.8	16.1	17.7	19.3	21.1	23.7	29.5
Discretionary .....	6.3	5.9	5.2	5.0	5.0	5.0	5.0	5.0	5.0
Mandatory .....	9.7	10.0	10.3	12.1	14.1	15.2	16.1	17.2	19.2
Social Security .....	4.1	4.1	4.2	5.3	6.2	6.3	6.3	6.5	6.8
Medicare .....	2.0	2.2	2.3	3.1	4.1	5.0	5.8	6.6	8.1
Medicaid .....	1.2	1.4	1.7	2.1	2.4	2.7	3.0	3.2	3.5
Other .....	2.4	2.2	2.0	1.7	1.4	1.2	1.0	0.9	0.8
Net Interest .....	2.3	1.1	0.3	-1.1	-1.4	-0.9	0.0	1.5	5.3
Surplus/Deficit(-) .....	2.4	2.1	2.8	2.5	1.0	-0.5	-2.3	-4.8	-10.8
Primary Surplus/Deficit (-) .....	4.7	3.3	3.1	1.5	-0.4	-1.5	-2.3	-3.3	-5.5
Federal Debt Held by Public .....	34.7	17.5	2.3	-21.8	-27.5	-17.8	1.3	31.7	108.0

There is an important caveat to these results, however. The Federal Government is assumed to acquire financial assets once the publicly held Federal debt has been run down. This would be a unique departure for the Government, and it would encounter significant obstacles. Under current policy, the Government's investment options would be quite limited. Moreover, if the Federal Government were to own a large share of the Nation's financial assets, the economy's dynamism could be undermined by the Government's influence over what had been private economic choices. This could reduce the efficiency of the capital markets and lower the long-term rate of economic growth. These negative effects are not considered in these simulations.

Overall, it seems unlikely that the Government would ever accumulate a large net stock of assets, but these long-range projections show what could happen absent policy changes, and they indicate that policy makers will soon need to consider the issue of Government ownership of private assets. If spending was increased or taxes adjusted from year-to-year in order to avoid Government's accumulation of private assets, the budget could remain in balance through 2050, assuming real discretionary spending is held constant in the long run. Alternatively, if discretionary spending grows with GDP in the long run, the budget is projected to stay in balance until 2028, while avoiding a buildup of assets.

**The Effects of Alternative Economic and Technical Assumptions.**—The results discussed above are sensitive to changes in underlying economic and technical assumptions. Some of the most important of these alternative economic and technical assumptions and

their effects on the budget outlook are discussed below. Each highlights one of the key uncertainties in the outlook.

1. *Health Spending:* OMB's long-range projections for Medicare follow the latest projections of the Medicare actuaries reflected in the Medicare Trustees' Report. For many years, those projections included a slowdown in the rate of growth of real per capita Medicare spending in the long run. Recently, the Technical Review Panel on the Medicare Trustees' Reports has recommended raising the long-run projected growth rate in real per capita Medicare costs, and the Medicare Trustees adopted this assumption in their 2001 report. The Panel recommended projections in which "age- and gender-adjusted, per-beneficiary spending growth exceeds the growth of per-capita GDP by 1 percentage point per year."<sup>7</sup> In Chart 2-4, real per capita Medicare benefits are assumed to rise at this rate, which is about 60 percent greater than assumed in previous Medicare Trustees' Reports.

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. "Eventually" could be a long way off. Improved health and increased longevity are highly valued, and society may be willing spend a larger share of income on them than it has heretofore. There are many reasonable alternative health cost and usage projections, as well as variations in the demographic projections to which they can be applied. Innovations in health care

<sup>7</sup> Technical Review Panel on the Medicare Trustees' Reports, "Review of Assumptions and Methods of the Medicare Trustees' Financial Projections," December 2000.

are proceeding rapidly, and they have diverse effects on the projection of costs. Likewise, the effects of greater longevity on Medicare and especially Medicaid costs are uncertain.

2. *Discretionary Spending:* The assumption used to project discretionary spending is essentially arbitrary, because discretionary spending is determined annually through the legislative process, and no formula can dictate future spending in the absence of legislation. Alternative assumptions are made for discretionary spending. In one case, discretionary spending is held constant in real terms, growing only with projected inflation. Alternatively, discretionary spending is assumed to keep pace with the growth in GDP. Growth with inflation 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. The second alternative for current policy considered in Chart 2-4 and Table 2-2 allows discretionary spending to increase with GDP. This implies that discretionary spending increases in real terms whenever there is positive real economic growth.

3. *Productivity:* The rate of future productivity growth is perhaps the most powerful of the uncertainties affecting the long-run budget outlook. Productivity in the U.S. economy slowed markedly and unexpectedly after 1973. This slowdown was responsible for a slower rise in U.S. real incomes for the next two decades. Recently, productivity growth has increased. Since 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. A higher rate of growth makes the task of preserving a balanced budget much easier; a lower productivity growth rate has the opposite effect. Although the long-run growth rate of productivity is inherently uncertain, productivity growth in the United States has averaged about 2 percent per year for over a century, and is projected to continue at that rate in these projections.

4. *Population:* The key assumptions underlying the model's demographic projections concern fertility, immigration, and mortality.

- The demographic projections assume that fertility will average around 1.95 births per woman in the future, slightly below the replacement rate needed to maintain a constant population.
- The rate of immigration is assumed to average around 900,000 per year in these projections. Higher immigration relieves some of the pressure on population from low fertility.
- Mortality is projected to decline. The average female lifespan is projected to rise from 79.5 years to 85.0 years by 2075. Men do not live as long as women on average, but their lifespan is also projected to increase, from 73.8 years in 2000 to 80.9 years by 2075. A Technical Panel to the Social Security Trustees reported that the improvement in longevity might be greater than this. If

so, growth of the three big entitlement programs could be even faster.

**Conclusion.**—Since the early 1990s, the long-run budget outlook has improved significantly, but the outlook remains highly uncertain. Under some scenarios, the unified budget surplus could continue for many years, but with alternative assumptions, the deficit returns much sooner. Although there is an extended period of budget surpluses under most current projections, how big the surpluses will be and how long they will last remain quite uncertain. Under an adverse combination of assumptions, the fiscal picture could deteriorate, leading to an unsustainable debt build-up. With more favorable assumptions, however, there would be a constantly rising unified budget surplus through the 75-year projection period. The enormous range of possible outcomes highlights the sensitivity of long-term projections to specific assumptions and cautions against undue reliance on any particular projection path.

While the overall budget outlook has improved, the entitlement programs are still expected to give rise to budget strains. Fundamental changes are needed to preserve the basic promises embodied in Social Security and Medicare.

#### **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 2011. 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 1999 to 2001. There were improvements in the consolidated OASDI trust fund and a deterioration 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, along with a similar change in the technical assumptions. For the HI program the Trustees revised their economic and technical assumptions. The change in economic and demographic assumptions made a small improvement in the actuarial balance, but this was more than offset by the large change in technical

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

(As percent of taxable payroll)

	OASI	DI	OASDI	HI
<b>Actuarial balance in 1999 Trustees' Report</b> .....	-1.70	-0.36	-2.07	-1.46
Changes in balance due to changes in:				
Legislation .....	0.00	0.00	0.00	-0.02
Valuation period .....	-0.06	-0.01	-0.07	-0.03
Economic and demographic assumptions .....	0.06	0.01	0.07	0.10
Technical and other assumptions .....	0.18	-0.01	0.17	0.20
Total Changes .....	0.18	-0.01	0.17	0.25
<b>Actuarial balance in 2000 Trustees' Report</b> .....	-1.53	-0.37	-1.89	-1.21
Changes in balance due to changes in:				
Legislation .....	0.00	0.00	0.00	-0.03
Valuation period .....	-0.06	-0.01	-0.07	-0.04
Economic and demographic assumptions .....	0.10	0.01	0.11	0.08
Technical and other assumptions .....	-0.04	0.04	0.00	-0.77
Total Changes .....	-0.01	0.04	0.03	-0.76
<b>Actuarial balance in 2001 Trustees' Report</b> .....	-1.53	-0.33	-1.86	-1.97

assumptions. The Trustees adopted the recommendations of their Technical Review Panel and boosted the growth rate of real per capita Medicare spending sub-

stantially. The actuarial deficiency in Medicare now exceeds the deficiency calculated for Social Security.

### 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 balance sheet for the Government.

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 balance sheet as a Government asset.

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—\$5 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.

#### **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 \$39 trillion in 2000, consisting of \$33 trillion in private capital and \$6 trillion in public capital; by comparison, GDP was about 10 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

**Table 2-4. NATIONAL WEALTH**  
(As of the end of the fiscal year, in trillions of 2000 dollars)

	1960	1965	1970	1975	1980	1985	1990	1995	1998	1999	2000
<b>ASSETS</b>											
Publicly Owned Physical Assets:											
Structures and Equipment .....	2.0	2.2	2.8	3.4	3.6	3.8	4.2	4.6	4.9	5.0	5.0
Federally Owned or Financed .....	1.1	1.2	1.4	1.4	1.5	1.8	1.9	2.0	1.9	1.9	2.0
Federally Owned .....	1.0	1.0	1.0	0.9	0.9	1.1	1.1	1.1	1.0	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	0.9	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	2.9	3.1	3.0
Other Federal Assets .....	0.7	0.7	0.6	0.8	1.2	1.3	1.1	0.8	0.8	0.9	1.1
Subtotal .....	2.7	2.9	3.4	4.2	4.8	5.1	5.2	5.4	5.7	5.9	6.0
Privately Owned Physical Assets:											
Reproducible Assets .....	6.9	7.9	9.6	12.3	15.8	16.9	19.1	20.8	23.0	24.0	25.1
Residential Structures .....	2.6	3.1	3.7	4.7	6.3	6.6	7.5	8.4	9.4	9.9	10.3
Nonresidential Plant and Equipment .....	2.8	3.1	3.9	5.1	6.5	7.2	8.0	8.8	9.7	10.1	10.6
Inventories .....	0.6	0.7	0.8	1.0	1.3	1.2	1.3	1.3	1.4	1.4	1.5
Consumer Durables .....	0.8	1.0	1.2	1.4	1.7	1.8	2.3	2.4	2.5	2.6	2.7
Land .....	2.0	2.4	2.7	3.5	5.4	6.2	6.4	4.7	6.1	6.6	7.3
Subtotal .....	8.9	10.2	12.4	15.8	21.2	23.1	25.4	25.6	29.1	30.6	32.5
Education Capital:											
Federally Financed .....	0.1	0.1	0.2	0.3	0.4	0.6	0.7	0.8	1.0	1.0	1.1
Financed from Other Sources .....	6.0	7.6	10.3	12.7	16.5	19.9	25.6	28.3	32.3	34.4	36.3
Subtotal .....	6.1	7.7	10.5	13.0	16.9	20.5	26.4	29.1	33.3	35.4	37.4
Research and Development Capital:											
Federally Financed R&D .....	0.2	0.3	0.5	0.5	0.6	0.7	0.8	0.9	0.9	1.0	1.0
R&D Financed from Other Sources .....	0.1	0.2	0.3	0.4	0.5	0.6	0.8	1.1	1.3	1.3	1.4
Subtotal .....	0.3	0.5	0.8	0.9	1.0	1.3	1.6	2.0	2.2	2.3	2.4
<b>Total Assets</b> .....	<b>17.9</b>	<b>21.4</b>	<b>27.1</b>	<b>33.9</b>	<b>44.0</b>	<b>50.0</b>	<b>58.7</b>	<b>62.0</b>	<b>70.3</b>	<b>74.2</b>	<b>78.3</b>
Net Claims of Foreigners on U.S. (+) .....	-0.1	-0.2	-0.2	-0.1	-0.3	0.0	0.8	1.5	2.5	3.4	3.4
<b>Balance</b> .....	<b>18.0</b>	<b>21.6</b>	<b>27.2</b>	<b>34.0</b>	<b>44.3</b>	<b>50.0</b>	<b>57.9</b>	<b>60.5</b>	<b>67.8</b>	<b>70.8</b>	<b>74.9</b>
<b>ADDENDA:</b>											
Per Capita Balance (thousands of dollars) .....	99.4	111.2	132.7	157.3	194.1	209.1	230.9	229.5	250.0	258.8	271.4
Ratio of Balance to GDP (in percent) .....	7.0	6.7	7.1	7.7	8.4	8.0	8.0	7.4	7.3	7.3	7.4
Total Federally Funded Capital (trillions 2000 \$) .....	2.1	2.3	2.7	3.1	3.8	4.3	4.5	4.5	4.7	4.8	5.1
Percent of National Wealth .....	11.4	10.7	9.8	9.1	8.5	8.7	7.8	7.4	6.9	6.8	6.8

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 \$37 trillion in 2000, of which about 3 percent was financed by the Federal Government. It is nearly equal to the total value of 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 school-room 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 only the costs of acquiring 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.<sup>8</sup> That stock is estimated to have been about \$2 trillion in 2000. 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 an-

<sup>8</sup> 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.

other 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. 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 rising deficit in the U.S. current account, but even so, the size of this debt remains small compared with the total stock of U.S. assets. It amounted to 4 percent of total assets 2–4 in 2000.

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, Federal net liabilities, as reported in Table 2–1, amount to about 4 percent of net U.S. wealth as shown in Table 2–4.

### **Trends in National Wealth**

The net stock of wealth in the United States at the end of FY 2000 was about \$75 trillion. Since 1980, it has increased in real terms at an average annual rate of 2.7 percent per year—only slightly more than half as fast as it averaged from 1960 to 1980—4.6 percent per year. Public physical capital formation has slowed even more drastically. Since 1980, public physical capital has increased at an annual rate of only 1.1 percent, compared with 3.0 percent over the previous 20 years.

The net stock of private nonresidential plant and equipment grew 2.4 percent per year from 1980 to 2000, compared with 4.4 percent in the 1960s and 1970s; and the stock of business inventories increased even less, just 0.7 percent per year on average since 1980. However, private nonresidential fixed capital has increased much more rapidly since 1995—3.9 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 both 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 4.3 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 investment decisions, as reflected in Table 2–4, obviously are 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 di-

rection 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.

### **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 may be appropriate when they promote a broader social objective. The Government cannot avoid making such trade-offs because of its size and the broad ranging effects of its actions. Monitoring these effects and incorporating them in the Government’s policy making is a major challenge.

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. The turnaround has been especially dramatic in the murder rate, which was lower in 1999 than at any time since the 1960s.

### **An Interactive Analytical Framework**

No single framework can encompass all of the factors that affect the financial condition of the Federal Gov-



Table 2-5. ECONOMIC AND SOCIAL INDICATORS

General categories	Specific measures	1960	1965	1970	1975	1980	1985	1990	1995	1998	1999	2000
<b>Economic:</b>												
Living Standards .....	Real GDP per person (1996 dollars) .....	13,145	15,587	17,445	18,909	21,523	23,971	26,832	28,673	31,470	32,512	33,837
	average annual percent change (5-year trend) .....	0.7	3.5	2.3	1.6	2.6	2.2	2.3	1.3	2.3	2.9	3.4
Median Income (1999 dollars):												
All Households .....												
	Married Couple Families .....	30,386	35,390	42,420	44,072	46,844	48,153	50,853	51,447	55,377	56,676	N/A
	Female Householder, No Spouse Present .....	15,356	17,206	20,545	20,288	21,069	21,150	21,583	21,526	22,652	23,732	N/A
	Income Share of Lower 60% of All Families .....	34.8	35.2	35.2	35.2	34.5	32.7	32.0	30.3	29.8	29.8	N/A
	Poverty Rate (%) <sup>1</sup> .....	22.2	17.3	12.6	12.3	13.0	14.0	13.5	13.8	12.7	11.8	N/A
Economic Security .....	Civilian Unemployment (%) .....	5.5	4.5	4.9	8.5	7.1	7.2	5.5	5.6	4.5	4.2	4.0
	CPI-U (% Change) .....	1.7	1.6	5.8	9.1	13.5	3.5	5.4	2.8	1.6	2.1	3.4
Employment .....	Increase in Total Payroll Employment Previous 12 Months (millions) .....	0.4	2.2	-0.1	0.5	-0.3	2.0	0.4	0.4	1.9	1.9	1.3
	Managerial or Professional Jobs (% of civilian employment) .....	N/A	N/A	N/A	N/A	N/A	24.1	25.8	28.3	29.6	30.3	30.2
Wealth Creation .....	Net National Saving Rate (% of GDP) .....	10.2	12.1	8.2	6.6	7.5	6.1	4.6	4.7	6.6	6.0	5.6
Innovation .....	Patents Issued to U.S. Residents (thousands) .....	42.3	54.1	50.6	51.5	41.7	45.1	53.0	64.5	90.7	94.1	91.2
	Multifactor Productivity (average annual percent change) .....	0.8	2.8	0.8	1.1	0.8	0.6	0.5	0.6	1.1	N/A	N/A
<b>Environment:</b>												
Air Quality .....	Nitrogen Oxide Emissions (thousand short tons) .....	14,140	16,579	20,928	22,632	24,384	23,198	24,049	24,921	24,454	N/A	N/A
	Sulfur Dioxide Emissions (thousand short tons) .....	22,227	26,750	31,161	28,011	25,905	23,658	23,660	19,181	19,647	N/A	N/A
	Lead Emissions (thousand short tons) .....	N/A	N/A	221	160	74	23	4	4	4	N/A	N/A
Water Quality .....	Population Served by Secondary Treatment or Better (mils) .....	N/A	N/A	N/A	N/A	N/A	134	155	166	N/A	N/A	N/A
<b>Social:</b>												
Families .....	Children Living with Mother Only (% of all children) .....	9.2	10.2	11.6	16.4	18.6	20.2	21.6	24.0	23.6	22.4	N/A
Safe Communities .....	Violent Crime Rate (per 100,000 population) <sup>2</sup> .....	160	199	364	482	597	557	732	685	568	525	N/A
	Murder Rate (per 100,000 population) <sup>2</sup> .....	5	5	8	10	10	8	9	8	6	6	N/A
	Murders/Manslaughter (per 100,000 Persons Age 14 to 17) .....	N/A	N/A	N/A	11	13	10	24	24	13	11	N/A
Health .....	Infant Mortality (per 1000 Live Births) .....	26.0	24.7	20.0	16.1	12.6	10.6	9.2	7.6	7.2	7.1	N/A
	Low Birthweight [<2,500 gms] Babies (%) .....	7.7	8.3	7.9	7.4	6.8	6.8	7.0	7.3	7.6	7.6	N/A
	Life Expectancy at birth (years) .....	69.7	70.2	70.8	72.6	73.7	74.7	75.4	75.8	76.7	N/A	N/A
	Cigarette Smokers (% population 18 and older) .....	N/A	41.9	39.2	36.3	33.0	29.9	25.3	24.6	24.0	N/A	N/A
Learning .....	High School Graduates (% of population 25 and older) ..	44.6	49.0	55.2	62.5	68.6	73.9	77.6	81.7	82.8	83.4	N/A
	College Graduates (% of population 25 and older) .....	8.4	9.4	11.0	13.9	17.0	19.4	21.3	23.0	24.4	25.2	N/A
	National Assessment of Educational Progress <sup>3</sup> :											
	Mathematics High School Seniors .....	N/A	N/A	N/A	302	300	301	305	307	308	308	N/A
	Science High School Seniors .....	N/A	N/A	305	293	286	288	290	295	295	295	N/A
Participation .....	Individual Charitable Giving per Capita (2000 dollars) ....	225	270	323	343	374	385	427	410	526	N/A	N/A
	(by presidential election year) .....	(1960)	(1964)	(1968)	(1972)	(1976)	(1980)	(1984)	(1988)	(1992)	(1996)	(2000)
	Voting for President (% eligible population) .....	62.8	61.9	60.9	55.2	53.5	52.8	53.3	50.3	55.1	49.0	52.0

N/A=Not applicable.

<sup>1</sup> The poverty rate does not reflect noncash government transfers such as Medicaid or food stamps.<sup>2</sup> Not all crimes are reported, and the fraction that go unreported may have varied over time.<sup>3</sup> Some data from the national educational assessments have been interpolated.

ernment. 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.

#### Physical Assets:

*Fixed Reproducible Capital:* Estimates were developed for the OMB historical data base for physical cap-

ital outlays and software purchases. The data base extends back to 1940 and was supplemented by data from other selected sources for 1915–1939. Data are presented in Chapter 6 of this volume.

*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 from the Agriculture Department for farm land; the value of Federal oil deposits was extrapolated using 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 Pension Guarantee Model and OMB estimates based on program data. Historical data on liabilities for deposit insurance were also drawn from CBO’s study, *The Economic Effects of the Savings and Loan Crisis*, issued January 1992.

*Pension Liabilities:* For 1979–1999, 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 2000 is a projection. The health insurance liability was estimated by the program actuaries for 1997–2000, and extrapolated back for earlier years.

#### **Long-Run Budget Projections**

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

*Demographic and Economic Projections:* For the years 2001–2011, the assumptions are identical to those used in the budget. These budget assumptions reflect the President’s policy proposals. The economic assumptions in the budget are extended by holding constant inflation, interest rates, and unemployment 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 2000 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 period through 2011, 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 to grow at the rate of inflation or at the rate of growth in nominal GDP. Social Security is projected by the Social Security actuaries using these long-range assumptions. Federal pensions are derived from the most recent actuarial

forecasts available at the time the budget was prepared, repriced using Administration inflation assumptions. Medicaid outlays are 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 2000.

*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 2000 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. Depart-

ment 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. Chapter 6 of this volume contains additional details on the estimates of the total federally financed R&D stock, as well as its national defense and non-

defense 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. The data are all publicly available, and can be found in such general sources as the annual *Economic Report of the President* and the *Statistical Abstract of the United States*, or from the agencies' Web sites.



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**FEDERAL RECEIPTS AND COLLECTIONS**

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### 3. FEDERAL RECEIPTS

Receipts (budget and off-budget) are taxes and other collections from the public that result from the exercise of the 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 2002 are estimated to be \$2,191.7 billion, an increase of \$54.8 billion or 2.6 percent relative to 2001. Receipts are projected to grow at an average annual rate of 3.6 percent be-

tween 2002 and 2006, rising to \$2,528.7 billion. This growth in receipts is largely due to assumed increases in incomes resulting from both real economic growth and inflation, partially offset by the effects of the President's proposed tax reductions. In the absence of the President's proposed tax reductions, receipts are projected to grow at an average annual rate of 5.0 percent between 2002 and 2006.

As a share of GDP, receipts are projected to decline from 20.7 percent in 2001 to 20.2 percent in 2002. As the President's proposed tax plan phases in, the receipts share of GDP is projected to decline annually, falling to 18.9 percent in 2006; this is 1.3 percentage points below the share of 20.2 percent that would be attained in the absence of the proposed reductions.

**Table 3-1. RECEIPTS BY SOURCE—SUMMARY**

(In billions of dollars)

Source	2000 actual	Estimate					
		2001	2002	2003	2004	2005	2006
Individual income taxes .....	1,004.5	1,072.9	1,078.8	1,092.3	1,117.9	1,157.0	1,196.6
Corporation income taxes .....	207.3	213.1	218.8	227.3	235.5	244.2	252.2
Social insurance and retirement receipts .....	652.9	689.7	725.8	766.0	806.0	855.8	896.4
(On-budget) .....	(172.3)	(185.8)	(194.9)	(205.2)	(215.8)	(226.8)	(237.9)
(Off-budget) .....	(480.6)	(503.9)	(530.9)	(560.8)	(590.3)	(629.0)	(658.5)
Excise taxes .....	68.9	71.1	74.0	76.3	78.3	80.5	82.3
Estate and gift taxes .....	29.0	31.1	28.7	26.6	28.3	24.9	22.5
Customs duties .....	19.9	21.4	22.5	24.3	25.0	26.0	27.7
Miscellaneous receipts .....	42.8	37.6	43.1	45.4	47.8	49.3	51.0
<b>Total receipts</b> .....	<b>2,025.2</b>	<b>2,136.9</b>	<b>2,191.7</b>	<b>2,258.2</b>	<b>2,338.8</b>	<b>2,437.8</b>	<b>2,528.7</b>
(On-budget) .....	(1,544.6)	(1,633.1)	(1,660.8)	(1,697.4)	(1,748.5)	(1,808.8)	(1,870.2)
(Off-budget) .....	(480.6)	(503.9)	(530.9)	(560.8)	(590.3)	(629.0)	(658.5)

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

(In billions of dollars)

	Estimate				
	2002	2003	2004	2005	2006
<b>Social security (OASDI) taxable earnings base increases:</b>					
\$80,400 to \$84,600 on Jan. 1, 2002 .....	1.9	5.2	5.8	6.5	7.2
\$84,600 to \$88,800 on Jan. 1, 2003 .....		1.9	5.2	5.9	6.5
\$88,800 to \$93,600 on Jan. 1, 2004 .....			2.2	6.0	6.6
\$93,600 to \$98,100 on Jan. 1, 2005 .....				2.1	5.6
\$98,100 to \$102,600 on Jan. 1, 2006 .....					2.1

## ENACTED LEGISLATION

Several laws were enacted in 2000 that have an effect on governmental receipts. The major legislative changes affecting receipts are described below.

**Community Renewal Tax Relief Act of 2000.**—This Act contains a package of tax incentives designed to encourage investment in economically distressed communities, a provision that extends the availability of tax-favored Medical Savings Accounts (MSAs), and several administrative and technical provisions. The major incentives and changes provided in this Act include the following:

**Designate “renewal communities.”**—The Secretary of HUD is authorized to designate up to 40 “renewal communities” (12 of which must be rural), which will be eligible for the following tax incentives: (1) a zero-percent capital gains tax rate on the sale of qualifying assets held more than five years; (2) a 15-percent wage credit to employers for the first \$10,000 of qualified wages; (3) a “commercial revitalization deduction;” (4) an additional \$35,000 of section 179 expensing for qualified property; and (5) an expansion of the work opportunity tax credit with respect to individuals who live in a renewal community. These communities must be designated before January 1, 2002 and the tax benefits will be available for the period beginning on January 1, 2002 and ending December 31, 2009.

**Extend and expand empowerment zones.**—The Omnibus Budget Reconciliation Act of 1993 (OBRA93) authorized the designation of 9 empowerment zones (Round I empowerment zones). Two additional Round I empowerment zones were authorized under the Taxpayer Relief Act of 1997; the designation of 20 Round II empowerment zones was also authorized. The tax incentives with respect to the original 9 Round I empowerment zones, which differ from those provided the two additional Round I zones and the Round II zones, generally would have expired after 2004. The tax incentives with respect to the Round II empowerment zones generally are available through 2008. The Community Renewal Tax Relief Act of 2000 extends Round I and Round II empowerment zone designations through December 31, 2009. In addition, the tax incentives provided Round I and Round II empowerment zones are equalized and in some cases (the wage credit, tax-exempt bond financing and section 179 expensing) enhanced. The Secretaries of HUD and Agriculture are authorized to designate nine additional empowerment zones (seven in urban areas and two in rural areas) before January 1, 2002. Businesses in these new zones are eligible for the same tax incentives provided to existing zones (as modified by this Act), which will be available through December 31, 2009. In addition, this Act (1) permits taxpayers to rollover gain from the sale or exchange of any qualified empowerment zone asset held for more than one year if the proceeds are used to purchase other qualifying empowerment zone assets, and (2) increases from 50 percent to 60 percent the

exclusion of gain from the sale of qualifying small business stock held more than five years if such stock satisfies the requirements of a qualifying business under the empowerment zone rules.

**Provide New Markets Tax Credit.**—A new tax credit is provided for qualified equity investments made after December 31, 2000 to acquire stock in a selected community development entity (CDE). A credit of five percent is provided to the investor for the first three years of investment. The credit increases to six percent for the following four years. The maximum amount of annual qualifying equity investment is capped at \$1.0 billion for 2001, \$1.5 billion for 2002 and 2003, \$2.0 billion for 2004 and 2005, and \$3.5 billion for 2006 and 2007. A CDE is any domestic corporation or partnership (1) whose primary mission is serving or providing investment capital for low-income communities or low-income persons, (2) that maintains accountability to residents, and (3) is certified by the Department of Treasury as an eligible CDE.

**Increase and modify the low-income housing tax credit.**—The low-income housing tax credit may be claimed over a 10-year period for the cost of rental housing occupied by tenants having incomes below specified levels. The aggregate first-year credit authority provided annually to each State under prior law was \$1.25 per resident. This Act increases the per-capita housing credit cap to \$1.50 per capita in calendar year 2001, to \$1.75 in 2002, and provides for annual indexation for inflation beginning in 2003. A minimum annual cap of \$2 million (to be adjusted annually for inflation beginning in 2003) is provided for small States beginning in calendar year 2001.

**Accelerate scheduled increase in State volume limits on tax-exempt private activity bonds.**—Interest on bonds issued by State and local governments to finance activities carried out and paid for by private persons (private activity bonds) is taxable unless the activities are specified in the Internal Revenue code. The volume of certain tax-exempt private activity bonds that State and local governments may issue in each calendar year is limited by State-wide volume limits. Under prior law the annual volume limits were the greater of \$50 per resident of the State or \$150 million, increasing to the greater of \$55 per resident or \$165 million in 2003, and increasing ratably each succeeding year, reaching the greater of \$75 per resident or \$225 million in 2007. This Act accelerates the scheduled increase in the volume limits to the greater of \$62.50 per resident or \$187.5 million in 2001 and to the greater of \$75 per resident or \$225 million in 2002. Beginning in 2003, the volume limits are increased annually for inflation.

**Extend the expensing of brownfields remediation costs.**—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. This Act extends the expensing of these costs, which was scheduled to expire with re-



spect to expenditures paid or incurred after December 31, 2001, through December 31, 2003 and removes the geographic targeting of this provision.

*Extend District of Columbia homebuyer tax credit.*—The \$5,000 tax credit provided for the first-time purchase of a principal residence in the District of Columbia, which was scheduled to expire after December 31, 2001, is extended through December 31, 2003.

*Extend District of Columbia Enterprise Zone designation.*—The Taxpayer Relief Act of 1997 designated certain economically depressed census tracts within the District of Columbia as the District of Columbia Enterprise Zone, within which businesses and individual residents are eligible for special tax incentives through December 31, 2002. This Act extends the D.C. enterprise zone designation through December 31, 2003.

*Extend and modify deduction for corporate donations of computer technology.*—The charitable contribution deduction that may be claimed by a corporation for donations of inventory property generally is limited to the lesser of fair market value or the corporation's basis in the property. However, corporations are provided augmented deductions, not subject to this limitation, for certain contributions. These augmented deductions equal the lesser of (1) the basis of the property plus one-half of the amount of ordinary income that would have been realized if the property had been sold, or (2) twice the basis of the donated property. Under prior law, an augmented deduction was provided for contributions of computer technology and equipment to U.S. schools for educational purposes in grades K-12, provided the contribution was made before January 1, 2001. This Act extends this augmented deduction to apply to donations made before January 1, 2004. In addition, the deduction is expanded to apply to donations to public libraries, to apply to property donated no later than three years (instead of two years as required under prior law) after the date the taxpayer acquires the property, and to apply to property donated after reacquisition by a computer manufacturer.

*Treat Indian Tribal Governments as non-profit organizations or State or local governments for purposes of the Federal unemployment tax (FUTA).*—Non-profit organizations and State and local governments are not required to pay FUTA taxes. Instead, they may elect to reimburse the unemployment compensation system for unemployment compensation benefits actually paid to their former employees. This Act provides that an Indian tribal government be treated like a non-profit organization or State or local government for FUTA tax purposes.

*Extend the Medical Savings Account (MSA) program.*—Within limits, contributions to an MSA are deductible in determining adjusted gross income if made by an eligible individual and are excludable from gross income and wages for employment tax purposes if made by the employer of an eligible individual. Earnings on amounts in an MSA are not currently taxable. Distributions from an MSA for medical expenses are not taxable. Distributions not used for medical expenses are

taxable and subject to an additional 15-percent tax unless the distribution is made after age 65, death, or disability. MSAs are available to self-employed individuals and to employees covered under a high-deductible plan sponsored by a small employer. This Act extends the MSA program through December 31, 2002 and renames MSAs as Archer MSAs. Under prior law, no new contributions could be made to MSAs after December 31, 2000, except by and on behalf of self-employed individuals and employees who had participated in the program before that date or were employed by a participating employer.

*Make administrative and technical changes.*—Several administrative and technical provisions are provided in this Act, including the following: (1) clarification of the allowance of certain tax benefits with respect to kidnapped children, (2) authorization of agencies to use corrected levels of the consumer price index (CPI) for purposes of determining benefits and taxes, (3) prevention of the duplication or acceleration of loss through assumption of certain liabilities, and (4) disclosure of return information to the Congressional Budget Office.

*FSC Repeal and Extraterritorial Income Exclusion Act of 2000.*—This Act repeals the foreign sales corporation (FSC) tax provisions of the Internal Revenue Code that the World Trade Organization (WTO) found to be a prohibited export subsidy in violation of international tax standards. In the absence of the repeal, the United States would have faced WTO-approved sanctions. The repealed rules are replaced with an exclusion from U.S. tax for extraterritorial income. Because the exclusion of such income is a means of avoiding double taxation, no foreign tax credit is allowed for foreign income taxes paid with respect to such excluded income. Extraterritorial income is eligible for the exclusion to the extent that it is "qualifying foreign trade income."

*Installment Tax Correction Act of 2000.*—Generally, an accrual method of accounting 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. This Act repeals provisions of law provided in the Ticket to Work and Work Incentives Improvement Act of 1999 that generally prohibited the use of the installment method of accounting for dispositions of property entered into on or after December 17, 1999 that would otherwise have been reported for Federal income tax purposes using an accrual method of accounting.

*Trade and Development Act of 2000.*—This Act provides eligibility for expanded trade benefits to 48 sub-Saharan African and 27 Caribbean Basin countries, reduces tariffs for certain worsted wool fabric, and shifts \$32 million in rum excise tax cover over pay-

ments to Puerto Rico and the Virgin Islands from 2001 to 2000.

**Tariff Suspension and Trade Act of 2000.**—Technical corrections and miscellaneous amendments are made to certain trade laws, including the temporary suspension or refund of duties on approximately 200 categories of imported items and the alteration of the treatment of certain imported goods. The items affected by these changes include a wide variety of chemicals, some of which are used to develop cancer and AIDS-fighting drugs, environmentally-friendly herbicides and insecticides, and a number of pigments and dyes.

**Department of Transportation Appropriations Act for Fiscal Year 2001.**—Under prior law, the required retirement contribution of Federal employees participating in the Civil Service Retirement System (CSRS) was to increase to 7.5 percent of salary for calendar years 2001 and 2002 and to decline to 7 percent of salary effective January 1, 2003. This Act amends Federal civil service retirement law by reducing the required retirement contribution of Federal employees participating in CSRS to 7 percent of salary effective January 1, 2001. Similar reductions (from 1.3 to 0.8 percent) are made for participants in the Federal Employees' Retirement System (FERS).

**Federal Employee Thrift Savings Plan Amendments.**—Under prior law, contributions of employees to the Federal Thrift Savings Plan (TSP) could not begin until the second open season following an employee's date of commencing service. This Act allows employees to elect to contribute to the TSP on the date of commencing service. Matching and automatic contributions by agencies will continue to begin during the second open season after an employee's date of commencing service. This Act also allows Federal employees to contribute eligible rollover distributions from a qualified trust to the TSP.

**National Defense Authorization Act for Fiscal Year 2001.**—Participation in the Federal Thrift Savings Plan (TSP) is extended to members of the uniformed services on active duty and to members of the Ready Reserve in any pay status.

**Miscellaneous Appropriations Act, 2001.**—The maximum percentage contribution limitations to the TSP (5 percent for CSRS and 10 percent for FERS) are increased by one percentage point in each year, 2001 through 2005. The maximum percentage is eliminated beginning in 2006, thus allowing for a 100 percent contribution, subject to the annual dollar contribution limitation provided under prior law.

## ADMINISTRATION PROPOSALS

The President's plan provides tax relief to individuals who pay income taxes, reduces the marriage penalty, permanently extends the research and experimentation (R&E) tax credit, phases out the death tax, and provides tax incentives for education, farmers, the disabled, health care, the environment, and charitable purposes. These proposed reductions will allow taxpayers to keep roughly one-fourth of the surplus that would be produced under existing tax law.

### PRESIDENT'S TAX PLAN PRESENTED TO CONGRESS ON FEBRUARY 8TH

**Create new 10-percent individual income tax bracket.**—Under current law, there are five statutory individual income tax rate brackets ranging from 15 to 39.6 percent. The 15-percent bracket covers the first \$27,050 of taxable income (for calendar year 2001) for single taxpayers, the first \$36,250 for taxpayers who file as heads of household, and the first \$45,200 for married taxpayers filing joint returns (\$22,600 for married taxpayers filing separate returns). The Administration proposes to split the existing 15-percent tax rate bracket into two tax rate brackets of 10 and 15 percent. The 10-percent tax rate would apply to the first \$6,000 of taxable income for single taxpayers (and married taxpayers filing separate returns), the first \$10,000 of taxable income for unmarried heads of household, and the first \$12,000 of taxable income for married taxpayers filing jointly. Taxable income above these

thresholds that is currently taxed at the 15-percent rate would continue to be taxed at that rate. The new 10-percent rate would be phased in over 5 years, beginning in 2002. The tax rate for the new bracket would be 14 percent in 2002, 13 percent in 2003, 12 percent in 2004, 11 percent in 2005 and 10 percent in 2006 and subsequent years. The income thresholds for the new tax rate bracket would be adjusted annually for inflation beginning in 2007.

**Reduce individual income tax rates.**—The Administration proposes to replace the five statutory individual income tax rate brackets of current law (15, 28, 31, 36, and 39.6) with a simplified rate structure of 10, 15, 25 and 33 percent. In addition to splitting the existing 15-percent tax rate bracket into two rate brackets (see preceding discussion), the Administration proposes to reduce the tax rates in the existing 28-percent and 31-percent tax rate brackets to 25 percent, and to reduce the tax rates in the existing 36-percent and 39.6-percent tax rate brackets to 33 percent. The new, lower tax rates would be phased in over 5 years, beginning in 2002. The income thresholds for these tax rate brackets would be adjusted annually for inflation as provided under current law.

The current 31-percent tax rate would be reduced to 30 percent in 2002, 29 percent in 2003, 28 percent in 2004, 27 percent in 2005 and 25 percent in 2006 and subsequent years. The current 28-percent tax rate would be reduced to 27 percent in 2002 and 2003, 26

percent in 2004 and 2005, and 25 percent in 2006 and subsequent years.

The current 39.6-percent tax rate would be reduced to 38 percent in 2002, 37 percent in 2003, 36 percent in 2004, 35 percent in 2005, and 33 percent in 2006. The current 36-percent tax rate would be reduced to 35 percent in 2002 and 2003, 34 percent in 2004 and 2005, and 33 percent in 2006 and subsequent years.

**Increase the child tax credit.**—Current law provides taxpayers a tax credit of up to \$500 for each qualifying child under the age of 17. The credit is reduced by \$50 for each \$1,000 (or fraction thereof) by which the taxpayer's modified adjusted gross income (AGI) exceeds \$110,000 (\$75,000 if the taxpayer is not married and \$55,000 if the taxpayer is married but filing a separate return). These income thresholds are not adjusted for inflation. Generally, the credit is non-refundable; however, taxpayers with three or more qualifying children may be eligible for an additional refundable child tax credit if they have little or no individual income tax liability. The additional credit may be offset against social security payroll tax liability, provided that liability exceeds the refundable portion of the earned income tax credit (EITC). Beginning in taxable year 2002, the child tax credit (as well as other nonrefundable personal tax credits) will be allowed only to the extent that an individual's regular individual income tax liability exceeds his or her tentative minimum tax. In addition, beginning in taxable year 2002, the refundable child tax credit and the EITC will be reduced by the amount of the individual's alternative minimum tax.

To assist families with the costs of raising children, the Administration proposes to double the amount of the child tax credit to \$1,000 per child, and to phase out the credit more slowly and at higher levels of income. The increase in the amount of the credit would be phased in over 5 years, rising to \$600 in 2002, \$700 in 2003, \$800 in 2004, \$900 in 2005, and \$1,000 in 2006 and subsequent years. Beginning in 2006, the credit would be reduced by \$20 for each \$1,000 (or fraction thereof) by which the taxpayer's modified AGI exceeds \$200,000 (\$100,000 if the taxpayer is married but filing a separate return). The increase in the modified AGI threshold would be gradually implemented in \$18,000 annual increments (\$25,000 if the taxpayer is not married and \$9,000 if the taxpayer is married and filing a separate return) between 2002 and 2006. Under the Administration's proposal the credit could offset both the regular tax and the alternative minimum tax; in addition, refundable credits would no longer be reduced by the amount of the alternative minimum tax.

**Reduce the marriage penalty.**—A couple has a marriage penalty if they file a joint return and their individual income tax liability is greater than what it would be if they were not married and each filed a separate return. The Administration proposes to reduce the marriage penalty by restoring the two-earner deduction that was in effect between 1982 and 1986, effective

for taxable years beginning after December 31, 2001. Joint filers would be allowed to deduct 10 percent of the first \$30,000 of the earned income of the lower paid spouse. The limitation on eligible earnings would be phased in over 5 years, increasing from \$6,000 in 2002 to \$12,000 in 2003, \$18,000 in 2004, \$24,000 in 2005 and \$30,000 in 2006 and subsequent years.

**Provide charitable contribution deduction for nonitemizers.**—Under current law, individual taxpayers who do not itemize their deductions (non-itemizers) are not able to deduct contributions to qualified charitable organizations. The Administration proposes to allow nonitemizers to deduct charitable contributions in addition to claiming the standard deduction, effective for taxable years beginning after December 31, 2001. The deduction would be phased in between 2002 and 2006 by allowing deductible amounts to increase as a percentage of contributions from 20 percent in 2002 to 40 percent in 2003, 60 percent in 2004, 80 percent in 2005, and 100 percent in 2006 and subsequent years. Deductible contributions would be limited to the amount of the taxpayer's standard deduction and would be subject to existing rules governing itemized charitable contributions, such as the substantiation requirements and the percentage-of-AGI limitations.

**Permit tax-free withdrawals from Individual Retirement Accounts (IRAs) for charitable contributions.**—Under current law, eligible individuals may make deductible or non-deductible contributions to a traditional IRA. Pre-tax amounts (including earnings) in a traditional IRA are included in income when withdrawn. Effective for distributions after December 31, 2001, the Administration proposes to allow individuals who have attained age 59½ to exclude from gross income IRA distributions made directly to a charitable organization. The exclusion would apply without regard to the percentage-of-AGI limitations that apply to deductible charitable contributions. The exclusion would apply only to the extent the individual receives no return benefit in exchange for the transfer, and no charitable deduction would be allowed with respect to any amount that is excludable from income under this provision.

**Raise the cap on corporate charitable contributions.**—Current law limits deductible charitable contributions by corporations to 10 percent of net income (calculated before the deduction of the charitable contributions and certain other deductions). The Administration proposes to increase the limit on deductible charitable contributions by corporations from 10 percent to 15 percent of net income, effective for taxable years beginning after December 31, 2001.

**Increase and expand education savings accounts.**—Under current law, taxpayers may elect to contribute up to \$500 per year to an education savings account (an "education IRA") for beneficiaries under age

18. The contribution limit is phased out for taxpayers with modified AGI between \$95,000 and \$110,000 (\$150,000 and \$160,000 for married couples filing a joint return). Contributions are not deductible, but earnings on contributions accumulate tax-free. Distributions are excludable from gross income to the extent they do not exceed qualified higher education expenses incurred during the year the distributions are made. The earnings portion of a distribution not used to cover qualified education expenses is included in the gross income of the beneficiary and is generally subject to an additional 10-percent tax. If any portion of a distribution from an education savings account is excluded from gross income, an education tax credit may not be claimed with respect to the same student in the same taxable year.

The Administration proposes to increase the annual contribution limit to education savings accounts to \$5,000. The higher contribution limit would be phased in over 5 years, increasing to \$1,000 in 2002, \$2,000 in 2003, \$3,000 in 2004, \$4,000 in 2005, and \$5,000 in 2006 and subsequent years. The Administration also proposes to expand education savings accounts to allow tax-free and penalty-free distributions for certain elementary, secondary, and after-school program expenses. Eligible expenses generally would include tuition, fees, academic tutoring, special needs services, books, supplies, computer equipment, and certain expenses for room and board, uniforms, and transportation. Expenses for both public and private educational institutions would qualify. Under the proposal, both an education tax credit and a tax-free distribution from an education savings account would be allowed with respect to the same student in the same taxable year, provided the credit and the distribution were not used for the same expenses. These changes are proposed to be effective for contributions and distributions made after December 31, 2001.

***Permanently extend the research and experimentation (R&E) tax credit.***—The Administration proposes to permanently extend the 20-percent tax credit for qualified research and experimentation expenditures above a base amount and the alternative incremental credit, which are scheduled to expire on June 30, 2004.

***Phase out death tax.***—The Administration proposes to reduce estate tax rates between 2002 and 2008, and to repeal the estate, gift and generation-skipping transfer tax completely in 2009. The tax rate reductions would begin in 2002, with a 5-percentage-point reduction in each existing tax rate bracket. The 5-percentage-point surtax, which currently phases out the benefit of the graduated rate schedule, would be repealed in 2002. State death tax credit rates would be reduced to maintain the current relationship between the credit rates and the Federal estate tax rates. After repeal of the estate, gift and generation-skipping transfer taxes, inherited assets generally would carry the decedent's tax basis. However, there would be an adjustment to basis, so that in general, to the extent that

taxpayers are not currently subject to estate tax, they would not be subject to capital gains tax on inherited assets. There would also be provisions to discourage transfers made for the purpose of avoiding income or capital gains tax.

## ADDITIONAL TAX INCENTIVES

### Strengthen and Reform Education

***Allow teachers to deduct out-of-pocket classroom expenses.***—Under current law, teachers who incur unreimbursed, job-related expenses may deduct those expenses to the extent that when combined with other miscellaneous itemized deductions they exceed 2 percent of AGI. Effective for expenses incurred in taxable years beginning after December 31, 2001, the Administration proposes to allow teachers and other elementary and secondary school professionals to treat up to \$400 in qualified out-of-pocket classroom expenses as a non-itemized deduction (above-the-line deduction). Unreimbursed expenditures for certain books, supplies and equipment related to classroom instruction and for certain professional training programs would qualify for the deduction.

***Allow tax-free distributions from Qualified State Tuition Plans (QSTPs) for certain higher education expenses and allow private colleges to offer prepaid tuition plans.***—Current law provides two basic tax benefits to contributions to, and beneficiaries of, QSTPs: (1) earnings on amounts invested in a QSTP are not subject to tax until a distribution is made (or educational benefits are provided), and (2) distributions made on behalf of a beneficiary are taxed at the beneficiary's (rather than the contributor's) individual income tax rate. These programs generally take two forms - prepaid tuition plans and savings plans. Under a prepaid tuition plan, an individual may purchase tuition credits or certificates on behalf of a designated beneficiary, which entitle the beneficiary to the waiver or payment of qualified higher education expenses at participating educational institutions. Under a savings plan, an individual may make contributions to an account, which is established for the purpose of meeting the qualified higher education expenses of a designated beneficiary. Distributions from QSTPs for nonqualified expenses generally are subject to a more than de minimus penalty (typically 10 percent of the earnings portion of the distribution). There is no specific dollar cap on annual contributions to a QSTP; in addition, there is no limit on contributions to a QSTP based on the contributor's income. Contributions to a QSTP are permitted at any time during the beneficiary's lifetime and the account can remain open after the beneficiary reaches age 30. However, a QSTP must provide adequate safeguards to prevent contributions on behalf of a designated beneficiary in excess of amounts necessary to provide for qualified education expenses.

Effective for taxable years beginning after December 31, 2001, the Administration proposes to allow tax-free withdrawals from QSTPs for qualified higher education

expenses, including room and board, tuition and fees, and certain expenses for books, supplies, and equipment. An education tax credit, a tax-free distribution from an education savings account, and a tax-free distribution from a QSTP would be allowed with respect to the same student in the same taxable year, provided the credit and the distributions were not used for the same expenses. The Administration also proposes to allow private educational institutions to establish qualified prepaid tuition plans (but not savings plans), provided the institution is eligible to participate in Federal financial aid programs under Title IV of the Higher Education Act of 1965.

**Allow States to issue tax-exempt private activity bonds for school construction.**—Current law does not exclude from income the interest on private activity bonds used to finance school construction or equipment. The Administration proposes to provide States with annual authority of \$10 per resident (a minimum of \$5 million is provided for small States) to issue tax-exempt, private activity bonds for constructing and equipping public elementary and secondary schools. Private entities would construct the schools and own the schools while the bonds are outstanding; ownership would revert to the school district when the bonds are retired. The proposal would be effective for bonds issued after December 31, 2001.

### Invest in Health Care

**Provide refundable tax credit for the purchase of health insurance.**—Current law provides a tax preference for employer-provided group health insurance plans, but not for individually purchased health insurance coverage except to the extent that deductible 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 individuals not covered by an employer plan nor eligible for public programs. Effective for taxable years beginning after December 31, 2001, a new refundable tax credit would be provided for the cost of health insurance purchased by individuals under age 65. The credit, which would equal 90 percent of health insurance premiums, would be capped at \$750 for single policies and \$1,500 for family policies in 2002 and 2003, and \$1,000 for single policies and \$2,000 for family policies in 2004 and subsequent years. The credit would be phased out for single taxpayers with AGI between \$15,000 and \$30,000 (\$30,000 and \$60,000 for married couples filing a joint return and purchasing a family policy). The maximum credit amounts and the income phase-out thresholds would be indexed annually for inflation beginning in 2003. The Administration is looking at ways to implement the credit so it is available to potential beneficiaries when they need it. To qualify for the credit, the purchased health insurance would be required to include coverage for catastrophic medical expenses. Individuals would not be allowed to claim the credit

and make a contribution to an MSA for the same taxable year.

**Provide an above-the-line deduction for long-term care insurance premiums.**—Current law provides a tax preference for employer-paid long-term care insurance, but not for individually-purchased long-term care insurance except to the extent that deductible medical expenses exceed 7.5 percent of AGI or the individual has self-employment income. Premiums on qualified long-term care insurance are deductible as a medical expense, subject to annual dollar limitations that increase with age. The Administration proposes to make individually-purchased long-term care insurance (the vast majority of the long-term care insurance market) more affordable by creating an above-the-line deduction for qualified long-term care insurance premiums. To qualify for the deduction, the long-term care insurance would be required to meet certain standards providing consumer protections. The deduction would be available to taxpayers who individually purchase qualified long-term care insurance and to those who pay at least 50 percent of the cost of employer-provided coverage (the employer-paid share of the cost is less than 50 percent). The deduction would be effective for taxable years beginning after December 31, 2001 but would be phased in over six years. The deduction would be subject to current law annual dollar limitations on qualified long-term care insurance premiums.

**Allow up to \$500 in unused benefits in a health flexible spending arrangement to be carried forward to the next year.**—Under current law, unused benefits in a health flexible spending arrangement under a cafeteria plan for a particular year revert to the employer at the end of the year. Effective for plan years beginning after December 31, 2001, the Administration proposes to allow up to \$500 in unused benefits in a health flexible spending arrangement at the end of a particular year to be carried forward to the next plan year.

**Provide additional choice with regard to unused benefits in a health flexible spending arrangement.**—In addition to the proposed carryforward of unused benefits (see preceding discussion), the Administration proposes to allow up to \$500 in unused benefits in a health flexible spending arrangement at the end of a particular year to be distributed to the participant as taxable income, contributed to an Archer MSA, or contributed to the employer's 401(k), 403(b), or governmental 457(b) retirement plan. Amounts distributed to the participant would be subject to income tax withholding and employment taxes. Amounts contributed to an Archer MSA or retirement plan would be subject to the normal rules applicable to elective contributions to the receiving plan or account. The proposal would be effective for plan years beginning after December 31, 2001.

***Permanently extend and reform Archer MSAs.***—Current law allows only self-employed individuals and employees of small firms to establish Archer MSAs, and caps the number of accounts at 750,000. In addition to other requirements, (1) individuals who establish MSAs must be covered by a high-deductible health plan (and no other plan) with a deductible of at least \$1,600 but not greater than \$2,400 for policies covering a single person and a deductible of at least \$3,200 but not greater than \$4,800 in all other cases, (2) tax-preferred contributions are limited to 65 percent of the deductible for single policies and 75 percent of the deductible for other policies, and (3) either an individual or an employer, but not both, may make a tax-preferred contribution to an MSA for a particular year. The Administration proposes to permanently extend the MSA program, which is scheduled to expire on December 31, 2002. Effective after December 31, 2001, the Administration proposes to remove the 750,000 cap on the number of accounts. In addition, the program would be reformed by (1) expanding eligibility to include all individuals and employees of firms of all sizes covered by a high-deductible health plan, (2) modifying the definition of high deductible to permit a deductible as low as \$1,000 for policies covering a single person and \$2,000 in all other cases, (3) increasing tax-preferred contributions to 100 percent of the deductible, (4) allowing tax-preferred contributions by both employers and employees for a particular year, up to the applicable maximum, and (5) allowing contributions to MSAs under cafeteria plans. Individuals would not be allowed to make a contribution to an MSA and claim the proposed refundable tax credit for health insurance premiums for the same taxable year.

***Provide an additional personal exemption to home caretakers of family members.***—Current law provides a tax deduction for certain long-term care expenses. In addition, taxpayers are allowed to claim exemptions for themselves (and their spouses, if married) and dependents who they support. However, neither provision may meet the needs of taxpayers who provide long-term care in their own home for close family members. Effective for taxable years beginning after December 31, 2001, the Administration proposes to provide an additional personal exemption to taxpayers who care for certain qualified spouses or ancestors with long-term care needs. The spouse or ancestor must be a member of the taxpayer's household for the entire year. There would be no support requirement for the additional exemption. An individual would be considered to have long-term care needs if he or she were certified by a licensed physician as being unable for at least 180 consecutive days to perform at least two activities of daily living without substantial assistance from another individual due to a loss of functional capacity. Alternatively, an individual would be considered to have long-term care needs if he or she were certified by a licensed physician (1) as requiring substantial supervision for at least 180 consecutive days to be protected from threats to his or her own health and safety

due to severe cognitive impairment and (2) being unable for at least six months to perform at least one activity of daily living or being unable to engage in age appropriate activities.

***Provide tax relief for awards under certain health education programs.***—Current 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. The Administration proposes to provide that any amounts received by an individual under the National Health Service Corps 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. The proposal would be effective for awards received after December 31, 2001.

#### **Assist Americans With Disabilities**

***Exclude from income the value of employer-provided computers, software and peripherals.***—The Administration proposes to allow individuals with disabilities to exclude from income the value of employer-provided computers, software or other office equipment that are necessary for the individual to perform work for the employer at home. To qualify for the exclusion, the employee would be required to make substantial use of the equipment (relative to overall use) performing work for his or her employer. However, unlike current law, which limits the exclusion to the extent that the equipment is used to perform work for the employer, the proposed exclusion would apply to all use of such equipment, including use by the employee for personal or non-employer-related trade or business purposes. Employees would be required to provide their employer with a certification from a licensed physician that they meet eligibility criteria. The proposal would be effective for taxable years beginning after December 31, 2001.

#### **Strengthen Families**

***Permanently extend and increase the adoption tax credit.***—Current law provides a permanent non-refundable 100-percent tax credit for the first \$6,000 of qualified expenses incurred in the adoption of a child with special needs. A nonrefundable 100-percent tax credit is provided for the first \$5,000 of qualified expenses incurred before January 1, 2002 in the adoption of a child without special needs. The dollar limits are cumulative per adoption but may be used over more than one calendar year. Qualified expenses do not include any expenses that are paid or reimbursed under any other government or non-government program. The credit is phased out ratably for taxpayers with incomes between \$75,000 and \$115,000; in addition, it is not available for adoptions by stepparents. The Administration proposes to make the tax credit for the adoption of children without special needs permanent. In addi-

tion, effective for expenses incurred after December 31, 2001, the Administration proposes to increase the credit to \$8,500 for the adoption of a child with special needs and to \$7,500 for the adoption of a child without special needs.

### **Help Farmers and Fishermen Manage Economic Downturns**

***Establish Farm, Fish and Ranch Risk Management (FFARRM) savings accounts.***—Current law does not provide for the elective deferral of farm or fishing income. However, farmers can elect to average their farming income over a three-year period, and farmers may carry back net operating losses over the five previous years. In addition, taxes can be deferred on certain forms of income, including disaster payments, crop insurance and proceeds from emergency livestock sales. The Administration proposes to allow up to 20 percent of taxable income attributable to an eligible farming or fishing business to be contributed to a FFARRM savings account each year and deducted from income. Earnings on contributions would be taxable as earned and distributions from the account (except those attributable to earnings on contributions) would be included in gross income. Any amount not distributed within five years of deposit would be deemed to have been distributed and included in gross income; in addition, such distributions would be subject to a 10-percent surtax. The proposal would be effective for taxable years beginning after December 31, 2001.

### **Increase Housing Opportunities**

***Provide tax credit for developers of affordable single-family housing.***—The Administration proposes to provide annual tax credit authority to States (including U.S. possessions) designed to promote the development of affordable single-family housing in low-income urban and rural neighborhoods. Beginning in calendar year 2002, first-year credit authority of \$1.75 per capita (indexed annually for inflation thereafter) would be made available to each State. State housing agencies would award first-year credits to single-family housing units comprising a project located in a census tract with median income equal to 80 percent or less of area median income. Units in condominiums and cooperatives could qualify as single-family housing. Credits would be awarded as a fixed amount for individual units comprising a project. The present value of the credits, determined on the date of a qualifying sale, could not exceed 50 percent of the cost of constructing a new home or rehabilitating an existing property. The taxpayer (developer or investor partnership) owning the housing unit immediately prior to the sale to a qualified buyer would be eligible to claim credits over a 5-year period beginning on the date of sale. Eligible homebuyers would be required to have incomes equal to 80 percent or less of area median income. Technical features of the provision would follow similar features of current law with respect to the low-income housing tax credit and mortgage revenue bonds.

### **Encourage Saving**

***Establish Individual Development Accounts (IDAs).***—The Administration proposes to allow eligible individuals to make contributions to a new savings vehicle, the Individual Development Account, which would be set up and administered by financial institutions. Financial institutions would be allowed a tax credit for a portion of their matching contributions to an IDA. Matching contributions and the earnings on those contributions would be deposited in a separate “parallel account.” Contributions to an IDA by an eligible individual would not be deductible, and earnings on those contributions would be included in income. Matching contributions by financial institutions and the earnings on those contributions would be tax free, provided they are withdrawn for qualified purposes (higher education, the first-time purchase of a home, business start-up, and qualified rollovers). Withdrawals for other than qualified purposes would result in the forfeiture of matching contributions and the earnings on those contributions. Individuals eligible to contribute to an IDA would be required to be at least 18 years of age, a citizen or legal resident of the United States, and meet certain income limitations. The proposal would be effective for contributions to IDAs and matching contributions made with respect to such IDAs after December 31, 2001.

### **Promote Trade**

***Extend and expand Andean trade preferences.***—The Administration proposes to renew and enhance the Andean Trade Preference Program (ATPA) when it expires on December 4, 2001. The current ATPA program was enacted in 1991 to augment beneficiary countries’ efforts to diversify their economies away from narcotics production and drug trafficking. The current program provides duty-free treatment on most, but not all, imports from Bolivia, Columbia, Peru and Ecuador. The Administration is seeking to work with Congress to expand the list of products eligible for duty free treatment under a renewed ATPA. It supports extending ATPA benefits for the period until the entry into force of the Free Trade Area of the Americas (FTAA). The Administration is seeking to conclude the FTAA negotiations in time for entry into force of the agreement by January 1, 2005.

### **Protect the Environment**

***Permanently extend expensing of brownfields remediation costs.***—Taxpayers may elect to treat certain environmental remediation expenditures that would otherwise be chargeable to capital account as deductible in the year paid or incurred. Under current law, the ability to deduct such expenditures expires with respect to expenditures paid or incurred after December 31, 2003. The Administration proposes to permanently extend this provision, facilitating its use by businesses to undertake projects that may extend beyond the cur-

rent expiration date and be uncertain in overall duration.

**Exclude 50 percent of gains from the sale of property for conservation purposes.**—The Administration proposes to create a new incentive for private, voluntary land protection. This incentive is a cost-effective, non-regulatory approach to conservation. Under the proposal, when land (or an interest in land or water) is sold for conservation purposes, only 50 percent of any gain would be included in the seller's income. To be eligible for the exclusion, the sale may be either to a government agency or to a qualified conservation organization, and the buyer must supply a letter of intent that the acquisition will serve conservation purposes. In addition, the taxpayer or a member of the taxpayer's family must have owned the property for the three years immediately preceding the sale. The provision would be effective for sales taking place on or after the date of first committee action.

### Energy Policy Proposals

**Extend and modify the tax credit for producing electricity from certain sources.**—Taxpayers are provided a 1.5-cent-per-kilowatt-hour tax credit, adjusted for inflation after 1992, for electricity produced from wind, closed-loop biomass (organic material from a plant grown exclusively for use at a qualified facility to produce electricity), and poultry waste. To qualify for the credit, the electricity must be sold to an unrelated third party and must be produced during the first 10 years of production at a facility placed in service before January 1, 2002. The Administration proposes to extend the credit for electricity produced from wind and biomass to facilities placed in service before January 1, 2005. In addition, eligible biomass sources would be expanded to include certain biomass from forest-related resources, agricultural sources, and other specified sources. Special rules would apply to biomass facilities placed in service before January 1, 2002. Electricity produced at such facilities from newly eligible sources would be eligible for the credit only from January 1, 2002 through December 31, 2004, and at a rate equal to 60 percent of the generally applicable rate. Electricity produced from newly eligible biomass co-fired in coal plants would also be eligible for the credit only from January 1, 2002 through December 31, 2004, and at a rate equal to 30 percent of the generally applicable rate.

**Provide tax credit for residential solar energy systems.**—Current law provides a 10-percent investment tax credit to businesses for qualifying equipment that uses solar energy to generate electricity; to heat, cool or provide hot water for use in a structure; or to provide solar process heat. A credit currently is not provided for nonbusiness purchases of solar energy equipment. The Administration proposes a new tax credit for individuals who purchase solar energy equipment to generate electricity (photovoltaic equipment)

or heat water (solar water heating equipment used exclusively for purposes other than heating swimming pools) for use in a dwelling unit that the individual uses as a residence. The proposed nonrefundable credit would be equal to 15 percent of the cost of the equipment and its installation; each individual taxpayer would be allowed a maximum credit of \$2,000 for photovoltaic equipment and \$2,000 for solar water heating equipment. The credit would apply to photovoltaic equipment placed in service after December 31, 2001 and before January 1, 2008 and to solar water heating equipment placed in service after December 31, 2001 and before January 1, 2006.

**Modify treatment of 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 this limitation.

Also under current law, deductible contributions are not permitted to exceed the amount the IRS determines to be necessary to provide for level funding of an amount equal to the taxpayer's post-1983 decommissioning costs. The Administration proposes to permit funding of all decommissioning costs through deductible contributions. Any portion of these additional contributions relating to pre-1983 costs that exceeds the amount previously deducted (other than under the nuclear decommissioning fund rules) or excluded from the taxpayer's gross income on account of the taxpayer's liability for decommissioning costs, would be allowed as a deduction ratably over the remaining useful life of the nuclear power plant.

The Administration's proposal would also permit taxpayers to make deductible contributions to a qualified fund after the end of the nuclear power plant's estimated useful life and would provide that nuclear decommissioning costs are deductible when paid. These changes in the treatment of nuclear decommissioning funds are proposed to be effective for taxable years beginning after December 31, 2001.

### ONE-YEAR EXTENSION OF PROVISIONS EXPIRING IN 2001

**Extend the work opportunity tax credit.**—The work opportunity tax credit provides an incentive for employers to expand the number of entry level positions for individuals from certain targeted groups. The credit generally applies to the first \$6,000 of wages paid to several categories of economically disadvantaged or handicapped workers. The credit rate is 25 percent of qualified wages for employment of at least 120 hours but less than 400 hours and 40 percent for employment of 400 or more hours. The Administration proposes to extend the credit for one year, making the credit available for workers hired after December 31, 2001 and before January 1, 2003.



**Extend the welfare-to-work tax credit.**—The welfare-to-work tax credit entitles employers to claim a tax credit for hiring certain recipients of long-term family assistance. The purpose of the credit is to expand job opportunities for persons making the transition from welfare to work. 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. Eligible wages include cash wages plus the cash value of certain employer-paid health, dependent care, and educational fringe benefits. The minimum employment period that employees must work before employers can claim the credit is 400 hours. The Administration proposes to extend the credit for one year, to apply to individuals who begin work after December 31, 2001 and before January 1, 2003.

**Extend exclusion for employer-provided educational assistance.**—Certain amounts paid or incurred 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 Administration proposes to extend the exclusion, which is limited to undergraduate courses, to apply to courses beginning after December 31, 2001 and before January 1, 2003.

**Extend minimum tax relief for individuals.**—A temporary provision of prior law permits nonrefundable personal tax credits to be offset against both the regular tax and the alternative minimum tax; in addition, refundable credits are not reduced by the amount of the alternative minimum tax. The temporary provision expires after taxable year 2001. The Administration is concerned that the AMT may limit the benefit of personal tax credits and impose financial and compliance burdens on taxpayers who have few, if any, tax preference items and who were not the originally intended targets of the AMT. The Administration proposes to extend minimum tax relief for nonrefundable personal tax credits (other than the child credit) one year, to apply to taxable year 2002. The Administration's proposal to double the child credit (see earlier discussion) includes a provision providing permanent minimum tax relief for the child credit and refundable personal credits.

**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, among other things, "foreign personal holding company income" and insurance income. Foreign personal holding company income generally in-

cludes many types of income derived by a financial service company, such as dividends; interest; royalties; rents; annuities; net gains from the sale of certain property, including securities, commodities and foreign currency; and income from notional principal contracts and securities lending activities. For taxable years beginning before 2002, certain income derived in the active conduct of a banking, financing, insurance, or similar business is excepted from Subpart F. The Administration proposes to extend the exception for one year, to apply to taxable years beginning in 2002.

**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, 2002, domestic oil and gas production from "marginal" properties is exempt from the 100-percent of net income limitation. The Administration proposes to extend the exemption to apply to taxable years beginning after December 31, 2001 and before January 1, 2003.

**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. The Administration proposes to extend this program, which is scheduled to expire after September 30, 2001, through September 30, 2002.

**Extend authority to issue Qualified Zone Academy Bonds.**—Prior law 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, or rehabilitation and repairs at certain public school facilities. A nationwide total of \$400 million of qualified zone academy bonds was authorized to be issued in each of calendar years 1998 through 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. The Administration proposes to authorize the issuance of an additional \$400 million of qualified zone academy bonds in calendar year 2002.

## OTHER PROVISIONS THAT AFFECT RECEIPTS

**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.

**Table 3-3. EFFECT OF PROPOSALS ON RECEIPTS**

(In millions of dollars)

	Estimate							
	2001	2002	2003	2004	2005	2006	2002-2006	2002-2011
<b>President's Tax Plan presented to Congress on February 8th:</b>								
Create new 10-percent individual income tax bracket .....		-5,678	-13,847	-21,932	-29,849	-37,407	-108,713	-310,618
Reduce individual income tax rates .....		-11,793	-21,047	-33,493	-42,306	-57,299	-165,938	-500,666
Increase the child tax credit <sup>1</sup> .....		-1,238	-7,505	-11,455	-16,347	-20,963	-57,508	-192,657
Reduce the marriage penalty .....		-1,435	-4,844	-7,773	-10,343	-12,675	-37,070	-112,834
Provide charitable contribution deduction for nonitemizers .....		-482	-1,690	-2,963	-4,448	-6,065	-15,648	-52,171
Permit tax-free withdrawals from IRAs for charitable contributions .....		-53	-181	-195	-210	-225	-864	-2,261
Raise the cap on corporate charitable contributions .....		-85	-136	-136	-143	-149	-649	-1,579
Increase and expand education savings accounts .....		-3	-25	-88	-204	-373	-693	-5,645
Permanently extend the R&E tax credit .....				-1,055	-3,431	-5,415	-9,901	-49,576
Phase out death tax .....		-154	-4,930	-10,435	-11,442	-16,263	-56,481	-261,257
<b>Total, President's Tax Plan presented to Congress on February 8th <sup>1</sup> .....</b>	<b>-154</b>	<b>-25,697</b>	<b>-59,710</b>	<b>-90,532</b>	<b>-120,692</b>	<b>-156,834</b>	<b>-453,465</b>	<b>-1,489,264</b>
<b>Provide refundable tax credit for the purchase of health insurance <sup>1</sup> .....</b>		-219	-1,513	-3,966	-5,796	-6,143	-17,637	-52,858
<b>Additional tax incentives <sup>2</sup> .....</b>	-18	-1,812	-3,602	-4,322	-5,090	-6,001	-20,827	-66,531
<b>One-year extension of provisions expiring in 2001 <sup>2</sup> .....</b>		-1,614	-1,355	-170	-94	-66	-3,299	-3,410
<b>Total tax reduction <sup>1,2</sup> .....</b>	<b>-172</b>	<b>-29,342</b>	<b>-66,180</b>	<b>-98,990</b>	<b>-131,672</b>	<b>-169,044</b>	<b>-495,228</b>	<b>-1,612,063</b>
<b>Other provisions that affect receipts:</b>								
Recover State bank supervision and regulation expenses <sup>1,2</sup> .....		70	74	76	80	84	384	866

<sup>1</sup> Affects both receipts and outlays. Only the receipt effect is shown here; the outlay effect is shown in Table S-9 of the *Budget of the United States Government, Fiscal Year 2002*.

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

Table 3-4. RECEIPTS BY SOURCE

(In millions of dollars)

Source	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
<b>Individual income taxes (federal funds):</b>							
Existing law .....	1,004,462	1,073,088	1,102,871	1,148,882	1,205,565	1,273,084	1,345,297
Proposed Legislation (PAYGO) .....		-161	-24,082	-56,592	-87,684	-116,040	-148,690
<b>Total individual income taxes</b> .....	<b>1,004,462</b>	<b>1,072,927</b>	<b>1,078,789</b>	<b>1,092,290</b>	<b>1,117,881</b>	<b>1,157,044</b>	<b>1,196,607</b>
<b>Corporation income taxes:</b>							
Federal funds:							
Existing law .....	207,286	213,080	219,984	228,800	237,816	249,059	259,360
Proposed Legislation (PAYGO) .....		-11	-1,198	-1,507	-2,319	-4,907	-7,201
Total Federal funds corporation income taxes .....	207,286	213,069	218,786	227,293	235,497	244,152	252,159
Trust funds:							
Hazardous substance superfund .....	3						
<b>Total corporation income taxes</b> .....	<b>207,289</b>	<b>213,069</b>	<b>218,786</b>	<b>227,293</b>	<b>235,497</b>	<b>244,152</b>	<b>252,159</b>
<b>Social insurance and retirement receipts (trust funds):</b>							
Employment and general retirement:							
Old-age and survivors insurance (Off-budget) .....	411,677	430,916	453,853	479,405	504,598	537,690	562,913
Disability insurance (Off-budget) .....	68,907	72,954	77,067	81,407	85,689	91,307	95,594
Hospital insurance .....	135,529	147,228	154,098	162,932	171,656	182,952	191,783
Railroad retirement:							
Social Security equivalent account .....	1,650	1,713	1,755	1,801	1,836	1,877	1,916
Rail pension and supplemental annuity .....	2,688	2,694	2,758	2,826	2,881	2,932	2,981
Total employment and general retirement .....	620,451	655,505	689,531	728,371	766,660	816,758	855,187
On-budget .....	139,867	151,635	158,611	167,559	176,373	187,761	196,680
Off-budget .....	480,584	503,870	530,920	560,812	590,287	628,997	658,507
Unemployment insurance:							
Deposits by States <sup>1</sup> .....	20,701	22,405	24,601	25,944	27,623	27,362	29,485
Federal unemployment receipts <sup>1</sup> .....	6,871	7,105	7,257	7,437	7,619	7,805	7,998
Railroad unemployment receipts <sup>1</sup> .....	68	50	88	134	149	105	74
Total unemployment insurance .....	27,640	29,560	31,946	33,515	35,391	35,272	37,557
Other retirement:							
Federal employees' retirement—employee share .....	4,691	4,523	4,259	4,106	3,948	3,767	3,582
Non-Federal employees retirement <sup>2</sup> .....	70	68	62	53	50	45	41
Total other retirement .....	4,761	4,591	4,321	4,159	3,998	3,812	3,623
<b>Total social insurance and retirement receipts</b> .....	<b>652,852</b>	<b>689,656</b>	<b>725,798</b>	<b>766,045</b>	<b>806,049</b>	<b>855,842</b>	<b>896,367</b>
On-budget .....	172,268	185,786	194,878	205,233	215,762	226,845	237,860
Off-budget .....	480,584	503,870	530,920	560,812	590,287	628,997	658,507
<b>Excise taxes:</b>							
Federal funds:							
Alcohol taxes .....	8,140	7,688	7,810	7,885	7,946	8,011	8,074
Tobacco taxes .....	7,221	7,548	8,140	8,175	7,941	7,778	7,643
Transportation fuels tax .....	819	779	743	759	766	784	306
Telephone and teletype services .....	5,670	5,914	6,295	6,687	7,097	7,526	7,976
Ozone depleting chemicals and products .....	125	94	65	39	20		
Other Federal fund excise taxes .....	717	1,961	1,863	1,774	1,772	1,826	1,885
Total Federal funds excise taxes .....	22,692	23,984	24,916	25,319	25,542	25,925	25,884
Trust funds:							
Highway .....	34,972	35,431	36,539	37,646	38,727	39,823	40,867
Airport and airway .....	9,739	10,414	11,183	11,875	12,578	13,311	14,085
Aquatic resources .....	342	352	392	401	420	429	440
Black lung disability insurance .....	518	555	570	583	596	609	618
Inland waterway .....	101	93	93	94	95	96	97
Hazardous substance superfund .....	2						
Oil spill liability .....	182						

Table 3-4. RECEIPTS BY SOURCE—Continued

(In millions of dollars)

Source	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Vaccine injury compensation .....	133	134	137	140	142	143	145
Leaking underground storage tank .....	184	185	190	196	200	207	210
Total trust funds excise taxes .....	46,173	47,164	49,104	50,935	52,758	54,618	56,462
<b>Total excise taxes</b> .....	<b>68,865</b>	<b>71,148</b>	<b>74,020</b>	<b>76,254</b>	<b>78,300</b>	<b>80,543</b>	<b>82,346</b>
<b>Estate and gift taxes:</b>							
Federal funds .....	29,010	31,072	32,068	34,480	37,036	35,364	35,605
Proposed Legislation (PAYGO) .....			-3,369	-7,841	-8,739	-10,467	-13,107
<b>Total estate and gift taxes</b> .....	<b>29,010</b>	<b>31,072</b>	<b>28,699</b>	<b>26,639</b>	<b>28,297</b>	<b>24,897</b>	<b>22,498</b>
<b>Customs duties:</b>							
Federal funds .....	19,172	20,635	22,403	23,650	24,299	25,302	26,775
Proposed Legislation (PAYGO) .....			-716	-264	-274	-285	-74
Trust funds .....	742	807	850	895	936	972	1,023
<b>Total customs duties</b> .....	<b>19,914</b>	<b>21,442</b>	<b>22,537</b>	<b>24,281</b>	<b>24,961</b>	<b>25,989</b>	<b>27,724</b>
<b>MISCELLANEOUS RECEIPTS:<sup>3</sup></b>							
Miscellaneous taxes .....	99	104	109	111	113	115	118
United Mine Workers of America combined benefit fund .....	155	149	143	135	129	125	121
Deposit of earnings, Federal Reserve System .....	32,293	26,599	31,800	33,345	34,944	35,881	36,693
Proposed Legislation (PAYGO) .....			93	98	102	107	112
Defense cooperation .....	12	6	6	6	6	6	6
Fees for permits and regulatory and judicial services .....	7,664	8,919	9,189	9,969	10,771	11,314	12,189
Fines, penalties, and forfeitures .....	2,422	1,923	1,880	1,907	1,915	1,923	1,932
Gifts and contributions .....	260	286	183	172	168	170	166
Refunds and recoveries .....	-79	-354	-298	-305	-317	-325	-327
<b>Total miscellaneous receipts</b> .....	<b>42,826</b>	<b>37,632</b>	<b>43,105</b>	<b>45,438</b>	<b>47,831</b>	<b>49,316</b>	<b>51,010</b>
<b>Total budget receipts</b> .....	<b>2,025,218</b>	<b>2,136,946</b>	<b>2,191,734</b>	<b>2,258,240</b>	<b>2,338,816</b>	<b>2,437,783</b>	<b>2,528,711</b>
On-budget .....	1,544,634	1,633,076	1,660,814	1,697,428	1,748,529	1,808,786	1,870,204
Off-budget .....	480,584	503,870	530,920	560,812	590,287	628,997	658,507
<b>MEMORANDUM</b>							
Federal funds .....	1,325,755	1,401,028	1,416,473	1,440,883	1,479,627	1,526,937	1,575,483
Trust funds .....	426,651	450,829	478,176	504,047	527,620	557,380	586,271
Interfund transactions .....	-207,772	-218,781	-233,835	-247,502	-258,718	-275,531	-291,550
<b>Total on-budget</b> .....	<b>1,544,634</b>	<b>1,633,076</b>	<b>1,660,814</b>	<b>1,697,428</b>	<b>1,748,529</b>	<b>1,808,786</b>	<b>1,870,204</b>
<b>Off-budget (trust funds)</b> .....	<b>480,584</b>	<b>503,870</b>	<b>530,920</b>	<b>560,812</b>	<b>590,287</b>	<b>628,997</b>	<b>658,507</b>
<b>Total</b> .....	<b>2,025,218</b>	<b>2,136,946</b>	<b>2,191,734</b>	<b>2,258,240</b>	<b>2,338,816</b>	<b>2,437,783</b>	<b>2,528,711</b>

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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 and the financing of regulatory expenses. Some of these collections are classified as user fees, which include the sale of postage stamps and electricity, fees for admittance to national parks, and premiums for deposit insurance; and some are other offsetting collections or receipts, such as rents and royalties for the right to extract oil from the Outer Continental Shelf.

Depending on the laws that authorize the collections, the collections can be credited directly to expenditure accounts as “offsetting collections,” or to receipt accounts as “offsetting receipts.” Usually offsetting collections are authorized to be spent for the purposes of the account without further action by the Congress. Offsetting receipts may or may not be earmarked for a specific purpose, depending on the legislation that authorizes them, and the authorizing legislation may either authorize them to be spent without further action by the Congress, or require them to be appropriated in annual appropriations acts before they can be spent.

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.<sup>1</sup>

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 2002, total offsetting collections and receipts from the public are estimated to be \$222.1 billion, and total user fees are estimated to be \$143.8 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)

	2000 Actual	Estimate	
		2001	2002
Gross outlays .....	2,002.9	2,079.2	2,182.7
Offsetting collections and receipts from the public:			
User fees <sup>1</sup> .....	129.5	134.0	142.3
Other .....	84.6	88.9	79.8
Subtotal, offsetting collections and receipts from the public .....	214.1	223.0	222.1
Net outlays .....	1,788.8	1,856.2	1,960.6

<sup>1</sup> 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 .....	129.5	134.0	142.3
Receipts .....	1.3	1.4	1.5
Total user fees .....	130.8	135.5	143.8

<sup>1</sup> 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 Commis-*

*sion on Budget Concepts*. The concept is discussed in Chapter 25: “Budget System and Concepts and Glossary” in this volume.

## 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 \$130.8 billion in 2000, and are estimated to increase to \$135.5 billion in 2001 and to \$143.8 billion in 2002, growing to an estimated \$171.3 billion in 2006, including the user fee proposals that are shown in Table 4-3. This table shows that the Administration is proposing to increase user fees by an estimated \$0.6 billion in 2002, growing to an estimated \$1.5 billion in 2006.

**Definition.** The term “user fee” as defined here is fees, charges, and assessments levied on a class directly benefitting 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 benefitting 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.

- 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.

There has been a growth in user fees, and some have been classified by law as offsetting collections when they more appropriately should have been classified as

governmental receipts. The classification of some user fees as an offset to budget authority and outlays do not meet the guidelines established by the 1967 President’s Commission on Budget Concepts that only business-type transactions should be classified as offsetting collections. To the extent these collections are inappropriately classified as an offset to Federal spending, they reduce the size of Federal spending and governmental receipts. The Administration plans to monitor and review the classification of user fees and other types of collections.

**Alternative definitions.** The definition used in this chapter is useful because it identifies goods, services, and regulations financed by earmarked collections and receipts.<sup>2</sup> 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.

One alternative definition could be the broader concept of user charges, as defined in OMB Circular A-25, “User Charges,” (July 8, 1993). User charges are fees assessed for the provision of Government services and for the sale or use of Government goods or resources. The payers of the user charge must be limited in the authorizing legislation to those receiving special benefits from, or subject to regulation by, the program or activity beyond the benefits received by the general public or broad segments of the public (such as those who pay income taxes or customs duties). The term is broader than user fees as defined in this chapter because user charges encompass proceeds, whether or not earmarked, from the sale or use of government goods and services, including the sale of natural resources (such as timber, oil, and minerals) and proceeds from asset sales (such as property, plant, and equipment).

Other alternative definitions of user fees 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 selecting one or more of the following:
  - 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.

<sup>2</sup>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.

—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.<sup>3</sup>

**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 burden 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. In general, if the benefits accrue broadly to the public, 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 principle is relatively easy. For example, according to this principle, 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

<sup>3</sup>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.

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, current policies support fees that cover the full cost to the Government, including both direct and indirect costs.<sup>4</sup>

The Executive Branch 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 2002 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 \$142.3 billion in 2002, 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 \$108.7 billion of user fees for 2002 are credited directly to expenditure accounts, and are generally available for expenditure when they are collected, without further action by the Congress.

An estimated \$33.7 billion of user fees for 2002 are deposited in offsetting receipt accounts, and are available to be spent only according to the legislation that established the fees.

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"

<sup>4</sup>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.

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.

These and other classifications are discussed further in this volume in Chapter 25, "Budget System and Concepts and Glossary."

## II. Current User Fees

As shown in Table 4-2, total user fee collections (including those proposed in this budget) are estimated to be \$143.8 billion in 2002, increasing to \$171.3 billion in 2006. User fee collections by the Postal Service and Medicare premiums are the largest and are estimated to be almost two-thirds of total user fee collections in 2002.

User fee collections are used to offset outlays in both the discretionary and mandatory parts of the budget. User fee collections classified in the discretionary part of the budget are estimated to be \$17.2 billion in 2002, and those in the mandatory part are estimated to be \$125.1 billion in 2002.

## III. User Fee Proposals

As shown in Table 4-3, the Administration is proposing new or increased user fees that would increase collections by an estimated \$0.6 billion in 2002, increasing to \$1.5 billion in 2006.

### A. User Fee Proposals to Offset Discretionary Spending

#### 1. Offsetting collections

#### Department of Agriculture

*Animal and Plant Health Inspection Service (APHIS).*—The Administration 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.

*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.

#### Department of Health and Human Services

*User fees for Medicare providers for processing paper claims and duplicate or unprocessable claims.*—The Administration is proposing new user fees for providers

for submitting paper claims and duplicate or unprocessable claims. Under this proposal, providers would be charged \$1.50 for every paper claim submitted for payment. The fee is necessary because processing paper claims is more costly than processing electronic claims. Paper claim fees could be waived for rural and poor providers.

The Health Care Financing Administration and its contractors go to great lengths to ensure that providers are aware of billing requirements and the need to submit accurate claims. Charging a \$1.50 fee for duplicate or unprocessable claims would heighten provider awareness of these issues and increase efficiency by deterring this action.

*Fees for export certification of foods and for import program operations.*—The Administration is proposing new user fees for export certification of foods and for import program operations. Spending financed by these fees would be in addition to regular appropriations. The Food and Drug Administration currently assesses user fees for non-food regulated products when export certifications are requested by industry.

#### 2. Offsetting receipts

#### Department of Housing and Urban Development

*User fees to finance inspection of manufactured housing.*—The Administration is proposing inspection fees that would finance Federal formulation and enforcement of standards in manufactured housing. These fees are authorized by the Manufactured Housing Improvement Act of 2000 and replace fees previously authorized by the National Manufactured Housing Construction and Safety Standards Act of 1974.

#### Department of Justice

*Increase immigration inspection user fees.*—Congress established this user fee to cover the full cost of air and sea passenger inspections. The Administration proposes to increase the per passenger inspection fee from \$6 to \$7 and phase out the exemption from the inspection fee for cruise ship passengers—establishing a \$3 fee in 2002. The increase will be used to defray inspection expenses of the Immigration and Naturalization Service.

#### Department of Transportation

*Hazardous materials transportation safety fees.*—Beginning in 2002, 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. Appropriation legislation is proposed to increase the fees paid by shippers and carriers of hazardous materials in 2002 to fund these safety activities.



Table 4-2. TOTAL USER FEE COLLECTIONS

(In millions of dollars)

	2000 Actual	Estimates					
		2001	2002	2003	2004	2005	2006
<b>Receipts</b>							
Agricultural quarantine inspection fees .....	234	240	246	252	259	266	272
Corps of Engineers, Harbor maintenance trust fund .....	678	741	781	825	865	900	946
Other governmental receipts user fees .....	413	469	455	457	464	474	477
Subtotal, governmental receipts .....	1,325	1,450	1,482	1,534	1,588	1,640	1,695
<b>Offsetting Collections and Receipts from the Public</b>							
<b>Discretionary</b>							
Department of Agriculture: Food safety inspection and other fees .....	177	189	200	197	197	197	198
Department of Commerce: Patent and trademark, fees for weather services, and other fees .....	1,156	1,315	1,500	1,616	1,765	1,926	2,137
Department of Defense: Commissary and other fees .....	7,376	7,353	7,248	7,155	7,155	7,155	7,155
Department of Energy: Federal Energy Regulation Commission, power marketing, and other fees .....	594	787	1,223	632	621	590	597
Department of Health and Human Services: Food and Drug Administration, Health Care Financing Administration, and other fees .....	337	276	413	418	428	438	448
Department of the Interior: Bureau of Land Management and other fees .....	215	231	219	219	219	219	219
Department of Justice: Antitrust and other fees .....	328	361	548	585	585	585	585
Department of State: Passport and other fees .....	478	485	490	490	490	490	490
Department of Transportation: Railroad safety and other fees .....	131	139	216	282	286	292	297
Department of the Treasury: Sale of commemorative coins and other fees .....	1,833	1,513	1,619	1,697	1,721	1,746	1,772
Department of Veterans Affairs: Medical care and other fees .....	576	611	623	633	643	653	663
National Aeronautics and Space Administration: Reimbursement for the use of NASA services ..	846	839	881	881	881	881	881
Federal Communications Commission: Regulatory fees .....	192	200	219	219	219	219	219
Federal Trade Commission: Regulatory fees .....	106	159	207	207	207	207	207
Nuclear Regulatory Commission: Regulatory fees .....	447	453	469	475	482	488	506
Panama Canal Commission: Fees for use of the canal .....	220	.....	.....	.....	.....	.....	.....
Securities and Exchange Commission: Regulatory fees .....	862	974	983	1,054	1,079	1,200	1,337
All other agencies, discretionary user fees .....	133	134	175	179	180	185	187
Subtotal, discretionary user fees .....	16,007	16,019	17,233	16,939	17,158	17,471	17,898
<b>Mandatory</b>							
Department of Agriculture: Federal crop insurance and other fees .....	895	1,339	1,338	1,402	1,440	1,502	1,563
Department of Defense: Commissary surcharge and other fees .....	279	277	283	293	277	277	277
Department of Energy: Proceeds from the sale of energy, nuclear regulatory fees, and other fees .....	4,078	3,703	3,831	3,960	3,907	3,921	3,984
Department of Health and Human Services: Medicare Part B insurance premiums, and other fees .....	21,916	23,442	27,044	29,905	31,503	35,029	37,951
Department of the Interior: Recreation and other fees .....	583	630	619	648	652	657	658
Department of Justice: Immigration and other fees .....	1,480	2,036	1,972	1,906	1,814	1,818	1,823
Department of Labor: Insurance premiums to guarantee private pensions .....	922	951	845	835	845	843	839
Department of the Treasury: Customs, bank regulation, and other fees .....	1,881	1,929	1,985	2,046	666	681	693
Department of Veterans Affairs: Veterans life insurance, medical collections, and other fees .....	1,629	1,674	1,823	1,932	1,883	1,842	1,802
Corps of Engineers: Recreation and other fees .....	37	36	51	57	62	67	67
Federal Emergency Management Agency: Flood insurance fees .....	1,475	1,553	1,640	1,808	1,936	2,118	2,343
Office of Personnel Management: Federal employee health and life insurance fees .....	6,694	7,278	7,974	8,612	9,308	9,987	10,684
Federal Communications Commission: Analog spectrum lease fee .....	.....	.....	200	200	200	200	200
Federal Deposit Insurance Corporation: Deposit insurance fees .....	759	559	963	1,748	2,552	3,543	5,573
Postal Service: Fees for postal services .....	63,529	65,498	67,095	69,350	71,500	73,350	75,100
Tennessee Valley Authority: Proceeds from the sale of energy .....	6,928	6,795	7,127	7,341	7,424	7,675	7,811
All other agencies, mandatory user fees .....	363	324	312	328	336	347	354
Subtotal, mandatory user fees .....	113,448	118,024	125,102	132,371	136,305	143,857	151,722
Subtotal, offsetting collections and receipts from the public .....	129,455	134,043	142,335	149,310	153,463	161,328	169,620
<b>Total, User fees .....</b>	<b>130,780</b>	<b>135,493</b>	<b>143,817</b>	<b>150,844</b>	<b>155,051</b>	<b>162,968</b>	<b>171,315</b>

*Pipeline safety fees.*—This proposal would increase the existing pipeline safety user fees to support increased activities in the Pipeline Integrity Management and the Oil Spill Prevention and Response programs.

*Railroad safety user fees.*—This proposal would fund Federal Railroad Administration safety inspections and the safety component of the railroad research and development program. The fees would be collected from the primary beneficiaries of these services, the railroad carriers, and be based upon a calculation of their usage as established through regulations. The estimated 2002 collections are 50 percent of the anticipated cost of safety services. In subsequent years these services would be fully funded with user fees.

### Environmental Protection Agency

*Abolish cap on pre-manufacturing notification fees.*—EPA collects fees from chemical manufacturers seeking to bring new chemicals into commerce. These fees are

authorized by the Toxic Substances Control Act and are now subject to an outdated statutory cap. The Administration is proposing authorizing and appropriations language to modify the cap so that EPA can increase fees to fully cover the cost of the program.

### Nuclear Regulatory Commission

*Extend NRC fees at their 2005 level for 2006 and later.*—The Omnibus Budget Reconciliation Act (OBRA) of 1990, as amended, required that the NRC assess license and annual fees that recover approximately 98 percent of its budget authority in 2001, less the appropriation from the nuclear waste fund. Licensees are required to reimburse NRC for its services because licensees benefit from such services.

Under recent amendments to OBRA, the budget authority recovery requirement decreases by 2 percentage points per year until it reaches 90 percent in 2005. After 2005, the requirement reverts to 33 percent per

**Table 4-3. USER FEE PROPOSALS**

(Estimated collections in millions of dollars)

	2002	2003	2004	2005	2006	2002-2006
<b>A. USER FEE PROPOSALS TO OFFSET DISCRETIONARY SPENDING</b>						
<i>1. Offsetting collections</i>						
Department of Agriculture						
Animal and Plant Health Inspection Service .....	5	5	5	5	6	26
Grain Inspection, Packers and Stockyards Administration .....	4	4	4	4	4	20
Department of Health and Human Services						
User fees for Medicare providers for processing paper claims and duplicate or unprocessable claims .....	95	90	90	90	90	455
Fees for export certification of foods and for import program operations .....	20	21	22	23	24	110
<i>2. Offsetting receipts</i>						
Department of Housing and Urban Development						
User fees to finance inspection of manufactured housing .....	17	17	17	18	18	87
Department of Justice						
Increase immigration inspection user fees .....	109	109	109	109	109	545
Department of Transportation						
Hazardous materials transportation safety fees .....	12	22	22	23	24	103
Pipeline safety fees .....	9	9	9	9	7	43
Railroad safety user fees .....	55	110	113	116	119	513
Environmental Protection Agency						
Abolish cap on pre-manufacturing notification fees .....	4	8	8	8	8	36
Nuclear Regulatory Commission						
Extend NRC fees at their 2005 level for 2006 and later .....					321	321
Subtotal, user fee proposals to offset discretionary spending .....	330	395	399	405	730	2,259
<b>B. USER FEE PROPOSALS TO OFFSET MANDATORY SPENDING</b>						
<i>1. Offsetting collections</i>						
Federal Emergency Management Agency						
Phase out subsidized premiums for certain flood insurance coverage and remove repetitive loss properties from the flood insurance program .....	7	26	71	167	302	573
Federal Deposit Insurance Corporation						
State bank examination fees .....	92	97	101	106	112	508
<i>2. Offsetting receipts</i>						
Department of Agriculture						
Forest Service recreation and entrance fees .....		38	40	42	44	164
Department of the Interior						
Recreation entrance fees .....		75	76	74	75	300
Corps of Engineers						
Recreation user fee increases .....	10	15	20	25	25	95
Federal Communications Commission						
Analog spectrum lease fee .....	200	200	200	200	200	1,000
Subtotal, user fee proposals to offset mandatory spending .....	309	451	508	614	758	2,640
Total, user fee proposals .....	639	846	907	1,019	1,488	4,899

year. If the 90 percent requirement is not extended beyond 2005, fees would drop from an estimated \$488 million in 2005 to \$185 million in 2006; with the proposed extension at 90 percent, fees would be an estimated \$506 million in 2006, a proposed increase of \$321 million.

## **B. User Fee Proposals to Offset Mandatory Spending**

### *1. Offsetting collections*

#### **Federal Emergency Management Agency**

*Phase out subsidized premiums for certain flood insurance coverage.*—The Administration proposes phasing out subsidized premium rates for vacation homes, rental properties, and other non-primary residences and businesses starting in 2002. FEMA charges many of these policy holders less than actuarial rates, which undermines the financial stability of the insurance program. Rates for primary residences, which represent a majority of policies in the program, would not change under this proposal.

*Remove repetitive loss properties from the flood insurance program.*—The Administration proposes to remove several thousand properties from the program. These properties have been flooded repeatedly but nevertheless still benefit from subsidized premiums. Starting in 2002, owners of targeted properties may make one more claim for a flood loss. Subsequently, those properties will be ineligible to receive coverage. While net savings from avoided claims are estimated to be significant, the proposal will also generate a PAYGO cost from lost premium revenue as properties are removed from the program.

#### **Federal Deposit Insurance Corporation**

*State bank examination fees.*—The Administration proposes to require the Federal Deposit Insurance Corporation and the Federal Reserve to recover their respective costs for supervision and regulation of State-chartered banks and bank holding companies. The proposal would eliminate the subsidization of State banks by national banks and taxpayers, treat State and federally chartered financial institutions the same, and reduce the incentive for federally-chartered banks to convert to State charters solely to avoid assessments.

Currently, the FDIC pays for its supervision and regulatory expenses with the deposit insurance premiums that all banks pay, including national banks. Additional income from the proposal would be realized as offsetting collections. The Federal Reserve uses its interest earnings to pay its supervision and regulatory costs, consequently transferring less money to the Treasury. Therefore, deposits of earnings by the Federal Reserve, which are classified as governmental receipts, would increase under this proposal. This estimated increase in recoveries is in addition to the amounts shown on Table 4–3.

### *2. Offsetting receipts*

#### **Department of Agriculture**

*Forest Service recreation and entrance fees.*—The Administration proposes to extend for four years, for 2003 through 2006, the current pilot program that allows the Forest Service to collect increased recreation and entrance fees. These receipts would be available for use without further appropriation and are necessary to maintain and improve recreation facilities and services. A similar proposal affects recreation fees for the National Park Service, the Bureau of Land Management, and the Fish and Wildlife Service in the Department of the Interior.

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

*Recreation entrance fees.*—The Administration proposes to extend for four years, for 2003 through 2006, the current pilot program that allows the National Park Service, the Bureau of Land Management, and the Fish and Wildlife Service to collect increased recreation and entrance fees. These receipts would be available for use without further appropriation, and approximately 60 percent of National Park Service receipts would be used to reduce its deferred maintenance backlog. A related proposal affects recreation fees for the Forest Service in the Department of Agriculture.

#### **Corps of Engineers**

*Recreation user fee increases.*—The Administration proposes to phase in recreation user fee increases with the entire increase available without further legislative action for spending on operation, maintenance, and improvement of the recreation facilities of the Corps of Engineers. Some increases in fee receipts can be accomplished without changes to existing legislation. Other increases will require legislation to increase limits on existing recreation user fees, authorize new fees, or reclassify existing fees. In addition, the Administration recommends extending the recreation demonstration program, which allows recreation fee revenues above a baseline of \$34 million per year to be used by the Corps for operation and maintenance of recreation facilities. The Corps spends about \$250 million per year on these activities.

Recreation fee increases to boost agency expenditures on recreation and maintenance of facilities have been enacted in recent years for other agencies such as the National Park Service in the Department of the Interior and the Forest Service in the Department of Agriculture. A similar proposal affects recreation fees for these programs.

#### **Federal Communications Commission**

*Analog spectrum lease fee.*—The Administration supports establishing a lease fee on commercial television broadcasters' use of the analog spectrum until broadcasters complete the transition to digital broadcasting and return their analog spectrum licenses to the FCC. The proposal would encourage a timely transition to

digital broadcasting and have television broadcasters reimburse the public for use of this scarce resource.

### OTHER OFFSETTING COLLECTIONS AND RECEIPTS

Table 4–4 shows that total offsetting collections and receipts from the public are estimated to be \$222.1 billion in 2002. Of these, an estimated \$143.7 billion are offsetting collections credited to appropriation accounts and an estimated \$78.4 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, military assistance program sales, 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 \$428.3 billion in 2002—\$349.9 billion are intragovernmental transactions, and \$78.4 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)

	2000 Actual	Estimate	
		2001	2002
<b>Offsetting collections:</b>			
User fees:			
Postal service stamps and other postal fees .....	63,529	65,498	67,095
Defense Commissary Agency .....	5,087	5,282	5,209
Federal employee contributions for employees and retired employees health benefits funds .....	5,263	5,817	6,436
Sale of energy:			
Tennessee Valley Authority .....	6,928	6,795	7,127
Bonneville Power Administration .....	2,995	2,732	2,929
All other user fees .....	17,989	18,229	19,864
Subtotal, user fees .....	101,791	104,353	108,660
Other offsetting collections:			
Pre-credit reform loan repayments .....	15,864	15,563	14,847
Supplemental security income (collections from the States) .....	3,399	3,570	3,665
Federal Savings and Loan Insurance Corporation resolution fund .....	2,638	1,670	1,102
Other collections .....	17,672	15,935	15,423
Subtotal, other offsetting collections .....	39,573	36,738	35,037
Subtotal, offsetting collections .....	141,364	141,091	143,697
<b>Offsetting receipts:</b>			
User fees:			
Medicare premiums and other charges .....	21,907	23,433	27,014
All other user fees .....	5,757	6,257	6,661
Subtotal, user fees .....	27,664	29,690	33,675
Other offsetting receipts:			
Spectrum auction receipts .....	150	1,572	1,760
Military assistance program sales .....	11,362	11,340	11,450
OCS rents, bonuses, and royalties .....	4,580	6,931	5,884
Interest income .....	13,207	13,091	13,837
All other offsetting receipts .....	15,743	19,266	11,800
Subtotal, other offsetting receipts .....	45,042	52,200	44,731
Subtotal, offsetting receipts .....	72,706	81,890	78,406
<b>Total, offsetting collections and receipts from the public .....</b>	<b>214,070</b>	<b>222,981</b>	<b>222,103</b>
Total, offsetting collections and receipts excluding off-budget .....	150,497	157,439	154,964
<b>ADDENDUM:</b>			
User fees that are offsetting collections and receipts <sup>1</sup> .....	129,455	134,043	142,335
Other offsetting collections and receipts from the public .....	84,615	88,938	79,768
<b>Total, offsetting collections and receipts from the public .....</b>	<b>214,070</b>	<b>222,981</b>	<b>222,103</b>

<sup>1</sup> 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	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
<b>INTRAGOVERNMENTAL TRANSACTIONS</b>							
<b>On-budget receipts:</b>							
Federal intrafund transactions:							
Distributed by agency:							
Interest from the Federal Financing Bank .....	1,974	2,035	2,136	1,830	2,160	2,387	2,535
Interest on Government capital in enterprises .....	1,867	1,339	1,524	1,187	1,073	1,010	948
DoD retiree health care fund .....				9,036	9,397	9,773	10,164
Credit subsidy balance transfers .....		10,637	439	482	667	861	1,059
Other .....	2,383	1,974	1,988	2,077	2,183	2,280	2,362
Undistributed by agency:							
DoD retiree health care fund .....				2,943	3,072	3,211	3,355
Total Federal intrafunds .....	6,224	15,985	6,087	17,555	18,552	19,522	20,423
Trust intrafund transactions:							
Distributed by agency:							
Payments to railroad retirement .....	3,697	3,215	3,812	3,838	3,838	3,853	3,679
Other .....	1	1	1	1	1	1	1
Total trust intrafunds .....	3,698	3,216	3,813	3,839	3,839	3,854	3,680
Total intrafund transactions .....	9,922	19,201	9,900	21,394	22,391	23,376	24,103
Interfund transactions:							
Distributed by agency:							
Federal fund payments to trust funds:							
Contributions to insurance programs:							
Military retirement fund .....	15,302	16,089	16,653	17,235	17,839	18,463	19,110
Supplementary medical insurance .....	65,561	69,777	81,332	88,779	92,549	102,042	110,380
Proposed legislation (non-PAYGO) .....			-70	-75	-70	-70	-70
Hospital insurance .....	9,450	8,030	8,596	9,107	9,839	10,560	11,358
Proposed legislation (non-PAYGO) .....			-106	-304	-461	-662	-821
Railroad social security equivalent fund .....	141	106	113	124	134	145	152
Proposed legislation (non-PAYGO) .....			-1	-3	-6	-8	-11
Rail industry pension fund .....	318	229	234	241	247	254	262
Proposed legislation (non-PAYGO) .....			-5	-12	-15	-23	-27
Civilian supplementary retirement contributions .....	21,808	22,056	22,724	23,183	23,869	24,563	25,042
Unemployment insurance .....	397	466	483	478	478	482	495
Other contributions .....	518	574	466	443	444	444	474
Subtotal .....	113,495	117,327	130,419	139,196	144,847	156,190	166,344
Miscellaneous payments .....	956	1,443	819	864	876	893	912
Proposed legislation (non-PAYGO) .....			-11	-11	-12	-12	-12
Subtotal .....	114,451	118,770	131,227	140,049	145,711	157,071	167,244
Trust fund payments to Federal funds:							
Quinquennial adjustment for military service credits .....		836					
Other .....	1,078	2,496	1,186	1,214	1,241	1,271	1,303
Subtotal .....	1,078	3,332	1,186	1,214	1,241	1,271	1,303
Total interfunds distributed by agency .....	115,529	122,102	132,413	141,263	146,952	158,342	168,547
Undistributed by agency:							
Employer share, employee retirement (on-budget):							
Civil service retirement and disability insurance (CSRD) .....	9,611	10,316	10,679	10,585	11,174	11,843	12,547
Proposed legislation (non-PAYGO) .....				469	482	449	415
CSRD from Postal Service .....	6,445	6,768	6,854	6,975	7,111	7,249	7,327
Hospital insurance (contribution as employer) <sup>1</sup> .....	1,991	2,038	2,127	2,229	2,337	2,470	2,574
Postal employer contributions to FHI .....	639	655	682	711	742	774	807
Military retirement fund .....	11,402	11,369	12,166	12,622	13,098	13,567	14,040
Other Federal employees retirement .....	126	130	134	138	142	147	152
Total employer share, employee retirement (on-budget) .....	30,214	31,276	32,642	33,729	35,086	36,499	37,862

Table 4-5. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

Source	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Interest received by on-budget trust funds .....	69,113	73,662	76,317	80,272	84,695	88,974	93,634
Proposed legislation (non-PAYGO) .....			-1	-76	-162	-261	-359
Total interfund transactions undistributed by agency .....	99,327	104,938	108,958	113,925	119,619	125,212	131,137
Total interfund transactions .....	214,856	227,040	241,371	255,188	266,571	283,554	299,684
Total on-budget receipts .....	224,778	246,241	251,271	276,582	288,962	306,930	323,787
<b>Off-budget receipts:</b>							
Trust intrafund transactions:							
Distributed by agency:							
Interfund transactions:							
Distributed by agency:							
Federal fund payments to trust funds:							
Old-age, survivors, and disability insurance .....	13,252	12,541	13,734	14,876	16,076	17,230	18,428
Proposed legislation (non-PAYGO) .....			-140	-418	-645	-921	-1,169
Undistributed by agency:							
Employer share, employee retirement (off-budget) .....	7,637	7,877	8,917	9,161	9,868	10,706	11,443
Interest received by off-budget trust funds .....	59,796	68,886	76,086	85,421	95,855	107,348	120,111
Total off-budget receipts: .....	80,685	89,304	98,597	109,040	121,154	134,363	148,813
<b>Total intragovernmental transactions .....</b>	<b>305,463</b>	<b>335,545</b>	<b>349,868</b>	<b>385,622</b>	<b>410,116</b>	<b>441,293</b>	<b>472,600</b>
<b>PROPRIETARY RECEIPTS FROM THE PUBLIC</b>							
<b>Distributed by agency:</b>							
Interest:							
Interest on foreign loans and deferred foreign collections .....	472	771	706	694	688	680	663
Interest on deposits in tax and loan accounts .....	1,785	1,455	1,340	1,340	1,340	1,340	1,340
Other interest (domestic—civil) <sup>2</sup> .....	9,598	10,865	11,791	12,445	13,323	14,062	14,561
Total interest .....	11,855	13,091	13,837	14,479	15,351	16,082	16,564
Royalties and rents .....	1,639	2,298	2,093	2,074	2,096	2,113	2,096
Sale of products:							
Sale of timber and other natural land products .....	293	445	440	449	439	440	440
Sale of minerals and mineral products .....	23	32	31	21	27	25	24
Sale of power and other utilities .....	735	775	690	722	699	681	707
Other .....	64	58	79	74	64	82	77
Total sale of products .....	1,115	1,310	1,240	1,266	1,229	1,228	1,248
Fees and other charges for services and special benefits:							
Medicare premiums and other charges (trust funds) .....	21,907	23,433	27,034	29,896	31,494	35,020	37,942
Proposed legislation (non-PAYGO) .....			-20	-25	-25	-25	-25
Nuclear waste disposal revenues .....	702	620	640	625	612	637	621
Veterans life insurance (trust funds) .....	201	190	179	168	156	142	128
Other <sup>2</sup> .....	2,349	2,750	2,757	2,875	2,926	3,001	3,056
Proposed legislation (PAYGO) .....			10	128	136	141	144
Total fees and other charges .....	25,159	26,993	30,600	33,667	35,299	38,916	41,866
Sale of Government property:							
Sale of land and other real property .....	45	149	458	117	114	114	113
Military assistance program sales (trust funds) .....	11,362	11,340	11,450	11,470	11,230	11,020	10,940
Other .....	94	332	192	183	142	171	129
Total sale of Government property .....	11,501	11,821	12,100	11,770	11,486	11,305	11,182
Realization upon loans and investments:							
Negative subsidies and downward reestimates of credit subsidies .....	5,007	8,054	818	3,449	3,717	3,749	3,686
Repayment of loans to foreign nations .....	138	291	70	85	88	94	108
Other .....	95	67	114	94	90	86	82
Total realization upon loans and investments .....	5,240	8,412	1,002	3,628	3,895	3,929	3,876

Table 4-5. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

Source	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Recoveries and refunds <sup>2</sup> .....	3,854	3,296	3,352	3,381	3,498	3,680	3,485
Miscellaneous receipt accounts <sup>2</sup> .....	2,876	1,955	1,878	1,884	1,893	1,896	1,906
Total proprietary receipts from the public distributed by agency .....	63,239	69,176	66,102	72,149	74,747	79,149	82,223
<b>Undistributed by agency:</b>							
Other interest: Interest received from Outer Continental Shelf escrow account .....	1,352						
Rents, bonuses, and royalties:							
Outer Continental Shelf rents and bonuses .....	894	505	637	383	322	270	229
Outer Continental Shelf royalties .....	3,686	6,426	5,247	4,975	4,863	4,701	4,607
Arctic National Wildlife Refuge:							
Proposed legislation (PAYGO) .....					2,402	2	2
Sale of major assets .....				323			
Total proprietary receipts from the public undistributed by agency .....	5,932	6,931	5,884	5,681	7,587	4,973	4,838
<b>Total proprietary receipts from the public .....</b>	<b>69,171</b>	<b>76,107</b>	<b>71,986</b>	<b>77,830</b>	<b>82,334</b>	<b>84,122</b>	<b>87,061</b>
<b>OFFSETTING GOVERNMENTAL RECEIPTS</b>							
<b>Distributed by agency:</b>							
Regulatory fees <sup>2</sup> .....	3,310	4,134	4,310	4,306	2,432	2,439	2,454
Proposed legislation (non-PAYGO) .....			71	140	143	147	151
Other .....	75	77	79	81	84	86	88
<b>Undistributed by agency:</b>							
Spectrum auction proceeds .....	150	1,572	4,360	9,665	9,670	1,275	680
Proposed legislation (PAYGO) .....			-2,400	-800	5,300	2,200	4,200
Total offsetting governmental receipts .....	3,535	5,783	6,420	13,392	17,629	6,147	7,573
<b>Total offsetting receipts .....</b>	<b>378,169</b>	<b>417,435</b>	<b>428,274</b>	<b>476,844</b>	<b>510,079</b>	<b>531,562</b>	<b>567,234</b>
<b>MEMORANDUM</b>							
<b>Composition of proprietary receipts from the public</b>							
On-budget:							
Federal funds .....	34,468	39,908	32,162	35,149	38,316	36,805	36,935
Trust funds .....	34,651	36,115	39,740	42,594	43,928	47,223	50,029
Off-budget .....	52	84	84	87	90	94	97

<sup>1</sup> Includes provision for covered Federal civilian employees and military personnel.<sup>2</sup> Includes both Federal funds and trust funds.



## 5. TAX EXPENDITURES

The Congressional Budget Act of 1974 (Public Law 93-344) requires that a list of “tax expenditures” be included in the budget. So-called tax expenditures may be defined as provisions of the Federal tax laws with exclusions, exemptions, deductions, credits deferrals, or special tax rates. Underlying the “tax expenditure” concept is the notion that the Federal Government would otherwise collect additional revenues but for these provisions. It assumes an arbitrary tax base is available to the Government in its entirety as a resource to be spent. Because of the breadth of this arbitrary tax base, the Administration believes that the concept of “tax expenditure” is of questionable analytic value. The discussion below is based on materials and formats developed and included in previous budgets. The Administration intends to reconsider this presentation in the future.

The largest tax expenditures tend to be associated with the individual income tax. For example, sizeable deductions and exclusions 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 estimated 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.

Tax expenditures relating to the individual and corporate income taxes are considered first in this chapter. They are estimated for fiscal years 2000–2006 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 (see the Budget volume, which considers the Federal Government’s spending, regulatory, and tax policies across functional areas).

### TAX EXPENDITURES IN THE INCOME TAX

#### Tax Expenditure Estimates

All tax expenditure estimates presented here are based upon tax law enacted as of December 31, 2000. Expired or repealed provisions are not listed if their revenue effects result only from taxpayer activity occurring before fiscal year 2000. 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 2000–2006 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 effects that arise under the individual and corporate income taxes. Listing the 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 pro-

visions are cleared. The ultimate beneficiaries of corporate tax expenditures could be stockholders, employees, customers, or others, depending on economic forces.

Table 5-3 ranks the major tax expenditures by fiscal year 2002 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 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 activity or of other tax provisions 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 tax revenues associated with other provisions. For example, even if behavior does not change, repeal of an itemized deduction could increase the revenue costs from other deductions because some taxpayers would be moved into higher tax brackets. Alternatively, repeal of an itemized deduction could lower the revenue cost 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 effects 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 would yield their full potential revenue gains relatively quickly, whereas changes to other provisions would only gradually yield their full revenue potential, because certain deductions or exemptions would likely be 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.

### **Present-Value Estimates**

Discounted present-value estimates of revenue effects are presented in Table 5-4 for certain 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 effects, net of future tax payments, that follow from activities undertaken during calendar year 2000 which cause the deferrals or other long-term revenue effects. For instance, a pension contribution in 2000 would cause a deferral of tax payments on wages in 2000 and on pension earnings on this contribution (e.g., interest) in later years. In some future year, however, the 2000 pension contribution and accrued earnings will be paid out and taxes will be due; these receipts are included in the present-value estimate. In general, this conceptual approach is similar to the one used for reporting the budgetary effects of credit programs, where direct loans and guarantees in a given year affect future cash flows.

**Table 5-1. ESTIMATES OF TOTAL INCOME TAX EXPENDITURES<sup>1</sup>**  
(In millions of dollars)

	Total from corporations and individuals							
	2000	2001	2002	2003	2004	2005	2006	2002-2006
<b>National Defense</b>								
1 Exclusion of benefits, allowances, and certain pays to armed forces personnel .....	2,140	2,160	2,190	2,210	2,240	2,260	2,290	11,190
<b>International affairs:</b>								
2 Exclusion of income earned abroad by U.S. citizens .....	2,500	2,680	2,850	3,010	3,180	3,350	3,550	15,940
3 Exclusion of certain allowances for Federal employees abroad .....	680	720	750	790	830	870	920	4,160
4 Exclusion of income of foreign sales corporations .....	3,890	0	0	0	0	0	0	0
5 Extraterritorial income exclusion .....	0	4,490	4,810	5,150	5,500	5,880	6,290	27,630
6 Inventory property sales source rules exception .....	2,170	2,280	2,390	2,510	2,630	2,760	2,900	13,190
7 Deferral of income from controlled foreign corporations (normal tax method) .....	6,200	6,600	7,000	7,450	7,900	8,400	8,930	39,680
8 Deferred taxes for financial firms on certain income earned overseas .....	1,190	1,290	540	0	0	0	0	540
<b>General science, space, and technology:</b>								
9 Expensing of research and experimentation expenditures (normal tax method) .....	1,680	1,650	1,680	1,770	1,880	1,980	2,100	9,410
10 Credit for increasing research activities .....	1,630	6,050	6,760	5,390	4,710	2,720	1,160	20,740
<b>Energy:</b>								
11 Expensing of exploration and development costs, fuels .....	20	70	70	100	110	110	100	490
12 Excess of percentage over cost depletion, fuels .....	340	340	340	340	340	350	350	1,720
13 Alternative fuel production credit .....	970	920	860	540	130	130	130	1,790
14 Exception from passive loss limitation for working interests in oil and gas properties .....	20	20	20	20	20	20	20	100
15 Capital gains treatment of royalties on coal .....	70	70	80	80	80	90	90	420
16 Exclusion of interest on energy facility bonds .....	90	90	90	100	110	130	140	570
17 Enhanced oil recovery credit .....	310	370	440	530	630	770	910	3,280
18 New technology credit .....	40	60	70	90	90	90	90	430
19 Alcohol fuel credits <sup>2</sup> .....	20	20	20	20	20	20	20	100
20 Tax credit and deduction for clean-fuel burning vehicles .....	60	60	50	30	0	-30	-50	0
21 Exclusion from income of conservation subsidies provided by public utilities .....	90	80	80	80	90	90	90	430
<b>Natural resources and environment:</b>								
22 Expensing of exploration and development costs, nonfuel minerals .....	20	20	20	20	20	20	20	100
23 Excess of percentage over cost depletion, nonfuel minerals .....	270	280	300	310	320	330	350	1,610
24 Exclusion of interest on bonds for water, sewage, and hazardous waste facilities .....	400	400	410	450	510	560	610	2,540
25 Capital gains treatment of certain timber income .....	70	70	80	80	80	90	90	420
26 Expensing of multiperiod timber growing costs .....	570	580	610	630	640	660	680	3,220
27 Investment credit and seven-year amortization for reforestation expenditures .....	0	0	0	0	10	10	10	30
28 Tax incentives for preservation of historic structures .....	190	200	210	220	240	250	260	1,180
<b>Agriculture:</b>								
29 Expensing of certain capital outlays .....	160	160	160	170	170	180	180	860
30 Expensing of certain multiperiod production costs .....	110	110	120	120	120	130	130	620
31 Treatment of loans forgiven for solvent farmers .....	10	10	10	10	10	10	10	50
32 Capital gains treatment of certain income .....	700	740	780	820	860	900	950	4,310
33 Income averaging for farmers .....	50	50	50	50	60	60	60	280
34 Deferral of gain on sale of farm refiners .....	10	10	10	10	10	10	10	50
<b>Commerce and housing:</b>								
<b>Financial institutions and insurance:</b>								
35 Exemption of credit union income .....	1,550	1,650	1,770	1,890	2,020	2,160	2,280	10,120
36 Excess bad debt reserves of financial institutions .....	70	60	50	30	20	10	0	110
37 Exclusion of interest on life insurance savings .....	13,950	15,170	16,520	17,990	19,610	21,370	23,330	98,820
38 Special alternative tax on small property and casualty insurance companies .....	10	10	10	10	10	10	10	50
39 Tax exemption of certain insurance companies owned by tax-exempt organizations .....	230	240	250	270	280	300	310	1,410
40 Small life insurance company deduction .....	100	100	100	100	100	100	100	500
<b>Housing:</b>								
41 Exclusion of interest on owner-occupied mortgage subsidy bonds .....	790	800	820	870	990	1,090	1,200	4,970
42 Exclusion of interest on rental housing bonds .....	160	160	170	170	200	230	260	1,030
43 Deductibility of mortgage interest on owner-occupied homes .....	60,270	63,190	65,750	68,050	70,470	73,100	76,150	353,520
44 Deductibility of State and local property tax on owner-occupied homes .....	22,140	23,920	25,570	27,220	29,080	30,980	33,220	146,070
45 Deferral of income from post 1987 installment sales .....	1,010	1,035	1,050	1,070	1,090	1,110	1,130	5,450
46 Capital gains exclusion on home sales .....	18,540	19,095	19,670	20,260	20,870	21,490	22,140	104,430
47 Exception from passive loss rules for \$25,000 of rental loss .....	4,720	4,450	4,220	4,000	3,790	3,600	3,410	19,020
48 Credit for low-income housing investments .....	3,210	3,310	3,460	3,600	3,790	3,940	4,080	18,870
49 Accelerated depreciation on rental housing (normal tax method) .....	4,740	5,140	5,520	5,830	6,040	6,140	6,210	29,740
<b>Commerce:</b>								
50 Cancellation of indebtedness .....	30	20	10	10	10	20	20	70
51 Exceptions from imputed interest rules .....	80	80	80	80	80	80	80	400
52 Capital gains (except agriculture, timber, iron ore, and coal) (normal tax method) .....	40,520	41,720	42,950	44,220	45,530	46,870	48,260	227,830
53 Capital gains exclusion of small corporation stock .....	40	70	90	120	160	200	250	820
54 Step-up basis of capital gains at death .....	27,090	28,240	29,370	30,540	31,760	33,030	34,360	159,060
55 Carryover basis of capital gains on gifts .....	180	190	200	210	220	230	240	1,100

**Table 5-1. ESTIMATES OF TOTAL INCOME TAX EXPENDITURES<sup>1</sup>—Continued**  
(In millions of dollars)

	Total from corporations and individuals								
	2000	2001	2002	2003	2004	2005	2006	2002-2006	
56	Ordinary income treatment of loss from small business corporation stock sale .....	35	40	40	40	40	40	40	200
57	Accelerated depreciation of buildings other than rental housing (normal tax method) .....	3,260	3,170	3,290	2,880	2,860	2,730	3,220	14,980
58	Accelerated depreciation of machinery and equipment (normal tax method) .....	30,660	33,050	35,400	37,680	39,760	41,530	43,330	197,700
59	Expensing of certain small investments (normal tax method) .....	2,100	2,570	2,690	2,670	2,570	2,480	2,510	12,920
60	Amortization of start-up costs (normal tax method) .....	200	200	200	210	220	220	220	1,070
61	Graduated corporation income tax rate (normal tax method) .....	6,480	6,700	7,140	7,460	7,540	7,760	7,960	37,860
62	Exclusion of interest on small issue bonds .....	290	300	310	330	360	410	450	1,860
<b>Transportation:</b>									
63	Deferral of tax on shipping companies .....	20	20	20	20	20	20	20	100
64	Exclusion of reimbursed employee parking expenses .....	1,880	1,980	2,090	2,190	2,300	2,420	2,550	11,550
65	Exclusion for employer-provided transit passes .....	190	220	260	310	350	400	440	1,760
<b>Community and regional development:</b>									
66	Investment credit for rehabilitation of structures (other than historic) .....	30	30	30	30	30	30	30	150
67	Exclusion of interest for airport, dock, and similar bonds .....	620	630	640	690	780	850	950	3,910
68	Exemption of certain mutuals' and cooperatives' income .....	60	60	60	60	60	70	70	320
69	Empowerment zones and enterprise communities .....	310	320	660	1,140	1,210	1,340	1,480	5,830
70	New markets tax credit .....	0	10	90	200	310	440	640	1,680
71	Expensing of environmental remediation costs .....	160	350	410	330	30	-130	-80	560
<b>Education, training, employment, and social services:</b>									
Education:									
72	Exclusion of scholarship and fellowship income (normal tax method) .....	1,110	1,120	1,130	1,140	1,150	1,160	1,180	5,760
73	HOPE tax credit .....	4,210	4,480	4,610	4,280	4,110	4,360	4,630	21,990
74	Lifetime Learning tax credit .....	2,420	2,570	2,580	2,960	4,490	4,460	4,660	19,150
75	Education Individual Retirement Accounts .....	20	30	50	60	80	100	120	410
76	Deductibility of student-loan interest .....	360	370	380	380	390	400	410	1,960
77	Deferral for state prepaid tuition plans .....	100	130	180	230	250	290	330	1,280
78	Exclusion of interest on student-loan bonds .....	210	230	230	240	270	290	330	1,360
79	Exclusion of interest on bonds for private nonprofit educational facilities .....	520	540	550	580	650	740	810	3,330
80	Credit for holders of zone academy bonds .....	10	20	40	50	60	70	70	290
81	Exclusion of interest on savings bonds redeemed to finance educational expenses .....	10	10	10	10	10	10	10	50
82	Parental personal exemption for students age 19 or over .....	950	1,010	1,070	1,110	1,170	1,220	1,270	5,840
83	Deductibility of charitable contributions (education) .....	2,730	2,830	2,930	3,090	3,200	3,300	3,540	16,060
84	Exclusion of employer-provided educational assistance .....	240	260	90	0	0	0	0	90
Training, employment, and social services:									
85	Work opportunity tax credit .....	390	400	300	180	80	30	10	600
86	Welfare-to-work tax credit .....	50	70	70	50	20	10	0	150
87	Exclusion of employer provided child care .....	670	700	730	760	810	850	900	4,050
88	Adoption assistance .....	120	130	120	30	30	20	20	220
89	Assistance for adopted foster children .....	160	190	210	240	250	260	270	1,230
90	Exclusion of employee meals and lodging (other than military) .....	680	710	740	780	810	850	890	4,070
91	Child credit <sup>3</sup> .....	19,330	19,310	18,980	18,410	18,000	17,430	16,790	89,610
92	Credit for child and dependent care expenses .....	2,390	2,360	2,330	2,300	2,280	2,250	2,220	11,380
93	Credit for disabled access expenditures .....	40	40	50	50	50	50	50	250
94	Deductibility of charitable contributions, other than education and health .....	20,150	21,020	22,030	23,160	24,240	25,380	26,780	121,590
95	Exclusion of certain foster care payments .....	550	570	300	630	660	700	730	3,020
96	Exclusion of parsonage allowances .....	330	350	370	400	430	460	490	2,150
<b>Health:</b>									
97	Exclusion of employer contributions for medical insurance premiums and medical care .....	76,530	84,350	92,230	99,800	107,620	115,770	124,690	540,110
98	Self-employed medical insurance premiums .....	1,340	1,510	1,760	2,470	3,580	3,900	4,220	15,930
99	Workers' compensation insurance premiums .....	4,620	4,850	5,090	5,350	5,620	5,900	6,190	28,150
100	Medical Savings Accounts .....	20	20	30	20	20	20	20	110
101	Deductibility of medical expenses .....	4,250	4,560	4,870	5,170	5,480	5,790	6,110	27,420
102	Exclusion of interest on hospital construction bonds .....	1,080	1,100	1,130	1,210	1,350	1,490	1,660	6,840
103	Deductibility of charitable contributions (health) .....	2,910	3,000	3,100	3,270	3,380	3,480	3,740	16,970
104	Tax credit for orphan drug research .....	100	110	130	140	160	180	200	810
105	Special Blue Cross/Blue Shield deduction .....	230	250	280	320	290	280	250	1,420
<b>Income security:</b>									
106	Exclusion of railroad retirement system benefits .....	360	360	360	360	360	360	360	1,800
107	Exclusion of workers' compensation benefits .....	5,120	5,560	5,810	6,070	6,320	6,600	6,900	31,700
108	Exclusion of public assistance benefits (normal tax method) .....	360	370	390	400	420	430	450	2,090
109	Exclusion of special benefits for disabled coal miners .....	80	70	70	60	60	60	50	300
110	Exclusion of military disability pensions .....	120	120	130	130	130	140	140	670
Net exclusion of pension contributions and earnings:									
111	Employer plans .....	89,120	93,220	97,510	103,010	108,480	114,220	121,990	545,210
112	Individual Retirement Accounts .....	15,200	15,920	16,600	17,230	17,770	18,220	18,520	88,340

**Table 5-1. ESTIMATES OF TOTAL INCOME TAX EXPENDITURES<sup>1</sup>—Continued**  
(In millions of dollars)

	Total from corporations and individuals							
	2000	2001	2002	2003	2004	2005	2006	2002-2006
113	5,500	5,830	6,180	6,540	6,930	7,330	7,750	34,730
Exclusion of other employee benefits:								
114	1,720	1,750	1,780	1,830	1,860	1,900	1,930	9,300
115	200	210	220	230	240	250	260	1,200
116	10	10	10	10	10	10	10	50
	1,240	1,290	1,340	1,400	1,460	1,540	1,610	7,350
118	30	30	30	30	40	40	40	180
119	1,920	1,990	2,060	2,130	2,210	2,260	2,350	11,010
120	30	30	30	30	30	30	30	150
121	230	250	260	280	290	300	320	1,450
122	4,644	4,692	4,693	5,225	5,456	5,688	5,965	27,297
<b>Social Security:</b>								
Exclusion of social security benefits:								
123	18,250	19,070	19,930	20,520	21,050	21,840	22,780	106,120
124	2,640	2,880	3,160	3,490	3,910	4,360	4,840	19,760
125	3,910	4,030	4,210	4,440	4,730	5,070	5,380	23,830
<b>Veterans benefits and services:</b>								
126	3,090	3,290	3,460	3,640	3,820	4,010	4,210	19,140
127	70	70	80	80	90	90	100	440
128	80	90	90	100	100	110	110	510
129	40	40	40	40	40	50	50	220
<b>General purpose fiscal assistance:</b>								
130	22,600	23,050	23,510	23,980	24,460	24,950	25,450	122,350
131	42,650	45,730	48,730	51,780	55,030	58,390	62,160	276,090
132	2,470	2,520	2,560	2,580	2,610	2,630	1,060	11,440
<b>Interest:</b>								
133	470	490	520	540	570	600	630	2,860
<b>Addendum: Aid to State and local governments:</b>								
Deductibility of:								
	22,140	23,920	25,570	27,220	29,080	30,980	33,220	146,070
	42,650	45,730	48,730	51,780	55,030	58,390	62,160	276,090
Exclusion of interest on State and local bonds for:								
	22,600	23,050	23,510	23,980	24,460	24,950	25,450	122,350
	90	90	90	100	110	130	140	570
	400	400	410	450	510	560	610	2,540
	290	300	310	330	360	410	450	1,860
	790	800	820	870	990	1,090	1,200	4,970
	160	160	170	170	200	230	260	1,030
	620	630	640	690	780	850	950	3,910
	210	230	230	240	270	290	330	1,360
	520	540	550	580	650	740	810	3,330
	1,080	1,100	1,130	1,210	1,350	1,490	1,660	6,840
	40	40	40	40	40	50	50	220
	10	20	40	50	60	70	70	290

<sup>1</sup>The determination of whether a provision is a tax expenditure is made on the basis of a broad concept of "income" that is larger in scope than is "income" as defined under general U.S. income tax principles. For that reason, the tax expenditure estimates include, for example, estimates related to the exclusion of extraterritorial income, as well as other exclusions, notwithstanding that such exclusions define income under the general rule of U.S. income taxation.

<sup>2</sup>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: 2000 \$840; 2001 \$880; 2002 \$930; 2003 \$950; 2004 \$960; 2005 \$960; and in 2006 \$960.

<sup>3</sup>The figures in the table indicate the effect of the child tax credit on receipts. The effect of the credit on outlays (in millions of dollars) is as follows: 2000 \$810; 2001 \$790; 2002 \$760; 2003 \$720; 2004 \$660; 2005 \$630; and in 2006 \$590.

<sup>4</sup>The figures in the table indicate the effect of the earned income tax credit on receipts. The effect of the credit on outlays (in millions of dollars) is as follows: 2000 \$26,099; 2001 \$25,923; 2002 \$26,983; 2003 \$27,875; 2004 \$28,545; 2005 \$29,373; and in 2006 \$30,165.

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 \$10 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 ESTIMATES OF TAX EXPENDITURES 1—Continued

(In millions of dollars)

	Corporations								Individuals								
	2000	2001	2002	2003	2004	2005	2006	2002-2006	2000	2001	2002	2003	2004	2005	2006	2002-2006	
32	Capital gains treatment of certain income .....								700	740	780	820	860	900	950	4,310	
33	Income averaging for farmers .....								50	50	50	50	60	60	60	280	
34	Deferral of gain on sale of farm refiners .....	10	10	10	10	10	10	50									
	<b>Commerce and housing:</b>																
35	Financial institutions and insurance: Exemption of credit union income .....	1,550	1,650	1,770	1,890	2,020	2,160	2,280	10,120								
36	Excess bad debt reserves of financial institutions .....	70	60	50	30	20	10		110								
37	Exclusion of interest on life insurance savings .....	490	530	580	630	690	750	820	3,470	13,460	14,640	15,940	17,360	18,920	20,620	22,510	95,350
38	Special alternative tax on small property and casualty insurance companies .....	10	10	10	10	10	10	10	50								
39	Tax exemption of certain insurance companies owned by tax-exempt organizations .....	230	240	250	270	280	300	310	1,410								
40	Small life insurance company deduction .....	100	100	100	100	100	100	100	500								
	<b>Housing:</b>																
41	Exclusion of interest on owner-occupied mortgage subsidy bonds .....	200	200	210	220	250	270	290	1,240	590	600	610	650	740	820	910	3,730
42	Exclusion of interest on rental housing bonds .....	40	40	40	40	50	60	70	260	120	120	130	130	150	170	190	770
43	Deductibility of mortgage interest on owner-occupied homes .....								60,270	63,190	65,750	68,050	70,470	73,100	76,150	353,520	
44	Deductibility of State and local property tax on owner-occupied homes .....								22,140	23,920	25,570	27,220	29,080	30,980	33,220	146,070	
45	Deferral of income from post 1987 installment sales .....	260	270	270	280	280	290	290	1,410	750	765	780	790	810	820	840	4,040
46	Capital gains exclusion on home sales .....								18,540	19,095	19,670	20,260	20,870	21,490	22,140	104,430	
47	Exception from passive loss rules for \$25,000 of rental loss .....								4,720	4,450	4,220	4,000	3,790	3,600	3,410	19,020	
48	Credit for low-income housing investments .....	2,410	2,490	2,600	2,710	2,850	2,960	3,070	14,190	800	820	860	890	940	980	1,010	4,680
49	Accelerated depreciation on rental housing (normal tax method) .....	340	370	400	420	430	440	450	2,140	4,400	4,770	5,120	5,410	5,610	5,700	5,760	27,600
	<b>Commerce:</b>																
50	Cancellation of indebtedness .....								30	20	10	10	10	20	20	70	
51	Exceptions from imputed interest rules .....								80	80	80	80	80	80	80	400	
52	Capital gains (except agriculture, timber, iron ore, and coal) (normal tax method) .....								40,520	41,720	42,950	44,220	45,530	46,870	48,260	227,830	
53	Capital gains exclusion of small corporation stock .....								40	70	90	120	160	200	250	820	
54	Step-up basis of capital gains at death .....								27,090	28,240	29,370	30,540	31,760	33,030	34,360	159,060	
55	Carryover basis of capital gains on gifts .....								180	190	200	210	220	230	240	1,100	
56	Ordinary income treatment of loss from small business corporation stock sale .....								35	40	40	40	40	40	40	200	
57	Accelerated depreciation of buildings other than rental housing (normal tax method) .....	1,650	1,530	1,540	1,360	1,210	1,130	1,230	6,470	1,610	1,640	1,750	1,520	1,650	1,600	1,990	8,510
58	Accelerated depreciation of machinery and equipment (normal tax method) .....	28,020	30,230	32,400	34,530	36,470	38,110	39,770	181,280	2,640	2,820	3,000	3,150	3,290	3,420	3,560	16,420
59	Expensing of certain small investments (normal tax method) .....	630	810	880	870	840	810	820	4,220	1,470	1,760	1,810	1,800	1,730	1,670	1,690	8,700
60	Amortization of start-up costs (normal tax method) .....	120	120	120	130	130	130	130	640	80	80	80	80	90	90	90	430
61	Graduated corporation income tax rate (normal tax method) .....	6,480	6,700	7,140	7,460	7,540	7,760	7,960	37,860								
62	Exclusion of interest on small issue bonds .....	70	80	80	90	90	100	110	470	220	220	230	240	270	310	340	1,390

Table 5-2. CORPORATE AND INDIVIDUAL INCOME TAX ESTIMATES OF TAX EXPENDITURES<sup>1</sup>—Continued

(In millions of dollars)

	Corporations								Individuals							
	2000	2001	2002	2003	2004	2005	2006	2002-2006	2000	2001	2002	2003	2004	2005	2006	2002-2006
<b>Transportation:</b>																
63 Deferral of tax on shipping companies .....	20	20	20	20	20	20	20	100								
64 Exclusion of reimbursed employee parking expenses .....									1,880	1,980	2,090	2,190	2,300	2,420	2,550	11,550
65 Exclusion for employer-provided transit passes .....									190	220	260	310	350	400	440	1,760
<b>Community and regional development:</b>																
66 Investment credit for rehabilitation of structures (other than historic) .....	20	20	20	20	20	20	20	100	10	10	10	10	10	10	10	50
67 Exclusion of interest for airport, dock, and similar bonds .....	160	160	160	180	200	210	240	990	460	470	480	510	580	640	710	2,920
68 Exemption of certain mutuals' and cooperatives' income .....	60	60	60	60	60	70	70	320								
69 Empowerment zones and enterprise communities .....	80	80	210	300	310	350	370	1,540	230	240	450	840	900	990	1,110	4,290
70 New markets tax credit .....			20	50	80	110	160	420		10	70	150	230	330	480	1,260
71 Expensing of environmental remediation costs .....	130	290	340	280	40	-110	-70	480	30	60	70	50	-10	-20	-10	80
<b>Education, training, employment, and social services:</b>																
<b>Education:</b>																
72 Exclusion of scholarship and fellowship income (normal tax method) .....									1,110	1,120	1,130	1,140	1,150	1,160	1,180	5,760
73 HOPE tax credit .....									4,210	4,480	4,610	4,280	4,110	4,360	4,630	21,990
74 Lifetime Learning tax credit .....									2,420	2,570	2,580	2,960	4,490	4,460	4,660	19,150
75 Education Individual Retirement Accounts .....									20	30	50	60	80	100	120	410
76 Deductibility of student-loan interest .....									360	370	380	380	390	400	410	1,960
77 Deferral for state prepaid tuition plans .....									100	130	180	230	250	290	330	1,280
78 Exclusion of interest on student-loan bonds .....	50	60	60	60	70	70	80	340	160	170	170	180	200	220	250	1,020
79 Exclusion of interest on bonds for private nonprofit educational facilities .....	130	140	140	150	160	190	200	840	390	400	410	430	490	550	610	2,490
80 Credit for holders of zone academy bonds .....	10	20	40	50	60	70	70	290								
81 Exclusion of interest on savings bonds redeemed to finance educational expenses .....									10	10	10	10	10	10	10	50
82 Parental personal exemption for students age 19 or over .....									950	1,010	1,070	1,110	1,170	1,220	1,270	5,840
83 Deductibility of charitable contributions (education) .....	600	600	590	630	620	590	690	3,120	2,130	2,230	2,340	2,460	2,580	2,710	2,850	12,940
84 Exclusion of employer-provided educational assistance .....									240	260	90					90
<b>Training, employment, and social services:</b>																
85 Work opportunity tax credit .....	350	360	270	160	70	30	10	540	40	40	30	20	10			60
86 Welfare-to-work tax credit .....	40	60	60	40	20	10		130	10	10	10	10				20
87 Exclusion of employer provided child care .....									670	700	730	760	810	850	900	4,050
88 Adoption assistance .....									120	130	120	30	30	20	20	220
89 Assistance for adopted foster children .....									160	190	210	240	250	260	270	1,230
90 Exclusion of employee meals and lodging (other than military) .....									680	710	740	780	810	850	890	4,070
91 Child credit <sup>3</sup> .....									19,330	19,310	18,980	18,410	18,000	17,430	16,790	89,610
92 Credit for child and dependent care expenses .....									2,390	2,360	2,330	2,300	2,280	2,250	2,220	11,380
93 Credit for disabled access expenditures .....	10	10	10	10	10	10	10	50	30	30	40	40	40	40	40	200
94 Deductibility of charitable contributions, other than education and health .....	750	740	730	790	760	730	860	3,870	19,400	20,280	21,300	22,370	23,480	24,650	25,920	117,720
95 Exclusion of certain foster care payments .....									550	570	300	630	660	700	730	3,020
96 Exclusion of parsonage allowances .....									330	350	370	400	430	460	490	2,150



Table 5-2. CORPORATE AND INDIVIDUAL INCOME TAX ESTIMATES OF TAX EXPENDITURES 1—Continued

(In millions of dollars)

	Corporations								Individuals								
	2000	2001	2002	2003	2004	2005	2006	2002-2006	2000	2001	2002	2003	2004	2005	2006	2002-2006	
<b>Health:</b>																	
97 Exclusion of employer contributions for medical insurance premiums and medical care .....									76,530	84,350	92,230	99,800	107,620	115,770	124,690	540,110	
98 Self-employed medical insurance premiums .....									1,340	1,510	1,760	2,470	3,580	3,900	4,220	15,930	
99 Workers' compensation insurance premiums .....									4,620	4,850	5,090	5,350	5,620	5,900	6,190	28,150	
100 Medical Savings Accounts .....									20	20	30	20	20	20	20	110	
101 Deductibility of medical expenses ..									4,250	4,560	4,870	5,170	5,480	5,790	6,110	27,420	
102 Exclusion of interest on hospital construction bonds .....	270	280	290	310	340	370	410	1,720	810	820	840	900	1,010	1,120	1,250	5,120	
103 Deductibility of charitable contributions (health) .....	730	720	710	760	740	710	830	3,750	2,180	2,280	2,390	2,510	2,640	2,770	2,910	13,220	
104 Tax credit for orphan drug research .....	100	110	130	140	160	180	200	810									
105 Special Blue Cross/Blue Shield deduction .....	230	250	280	320	290	280	250	1,420									
<b>Income security:</b>																	
106 Exclusion of railroad retirement system benefits .....									360	360	360	360	360	360	360	360	1,800
107 Exclusion of workers' compensation benefits .....									5,120	5,560	5,810	6,070	6,320	6,600	6,900	31,700	
108 Exclusion of public assistance benefits (normal tax method) .....									360	370	390	400	420	430	450	2,090	
109 Exclusion of special benefits for disabled coal miners .....									80	70	70	60	60	60	50	300	
110 Exclusion of military disability pensions .....									120	120	130	130	130	140	140	670	
Net exclusion of pension contributions and earnings:																	
111 Employer plans .....									89,120	93,220	97,510	103,010	108,480	114,220	121,990	545,210	
112 Individual Retirement Accounts ..									15,200	15,920	16,600	17,230	17,770	18,220	18,520	88,340	
113 Keogh plans .....									5,500	5,830	6,180	6,540	6,930	7,330	7,750	34,730	
Exclusion of other employee benefits:																	
114 Premiums on group term life insurance .....									1,720	1,750	1,780	1,830	1,860	1,900	1,930	9,300	
115 Premiums on accident and disability insurance .....									200	210	220	230	240	250	260	1,200	
116 Income of trusts to finance supplementary unemployment benefits .....	10	10	10	10	10	10	10	50									
117 Special ESOP rules .....	940	980	1,020	1,070	1,120	1,180	1,240	5,630	300	310	320	330	340	360	370	1,720	
118 Additional deduction for the blind ..									30	30	30	30	40	40	40	180	
119 Additional deduction for the elderly .....									1,920	1,990	2,060	2,130	2,210	2,260	2,350	11,010	
120 Tax credit for the elderly and disabled .....									30	30	30	30	30	30	30	150	
121 Deductibility of casualty losses ..									230	250	260	280	290	300	320	1,450	
122 Earned income tax credit <sup>4</sup> .....									4,644	4,692	4,963	5,225	5,436	5,688	5,965	27,297	
<b>Social Security:</b>																	
Exclusion of social security benefits:																	
123 Social Security benefits for retired workers .....									18,250	19,070	19,930	20,520	21,050	21,840	22,780	106,120	
124 Social Security benefits for disabled .....									2,640	2,880	3,160	3,490	3,910	4,360	4,840	19,760	
125 Social Security benefits for dependents and survivors .....									3,910	4,030	4,210	4,440	4,730	5,070	5,380	23,830	
<b>Veterans benefits and services:</b>																	
126 Exclusion of veterans death benefits and disability compensation .....									3,090	3,290	3,460	3,640	3,820	4,010	4,210	19,140	
127 Exclusion of veterans pensions .....									70	70	80	80	90	90	100	440	
128 Exclusion of GI bill benefits .....									80	90	90	100	100	110	110	510	
129 Exclusion of interest on veterans housing bonds .....	10	10	10	10	10	10	10	50	30	30	30	30	30	40	40	170	
<b>General purpose fiscal assistance:</b>																	
130 Exclusion of interest on public purpose State and local bonds .....	5,730	5,840	5,960	6,080	6,200	6,320	6,450	31,010	16,870	17,210	17,550	17,900	18,260	18,630	19,000	91,340	
131 Deductibility of nonbusiness state and local taxes other than on owner-occupied homes .....									42,650	45,730	48,730	51,780	55,030	58,390	62,160	276,090	

Table 5-2. CORPORATE AND INDIVIDUAL INCOME TAX ESTIMATES OF TAX EXPENDITURES 1—Continued

(In millions of dollars)

	Corporations									Individuals							
	2000	2001	2002	2003	2004	2005	2006	2002-2006	2000	2001	2002	2003	2004	2005	2006	2002-2006	
132 Tax credit for corporations receiving income from doing business in U.S. possessions .....	2,470	2,520	2,560	2,580	2,610	2,630	1,060	11,440	.....	.....	.....	.....	.....	.....	.....	.....	
<b>Interest:</b>																	
133 Deferral of interest on U.S. savings bonds .....	.....	.....	.....	.....	.....	.....	.....	.....	470	490	520	540	570	600	630	2,860	
<b>Addendum: Aid to State and local governments:</b>																	
<b>Deductibility of:</b>																	
Property taxes on owner-occupied homes .....	.....	.....	.....	.....	.....	.....	.....	.....	22,140	23,920	25,570	27,220	29,080	30,980	33,220	146,070	
Nonbusiness State and local taxes other than on owner-occupied homes .....	.....	.....	.....	.....	.....	.....	.....	.....	42,650	45,730	48,730	51,780	55,030	58,390	62,160	276,090	
<b>Exclusion of interest on State and local bonds for:</b>																	
Public purposes .....	5,730	5,840	5,960	6,080	6,200	6,320	6,450	31,010	16,870	17,210	17,550	17,900	18,260	18,630	19,000	91,340	
Energy facilities .....	20	20	20	20	30	40	40	150	70	70	70	80	80	90	100	420	
Water, sewage, and hazardous waste disposal facilities .....	100	100	100	120	130	140	150	640	300	300	310	330	380	420	460	1,900	
Small-issues .....	70	80	80	90	90	100	110	470	220	220	230	240	270	310	340	1,390	
Owner-occupied mortgage subsidies .....	200	200	210	220	250	270	290	1,240	590	600	610	650	740	820	910	3,730	
Rental housing .....	40	40	40	40	50	60	70	260	120	120	130	130	150	170	190	770	
Airports, docks, and similar facilities .....	160	160	160	180	200	210	240	990	460	470	480	510	580	640	710	2,920	
Student loans .....	50	60	60	60	70	70	80	340	160	170	170	180	200	220	250	1,020	
Private nonprofit educational facilities .....	130	140	140	150	160	190	200	840	390	400	410	430	490	550	610	2,490	
Hospital construction .....	270	280	290	310	340	370	410	1,720	810	820	840	900	1,010	1,120	1,250	5,120	
Veterans' housing .....	10	10	10	10	10	10	10	50	30	30	30	30	30	40	40	170	
Credit for holders of zone academy bonds .....	10	20	40	50	60	70	70	290	.....	.....	.....	.....	.....	.....	.....	.....	

<sup>1</sup> The determination of whether a provision is a tax expenditure is made on the basis of a broad concept of "income" that is larger in scope than is "income" as defined under general U.S. income tax principles. For that reason, the tax expenditure estimates include, for example, estimates related to the exclusion of extraterritorial income, as well as other exclusions, notwithstanding that such exclusions define income under the general rule of U.S. income taxation.

<sup>2</sup> 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: 2000 \$840; 2001 \$880; 2002 \$930; 2003 \$950; 2004 \$960; 2005 \$960; and in 2006 \$960.

<sup>3</sup> The figures in the table indicate the effect of the child tax credit on receipts. The effect of the credit on outlays (in millions of dollars) is as follows: 2000 \$810; 2001 \$790; 2002 \$760; 2003 \$720; 2004 \$660; 2005 \$630; and in 2006 \$590.

<sup>4</sup> The figures in the table indicate the effect of the earned income tax credit on receipts. The effect of the credit on outlays (in millions of dollars) is as follows: 2000 \$26,099; 2001 \$25,923; 2002 \$26,983; 2003 \$27,875; 2004 \$28,545; 2005 \$29,373; and in 2006 \$30,165.

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 \$10 million. Provisions with estimates that rounded to zero in each year are not included in the table.

**Table 5-3. INCOME TAX EXPENDITURES RANKED BY TOTAL 2002 PROJECTED REVENUE EFFECT**

(In millions of dollars)

Provision	2002	2002-2006
Net exclusion of pension contributions and earnings: Employer Plans .....	97,510	545,210
Exclusion of employer contributions for medical insurance premiums and medical care .....	92,230	540,110
Deductibility of mortgage interest on owner-occupied homes .....	65,750	353,520
Deductibility of nonbusiness state and local taxes other than on owner-occupied homes .....	48,730	276,090
Capital gains (except agriculture, timber, iron ore, and coal) (normal tax method) .....	42,950	227,830
Accelerated depreciation of machinery and equipment (normal tax method) .....	35,400	197,700
Step-up basis of capital gains at death .....	29,370	159,060
Deductibility of State and local property tax on owner-occupied homes .....	25,570	146,070
Exclusion of interest on public purpose State and local bonds .....	23,510	122,350
Deductibility of charitable contributions, other than education and health .....	22,030	121,590
Exclusion of Social Security benefits for retired workers .....	19,930	106,120
Capital gains exclusion on home sales .....	19,670	104,430
Child credit .....	18,980	89,610
Net exclusion of pension contributions and earnings: Individual Retirement Accounts .....	16,600	88,340
Exclusion of interest on life insurance savings .....	16,520	98,820
Graduated corporation income tax rate (normal tax method) .....	7,140	37,860
Deferral of income from controlled foreign corporations (normal tax method) .....	7,000	39,680
Credit for increasing research activities .....	6,760	20,740
Net exclusion of pension contributions and earnings: Keough Plans .....	6,180	34,730
Exclusion of workers' compensation benefits .....	5,810	31,700
Accelerated depreciation on rental housing (normal tax method) .....	5,520	29,740
Workers' compensation insurance premiums .....	5,090	28,150
Earned income tax credit .....	4,963	27,297
Deductibility of medical expenses .....	4,870	27,420
Extraterritorial income exclusion .....	4,810	27,630
HOPE tax credit .....	4,610	21,990
Exception from passive loss rules for \$25,000 of rental loss .....	4,220	19,020
Exclusion of Social Security benefits for dependents and survivors .....	4,210	23,830
Credit for low-income housing investments .....	3,460	18,870
Exclusion of veterans death benefits and disability compensation .....	3,460	19,140
Accelerated depreciation of buildings other than rental housing (normal tax method) .....	3,290	14,980
Exclusion of Social Security benefits for disabled .....	3,160	19,760
Deductibility of charitable contributions (health) .....	3,100	16,970
Deductibility of charitable contributions (education) .....	2,930	16,060
Exclusion of income earned abroad by U.S. citizens .....	2,850	15,940
Expensing of certain small investments (normal tax method) .....	2,690	12,920
Lifetime Learning tax credit .....	2,580	19,150
Tax credit for corporations receiving income from doing business in U.S. possessions .....	2,560	11,440
Inventory property sales source rules exception .....	2,390	13,190
Credit for child and dependent care expenses .....	2,330	11,380
Exclusion of benefits, allowances, and certain pays to armed forces personnel .....	2,190	11,190
Exclusion of reimbursed employee parking expenses .....	2,090	11,550
Additional deduction for the elderly .....	2,060	11,010
Exclusion of premiums on group term life insurance .....	1,780	9,300
Exemption of credit union income .....	1,770	10,120
Self-employed medical insurance premiums .....	1,760	15,930
Expensing of research and experimentation expenditures (normal tax method) .....	1,680	9,410
Special ESOP rules .....	1,340	7,350
Exclusion of scholarship and fellowship income (normal tax method) .....	1,130	5,760
Exclusion of interest on hospital construction bonds .....	1,130	6,840
Parental personal exemption for students age 19 or over .....	1,070	5,840
Deferral of income from post 1987 installment sales .....	1,050	5,450
Alternative fuel production credit .....	860	1,790
Exclusion of interest on owner-occupied mortgage subsidy bonds .....	820	4,970
Capital gains treatment of certain income .....	780	4,310
Exclusion of certain allowances for Federal employees abroad .....	750	4,160
Exclusion of employee meals and lodging (other than military) .....	740	4,070
Exclusion of employer provided child care .....	730	4,050
Empowerment zones and enterprise communities .....	660	5,830
Exclusion of interest for airport, dock, and similar bonds .....	640	3,910
Expensing of multiperiod timber growing costs .....	610	3,220
Exclusion of interest on bonds for private nonprofit educational facilities .....	550	3,330
Deferred taxes for financial firms on certain income earned overseas .....	540	540
Deferral of interest on U.S. savings bonds .....	520	2,860
Enhanced oil recovery credit .....	440	3,280
Exclusion of interest on bonds for water, sewage, and hazardous waste facilities .....	410	2,540
Expensing of environmental remediation costs .....	410	560
Exclusion of public assistance benefits (normal tax method) .....	390	2,090
Deductibility of student-loan interest .....	380	1,960

**Table 5-3. INCOME TAX EXPENDITURES RANKED BY TOTAL 2002 PROJECTED REVENUE EFFECT—Continued**  
(In millions of dollars)

Provision	2002	2002-2006
Exclusion of parsonage allowances .....	370	2,150
Exclusion of railroad retirement system benefits .....	360	1,800
Excess of percentage over cost depletion, fuels .....	340	1,720
Exclusion of interest on small issue bonds .....	310	1,860
Excess of percentage over cost depletion, nonfuel minerals .....	300	1,610
Work opportunity tax credit .....	300	600
Exclusion of certain foster care payments .....	300	3,020
Special Blue Cross/Blue Shield deduction .....	280	1,420
Exclusion for employer-provided transit passes .....	260	1,760
Deductibility of casualty losses .....	260	1,450
Tax exemption of certain insurance companies owned by tax-exempt organizations .....	250	1,410
Exclusion of interest on student-loan bonds .....	230	1,360
Exclusion of premiums on accident and disability insurance .....	220	1,200
Tax incentives for preservation of historic structures .....	210	1,180
Assistance for adopted foster children .....	210	1,230
Carryover basis of capital gains on gifts .....	200	1,100
Amortization of start-up costs (normal tax method) .....	200	1,070
Deferral for state prepaid tuition plans .....	180	1,280
Exclusion of interest on rental housing bonds .....	170	1,030
Expensing of certain capital outlays .....	160	860
Tax credit for orphan drug research .....	130	810
Exclusion of military disability pensions .....	130	670
Expensing of certain multiperiod production costs .....	120	620
Adoption assistance .....	120	220
Small life insurance company deduction .....	100	500
Exclusion of interest on energy facility bonds .....	90	570
Capital gains exclusion of small corporation stock .....	90	820
New markets tax credit .....	90	1,680
Exclusion of employer-provided educational assistance .....	90	90
Exclusion of GI bill benefits .....	90	510
Capital gains treatment of royalties on coal .....	80	420
Exclusion from income of conservation subsidies provided by public utilities .....	80	430
Capital gains treatment of certain timber income .....	80	420
Exceptions from imputed interest rules .....	80	400
Exclusion of veterans pensions .....	80	440
Expensing of exploration and development costs, fuels .....	70	490
New technology credit .....	70	430
Welfare-to-work tax credit .....	70	150
Exclusion of special benefits for disabled coal miners .....	70	300
Exemption of certain mutuals' and cooperatives' income .....	60	320
Tax credit and deduction for clean-fuel burning vehicles .....	50	.....
Income averaging for farmers .....	50	280
Excess bad debt reserves of financial institutions .....	50	110
Education Individual Retirement Accounts .....	50	410
Credit for disabled access expenditures .....	50	250
Ordinary income treatment of loss from small business corporation stock sale .....	40	200
Credit for holders of zone academy bonds .....	40	290
Exclusion of interest on veterans housing bonds .....	40	220
Investment credit for rehabilitation of structures (other than historic) .....	30	150
Medical Savings Accounts .....	30	110
Additional deduction for the blind .....	30	180
Tax credit for the elderly and disabled .....	30	150
Exception from passive loss limitation for working interests in oil and gas properties .....	20	100
Alcohol fuel credits .....	20	100
Expensing of exploration and development costs, nonfuel minerals .....	20	100
Deferral of tax on shipping companies .....	20	100
Treatment of loans forgiven for solvent farmers .....	10	50
Deferral of gain on sale of farm refineries .....	10	50
Special alternative tax on small property and casualty insurance companies .....	10	50
Cancellation of indebtedness .....	10	70
Exclusion of interest on savings bonds redeemed to finance educational expenses .....	10	50
Income of trusts to finance supplementary unemployment benefits .....	10	50
Exclusion of income of foreign sales corporations .....	.....	.....
Investment credit and seven-year amortization for reforestation expenditures .....	.....	30

**Table 5-4. PRESENT VALUE OF SELECTED TAX EXPENDITURES FOR ACTIVITY IN CALENDAR YEAR 2000**  
(In millions of dollars)

	Provision	Present Value of Revenue Loss
1	Deferral of income from controlled foreign corporations (normal tax method) .....	6,360
2	Deferred taxes for financial firms on income earned overseas .....	1,130
3	Expensing of research and experimentation expenditures (normal tax method) .....	1,650
4	Expensing of exploration and development costs—fuels .....	140
5	Expensing of exploration and development costs—nonfuels .....	10
6	Expensing of multiperiod timber growing costs .....	340
7	Expensing of certain multiperiod production costs—agriculture .....	250
8	Expensing of certain capital outlays—agriculture .....	280
9	Deferral of income on life insurance and annuity contracts .....	21,220
10	Accelerated depreciation of rental housing (normal tax method) .....	4,470
11	Accelerated depreciation of buildings other than rental housing (normal tax method) .....	460
12	Accelerated depreciation of machinery and equipment (normal tax method) .....	35,760
13	Expensing of certain small investments (normal tax method) .....	1,140
14	Amortization of start-up costs (normal tax method) .....	180
15	Deferral of tax on shipping companies .....	20
16	Deferral for state prepaid tuition plans .....	110
17	Credit for holders of zone academy bonds .....	160
18	Credit for low-income housing investments .....	2,490
19	Exclusion of pension contributions—employer plans .....	121,100
20	Exclusion of IRA contributions and earnings .....	5,930
21	Exclusion of contributions and earnings for Keogh plans .....	4,320
22	Exclusion of interest on public-purpose bonds .....	19,670
23	Exclusion of interest on non-public purpose bonds .....	5,170
24	Deferral of interest on U.S. savings bonds .....	410

**Outlay Equivalents**

The concept of “outlay equivalents” is another theoretical 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 provision. The outlay-equivalent measure allows the cost of the tax expenditure to be compared with a direct Federal outlay. Outlay equivalents are reported in Table 5-5.

**Table 5-5. OUTLAY EQUIVALENT ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX 1**  
(In millions of dollars)

		Outlay Equivalents							
		2000	2001	2002	2003	2004	2005	2006	2002-2006
<b>National Defense</b>									
1	Exclusion of benefits, allowances, and certain pays to armed forces personnel .....	2,490	2,510	2,540	2,570	2,600	2,620	2,650	12,980
<b>International affairs:</b>									
2	Exclusion of income earned abroad by U.S. citizens .....	3,460	3,700	3,950	4,170	4,400	4,640	4,910	22,070
3	Exclusion of certain allowances for Federal employees abroad .....	920	970	1,020	1,070	1,120	1,180	1,240	5,630
4	Exclusion of income of foreign sales corporations .....	5,990							
5	Extraterritorial income exclusion .....		6,910	7,410	7,920	8,470	9,050	9,670	42,520
6	Inventory property sales source rules exception .....	3,340	3,500	3,670	3,860	4,050	4,250	4,460	20,290
7	Deferral of income from controlled foreign corporations (normal tax method) .....	6,200	6,600	7,000	7,450	7,900	8,400	8,930	39,680
8	Deferred taxes for financial firms on certain income earned overseas .....	1,190	1,290	540					540
<b>General science, space, and technology:</b>									
9	Expensing of research and experimentation expenditures (normal tax method) .....	1,680	1,650	1,680	1,770	1,880	1,980	2,100	9,410
10	Credit for increasing research activities .....	2,510	9,320	10,390	8,300	7,240	4,190	1,790	31,910
<b>Energy:</b>									
11	Expensing of exploration and development costs, fuels .....	30	90	90	130	150	140	130	640
12	Excess of percentage over cost depletion, fuels .....	450	450	460	460	460	470	470	2,320
13	Alternative fuel production credit .....	1,310	1,230	1,150	730	170	170	170	2,390
14	Exception from passive loss limitation for working interests in oil and gas properties .....	20	20	20	20	20	20	20	100
15	Capital gains treatment of royalties on coal .....	90	100	100	110	110	120	120	560
16	Exclusion of interest on energy facility bonds .....	130	130	130	140	160	190	210	1,090
17	Enhanced oil recovery credit .....	410	500	590	710	860	1,030	1,230	4,420
18	New technology credit .....	50	80	100	120	130	120	120	590

**Table 5-5. OUTLAY EQUIVALENT ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX<sup>1</sup>—Continued**  
(In millions of dollars)

	Outlay Equivalents							
	2000	2001	2002	2003	2004	2005	2006	2002–2006
19	20	20	20	20	20	20	20	100
20	80	90	70	40	10	-40	-60	20
21	110	110	110	110	120	120	120	580
<b>Natural resources and environment:</b>								
22	30	30	30	30	30	30	30	150
23	340	350	370	380	400	420	430	2,000
24	570	570	590	650	750	830	900	3,720
25	90	100	100	110	110	120	120	560
26	740	770	800	820	840	870	890	4,220
27				10	10	10	10	40
28	190	200	210	220	240	250	260	1,180
<b>Agriculture:</b>								
29	200	200	200	210	210	220	220	1,060
30	140	140	150	150	150	150	150	750
31	10	10	10	10	10	10	10	50
32	940	990	1,040	1,100	1,150	1,210	1,270	5,770
33	60	60	60	70	70	70	70	340
34	10	10	10	10	10	10	10	50
<b>Commerce and housing:</b>								
Financial institutions and insurance:								
35	2,310	2,460	2,640	2,820	3,010	3,220	3,400	15,090
36	80	70	60	40	20	10		130
37	13,950	15,170	16,520	17,990	19,610	21,370	23,330	98,820
38	10	10	10	10	10	10	10	50
39	300	310	320	340	360	380	400	1,800
40	130	130	130	130	130	130	130	650
Housing:								
41	1,130	1,140	1,170	1,270	1,440	1,600	1,790	7,270
42	230	230	240	240	290	340	390	1,500
43	60,270	63,190	65,750	68,050	70,470	73,100	76,150	353,520
44	22,140	23,920	25,570	27,220	29,080	30,980	33,220	146,070
45	1,000	1,020	1,040	1,060	1,080	1,100	1,120	5,400
46	23,170	23,870	24,590	25,320	26,090	26,870	27,670	130,540
47	4,720	4,450	4,220	4,000	3,790	3,600	3,410	19,020
48	4,350	4,500	4,690	4,900	5,150	5,360	5,540	25,640
49	4,740	5,140	5,520	5,830	6,040	6,140	6,210	29,740
Commerce:								
50	30	20	10	10	10	20	20	70
51	80	80	80	80	80	80	80	400
52	54,030	55,630	57,270	58,960	60,700	62,500	64,340	303,770
53	50	90	120	170	220	270	330	1,110
54	36,120	37,650	39,160	40,720	42,350	44,040	45,810	212,080
55	180	190	200	210	220	230	240	1,100
56	40	50	50	50	60	60	60	280
57	3,260	3,170	3,290	2,880	2,860	2,730	3,220	14,980
58	30,660	33,050	35,400	37,680	39,760	41,530	43,330	197,700
59	2,100	2,570	2,690	2,670	2,570	2,480	2,510	12,920
60	200	200	200	210	220	220	220	1,070
61	9,960	10,300	10,980	11,470	11,600	11,940	12,250	58,240
62	410	430	440	480	520	600	670	2,710
<b>Transportation:</b>								
63	20	20	20	20	20	20	20	100
64	2,420	2,560	2,690	2,830	2,970	3,130	3,280	14,900
65	260	300	360	430	490	550	610	2,440
<b>Community and regional development:</b>								
66	30	30	30	30	30	30	30	150
67	890	900	920	990	1,140	1,250	1,410	5,710
68	60	60	60	60	60	70	70	320
69	310	320	660	1,140	1,210	1,340	1,480	5,830
70		10	120	250	390	560	810	2,130
71	200	440	510	410	40	-160	-100	700
<b>Education, training, employment, and social services:</b>								
Education:								
72	1,220	1,230	1,240	1,250	1,270	1,280	1,290	6,330
73	5,400	5,750	5,910	5,490	5,260	5,590	5,930	28,180



**Table 5-5. OUTLAY EQUIVALENT ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX<sup>1</sup>—Continued**  
(In millions of dollars)

	Outlay Equivalents							
	2000	2001	2002	2003	2004	2005	2006	2002–2006
130 Exclusion of interest on public purpose State and local bonds .....	32,380	33,030	33,690	34,370	35,050	35,750	36,470	175,330
131 Deductibility of nonbusiness state and local taxes other than on owner-occupied homes .....	42,650	45,730	48,730	51,780	55,030	58,390	62,160	276,090
132 Tax credit for corporations receiving income from doing business in U.S. possessions .....	3,530	3,600	3,650	3,690	3,720	3,760	1,510	16,330
<b>Interest:</b>								
133 Deferral of interest on U.S. savings bonds .....	470	490	520	540	570	600	630	2,860
<b>Addendum: Aid to State and local governments:</b>								
Deductibility of:								
Property taxes on owner-occupied homes .....	22,140	23,920	25,570	27,220	29,080	30,980	33,220	146,070
Nonbusiness State and local taxes other than on owner-occupied homes .....	42,650	45,730	48,730	51,780	55,030	58,390	62,160	276,090
Exclusion of interest on State and local bonds for:								
Public purposes .....	32,380	33,030	33,690	34,370	35,050	35,750	36,470	175,330
Energy facilities .....	130	130	130	140	160	190	210	1,090
Water, sewage, and hazardous waste disposal facilities .....	570	570	590	650	750	830	900	3,720
Small-issues .....	410	430	440	480	520	600	670	2,710
Owner-occupied mortgage subsidies .....	1,130	1,140	1,170	1,270	1,440	1,600	1,790	7,270
Rental housing .....	230	230	240	240	290	340	390	1,500
Airports, docks, and similar facilities .....	890	900	920	990	1,140	1,250	1,410	5,710
Student loans .....	300	330	330	340	390	420	490	1,970
Private nonprofit educational facilities .....	740	770	790	840	950	1,090	1,200	4,870
Hospital construction .....	1,540	1,570	1,620	1,750	1,980	2,190	2,470	10,010
Veterans' housing .....	60	60	60	60	60	70	70	320
Credit for holders of zone academy bonds .....	10	30	50	70	90	100	100	410

<sup>1</sup>The determination of whether a provision is a tax expenditure is made on the basis of a broad concept of "income" that is larger in scope than is "income" as defined under general U.S. income tax principles. For that reason, the tax expenditure estimates include, for example, estimates related to the exclusion of extraterritorial income, as well as other exclusions, notwithstanding that such exclusions define income under the general rule of U.S. income taxation.

<sup>2</sup>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: 2000 \$840; 2001 \$880; 2002 \$930; 2003 \$950; 2004 \$960; 2005 \$960; and in 2006 \$960.

<sup>3</sup>The figures in the table indicate the effect of the child tax credit on receipts. The effect of the credit on outlays (in millions of dollars) is as follows: 2000 \$810; 2001 \$790; 2002 \$760; 2003 \$720; 2004 \$660; 2005 \$630; and in 2006 \$590.

<sup>4</sup>The figures in the table indicate the effect of the earned income tax credit on receipts. The effect of the credit on outlays (in millions of dollars) is as follows: 2000 \$26,099; 2001 \$25,923; 2002 \$26,983; 2003 \$27,875; 2004 \$28,545; 2005 \$29,373; and in 2006 \$30,165.

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 \$10 million. Provisions with estimates that rounded to zero in each year are not included in the table.

## Tax Expenditure Baselines

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



uring 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.<sup>1</sup> The normal tax baseline also excludes gifts between individuals from gross income. Under the normal tax baseline, however, all cash transfer payments from the Government to private individuals are counted in gross income, and exemptions of such transfers from tax are identified as tax expenditures. The costs of earning income are generally deductible in determining taxable income under both the reference and normal tax baselines.<sup>2</sup>
- *Capital recovery.* Under the reference tax law baseline no tax expenditures arise from accelerated depreciation. Under the normal tax baseline, the depreciation allowance for machinery and equipment is determined using straight-line depreciation over tax lives equal to mid-values of the asset depreciation range (a depreciation system in effect from 1971 through 1980). The normal

tax baseline for real property is computed using 40-year straight-line depreciation.

- *Treatment of foreign income.* Both the normal and reference tax baselines allow a tax credit for foreign income taxes paid (up to the amount of U.S. income taxes that would otherwise be due), which prevents double taxation of income earned abroad. Under the normal tax method, however, controlled foreign corporations (CFCs) are not regarded as entities separate from their controlling U.S. shareholders. Thus, the deferral of tax on income received by CFCs is regarded as a tax expenditure under this method. In contrast, except for tax haven activities, the reference law baseline follows current law in treating CFCs as separate taxable entities whose income is not subject to U.S. tax until distributed to U.S. taxpayers. Under this baseline, deferral of tax on CFC income is not a tax expenditure because U.S. taxpayers generally are not taxed on accrued, but unrealized, income.

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

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

The Executive Branch is continuing to focus on the availability of data needed to assess the effects of the tax expenditures designed to increase savings. Treasury’s Office of Tax Analysis and Statistics of Income Division (IRS) have developed the specifications for a new sample of individual income tax filers as one part of this effort. This new “panel” sample will follow the same taxpayers over a period of at least ten years. The first year of this panel sample will be drawn from tax returns filed in 2000 for tax year 1999. The 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 sample will therefore permit more extensive, and better, analyses of many tax provisions than can be performed using only annual (“cross-section”) data. In particular, data from this panel sample will enhance our ability to analyze the effect of tax expenditures

<sup>1</sup> Gross income does, however, include transfer payments associated with past employment, such as social security benefits.

<sup>2</sup> 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. In addition, costs of earning income may be limited under the alternative minimum tax.

<sup>3</sup> Committee on Governmental Affairs, United States Senate, A Government Performance and Results Act of 1993 (Report 103-58, 1993).

designed to increase savings. Other efforts by OMB, Treasury, and other agencies to improve data available for the analysis of savings tax expenditures will continue over the next several years.

**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.<sup>4</sup> 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 many 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; deferrals; floors; ceilings; phase-ins; 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, targeting personal exemptions and credits 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 require information on certain characteristics of individuals 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 an outlay program. 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 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, many different types of spending programs—including direct govern-

ment provision; credit programs; and payments to State and local governments, the private sector, or individuals in the form of grants or contracts—provide 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 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

<sup>4</sup> Although this section focuses upon tax expenditures under the income tax, tax expenditures also arise under the unified transfer, payroll, and excise tax systems. Such provisions can be useful when they relate to the base of those taxes, such as an excise tax exemption for certain types of consumption deemed meritorious.

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 service in a combat zone or qualified hazardous duty area 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 goals such as promoting tax neutrality. These include the exclusion for income earned abroad by non-governmental employees and exclusions for income of U.S.-controlled foreign corporations. Measuring the effectiveness of these provisions raises challenging issues.

***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 (e.g., research spending, exploration activity, 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 size of tax expenditure. Measures could also indicate the 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 tax expenditures increase production (as opposed to benefitting existing output) 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 exclusion for 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 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 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. These descriptions relate to current law and do not reflect proposals made elsewhere in the Budget.

### 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 service in a combat zone or qualified hazardous duty area 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 satisfied a foreign residency requirement in 2000 may exclude up to \$76,000 in foreign earned income from U.S. taxes. The exclusion increases to \$78,000 in 2001 and to \$80,000 in 2002. 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 (\$65,983 in 2000).

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. The FSC provisions were generally repealed by the FSC Repeal and Extraterritorial Income Exclusion Act of 2000, effective for transactions after September 30, 2000.

5. **Extraterritorial income exclusion**<sup>5</sup>.—For purposes of calculating U.S. tax liability, a taxpayer may exclude from gross income the qualifying foreign trade income attributable to foreign trading gross receipts. The exclusion generally applies to income from the sale or lease of qualifying foreign trade property and certain types of services income. The exclusion is generally available for transactions entered into after September 30, 2000.

6. **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 allocates earnings between the United States and abroad equal-

<sup>5</sup>The determination of whether a provision is a tax expenditure is made on the basis of a broad concept of "income" that is larger in scope than is "income" as defined under general U.S. income tax principles. For that reason, the tax expenditure estimates include, for example, estimates related to the exclusion of extraterritorial income, as well as other exclusions, notwithstanding that such exclusions define income under the general rule of U.S. income taxation.

ly, which may increase foreign source income use of foreign tax credits.

7. **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.

8. **Exceptions under subpart F for active financing income.**—Consistent with the rules applicable to U.S.-controlled foreign corporations, financial firms can defer taxes on income earned overseas in an active business. Taxes on income earned through December 31, 2001 can be deferred.

### General Science, Space, and Technology

9. **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.

10. **R&E credit.**—The research and experimentation (R&E) 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. The credit applies to research conducted before July 1, 2004 and extends to research conducted in Puerto Rico and the U.S. possessions.

### Energy

11. **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.

12. **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.

13. **Alternative fuel production credit.**—A non-taxable 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.

14. **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.

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

16. **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.

17. **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.

18. **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, biomass, and poultry waste facilities. The renewable resources credit applies

only to electricity produced by a facility placed in service on or before December 31, 2001.

19. **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 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.

20. **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.

21. **Exclusion of utility conservation subsidies.**—Non-business customers can exclude from gross income subsidies received from public utilities for expenditures on energy conservation measures.

#### Natural Resources and Environment

22. **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.

23. **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.

24. **Sewage, water, solid and hazardous waste facility 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.

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

26. **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.

27. **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.

28. **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

29. **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.

30. **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.

31. **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.

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

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

34. **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.

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

36. **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.

37. **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.

38. **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.

39. **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.

40. **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.

41. **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 these and other private activity is limited. The combined volume cap for private activity bonds, including mortgage housing bonds, rental housing bonds, student loan bonds, and industrial development bonds, is \$50 per capita (\$150 million minimum) per State in 2000, \$62.50 per capita (\$187.5 million minimum) in 2001, and \$75 per capita (\$225 million minimum) in 2002. The Community Renewal Tax Relief Act of 2000 accelerated the scheduled increase in the state volume cap and indexed the cap for inflation, beginning in 2003. States may issue mortgage credit certificates (MCCs) in lieu of mortgage revenue bonds. MCCs entitle homebuyers 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.

42. **Rental housing bonds.**—Interest earned on State and local government bonds used to finance mul-

tifamily 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.

43. **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.

44. **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.

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

46. **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.

47. **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.

48. **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 in 2000. The Community Renewal Tax Relief Act of 2000 increased the per-resident limit to \$1.50 in 2001 and to \$1.75 in 2002 and indexed the limit for inflation, beginning in 2003. The Act also created a \$2 million minimum annual cap for small States beginning in 2002; the cap is indexed for inflation, beginning in 2003.

49. **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.

50. **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.

51. **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.

52. **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 most assets held for more than 1 year, the top capital gains tax rate is 20 percent. For assets acquired after December 31, 2000, the top capital gains tax rate for assets held for more than 5 years is 18 percent. On January 1, 2001, taxpayers may mark-to-market existing assets to start the 5-year holding period. Losses from the mark-to-market are not recognized.

For assets held for more than 1 year by taxpayers in the 15-percent ordinary tax bracket, the top capital gains tax rate is 10 percent. After December 31, 2000,



the top capital gains tax rate for assets held by these taxpayers for more than 5 years is 8 percent.

**53. 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.

**54. 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.

**55. 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.

**56. 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.

**57. 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.

**58. 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.

**59. Expensing of certain small investments.**—In 2000, qualifying investments in tangible property up to \$20,000 can be expensed rather than depreciated over time. The expensing limit increases to \$24,000 in 2001 and to \$25,000 in 2003. To the extent that qualifying investment during the year exceeds \$200,000, the amount eligible for expensing is decreased. In 2000, the amount expensed is completely phased out when qualifying investments exceed \$220,000.

**60. 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.

**61. 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 \$75,000. 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.

**62. 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

**63. 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.

**64. 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 2000, the maximum amount of the parking exclusion is \$175 (indexed) per month. The tax expenditure estimate does not include parking at facilities owned by the employer.

**65. Exclusion of employee transit pass expenses.**—Transit passes, tokens, fare cards, and van-pool 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 2000, the maximum amount of the exclusion is \$65 (indexed) per month. In 2002, the maximum amount of the exclusion increases to \$100 (indexed) per month.

### Community and Regional Development

66. **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.

67. **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.

68. **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.

69. **Empowerment zones, enterprise communities, and renewal 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, accelerated depreciation, and certain capital gains incentives. 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, 2003, and investors in certain D.C. property can receive a capital gains break. The Community Renewal Tax Relief Act of 2000 created the renewal communities tax benefits, which begin on January 1, 2002 and expire on December 31, 2009. The Act also created additional empowerment zones, increased the tax benefits for empowerment zones, and extended the expiration date of (1) empowerment zones from December 31, 2004 to December 31, 2009, and (2) the D.C. homebuyer credit from December 31, 2001 to December 31, 2003.

70. **New markets tax credit.**—Taxpayers who invest in a community development entity (CDE) after December 31, 2000 are eligible for a tax credit. The total equity investment available for the credit across all CDEs is \$1.0 billion in 2001, \$1.5 billion in 2002 and 2003, \$2.0 billion in 2004 and 2005, and \$3.5 billion in 2006 and 2007. The amount of the credit equals (1) 5 percent in the year of purchase and the following 2 years, and (2) 6 percent in the following 4 years. A CDE is any domestic firm whose primary mission is to serve or provide investment capital for low-income communities/individuals; a CDE must be accountable to residents of low-income communities. The Community Renewal Tax Relief Act of 2000 created the new markets tax credit.

71. **Expensing of environmental remediation costs.**—Taxpayers who clean up certain hazardous substances at a qualified site may expense the clean-up costs, rather than capitalize the costs, even though the expenses may increase the value of the property significantly. The expensing only applies to clean-up costs incurred on or before December 31, 2003. The Community Renewal Tax Relief Act of 2000 extended the expiration date from December 31, 2001 to December 31, 2003. The Act also expanded the number of qualified sites.

### Education, Training, Employment, and Social Services

72. **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).

73. **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).

74. **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.

75. **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 sin-

gles). 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.

76. **Student-loan interest.**—In 2000, taxpayers may claim an above-the-line deduction of up to \$2,000 on interest paid on an education loan. The maximum deduction increases to \$2,500 in 2001. 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).

77. **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.

78. **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.

79. **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.

80. **Credit for holders of zone academy bonds.**—Financial institutions that own zone academy bonds receive a non-refundable tax credit (at a rate 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 renovate, but not construct, qualifying schools and for certain other school purposes. The total amount of zone academy bonds that may be issued is limited to \$1.6 billion—\$400 million in each year from 1998 to 2001.

81. **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 \$81,100 and \$111,100 (\$54,100 and \$69,100 for singles) in 2000.

82. **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.

83. **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.

84. **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.

85. **Work opportunity tax credit.**—Employers can claim a tax credit for qualified wages paid to individuals who begin work on or before December 31, 2001 and who are certified as members of various targeted groups. 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.

86. **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.

87. **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.

88. **Assistance for adopted foster children.**—Taxpayers who adopt eligible children from the public foster care system can receive monthly payments for the children's significant and varied needs and a reimbursement of up to \$2,000 for nonrecurring adoption expenses. These payments are excluded from gross income.

89. **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). The credit is phased-out ratably for taxpayers with modified AGI between \$75,000 and \$115,000. Unused credits may be carried forward and used during the five subsequent years. Taxpayers may also exclude qualified adoption expenses from income, subject to the same maximum amounts and phase-out as the credit. The same expenses cannot qualify for tax benefits under both programs; however, a taxpayer may use the benefits of the exclusion and the tax credit for different expenses. Stepchild adoptions are not eligible for either benefit. Both of the current tax benefits expire at the end of 2001, except for the tax credit for expenses associated with special needs adoptions, which is permanent.

90. **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.

91. **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.

92. **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 single parents and by divorced or separated parents who have custody of children. 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.

93. **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.

94. **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.

95. **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.

96. **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

97. **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.

98. **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 deduct-

ible percentage is 60 percent in 2000 and 2001, 70 percent in 2002, and 100 percent in 2003 and thereafter.

99. **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.

100. **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, 2002. The Community Renewal Tax Relief Act of 2000 extended the expiration date from December 31, 2000 to December 31, 2002.

101. **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.

102. **Hospital construction bonds.**—Interest earned on State and local government debt issued to finance hospital construction is excluded from income subject to tax.

103. **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.

104. **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.

105. **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

106. **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.

107. **Workers' compensation benefits.**—Workers compensation provides payments to disabled workers. These benefits, although income to the recipients, are not subject to the income tax.

108. **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.

109. **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.

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

111. **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.

112. **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 federal government's Thrift Savings Plan).

In 2000, an employee could exclude up to \$10,500 (indexed) of wages from AGI under a qualified arrangement with an employer's 401(k). In 2000, 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 \$52,000 (\$32,000 for singles). The AGI limit increases annually until it reaches \$80,000 in 2007 (\$50,000 in 2005 for singles). In 2000, the IRA deduction is phased out for taxpayers with AGI between \$52,000 and \$62,000 (\$32,000 and \$42,000 for singles). The phase-out range increases annually until it reaches \$80,000 to \$100,000 in 2007 (\$50,000 to \$60,000 in 2005 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 59½, (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).

113. **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.

114. **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.

115. **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.

116. **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.

117. **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.

118. **Additional deduction for the blind.**—Taxpayers who are blind may take an additional \$1,000 standard deduction if single, or \$800 if married.

119. **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.

120. **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.

121. **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.

122. **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 \$6,920 of earned income in 2000. The credit is 40 percent of the first \$9,720 of income for a family with two or more qualifying children. When the taxpayer's income exceeds \$12,690, 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 \$27,413 of modified adjusted gross income (\$31,152 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 2000, the credit is 7.65 percent of the first \$4,610 of earned income. When the taxpayer's income exceeds \$5,770, the credit is phased out at the rate of 7.65 percent. It is completely phased out at \$10,380 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

123. **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.

124. **Social Security benefits for the disabled.**—Benefit payments from the Social Security Trust Fund, for disability and for dependents and survivors, are excluded from a beneficiary's gross incomes.

125. **Social Security benefits for dependents and survivors.**—Benefit payments from the Social Security Trust Fund for dependents and survivors are excluded from a beneficiary's gross income.

### Veterans Benefits and Services

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

127. **Veterans pension payments.**—Pension payments made by the Veterans Administration are excluded from gross income.

128. **G.I. Bill benefits.**—G.I. Bill benefits paid by the Veterans Administration are excluded from gross income.

129. **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

130. **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), equipment acquisition, and other public purposes is tax-exempt. Interest on bonds issued by Indian tribal governments for essential governmental purposes is also tax-exempt.

131. **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.

132. **Business income earned in U.S. possessions.**—U.S. corporations operating in a U.S. possession (e.g., Puerto Rico) can claim a credit against some or all of their U.S. tax liability on possession business income. The credit expires December 31, 2005.

### Interest

133. **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 2000, this credit allows each taxpayer to make a \$675,000 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 2006.<sup>6</sup>
- *Time when tax is due and payable.* Donors are required to pay the tax annually as gifts are made. The generation-skipping transfer tax is payable by the donees whenever they accede to the gift. The net estate tax liability is due and payable

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

### Tax Expenditures by Function

The estimates of tax expenditures in the Federal unified transfer tax for fiscal years 2000–2006 are displayed 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 \$300,000 in 2000 and increases to \$400,000 in 2001 and to \$500,000 in 2002.

#### Agriculture

2. *Special-use valuation of farms.*—In 2000, 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 gross 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. A 2-percent interest rate (non-deductible) is applied to the first \$1 million (indexed) of deferred taxable value.

#### 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

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

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 cannot exceed \$675,000. The combined value of the exclusion and the exemption value of the unified credit cannot exceed \$1.3 million. 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 under the estate tax.

8. ***Charitable contributions, other than education and health.***—Bequests to charitable, religious, and certain other nonprofit organizations can be deducted under the estate tax.

### **Health**

9. ***Charitable contributions to health institutions.***—Bequests to health institutions can be deducted under the estate tax.

### **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. ESTIMATES FOR TAX EXPENDITURES IN THE FEDERAL UNIFIED TRANSFER TAX**  
(In millions of dollars)

	Description	2000	2001	2002	2003	2004	2005	2006	2002-2006
	<b>Natural Resources and Environment:</b>								
1	Donations of conservation easements .....				10	10	10	20	50
	<b>Agriculture:</b>								
2	Special use valuation of farm real property .....	110	110	120	120	130	130	130	630
3	Tax deferral of closely held farms .....			10	10	20	20	30	90
	<b>Commerce:</b>								
4	Special use valuation of real property used in closely held businesses .....	10	10	10	10	10	10	10	50
5	Tax deferral of closely held business .....	-20	30	60	80	100	130	140	510
6	Exclusion for family owned businesses .....	130	140	150	160	170	170	170	820
	<b>Education, training, employment, and social services:</b>								
7	Deduction for charitable contributions (education) .....	780	880	960	990	1,030	1,060	1,100	5,140
8	Deduction for charitable contributions (other than education and health) ...	2,300	2,600	2,830	2,930	3,050	3,120	3,260	15,190
	<b>Health:</b>								
9	Deduction for charitable contributions (health) .....	700	800	870	900	930	960	1,000	4,660
	<b>General government:</b>								
10	Credit for State death taxes .....	6,420	6,720	7,030	7,340	7,660	8,000	8,350	38,380



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## SPECIAL ANALYSES AND PRESENTATIONS

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## 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 Executive Branch 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.

In all of the following presentations, Department of Defense projections for 2002 and beyond represent estimates based on historical program and spending levels. The most notable exceptions are the inclusion in these estimates of \$2.6 billion for a new research and development initiative and \$400 million for a housing initiative, both proposed for 2002. All other projections, beginning in 2002, are subject to change as a result of the Defense Strategy Review now underway. Further information on Department of Defense projections can be found in Chapter 7, "Research and Development Funding," in this volume, and in the National Defense chapter in the main Budget volume.

### Part I: DESCRIPTION OF FEDERAL INVESTMENT

For more than fifty years, the Federal budget has included a chapter on Federal investment—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 2006.

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 acqui-

sition 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 25, "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 \$253.6 billion in 2000. They are estimated to increase to \$270.8 billion in 2001 and, subject to the Defense Strategic Review mentioned in the introduction to this chapter, are projected to increase further to \$298.5 billion in 2002. Major Federal investment outlays will comprise an estimated 15.2 percent of total Federal outlays in 2002 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 Part. 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 \$145.7 billion in 2002. Physical investment outlays are for construction and rehabilitation, the purchase of major equipment, and the purchase or sale of land and structures. More than 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 \$56.1 billion in 2000 and are estimated to increase to \$58.1 billion in 2001 and \$62.3 billion in 2002. Almost all of these outlays, or an estimated \$57.1 billion in 2002, 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.

Outlays for direct physical investment for nondefense purposes are estimated to be \$27.1 billion in 2002. These outlays include \$16.3 billion for construction and rehabilitation. This amount includes funds for water, power, and natural resources projects of the 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 \$10.3 billion in 2002. The largest amounts are for the air traffic control system. For the purchase or sale of land and structures, disbursements are estimated to exceed collections by \$0.4 billion in 2002. 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 \$56.3 billion in 2002. Almost two-thirds of these outlays, or \$37.4 billion, are to assist States and localities with transportation infrastructure, 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

**Table 6-1. COMPOSITION OF FEDERAL INVESTMENT OUTLAYS**

(In billions of dollars)

	2000 Actual	Estimate	
		2001	2002
<b>Federal Investment</b>			
Major public physical capital investment:			
Direct Federal:			
National defense .....	56.1	58.1	62.3
Nondefense .....	25.4	26.6	27.1
Subtotal, direct major public physical capital investment .....	81.5	84.8	89.4
Grants to State and local governments .....	48.7	52.9	56.3
Subtotal, major public physical capital investment .....	130.2	137.7	145.7
Conduct of research and development:			
National defense .....	41.0	41.6	46.8
Nondefense .....	32.9	36.8	40.4
Subtotal, conduct of research and development .....	73.9	78.4	87.2
Conduct of education and training:			
Grants to State and local governments .....	31.4	35.2	39.4
Direct Federal .....	18.0	19.6	26.2
Subtotal, conduct of education and training .....	49.5	54.8	65.6
<b>Major Federal investment outlays .....</b>	<b>253.6</b>	<b>270.8</b>	<b>298.5</b>
<b>MEMORANDUM</b>			
Major Federal investment outlays:			
National defense .....	97.1	99.7	109.2
Nondefense .....	156.4	171.1	189.3
Total, major Federal investment outlays .....	253.6	270.8	298.5
Miscellaneous physical investments:			
Commodity inventories .....	—*	0.3	-0.4
Other physical investment (direct) .....	2.8	3.7	3.6
Total, miscellaneous physical investment .....	2.8	4.0	3.2
Total, Federal investment outlays, including miscellaneous physical investment .....	256.3	274.8	301.7

to be \$87.2 billion in 2002. 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. More than half of these outlays, an estimated \$46.8 billion in 2002, 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 \$40.4 billion in 2002. 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 \$65.6 billion in 2002. 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 \$39.4 billion in 2002, 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 \$26.2 billion in 2002. 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 \$0.4 billion in 2002.

Outlays for other miscellaneous physical investment are estimated to be \$3.6 billion in 2002. 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 2006. 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	2000 Actual	Estimate						
		2001	2002	2003	2004	2005	2006	
<b>NATIONAL DEFENSE</b>								
Major public physical investment:								
Construction and rehabilitation .....	BA	5,596	5,043	5,843	6,022	6,186	6,356	6,529
	O	4,713	4,925	5,113	5,181	5,360	5,580	5,694
Acquisition of major equipment .....	BA	54,573	62,496	60,147	62,026	63,747	65,528	67,353
	O	51,388	53,205	57,239	57,540	59,592	62,167	63,423
Purchase or sale of land and structures .....	BA	-45	-20	-19	-41	-41	-42	-42
	O	-45	-20	-19	-40	-41	-42	-42
Subtotal, major public physical investment .....	BA	60,124	67,519	65,971	68,007	69,892	71,842	73,840
	O	56,056	58,110	62,333	62,681	64,911	67,705	69,075
Conduct of research and development .....	BA	42,326	44,484	48,289	49,769	51,133	52,544	53,991
	O	41,050	41,596	46,850	47,145	48,803	50,850	51,883
Conduct of education and training (civilian) .....	BA	10	9	9	11	11	12	12
	O	8	9	15	17	18	18	19
Subtotal, national defense investment .....	BA	102,460	112,012	114,269	117,787	121,036	124,398	127,843
	O	97,114	99,715	109,198	109,843	113,732	118,573	120,977
<b>NONDEFENSE</b>								
Major public physical investment:								
Construction and rehabilitation:								
Highways .....	BA	29,451	35,786	34,666	30,859	31,718	32,581	33,516
	O	24,910	27,093	29,222	30,383	31,371	32,353	33,225
Mass transportation .....	BA	7,108	5,979	6,453	7,163	7,358	7,557	7,770
	O	5,100	5,222	5,415	5,539	6,148	6,888	7,179
Rail transportation .....	BA	10	54	21	21	22	22	23
	O	15	55	30	26	20	22	23
Air transportation .....	BA	2,872	2,637	2,985	3,416	3,505	3,596	3,689
	O	1,637	2,185	2,788	3,120	3,327	3,466	3,595
Community development block grants .....	BA	4,809	5,113	4,802	4,909	5,019	5,130	5,245
	O	4,955	4,940	5,044	4,979	4,913	4,944	5,042
Other community and regional development .....	BA	1,552	2,246	1,732	1,762	1,797	1,831	1,865
	O	1,368	1,781	1,774	1,800	1,857	1,832	1,808
Pollution control and abatement .....	BA	4,065	3,954	3,569	3,629	3,690	3,414	2,935
	O	4,152	4,013	3,904	3,945	3,909	3,907	3,836
Water resources .....	BA	3,281	3,717	3,053	3,125	3,191	3,274	3,340
	O	3,634	3,692	3,455	3,373	3,394	3,442	3,333
Housing assistance .....	BA	6,892	7,324	6,624	6,771	6,922	7,076	7,235
	O	7,169	7,904	7,989	7,804	7,587	7,590	7,634
Energy .....	BA	1,152	1,179	1,315	1,230	1,316	1,316	1,318
	O	1,151	1,177	1,318	1,232	1,318	1,318	1,319
Veterans hospitals and other health .....	BA	1,269	1,444	1,684	1,785	1,821	1,861	1,902
	O	1,548	1,407	1,650	1,727	1,819	1,862	1,909
Postal Service .....	BA	1,231	825	858	1,331	983	1,114	1,048
	O	1,500	935	975	1,025	1,083	1,068	1,083
GSA real property activities .....	BA	766	1,173	1,489	1,459	1,532	1,598	1,634
	O	956	1,027	1,175	1,432	1,944	2,153	2,139
Other programs .....	BA	5,294	7,797	6,632	6,593	6,648	6,745	6,880
	O	5,276	6,771	6,879	6,975	6,734	6,720	6,832
Subtotal, construction and rehabilitation .....	BA	69,752	79,228	75,883	74,053	75,522	77,115	78,400
	O	63,371	68,202	71,618	73,360	75,424	77,565	78,957
Acquisition of major equipment:								
Air transportation .....	BA	1,979	2,546	2,836	2,901	2,966	3,032	3,100
	O	2,060	2,005	2,302	2,523	2,704	2,940	3,006
Postal Service .....	BA	676	778	493	900	1,000	675	675
	O	592	735	749	821	1,204	1,021	848
Other .....	BA	6,418	6,801	6,996	6,930	7,014	7,131	7,263
	O	6,420	6,813	7,339	7,049	7,223	7,381	7,510
Subtotal, acquisition of major equipment .....	BA	9,073	10,125	10,325	10,731	10,980	10,838	11,038
	O	9,072	9,553	10,390	10,393	11,131	11,342	11,364
Purchase or sale of land and structures .....	BA	663	685	246	263	576	567	574
	O	781	747	377	451	838	938	985

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

(in millions of dollars)

Description		2000 Actual	Estimate					
			2001	2002	2003	2004	2005	2006
Other physical assets (grants) .....	BA	950	1,247	1,437	1,470	1,497	1,531	1,556
	O	873	1,051	962	992	1,135	1,077	1,112
Subtotal, major public physical investment .....	BA	80,438	91,285	87,891	86,517	88,575	90,051	91,568
	O	74,097	79,553	83,347	85,196	88,528	90,922	92,418
Conduct of research and development:								
General science, space and technology .....	BA	10,513	11,666	11,676	12,653	13,396	13,885	14,333
	O	10,103	10,746	11,549	12,072	13,052	13,593	14,081
Energy .....	BA	1,066	1,429	1,174	1,180	1,359	1,405	1,467
	O	1,265	1,401	1,195	1,264	1,307	1,383	1,419
Transportation .....	BA	1,586	1,650	1,665	1,569	1,607	1,608	1,645
	O	1,440	1,467	1,657	1,785	1,653	1,682	1,697
Health .....	BA	17,694	20,376	22,799	26,736	27,239	27,850	28,470
	O	15,220	17,738	20,470	23,310	25,983	27,051	27,713
Natural resources and environment .....	BA	1,944	2,055	1,995	2,041	2,084	2,130	2,179
	O	1,687	1,835	1,782	1,804	1,822	1,846	1,885
All other research and development .....	BA	3,444	3,967	3,626	3,712	3,691	3,772	3,859
	O	3,182	3,592	3,743	3,784	3,711	3,719	3,798
Subtotal, conduct of research and development .....	BA	36,247	41,143	42,935	47,891	49,376	50,650	51,953
	O	32,897	36,779	40,396	44,019	47,528	49,274	50,593
Conduct of education and training:								
Education, training, employment and social services:								
Elementary, secondary, and vocational education <sup>1</sup> .....	BA	17,066	24,593	44,326	30,429	31,107	31,798	32,510
	O	20,524	23,276	25,601	29,603	30,384	30,954	31,608
Higher education .....	BA	11,859	10,954	16,715	16,832	17,422	18,054	18,701
	O	10,137	9,622	15,626	16,325	16,605	17,278	17,982
Research and general education aids .....	BA	2,280	2,720	2,240	2,287	2,338	2,388	2,439
	O	2,212	2,635	2,587	2,430	2,429	2,448	2,503
Training and employment <sup>1</sup> .....	BA	2,848	5,506	7,442	5,463	5,382	5,501	5,624
	O	4,758	5,815	6,798	6,170	5,545	5,474	5,534
Social services <sup>1</sup> .....	BA	6,703	9,478	11,218	10,258	10,511	10,772	11,041
	O	7,616	8,237	9,422	9,831	10,105	10,357	10,611
Subtotal, education, training, and social services .....	BA	40,756	53,251	81,941	65,269	66,760	68,513	70,315
	O	45,247	49,585	60,034	64,359	65,068	66,511	68,238
Veterans education, training, and rehabilitation .....	BA	1,663	2,314	2,397	2,467	2,549	2,653	2,788
	O	1,694	2,293	2,400	2,476	2,559	2,680	2,807
Health .....	BA	1,099	1,407	1,216	1,370	1,395	1,424	1,455
	O	962	1,173	1,248	1,267	1,360	1,402	1,430
Other education and training .....	BA	1,805	1,889	1,981	2,117	1,957	2,006	2,046
	O	1,541	1,748	1,909	1,999	2,043	2,046	2,044
Subtotal, conduct of education and training .....	BA	45,323	58,861	87,535	71,223	72,661	74,596	76,604
	O	49,444	54,799	65,591	70,101	71,030	72,639	74,519
Subtotal, nondefense investment .....	BA	162,008	191,289	218,361	205,631	210,612	215,297	220,125
	O	156,438	171,131	189,334	199,316	207,086	212,835	217,530
Total, Federal investment <sup>1</sup> .....	BA	264,468	303,301	332,630	323,418	331,648	339,695	347,968
	O	253,552	270,846	298,532	309,159	320,818	331,408	338,507

<sup>1</sup> Budget authority for several programs in this category and in the total does not reflect program level, since budget authority is distorted by the use of advance appropriations in 2000, 2001 and 2002. Budget authority for 2002 is significantly overstated because of a one-time adjustment proposed by the Administration to reverse the misleading budget practice of using advance appropriations simply to avoid spending limitations. For additional information on this issue, see Chapter 13, "Preview Report," in this volume.

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

(in millions of dollars)

Description	2000 Actual	Estimate						
		2001	2002	2003	2004	2005	2006	
<b>GRANTS TO STATE AND LOCAL GOVERNMENTS</b>								
Major public physical investments:								
Construction and rehabilitation:								
Highways .....	BA	29,451	35,786	34,666	30,859	31,718	32,581	33,516
	O	24,909	27,090	29,218	30,382	31,371	32,353	33,225
Mass transportation .....	BA	7,108	5,979	6,453	7,163	7,358	7,557	7,770
	O	5,100	5,222	5,415	5,539	6,148	6,888	7,179
Rail transportation .....	O	7	7					
Air transportation .....	BA	2,799	2,623	2,969	3,400	3,488	3,579	3,672
	O	1,578	2,173	2,764	3,103	3,311	3,448	3,577
Pollution control and abatement .....	BA	2,907	2,851	2,466	2,501	2,538	2,235	1,730
	O	2,700	2,719	2,766	2,817	2,780	2,783	2,694
Other natural resources and environment .....	BA	49	52	28	29	29	30	31
	O	67	68	79	52	47	41	42
Community development block grants .....	BA	4,809	5,113	4,722	4,827	4,935	5,045	5,158
	O	4,955	4,940	5,036	4,927	4,836	4,861	4,957
Other community and regional development .....	BA	1,222	1,651	1,278	1,305	1,336	1,366	1,396
	O	1,077	1,347	1,367	1,378	1,349	1,336	1,315
Housing assistance .....	BA	6,864	7,290	6,590	6,736	6,886	7,040	7,198
	O	7,160	7,875	7,955	7,772	7,554	7,556	7,598
Other construction .....	BA	195	1,416	294	300	306	312	319
	O	200	319	671	497	390	332	339
Subtotal, construction and rehabilitation .....	BA	55,404	62,761	59,466	57,120	58,594	59,745	60,790
	O	47,753	51,760	55,271	56,467	57,786	59,598	60,926
Other physical assets .....	BA	997	1,333	1,493	1,528	1,555	1,591	1,617
	O	902	1,143	1,023	1,039	1,186	1,130	1,166
Subtotal, major public physical capital .....	BA	56,401	64,094	60,959	58,648	60,149	61,336	62,407
	O	48,655	52,903	56,294	57,506	58,972	60,728	62,092
Conduct of research and development:								
Agriculture .....	BA	263	289	264	309	284	289	295
	O	231	276	257	286	276	258	263
Other .....	BA	244	347	319	306	317	324	332
	O	174	210	324	343	355	368	384
Subtotal, conduct of research and development .....	BA	507	636	583	615	601	613	627
	O	405	486	581	629	631	626	647
Conduct of education and training:								
Elementary, secondary, and vocational education <sup>1</sup> .....	BA	15,287	22,165	43,407	29,623	30,283	30,957	31,649
	O	19,352	21,498	23,587	28,184	29,325	29,949	30,587
Higher education .....	BA	321	431	362	369	428	444	454
	O	176	396	409	405	414	458	483
Research and general education aids .....	BA	483	502	426	440	451	460	470
	O	546	583	533	476	480	478	489
Training and employment <sup>1</sup> .....	BA	2,090	4,015	5,453	3,981	3,918	4,005	4,094
	O	3,484	4,491	5,184	4,608	4,090	4,014	4,057
Social services <sup>1</sup> .....	BA	6,375	9,103	10,845	9,900	10,144	10,396	10,656
	O	7,359	7,678	9,074	9,467	9,731	9,972	10,218
Agriculture .....	BA	434	438	420	464	446	455	465
	O	442	425	466	441	457	462	470
Other .....	BA	126	136	121	122	125	128	130
	O	88	110	112	112	114	115	117
Subtotal, conduct of education and training .....	BA	25,116	36,790	61,034	44,899	45,795	46,845	47,918
	O	31,447	35,181	39,365	43,693	44,611	45,448	46,421
Subtotal, grants for investment .....	BA	82,024	101,520	122,576	104,162	106,545	108,794	110,952
	O	80,507	88,570	96,240	101,828	104,214	106,802	109,160
<b>DIRECT FEDERAL PROGRAMS</b>								
Major public physical investment:								
Construction and rehabilitation:								
National defense:								
Military construction and family housing .....	BA	5,079	4,673	5,292	5,459	5,610	5,767	5,928

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

(in millions of dollars)

Description		2000 Actual	Estimate					
			2001	2002	2003	2004	2005	2006
Atomic energy defense activities and other .....	O	4,202	4,521	4,589	4,616	4,783	4,990	5,091
	BA	517	370	551	563	576	589	601
	O	511	404	524	565	577	590	603
Subtotal, national defense .....	BA	5,596	5,043	5,843	6,022	6,186	6,356	6,529
	O	4,713	4,925	5,113	5,181	5,360	5,580	5,694
International affairs .....	BA	370	727	1,308	1,337	1,367	1,397	1,429
	O	240	356	860	1,023	1,189	1,302	1,359
General science, space, and technology .....	BA	2,968	2,990	2,562	2,522	2,489	2,495	2,536
	O	2,978	2,961	2,764	2,652	2,611	2,601	2,630
Water resources projects .....	BA	3,237	3,665	3,025	3,096	3,162	3,244	3,309
	O	3,568	3,630	3,376	3,321	3,347	3,401	3,291
Other natural resources and environment .....	BA	1,582	1,627	1,588	1,622	1,658	1,698	1,734
	O	1,829	1,841	1,618	1,615	1,617	1,629	1,644
Energy .....	BA	1,152	1,179	1,315	1,230	1,316	1,316	1,318
	O	1,151	1,177	1,318	1,232	1,318	1,318	1,319
Postal Service .....	BA	1,231	825	858	1,331	983	1,114	1,048
	O	1,500	935	975	1,025	1,083	1,068	1,083
Transportation .....	BA	260	243	240	244	252	256	261
	O	209	340	263	207	222	238	249
Housing assistance .....	BA	28	34	34	35	36	36	37
	O	9	29	34	32	33	34	36
Veterans hospitals and other health facilities .....	BA	1,179	1,344	1,634	1,734	1,769	1,808	1,847
	O	1,444	1,322	1,559	1,658	1,743	1,811	1,857
Federal Prison System .....	BA	441	711	700	716	732	748	765
	O	477	743	542	918	898	788	806
GSA real property activities .....	BA	766	1,173	1,489	1,459	1,532	1,598	1,634
	O	956	1,027	1,175	1,432	1,944	2,153	2,139
Other construction .....	BA	1,134	1,949	1,664	1,607	1,632	1,660	1,692
	O	1,257	2,081	1,863	1,778	1,633	1,624	1,618
Subtotal, construction and rehabilitation .....	BA	19,944	21,510	22,260	22,955	23,114	23,726	24,139
	O	20,331	21,367	21,460	22,074	22,998	23,547	23,725
Acquisition of major equipment:								
National defense:								
Department of Defense .....	BA	54,454	62,418	60,030	61,906	63,625	65,403	67,225
	O	51,272	53,125	57,132	57,428	59,477	62,049	63,303
Atomic energy defense activities .....	BA	119	78	117	120	122	125	128
	O	116	80	107	112	115	118	120
Subtotal, national defense .....	BA	54,573	62,496	60,147	62,026	63,747	65,528	67,353
	O	51,388	53,205	57,239	57,540	59,592	62,167	63,423
General science and basic research .....	BA	391	449	422	432	441	452	462
	O	318	427	409	395	402	415	423
Space flight, research, and supporting activities .....	BA	869	977	815	769	731	720	726
	O	871	967	763	777	743	725	724
Energy .....	BA	121	118	115	115	115	115	115
	O	121	118	115	115	115	115	115
Postal Service .....	BA	676	778	493	900	1,000	675	675
	O	592	735	749	821	1,204	1,021	848
Air transportation .....	BA	1,979	2,546	2,836	2,901	2,966	3,032	3,100
	O	2,060	2,005	2,302	2,523	2,704	2,940	3,006
Water transportation (Coast Guard) .....	BA	830	248	464	474	485	496	507
	O	340	445	441	376	430	463	488
Other transportation (railroads) .....	BA	571	520	521	533	544	557	569
	O	594	554	834	533	545	557	570
Social security .....	O	66	69	57	60	64	69	73
Hospital and medical care for veterans .....	BA	687	775	605	622	636	650	664
	O	1,014	695	781	802	820	838	856
Department of Justice .....	BA	567	612	519	535	546	559	572
	O	659	599	573	563	575	588	600
Department of the Treasury .....	BA	709	1,113	1,415	1,336	1,368	1,400	1,434
	O	856	1,188	1,390	1,357	1,400	1,437	1,458
GSA general supply fund .....	BA	626	664	656	656	656	656	656

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

(in millions of dollars)

Description	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Other .....	O	584	664	656	656	656	656
	BA	1,000	1,239	1,408	1,400	1,434	1,466
	O	968	995	1,259	1,368	1,422	1,493
Subtotal, acquisition of major equipment .....	BA	63,599	72,535	70,416	72,699	74,669	76,306
	O	60,431	62,666	67,568	67,886	70,672	74,733
Purchase or sale of land and structures:							
National defense .....	BA	-45	-20	-19	-41	-41	-42
	O	-45	-20	-19	-40	-41	-42
International affairs .....	BA	15	28	1			
	O	55	90	2	2	2	2
Privatization of Elk Hills .....	BA				-323		
	O				-323		
Other .....	BA	648	657	245	586	576	574
	O	726	657	375	772	836	983
Subtotal, purchase or sale of land and structures .....	BA	618	665	227	222	535	532
	O	736	727	358	411	797	943
Subtotal, major public physical investment .....	BA	84,161	94,710	92,903	95,876	98,318	100,557
	O	81,498	84,760	89,386	90,371	94,467	97,899
Conduct of research and development:							
National defense							
Defense military .....	BA	39,567	41,391	45,144	46,554	47,847	49,185
	O	38,279	38,504	43,706	43,907	45,496	47,471
Atomic energy and other .....	BA	2,759	3,093	3,145	3,215	3,286	3,359
	O	2,771	3,092	3,144	3,238	3,307	3,379
Subtotal, national defense .....	BA	42,326	44,484	48,289	49,769	51,133	52,544
	O	41,050	41,596	46,850	47,145	48,803	50,850
International affairs .....	BA	200	216	206	211	215	221
	O	179	183	183	185	185	186
General science, space and technology							
NASA .....	BA	5,513	6,232	6,320	7,178	7,820	8,183
	O	5,411	5,724	6,298	6,673	7,449	7,917
National Science Foundation .....	BA	2,747	3,057	3,033	3,100	3,149	3,220
	O	2,446	2,644	2,928	3,044	3,202	3,222
Department of Energy .....	BA	2,253	2,377	2,323	2,375	2,427	2,482
	O	2,246	2,378	2,323	2,355	2,401	2,454
Subtotal, general science, space and technology .....	BA	10,713	11,882	11,882	12,864	13,611	14,106
	O	10,282	10,929	11,732	12,257	13,237	13,779
Energy .....	BA	1,066	1,429	1,174	1,180	1,359	1,405
	O	1,265	1,401	1,195	1,264	1,307	1,383
Transportation:							
Department of Transportation .....	BA	404	517	571	550	562	574
	O	348	423	535	566	555	570
NASA .....	BA	999	926	890	831	852	836
	O	958	901	879	963	839	845
Subtotal, transportation .....	BA	2,469	2,872	2,635	2,561	2,773	2,815
	O	2,571	2,725	2,609	2,793	2,701	2,798
Health:							
National Institutes of Health .....	BA	16,916	19,483	21,993	25,909	26,391	26,979
	O	14,568	16,941	19,619	22,488	25,155	26,203
All other health .....	BA	765	818	726	742	757	793
	O	639	768	809	769	765	788
Subtotal, health .....	BA	17,681	20,301	22,719	26,651	27,148	27,755
	O	15,207	17,709	20,428	23,257	25,920	26,979
Agriculture .....	BA	1,160	1,265	1,171	1,263	1,219	1,243
	O	1,063	1,189	1,210	1,287	1,283	1,287

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

(in millions of dollars)

Description		2000 Actual	Estimate					
			2001	2002	2003	2004	2005	2006
Natural resources and environment .....	<b>BA</b>	<b>1,944</b>	<b>2,055</b>	<b>1,995</b>	<b>2,041</b>	<b>2,084</b>	<b>2,130</b>	<b>2,179</b>
	<b>O</b>	1,687	1,835	1,782	1,804	1,822	1,846	1,885
National Institute of Standards and Technology .....	<b>BA</b>	<b>332</b>	<b>355</b>	<b>318</b>	<b>325</b>	<b>332</b>	<b>340</b>	<b>348</b>
	<b>O</b>	396	395	423	388	345	349	353
Hospital and medical care for veterans .....	<b>BA</b>	<b>642</b>	<b>700</b>	<b>719</b>	<b>736</b>	<b>753</b>	<b>770</b>	<b>788</b>
	<b>O</b>	658	683	717	752	767	769	786
All other research and development .....	<b>BA</b>	<b>799</b>	<b>1,077</b>	<b>913</b>	<b>835</b>	<b>855</b>	<b>878</b>	<b>900</b>
	<b>O</b>	628	828	914	852	822	841	860
Subtotal, conduct of research and development .....	<b>BA</b>	<b>78,066</b>	<b>84,991</b>	<b>90,641</b>	<b>97,045</b>	<b>99,908</b>	<b>102,581</b>	<b>105,317</b>
	<b>O</b>	73,542	77,889	86,665	90,535	95,700	99,498	101,829
Conduct of education and training:								
Elementary, secondary, and vocational education .....	<b>BA</b>	<b>1,779</b>	<b>2,428</b>	<b>919</b>	<b>806</b>	<b>824</b>	<b>841</b>	<b>861</b>
	<b>O</b>	1,172	1,778	2,014	1,419	1,059	1,005	1,021
Higher education .....	<b>BA</b>	<b>11,538</b>	<b>10,523</b>	<b>16,353</b>	<b>16,463</b>	<b>16,994</b>	<b>17,610</b>	<b>18,247</b>
	<b>O</b>	9,961	9,226	15,217	15,920	16,191	16,820	17,499
Research and general education aids .....	<b>BA</b>	<b>1,797</b>	<b>2,218</b>	<b>1,814</b>	<b>1,847</b>	<b>1,887</b>	<b>1,928</b>	<b>1,969</b>
	<b>O</b>	1,666	2,052	2,054	1,954	1,949	1,970	2,014
Training and employment .....	<b>BA</b>	<b>758</b>	<b>1,491</b>	<b>1,989</b>	<b>1,482</b>	<b>1,464</b>	<b>1,496</b>	<b>1,530</b>
	<b>O</b>	1,274	1,324	1,614	1,562	1,455	1,460	1,477
Health .....	<b>BA</b>	<b>1,085</b>	<b>1,393</b>	<b>1,202</b>	<b>1,356</b>	<b>1,380</b>	<b>1,409</b>	<b>1,440</b>
	<b>O</b>	948	1,159	1,234	1,253	1,346	1,388	1,415
Veterans education, training, and rehabilitation .....	<b>BA</b>	<b>1,663</b>	<b>2,314</b>	<b>2,397</b>	<b>2,467</b>	<b>2,549</b>	<b>2,653</b>	<b>2,788</b>
	<b>O</b>	1,694	2,293	2,400	2,476	2,559	2,680	2,807
General science and basic research .....	<b>BA</b>	<b>640</b>	<b>797</b>	<b>938</b>	<b>956</b>	<b>854</b>	<b>873</b>	<b>892</b>
	<b>O</b>	513	666	787	867	897	874	861
National defense .....	<b>BA</b>	<b>8</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>8</b>	<b>8</b>
	<b>O</b>	6	7	13	13	14	14	15
International affairs .....	<b>BA</b>	<b>305</b>	<b>232</b>	<b>243</b>	<b>248</b>	<b>254</b>	<b>260</b>	<b>265</b>
	<b>O</b>	306	306	275	279	250	256	261
Other .....	<b>BA</b>	<b>644</b>	<b>677</b>	<b>648</b>	<b>703</b>	<b>664</b>	<b>685</b>	<b>698</b>
	<b>O</b>	465	816	633	682	717	742	747
Subtotal, conduct of education and training .....	<b>BA</b>	<b>20,217</b>	<b>22,080</b>	<b>26,510</b>	<b>26,335</b>	<b>26,877</b>	<b>27,763</b>	<b>28,698</b>
	<b>O</b>	18,005	19,627	26,241	26,425	26,437	27,209	28,117
<b>Subtotal, direct Federal investment .....</b>	<b>BA</b>	<b>182,444</b>	<b>201,781</b>	<b>210,054</b>	<b>219,256</b>	<b>225,103</b>	<b>230,901</b>	<b>237,016</b>
	<b>O</b>	173,045	182,276	202,292	207,331	216,604	224,606	229,347
<b>Total, Federal investment <sup>1</sup> .....</b>	<b>BA</b>	<b>264,468</b>	<b>303,301</b>	<b>332,630</b>	<b>323,418</b>	<b>331,648</b>	<b>339,695</b>	<b>347,968</b>
	<b>O</b>	253,552	270,846	298,532	309,159	320,818	331,408	338,507

<sup>1</sup> Budget authority for several programs in this category and the total does not reflect program level, since budget authority is distorted by the use of advance appropriations in 2000, 2001 and 2002. Budget authority for 2002 is significantly overstated because of a one-time adjustment proposed by the Administration to reverse the misleading budget practice of using advance appropriations simply to avoid spending limitations. For additional information on this issue, see Chapter 13, "Preview Report," in this volume.

## 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.<sup>1</sup> 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 Executive Branch 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.* The Congress has expressed its concern about planning for capital assets with legislation and other actions that complemented Executive Branch 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.

*Executive Branch concern.* For many years, the Executive Branch has devoted particular attention to improving the process of planning, budgeting, and acquiring capital assets. The current guidance has been issued for several years, most recently as OMB Circular A-11: Part 3: "Planning, Budgeting, and Acquisition

<sup>1</sup>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.

of Capital Assets” (July 2000) (hereafter referred to as Part 3). Part 3 identified other OMB guidance on this issue.<sup>2</sup>

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. This guidance encourages the Executive Branch agencies to be responsible for using good capital programming principles for managing the capital assets they use, and asks the agencies 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, this budget reissues 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.

The *Report of the President’s Commission to Study Capital Budgeting* (February 1999) 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.

### ***From Planning to Budgeting***

*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) and also in its more recent letter to the Chairman of the Senate Budget Committee, entitled “Budget Issues: Incremental Funding of Capital Asset Acquisitions (February 26, 2001).” Full funding was also endorsed in the *Report of the President’s Commission to Study Capital Budgeting* (February 1999).

The full funding principle 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.

*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.

<sup>2</sup>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” (November 20, 2000), which provides principles for internal management and planning practices for information systems and technology; 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.



### 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 Executive Branch efforts, 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.

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.

As a result of these 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 Administration will work with the Congress to promote full upfront funding for capital projects or usable segments thereof, and to improve capital planning and integrate capital planning with GPRA strategic plans.

### Major Acquisition Proposals

For the definition of major capital assets described above, this budget requests \$90.7 billion of budget authority for 2002. This includes \$65.3 billion for the Department of Defense, subject to the Defense Strategy Review mentioned in the introduction to this chapter, and \$25.4 billion for other agencies. The major requests are shown in 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 \$20.8 billion of budget authority for 2002 for construction and rehabilitation.

*Department of Defense.*—The budget projects \$5.3 billion for 2002 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; and

**Table 6-4. CAPITAL ASSET ACQUISITIONS**

(Budget authority in billions of dollars)

	2000 Actual	2001 Estimate	2002 Proposed
<b>MAJOR ACQUISITIONS</b>			
Construction and rehabilitation:			
Defense military construction and family housing .....	5.1	4.7	5.3
Corps of Engineers .....	2.8	3.2	2.7
National Aeronautics and Space Administration .....	2.8	2.6	2.2
General Services Administration .....	0.8	1.2	1.5
Department of State .....	0.4	0.7	1.3
Department of Energy .....	0.9	0.9	1.1
Other agencies .....	5.9	6.6	6.8
Subtotal, construction and rehabilitation .....	18.6	19.8	20.8
Major equipment:			
Department of Defense .....	54.5	62.4	60.0
Department of Transportation .....	2.8	2.8	3.3
Department of the Treasury .....	0.7	1.1	1.4
National Aeronautics and Space Administration .....	0.9	1.0	0.8
Department of Commerce .....	0.6	0.8	0.8
Department of Veterans Affairs .....	0.7	0.8	0.6
Other agencies .....	2.7	2.9	2.8
Subtotal, major equipment .....	62.8	71.8	69.7
Purchases of land and structures .....	0.6	0.7	0.2
Total, major acquisitions <sup>1</sup> .....	82.1	92.3	90.7

<sup>1</sup>This total is derived from the direct Federal major public physical investment budget authority on Table 6-3 (\$92.9 billion for 2002). Table 6-4 excludes an estimate of spending for assets not owned by the Federal Government (\$2.2 billion for 2002).

- correct safety deficiencies and environmental problems.

*Corps of Engineers.*—This budget requests \$2.7 billion for 2002 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.

*National Aeronautics and Space Administration.*—The budget includes \$2.2 billion for continued investments in construction of the Space Station, and for research facilities for science, aeronautics, and technology.

*General Services Administration (GSA).*—The 2002 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 State.*—The Administration requests \$1.3 billion in budget authority to support embassy security, construction, and major renovations. These funds are needed to help modernize Department of State facilities around the world.

*Department of Energy.*—This budget requests \$1.1 billion for 2002 for construction and rehabilitation for the Department of Energy. This includes funds for nuclear waste disposal, scientific research, power marketing, and other activities.

*Other agencies.*—This budget includes \$6.8 billion in budget authority for construction and rehabilitation for

other agencies in 2002. This includes amounts for the Tennessee Valley Authority (\$1.1 billion); Department of the Interior (\$1.1 billion), largely for the Bureau of Indian Affairs, water resources, and parks; the Department of Health and Human Services (\$0.9 billion), largely for the National Institutes of Health and the Indian Health Service; and the Postal Service (\$0.9 billion).

### **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 \$69.7 billion in budget authority for 2002 for the purchase of major equipment. For information on information technology investments, see Chapter 22 in this volume, "Program Performance Benefits from Major Information Technology Investments."

*Department of Defense.*—The budget includes \$60.0 billion for equipment purchases primarily related to procurement for 2002 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 \$3.3 billion in budget authority for the Department of Transportation for major equipment, which includes \$2.8 billion to modernize the air traffic control system and \$0.5 billion for the Coast Guard to acquire vessels and other equipment.

*Department of the Treasury.*—The budget requests \$1.4 billion in budget authority for major equipment. The largest amounts are \$0.6 billion to modernize infor-

mation technology systems for the Internal Revenue Service.

*National Aeronautics and Space Administration (NASA).*—The budget requests \$0.8 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 \$0.8 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 \$2.8 billion for major equipment for other agencies for 2002. This includes amounts for the General Services Administration (\$0.7 billion), largely for vehicles; the Department Justice (\$0.6 billion), including funds for the Federal Bureau of Investigation; and the Postal Service (\$0.5 billion).

### **Purchase and Sale of Land and Structures**

This budget includes \$0.2 billion for 2002 for the purchase and sale of land and structures. This includes \$0.4 billion for Federal land acquisition by the Departments of the Interior and Agriculture for parks, forests, refuges, and other recreational purposes. These and other purchases are partially offset by sales of land and structures in other agencies.

## **Appendix to Part II: PRINCIPLES OF BUDGETING FOR CAPITAL ASSET ACQUISITIONS**

### **Introduction and Summary**

The Executive Branch 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 appor-

tionment 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, new or continued funding will be recommended 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.")

Because good information on capital planning is essential to long-term success, the Executive Branch 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 2000).

### 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 be-

come 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 is 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 2000).
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 re-installations; 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 per-

formance 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 2000).

### **Funding**

*Full funding:* Full funding means that appropriations—regular appropriations or advance appropria-

tions—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 6–5 shows the value of the net federally financed physical capital stock since 1960, in constant fiscal year 1996 dollars. The total stock grew at a 2.2 percent average annual rate from 1960 to 2000, with periods of faster growth during the late 1960s and the 1980s. The stock amounted to \$1,921 billion in 2000 and is estimated to increase slightly to \$1,994 billion by 2002. In 2000, the national defense capital stock accounted for \$635 billion, or 33 percent of the total, and nondefense stocks for \$1,286 billion, or 67 percent of the total.<sup>3</sup>

Real stocks of defense and nondefense capital show very different trends. Nondefense stocks have grown consistently since 1970, increasing from \$455 billion in 1970 to \$1,286 billion in 2000. With the investments proposed in the budget, nondefense stocks are estimated to grow to \$1,370 billion in 2002. During the 1970s, the nondefense capital stock, grew at an average annual rate of 4.9 percent. In the 1980s, however, the growth rate slowed to 2.9 percent annually, with growth continuing at about that rate since then.

<sup>3</sup>The historical stock estimates are reduced from those published last year because of an assumed faster depreciation rate for highways and the full incorporation of revised price indexes from the Bureau of Economic Analysis, as explained in the note on estimating methods at the end of this part. The revisions leave the year-to-year trends virtually unchanged.

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, a large defense buildup began to increase the stock of defense capital. By 1986, the defense stock had exceeded its earlier Vietnam-era peak. In the last few years, depreciation on the increased stocks, together with a slower pace of defense physical capital investment allowed by the collapse of the Soviet Union and the closure or realignment of unneeded military bases, reduced the stock from its previous levels. The increased defense investment in this budget would slow the rate of decline markedly, with the stock estimated to decrease from \$635 billion in 2000 to \$624 billion in 2002.

Another trend in the Federal physical capital stocks is the shift from direct Federal assets to grant-financed assets. In 1960, 42 percent of federally financed non-defense capital was owned by the Federal Government, and 58 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 2000, 27 percent of the nondefense stock was owned by the Federal Government and 73 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

**Table 6–5. 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	Transportation	Community and Regional	Natural Resources	Other
Five year intervals:											
1960 .....	806	572	234	98	61	36	136	82	25	20	9
1965 .....	892	554	338	128	78	51	209	146	30	21	12
1970 .....	1,044	589	455	155	94	61	301	213	44	25	19
1975 .....	1,091	521	570	176	109	67	394	261	71	39	23
1980 .....	1,216	484	732	206	130	76	526	317	112	73	25
1985 .....	1,422	569	853	234	143	90	619	368	135	92	24
1990 .....	1,696	721	975	269	154	114	706	429	147	105	26
Annual data:											
1995 .....	1,832	712	1,119	311	164	146	809	496	156	115	43
1996 .....	1,845	691	1,153	319	165	154	834	511	159	116	48
1997 .....	1,858	672	1,186	327	165	162	859	526	162	118	53
1998 .....	1,869	657	1,212	330	165	165	882	540	165	119	59
1999 .....	1,890	644	1,246	338	166	173	908	556	167	120	65
2000 .....	1,921	635	1,286	350	167	183	936	574	170	121	70
2001 est. ....	1,956	628	1,328	362	169	194	966	594	173	123	76
2002 est. ....	1,994	624	1,370	373	170	203	997	614	176	124	82



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 6-6 shows nondefense physical capital outlays both gross and net of depreciation since 1960. Total nondefense net investment has been consistently positive over the period covered by the table, indicating that new investment has exceeded depreciation on the existing stock. For some categories in the table, such as water and power programs, 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 6-5.

### The Stock of Research and Development Capital

This section presents data on the stock of research and development, taking into account adjustments for its depreciation.

*Trends.*—As shown in Table 6-7, the R&D capital stock financed by Federal outlays is estimated to be \$914 billion in 2000 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 2000 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 1980s, from an annual rate of 3.8 percent in the 1970s to a rate of 2.1 percent in the 1980s. Gross investment in real terms fell during much of the 1980s, and about three-fourths of new outlays went to replacing depreciated R&D. Since 1988, however, nondefense R&D outlays have been on an upward trend while depreciation has edged down. As a result, the net nondefense R&D capital stock has grown more rapidly.

### The Stock of Education Capital

This section presents estimates of the stock of education capital financed by the Federal government.

As shown in Table 6-8, the federally financed education stock is estimated at \$1,030 billion in 2000 in constant 1996 dollars, rising to \$1,157 billion in 2002. The vast majority of the Nation's education stock is

**Table 6-6. 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						
	Gross	Depreciation	Net	Gross	Depreciation	Net	Composition of net investment		Gross	Depreciation	Net	Composition of net investment			
							Water and power	Other				Transportation (mainly highways)	Community and regional development	Natural resources and environment	Other
<b>Five year intervals:</b>															
1960 .....	22.7	4.7	18.1	7.0	2.2	4.7	2.5	2.3	15.7	2.4	13.3	12.6	0.1	0.1	0.5
1965 .....	32.5	6.9	25.6	10.1	3.0	7.1	3.3	3.8	22.3	3.8	18.5	15.5	2.1	0.4	0.5
1970 .....	32.1	9.4	22.6	6.9	3.8	3.1	2.3	0.8	25.1	5.6	19.5	11.9	5.1	0.9	1.6
1975 .....	32.9	11.6	21.3	9.0	4.3	4.8	3.6	1.2	23.8	7.4	16.5	7.0	4.3	4.5	0.7
1980 .....	46.9	14.6	32.4	11.0	4.9	6.0	3.9	2.2	36.0	9.6	26.4	12.3	7.5	6.8	-0.2
1985 .....	45.4	17.8	27.7	13.7	6.4	7.4	2.6	4.8	31.7	11.4	20.3	13.0	4.1	3.2	-0.1
1990 .....	46.3	22.3	24.0	16.2	9.2	7.0	2.4	4.5	30.1	13.1	17.1	11.9	1.7	2.1	1.4
<b>Annual data:</b>															
1995 .....	59.9	26.3	33.5	19.5	11.4	8.2	1.8	6.3	40.3	15.0	25.4	15.2	2.8	2.0	5.4
1996 .....	61.1	27.3	33.8	20.7	11.8	8.9	0.9	8.0	40.3	15.4	24.9	14.9	3.0	1.6	5.5
1997 .....	60.9	28.2	32.7	20.0	12.3	7.7	-0.1	7.8	40.9	15.9	25.0	15.2	2.9	1.5	5.3
1998 .....	55.5	29.0	26.5	15.5	12.6	2.9	*	2.9	40.0	16.4	23.7	14.1	2.7	1.1	5.8
1999 .....	63.4	29.7	33.7	21.3	12.9	8.4	0.7	7.7	42.2	16.8	25.3	16.1	2.7	1.2	5.3
2000 .....	71.0	30.9	40.1	25.5	13.5	12.0	1.5	10.5	45.5	17.4	28.1	18.1	2.7	1.6	5.7
2001 est. ....	74.0	32.1	41.9	26.2	14.2	11.9	1.5	10.4	47.9	17.9	30.0	19.5	2.8	1.6	6.1
2002 est. ....	75.5	33.4	42.1	26.0	14.9	11.1	1.3	9.8	49.5	18.5	31.0	20.7	2.7	1.5	6.2

\* \$50 million or less.

**Table 6-7. NET STOCK OF FEDERALLY FINANCED RESEARCH AND DEVELOPMENT <sup>1</sup>**

(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 .....	247	15	233	204	63	140	451	78	373
1975 .....	262	19	242	249	92	157	511	112	399
1980 .....	265	24	242	295	125	170	560	148	412
1985 .....	304	29	276	321	165	156	626	194	432
1990 .....	381	34	347	362	217	146	744	251	493
Annual data:									
1995 .....	399	40	359	436	278	158	835	318	517
1996 .....	401	41	360	448	290	158	850	332	518
1997 .....	403	42	360	463	303	160	866	346	520
1998 .....	403	44	360	478	316	163	882	359	523
1999 .....	402	45	358	495	329	166	897	374	523
2000 .....	401	46	356	512	344	169	914	389	524
2001 est. ....	400	47	353	533	359	174	933	406	527
2002 est. ....	403	48	355	556	377	179	959	425	534

<sup>1</sup> Excludes outlays for physical capital for research and development, which are included in Table 6-5.

financed by State and local governments, and by students and their families themselves. This federally financed portion of the stock represents about 3 percent of the Nation's total education stock.<sup>4</sup> 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 2000, and the expansion of the education stock is projected to continue under this budget.

<sup>4</sup>For estimates of the total education stock, see Table 2-4 in Chapter 2, "Stewardship: Toward a Federal Balance Sheet."

### Note on Estimating Methods

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

As stated previously, the capital stock estimates are very rough approximations. Sources of possible error include:

*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,

**Table 6-8. 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 .....	67	48	19
1965 .....	93	67	26
1970 .....	213	167	46
1975 .....	307	247	60
1980 .....	434	338	96
1985 .....	535	399	137
1990 .....	703	519	184
Annual data:			
1995 .....	792	574	218
1996 .....	822	596	226
1997 .....	856	621	235
1998 .....	909	661	248
1999 .....	969	708	261
2000 .....	1,030	762	268
2001 est. ....	1,088	813	275
2002 est. ....	1,157	869	289

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.<sup>5</sup> In addition, as part of the most recent revisions, a new NIPA table explicitly links 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.<sup>6</sup>

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 chained NIPA price indexes for Federal, State, and local consumption of durables and gross investment. The price indexes were updated this year consistent with revised data back to 1930 from BEA's October 1999 comprehensive NIPA revisions. 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.<sup>7</sup> The geometric rates were 1.9 percent for water and power projects; 2.4 percent for other direct nondefense construction and rehabilitation; 20.3 percent for non-defense equipment; 14.0 percent for defense equipment; 2.1 percent for defense structures; 2.0 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. The depreciation rate for transportation grants was increased from the 1.6 percent rate used last year, consistent with a revised as-

<sup>5</sup>This change aligns BEA's treatment of software with OMB's definitions, which include purchase and in-house development of major software as investment.

<sup>6</sup>BEA presented estimates of capital stocks consistent with its October 1999 comprehensive revisions in "Fixed Assets and Consumer Durable Goods," *Survey of Current Business*, April 2000, pp. 17–30.

<sup>7</sup>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.

sumption for the service life of highways adopted by BEA in its October 1999 revisions.

### **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.<sup>8</sup> More recent experimental work at BEA, extending estimates of tangible capital stocks to R&D, used slightly different assump-

tions. This work assumed straight-line depreciation for all R&D over a useful life of 18 years, which is roughly equivalent to a geometric depreciation rate of 11 percent. The slightly higher depreciation rate and its extension to basic research would result in smaller stocks than the method used here.<sup>9</sup>

### **Education Capital Stocks**

*Method of estimation.*—The estimates of the federally financed education capital stock in Table 6–8 were calculated by first estimating the Nation's total stock of education capital, based on the current replacement cost of the total years of education of the population, 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 6–8 is based only on spending for education. Stocks created by other human capital investment outlays included in Table 6–1, such as job training and vocational rehabilitation, were not calculated because of the lack of historical data prior to 1962 and the absence of estimates of depreciation rates.

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

A capital budget would separate Federal expenditures into two categories: spending for investment and all other spending. In this sense, Part I of the present chapter provides a capital budget for the Federal Government, distinguishing outlays that yield long-term benefits from all others. But alternative capital budget presentations have also been suggested, and a capital budget process may take many different forms. The President's Commission to Study Capital Budgeting recently considered 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, but it did not recommend any kind of capital budget or target for investment in the sense discussed in this section.<sup>10</sup> This section is intended to show the implications of budgeting for capital separately or changing the basis for measuring capital investment in the budget.

The Federal budget mainly finances investment for two quite different types of reasons. It invests in cap-

ital—such as office buildings, computers, and weapons systems—that primarily contributes to its ability to provide governmental services to the public; some of these services, in turn, are designed to increase economic growth. And it invests in capital—such as highways, education, and research—that contributes more directly to the economic growth of the Nation. Most of the capital in the second category, unlike the first, is not owned or controlled by the Federal Government. In the discussion that follows, the first is called "Federal capital" and the second is called "national capital." Table 6–9 compares total Federal investment as defined in 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.

<sup>8</sup>See U.S. Department of Labor, Bureau of Labor Statistics, *The Impact of Research and Development on Productivity Growth*, Bulletin 2331, September 1989.

<sup>9</sup>See "A Satellite Account for Research and Development," *Survey of Current Business*, November 1994, pp. 37–71.

<sup>10</sup>*Report of the President's Commission to Study Capital Budgeting* (February 1999). To be specific, the Commission did not recommend changing the budget to alter the basis for measuring capital investment, 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.

**Table 6-9. ALTERNATIVE DEFINITIONS OF INVESTMENT OUTLAYS, 2002**

(In millions of dollars)

	Investment Outlays		
	All types of capital <sup>1</sup>	Federal capital	National capital
Construction and rehabilitation:			
Grants:			
Transportation .....	37,397	.....	37,397
Natural resources and environment .....	2,845	.....	2,845
Community and regional development .....	6,403	.....	1,120
Housing assistance .....	7,955	.....	.....
Other grants .....	671	.....	571
Direct Federal:			
National defense .....	5,113	5,113	.....
General science, space, and technology .....	2,764	2,733	2,764
Natural resources and environment .....	4,994	3,915	4,591
Energy .....	1,318	1,318	1,318
Transportation .....	263	233	263
Veterans and other health facilities .....	1,559	1,559	1,559
Postal Service .....	975	975	975
GSA real property activities .....	1,175	1,175	.....
Other construction .....	3,299	2,893	1,277
Total construction and rehabilitation .....	76,731	19,914	54,680
Acquisition of major equipment (direct):			
National defense .....	57,239	57,239	.....
Postal Service .....	749	749	749
Air transportation .....	2,302	2,302	2,302
Other .....	7,278	6,247	4,165
Total major equipment .....	67,568	66,537	7,216
Purchase or sale of land and structures .....	358	358	.....
Other physical assets (grants) .....	1,023	.....	61
Total physical investment .....	145,680	86,809	61,957
Research and development:			
Defense .....	46,850	.....	1,206
Nondefense .....	40,396	.....	40,029
Total research and development .....	87,246	.....	41,235
Education and training .....	65,606	.....	65,203
Total investment outlays .....	298,532	86,809	168,395

<sup>1</sup> 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 budgets and other changes in Federal budgeting have been suggested from time to time for the Government's investment in both Federal and national capital. The 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 cap-

ital assets, which is a different subject, is discussed in Part II of this chapter.

### 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 2002 is estimated to be \$86.8 billion, or 29 percent of the total Federal investment outlays shown in Table 6-1. Of the investment in Federal capital, 72 percent is for defense and 28 percent for nondefense purposes. (The estimates for defense investment throughout this section are subject to change as a result of the Defense Strategy Review mentioned in the introduction to this chapter.)

**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.

Some capital budget proposals would partition the unified budget into a capital budget, an operating budget, and a total budget. Table 6-10 illustrates such a capital budget for 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 larger surplus than the unified budget by a small amount, \$7 billion, because capital expenditures are larger than depreciation by \$7 billion. This reflects both the relatively small Federal investment in new capital assets (\$87 billion) and the offsetting effect of depreciation on the existing stock (\$80 billion). The figures in Table 6-10 and the subsequent tables of this section

are rough estimates, intended only to be illustrative and to provide a basis for broad generalizations.

**Table 6-10. CAPITAL, OPERATING, AND UNIFIED BUDGETS: FEDERAL CAPITAL, 2002<sup>1</sup>**

(In billions of dollars)

<b>Operating Budget</b>	
Receipts .....	2,192
Expenses:	
Depreciation .....	80
Other .....	1,874
Subtotal, expenses .....	1,954
Surplus or deficit (-) .....	238
<b>Capital Budget</b>	
Income: depreciation .....	80
Capital expenditures .....	87
Surplus or deficit (-) .....	-7
<b>Unified Budget</b>	
Receipts .....	2,192
Outlays .....	1,961
Surplus or deficit (-) .....	231

<sup>1</sup> 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.

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 6-10. For 2002, this exclusion would make little difference to the operating budget surplus. If defense capital was excluded, the operating budget would have a surplus that was \$10 billion more than the unified budget surplus instead of \$7 billion more as shown above for the complete coverage of Federal capital. Capital expenditures for defense in 2002 are estimated to be \$3 billion less than depreciation, whereas capital expenditures for nondefense purposes (plus military family housing) are estimated to be \$10 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 an agency 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.<sup>11</sup>

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 is not permanent, it is 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 present 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).<sup>12</sup> This comparison is also consistent

<sup>11</sup>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, in which case the budget would record no expense at all in the budget year.

<sup>12</sup>For example, see Edward M. Gramlich, *A Guide to Benefit-Cost Analysis* (2nd ed.; Englewood Cliffs: Prentice Hall, 1990), chap. 6; or Joseph E. Stiglitz, *Economics of the*

with common business practice, in which capital budgeting decisions for the most part are made by comparing cash flows. The cash outflow for the full purchase price is compared with expected future cash inflows, either through a relatively sophisticated technique of discounted cash flows—such as net present value or internal rate of return—or through cruder methods such as payback periods.<sup>13</sup> Regardless of the specific technique adopted, it usually requires comparing future returns with the entire cost of the asset up front—not spread over time through annual depreciation.<sup>14</sup>

### *Practice Outside the Federal Government*

The proponents of making investment decisions on the basis of an operating budget with depreciation have sometimes claimed that this is the common practice outside the Federal Government. However, while the practice of others may differ from the Federal budget and the terms “capital budget” and “capital budgeting” are often used, these terms do not normally mean that 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.<sup>15</sup> This supports the business's goal of deciding upon and controlling the use of its resources.

The cash-based focus of business budgeting for capital is in contrast to business financial statements—the income statement and balance sheet—which use accrual

*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.

<sup>13</sup>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, *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).

<sup>14</sup>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.

<sup>15</sup>A business capital budget is depicted in Glenn A. Welsch et al., *Budgeting: Profit Planning and Control* (5th ed.; Englewood Cliffs: Prentice Hall, 1988), pp. 396–99.

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 lives. With similar objectives in mind, the Federal Accounting Standards Advisory Board has 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.<sup>16</sup>

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

<sup>16</sup>Statement of Federal Financial Accounting Standards No. 6, *Accounting for Property, Plant, and Equipment*, pp. 5–14 and 34–35. (The Federal Accounting Standards Advisory Board was established by the Office of Management and Budget, Department of Treasury, and General Accounting Office to develop accounting standards and concepts for the Federal government. The American Institute of Certified Public Accountants has designated it as the body to establish generally accepted accounting principles (GAAP) for Federal government entities.) 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.

operating budgets do not record any amount. No State operating budget is charged for depreciation.<sup>17</sup>

States do not currently record depreciation expense in the financial accounting statements for governmental funds. They record depreciation expense only in their proprietary (commercial-type) funds and in those trust funds where net income, expense, or capital maintenance is measured.<sup>18</sup> Under new financial accounting standards, however, depreciation on most capital assets will be recognized as an expense in government-wide financial statements. This requirement will be phased in over the next three years and is effective for larger governments for fiscal years beginning after June 2001.<sup>19</sup>

State borrowing to finance investment, like business borrowing, is subject to limitations that do not apply to Federal borrowing. Like business borrowing, it is constrained by the credit market's assessment of the State's capacity to repay, 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, has traditionally been divided into separate titles of which some are for current expenditures and others for capital expenditures. A recent study of European countries found only four, however, that had a real difference between a current budget and a capital budget (Greece, Ireland, Luxembourg, and Portugal).<sup>20</sup>

In addition, four developed countries have recently begun to adopt accrual budgets that include the use of depreciation in place of capital expenditures. These four countries, however, require appropriations for the full cost or current cash disbursements as an additional control under some or all circumstances. New Zealand, the first country to shift to an accrual budget, 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

<sup>17</sup>The characteristics of State capital budgets were examined in a survey of State budget officers for all 50 States in 1986. See Lawrence W. Hush and Kathleen Peroff, “The Variety of State Capital Budgets: A Survey,” *Public Budgeting and Finance* (Summer 1988), pp. 67–79. More detailed results are available in an unpublished OMB document, “State Capital Budgets” (July 7, 1987). Two GAO reports examined 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* (November 1999).

<sup>18</sup>Governmental Accounting Standards Board (GASB), *Codification of Governmental Accounting and Financial Reporting Standards as of June 30, 2000*, sections 1100.107 and 1400.114–1400.118.

<sup>19</sup>Governmental Accounting Standards Board, Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* (June 1999), paragraphs 18–29 and 44–45. For discussion of the basis for conclusions of these new standards, see paragraphs 330–43.

<sup>20</sup>M. Peter van der Hoek, “Fund Accounting and Capital Budgeting: European Experience,” *Public Budgeting and Financial Management*, vol. 8 (Spring 1996), pp. 39–40.



certain capital assets such as state highways. Australia, which adopted an accrual budget as of its 1999–2000 budget, requires an appropriation for departments that do not have adequate reserves to purchase assets. The United Kingdom plans to budget on an accrual basis starting with its budget for 2001–02. In addition to the depreciation in the budget there would be an appropriation for cash payments for capital assets made in the fiscal year. Parliamentary approval would be needed for both the “resource budget,” which would include depreciation, and the cash requirement, which would include the cash payments made for capital assets. Canada plans to publish its 2001–02 budget on a full accrual basis, for the first time including depreciation of capital assets, but it distinguishes between its budget and its “estimates.” The budget sets forth the overall fiscal framework, while the “estimates” comprise the detailed departmental appropriations. The estimates are on a modified cash basis that does not make use of depreciation.

A country with an accrual budget may calculate its measure of fiscal position on other bases as well. The Australian budget has several measures of fiscal position. The primary fiscal measure, the fiscal balance, is close to a cash basis and includes the purchase of property, plant, and equipment rather than depreciation.<sup>21</sup>

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.<sup>22</sup>

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.”<sup>23</sup>

### 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.”<sup>24</sup>

After further study of the role of depreciation in budgeting for national capital, GAO reiterated that conclusion in another study in 1995.<sup>25</sup> “The greatest disadvantage... was that depreciation would result in a loss of budgetary control under an obligation-based budgeting system.”<sup>26</sup> 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 expressly 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.”<sup>27</sup>

## Investment in National Capital

### A Target for National Investment

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

- *The effect of its own investment in national capital on the output and income that the economy can produce.*
- *The effect of Federal taxation, borrowing, and other policies on private investment.*

<sup>21</sup>GAO, *Accrual Budgeting: Experiences of Other Nations and Implications for the United States*, GAO/AIMD-00-57 (February 2000).

<sup>22</sup>Denmark had accrual budgets generally, not just for capital assets, but abandoned that practice a number of years ago. The budgets in Sweden, Great Britain, Germany, and France as of the middle 1980s 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.

<sup>23</sup>The World Bank, *Public Expenditure Management Handbook* (Washington, D.C.: The World Bank, 1998), Box 3.11, page 53.

<sup>24</sup>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.

<sup>25</sup>GAO, *Budget Issues: The Role of Depreciation in Budgeting for Certain Federal Investments*, GAO/AIMD-95-34 (February 1995), pp. 1 and 19–20.

<sup>26</sup>*Ibid.*, p. 17. Also see pp. 1–2 and 16–19.

<sup>27</sup>GAO, *Budget Issues: Budgeting for Federal Capital*, GAO/AIMD-97-5 (November 1996), p. 28. Also see p. 4.

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.<sup>28</sup> 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.”<sup>29</sup> 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.<sup>30</sup> Such a target for investment in national capital would focus attention on policies for growth, encourage a conscious decision about the overall level of growth-enhancing 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.<sup>31</sup>

**Table 6–11. UNIFIED BUDGET WITH NATIONAL INVESTMENT COMPONENT, 2002**  
(In billions of dollars)

Receipts .....	2,192
Outlays:	
National investment .....	168
Other .....	1,792
Subtotal, outlays .....	1,961
Surplus or deficit (-) .....	231

Table 6–11 illustrates the unified budget reorganized as GAO recommends to have a separate component for investment in national capital. This component is roughly estimated to be \$168 billion in 2002. 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 non-defense 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, non-profit organizations, or individuals. Only 12 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 6–12 roughly illustrates what a capital budget and operating budget would look like under this definition of investment—although it must be emphasized that this is *not* GAO’s recommendation. Some pro-

ponents 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.<sup>32</sup>

**Table 6–12. CAPITAL, OPERATING, AND UNIFIED BUDGETS: NATIONAL CAPITAL, 2002<sup>1</sup>**  
(In billions of dollars)

<b>Operating Budget</b>	
Receipts .....	2,156
Expenses:	
Depreciation <sup>2</sup> .....	77
Other .....	1,792
Subtotal, expenses .....	1,869
Surplus or deficit (-) .....	287
<b>Capital Budget</b>	
Income:	
Depreciation <sup>2</sup> .....	77
Earmarked tax receipts <sup>3</sup> .....	36
Subtotal, income .....	113
Capital expenditures .....	168
Surplus or deficit (-) .....	-56
<b>Unified Budget</b>	
Receipts .....	2,192
Outlays .....	1,961
Surplus or deficit (-) .....	231

<sup>1</sup>For the purpose of this illustrative table only, education and training outlays are arbitrarily depreciated over 30 years by the straight-line method. This differs from the treatment of education and training elsewhere in this chapter and in Chapter 2. All depreciation estimates are subject to the limitations explained in Part III of this chapter. Depreciation is measured in terms of current cost, not historical cost.

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

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

In addition to these basic limitations, the definition of investment is more malleable for national capital than Federal capital. Many programs promise long-term intangible benefits to the Nation, and depreciation rates are much 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

<sup>28</sup>*Incorporating an Investment Component in the Federal Budget*, pp. 1–2, 9–10, and 15.

<sup>29</sup>*Ibid.*, pp. 1 and 5.

<sup>30</sup>*Ibid.*, pp. 2 and 13–16.

<sup>31</sup>*The Role of Depreciation in Budgeting for Certain Investments*, pp. 2 and 19–20.

<sup>32</sup>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.”

operating expenses and deficit look smaller by classifying outlays as investment and using low depreciation rates. This would “justify” more spending by the program or the Government overall.<sup>33</sup>

### 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.<sup>34</sup>

Until a few 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.<sup>35</sup> 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 feder-

ally 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 non-defense, similar to the definition of “capital assets” in this chapter.<sup>36</sup>

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 2000 Federal Government current account surplus was increased \$6 billion by including depreciation rather than gross investment, because depreciation of federally owned structures, equipment, and software was less than gross investment. The 2002 Federal current account surplus is estimated to be increased \$14 billion.<sup>37</sup> A capital budget is not needed to capture this effect.

### Borrowing to Finance a Capital Budget

A further issue traditionally 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.

As this argument has traditionally been framed, it might appear as though it did not apply under present circumstances. The Government now has a large surplus, which is mostly used to repay Federal debt held by the public, and a large surplus is estimated to continue throughout the projection period of this budget. It does not “borrow” in the sense of increasing its debt from year to year, and it is not estimated to borrow during the projection period. However, the argument is fundamentally about the proper target for Federal debt and whether that target should be higher if the Government has net investment. If the Government has deficits financed by selling debt, should it *borrow more than otherwise* because of its net investment? Or if the Government has surpluses used to repay debt, should it *repay less than otherwise* because of its net

<sup>33</sup>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 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).

<sup>34</sup>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 2001 and 2002, and for a discussion of the NIPA Federal sector and its relationship to the budget.

<sup>35</sup>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.

<sup>36</sup>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.”

<sup>37</sup>See actuals and estimates for 2000–02 in Table 16–2 of chapter 16 of this volume, “National Income and Product Accounts.”

investment? This section follows the traditional way of discussing the issue by referring to “borrowing to finance net investment.” However, for the present analysis, “borrowing more” is equivalent to “repaying less debt.”

This argument about financing capital expenditures 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 6–10 and 6–12 suggest that this rationale would currently justify some change in borrowing (or debt repayment) under the two capital budgets roughly illustrated in this chapter, but for Federal capital the change would not be much. For *Federal capital*, Table 6–10 indicates that current cost depreciation is less than gross investment for Federal capital—the capital budget deficit is \$7 billion. The rationale of borrowing to finance net investment would justify the Federal Government borrowing this amount (\$7 billion) and no more to finance its investment in Federal capital. For *national capital*, Table 6–12 indicates that current cost depreciation (plus the excise taxes earmarked to finance capital expenditures for highways and airports and airways<sup>38</sup>) is less than gross

investment—the capital budget deficit is \$56 billion. The rationale of borrowing to finance net investment would justify the Federal Government borrowing this amount (\$56 billion) and no more to finance its investment in national capital.<sup>39</sup>

Even with depreciation calculated in current cost, the rationale for borrowing to finance net investment—or, under present circumstances, the rationale for reducing debt repayment because of 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. A high level of net national saving is needed to meet the demographic and other 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.<sup>40</sup>

The present budget proposes to continue to run substantial surpluses, reducing the debt to make room for financing private 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 realized 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 civil-

ian 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.

<sup>38</sup>The capital budget deficit would be about \$22 billion larger if current cost depreciation were used instead of earmarked excise taxes for investment in highways and airports and airways.

<sup>39</sup>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 12–3.

<sup>40</sup>GAO considered deficit financing of investment but did not recommend it. See *Incorporating an Investment Component in the Federal Budget*, pp. 12–13.

### 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 2001 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 \$130.2 billion in 2000 and is projected to increase to \$182.2 billion by 2010 on a current services basis. The largest components are for national defense and for roadways

and bridges, which together accounted for more than three-fifths of Federal public physical capital spending in 2000.

Table 6–13 shows projected current services outlays for Federal physical capital by the major categories specified in the Act. Total Federal outlays for transportation-related physical capital were \$34.4 billion in 2000, and current services outlays are estimated to increase to \$50.6 billion by 2010. Outlays for nondefense housing and buildings were \$13.1 billion in 2000 and are estimated to be \$19.0 billion in 2010. Physical capital outlays for other nondefense categories were \$26.7 billion in 2000 and are projected to be \$34.8 billion by 2010. For national defense, this spending was \$56.1 billion in 2000 and is estimated on a current services basis to be \$77.8 billion in 2010.

Table 6–14 shows current services projections on a constant dollar basis, using fiscal year 1996 as the base year.

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

(In billions of dollars)

	2000 Actual	Estimate									
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Nondefense:											
Transportation-related categories:											
Roadways and bridges .....	25.0	27.1	30.0	31.7	32.9	33.9	34.8	35.7	36.5	37.3	38.1
Airports and airway facilities .....	3.7	4.2	5.0	5.5	5.8	6.2	6.3	6.4	6.6	6.7	6.9
Mass transportation systems .....	5.1	5.2	4.9	4.7	4.5	4.5	4.6	4.7	4.8	4.9	5.0
Railroads .....	0.6	0.7	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7
Subtotal, transportation .....	34.4	37.2	40.5	42.5	43.8	45.2	46.4	47.5	48.5	49.6	50.6
Housing and buildings categories:											
Federally assisted housing .....	7.6	8.4	8.5	8.5	8.6	8.8	9.0	9.3	9.1	9.3	9.5
Hospitals .....	2.2	1.7	1.7	1.8	1.8	1.9	1.9	2.0	2.0	2.1	2.2
Public buildings <sup>1</sup> .....	3.3	4.5	4.6	5.6	6.4	6.7	6.8	6.9	7.0	7.2	7.3
Subtotal, housing and buildings .....	13.1	14.6	14.8	15.9	16.9	17.4	17.7	18.2	18.2	18.6	19.0
Other nondefense categories:											
Wastewater treatment and related facilities .....	2.9	3.2	3.2	3.4	3.5	3.6	3.7	3.8	3.9	3.9	4.0
Water resources projects .....	3.7	3.7	3.9	4.1	4.2	4.3	4.2	4.3	4.4	4.5	4.7
Space and communications facilities .....	6.3	5.7	6.1	6.4	6.9	6.9	6.8	7.8	7.6	7.6	7.8
Energy programs .....	1.3	1.3	1.3	1.3	1.4	1.4	1.4	1.4	1.5	1.5	1.5
Community development programs .....	5.6	5.8	6.0	6.1	6.3	6.5	6.6	6.8	6.9	7.0	7.2
Other nondefense .....	7.0	8.0	7.8	7.7	8.4	8.5	8.7	8.9	9.2	9.4	9.6
Subtotal, other nondefense .....	26.7	27.8	28.4	29.1	30.7	31.1	31.4	33.0	33.5	34.1	34.8
Subtotal, nondefense .....	74.1	79.6	83.7	87.4	91.4	93.8	95.6	98.6	100.3	102.2	104.4
National defense .....	56.1	58.1	61.7	63.4	66.5	69.6	71.7	73.1	74.1	75.9	77.8
Total .....	130.2	137.7	145.5	150.9	157.9	163.3	167.2	171.7	174.4	178.2	182.2

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

**Table 6-14. CURRENT SERVICES OUTLAY PROJECTIONS FOR FEDERAL PHYSICAL CAPITAL SPENDING**  
(In billions of constant 1996 dollars)

	2000 Actual	Estimate				
		2001	2002	2003	2004	2005
<b>Nondefense:</b>						
Transportation-related categories:						
Roadways and bridges .....	23.3	24.6	26.4	27.1	27.3	27.4
Airports and airway facilities .....	3.6	3.9	4.6	4.9	5.1	5.2
Mass transportation systems .....	4.8	4.7	4.3	4.0	3.8	3.6
Railroads .....	0.6	0.6	0.6	0.6	0.6	0.6
Subtotal, transportation .....	32.3	33.9	35.9	36.6	36.7	36.8
Housing and buildings categories:						
Federally assisted housing .....	7.1	7.7	7.5	7.3	7.2	7.2
Hospitals .....	2.2	1.6	1.7	1.7	1.7	1.7
Public buildings <sup>1</sup> .....	3.3	4.4	4.4	5.2	5.8	5.9
Subtotal, housing and buildings .....	12.6	13.7	13.6	14.2	14.7	14.8
Other nondefense categories:						
Wastewater treatment and related facilities .....	2.7	2.9	2.8	2.9	2.9	2.9
Water resources projects .....	3.7	3.6	3.8	3.9	3.9	3.9
Space and communications facilities .....	6.3	5.6	5.8	6.0	6.4	6.2
Energy programs .....	1.3	1.3	1.3	1.3	1.3	1.3
Community development programs .....	5.3	5.3	5.3	5.3	5.3	5.2
Other nondefense .....	6.9	7.8	7.4	7.1	7.6	7.5
Subtotal, other nondefense .....	26.1	26.5	26.4	26.4	27.3	27.0
Subtotal, nondefense .....	71.0	74.0	75.9	77.3	78.7	78.7
National defense .....	57.0	57.9	60.2	60.6	62.3	63.8
<b>Total .....</b>	<b>128.0</b>	<b>131.9</b>	<b>136.1</b>	<b>137.8</b>	<b>141.0</b>	<b>142.4</b>

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

### Public Civilian Capital Needs Assessments

The Act requires information regarding the state of major Federal infrastructure programs, including highways and bridges, airports and airway facilities, mass transit, railroads, federally assisted housing, hospitals, water resources projects, and space and communications investments. Funding levels, long-term projections, policy issues, needs assessments, and critiques, are required for each category.

Capital needs assessments change little from year to year, in part due to the long-term nature of the facilities themselves, and in part due to the consistency of the analytical techniques used to develop the assessments and the comparatively steady but slow changes in underlying demographics. As a result, the practice has arisen in reports in previous years to refer to earlier discussions, where the relevant information had been carefully presented and changes had been minimal.

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

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

### Significant Factors Affecting Infrastructure Needs Assessments

#### Highways

1. Projected annual average growth in travel to the year 2017 .....	2.16 percent
2. Annual cost to maintain 1997 physical conditions on highways .....	\$50.8 billion (1997 dollars)
3. Annual cost to maintain 1997 physical conditions on bridges .....	\$5.8 billion (1997 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 .....	\$7.7 billion (1997 dollars)
2. Yearly cost to replace and maintain the urban, rural, and special services bus fleet and facilities .....	\$3.1 billion (1997 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 .....	\$76 billion
3. The population served by centralized treatment facilities: percentage that benefits from at least secondary sewage treatment systems .....	99 percent
4. States and territories served by State Revolving Funds .....	51

#### Housing

1. Total unsubsidized very low income renter households with worst case needs (4.9 million*)	
A. In severely substandard units .....	0.5 million
B. With a rent burden greater than 50 percent .....	4.6 million

\*The total is less than the sum because some renter families have both problems.

#### Indian Health Service (IHS) Health Care Facilities

1. IHS hospital occupancy rates (2000) .....	39.9 percent
2. Average length of stay, IHS hospitals (days) (2000) .....	4.0
3. Hospital admissions (2000) .....	64,837
4. Outpatient visits (2000) .....	8,318,609
5. Eligible population (2000) .....	1,511,135

#### Department of Veterans Affairs (VA) Hospitals (2001)

1. Medical Centers .....	172
2. Outpatient clinics .....	781
3. Domiciliaries .....	43
4. Vet centers .....	206
5. Nursing homes .....	135

#### Water Resources

Water resources projects include navigation (deepwater ports and inland waterways); flood and storm damage protection; irrigation; hydro-power; 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

Technological innovation and scientific discovery have generated much of the Nation's productivity growth over the last 50 years, created millions of high-skill, high-wage jobs, and improved the quality of life in America. This innovation and discovery has been possible only through the strong national investment in

research and development (R&D), from both the public and private sectors. Data from the National Science Foundation indicate that the total national investment in R&D recently surpassed 2.7 percent of the Gross Domestic Product.

Table 7-1 shows R&D highlights of the 2002 Budget.

**Table 7-1. R&D HIGHLIGHTS IN 2002 SPENDING**

(Budget authority, dollar amounts in millions)

By Agency	2000	2001	2002	Percent Change: 2001 to 2002
<b>National Institutes of Health</b>				
Biomedical research .....	17,827	20,361	23,112	14%
<b>Defense</b>				
R&D initiative .....			2,600	NA
<b>NASA</b>				
Space Launch Initiative .....	30	290	475	64%
Mars Exploration Program .....	249	426	431	1%
Astronomical Search for Origins .....	118	123	194	57%
Earth Observing System Follow-on Program .....	15	55	130	136%
<b>Energy</b>				
Basic Energy Sciences .....	772	994	1,005	1%
Fossil Energy .....	404	445	544	22%
<b>National Science Foundation</b>				
Math and Science Partnership Initiative .....			200	NA
Mathematical Sciences .....	106	121	141	17%
Nanoscale Science, Engineering, and Technology .....	97	150	174	16%
<b>Agriculture</b>				
Biotechnology .....	188	197	204	4%
Bioproducts and Bioenergy .....	81	240	249	4%
<b>Commerce</b>				
Ocean Exploration .....		4	14	250%
National Polar-orbiting Operational Environmental Satellite .....	60	73	157	115%
NIST internal research .....	282	313	347	11%
<b>Transportation</b>				
Highway Surface Transportation .....	66	73	114	56%
Intelligent Transportation Systems Initiative .....	40	41	62	51%
<b>Veterans Affairs</b>				
Medical and Prosthetic Research .....	321	350	360	3%
<b>Education</b>				
National Institute on Disability and Rehabilitation Research .....	86	100	110	10%
Research and Dissemination .....	104	121	123	2%

### Federal Research and Development Funding

R&D is the collection of efforts directed towards gaining greater knowledge or understanding and applying knowledge toward the production of useful materials, devices, and methods. Since 1949, the Budget has collected and reported information on R&D. The budget is characterized by the following categories: basic research, applied research, development, R&D equipment, and R&D facilities.

Basic research is defined as systematic study directed toward greater knowledge or understanding of the fundamental aspects of phenomena and of observable facts without specific applications towards processes or products in mind.

Applied research is systematic study to gain knowledge or understanding necessary to determine the means by which a recognized and specific need may be met.

Development is systematic application of knowledge toward the production of useful materials, devices, and systems or methods, including design, development, and improvement of prototypes and new processes to meet specific requirements.

Research and development equipment includes acquisition or design and production of movable equipment, such as spectrometers, microscopes, detectors, and other instruments.

Research and development facilities include the acquisition, design, and construction of, or major repairs

or alterations to, all physical facilities for use in R&D activities. Facilities include land, buildings, and fixed capital equipment, regardless of whether the facilities are to be used by the Government or by a private organization, and regardless of where title to the property may rest. This category includes reactors, wind tunnels, and particle accelerators, and the International Space Station.

Table 7–2 shows agency-by-agency spending on basic and applied research, development, and R&D equipment and facilities.

**Table 7–2. FEDERAL RESEARCH AND DEVELOPMENT SPENDING**

(Budget authority, dollar amounts in millions)

	2000 Actual	2001 Estimate	2002 Proposed	Dollar Change: 2000 to 2002	Percent Change: 2000 to 2002	Dollar Change: 2001 to 2002	Percent Change: 2001 to 2002
<b>By Agency</b>							
Defense*	39,664	41,571	45,159*	5,495*	14%*	3,588*	9%*
Health and Human Services	18,051	20,805	23,313	5,262	29%	2,508	12%
National Aeronautics and Space Administration	9,242	9,632	9,311	69	1%	-321	-3%
Energy	6,892	7,692	7,435	543	8%	-257	-3%
National Science Foundation	2,947	3,297	3,242	295	10%	-55	-2%
Agriculture	1,773	1,961	1,803	30	2%	-158	-8%
Commerce	1,110	1,096	1,029	-81	-7%	-67	-6%
Interior	618	632	593	-25	-4%	-39	-6%
Transportation	603	743	795	192	32%	52	7%
Veterans Affairs	645	703	721	76	12%	18	3%
Environmental Protection Agency	559	610	575	16	3%	-35	-6%
Education	238	265	259	21	9%	-6	-2%
Other	796	1,007	1,022	226	28%	151%	1%
<b>TOTAL</b>	<b>83,138</b>	<b>90,010</b>	<b>95,253</b>	<b>12,115</b>	<b>15%</b>	<b>5,243</b>	<b>6%</b>
<b>Basic Research</b>							
Defense*	1,136	1,317	1,345*	209*	18%*	28*	2%*
Health and Human Services	10,062	11,544	12,980	2,918	29%	1,436	12%
National Aeronautics and Space Administration	2,137	2,548	2,465	328	15%	-83	-3%
Energy	2,262	2,378	2,344	82	4%	-34	-1%
National Science Foundation	2,540	2,796	2,799	259	10%	3	0%
Agriculture	684	742	717	33	5%	-25	-3%
Commerce	42	40	46	4	10%	6	15%
Interior	52	57	54	2	4%	-3	-5%
Transportation	10	17	21	11	110%	4	24%
Veterans Affairs	266	290	304	38	14%	14	5%
Environmental Protection Agency	58	106	98	40	69%	-8	-8%
Education	2	2	2	0	0%	0	0%
Other	170	181	177	7	4%	-4	-2%
<b>SUBTOTAL</b>	<b>19,421</b>	<b>22,018</b>	<b>23,352</b>	<b>3,931</b>	<b>20%</b>	<b>1,334</b>	<b>6%</b>
<b>Applied Research</b>							
Defense*	3,405	3,664	3,741*	336*	10%*	77*	2%*
Health and Human Services	7,692	8,915	9,824	2,132	28%	909	10%
National Aeronautics and Space Administration	1,534	1,683	1,811	-277	-18%	128	8%
Energy	1,874	2,185	2,020	146	8%	-165	-8%
National Science Foundation	184	220	218	34	18%	-2	-1%
Agriculture	831	922	829	-2	0%	-93	-10%
Commerce	780	829	820	40	5%	-9	-1%
Interior	520	537	503	-17	-3%	-34	-6%
Transportation	396	456	507	111	28%	51	11%
Veterans Affairs	367	399	403	36	10%	4	1%
Environmental Protection Agency	388	369	349	-39	-10%	-20	-5%
Education	151	165	167	16	11%	2	1%
Other	344	390	361	17	5%	-29	-7%
<b>SUBTOTAL</b>	<b>18,466</b>	<b>20,734</b>	<b>21,553</b>	<b>3,057</b>	<b>17%</b>	<b>819</b>	<b>4%</b>

**Table 7-2. FEDERAL RESEARCH AND DEVELOPMENT SPENDING—Continued**

(Budget authority, dollar amounts in millions)

	2000 Actual	2001 Estimate	2002 Proposed	Dollar Change: 2000 to 2002	Percent Change: 2000 to 2002	Dollar Change: 2001 to 2002	Percent Change: 2001 to 2002
<b>Development</b>							
Defense*	35,026	36,410	39,889*	4,863*	14%*	3,479*	10%*
Health and Human Services	44	101	87	43	98%	-14	-14%
National Aeronautics and Space Administration	2,702	2,687	2,754	52	2%	67	2%
Energy	1,855	2,253	2,174	319	17%	-79	-4%
National Science Foundation	0	0	0	0	NA	0	NA
Agriculture	111	120	124	13	12%	4	3%
Commerce	130	138	83	-47	-36%	-55	-40%
Interior	29	32	30	1	3%	-2	-6%
Transportation	185	254	250	65	35%	-4	-2%
Veterans Affairs	12	14	15	3	25%	1	7%
Environmental Protection Agency	92	101	94	2	2%	-7	-7%
Education	85	98	90	5	6%	-8	-8%
Other	253	386	364	111	44%	-22	-6%
<b>SUBTOTAL</b>	<b>40,524</b>	<b>42,594</b>	<b>45,954</b>	<b>5,430</b>	<b>13%</b>	<b>3,360</b>	<b>8%</b>
<b>Facilities and Equipment</b>							
Defense	97	180	184*	87*	90%*	4*	2%*
Health and Human Services	253	245	422	169	67%	177	72%
National Aeronautics and Space Administration	2,869	2,714	2,281	-588	-20%	-433	-16%
Energy	901	876	897	-4	0%	21	2%
National Science Foundation	223	281	225	2	1%	-56	-20%
Agriculture	147	177	133	-14	-10%	-44	-25%
Commerce	158	89	80	-78	-49%	-9	-10%
Interior	17	6	6	-11	-65%	0	0%
Transportation	12	16	17	5	42%	1	6%
Veterans Affairs	0	0	-1	-1	NA	-1	NA
Environmental Protection Agency	21	34	34	13	62%	0	0%
Education	0	0	0	0	NA	0	NA
Other	29	46	116	87	300%	70	152%
<b>SUBTOTAL</b>	<b>4,727</b>	<b>4,664</b>	<b>4,394</b>	<b>-333</b>	<b>-7%</b>	<b>-270</b>	<b>-6%</b>

Table does not include net mandatory funding for USDA research grant programs, as follows: \$140 million in FY 2000, \$130 million in FY 2001, and \$135 million in FY 2002.

\*FY 2002 entries for DOD research and facilities represent a projection from the enacted FY 2001 levels plus inflation. The entry for development includes \$2.6 billion for the R&D initiative. FY 2002 levels are subject to change as a result of the Defense Strategy Review now underway.

### The Federal Science and Technology Budget

In a 1995 report from the National Academy of Sciences, the scientific community proposed a "Federal Science and Technology" budget. Such a compilation would highlight more consistently and accurately activities central to the creation of new knowledge and technologies, compared with the traditional R&D data collection reported in Table 7-2. Because the Federal

Science and Technology (FS&T) budget emphasizes research, funding for defense development, testing, and evaluation is not included. The resulting FS&T budget is about half of the total Federal spending on R&D.

Table 7-3 contains an approximation of the FS&T budget, which accounts for nearly all of Federal basic research, over 80 percent of Federal applied research, and about half of Federal non-defense development.

**Table 7-3. FEDERAL SCIENCE AND TECHNOLOGY BUDGET**  
(Budget authority, dollar amounts in millions)

	2000 Actual	2001 Estimate	2002 Proposed	Dollar Change: 2000 to 2002	Percent Change: 2000 to 2002	Dollar Change: 2001 to 2002	Percent Change: 2001 to 2002
<b>By Agency</b>							
<b>National Institutes of Health</b> .....	<b>17,827</b>	<b>20,361</b>	<b>23,112</b>	<b>5,285</b>	<b>30%</b>	<b>2,751</b>	<b>14%</b>
<b>NASA</b> <sup>1</sup> .....	<b>6,389</b>	<b>6,957</b>	<b>7,038</b>	<b>649</b>	<b>10%</b>	<b>81</b>	<b>1%</b>
Space Science .....	2,524	2,658	2,786	262	10%	129	5%
Earth Science .....	1,675	1,702	1,496	-179	-11%	-206	-12%
Biological and Physical Research .....	356	393	380	24	7%	-13	-3%
Aero-space Technology .....	1,834	2,205	2,376	541	30%	171	8%
<b>Defense</b> <sup>2</sup> .....	<b>4,541</b>	<b>4,981</b>	<b>5,086</b> <sup>2</sup>	<b>545</b> <sup>2</sup>	<b>12%</b> <sup>2</sup>	<b>105</b> <sup>2</sup>	<b>2%</b> <sup>2</sup>
Basic Research <sup>2</sup> .....	1,136	1,317	1,345 <sup>2</sup>	209 <sup>2</sup>	18% <sup>2</sup>	28 <sup>2</sup>	2% <sup>2</sup>
Applied Research <sup>2</sup> .....	3,405	3,664	3,741 <sup>2</sup>	336 <sup>2</sup>	10% <sup>2</sup>	77 <sup>2</sup>	2% <sup>2</sup>
<b>Energy</b> .....	<b>4,353</b>	<b>4,910</b>	<b>4,682</b>	<b>329</b>	<b>8%</b>	<b>-228</b>	<b>-5%</b>
Science Programs <sup>3</sup> .....	2,788	3,179	3,160	372	13%	-19	-1%
Energy Supply .....	584	661	494	-90	-15%	-167	-25%
Energy Conservation <sup>4</sup> .....	577	625	484	-93	-16%	-141	-23%
Fossil Energy <sup>5</sup> .....	404	445	544	140	35%	99	22%
<b>National Science Foundation</b> .....	<b>3,897</b>	<b>4,416</b>	<b>4,472</b>	<b>575</b>	<b>15%</b>	<b>56</b>	<b>1%</b>
<b>Agriculture</b> .....	<b>1,739</b>	<b>1,831</b>	<b>1,759</b>	<b>20</b>	<b>1%</b>	<b>-72</b>	<b>-4%</b>
CSREES Research and Education .....	487	513	416	-71	-15%	-97	-19%
Mandatory research grants (net total) .....	140	130	135	-5	-4%	5	4%
Economic Research Service .....	64	66	67	3	5%	1	2%
Agricultural Research Service <sup>6</sup> .....	830	897	916	86	10%	19	2%
Forest Service <sup>7</sup> .....	218	225	225	7	3%	0	0%
<b>Interior (USGS)</b> .....	<b>813</b>	<b>883</b>	<b>813</b>	<b>0</b>	<b>0%</b>	<b>-70</b>	<b>-8%</b>
<b>Commerce</b> .....	<b>819</b>	<b>809</b>	<b>711</b>	<b>-108</b>	<b>-13%</b>	<b>-98</b>	<b>-12%</b>
NOAA (Oceanic and Atmospheric Research) .....	285	315	330	45	16%	15	5%
NIST <sup>8</sup> .....	534	494	381	-153	-29%	-113	-23%
<b>Environmental Protection Agency</b> <sup>9</sup> .....	<b>683</b>	<b>732</b>	<b>679</b>	<b>-4</b>	<b>-1%</b>	<b>-53</b>	<b>-7%</b>
<b>Transportation</b> .....	<b>646</b>	<b>621</b>	<b>631</b>	<b>-94</b>	<b>-15%</b>	<b>12</b>	<b>2%</b>
Highway research <sup>10</sup> .....	490	437	443	-47	-10%	6	1%
Aviation research <sup>11</sup> .....	156	184	188	32	21%	4	2%
<b>Education</b> .....	<b>317</b>	<b>363</b>	<b>368</b>	<b>51</b>	<b>16%</b>	<b>5</b>	<b>1%</b>
Special Education Research and Innovation .....	64	77	70	6	9%	-7	-9%
NIDRR <sup>12</sup> .....	86	100	110	24	28%	10	10%
Research, Development, and Dissemination .....	167	186	188	21	13%	2	1%
<b>Veterans Affairs</b> <sup>13</sup> .....	<b>321</b>	<b>350</b>	<b>360</b>	<b>39</b>	<b>12%</b>	<b>10</b>	<b>3%</b>
<b>TOTAL</b> .....	<b>42,345</b>	<b>47,214</b>	<b>49,711</b>	<b>7,366</b>	<b>17%</b>	<b>2,497</b>	<b>5%</b>

## Notes:

<sup>1</sup> Includes mission support.

<sup>2</sup> FY 2002 entries for DOD research represent a projection from the enacted FY 2001 levels plus inflation. FY 2002 levels are subject to change as a result of the Defense Strategy Review now underway.

<sup>3</sup> Part of change in 2002 due to transfer from science programs.

<sup>4</sup> Excludes state grant programs.

<sup>5</sup> 2002 level includes \$95 million unavailable until the last day of FY 2001.

<sup>6</sup> Excludes buildings and facilities.

<sup>7</sup> Forest and Rangeland Research.

<sup>8</sup> Excludes Manufacturing Extension Program.

<sup>9</sup> Science and Technology account, including transfer from Superfund.

<sup>10</sup> Includes research and development funding for the Federal Highway Administration, the Federal Motor Carrier Safety Administration, and the National Highway Traffic Safety Administration.

<sup>11</sup> Federal Aviation Administration Research, Engineering, and Development.

<sup>12</sup> National Institute on Disability and Rehabilitation Research.

<sup>13</sup> Medical and Prosthetic Research.

### Allocation of Federal Funding for Research

Federal funds appropriated to Executive Branch agencies may be used in different ways, ranging from grants awarded to university researchers to supporting research at Federal laboratories. In order to better understand and characterize the methods agencies use to allocate their research funding, agencies reported

how research funds are allocated in 2001 by the following five categories:

- *Research performed at congressional direction* consists of intramural and extramural research where funded activities are awarded to a single performer or collection of performers. There is limited or no competitive selection, or there is competitive selection but the research is outside of the agen-

cy's primary mission, and undertaking the research is based on direction from the Congress in law, in report language, or by other direction.

- *Inherently unique research* is intramural and extramural research where funded activities are awarded to a single performer or team of performers without competitive selection. The award may be based on the provision of unique capabilities, concern for timeliness, or prior record of performance (e.g., facility operations support for a unique facility, such as an electron-positron linear collider; research grants for rapid response studies such as Pfisteria, an environmental hazard that arose suddenly; or the National Science Foundation's merit-based renewals).
- *Merit-reviewed research with limited competitive selection* is intramural and extramural research where funded activities are competitively awarded from a pool of qualified applicants that are limited to organizations that were created to largely serve Federal missions and continue to receive most of their annual research revenue from Federal sources. The limited competition may be for reasons of stewardship, agency mission constraints, or retention of unique technical capabilities (e.g., funding set aside for researchers at laboratories or centers of the Department of Defense, the National Aeronautics and Space Administration, the Environmental Protection Agency, the National

Oceanic and Atmospheric Administration, and the National Institutes of Health; Federally-Funded Research and Development Centers; formula funds from the U.S. Department of Agriculture).

- *Merit-reviewed research with competitive selection and internal (program) evaluation* is intramural and extramural research where funded activities are competitively awarded following review for scientific or technical merit. The review is conducted by the program manager or other qualified individuals from within the agency program, without additional independent evaluation (e.g., merit-reviewed research at the Department of Defense).
- *Merit-reviewed research with competitive selection and external (peer) evaluation* is intramural and extramural research where funded activities are competitively awarded following review by a set of external scientific or technical reviewers (often called peers) for merit. The review is conducted by appropriately qualified scientists, engineers, or other technically-qualified individuals who are apart from the people or groups making the award decisions, and serves to inform the program manager or other qualified individual who makes the award (e.g., NSF's single-investigator research; NASA's research and analysis funds).

Table 7-4 lists how Federal R&D agencies report their allocation of research funding among these categories.

**Table 7-4. ALLOCATION OF FEDERAL RESEARCH FUNDING, FY 2001**

(Budget authority, dollar amounts in millions)

	Research Performed at Congressional Direction	Inherently Unique Research	Merit-Reviewed Research with Limited Competitive Selection	Merit-Reviewed Research with Competitive Selection and Internal Evaluation	Merit-Reviewed Research with Competitive Selection and External Evaluation	Total
<b>By Agency</b>						
Health and Human Services .....	159	107	2,819	19	17,355	20,459
Defense .....	614	200	1,131	2,901	135	4,981
Energy .....	139	1,016	2,338	321	749	4,563
National Aeronautics and Space Administration .....	219	171	636	1,411	1,794	4,231
National Science Foundation .....			168	234	2,655	3,057
Agriculture* .....	458	768	359		79	1,664
Commerce .....	97	325	54	188	205	869
Veterans Affairs .....	1		3		685	689
Interior .....	51	138	375	26	4	594
Environmental Protection Agency .....	38	39	195	69	134	475
Transportation .....	31	98		344		473
Education .....	4		163			167
Other .....	359	111	5	85	11	571
<b>TOTAL .....</b>	<b>2,170</b>	<b>2,973</b>	<b>8,246</b>	<b>5,598</b>	<b>23,806</b>	<b>43,793</b>

\* Does not include net mandatory funding for USDA research grant programs of \$130 million in FY 2001.

**Networking and Information Technology and Global Change Research and Development**

Global Change Research program, as required by statute.

Table 7-5 shows agency-by-agency spending for Networking and Information Technology R&D and the U.S.

**Table 7-5. AGENCY DETAIL OF SELECTED INTERAGENCY R&D EFFORTS**

(Budget authority, dollar amounts in millions)

	2000 Actual	2001 Estimate	2002 Proposed	Dollar Change: 2000 to 2002	Percent Change: 2000 to 2002	Dollar Change: 2001 to 2002	Percent Change: 2001 to 2002
<b>Networking and Information Technology R&amp;D</b>							
National Science Foundation .....	496	641	643	147	+30%	2	+0%
Energy .....	331	475	480	149	45%	5	+1%
Defense* .....	285	349	356*	71*	25%*	7*	2%*
Health and Human Services** .....	214	244	266**	46	21%	22	9%
National Aeronautics and Space Administration .....	129	177	181	52	40%	4	2%
Commerce .....	36	39	41	5	+14%	2	+5%
Environmental Protection Agency .....	4	4	2	-2	-50%	-2	-50%
<b>TOTAL .....</b>	<b>1,501</b>	<b>1,929</b>	<b>1,969</b>	<b>468</b>	<b>31%</b>	<b>40</b>	<b>2%</b>
<b>U.S. Global Change Research Program</b>							
National Aeronautics and Space Administration .....	1,161	1,162	1,072	-89	-8%	-90	-8%
National Science Foundation .....	187	179	178	-9	-5%	-1	-1%
Energy .....	113	119	121	8	+7%	2	+2%
Commerce .....	67	80	93	26	+39%	13	+16%
National Institutes of Health .....	48	52	57	9	+19%	5	+10%
Agriculture .....	56	56	55	-1	-2%	-1	-2%
Interior .....	27	27	25	-2	-7%	-2	-7%
Environmental Protection Agency .....	21	23	22	1	+5%	-1	-4%
Smithsonian .....	7	7	7	0	+0%	0	+0%
<b>TOTAL .....</b>	<b>1,687</b>	<b>1,705</b>	<b>1,630</b>	<b>-57</b>	<b>-3%</b>	<b>-75</b>	<b>-4%</b>
<b>TOTAL WITHOUT NASA DEVELOPMENT .....</b>	<b>758</b>	<b>797</b>	<b>811</b>	<b>53</b>	<b>7%</b>	<b>14</b>	<b>2%</b>

\* FY 2002 entry for DOD R&D represents a projection from enacted FY 2001 levels plus inflation. FY 2002 levels are subject to change as a result of the Defense Strategy Review now underway.  
 \*\* Includes \$14 million in offsetting collection in FY 2002 for the Agency for Healthcare Research and Quality. These activities were funded at \$11 million in FY 2000 and \$14 million in FY 2001.

**Tax Incentives**

Along with direct spending on R&D, the Federal Government has stimulated private investment in these activities with tax preferences. Current law provides a 20-percent tax credit for private research and experimentation expenditures above a certain base amount. The credit, which expired in 1999, was retroactively reinstated for five years, to 2004, in the Tax Relief Extension Act of 1999. The Budget proposes to make the Research and Experimentation (R&E) tax credit permanent. The proposed extension will cost an additional \$49.6 billion over the period from 2002 to 2011.

A permanent tax provision also lets companies deduct, up front, the costs of certain kinds of research and experimentation, rather than capitalize these costs. This tax expenditure will cost \$1.9 billion in 2001. Finally, equipment used for research benefits from relatively rapid cost recovery. The cost of this tax preference is calculated in the tax expenditure estimate for accelerated depreciation of machinery and equipment.

Table 7-6 shows a forecast of the costs of the research and experimentation tax credit.

**Table 7-6. PERMANENT EXTENSION OF THE RESEARCH AND EXPERIMENTATION TAX CREDIT**

(Budget authority, dollar amounts in millions)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2002 to 2011
Current Policy .....	6,760	5,390	4,710	2,720	1,160	.....	.....	.....	.....	.....	20,740
Proposed Extension .....	.....	.....	1,055	3,431	5,415	6,542	7,388	8,020	8,567	9,158	49,576
<b>Total .....</b>	<b>6,760</b>	<b>5,390</b>	<b>5,765</b>	<b>6,151</b>	<b>6,575</b>	<b>6,542</b>	<b>7,388</b>	<b>8,020</b>	<b>8,567</b>	<b>9,158</b>	<b>70,316</b>

## 8. CREDIT AND INSURANCE

Federal credit programs offer direct loans and loan guarantees for a wide range of activities, primarily housing, education, business and rural development, and exports. At the end of 2000, there were \$241 billion in Federal direct loans outstanding and \$1,043 billion in loan guarantees. Through its insurance programs, the Federal Government insures bank, thrift, and credit union deposits up to \$100,000, guarantees private defined-benefit pensions, and insures against other risks such as natural disasters.

The Federal Government also enhances credit availability for targeted sectors indirectly through Government-sponsored enterprises (GSEs)—privately owned companies and cooperatives that operate under Federal charters. GSEs provide direct loans and increase liquidity by guaranteeing and securitizing loans. Some GSEs have become major players in the financial market. In 2000, the face value of GSE lending totaled \$2.6 trillion. The size of two housing GSEs, the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac), is particularly notable; they had \$2.1 trillion in combined lending. In return for fulfilling social roles, GSEs enjoy some privileges, which include eligibility of their securities to collateralize public deposits and be held in unlimited amounts by most banks and thrifts, exemption of their securities from SEC registration, exemption of their earnings from State and local income taxation, and ability to borrow from Treasury, at Treasury's discretion, in amounts ranging up to \$4 billion. These privileges leave many people with the impression that their securities are risk-free. GSEs, however, are

not part of the Federal Government, and their securities are not federally guaranteed. By law, the GSEs' securities carry a disclaimer of any U.S. obligation.

The role and risk of these diverse programs critically depend on the state of financial markets. In recent years, financial markets have been changing faster because of rapid technological advances and active deregulation. The Federal Government, therefore, needs to reassess the extent and nature of credit and insurance programs more carefully in order to adapt those programs to rapidly changing financial markets.

The rest of this chapter is organized as follows.

- The first section concerns the role of Federal credit and insurance programs. Federal programs play useful roles when market imperfections prevent the private market from efficiently providing credit and insurance. Financial evolution has partly corrected many imperfections and generally weakened the justification for Federal intervention.
- The second section identifies four key criteria for evaluating Federal programs: objectives, economic justification, availability of alternative means, and efficiency. It also discusses how Federal agencies may improve program efficiency.
- The third section reviews Federal credit programs and GSEs in four sectors: housing, education, business and community development, and exports. This section focuses on program objectives, recent developments, and future plans.
- The final section describes Federal deposit insurance, pension guarantees, and disaster insurance in a context similar to that for credit programs.

### I. FEDERAL PROGRAMS IN CHANGING FINANCIAL MARKETS

#### The Federal Role

The roles of Federal credit and insurance programs can be broadly classified into two: helping disadvantaged groups and correcting market failures. Subsidized Federal credit programs redistribute resources from the general taxpayer to disadvantaged regions or segments of the population. Since disadvantaged groups can be assisted through other means, such as direct subsidies, the value of a credit or insurance program critically depends on the extent to which it corrects market failures.

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 the market outcome in some situations. The market imperfections that justify some Federal involvement can be broadly classified as follows.

- **Information opacity** interferes with the optimal allocation of capital. For example, information about some borrowers can be opaque. In most cases, financial intermediaries efficiently gather and process information needed to evaluate the creditworthiness of borrowers. However, there may be little objective information about some groups of borrowers such as start-up businesses, start-up farmers, and students, who have very limited current income and credit history. Because it is difficult for those borrowers to prove their creditworthiness to a large number of lenders, they need to rely on the subjective judgements of a few lenders, which can be wrong. In this situation, many creditworthy borrowers may fail to obtain credit. Even for borrowers who are approved for credit, insufficient competition among a small number of lenders can result in higher

interest rates. Lacking adequate information, private lenders may also require risk premiums, in the form of higher borrowing costs, to compensate for uncertainty about borrowers' creditworthiness. With government intervention, such as loan guarantees, creditworthy borrowers may be more likely to obtain credit at a lower cost.

- **Externalities** cause either underinvestment or overinvestment in some sectors. Individuals and private entities do not make socially optimal decisions when they do not capture the full benefit (positive externalities) or bear the full cost (negative externalities) of their activities. Examples of positive and negative externalities are education and pollution. Other people benefit from high productivity and good citizenship of a well-educated person and suffer from pollution. Without Government intervention, people would invest less than the socially optimal amount in activities that generate positive externalities and more in activities that generate negative externalities. The Federal Government can encourage activities involving positive externalities by offering subsidized credit or other rewards and discourage activities involving negative externalities by imposing taxes or other penalties. Alternatively, the Government may offer credit or direct subsidies to encourage activities reducing negative externalities (e.g., pollution control).
- **Resource constraints** sometimes limit the private sector's ability to offer certain products. Deposit insurance is one example. Since the performance of banks is often affected by common factors such as macroeconomic conditions, bank failures tend to be clustered in bad times. Furthermore, if depositors become doubtful about the soundness of the banking system as a whole upon observing a large number of failures, they may rush to withdraw deposits, forcing even sound banks into liquidation. To prevent these undesirable withdrawals, which would harm the whole economy, deposit insurance needs to be backed by a sufficient fund to resolve a very large number of failures. It may be difficult for private insurers to secure such a large fund. Another example is catastrophic insurance, which also faces a small risk of a very large loss. Knowing that the insurer can run out of funds, people may be reluctant to purchase insurance because their claims might not be honored. Moreover, the insurer may not want to offer a reasonable policy because early occurrence of a disaster could bankrupt the company. In this situation, Government insurance is more effective than private insurance because the broad taxing authority of the Federal Government makes the insurance policy more credible. Another form of resource constraint is liquidity constraint. It is usually difficult for a private entity to raise a large fund in a short time. The funding difficulty can limit the private market's ability to extend

credit and disrupt economic activity. The Federal Government can prevent economic disruption by providing liquidity in illiquid sectors or during illiquid periods.

- **Imperfect competition** justifies some Government intervention. Competition is imperfect in some markets because of barriers to entry, economies of scale, and foreign government intervention. If an entry barrier raised the cost of credit in some markets, the Federal Government might intervene. Foreign countries often subsidize their exporters and import-substituting industries. In these cases, the Federal Government may intervene to level the playing field for domestic exporters. Legal barriers to entry and geographic isolation can cause imperfect competition in some rural areas. If the lack of competition forces some rural residents to pay excessively high interest on loans, Government intervention can increase the availability of credit and lower the borrowing cost.

### Changing Financial Markets

Financial markets have undergone many changes. The most fundamental developments are financial services deregulation and technological advances, which have promoted economic efficiency and competition. Technological advances have also enhanced liquidity, produced sophisticated risk management tools, and spurred globalization. Deregulation has promoted consolidation.

**Financial services deregulation** has promoted competition by removing geographic and industry barriers. Historically, geographic restrictions were a major legal barrier that limited competition in the banking sector. Until the late 1970s, all states prohibited out-of-state bank holding companies from acquiring in-state banks, and many states restricted intrastate branching. Deregulation of interstate banking and intrastate branching actively took place at the state level in the 1980s and early 1990s. In 1994, the Congress enacted the Riegle-Neal Interstate Banking and Branching Act, which permits banks to establish interstate branches through mergers with other banks. Geographic restrictions were essentially removed in 1997, when the Act took full effect. The Financial Services Modernization Act of 1999 has repealed the provisions of the Glass-Steagall Act and the Bank Holding Company Act that restricted the affiliation between banks, securities firms, and insurance companies. The Act allows financial holding companies to engage in various financial activities, including traditional banking, securities underwriting, insurance underwriting, asset securitization, and financial advising. As a result, competition has become nationwide and across all financial products.

**Advances in communication and information processing technology** have made the evaluation of borrowers' creditworthiness more accurate and lowered the cost of financial transactions. Lenders now have



easy access to large databases, powerful computing devices, and sophisticated analytical models. Thus, many lenders use credit scoring models that evaluate creditworthiness based on various borrower characteristics derived from extensive credit bureau data. As a result, lending decisions have become more accurate and objective. Powerful computing and communication devices have also lowered the cost of financial transactions by producing new transaction methods such as electronic fund transfers, Internet banking, and Internet brokerage.

The development of reliable screening methods and efficient transaction methods have resulted in intense competition for creditworthy borrowers and narrowed lending margins. Financial institutions are more willing to compete for customers with diverse characteristics, customers in distant areas, and small profit opportunities. A notable example of increased competition is the credit card business, where offering lower rates to the best customers became much more common in recent years.

Wider availability of information and lower transaction costs have led to many developments that increase competition, enhance liquidity, and improve efficiency in financial markets.

**Direct capital market access** by borrowers has become more common. Advances in communication and information processing technology enabled many companies (less-established medium-sized companies, as well as large reputable ones) to validate their financial information at low costs and to borrow directly in capital markets, instead of relying on banks. The growth of the commercial paper (short-term financing instruments issued by corporations) market has been particularly notable. Between 1990 and 2000, the outstanding amount of commercial paper issued by nonfinancial firms increased by 132 percent (to \$343 billion), while the commercial and industrial loans at commercial banks increased by 70 percent (to \$885 billion). This development has reduced the importance and the pricing power of financial intermediaries.

**Nonbank financial institutions** such as finance companies and venture capital firms increased their market share, partly thanks to advanced communications and information processing technology that helped to level the playing field. Between 1990 and 2000, consumer loans and business loans at finance companies increased by 136 percent (to \$439 billion) and 92 percent (to \$518 billion) respectively. During the same period, those at commercial banks grew by 42 percent (to \$538 billion) and 70 percent (to \$885 billion). The growth of venture capital firms was rather phenomenal. Between 1990 and 1999, their new investments, which were mostly in small firms' equity, jumped from \$3.2 billion to \$40.6 billion (1,169 percent).

**Internet-based financial intermediaries** provide financial services more cheaply and widely. The Internet lowers the cost of financial transactions and reduces

the importance of physical location. Internet brokers slashed the commission on stock trading. Internet-only banks, which started appearing recently, bid up deposit interest rates. Furthermore, their services are nationwide.

Over the last two decades, technological advances have produced many new financial instruments that help to enhance liquidity and manage risk. In particular, asset-backed securities and derivative securities have gained much popularity.

**Securitization** (pooling a certain type of asset and selling shares of the asset pool to investors) has enhanced liquidity in financial markets by enabling lenders to raise funds without borrowing or issuing equity. For example, mortgage bankers with little capital can originate a large amount of real estate loans and keep selling those loans. It also helps financial institutions to reduce risk exposure to a particular line of business. A bank with a large proportion of real estate loans can reduce its exposure to collapse of the real estate market by selling some of those loans to third parties. Commonly securitized assets include credit card loans, automobile loans, and residential mortgages, whose quality can be more objectively analyzed. In recent years, financial institutions began securitizing many other assets such as commercial mortgages and small-business loans, the riskiness of which is more difficult to evaluate.

**Financial derivatives**, such as options and swaps, have improved investors' ability to manage risk (either increase or decrease risk exposure). Financial institutions are increasingly using financial derivatives, which are effective tools to manage various types of risk such as interest rate risk, credit risk, price risk, and even weather-related risk. In an interest rate swap, for example, a firm with a floating-rate (interest rate tied to a benchmark rate such as the one-year Treasury rate) asset periodically pays its counter-party the floating-rate return in exchange for a fixed interest rate. This firm's exposure to interest rate movements will decrease if it mostly has fixed-rate debts and increase if it mostly has floating-rate debt. Weather derivatives offer a hedge on weather by tying the securities returns to weather conditions.

**Globalization** has been accelerating as a result of the reduced importance of geographic proximity and knowledge of local markets. Both commercial and investment banking institutions headquartered in Europe and Japan are actively competing in the U.S. market, and many U.S. financial institutions have branches worldwide. In 2000, foreign banks controlled about 11 percent of U.S. banking assets. On the other hand, deposits at foreign branches of U.S. banks accounted for about 16 percent of their total deposits.

**Consolidation** among financial institutions, especially banks, has been very active due to deregulation and increased competition. Many financial mega-merg-

ers have taken place in recent years. The acquisition of Paine Webber by Union Bank of Switzerland exemplifies the merger between large investment firms. The merger between BankAmerica and NationsBank created the largest bank in the Nation with assets of \$585 billion only to be surpassed soon by the merger between Chase Manhattan and J.P. Morgan forming a bank with assets of \$660 billion. Because of active consolidation, the number of banks has sharply decreased, and the size of banks has increased. Between 1990 and 2000, the number of banks decreased by almost 4,000 or over 30 percent. The increased concentration of assets among the largest few banks is notable. The percentage of banking assets controlled by the largest 100 banks increased from 51 to 71 percent. The 20-percent-point gain belongs largely to the largest 10 banks (16 percentage points). Consolidation across traditional industry boundaries has also been fairly active. The merger between Citicorp and Travelers Group in 1998 formed Citigroup encompassing the commercial banking (Citibank), insurance (Travelers), and securities (Salomon Smith Barney) businesses. Many inter-industry mergers were announced in 2000. Chase Manhattan (commercial bank) is acquiring Beacon Group (merger advisory firm), and Charles Schwab (brokerage giant) is taking over U.S. Trust (commercial bank). MetLife (insurance firm) plans to acquire Grand Bank (commercial bank).

### Implications for Federal Programs

In general, financial evolution has increased the private market's capacity to serve the populations targeted by Federal programs and hence weakened the role of Federal credit and insurance programs. Thus, it may be desirable to focus on narrower target populations that still have difficulty in obtaining credit from private lenders and more specific objectives that have been less affected by financial evolution.

**Information about borrowers** is more widely available and easier to process, thanks to technological advances. Credit scoring models, for example, enable lenders to make more accurate lending decisions. As a result, creditworthy borrowers are less likely to be turned down, while borrowers that are not creditworthy are less likely to be approved for credit. The Federal role of improving credit allocation, therefore, is generally not as strong as before. The benefit from financial evolution, however, may have been uneven across groups. Large financial institutions with global operation, which are products of consolidation and globalization,

may want to focus more on large customers and business lines that utilize economies of scale and scope more fully. Thus, some small and distinct borrowers, who used to rely heavily on the private information of small institutions, can be underserved. The Federal Government may need to better target those groups, while reducing general involvement.

**Externalities** have not been significantly affected by financial evolution. The private market fundamentally relies on decisions at the individual level. Thus, it is inherently difficult for the private market to correct problems related to externalities.

**Resource constraints** have been alleviated. Securitization and financial derivatives facilitate fund raising and risk sharing. By securitizing loans and writing derivatives contracts, a lender can make a large amount of risky loans, while limiting its risk exposure. An insurer can distribute the risk of a natural disaster among a large number of investors through disaster-related derivatives.

**Imperfect competition** is much less likely in general. Developments that contributed to increasing competition are financial deregulation, direct capital market access by borrowers, stronger presence of nonbank financial institutions, emergence of Internet-based financial institutions, and globalization. Consolidation has a potential negative effect on competition, especially in markets that were traditionally served by small institutions. Given that the Nation still has many banks and other financial institutions, the negative effect, if any, should be insignificant overall. It is possible, however, that some communities in remote rural areas and inner city areas have been adversely affected by consolidation.

**Uncertainties** about the Federal Government's liability have increased in some areas. Consolidation has increased bank size, and deregulation has allowed banks to engage in many risky activities. Thus, the loss to the deposit insurance funds can turn out to be unusually large in some bad years. The potential loss needs to be limited by large insurance reserves and effective regulation. The large size of some GSEs is also a potential problem. Financial trouble of a large GSE could cause strong repercussions in financial markets, affecting Federally insured entities and economic activity.

## II. A CROSS-CUTTING ASSESSMENT

To systematically assess Federal programs, policymakers and program managers need to consider the following questions. (1) Are the programs' objectives still worthwhile? (2) Is the program economically justified? (3) Is the credit or insurance program the best way to achieve the goals? (4) Is the program operating

efficiently and effectively? If the answer is "No" to any of the first three questions, the program should be eliminated or phased out. For programs that pass the three tests, the focus should be on improving efficiency and effectiveness.

## Objectives

The first step in reassessing Federal credit and insurance programs is to identify clearly the objective of each program, such as an increase in homeownership, an increase in college graduates, an increase in jobs, or an increase in exports. The objective must be worthwhile to justify a program. For some programs, the objective might be unclear or of low importance. In some other cases, an initially worthwhile objective might have become obsolete. For example, the main objective of the Rural Telephone Bank is to increase telephone service in rural areas. This was a worthwhile objective when many rural residents had limited or costly access to telephone service. In the current environment with ample supply of telephone lines and intense competition among telephone companies, however, the objective is obsolete.

## Economic Justifications

For a credit or insurance program to be economically justified, the program's benefits must exceed its costs. The benefits are the net effects of the program on intended outcomes compared with what would have occurred in the absence of the program. They exclude, for example, gains that would have been obtained with private credit in the absence of the program. Financial evolution may have significantly affected the net benefit from some programs. Suppose, for example, that financial evolution made information about borrowers transparent in some sectors where information opacity had been a major problem. Then the net benefit would be substantially smaller for the Federal programs that mainly intended to solve the information problem in those sectors.

Many Federal credit and insurance programs involve subsidy costs, and all of them incur administrative costs. A subsidy cost occurs when the beneficiaries of a program do not pay enough to cover the cost to the Federal Government (e.g., they pay below-cost interest rates and below-cost fees). The administrative costs include the costs of loan origination, direct loan servicing, guaranteed loan monitoring, and collecting on delinquent loans. The net benefit of a program can be smaller than the combined cost of subsidy and administration either because it is inherently costly to pursue the program's goal or because the program is inefficiently managed (failure to maximize the benefit and minimize the cost). The program should be discontinued in the first case and restructured in the second case.

## Alternatives

Even a program that is economically justified should be discontinued if there is a better way to achieve the same goals. The Federal Government has other means to achieve social and economic goals, such as providing direct subsidies, offering tax benefits, and encouraging private institutions to provide the intended services.

In general, direct subsidies are more efficient than credit programs for the purpose of fulfilling social objectives such as helping low-income people, as opposed

to economic objectives such as improving credit allocation. Direct subsidies are less likely to interfere with the efficient allocation of resources. Suppose that the Government makes a subsidized loan to be used for a specific project. Then the borrower will undertake the project if its return is greater than the subsidized rate. Thus, the subsidized loan can induce the borrower to undertake a normally unprofitable project and hence result in a social loss. On the other hand, a direct subsidy is a simple income transfer, which is less likely to cause a social loss.

To a certain extent, the Federal Government can also correct market failures by improving the efficiency of the private market, instead of directly offering credit or insurance. For example, policies encouraging the standardization of information (e.g., standardization of loan origination documents) may improve the private lenders' ability to serve those sectors where information is opaque. Standardization helps to reduce opacity by facilitating information processing. With reduced opacity, loan sales should be easier, and the secondary market should develop more quickly. Then the lending market would be more liquid and competitive. A more specific example is the development of floodplain maps by the National Flood Insurance Program. Before the development of the maps, private insurance companies had little information on flood risks by geographic area. The lack of information was a main reason why private companies were unwilling to insure against flood risk. The availability of floodplain maps may have increased private companies' willingness to provide flood insurance.

## Improving Efficiency

Some programs may be well-justified based on the three criteria above. However, few programs may be perfectly designed. It is almost impossible to take all relevant factors into consideration at the beginning. In addition, financial evolution can lower the efficiency of initially well-designed programs. Thus, improving efficiency is an everlasting concern. Although the ways to improve efficiency vary across programs, some general principles may apply to many programs.

A critical part of credit programs is to set appropriate lending terms. The Government makes many loans at a subsidized rate, which could attract borrowers who would be able to obtain credit elsewhere at reasonable rates. For example, the Farm Service Agency offers agricultural loans at Treasury rates to borrowers who have been denied credit by private lenders. The disaster loan program of the Small Business Administration applies a lower rate to applicants without credit available elsewhere. Some creditworthy borrowers can be denied credit by chance. It is also possible that some borrowers might even be willfully denied credit by an unusually tough lender or due to inaccurately reported credit information. One solution to this problem is to make loans at the rate that private lenders offer to an average borrower and supplement the loans with direct subsidies to the disadvantaged. Proper lending terms re-

quiring less subsidy should improve the efficiency of Federal programs by reducing the possibility of encouraging uneconomic projects and increasing the Federal agencies' ability to serve a larger population within their budget limits.

The Federal Government can manage credit and insurance programs more efficiently by utilizing the private market's expertise. In the areas where the private market has expertise that the Government does not, it is important to utilize the private market's expertise to effectively implement Federal programs. For example, if private lenders more accurately evaluate the creditworthiness of a certain group of borrowers using private information and special knowledge, the Government needs to have private lenders involved in credit programs and, with appropriate risk-sharing incentives, delegate credit evaluation for the group to them.

If the expertise of the private market is not critical, however, the Government should streamline delivery systems. A good example is the guaranteed student loan program. Neither lending institutions nor guaranteeing agencies are involved in credit evaluation. Schools make lending decisions based on eligibility. In this case, involvement of multiple layers of institutions can unnecessarily increase administrative costs. In addition, if the Government fails to set the loan criteria and lending margin optimally, private institutions may make excessive profits at the expense of taxpayers.

Outreach is very important to improve the efficiency of Federal programs. The net benefit will increase if program managers more successfully identify borrowers who would not get private credit. They need to reach out to underserved populations (e.g., low-income, minority) and neighborhoods (e.g., rural, inner city). They need to encourage 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 credit programs can also play a more useful role when there is temporary inefficiency in the private market. The financial market

can occasionally face a liquidity crisis or become overly pessimistic (e.g., at the time of the Asian financial crisis and the near collapse of Long-Term Capital, a hedge fund). On those occasions, Federal agencies can promote the extension of credit to creditworthy borrowers.

Federal programs will become more cost effective if program managers more successfully identify the most creditworthy borrowers among those who would be denied credit by private lenders. More accurate screening would lower the default rate and hence the subsidy cost. Achieving this goal may require well-developed analytical tools.

To efficiently run Federal programs in a rapidly changing financial market, Federal agencies need to catch up with new technology. Federal agencies and private financial institutions compete for some borrowers and make financial transactions such as loan sales. Private institutions are using increasingly sophisticated tools to screen borrowers and price financial assets. If Federal agencies do not use advanced tools, they can be left with riskier loan pools or inadvertently sell loans at below-market prices. To catch up with new technology, it is critical to have a staff with advanced analytical training. Sometimes, it may be more cost effective to contract out analytical work than to maintain a large analytical staff. Even when contracting out is more cost effective, Federal agencies need some analysts with enough training to competently evaluate the performance of contractors. Inability to effectively evaluate the performance of contractors may result in serious waste.

Federal agencies also need to monitor other developments that may affect program efficiency. For example, many loans guaranteed by the Government are securitized. Securitization may reduce the lenders' incentives to screen and monitor borrowers if they believe that guaranteeing agencies do not properly track the performance of securitized loans. To prevent this adverse effect, the Government needs well-organized databases and modern monitoring systems.

### III. CREDIT IN FOUR SECTORS

#### Housing Credit Programs and GSEs

The Federal Government makes direct loans, provides loan guarantees, and enhances liquidity in the housing market to promote homeownership among low- and moderate-income people and to help finance rental housing for low-income people. While direct loans are largely limited to low-income borrowers, loan guarantees are offered to a much larger segment of the population, including moderate-income borrowers. Increased liquidity achieved through GSEs benefits virtually all borrowers in the housing market, although it helps low- and moderate-income borrowers more.

The main government agencies and GSEs involved in housing finance are the Department of Housing and Urban Development (HUD), the Department of Veterans Affairs (VA), the Department of Agriculture

(USDA), Fannie Mae, Freddie Mac, and the Federal Home Loan Bank System. In 2000, HUD, VA, and USDA supported \$123 billion of direct loans and loan guarantees, helping 1.3 million households and contributing to a record high homeownership rate of 67.7 percent. Roughly one out of six single-family mortgages originated in the United States receives assistance from one of these programs.

#### Federal Housing Administration

HUD's Federal Housing Administration (FHA) operates the Mutual Mortgage Insurance Fund. FHA mortgage insurance is directed to expanding access to homeownership for people who lack the savings, income, or credit history to qualify for a conventional home mortgage. In 2000, FHA insured \$86 billion in mortgages for almost 900 thousand households. The volume was

lower than in 1999, when low interest rates spurred mortgage originations and refinancing. FHA also faces increased competition from private lenders who are now more willing to offer loans to borrowers with weaker credit standing at competitive terms. Over 80 percent of FHA's home purchase mortgages went to first-time home buyers, and 42 percent went to minority households. These percentages have doubled over the past decade.

FHA recently reduced its upfront insurance premiums by one-third, and brought its annual premium structure in line with the private mortgage insurance industry by authorizing annual premium cancellation at 78 percent loan-to-value ratio. In addition, the Budget proposes to allow FHA to insure a new financial product that has gained popularity in the conventional market—hybrid adjustable-rate mortgages.

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 also has authority to assess financial penalties on lenders who fail to engage in loss mitigation. FHA increased loss mitigation activity by over 50 percent in 2000, processing over 30,000 new loss mitigation claims (partial claims, special lender forbearance, and loan recasting). 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 because management and marketing of real property are very costly.

In 1999, Congress passed legislation giving new authority to FHA to pay claims prior to foreclosure. This accelerated claims process, when fully implemented in 2002–2003, will allow FHA to pass along defaulted notes to the private sector for servicing and/or disposition, thereby reducing foreclosures and eliminating most of the real property that FHA must acquire and dispose. Currently, FHA contracts with private companies for the management and marketing of most of its single-family properties.

There is some evidence that the mortgage industry has seen an increase in the number of predatory loans. Predatory loans, which carry excessive fees or other unfair pricing structure, harm unsuspecting buyers. Predatory loans are more prevalent in the subprime market where conventional loans are made to higher-risk borrowers. The Government can improve mortgage-market efficiency by squeezing out predatory practices through increased regulation and disclosure. In addition to predatory lending, the mortgage industry also has seen increased incidences of fraud. For example, FHA recently had to implement emergency foreclosure moratoria in several cities to protect consumers from a scam known as “property flipping,” in which a lender and an appraiser conspire to sell a home at a falsely inflated price. Government credit programs are more susceptible to property flipping because of the opportunity created

by the Government guarantee. Improved program controls and better information systems would reduce the Government's risk in this area.

### **VA Housing Program**

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 2000, VA provided \$20 billion in guarantees to assist 176,000 borrowers. Both the volume of guarantees and the number of borrowers were lower than those in 1999 as higher interest rates decreased loan originations and refinancing in the housing market.

Since the main purpose of this program is to help veterans, lending terms are more favorable than market rates. In particular, VA guarantees zero down payment loans. As a result, the default rate is relatively high. The subsidy rate, however, declined slightly in 2000, thanks to efforts to reduce foreclosure rates and the strong housing market.

In order to help veterans retain their homes and avoid the expense and damage to their credit resulting from foreclosure, VA plans aggressive intervention to reduce the likelihood of foreclosures when loans are referred to VA after missing three payments. VA was successful in 30 percent of their 2000 interventions, and their goal is to increase that to 34 percent in 2002. Future military base closures, however, may negatively affect the default rate in the VA guaranteed housing program. Guaranteed loans issued to active duty military and military reservists are vulnerable to the impact of base closures on the neighboring community.

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 in 2001, will determine whether it would be cost effective to contract property management activities. The Administration will also propose eliminating the “vendee” home loan program, which allows the general public to receive direct loan financing from VA when purchasing a defaulted VA home and which is not mission related.

### **Rural Housing Service**

USDA's Rural Housing Service (RHS) offers direct and guaranteed loans and grants to help very low- to moderate-income rural residents buy and maintain adequate, affordable housing. The single family guaranteed loan program guarantees up to 90 percent of a private loan for moderate-income rural residents. The program's emphasis is on reducing the number of moderate-income rural residents living in substandard housing. In 2000, \$2.02 billion of guarantees went to 27,408 households, of which 29.4 percent went to low-income borrowers (income is 80 percent or less than median area income). For 2001, Congress statutorily increased the premium charged on the RHS single-family guarantees from 1 to 2 percent, which should allow RHS to provide more loans at less cost to the taxpayers.

In the single family housing guaranteed loan program, lender monitoring and external audits have helped to identify program weaknesses, train servicers, and identify troubled lenders. RHS's guaranteed loan program is also moving toward automated underwriting. In 2000, RHS continued to enhance an Internet based system that will, with future planned improvements, provide the capacity to accept electronic loan originations from their participating lenders. Utilizing electronic loan origination technology will add significant benefits to loan processing efficiency and timeliness for both RHS and the lenders.

RHS continues to operate under the "best practice" for asset disposition for its guaranteed loan program. For single family guarantees, the lender is paid the loss claim, including costs incurred for up to three 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.

RHS programs differ from other Federal housing loan guarantee programs, which generally either are out of reach for the income levels of RHS loan recipients or do not reach rural areas due to their outreach structure. For instance, HUD's FHA guarantee program is not means-tested, but there is an individual loan limit. RHS is means-tested, and there is a loan limit. FHA loans are available in any area, but often RHS borrowers are unable to afford an FHA loan. In addition, the RHS direct loan program offers deeper assistance to very-low-income homeowners by subsidizing the interest rate down to 1 percent for such borrowers. RHS offers the Federal Government's only direct single family housing loan program. The program helps the "on the cusp" borrower obtain a mortgage, and encourages graduation to private credit as the borrower's income increases over time.

RHS single family direct loans have a fluctuating interest rate depending on the borrower's income. It can be anywhere from 1 percent up to the note rate. Each loan is reviewed annually to determine the interest rate that should be charged on the loan in that year. The determination is based on the borrower's actual annual income that year. The program cost is balanced between interest subsidy and defaults. For 2002, RHS expects to provide \$1.1 billion in loans with a subsidy cost of 13.16 percent. Its most recent and ongoing servicing improvement effort has been the implementation of the Dedicated Loan Origination Service System (DLOS), which centralized the servicing of the direct loan program. DLOS, in conjunction with 2 major regulations implemented between 1996 and 1997, reduced RHS's direct loan subsidy rate by 40 percent.

RHS also offers multifamily housing loans. Direct loans are offered to private developers to construct and rehabilitate multi-family rental housing for very-low- to low-income residents, elderly households, or handicapped individuals. These loans to developers are very heavily subsidized; the interest rate is between 1 and 2 percent. The Farm Labor Housing direct loans, which are similarly priced, help developers to provide rental

units for minority farm workers and their families. RHS rental assistance grants supplement both of these loan programs in the form of project based rents for very low-income rural households. RHS also started offering guaranteed multifamily housing loans beginning in 1996. The cost of this guarantee program is relatively low because default rates are expected to be low. In total, the Budget provides \$257 million in direct and guaranteed loans for rural multi-family rental housing, helping to construct over 8,600 new units for very-low- to moderate-income tenants in rural America.

### **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—Fannie Mae and 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. Automated valuation models relate these factors to default cost, and provide comparative analysis of home sales data to estimate property collateral values without relying on a human appraiser. After loan origination, software programs grade delinquent loans in terms of their credit and collateral risk and allow servicers to devote resources to the highest-risk loans.

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 challenged 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 homeownership opportunities to those who are not currently served.

**Data Sharing.** Federal credit program managers are benefitting and would benefit more from additional data-sharing capability across the Government, which provides access to integrated information on program designs, borrower characteristics, and lender and loan performance.

**Loan Origination.** Electronic underwriting provides convenient, faster service at a lower cost to both lenders and borrowers. Currently, both FHA and VA permit mortgage lenders to use approved automated under-

writing systems, including Freddie Mac's "Loan Prospector" and Fannie Mae's "Desktop Underwriter," to originate these loans. FHA, however, will soon deploy its "Total Scorecard." By transitioning FHA's third party lenders to its own automated scorecard, FHA will improve its program controls and credit management.

**Performance Measurement.** As in underwriting, private firms are heavily involved in servicing Government-backed mortgages. Measurement of the private sector's servicing capacity is thus critical. The Government needs to improve its systems to measure this performance. For example, monthly data would not only give housing programs a better understanding of how their guarantee portfolios behave, but also serve as an early warning system and feedback mechanism. The Government could adjust underwriting standards in quick response to changing market conditions.

**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 to avoid adverse selection and larger losses. Currently, premiums vary only slightly with one dimension of risk, the initial loan-to-value ratio.

**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 manage delinquent loans and dispose of properties.

### **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 and to promote access to mortgage credit for households that historically have been underserved by private markets. They carry out this function by guaranteeing or purchasing residential mortgages. The guaranteed loans are packaged as mortgage-backed securities (MBS), which lenders hold or sell to investors, including Fannie Mae and Freddie Mac. The two GSEs finance their acquisitions of loan and MBS assets by issuing debt. As of September 2000, Fannie Mae and Freddie Mac had \$2.2 trillion outstanding in mortgages that they had purchased or guaranteed. Of this, \$936 billion was held in the GSEs' asset portfolios, and \$1.3 trillion served as collateral for outstanding MBSs not 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' purchases and securitizations of single-family mortgages equaled 43 percent of originations of such loans in calendar year 1999.

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 (leverage) and risk-based capital requirements on Fannie Mae and Freddie Mac. Examinations of the GSEs and enforcement of leverage capital ratios have proceeded since OFHEO's inception, while risk-based capital requirements have undergone an extensive rulemaking process. OFHEO expects to publish a final risk-based capital rule this year. The rule would become enforceable one year later. In October 2000, Fannie Mae and Freddie Mac announced that they would voluntarily issue subordinated debt on a regular basis and expand their public disclosures relating to risk exposures.

Fannie Mae and Freddie Mac have achieved strong growth in profits in recent years, in large part by rapidly growing their debt-financed holdings of mortgage assets. From September 1997 to September 2000, their mortgage asset portfolios more than doubled 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 by issuing long-term callable debt and by entering into interest rate swaps and other hedging transactions. Hedges, however, do not eliminate all the risk associated with funding long-term, mostly fixed-rate assets that have uncertain payment streams. Implementation of an appropriate risk-based capital regulation should help limit the potential losses associated with interest rate risk.

To fund their rapidly growing asset portfolios, Fannie Mae and Freddie Mac have increased sharply their outstanding debt. The GSEs' combined debt outstanding rose from \$196 billion at the end of calendar year 1992 to \$1.07 trillion at the end of calendar year 2000, an average growth rate of nearly 24 percent a year.

The GSEs' management of counterparty default risk is of increasing importance because their risk management techniques transform exposure to credit or interest rate risk into counterparty default risk. Such risk management techniques include the use of credit enhancements and derivatives; supplementing primary mortgage insurance with supplementary insurance at the pool level; and the use of interest rate and currency swaps.

The average credit quality of mortgages owned or guaranteed by Fannie Mae and Freddie Mac 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 the firms' overall size. In 2000, Fannie Mae and Freddie Mac began purchasing mortgages with loan-to-value (LTV) ratios greater than 97 percent. As the subprime and high-LTV shares of mortgages financed by the GSEs expand, increasing attention must be paid to their practices for pricing and managing the associated risks.

The above risk assessments must be considered in the context of the GSEs' public purpose to promote access to mortgage credit for low- and moderate-income families in underserved areas, as specified in the 1992 act and their Federal charters. The Secretary of Housing and Urban Development (HUD) establishes affordable housing goals for the GSEs. A final rule published October 31, 2000 established goals for the GSEs for calendar years 2001–2003. The rule requires each GSE to devote:

- 50 percent of its mortgage purchases to finance dwelling units that are affordable by low- and moderate-income families (Low- and Moderate-Income Housing Goal);
- 31 percent of its purchases to finance units in central cities, rural areas, and other metropolitan areas with low and moderate income and high concentrations of minority residents (Geographically Targeted Goal); and
- 20 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 Goal).

The 1997–2000 goals were 42 percent, 24 percent, and 14 percent of each GSE's purchases, respectively. As of 1999, Fannie Mae and Freddie Mac have met or exceeded the affordable housing goals in each year.

Fannie Mae and Freddie Mac face challenges to sustaining their high rates of profit growth. A small number of large originators account for a large proportion of the single-family mortgages that the GSEs buy and securitize. Larger firms may have somewhat greater market power in negotiating with the GSEs over guarantee fees. Further, total mortgage debt financed by Fannie Mae and Freddie Mac has been increasing more quickly than residential mortgage debt outstanding, which suggests that their charters could eventually limit the GSEs' ability to expand their mortgage asset portfolios. There also may be limits to the amount of mortgage securities the GSEs can finance with debt at attractive margins and the amount of counterparty risk exposure to Fannie Mae and Freddie Mac that other market participants are willing to absorb. The benefit of government sponsorship, however, is one factor that may help Fannie Mae and Freddie Mac to maintain relatively high profitability.

### 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 advances (secured loans) 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 is open to federally chartered and state-chartered thrifts, commercial banks, credit unions, and insurance companies on a voluntary basis. As of September 30, 2000, 7,720 financial institutions were FHLBS members, an increase of 494 over September 1999. About 73 percent of members are commercial banks, 20 percent are thrifts, and the remaining 7 percent are credit unions and insurance companies. However, 57.8 percent of outstanding FHLBS advances were held by thrifts as of September 30, 2000.

The FHLBS reported net income after adjustment for payment of interest to the Resolution Funding Corporation (REFCorp) of \$2.1 billion for the year ending September 30, 2000, up from \$1.7 billion in the previous 12 months. System capital rose from \$26.9 billion to \$30.6 billion, while the ratio of capital to assets fell from 5.1 percent to 4.9 percent. Average return on equity was about 7.5 percent (after REFCorp). Outstanding advances to members reached \$430 billion at September 30, 2000, an 18 percent increase over the \$365 billion outstanding a year earlier.

The Financial Services Modernization Act requires the System to adopt a risk-based capital structure, and the Federal Housing Finance Board (Finance Board) approved a final capital rule on December 20, 2000, to implement this requirement. The Financial Services Modernization Act changed the FHLBanks' annual payment towards the interest payments on bonds issued by the REFCorp from \$300 million annually to 20 percent of net earnings. The FHLBanks are required 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. The need to generate income to meet the REFCorp and AHP obligations and still provide a competitive return on members' investment was a driving force 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 to a member.

The System's investment activities, including mortgage purchase programs, create more risks. To control the System's risk exposure on advances and other assets, the Finance Board 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 Finance Board conducts an annual on-site examination of each FHLBank. Each FHLBank's board of directors must establish risk-management policies that comport with Finance Board guidelines.

The FHLBanks held \$14.7 billion in mortgage loans at September 30, 2000, approximately 2.3 percent of total assets. The mortgage purchase programs offer members alternative ways of granting credit. In one of these programs, the FHLBanks finance mortgage 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 an FHLBank under these mortgage purchase programs are required, pursuant to the terms of the program, to be credit enhanced to at least the level of an investment-grade security. In addition, an FHLBank must hold risk-based capital against mortgage assets that have credit risk equivalent to an instrument rated lower than double A.

The FHLBanks' investment activities also pose important public policy issues about the degree to which their asset composition adequately reflects the mission of the System. Advances and mortgage loans were equivalent to about 77 percent of the System's out-

standing debt, unchanged from one year earlier. As of September 30, 2000, about 52 percent of advances had a remaining maturity of greater than one year—down from 56 percent one year earlier. Although System investments other than advances rose to \$178 billion as of September 30, 2000, compared with \$156 billion one year earlier, as a percentage of total assets, they fell to 28 percent on September 30, 2000, from 29 percent one year earlier. Like other GSEs, the System issues debt securities at close to U.S. Treasury rates and invests the proceeds in higher-yielding securities. In 2000, the FHLBS issued \$3.9 trillion in debt securities. However, the majority of the debt issued by the System is overnight or short-term, and total debt outstanding was about \$577 billion at the end of 2000.

An enormous, liquid, and efficient capital market exists for conventional home mortgages today. As a result of Government Sponsored Enterprises (GSEs), Ginnie Mae, and the increasing presence of private securitizers, lenders have access to substantial liquidity sources, in addition to FHLBS advances, for financing home mortgages. The Financial Services Modernization Act further increases access to the FHLBS for community financial institutions with \$517 million or less in assets by permitting advance borrowings that provide funds for small businesses, small farms, and small agribusinesses.

### Education Credit Programs and GSEs

The Federal Government guarantees loans through intermediary agencies and makes direct loans to students to encourage post-secondary education. The Student Loan Marketing Association (Sallie Mae), a GSE, securitizes guaranteed student loans.

#### 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 participate in either or both programs. Loans are available to students and their parents regardless of income. Borrowers with low family incomes are eligible for higher interest subsidies. For need-based Stafford Loans, the Federal Government subsidizes interest costs while borrowers are in school, during a six-month grace period, and during certain deferment periods.

In 2002, more than 6 million borrowers will receive nearly 10 million loans totaling almost \$48 billion. Of this amount, \$37 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 an 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 2002, FFEL lenders will disburse more than 6 million loans exceeding \$31 billion in principal. Lenders bear two percent of the default risk, and the Federal Government is 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, originally included in the 1992 Budget as a demonstration project, was authorized by the Student Loan Reform Act of 1993. Under Direct Loans, the Federal Government provides loan capital directly to over 1,200 schools, which then disburse loan funds to students. In 2002, the Direct Loan program will generate more than 3 million loans with a total value in excess of \$17 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.

While projected loan volumes continue to increase under both the FFEL and FDSL programs, lifetime subsidy costs are projected to decrease in both programs. For 2002, the weighted average subsidy rate for FFEL program is estimated at 12.18 percent and the rate for FDSL is estimated at -8.73 percent. These subsidy

rates are lower than previous projections as a result of changes in interest rates, as well as decreased lifetime default rates and improved collections on defaults. The difference in subsidy rates is primarily a result of net interest income on FDSL; the interest income exceeds the Government's cost of funds under current economic assumptions. FFEL does not provide the Government with interest income because it is a guaranteed loan program.

Consolidation Loans, which allow borrowers to combine one or more FFEL, Direct Loan, or other Federal student loan into a single loan with a fixed interest rate, have grown dramatically in recent years. In 1995, Consolidation Loans totaled \$3.6 billion, accounting for roughly 13 percent of overall student loan volume. In 2000, the program had grown to over \$11 billion, making up a quarter of all student loan volume. This trend, which reflects an over 200 percent increase from 1995 to 2000, is expected to peak in 2001, when projected Consolidation Loans will total more than \$14 billion, or nearly 30 percent of overall loan volume. With temporary Direct Loan interest rate discounts ending on September 30, 2001, consolidation volume is projected to drop back to \$11 billion in 2002, after which it is expected to grow at approximately 4 percent annually.

As one of Education's performance management objectives, modernizing student aid benefit delivery is a key priority. Accordingly, in 1998 Congress created Student Financial Assistance (SFA) as the Government's first Federal performance-based organization. SFA is working to improve the management of all student aid programs, using its expanded procurement and contracting flexibility, with a focus on re-engineering information systems and expanding electronic data exchange to improve customer service, enhance data quality, and lower costs. SFA is working with students, lenders, guaranty agencies, and others to implement 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.

For Fiscal Year 2002, the Administration is proposing to address the shortage of qualified, skilled math and

science teachers in elementary and secondary schools by increasing the amount of forgivable guaranteed and direct student loans from \$5,000 to \$17,500 for teachers who majored or minored in science, math, technology, or engineering and who commit to teach for five years in high-need schools. This proposal builds upon the teacher loan forgiveness program authorized in the 1998 Higher Education Amendments. High-need schools would include those with a high concentration of low-income students and those in which there is a large proportion of out-of-field math and science teachers.

### **Sallie Mae**

The Student Loan Marketing Association (Sallie Mae) was chartered 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 USA Education, Inc. and must wind down and be liquidated by September 30, 2008. The Omnibus Consolidated and Emergency Supplemental Appropriations for 1999 allows the USA Education, Inc. 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 guaranteed 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 nearly 40 percent of all outstanding guaranteed student loans.

## **Business and Rural Development Credit Programs and GSEs**

The Federal Government guarantees small business loans to promote entrepreneurship. The Government also offers direct loans and loan guarantees to farmers who may have difficulty obtaining credit elsewhere and to rural communities that need to develop and maintain infrastructure. Two GSEs, the Farm Credit System (FCS) and the Federal Agricultural Mortgage Corporation (Farmer Mac), increase liquidity in the agricultural lending market.

### **Small Business Administration**

The Small Business Administration (SBA), created in 1953, provides financial assistance to the small business sector. Traditionally, small firms have faced dif-

ficulty obtaining long-term loans in the private marketplace because they tend to have limited credit history and cash flows. SBA's role as a "gap" lender is to correct these market imperfections and provide credit access during economic downturns.

The Administration's 2002 Budget anticipates that the SBA will make available in excess of \$17.5 billion through its lending programs. The 7(a) General Business Loan program, SBA's primary lending vehicle, will support approximately \$10.7 billion in loans. SBA will supplement the capital of Small Business Investment Companies (SBICs), which provide equity capital and long-term loans to small businesses, with \$3.1 billion in participating securities and guaranteed debentures.

Just as SBA's Section 504 Certified Development Company program has operated with a zero subsidy rate for several years, the 2002 Budget proposes to make the 7(a) and SBIC programs self-financing through fee increases, saving \$141 million in government subsidies. The budget proposes a program level of \$3.75 billion for the 504 program. The Administration's fee proposal acknowledges that some small businesses may have trouble accessing capital but do not require the government to subsidize their cost of borrowing.

While the Administration continues to support government guaranteed lending for small businesses, the advent of interstate banking combined with passage of the Gramm-Leach-Bliley Financial Modernization Act of 1999, have also significantly expanded small businesses' access to capital. In addition, the venture capital market has matured over the last twenty years and may no longer need the same level of government intervention. The venture capital market has grown from approximately \$800 million in capitalized funds in the late 1960s, to \$35 billion in the late 1980s, and to over \$124 billion in 1998.

**More Emphasis on Small Loans.** The budget also supports \$20.5 million in Microloans (\$35,000 and under) with \$20 million in associated technical assistance to increase borrowers' probability of success. In recent years, the amount of 7(a) support for small loans (under \$150,000) has decreased from \$2.1 billion in 1995 to less than \$1 billion in 1999. To further help people whose business needs for small loans are not met by private lenders, the SBA has implemented changes enacted in 2001 intended to expand the number of small 7(a) loans, by making these loans more cost effective for borrowers and lenders.

**Reliance on Private Sector Partners.** 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 2000, has experienced the greatest shift to private sector partnership. Under the Preferred Lender Program (PLP), SBA's most experienced lenders have authority to approve, service, and liquidate SBA-guaranteed loans without a credit review by SBA. Loans approved through PLP lenders comprised 7 percent of all 7(a) loan approval dollars in 2000. SBA also requires all PLP and non-PLP lenders to service and liquidate their SBA-guaranteed loans.

**Management Reform Initiative.** Because the loan servicing function is performed more efficiently and effectively in the private sector, Federal agencies are using a variety of debt collection tools to transform their functions from loan servicing to portfolio management and oversight. In SBA's case, the asset sales program is allowing the agency to redirect loan servicing resources to more effectively monitor the performance of its loan portfolio and mitigate the government's risk. SBA is now at a point where further efficiencies can be achieved by consolidating or contracting out the loan

servicing function and closing redundant operations. To accomplish this, the budget requests \$2 million to provide training and relocation assistance to SBA employees to assist with this agency-wide transformation.

**Improving Lender Oversight.** Over the past several years, SBA has substantially increased the size of its loan portfolio, delegated eligibility and credit approval authority for a majority of SBA loans through the Preferred Lender Program (PLP), and assigned responsibility for servicing and liquidating SBA loans to its private sector partners. At the same time, SBA has reduced the level of staff devoted to performing these functions within the Agency. These trends require SBA to (1) improve its oversight of lenders involved in the various SBA loan programs to ensure that SBA lenders exercise adequate fiduciary responsibility in their management of the loans guaranteed by the SBA; and (2) adopt risk management techniques to better identify and understand the performance characteristics of the SBA portfolio in order to make informed policy decisions about SBA loan programs. Lender Oversight will evaluate individual SBA lenders through analysis of a variety of factors including overall financial performance and related trends and ratio analysis, industry concentrations analysis, peer lending performance comparisons, SBA portfolio performance analysis, and selected credit reviews. The oversight program also encompasses on-site safety and soundness examinations and off-site monitoring of the Small Business Lending Companies (SBLCs), and compliance reviews of SBA lenders. Lender Oversight will also evaluate the various SBA loan programs to identify performance trends, identify predictors of risk, compare lender performance, and promote best practices.

**Systems Modernization Initiative.** To improve its data collection and program and portfolio management responsibilities, SBA will continue its Systems Modernization initiative, requesting \$8 million in 2002 to invest in the Agency's information systems. This funding will allow SBA to continue improving internal accounting systems, develop the necessary in-house systems to support lender monitoring, and enhance SBA's centralized corporate database to allow better program management and improve loan processing efficiency for lenders and SBA staff.

**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 its first asset sale in 1999, SBA sold more than 4,000 loans for \$195 million—a substantial premium over what the Agency's outside expert estimated it would have collected if it held these loans to maturity. The portfolio included performing and non-performing 7(a) and Certified Development Companies (CDC) loans. SBA conducted two sales of approximately \$1 billion each in 2000, which included 7(a), CDC, and disaster assistance business and home loans. Drawing on the 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 sales, the Administration estimates that SBA's business loan assets can be sold at a gain to the Government.

### **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 residents for the water and wastewater programs). These community programs have very low default rates. The cost associated with them is due primarily to subsidized interest rates that are below the prevailing Treasury rates.

USDA also provides grants, direct loans, and loan guarantees to assist rural businesses, including cooperatives, to increase employment and diversify the rural economy. In 2002, USDA proposes to provide \$1 billion in loan guarantees to rural businesses. The 2002 Budget includes an increase in the premium charged on the Business and Industry (B&I) guaranteed loans. The fee will be raised to 3.25 percent (2.25 percent for targeted areas), which is reflected in the 2.74 percent subsidy rate. This allows more loans to be made at less cost to the taxpayers.

The Budget does not include funding for the Direct B&I program. The B&I direct program has had authority to provide \$50 million in loans since 1997 (the first year of the program), but has yet to utilize the full amount. Further, the subsidy rate has gone from being negative in 1997 through 2000 to 6 percent in 2001, and to 28 percent for 2002, indicating a much higher default rate than originally anticipated (the rate rose dramatically, even though lower discount rates between 2001 and 2002 make direct loans less expensive). Direct B&I borrowers must have been rejected from a private bank in order to qualify. The high default rate indicates that the program is not providing long-term, stable jobs to rural America. The borrowers are defaulting, and the businesses are failing.

These community programs are all part of the Rural Community Advancement Program (RCAP). Under RCAP, States have increased flexibility within the three funding streams for Water and Wastewater, Community Facilities, and Business and Industry. USDA State Directors have the authority to transfer up to 25 percent of the funding between any of the programs contained within a stream in order to tailor RCAP assistance to the specific rural economic development needs of individual States. USDA also provides loans through the Intermediary Relending Program (IRP), which provides loan funds at a 1 percent interest rate to an intermediary such as a State or local government agency that, in turn, provides funds for economic and com-

munity development projects in rural areas. In 2002, USDA expects to retain or create 58,000 new jobs through the B&I guarantee and the IRP loan programs.

### **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 in rural America. 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. In 1997, \$667 million, largely nuclear power construction loans, was written off, but this case was an exception.

The subsidy rates for the electric and telecommunications programs are lower than previous years mainly due to the lower Treasury rate in the economic assumptions. The default rates for both programs are very low. With the increase of deregulation, however, there is the possibility of increased defaults in the electric program since deregulation may erode loan security and the ability of some borrowers to repay. As information on the impact of deregulation increases, this risk will be factored into the default rates.

Maintaining the goal of "affordable, universal service" is of concern to USDA. Many rural cooperatives are by nature high cost providers of electricity because there are fewer subscribers per line-mile than in urban areas. USDA's Rural Utilities Service (RUS) proposes to make \$2.6 billion in direct and guaranteed loans in 2002 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 \$100 million for private sector guarantees. The demand for loans to rural electric cooperatives is expected to continue to rise as borrowers replace many of the 40-year-old electric plants. With the \$2.6 billion in loans, RUS borrowers are expected to upgrade 187 rural electric systems, which will benefit over 2.8 million customers and create or preserve approximately 60,200 jobs.

USDA's RUS proposes to make \$495 million in direct loans in 2002 to companies providing telecommunications in rural areas. The uses of the telecommunication loans are changing from bringing service to new customers to upgrading existing service with new technology. With the \$495 million in loans, RUS borrowers are expected to provide over 50 telecommunication systems with funding for advanced telecommunications services benefiting over 300 thousand rural customers and providing broadband and high-speed Internet access.

The Rural Telephone Bank (RTB) provides financing for rural telecommunications systems. The 2002 Budget proposes the elimination of funding to support new loans. This is expected to generate increased member and borrower support for statutorily authorized privatization. The RTB is financially able to privatize by the end of 2002, and this provides enough time to perform a privatization study and prepare for privatization. The

RTB is provided full salaries and expenses to service existing loans, to perform a privatization study, and prepare for privatization by the end of 2002.

The Distance Learning and Telemedicine program provides grants and loans 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. With the \$25 million in grants and \$300 million in loans, RUS borrowers are expected to provide distance learning facilities to 300 schools, libraries, and rural education centers and telemedicine equipment to 150 rural health care providers, benefitting millions of residents in rural America.

RUS is proposing the creation of a new program to fund \$2 million in grants and \$100 million in Treasury rate loans in 2002 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 cooperatives and businesses serving rural areas and rural communities.

### **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 1990.

FSA guaranteed farm loans are made to more credit-worthy 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. As a result, guaranteed farm loans have not experienced losses as high as those on direct loans.

The 1999 Appropriations Bill 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.

### **The Farm Credit System and Farmer Mac**

The Farm Credit System (FCS or System) and the Federal Agricultural Mortgage Corporation (Farmer Mac) are GSEs that enhance credit availability for the agricultural sector. The FCS raises its loan funds by selling securities in national and international markets, while Farmer Mac provides a secondary market for agricultural real estate and rural housing mortgages. 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, although new regulations permitting national charters for System could loosen those restrictions in 2001. The downturn in the agricultural economy in the 1980s led the FCS to the brink of insolvency. Legislation in 1987 provided temporary 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 income and balance sheets, thanks in part to record Government emergency assistance payments in 1999 and 2000. Commodity prices remained low in 2000, and long term forecasts are for very gradual recovery. Farm income levels, including Government payments, have enabled most borrowers to maintain low debt-to-asset ratios, and lenders to keep loan delinquencies well below problem thresholds. Farmland values gained modestly in 2000, as inflationary expectations remain low. However, such aggregate facts may mask the problems of certain sectors within the farm economy.

Another sign of the generally stable condition of agricultural finance is the greater share of credit provided by commercial banks. From 1986 to 1999, commercial banks' share of all farm debt increased from 26 percent to 41 percent, while the share for FCS declined from 29 percent to 26 percent. The United States Department of Agriculture (USDA) direct farm loan programs went from a market share of 15 percent to 5 percent though, if adjusted for its guaranteed loans issued through private banks, that percentage would more than double. USDA expects that both commercial banks and the FCS have maintained their market share in 2000.

### **The Farm Credit System**

The financial condition of the Farm Credit System banks and associations during 2000 continued a 12-year trend of improving financial health and performance. Non-performing loans decreased to 1.5 percent of the portfolio in September 2000, down from 1.6 percent in 1999. Loan volume has gradually increased since 1995, although the \$73.0 billion in September 2000 was still below the high of over \$80 billion in the early 1980s. Competitive pressures have narrowed

the FCS's net interest margin from 3.03 percent in 1995 to 2.74 percent in 2000.

Improved asset quality and income enabled FCS to post record capital levels: by September 30, 2000, capital stood at \$14 billion—an increase of 7 percent for the year. Not 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). 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 using marginal cost loan pricing and asset/liability management practices designed to reduce its interest rate risk. Substantial consolidation continues in the structure of the FCS. In January 1995 there were 9 banks plus 232 associations; by October 2000, there were 7 banks and 158 associations.

The 1987 legislation established the FCS Insurance Corporation 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 and the joint and several liability of all System banks for FCS obligations. On September 30, 2000, the Insurance Fund's net assets were \$1.4 billion and are estimated to maintain the legally required level of at least two percent of outstanding debt in 2001.

Improvement in the FCS's financial condition is also reflected in the evaluations of FCS member institutions by the Farm Credit Administration (FCA), its Federal regulator. The FCA Financial Institution Rating System (FIRS) rates each of the System's institutions for capital, asset quality, management, earnings, liquidity, and sensitivity (CAMELS). At the beginning of 1995, 197 institutions carried the best CAMELS ratings of "1" or "2," 36 were rated "3," 1 institution was rated "4" and no institutions received the lowest rating of "5." By September 2000, in contrast, 165 institutions were given the top ratings, only 1 was rated "3," and none was rated "4" or "5." As of September 30, 2000, there were no FCS institutions under an enforcement action.

FCS loans outstanding as of September 2000 were \$73 billion, up 4 percent over 1999, and representing a 28 percent increase since 1995. Loans to farmers and other eligible producers comprise 72 percent of the System's portfolio. The volume of lending secured by farmland has increased about 25 percent while farm-operating loans have increased over 37 percent since 1995. Loans to finance processing, marketing, credit cooperatives, and rural utilities cooperatives accounted for 22

percent of FCS's portfolio at fiscal year-end 1999. The remaining 6 percent of the portfolio is made up of non-farm rural home loans (2.5 percent) and international loans (3.5 percent).

The USDA expects 2000 net farm income to be \$45 billion, up slightly from 1999. These strong reported earnings and farm income generally have relied heavily on Government assistance payments in recent years. Federal payments of \$22 billion in 2000 (and totaling nearly \$70 billion since 1996) 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 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 powers increase commercial banks' incentives to participate in Farmer Mac authorities, which has increased Farmer Mac's ability to achieve its statutory mission. However, these authorities also subject Farmer Mac to additional risk. As a direct purchaser of loans, it must rely wholly on its own underwriting standards. Because Farmer Mac is now exposed to greater risk, it must set appropriate fees and ensure adequate capital reserves.

Both loan purchases and guarantees have increased since the passage of the 1996 Act. Both trends indicate positive progress in developing an agricultural secondary market. The 1996 Act also gave Farmer Mac three additional years to reach its capital requirements. At year-end 2000, Farmer Mac's core capital reached \$101 million—and was fully compliant with the revised regulatory capital requirements.

## **International Credit Programs**

### **International Credit Programs**

Seven Federal agencies, the Department of Agriculture (USDA), the Department of Defense, the Department of State, the Department of the Treasury, the Agency for International Development (AID), the Export-Import Bank, and the Overseas Private Invest-

ment Corporation (OPIC), provide direct loans, loan guarantees, and insurance to a variety of foreign private and sovereign borrowers. These programs are intended to level the playing field for U.S. exporters, deliver robust support for U.S. manufactured goods, sta-

bilize international financial markets, and promote sustainable development.

**Leveling the playing field.** Federal lending counters subsidies that foreign governments, largely in Europe and Japan, provide their exporters usually through export credit agencies (ECAs). The U.S. government has worked since the 1970's to constrain official credit support through a multilateral agreement in the Organization for Economic Cooperation and Development (OECD). This agreement has significantly constrained direct interest rate subsidies and tied-aid grants. Further negotiations resulted in a multilateral agreement which standardized the fees for sovereign lending across all ECA's beginning in April 1999. Fees for non-sovereign lending, however, continue to vary widely across ECAs and markets, thereby providing implicit subsidies.

The Export-Import Bank attempts to strategically "level the playing field" and to fill gaps in the availability of private export credit. The Export-Import Bank provides export credits, in the form of direct loans or loan guarantees, to U.S. exporters who meet basic eligibility criteria and who request the Bank's assistance. USDA's "GSM" programs similarly help to level the playing field. Like programs of other agricultural exporting nations, they guarantee payment from countries and entities that want to import U.S. agricultural products but cannot easily obtain credit. The U.S. has been negotiating in the OECD the terms of agricultural export financing, the outcome of which could affect the GSM programs.

**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 can contribute to orderly exchange arrangements and a stable system of exchange rates by providing resources on a multilateral basis through the IMF (discussed in other sections of the Budget), and through financial support 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 to that country under an IMF loan. Also, a package of up to \$20 billion of medium-term 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 reflecting an appropriate country risk premium.

The United States also expressed a willingness to provide ESF support in response to the financial crises affecting some countries such as South Korea in 1997 and Brazil in 1998. It did not prove necessary to provide an ESF credit facility for Korea, but the United States agreed to guarantee through the ESF up to \$5 billion of a \$13.2 billion 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. Development Credit Authority (DCA) is a legislative authority allowing the use of credit by USAID to support its development activities abroad. DCA provides non-sovereign loans and loan guarantees in targeted cases where credit serves more effectively than traditional grant mechanisms to achieve sustainable development. DCA is intended to mobilize host-country private capital to finance sustainable development in line with USAID's strategic objectives. Through the use of partial loan guarantees and risk sharing with the private sector, DCA stimulates private-sector lending for financially viable development projects, thereby leveraging host-country capital and strengthening sub-national capital markets in the developing world.

A consolidation of all of USAID's credit programs is requested in the 2002 Budget to create the unified Development Credit Authority. This unit will encompass DCA activities as well as USAID's traditional micro-enterprise and urban environmental credit programs.

OPIC also supports a mix of development, employment, and export goals by promoting U.S. direct investment in developing countries. OPIC pursues these goals through political risk insurance, direct loans, and guarantee products, which provide finance, as well as associated skills and technology transfers. These programs are intended to create more efficient financial markets, eventually encouraging the private sector to supplant OPIC finance in developing countries. OPIC has also created a number of investment funds that provide equity to local companies with strong development potential.

**Ongoing 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 the Administration to develop a 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 2002 have been updated to reflect more recent data. The risk premia decreased in most risk categories. All else being equal, this change will expand the level of lending an agency may be able to implement. The reduction in premia, for example, will reduce the lending costs of the Export-Import Bank in 2002. However, the impact of the change will depend on a host of other factors such as risk mix, maturity, and fees.

For the purpose of significantly improving the U.S. Government's reporting, analysis, and management 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). When complete, the system will provide government officials with desktop Internet access to cross-cutting foreign credit information for policymaking and analytical purposes.

**Increased Role of the Private Sector.** Globalization has facilitated international capital flows and reduced the risk of international transactions. As a result, international capital flows through private entities dwarf officially supported direct and guaranteed credit. For example, net foreign direct investment in emerging markets grew from \$35 billion in 1992 to \$149 billion in 1999 or 2.1 percent of emerging market GDP in 1999. In comparison, net official capital flows to emerging markets accounted for less than 0.1 percent of their GDP in 1999.

#### IV. INSURANCE PROGRAMS

##### Deposit Insurance

Federal deposit insurance was established in the depression of the 1930s, which prompted the need to protect small depositors and prevent bank failures from causing widespread disruption in financial markets. Before the establishment of Federal deposit insurance, failures of some depository institutions often caused depositors to lose confidence in the banking system as a whole and rush to withdraw deposits from other institutions. Such sudden withdrawals would seriously disrupt the economy.

The Federal Deposit Insurance Corporation (FDIC) insures the deposits in 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 nearly \$3.0 trillion of deposits at over 8,600 commercial banks and almost 1,400 savings institutions. The NCUA insures 10,527 credit unions with \$348 billion in insured shares.

##### Current Industry and Insurance Fund Conditions

Because the private sector is rapidly expanding its size and role in emerging markets, the Administration is redirecting resources from some international credit programs to other needs. The President's Budget includes savings in credit subsidy funding for the Export-Import Bank and the Overseas Private Investment Corporation (OPIC). The Budget proposes savings of approximately 25 percent in Export-Import Bank's credit subsidy requirements through policy changes that focus the Bank on U.S. exporters who truly cannot access private financing, as well as through lower estimates of international risk for 2002. Compared to the other major ECAs, the U.S. provides the most unrestricted financing in more markets. Export-Import Bank could adapt to reduced resources, while remaining competitive, by increasing fees in countries where the U.S. fees are lower, or in countries where foreign export support is not present.

These changes could include a combination of increased risk sharing with the private sector, higher user fees, and more stringent value-added tests. The Budget also eliminates OPIC credit subsidy for 2002. OPIC has been unable to spend all of its existing subsidy budget authority in either of the past two fiscal years and will carry enough subsidy into 2002 to fully fund its current level of credit programs.

This redirection effort anticipates that the role of the Export-Import Bank and OPIC will become more focused on correcting market imperfections as the private sector's ability to bear emerging market risks becomes larger, more sophisticated, and more efficient.

The 1980s and early 1990s were a turbulent period for the banking industry, 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, which were largely designed to improve the safety and soundness of the banking system. 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 2000, becoming only the second SAIF-member to fail since 1996. Four BIF members failed during 2000; since 1996, BIF failed assets have averaged approximately \$600 million per year. During 2000, 33 Federally insured credit unions with \$126 million in assets failed (including assisted mergers). The FDIC currently classifies only 90 institutions with \$19 billion in assets as "problem institutions," compared to nearly 194 institutions with \$31 billion in assets five years ago.

Banks have achieved record levels of earnings in recent years, with industry net income totaling \$19.3 billion in the third quarter of 2000, the third highest quarter ever. As of September 30, 2000, BIF had estimated reserves of \$31 billion, 1.36 percent of insured



deposits. The earnings of the thrift industry also have improved significantly in recent years. As of September 30, 2000, SAIF's reserves reached an estimated \$10.7 billion or 1.45 percent of insured deposits.

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, 93 percent of commercial banks and 89 percent of thrifts did not pay insurance premiums in 2000. The National Credit Union Share Insurance Fund (NCUSIF) also remains strong with assets of \$4.5 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. Premiums were waived in advance for 2000 because the income generated from the 1 percent deposit eliminated the need for an assessment. 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. It is anticipated that the fund will pay a dividend for 2001.

Due to strong growth in the U.S. economy in recent years, depository institutions and their Federal insurance funds are in good financial condition. However, this trend may not 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. In addition to the uncertainty surrounding future economic conditions, industry consolidation, banks' increased reliance on sophisticated financial instruments, and legislative changes also make it increasingly difficult to predict future deposit insurance losses. As a result of consolidation, for example, a few large banks control a substantial share of banking assets. The failure of even one of these large institutions could seriously strain an insurance fund.

In addition to consolidation, industry trends indicate that banks are increasingly using sophisticated finan-

cial instruments such as asset-backed securities and financial derivatives, which may either mitigate or exacerbate risk level. Whether or not these sophisticated financial instruments add to risk, they complicate the work of regulators who must gauge an institution's financial health—and the potential for deposit insurance losses that a troubled institution may represent. The landmark Financial Services Modernization Act of 1999 (P.L. 106–102) allows new business combinations in the financial sector, enabling banks to expand into other financial businesses such as insurance and securities. Over time, such expansions could either make depository institutions safer by improving asset diversification or make them less safe by increasing their exposure to riskier lines of business. A recent development related to inter-industry mergers is that securities firms are indirectly offering insured accounts to their customers through their banking affiliates (sweeping accounts). Regulators need to pay attention to this development because sweeping accounts increase insured deposits. Finally, regulators must always guard against fraud, which can also significantly impact insurance fund balances. The failure of First National Bank in Keystone, West Virginia, for instance, is expected to cost the FDIC up to \$850 million to resolve.

### **On-going Issues**

The deposit insurance system is in good condition and continues to play a critical role in ensuring confidence in our financial system. During a period of economic health, it may be appropriate to question whether the system works in the most consistent and efficient matter. Are depositors adequately protected? Are industries over or underpaying for deposit insurance coverage? Does the system encourage economically efficient outcomes? To this end, in 2000 the FDIC initiated a public discussion of deposit insurance issues. Options such as merging the BIF and SAIF, refining premium structures, and indexing premiums are being considered. The Administration and Congress will continue to contemplate these issues in the context of a rapidly evolving financial sector.

### **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 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 2000, PBGC posted a positive financial position for the fifth straight year after 21 years of being in a deficit position. This was due to good economic conditions and favorable investment returns. Risk remains, however, because good economic conditions and favorable investment returns may not continue indefinitely.

The risk has been reduced somewhat by steps taken by the Congress and PBGC. Congress enacted legislation to make insurance premiums more reflective of risk. Under its Early Warning Program, PBGC has negotiated 90 major settlements with companies, which have provided 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.

PBGC's single-employer program fared well in 2000, with no major terminations. (However, PBGC took over three large pension plans in the last few months: Grand Union, Outboard Marine, and TWA, the last under an agreement negotiated beforehand. Most of these plans' liability had been accounted for previously and so these takeovers make no substantial change in PBGC's financial position.) In 2000, overall investment returns were positive, in both PBGC's revolving funds, which are invested in U.S. Government securities, and in its trust funds, which hold mostly equities. Returns on PBGC's equity portfolio, however, were lower than those in

1999. Premium revenues dropped for the fourth year in a row, partly reflecting a previously enacted increase in the statutory interest rate for calculating underfunding.

PBGC's multi-employer program, which guarantees pension benefits of certain unionized plans offered by several employers in an industry, remained financially strong. Legislation enacted in December, 2000 raised the maximum guarantee level on pension benefits paid to retirees in multi-employer plans for the first time since 1980. The maximum was increased from \$5,580 to \$12,870 per year for retirees with 30 years of service.

PBGC is working to speed its setting of the dollar levels of benefits in the pension plans it takes over. The time taken for final calculation is expected to drop to three years in 2002, down from an average of 4.9 years in 2000. PBGC also is working to send first benefit checks more speedily. In 1999, only 83 percent of pensioners got their first benefit checks within three months of completing their applications.

## Disaster Insurance

### Flood Insurance

The Federal Government provides flood insurance through the National Flood Insurance Program (NFIP), which is administered by the Federal Emergency Management Agency (FEMA). Flood insurance is available to homeowners and businesses in communities that have adopted and enforced appropriate floodplain management measures. Coverage is limited to buildings and their contents. By 2002, the program is projected to have approximately 4.5 million policies from more than 19,000 communities with \$610 billion of insurance in force.

Prior to the creation of the program in 1968, many factors made it cost prohibitive for private insurance companies alone to make affordable flood insurance available. In response, the NFIP was established to make insurance coverage widely available. The NFIP also requires building standards and other mitigation efforts to reduce losses, and operates a flood hazard mapping program to quantify the geographic risk of flooding. The NFIP has substantially met these goals.

The number of policies in the program has grown significantly over time. The number of enrolled policies grew from 2.4 to 4.3 million between 1990 and 2000, and by nearly 82,000 policies in 2000. FEMA is using three strategies to increase the number of flood insurance policies in force: lender compliance, program simplification, and expanded marketing. The NFIP also has a multi-pronged strategy for reducing future flood damage. FEMA is educating financial regulators about the mandatory flood insurance requirement for properties with mortgages from federally regulated lenders. Further, the NFIP offers mitigation insurance to allow flood victims to rebuild to code, thereby reducing future flood damage costs. Last, FEMA adjusts premium rates

to encourage community and State mitigation activities beyond those required by the NFIP.

Despite these efforts, the program faces major financial challenges. In some years, the program's financing account, which is a cash fund, has expenses greater than its revenue, preventing it from building sufficient long-term reserves. This is because a large portion of the policy-holders pay subsidized premiums. FEMA charges subsidized premiums for properties built before a community adopts the NFIP building standards. Properties built subsequently are charged true actuarial rates. The creators of the NFIP assumed that eventually the NFIP would become self-sustaining as older properties left the program. The share of subsidized properties in the program has fallen from 70 percent in 1978, but it is still substantial—30 percent today.

Until the mid-1980s, Congress appropriated funds periodically to support subsidized premiums. However, the program has not received appropriations since 1986. During the 1990s, FEMA increasingly relied on Treasury borrowing to finance its expenses (the NFIP may borrow up to \$1.5 billion). At the end of year 2000, FEMA had outstanding borrowing from Treasury of \$345 million.

The 2002 Budget proposes two cost-saving reforms that should improve the financial condition of the NFIP. First, flood insurance coverage would no longer be available for several thousand "repetitive loss" properties. These properties are located in the flood plain and are flooded regularly, but are not required to pay risk-based premiums. As a result, they have been rebuilt multiple times with the subsidized support of other flood insurance policy holders and U.S. taxpayers. The Budget seeks to begin removing the worst offending repetitive loss properties from the program in 2002. Policyholders whom FEMA has identified as repetitive

loss claimants will be allowed to make one more claim before having their policies terminated. Second, subsidized premium rates for vacation homes, rental properties, and other non-primary residences and businesses would be phased out over five years. FEMA charges many of these policyholders less than actuarial rates, which undermines the financial stability of the insurance program. Structures that are removed or that drop out of the program because of these two reforms would be ineligible for future Federal disaster assistance, including FEMA Individual and Family Grants and Small Business Administration disaster loans. Savings from these proposals are estimated at \$12 million in 2002 and are expected to grow significantly in the future.

### **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 reluctant to offer multi-peril crop insurance without Government reinsurance because of the difficulty of limiting risk exposure; insurance companies are exposed to large losses because losses tend to occur across a wide geographic area. For example, a drought usually affects 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 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.

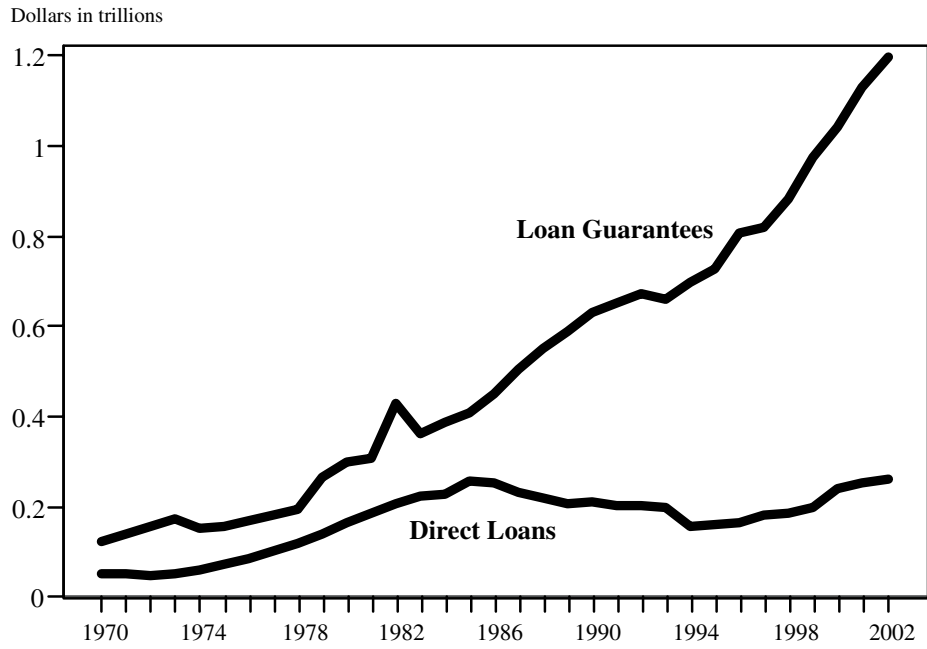
A major program reform was enacted in 1994 to address a growing problem caused by the repeated provision of Federal ad hoc agricultural disaster payments. Participation in the crop insurance program had been kept low by the availability of post-event disaster aid to farmers from the Federal Government. 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—a 140 percent increase over 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 proportion increased to 72 percent in 2000 and is expected to reach 80 percent in 2001, boosted by the reforms of the 2000 Agriculture Risk Protection Act (ARPA).

ARPA strengthened the program by increasing premium subsidies for higher coverage policies, equalizing the subsidy rates for all plans of insurance, expanding the list of insurable commodities to include livestock, and increasing flexibility of crop insurance companies’ marketing methods. ARPA also includes significant changes to improve program integrity through increased compliance oversight. Further, ARPA shifts USDA’s role toward that of a regulator, while stimulating new product development within the private sector and ensuring a research and development emphasis on specialty and underserved crops.

USDA continues to expand revenue coverage. Revenue insurance programs are now available in 36 states and further expansion is being studied. Moreover, the concept of covering all crop and livestock operations of a farm under a single policy, the so-called “whole farm coverage” approach, is being evaluated through a pilot program. 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” Farm Income on Federal tax returns, instead of its yield history.

**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 1999	Estimated Future Costs of 1999 Outstanding <sup>1</sup>	Outstanding 2000	Estimated Future Costs of 2000 Outstanding <sup>1</sup>
<b>Direct Loans:<sup>2</sup></b>				
Federal student loan programs .....	65	2	80	-3
Farm Service Agency (excl. CCC), Rural development, Rural housing .....	45	12	42	11
Rural Utilities Service and Rural telephone bank .....	29	3	33	2
Housing and Urban Development .....	14	3	13	2
Agency for International Development .....	11	6	11	5
P. L. 480 .....	11	8	11	8
Export-Import Bank .....	12	6	11	5
Commodity Credit Corporation .....	7	3	8	5
Federal Communications Commission .....	8	5	8	-1
Disaster assistance .....	7	2	6	1
Other direct loan programs .....	22	2	18	3
<b>Total Direct Loans .....</b>	<b>234</b>	<b>50</b>	<b>241</b>	<b>37</b>
<b>Guaranteed Loans:<sup>2</sup></b>				
FHA-mutual mortgage insurance .....	411	-3	450	-1
Veterans housing .....	221	6	224	5
Federal family education loan .....	127	12	144	12
FHA-general and special risk .....	93	7	99	8
Small business .....	39	2	34	2
Export-Import Bank .....	25	6	30	5
International assistance .....	19	2	19	1
Farm Service Agency and Rural housing .....	17	.....	20	.....
Commodity Credit Corporation .....	7	1	6	1
Other guaranteed loan programs .....	16	.....	16	3
<b>Total Guaranteed Loans .....</b>	<b>976</b>	<b>34</b>	<b>1,043</b>	<b>37</b>
<b>Total Federal Credit .....</b>	<b>1,210</b>	<b>84</b>	<b>1,284</b>	<b>75</b>

<sup>1</sup> 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.

<sup>2</sup> 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<sup>1</sup>**

(in billions of dollars)

	Outstanding	
	1999	2000
<b>Government Sponsored Enterprises:</b>		
Fannie Mae .....	1,141	1,231
Freddie Mac .....	838	913
Federal Home Loan Banks <sup>2</sup> .....	357	435
Sallie Mae <sup>3</sup> .....	.....	.....
Farm Credit System .....	66	67
<b>Total</b> .....	<b>2,402</b>	<b>2,646</b>

<sup>1</sup> Net of purchases of federally guaranteed loans.

<sup>2</sup> The lending by the Federal Home Loans Banks measures their advances to member thrift and other financial institutions. In addition, their investment in private financial instruments at the end of 2000 was \$178 billion, including federally guaranteed securities, GSE securities, and money market instruments.

<sup>3</sup> The face value and Federal costs of Federal Family Education Loans in the Student Loan Marketing Association's portfolio are 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 1992-2000 <sup>1</sup>

(In millions of dollars)

Program	1994	1995	1996	1997	1998	1999	2000	2001
<b>Direct Loans:</b>								
<b>Agriculture:</b>								
Agriculture credit insurance fund .....	-72	28	2	-31	23		331	-22
Agricultural conservation .....	-1							
Rural electrification and telecommunications loans .....	*	61	-37	84		-39		-117
Rural telephone bank .....	1			10		-9		-2
Rural housing insurance fund .....	2	152	46	-73		71		78
Rural economic development loans .....				1		-1	*	-2
Rural development loan program .....		1				-6		-1
Rural community advancement program <sup>2</sup> .....				8		5		105
P.L. 480 .....			-37	-1				
<b>Commerce:</b>								
Fisheries finance .....								-19
<b>Education:</b>								
<b>Federal direct student loans:</b>								
Technical reestimate .....			3	-83	172	-383	-2,158	559
Volume reestimate .....						22		-5
College housing and academic facilities loans .....								-1
<b>Interior:</b>								
Bureau of Reclamation loans .....							3	1
Bureau of Indian Affairs direct loans .....						1	5	*
<b>Transportation:</b>								
High priority corridor loans .....					-3			
Alameda corridor loan .....							-58	
Transportation infrastructure finance and innovation .....								18
<b>Treasury:</b>								
Community development financial institutions fund .....							1	
<b>Veterans Affairs:</b>								
Veterans housing benefit program fund .....	-39	30	76	-72	465	-111	-52	-108
<b>Environmental Protection Agency:</b>								
Abatement, control and compliance .....								3
<b>Federal Emergency Management Agency:</b>								
Disaster assistance .....							47	35
<b>International Assistance Programs:</b>								
Foreign military financing .....				13	4	1	152	-165
Debt reduction .....							36	*
<b>Small Business Administration:</b>								
Business loans .....								1
Disaster loans .....					-193	246	-398	-282
<b>Other Independent Agencies:</b>								
Export-Import Bank direct loans .....	-28	-16	37				-177	158
Federal Communications Commission spectrum auction .....					4,592	980	-1,501	-9,618
<b>Loan Guarantees:</b>								
<b>Agriculture:</b>								
Agriculture credit insurance fund .....	5	14	12	-51	96		-31	205
Commodity Credit Corporation export guarantees .....	3	103	-426	343				
Rural development insurance fund .....	49			-3				
Rural housing insurance fund .....	2	10	7	-10		109		152
Rural community advancement program <sup>2</sup> .....				-10		41		61
P.L. 480 title I food for progress credits .....		84	-38					
<b>Commerce:</b>								
Fisheries finance .....					-2			-3
<b>Education:</b>								
<b>Federal family education loan: <sup>3</sup></b>								
Technical reestimate .....	97	421	60			-140	667	-3,482
Volume reestimate .....			535	99		-13	-60	-44
<b>Health and Human Services:</b>								
Health center loan guarantees .....							3	
Health education assistance loans .....								-72
<b>Housing and Urban Development:</b>								
Indian housing loan guarantee .....								-5
FHA-mutual mortgage insurance .....				-340		3,789		2,413
FHA-general and special risk <sup>4</sup> .....	-175		-110	-25	743	79		-228

**Table 8-3. REESTIMATES OF CREDIT SUBSIDIES ON LOANS DISBURSED BETWEEN 1992-2000<sup>1</sup>—Continued**

(In millions of dollars)

Program	1994	1995	1996	1997	1998	1999	2000	2001
Interior:								
Bureau of Indian Affairs guaranteed loans .....				31				-14
Transportation:								
Maritime guaranteed loans (title XI) .....						-71	30	-1
Veterans Affairs:								
Veterans housing benefit fund program .....	-447	167	334	-706	38	492	229	-770
International Assistance Programs:								
U.S. Agency for International Development:								
Housing guaranty .....	-2	-1	-7		-14			
Micro and small enterprise development .....								1
Urban and environmental credit .....								-12
Assistance to the new independent states of the former Soviet Union .....								-26
Small Business Administration:								
Business loans .....			257	-16	-279	-545	-235	-527
Other Independent Agencies:								
Export-Import Bank guarantees .....	-11	-59	13				-191	-1,520
<b>Total .....</b>	<b>-616</b>	<b>995</b>	<b>727</b>	<b>-832</b>	<b>5,642</b>	<b>4,518</b>	<b>-3,641</b>	<b>-13,256</b>

\* \$500 thousand or less.

<sup>1</sup> Excludes interest on reestimates. Additional information on credit reform subsidy rates is contained in the Federal Credit Supplement to the Budget for 2002.<sup>2</sup> Includes rural water and waste disposal, rural community facilities, and rural business and industry programs.<sup>3</sup> 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.<sup>4</sup> 1999 figure includes interest on reestimate.



**Table 8-4. DIRECT LOAN SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS, 2000-2002**

(in millions of dollars)

Agency and Program	2000 Actual			2001 Enacted			2002 Proposed		
	Subsidy rate <sup>1</sup>	Subsidy budget authority	Loan level	Subsidy rate <sup>1</sup>	Subsidy budget authority	Loan level	Subsidy rate <sup>1</sup>	Subsidy budget authority	Loan level
<b>Agriculture:</b>									
Agricultural credit insurance fund .....	5.92	68	1,149	8.47	66	779	6.78	58	855
Farm storage facility loans .....	2.85	2	80	2.14	4	175	2.42	3	125
Apple loans .....	N/A			5.01	5	100	N/A		
Emergency boll weevil program .....	N/A			60.00	6	10	N/A		
Rural community advancement program .....	8.42	80	950	12.76	172	1,348	6.62	70	1,058
Rural electrification and telecommunications loans .....	-0.19	-5	2,559	-0.47	-14	3,010	-0.43	-13	3,010
Rural telephone bank .....	1.88	3	175	1.48	3	175			
Distance learning and telemedicine loans .....	0.35	1	200	-0.61	-3	400	-0.07		400
Farm labor housing .....	N/A			52.59	17	33	47.31	13	28
Rural housing insurance fund .....	13.44	189	1,399	19.35	239	1,235	16.23	200	1,233
Rural development loan program .....	43.43	17	38	50.91	22	44	43.21	16	38
Rural economic development loans .....	23.02	3	15	26.07	6	23	24.16	4	15
P.L. 480 .....	82.46	120	145	71.51	113	159	81.73	114	139
<b>Commerce:</b>									
Fisheries finance .....	1.00		28	0.80	1	74	-12.45	-3	24
<b>Defense—Military:</b>									
Defense vessel transfer program .....				18.12	4	21	17.49	4	21
Family housing improvement fund .....	51.27	32	62	58.59	79	136	22.33	52	233
<b>Education:</b>									
Federal direct student loans .....	-9.09	-1,442	15,854	-8.82	-1,796	20,363	-8.73	-1,564	17,948
<b>Housing and Urban Development:</b>									
FHA-mutual mortgage insurance .....			3			250			250
FHA-general and special risk .....			50			50			50
<b>Interior:</b>									
Bureau of Reclamation loans .....	27.91	11	43	44.44	9	27	26.92	7	26
Assistance to American Samoa .....				15.58	3	19	N/A		
<b>State:</b>									
Repatriation loans .....	80.00	1	1	80.00	1	1	80.00	1	1
<b>Transportation:</b>									
Minority business resource center .....	10.00	2	14	N/A			N/A		
Transportation infrastructure finance and innovation .....	5.74	52	765	5.69	84	1,475	4.97	109	2,200
Railroad rehabilitation and improvement .....						150			100
<b>Treasury:</b>									
Community development financial institutions fund .....	39.99	6	15	43.41	9	20	38.60	6	15
<b>Veterans Affairs:</b>									
Veterans housing benefit program .....	1.81	40	1,435	2.16	37	1,697	24.69	30	119
Miscellaneous veterans housing loans .....	7.72		2	7.72		3	7.72		3
Miscellaneous veterans programs .....	2.23		2	1.88		3	2.18		3
<b>Federal Emergency Management Agency:</b>									
Disaster assistance loans .....	3.27	1	25	6.71	2	25			25
<b>General Services Administration:</b>									
Columbia Hospital for Women .....	42.85	6	14	N/A			N/A		
<b>International Assistance Programs:</b>									
Overseas Private Investment Corporation .....	11.00	5	45	11.00	5	45	11.00		45
<b>Small Business Administration:</b>									
Disaster assistance .....	22.20	174	783	17.46	76	827	10.95		150
Business loans .....	8.54	2	27	8.95	2	34	6.78	2	21
<b>Other Independent Agencies:</b>									
Export-Import Bank direct loans .....	1.39	49	1,084	21.77	30	135	25.66	39	152
Federal Communications Commission spectrum auction .....	8.25		1	N/A			N/A		
<b>Total</b> .....	<b>N/A</b>	<b>-583</b>	<b>26,963</b>	<b>N/A</b>	<b>-818</b>	<b>32,846</b>	<b>N/A</b>	<b>-852</b>	<b>28,287</b>

N/A = Not applicable.

<sup>1</sup> Additional information on credit subsidy rates is contained in the Federal Credit Supplement.

**Table 8-5. LOAN GUARANTEE SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS, 2000-2002**

(in millions of dollars)

Agency and Program	2000 Actual			2001 Enacted			2002 Proposed		
	Subsidy rate <sup>1</sup>	Subsidy budget authority	Loan level	Subsidy rate <sup>1</sup>	Subsidy budget authority	Loan level	Subsidy rate <sup>1</sup>	Subsidy budget authority	Loan level
<b>Agriculture:</b>									
Agricultural credit insurance fund .....	3.37	90	2,674	2.12	49	2,313	4.20	126	3,000
Commodity Credit Corporation export guarantees .....	6.80	209	3,081	8.04	305	3,792	6.80	266	3,904
Rural community advancement program .....	2.21	27	1,219	0.77	21	2,985	1.95	25	1,285
Rural electrification and telecommunications loans .....	0.01		53	0.01		100	0.08		100
Rural housing insurance fund .....	0.61	20	3,300	0.31	9	3,236	1.36	44	3,238
<b>Commerce:</b>									
Emergency steel guarantee .....	14.00			12.54		516	N/A		
Emergency oil and gas guarantee .....	24.50			34.79		5	N/A		
<b>Defense:</b>									
Arms initiative .....	2.36		18	0.05		12	N/A		
Family housing improvement fund .....	6.72	13	202	5.72	28	492	5.96	32	537
<b>Education:</b>									
Federal family education loan .....	14.20	3,763	26,503	11.62	3,853	33,160	12.18	4,226	34,675
<b>Health and Human Services:</b>									
Health center loan guarantees .....	5.20		5	2.11	1	32	4.88	1	21
<b>Housing and Urban Development:</b>									
Indian housing loan guarantee .....	8.13	1	15	8.13	6	72	2.47	6	234
Title VI Indian Federal guarantees .....	11.07		2	11.07	6	55	11.07	6	53
Community development loan guarantees .....	2.30	29	1,261	2.30	29	1,258	2.30	14	609
FHA-mutual mortgage insurance .....	-1.99	-1,864	140,000	-2.15	-2,246	160,000	-2.07	-2,501	160,000
FHA-general and special risk .....	1.31	-62	18,100	-0.12	38	21,000	-1.45	-230	21,000
<b>Interior:</b>									
Indian guaranteed loans .....	7.54	4	60	6.73	4	60	6.00	4	75
<b>Transportation:</b>									
Minority business resource center .....	N/A			2.69	2	14	2.70		18
Transportation infrastructure finance and innovation .....				3.78	8	200	3.76	8	200
Maritime guaranteed loans (title XI) .....	6.36	56	886	4.94	20	413	4.97		
<b>Veterans Affairs:</b>									
Veterans housing benefit program .....	0.70	216	21,616	0.47	144	30,643	0.54	157	29,317
Miscellaneous veterans housing loans .....	48.25	45	93	48.25		13	48.25		20
<b>International Assistance Programs:</b>									
USAID-micro and small enterprise development .....	4.76	2	50	4.94		55			
USAID-urban and environmental credit .....	13.80	2	11	12.10		16			
USAID-development credit authority .....	6.40	4		7.04	8	133	7.04	25	355
Overseas Private Investment Corporation .....	1.65	19	1,152	1.50	19	1,267	1.65		1,152
<b>Small Business Administration:</b>									
Business loans .....	1.20	142	13,152	1.08	163	16,187			17,575
<b>Other Independent Agencies:</b>									
Export-Import Bank guarantees .....	7.90	925	11,705	7.45	983	13,181	6.32	716	11,335
Presidio Trust .....	0.52		200	0.46		200	0.12		200
<b>Total</b> .....	<b>N/A</b>	<b>3,641</b>	<b>245,358</b>	<b>N/A</b>	<b>3,450</b>	<b>291,410</b>	<b>N/A</b>	<b>2,925</b>	<b>288,903</b>
<b>ADDENDUM: SECONDARY GUARANTEED LOAN COMMITMENT LIMITATIONS</b>									
<b>GNMA:</b>									
Guarantees of mortgage-backed securities .....	-0.29	-312	200,000	-0.36	-356	200,000	-0.33	-354	200,000

N/A = Not applicable.

<sup>1</sup> 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	2002
<b>Direct Loans:</b>								
Obligations .....	30.9	23.4	33.6	28.8	38.4	37.1	42.4	39.3
Disbursements .....	22.0	23.6	32.2	28.7	37.7	35.5	39.6	37.3
New subsidy budget authority .....	.....	.....	.....	-0.8	1.6	-0.4	-0.8	-0.8
Reestimated subsidy budget authority .....	.....	.....	.....	7.3	1.0	-4.4	-12.4	.....
Total subsidy budget authority <sup>1</sup> .....	2.6	1.8	2.4	6.5	2.6	-4.8	-13.2	-0.8
<b>Loan Guarantees:<sup>2</sup></b>								
Commitments .....	138.5	175.4	172.3	218.4	252.4	192.6	255.5	259.2
Lender disbursements .....	117.9	143.9	144.7	199.5	224.7	180.8	216.4	230.3
New subsidy budget authority .....	.....	.....	.....	3.3	.....	3.3	3.2	2.6
Reestimated subsidy budget authority .....	.....	.....	.....	-0.7	4.3	0.3	-5.3	.....
Total subsidy budget authority <sup>1</sup> .....	4.6	4.0	3.6	2.6	4.3	3.6	-2.1	2.6

<sup>1</sup> Prior to 1998 new and reestimated subsidy budget authority were not separated.<sup>2</sup> 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 <sup>1</sup>		
	2000 actual	2001 estimate	2002 estimate	2000 actual	2001 estimate	2002 estimate
<b>DIRECT LOAN WRITEOFFS</b>						
Agriculture:						
Agricultural credit insurance fund .....	249	247	230	2.73	2.85	2.86
Rural community advancement program .....	2			0.04		
Rural electrification and telecommunications loans .....	159	33		0.50	0.10	
Rural development insurance fund .....	4	4	3	0.11	0.12	0.10
Rural housing insurance fund .....	76	80	79	0.26	0.28	0.28
Commerce:						
Economic development revolving fund .....		1	1		2.85	3.22
Housing and Urban Development:						
Revolving fund (liquidating programs) .....	5	3	2	3.16	2.40	2.10
FHA—Mutual mortgage insurance .....		2	3		2.24	1.31
Guarantees of mortgage-backed securities .....	212	45	16	90.59	51.72	28.07
Interior:						
Indian direct loan .....	1	2	1	1.47	3.22	1.78
State:						
Repatriation loans .....	1	1	1	25.00	25.00	25.00
Veterans Affairs:						
Veterans housing benefit program .....	6	6	8	0.33	0.30	0.35
International Assistance Programs:						
Overseas Private Investment Corporation .....	2	1	1	3.22	1.85	1.85
Small Business Administration:						
Disaster loans .....	90	99	41	1.42	1.93	1.10
Business loans .....	50	48	18	7.22	10.41	5.27
Other Independent Agencies:						
Tennessee Valley Authority .....	1	1	1	1.96	1.78	1.58
<b>Total, direct loan writeoffs .....</b>	<b>858</b>	<b>573</b>	<b>405</b>	<b>0.42</b>	<b>0.26</b>	<b>0.17</b>
<b>GUARANTEED LOAN TERMINATIONS FOR DEFAULT</b>						
Agriculture:						
Agricultural credit insurance fund .....	124	118	121	1.48	1.19	1.05
Commodity Credit Corporation export loans .....	208	380	334	3.48	5.99	5.43
Rural community advancement program .....	84	73	50	2.66	1.66	0.80
Rural electrification and telecommunications loans .....	27			5.54		
Rural development insurance fund .....	-1			-0.83		
Rural housing insurance fund .....	68	90	106	0.64	0.72	0.73
Commerce:						
Emergency oil and gas guaranteed loan program .....			2			50.00
Emergency steel guaranteed loan program .....			103			22.19
Fisheries Finance .....	2	2	1	1.90	2.19	1.23
Defense—Military:						
Family housing improvement fund .....		2	2		4.76	1.75
Education:						
Federal family education loan .....	2,677	3,570	4,131	1.94	2.40	2.64
Health and Human Services:						
Health education assistance loans .....	23	40	44	0.80	1.45	1.68
Health center loan guarantees .....	4			100.00		
Housing and Urban Development:						
Indian housing loan guarantee .....			1			1.21
FHA—Mutual mortgage insurance .....	5,667	6,176	5,734	1.31	1.28	1.07
FHA—General and special risk .....	1,341	1,510	1,585	1.40	1.51	1.55
Interior:						
Indian guaranteed loan .....		1	2		0.47	0.80
Transportation:						
Maritime guaranteed loan (Title XI) .....	59	68		1.57	1.59	
Veterans Affairs:						
Veterans housing benefit program .....	2,256	2,542	2,927	1.01	1.10	1.22

**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 <sup>1</sup>		
	2000 actual	2001 estimate	2002 estimate	2000 actual	2001 estimate	2002 estimate
<b>International Assistance Programs:</b>						
Foreign military financing .....	1	3	5	0.02	0.06	0.12
Micro and small enterprise development .....	1	1	1	1.88	1.40	1.16
Urban and environmental credit program .....	32	42	48	1.41	1.98	2.48
Development credit authority .....	.....	1	1	.....	1.85	0.63
Overseas Private Investment Corporation .....	92	58	50	3.00	1.78	1.43
<b>Small Business Administration:</b>						
Business loans .....	707	684	692	1.93	2.17	2.26
Pollution control equipment .....	7	8	6	16.66	22.85	21.42
<b>Other Independent Agencies:</b>						
Export-Import Bank .....	454	364	464	1.64	1.14	1.38
<b>Total, guaranteed loan terminations for default .....</b>	<b>13,833</b>	<b>15,733</b>	<b>16,410</b>	<b>0.86</b>	<b>0.92</b>	<b>0.91</b>
<b>Total, direct loan writeoffs and guaranteed loan terminations .....</b>	<b>14,691</b>	<b>16,306</b>	<b>16,815</b>	<b>0.81</b>	<b>0.85</b>	<b>0.83</b>
<b>ADDENDUM: WRITEOFFS OF DEFAULTED GUARANTEED LOANS THAT RESULT IN LOANS RECEIVABLE</b>						
<b>Education:</b>						
Federal family education loan .....	604	579	592	2.64	2.66	2.75
<b>Health and Human Services:</b>						
Health education assistance loans .....	16	16	16	2.94	2.85	2.75
<b>Housing and Urban Development:</b>						
FHA—Mutual mortgage insurance .....	42	19	43	10.79	20.43	119.44
FHA—General and special risk .....	149	323	687	6.09	15.10	54.30
<b>Interior:</b>						
Indian guaranteed loan .....	1	1	2	1.49	1.58	3.27
<b>Transportation:</b>						
Federal ship financing fund .....	.....	17	.....	.....	212.50	.....
<b>Veterans Affairs:</b>						
Veterans housing benefit program .....	182	52	72	34.14	14.81	15.89
<b>Small Business Administration:</b>						
Business loans .....	245	124	61	11.48	5.64	2.54
<b>Total, writeoffs of loans receivable .....</b>	<b>1,239</b>	<b>1,131</b>	<b>1,473</b>	<b>3.62</b>	<b>3.47</b>	<b>4.59</b>

<sup>1</sup> Average of loans outstanding for the year.

Table 8-8. APPROPRIATIONS ACTS LIMITATIONS ON CREDIT LOAN LEVELS <sup>1</sup>

(In millions of dollars)

Agency and Program	2000 Actual	Estimate	
		2001	2002
<b>DIRECT LOAN OBLIGATIONS</b>			
Agriculture:			
Apple loans .....		100	
Agricultural credit insurance fund .....	1,770	780	855
Emergency boll weevil .....		10	
Distance learning and telemedicine .....	200	400	300
Rural electrification and telecommunications .....	2,559	3,010	3,010
Rural telephone bank .....	175	175	
Rural water and waste disposal direct loans .....	739	879	809
Rural housing insurance fund .....	1,399	1,265	1,261
Rural community facility direct loans .....	161	419	249
Rural economic development .....	15	15	15
Rural development loan fund .....	38	38	38
Rural business and industry direct loans .....	50	50	
P.L. 480 direct credit .....	145	159	139
Commerce:			
Fisheries finance .....	28	74	24
Education:			
Historically black college and university capital financing .....	346	311	281
Housing and Urban Development:			
FHA-general and special risk .....	50	50	50
FHA-mutual mortgage insurance .....	100	250	250
Interior:			
Bureau of Reclamation .....	43	27	26
Assistance to American Samoa .....		19	
State:			
Repatriation loans .....	1	1	1
Transportation:			
Minority business resource center .....	14		
Transportation infrastructure finance and innovation program .....	1,600	1,800	2,000
Transportation infrastructure finance and innovation program line of credit .....	200	200	200
Treasury:			
Community development financial institutions fund .....	53	53	15
Veterans Affairs:			
Miscellaneous veterans programs loan fund .....	2	3	3
Federal Emergency Management Agency:			
Disaster assistance .....	25	25	25
General Services Administration:			
Columbia Hospital for Women .....	14		
International Assistance Programs:			
Military debt reduction .....	10		
<b>Total, limitations on direct loan obligations .....</b>	<b>9,737</b>	<b>10,113</b>	<b>9,551</b>
<b>LOAN GUARANTEE COMMITMENTS</b>			
Agriculture:			
Agricultural credit insurance fund .....	3,778	2,318	3,000
Rural electrification and telecommunications guaranteed loans .....	53	100	100
Rural water and waste water disposal guaranteed loans .....	75	75	75
Rural housing insurance fund .....	3,300	3,236	3,238
Rural community facility guaranteed loans .....	210	210	210
Rural business and industry guaranteed loans .....	892	2,700	1,000
Commerce:			
Emergency oil and gas .....	500	500	495
Emergency steel .....	1,000	1,000	484
Defense—Military:			
Defense export loan guarantee .....	14,980	14,980	14,980
Arms initiative .....	18	12	
Health and Human Services:			
Health center .....	5	32	21

**Table 8-8. APPROPRIATIONS ACTS LIMITATIONS ON CREDIT LOAN LEVELS<sup>1</sup>—Continued**  
(In millions of dollars)

Agency and Program	2000 Actual	Estimate	
		2001	2002
Housing and Urban Development:			
Indian housing loan guarantee fund .....	135	72	234
Title VI Indian Federal guarantees .....	55	55	53
Community development loan guarantees .....	1,261	1,258	609
America's private investment companies .....	541	.....	.....
FHA-general and special risk .....	18,100	21,000	21,000
FHA-loan guarantee recovery fund .....	7	4	.....
FHA-mutual mortgage insurance .....	140,000	160,000	160,000
Interior:			
Indian guaranteed loan program .....	60	60	75
Transportation:			
Minority business resource center .....	.....	14	18
Transportation infrastructure finance and innovation program loan guarantee .....	.....	200	200
Maritime guaranteed loan (title XI) .....	1,000	.....	.....
Small Business Administration:			
Business .....	14,874	16,187	17,575
Other Independent Agencies:			
Presidio Trust .....	200	200	200
<b>Total, limitations on loan guarantee commitments .....</b>	<b>201,044</b>	<b>224,213</b>	<b>223,567</b>
<b>ADDENDUM: SECONDARY GUARANTEED LOAN COMMITMENT LIMITATIONS</b>			
Housing and Urban Development:			
Guarantees of mortgage-backed securities .....	200,000	200,000	200,000
<b>Total, limitations on secondary guaranteed loan commitments .....</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>

<sup>1</sup> 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	2000 Actual	Estimate	
		2001	2002
<b>Department of Agriculture</b>			
Farm Service Agency			
Agricultural credit insurance fund liquidating account:			
Obligations .....			
Loan disbursements .....			
<i>Change in outstandings</i> .....	-750	-710	-638
<b>Outstandings</b> .....	5,067	4,357	3,719
Farm storage facility direct loan financing account:			
Obligations .....	80	175	125
Loan disbursements .....	32	174	126
<i>Change in outstandings</i> .....	32	163	90
<b>Outstandings</b> .....	32	195	285
Apple loans direct loan financing account:			
Obligations .....		100	
Loan disbursements .....		100	
<i>Change in outstandings</i> .....		100	-33
<b>Outstandings</b> .....		100	67
Agricultural credit insurance fund direct loan financing account:			
Obligations .....	1,770	780	855
Loan disbursements .....	1,149	780	855
<i>Change in outstandings</i> .....	466	49	39
<b>Outstandings</b> .....	3,909	3,958	3,997
Emergency boll weevil direct loan financing account:			
Obligations .....		10	
Loan disbursements .....		10	
<i>Change in outstandings</i> .....		10	-1
<b>Outstandings</b> .....		10	9
Commodity Credit Corporation fund:			
Obligations .....	9,691	8,689	9,171
Loan disbursements .....	9,691	8,689	9,171
<i>Change in outstandings</i> .....	618	-1,226	-443
<b>Outstandings</b> .....	3,464	2,238	1,795
Rural Utilities Service			
Rural communication development fund liquidating account:			
Obligations .....			
Loan disbursements .....			
<i>Change in outstandings</i> .....	-1	-1	-1
<b>Outstandings</b> .....	6	5	4
Distance learning and telemedicine direct loan financing account:			
Obligations .....	6	400	300
Loan disbursements .....	1	32	113
<i>Change in outstandings</i> .....	1	29	102
<b>Outstandings</b> .....	2	31	133
Rural development insurance fund liquidating account:			
Obligations .....			
Loan disbursements .....	1		
<i>Change in outstandings</i> .....	-201	-191	-179
<b>Outstandings</b> .....	3,269	3,078	2,899
Rural electrification and telecommunications direct loan financing account:			
Obligations .....	2,559	3,010	3,010
Loan disbursements .....	1,390	1,856	2,207
<i>Change in outstandings</i> .....	1,182	1,673	1,985
<b>Outstandings</b> .....	7,131	8,804	10,789
Rural telephone bank direct loan financing account:			
Obligations .....	175	175	
Loan disbursements .....	31	116	129
<i>Change in outstandings</i> .....	22	105	115
<b>Outstandings</b> .....	268	373	488



**Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued**  
(in millions of dollars)

Agency and Account	2000 Actual	Estimate	
		2001	2002
Rural water and waste disposal direct loans financing account:			
Obligations .....	765	885	809
Loan disbursements .....	668	740	800
Change in outstandings .....	597	684	734
<b>Outstandings</b> .....	<b>3,942</b>	<b>4,626</b>	<b>5,360</b>
Rural electrification and telecommunications liquidating account:			
Obligations .....			
Loan disbursements .....	18	19	18
Change in outstandings .....	-2,134	-1,996	-1,786
<b>Outstandings</b> .....	<b>23,733</b>	<b>21,737</b>	<b>19,951</b>
Rural telephone bank liquidating account:			
Obligations .....			
Loan disbursements .....	12	8	7
Change in outstandings .....	-62	-114	-71
<b>Outstandings</b> .....	<b>924</b>	<b>810</b>	<b>739</b>
Rural Housing Service			
Rural housing insurance fund liquidating account:			
Obligations .....			
Loan disbursements .....			
Change in outstandings .....	-1,007	-954	-897
<b>Outstandings</b> .....	<b>17,366</b>	<b>16,412</b>	<b>15,515</b>
Rural housing insurance fund direct loan financing account:			
Obligations .....	1,321	1,326	1,261
Loan disbursements .....	1,241	1,283	1,283
Change in outstandings .....	873	795	717
<b>Outstandings</b> .....	<b>11,053</b>	<b>11,848</b>	<b>12,565</b>
Rural community facility direct loans financing account:			
Obligations .....	199	422	249
Loan disbursements .....	154	209	264
Change in outstandings .....	117	184	232
<b>Outstandings</b> .....	<b>864</b>	<b>1,048</b>	<b>1,280</b>
Rural Business—Cooperative Service			
Rural economic development loans liquidating account:			
Obligations .....			
Loan disbursements .....			
Change in outstandings .....	-1	-1	
<b>Outstandings</b> .....	<b>1</b>		
Rural economic development direct loan financing account:			
Obligations .....	15	23	15
Loan disbursements .....	12	15	19
Change in outstandings .....	3	4	6
<b>Outstandings</b> .....	<b>69</b>	<b>73</b>	<b>79</b>
Rural development loan fund direct loan financing account:			
Obligations .....	38	44	38
Loan disbursements .....	42	42	43
Change in outstandings .....	35	34	34
<b>Outstandings</b> .....	<b>282</b>	<b>316</b>	<b>350</b>
Rural business and industry direct loans financing account:			
Obligations .....	30	50	
Loan disbursements .....	24	38	30
Change in outstandings .....	21	35	26
<b>Outstandings</b> .....	<b>59</b>	<b>94</b>	<b>120</b>
Rural development loan fund liquidating account:			
Obligations .....			
Loan disbursements .....		1	
Change in outstandings .....	-3	-2	-3
<b>Outstandings</b> .....	<b>70</b>	<b>68</b>	<b>65</b>

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	2000 Actual	Estimate	
		2001	2002
Foreign Agricultural Service			
Expenses, Public Law 480, foreign assistance programs, Agriculture liquidating account:			
Obligations .....			
Loan disbursements .....			
Change in outstandings .....	-268	-954	-235
<b>Outstandings</b> .....	8,542	7,588	7,353
P.L. 480 direct credit financing account:			
Obligations .....	145	159	139
Loan disbursements .....	133	443	180
Change in outstandings .....	128	431	169
<b>Outstandings</b> .....	2,055	2,486	2,655
P.L. 480 title I food for progress credits, financing account:			
Obligations .....			
Loan disbursements .....			
Change in outstandings .....	-4	-57	-57
<b>Outstandings</b> .....	504	447	390
Debt reduction—financing account:			
Obligations .....			
Loan disbursements .....		84	60
Change in outstandings .....	-6	79	52
<b>Outstandings</b> .....	57	136	188
<b>Department of Commerce</b>			
Economic Development Administration			
Economic development revolving fund liquidating account:			
Obligations .....			
Loan disbursements .....			
Change in outstandings .....	-6	-4	-4
<b>Outstandings</b> .....	37	33	29
National Oceanic and Atmospheric Administration			
Fisheries finance direct loan financing account:			
Obligations .....	28	74	24
Loan disbursements .....	19	74	24
Change in outstandings .....	8	59	7
<b>Outstandings</b> .....	137	196	203
<b>Department of Defense—Military</b>			
Operation and Maintenance			
Defense vessel transfer program financing account:			
Obligations .....		21	21
Loan disbursements .....		21	21
Change in outstandings .....		19	15
<b>Outstandings</b> .....		19	34
Family Housing			
Family housing improvement direct loan financing account:			
Obligations .....	32	143	233
Loan disbursements .....		11	51
Change in outstandings .....		11	51
<b>Outstandings</b> .....		11	62
<b>Department of Education</b>			
Office of Postsecondary Education			
College housing and academic facilities loans liquidating account:			
Obligations .....			
Loan disbursements .....	4		
Change in outstandings .....	-39	-39	-34
<b>Outstandings</b> .....	484	445	411
College housing and academic facilities loans financing account:			
Obligations .....			
Loan disbursements .....	3		
Change in outstandings .....	3	-1	-1
<b>Outstandings</b> .....	26	25	24

Table 8-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	2000 Actual	Estimate	
		2001	2002
Historically black college and university capital financing direct loan financing account:			
Obligations .....	35	30	30
Loan disbursements .....	10	9	15
Change in outstandings .....	10	9	14
<b>Outstandings</b> .....	21	30	44
Office of Student Financial Assistance			
Student financial assistance:			
Obligations .....			
Loan disbursements .....	25	25	25
Change in outstandings .....	-6	-17	-13
<b>Outstandings</b> .....	394	377	364
Federal direct student loan program financing account:			
Obligations .....	15,854	20,363	17,948
Loan disbursements .....	16,383	19,027	16,539
Change in outstandings .....	12,738	16,364	12,776
<b>Outstandings</b> .....	57,713	74,077	86,853
<b>Department of Energy</b>			
Power Marketing Administration			
Bonneville Power Administration fund:			
Obligations .....			
Loan disbursements .....			
Change in outstandings .....			
<b>Outstandings</b> .....	2	2	2
<b>Department of Health and Human Services</b>			
Health Resources and Services Administration			
Medical facilities guarantee and loan fund:			
Obligations .....			
Loan disbursements .....			
Change in outstandings .....	-4	-8	-3
<b>Outstandings</b> .....	11	3	
<b>Department of Housing and Urban Development</b>			
Public and Indian Housing Programs			
Low-rent public housing—loans and other expenses:			
Obligations .....			
Loan disbursements .....			
Change in outstandings .....	-71	-71	-71
<b>Outstandings</b> .....	1,350	1,279	1,208
Community Planning and Development			
Revolving fund (liquidating programs):			
Obligations .....			
Loan disbursements .....			
Change in outstandings .....	-33	-33	-27
<b>Outstandings</b> .....	142	109	82
Community development loan guarantees liquidating account:			
Obligations .....			
Loan disbursements .....			
Change in outstandings .....			
<b>Outstandings</b> .....	13	13	13
Housing Programs			
Nonprofit sponsor assistance liquidating account:			
Obligations .....			
Loan disbursements .....			
Change in outstandings .....			
<b>Outstandings</b> .....	1	1	1
Flexible subsidy fund:			
Obligations .....			
Loan disbursements .....	17	20	12
Change in outstandings .....	-58	-55	-63
<b>Outstandings</b> .....	703	648	585

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	2000 Actual	Estimate	
		2001	2002
FHA-mutual mortgage and cooperative housing insurance funds liquidating account:			
Obligations .....			
Loan disbursements .....			
Change in outstandings .....	-1	-3	
<b>Outstandings</b> .....	3		
FHA-general and special risk insurance funds liquidating account:			
Obligations .....			
Loan disbursements .....			
Change in outstandings .....	-24	-24	-10
<b>Outstandings</b> .....	44	20	10
FHA-general and special risk direct loan financing account:			
Obligations .....		4	4
Loan disbursements .....		4	4
Change in outstandings .....		3	
<b>Outstandings</b> .....	1	4	4
Housing for the elderly or handicapped fund liquidating account:			
Obligations .....			
Loan disbursements .....	6	5	5
Change in outstandings .....	-120	-146	-182
<b>Outstandings</b> .....	7,923	7,777	7,595
FHA-mutual mortgage insurance direct loan financing account:			
Obligations .....	3	250	250
Loan disbursements .....	3	248	245
Change in outstandings .....	-3	177	105
<b>Outstandings</b> .....		177	282
Government National Mortgage Association			
Guarantees of mortgage-backed securities liquidating account:			
Obligations .....			
Loan disbursements .....	42	38	2
Change in outstandings .....	-251	-44	-16
<b>Outstandings</b> .....	109	65	49
<b>Department of the Interior</b>			
Bureau of Reclamation			
Bureau of Reclamation loan liquidating account:			
Obligations .....			
Loan disbursements .....			
Change in outstandings .....	-3	-4	-4
<b>Outstandings</b> .....	63	59	55
Water and related resources:			
Obligations .....			
Loan disbursements .....			
Change in outstandings .....		-1	
<b>Outstandings</b> .....	3	2	2
Bureau of Reclamation direct loan financing account:			
Obligations .....	26	22	26
Loan disbursements .....	21	33	29
Change in outstandings .....	20	31	27
<b>Outstandings</b> .....	166	197	224
National Park Service			
Construction and major maintenance:			
Obligations .....			
Loan disbursements .....			
Change in outstandings .....	-1		
<b>Outstandings</b> .....	5	5	5
Bureau of Indian Affairs			
Revolving fund for loans liquidating account:			
Obligations .....			
Loan disbursements .....			
Change in outstandings .....	-5	-3	-4
<b>Outstandings</b> .....	39	36	32

Table 8-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	2000 Actual	Estimate	
		2001	2002
Indian direct loan financing account:			
Obligations .....			
Loan disbursements .....			
<i>Change in outstandings</i> .....	-1	-3	-3
<b>Outstandings</b> .....	27	24	21
Insular Affairs			
Payments to the United States territories, fiscal assistance:			
Obligations .....			
Loan disbursements .....			
<i>Change in outstandings</i> .....	-1	-2	-2
<b>Outstandings</b> .....	15	13	11
Assistance to American Samoa direct loan financing account:			
Obligations .....		19	
Loan disbursements .....		16	3
<i>Change in outstandings</i> .....		15	2
<b>Outstandings</b> .....		15	17
<b>Department of State</b>			
Administration of Foreign Affairs			
Repatriation loans financing account:			
Obligations .....	1	1	1
Loan disbursements .....	1	1	1
<i>Change in outstandings</i> .....			
<b>Outstandings</b> .....	4	4	4
<b>Department of Transportation</b>			
Office of the Secretary			
Minority business resource center direct loan financing account:			
Obligations .....	3		
Loan disbursements .....	3	4	
<i>Change in outstandings</i> .....			-4
<b>Outstandings</b> .....	7	7	3
Federal Highway Administration			
Transportation infrastructure finance and innovation program direct loan financing account:			
Obligations .....	1,496	1,800	2,000
Loan disbursements .....	300	239	599
<i>Change in outstandings</i> .....	300	239	599
<b>Outstandings</b> .....	300	539	1,138
Transportation infrastructure finance and innovation program line of credit financing account:			
Obligations .....	30	200	200
Loan disbursements .....			
<i>Change in outstandings</i> .....			
<b>Outstandings</b> .....			
Right-of-way revolving fund liquidating account:			
Obligations .....			
Loan disbursements .....	20	10	10
<i>Change in outstandings</i> .....	-26	-14	-14
<b>Outstandings</b> .....	129	115	101
Federal Railroad Administration			
Amtrak corridor improvement loans liquidating account:			
Obligations .....			
Loan disbursements .....			
<i>Change in outstandings</i> .....		-1	-1
<b>Outstandings</b> .....	5	4	3
Alameda corridor direct loan financing account:			
Obligations .....			
Loan disbursements .....			
<i>Change in outstandings</i> .....	88	-488	
<b>Outstandings</b> .....	488		

Table 8-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	2000 Actual	Estimate	
		2001	2002
Railroad rehabilitation and improvement liquidating account:			
Obligations .....			
Loan disbursements .....			
<i>Change in outstandings</i> .....	-4	-4	-4
<b>Outstandings</b> .....	49	45	41
Railroad rehabilitation and improvement direct loan financing account:			
Obligations .....	4	150	100
Loan disbursements .....		150	100
<i>Change in outstandings</i> .....		150	92
<b>Outstandings</b> .....	4	154	246
<b>Department of the Treasury</b>			
Departmental Offices			
Community development financial institutions fund direct loan financing account:			
Obligations .....	15	20	15
Loan disbursements .....	4	7	3
<i>Change in outstandings</i> .....	4	6	1
<b>Outstandings</b> .....	15	21	22
<b>Department of Veterans Affairs</b>			
Veterans Benefits Administration			
Veterans housing benefit program fund liquidating account:			
Obligations .....			
Loan disbursements .....	12	9	8
<i>Change in outstandings</i> .....	-153	-16	-14
<b>Outstandings</b> .....	164	148	134
Veterans housing benefit program fund direct loan financing account:			
Obligations .....	1,435	1,697	1,710
Loan disbursements .....	1,435	1,697	1,710
<i>Change in outstandings</i> .....	-44	504	98
<b>Outstandings</b> .....	1,556	2,060	2,158
Miscellaneous veterans housing loans direct loan financing account:			
Obligations .....	2	3	3
Loan disbursements .....	2	3	3
<i>Change in outstandings</i> .....	1	2	1
<b>Outstandings</b> .....	17	19	20
Miscellaneous veterans programs loan fund direct loan financing account:			
Obligations .....	2	3	3
Loan disbursements .....	2	3	3
<i>Change in outstandings</i> .....			
<b>Outstandings</b> .....	1	1	1
<b>Environmental Protection Agency</b>			
Environmental Protection Agency			
Abatement, control, and compliance direct loan financing account:			
Obligations .....			
Loan disbursements .....			
<i>Change in outstandings</i> .....	-5	-5	-4
<b>Outstandings</b> .....	46	41	37
<b>Federal Emergency Management Agency</b>			
Federal Emergency Management Agency			
Disaster assistance direct loan liquidating account:			
Obligations .....			
Loan disbursements .....		-29	
<i>Change in outstandings</i> .....	-8	-29	
<b>Outstandings</b> .....	29		
Disaster assistance direct loan financing account:			
Obligations .....		25	25
Loan disbursements .....		54	25
<i>Change in outstandings</i> .....	-12	52	13
<b>Outstandings</b> .....	136	188	201

Table 8-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	2000 Actual	Estimate	
		2001	2002
<b>General Services Administration</b>			
Real Property Activities			
Columbia Hospital for Women direct loan financing account:			
Obligations .....	14		
Loan disbursements .....	14		
Change in outstandings .....	14		
<b>Outstandings</b> .....	14	14	14
<b>International Assistance Programs</b>			
International Security Assistance			
Foreign military loan liquidating account:			
Obligations .....			
Loan disbursements .....	8	10	12
Change in outstandings .....	-582	-456	-394
<b>Outstandings</b> .....	4,223	3,767	3,373
Foreign military financing direct loan financing account:			
Obligations .....			
Loan disbursements .....	418	579	326
Change in outstandings .....	105	206	-127
<b>Outstandings</b> .....	1,770	1,976	1,849
Military debt reduction financing account:			
Obligations .....	10		
Loan disbursements .....	10		
Change in outstandings .....	9		
<b>Outstandings</b> .....	19	19	19
Agency for International Development			
Economic assistance loans liquidating account:			
Obligations .....			
Loan disbursements .....			
Change in outstandings .....	-700	-1,003	-786
<b>Outstandings</b> .....	9,960	8,957	8,171
Debt reduction financing account:			
Obligations .....			
Loan disbursements .....		155	133
Change in outstandings .....	-52	94	76
<b>Outstandings</b> .....	165	259	335
Private sector revolving fund liquidating account:			
Obligations .....			
Loan disbursements .....			
Change in outstandings .....			
<b>Outstandings</b> .....	1	1	1
Microenterprise and small enterprise development credit direct loan financing account:			
Obligations .....			
Loan disbursements .....			
Change in outstandings .....		-1	
<b>Outstandings</b> .....	2	1	1
Overseas Private Investment Corporation			
Overseas Private Investment Corporation liquidating account:			
Obligations .....			
Loan disbursements .....			
Change in outstandings .....	-1	-1	
<b>Outstandings</b> .....	1		
Overseas Private Investment Corporation direct loan financing account:			
Obligations .....	104	127	180
Loan disbursements .....	4	23	38
Change in outstandings .....	-8	-5	4
<b>Outstandings</b> .....	57	52	56

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	2000 Actual	Estimate	
		2001	2002
<b>Small Business Administration</b>			
Small Business Administration			
Business direct loan financing account:			
Obligations .....	30	60	25
Loan disbursements .....	-15	48	18
Change in outstandings .....	-33	33	3
<b>Outstandings</b> .....	60	93	96
Disaster direct loan financing account:			
Obligations .....	221	951	300
Loan disbursements .....	942	947	485
Change in outstandings .....	-446	-1,022	-1,100
<b>Outstandings</b> .....	5,212	4,190	3,090
Disaster loan fund liquidating account:			
Obligations .....			
Loan disbursements .....			
Change in outstandings .....	-382	-554	-103
<b>Outstandings</b> .....	685	131	28
Business loan fund liquidating account:			
Obligations .....			
Loan disbursements .....	20	22	18
Change in outstandings .....	-263	-199	-78
<b>Outstandings</b> .....	485	286	208
<b>Other Independent Agencies</b>			
Export-Import Bank of the United States			
Export-Import Bank of the United States liquidating account:			
Obligations .....			
Loan disbursements .....			
Change in outstandings .....	-709	-906	-373
<b>Outstandings</b> .....	4,460	3,554	3,181
Debt reduction financing account:			
Obligations .....			
Loan disbursements .....	7	26	24
Change in outstandings .....	-6	25	23
<b>Outstandings</b> .....	102	127	150
Export-Import Bank direct loan financing account:			
Obligations .....	933	135	152
Loan disbursements .....	1,123	1,458	1,513
Change in outstandings .....	413	720	697
<b>Outstandings</b> .....	6,666	7,386	8,083
Farm Credit System Financial Assistance Corporation			
Financial Assistance Corporation assistance fund liquidating account:			
Obligations .....			
Loan disbursements .....			
Change in outstandings .....	-17	-15	-15
<b>Outstandings</b> .....	883	868	853
Federal Communications Commission			
Spectrum auction direct loan financing account:			
Obligations .....	1		
Loan disbursements .....	1		
Change in outstandings .....	-66	-38	-38
<b>Outstandings</b> .....	8,177	8,139	8,101
Bank Insurance FSLIC Resolution			
FSLIC resolution fund:			
Obligations .....			
Loan disbursements .....			
Change in outstandings .....	-7	-4	
<b>Outstandings</b> .....	4		



Table 8-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	2000 Actual	Estimate	
		2001	2002
National Credit Union Administration			
Community development credit union revolving loan fund:			
Obligations .....	11	11	11
Loan disbursements .....	5	3	3
Change in outstandings .....	3		
<b>Outstandings</b> .....	11	11	11
Tennessee Valley Authority			
Tennessee Valley Authority fund:			
Obligations .....	15	21	21
Loan disbursements .....	15	21	21
Change in outstandings .....	4	7	6
<b>Outstandings</b> .....	53	60	66
<b>Subtotal, direct loan transactions:</b>			
Obligations .....	37,099	42,378	39,254
Loan disbursements .....	35,463	39,610	37,333
Change in outstandings .....	9,227	11,676	11,075
<b>Outstandings</b> .....	208,061	219,737	230,812
<b>ADDENDUM: DEFAULTED GUARANTEED LOANS THAT RESULT IN A LOAN RECEIVABLE</b>			
<b>Department of Agriculture</b>			
Farm Service Agency			
Commodity Credit Corporation export guarantee financing account:			
Claim payments .....	208	380	334
Change in outstandings .....	128	355	290
<b>Outstandings</b> .....	464	819	1,109
Commodity Credit Corporation guaranteed loans liquidating account:			
Claim payments .....			
Change in outstandings .....	-79	-152	-164
<b>Outstandings</b> .....	4,131	3,979	3,815
Rural Business—Cooperative Service			
Rural business and industry guaranteed loans financing account:			
Claim payments .....	57	40	
Change in outstandings .....	57	40	
<b>Outstandings</b> .....	57	97	97
<b>Department of Commerce</b>			
National Oceanic and Atmospheric Administration			
Federal ship financing fund fishing vessels liquidating account:			
Claim payments .....			
Change in outstandings .....		-2	-2
<b>Outstandings</b> .....	14	12	10
<b>Department of Education</b>			
Office of Student Financial Assistance			
Federal family education loan liquidating account:			
Claim payments .....	284	116	73
Change in outstandings .....	-1,351	-956	-798
<b>Outstandings</b> .....	16,558	15,602	14,804
Federal family education loan program financing account:			
Claim payments .....	2,082	3,027	3,589
Change in outstandings .....	-440	572	819
<b>Outstandings</b> .....	5,343	5,915	6,734
<b>Department of Health and Human Services</b>			
Health Resources and Services Administration			
Health education assistance loans financing account:			
Claim payments .....	15	27	31
Change in outstandings .....	15	23	26
<b>Outstandings</b> .....	53	76	102

Table 8-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	2000 Actual	Estimate	
		2001	2002
Health education assistance loans liquidating account:			
Claim payments .....	24	25	24
Change in outstandings .....	4	-5	-6
<b>Outstandings</b> .....	500	495	489
<b>Department of Housing and Urban Development</b>			
Housing Programs			
FHA-mutual mortgage and cooperative housing insurance funds liquidating account:			
Claim payments .....	20	50	148
Change in outstandings .....	-224	-7	-6
<b>Outstandings</b> .....	46	39	33
FHA-general and special risk insurance funds liquidating account:			
Claim payments .....	457	208	211
Change in outstandings .....	70	-698	-950
<b>Outstandings</b> .....	1,960	1,262	312
FHA-general and special risk guaranteed loan financing account:			
Claim payments .....	226	462	526
Change in outstandings .....	61	-48	-51
<b>Outstandings</b> .....	552	504	453
FHA-mutual mortgage insurance guaranteed loan financing account:			
Claim payments .....	55	360	588
Change in outstandings .....	-258	-102	
<b>Outstandings</b> .....	102		
<b>Department of the Interior</b>			
Bureau of Indian Affairs			
Indian loan guaranty and insurance fund liquidating account:			
Claim payments .....		1	1
Change in outstandings .....	-2	-1	-3
<b>Outstandings</b> .....	27	26	23
Indian guaranteed loan financing account:			
Claim payments .....		1	2
Change in outstandings .....	-4		1
<b>Outstandings</b> .....	37	37	38
<b>Department of Transportation</b>			
Maritime Administration			
Federal ship financing fund liquidating account:			
Claim payments .....			
Change in outstandings .....	-3	-17	
<b>Outstandings</b> .....	17		
Maritime guaranteed loan (title XI) financing account:			
Claim payments .....	32	30	
Change in outstandings .....	32	30	
<b>Outstandings</b> .....	32	62	62
<b>Department of Veterans Affairs</b>			
Veterans Benefits Administration			
Veterans housing benefit program fund liquidating account:			
Claim payments .....	27	36	35
Change in outstandings .....	-288		
<b>Outstandings</b> .....	286	286	286
Veterans housing benefit program fund guaranteed loan financing account:			
Claim payments .....	177	140	145
Change in outstandings .....	-188	113	90
<b>Outstandings</b> .....	9	122	212
<b>International Assistance Programs</b>			
International Security Assistance			
Foreign military loan liquidating account:			
Claim payments .....	27	8	31
Change in outstandings .....	1	-14	28
<b>Outstandings</b> .....	14		28

Table 8-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

Agency and Account	2000 Actual	Estimate	
		2001	2002
Agency for International Development			
Housing and other credit guaranty programs liquidating account:			
Claim payments .....	32	38	44
Change in outstandings .....	8	-1	38
<b>Outstandings</b> .....	508	507	545
Microenterprise and small enterprise development guaranteed loan financing account:			
Claim payments .....	1	1	1
Change in outstandings .....	1	1	1
<b>Outstandings</b> .....	4	5	6
Overseas Private Investment Corporation			
Overseas Private Investment Corporation liquidating account:			
Claim payments .....	13	8	5
Change in outstandings .....	12	3	.....
<b>Outstandings</b> .....	24	27	27
Overseas Private Investment Corporation guaranteed loan financing account:			
Claim payments .....	79	50	45
Change in outstandings .....	13	20	31
<b>Outstandings</b> .....	30	50	81
<b>Small Business Administration</b>			
Small Business Administration			
Pollution control equipment fund liquidating account:			
Claim payments .....	1	1	1
Change in outstandings .....	1	1	1
<b>Outstandings</b> .....	49	50	51
Business guaranteed loan financing account:			
Claim payments .....	681	656	670
Change in outstandings .....	64	194	258
<b>Outstandings</b> .....	817	1,011	1,269
Business loan fund liquidating account:			
Claim payments .....	26	28	22
Change in outstandings .....	-58	-78	22
<b>Outstandings</b> .....	1,320	1,242	1,264
<b>Subtotal, defaulted guaranteed loans that result in a loan receivable:</b>			
Claim payments .....	4,524	5,693	6,526
Change in outstandings .....	-2,428	-729	-375
<b>Outstandings</b> .....	32,954	32,225	31,850
<b>Total:</b>			
Obligations .....	37,099	42,378	39,254
Loan disbursements .....	39,987	45,303	43,859
Change in outstandings .....	6,799	10,947	10,700
<b>Outstandings</b> .....	241,015	251,962	262,662

**Table 8-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT**  
(in millions of dollars)

Agency and Account	2000 Actual	Estimate	
		2001	2002
<b>Department of Agriculture</b>			
Farm Service Agency			
Agricultural credit insurance fund liquidating account:			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....	-123	-102	-67
<b>Outstandings</b> .....	471	369	302
Agricultural credit insurance fund guaranteed loan financing account:			
Commitments .....	3,778	2,318	3,000
New guaranteed loans .....	2,591	2,700	2,879
Change in outstandings .....	1,578	1,647	1,786
<b>Outstandings</b> .....	8,601	10,248	12,034
Commodity Credit Corporation export guarantee financing account:			
Commitments .....	3,081	3,792	3,904
New guaranteed loans .....	2,844	3,792	3,904
Change in outstandings .....	1,011	-297	-74
<b>Outstandings</b> .....	6,483	6,186	6,112
Natural Resources Conservation Service			
Agricultural resource conservation demonstration guaranteed loan financing account:			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....			
<b>Outstandings</b> .....	24	24	24
Rural Utilities Service			
Rural communication development fund liquidating account:			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....			
<b>Outstandings</b> .....	4	4	4
Rural development insurance fund liquidating account:			
Commitments .....			
New guaranteed loans .....	1		
Change in outstandings .....	-22	-24	-18
<b>Outstandings</b> .....	109	85	67
Rural electrification and telecommunications guaranteed loans financing account:			
Commitments .....	53	100	100
New guaranteed loans .....	152	52	105
Change in outstandings .....	152	50	102
<b>Outstandings</b> .....	168	218	320
Rural water and waste water disposal guaranteed loans financing account:			
Commitments .....	11	75	75
New guaranteed loans .....	13	12	43
Change in outstandings .....	6	4	41
<b>Outstandings</b> .....	19	23	64
Rural electrification and telecommunications liquidating account:			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....	-27	-25	-24
<b>Outstandings</b> .....	382	357	333
Rural Housing Service			
Rural housing insurance fund liquidating account:			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....	-3	-2	-2
<b>Outstandings</b> .....	20	18	16
Rural housing insurance fund guaranteed loan financing account:			
Commitments .....	2,250	3,267	3,238
New guaranteed loans .....	2,243	2,870	3,004
Change in outstandings .....	1,527	2,023	2,017
<b>Outstandings</b> .....	11,299	13,322	15,339

**Table 8-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued**  
(in millions of dollars)

Agency and Account	2000 Actual	Estimate	
		2001	2002
<b>Rural community facility guaranteed loans financing account:</b>			
Commitments .....	87	210	210
New guaranteed loans .....	63	135	155
Change in outstandings .....	31	122	137
<b>Outstandings</b> .....	<b>225</b>	<b>347</b>	<b>484</b>
Rural Business—Cooperative Service			
<b>Rural business and industry guaranteed loans financing account:</b>			
Commitments .....	1,008	2,793	1,000
New guaranteed loans .....	967	2,091	1,777
Change in outstandings .....	516	1,811	1,453
<b>Outstandings</b> .....	<b>3,180</b>	<b>4,991</b>	<b>6,444</b>
<b>Department of Commerce</b>			
Departmental Management			
<b>Emergency oil and gas guaranteed loan financing account:</b>			
Commitments .....		5	
New guaranteed loans .....		5	
Change in outstandings .....		5	-2
<b>Outstandings</b> .....		<b>5</b>	<b>3</b>
<b>Emergency steel guaranteed loan financing account:</b>			
Commitments .....		516	
New guaranteed loans .....		516	
Change in outstandings .....		516	-103
<b>Outstandings</b> .....		<b>516</b>	<b>413</b>
Economic Development Administration			
<b>Economic development revolving fund liquidating account:</b>			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....	-2	-1	
<b>Outstandings</b> .....	<b>1</b>		
National Oceanic and Atmospheric Administration			
<b>Fisheries finance guaranteed loan financing account:</b>			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....	-8	-7	-6
<b>Outstandings</b> .....	<b>54</b>	<b>47</b>	<b>41</b>
<b>Federal ship financing fund fishing vessels liquidating account:</b>			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....	-8	-4	-4
<b>Outstandings</b> .....	<b>43</b>	<b>39</b>	<b>35</b>
<b>Department of Defense—Military</b>			
Operation and Maintenance			
<b>Defense export loan guarantee financing account:</b>			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....	-4	-4	-4
<b>Outstandings</b> .....	<b>12</b>	<b>8</b>	<b>4</b>
Procurement			
<b>Arms initiative guaranteed loan financing account:</b>			
Commitments .....	18	12	
New guaranteed loans .....	18	10	2
Change in outstandings .....	18	10	1
<b>Outstandings</b> .....	<b>28</b>	<b>38</b>	<b>39</b>
Family Housing			
<b>Family housing improvement guaranteed loan financing account:</b>			
Commitments .....	202	492	537
New guaranteed loans .....	29	29	118
Change in outstandings .....	29	27	116
<b>Outstandings</b> .....	<b>29</b>	<b>56</b>	<b>172</b>

**Table 8-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued**  
(in millions of dollars)

Agency and Account	2000 Actual	Estimate	
		2001	2002
<b>Department of Education</b>			
Office of Student Financial Assistance			
Federal family education loan liquidating account:			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....	-3,211	-3,049	-1,936
<b>Outstandings</b> .....	10,114	7,065	5,129
Federal family education loan program financing account:			
Commitments .....	29,427	33,160	34,675
New guaranteed loans .....	26,602	29,501	30,742
Change in outstandings .....	16,105	11,504	9,298
<b>Outstandings</b> .....	134,111	145,615	154,913
<b>Department of Health and Human Services</b>			
Health Resources and Services Administration			
Health education assistance loans financing account:			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....	-16	-28	-33
<b>Outstandings</b> .....	1,535	1,507	1,474
Health education assistance loans liquidating account:			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....	-71	-91	-97
<b>Outstandings</b> .....	1,267	1,176	1,079
Health center guaranteed loan financing account:			
Commitments .....	5	32	21
New guaranteed loans .....	5	32	21
Change in outstandings .....	1	32	21
<b>Outstandings</b> .....	5	37	58
Medical facilities guarantee and loan fund:			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....	-21	-21	-3
<b>Outstandings</b> .....	24	3	
Health Care Financing Administration			
Health maintenance organization loan and loan guarantee fund:			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....	-2	-1	
<b>Outstandings</b> .....	1		
<b>Department of Housing and Urban Development</b>			
Public and Indian Housing Programs			
Low-rent public housing—loans and other expenses:			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....	-284	-284	-284
<b>Outstandings</b> .....	2,742	2,458	2,174
Indian housing loan guarantee fund financing account:			
Commitments .....	15	23	234
New guaranteed loans .....	18	18	18
Change in outstandings .....	13	15	14
<b>Outstandings</b> .....	60	75	89
Title VI Indian Federal guarantees financing account:			
Commitments .....	2	55	53
New guaranteed loans .....	1	15	41
Change in outstandings .....	1	14	38
<b>Outstandings</b> .....	1	15	53

**Table 8-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued**  
(in millions of dollars)

Agency and Account	2000 Actual	Estimate	
		2001	2002
Community Planning and Development			
Revolving fund (liquidating programs):			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....	-1		
<b>Outstandings</b> .....			
Community development loan guarantees financing account:			
Commitments .....	412	1,258	609
New guaranteed loans .....	322	500	400
Change in outstandings .....	183	250	200
<b>Outstandings</b> .....	1,692	1,942	2,142
Community development loan guarantees liquidating account:			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....	-27	-25	-23
<b>Outstandings</b> .....	107	82	59
Housing Programs			
FHA-mutual mortgage and cooperative housing insurance funds liquidating account:			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....	-8,247	-6,707	-5,407
<b>Outstandings</b> .....	47,619	40,912	35,505
FHA-general and special risk insurance funds liquidating account:			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....	-3,144	-1,978	-2,710
<b>Outstandings</b> .....	29,761	27,783	25,073
FHA-general and special risk guaranteed loan financing account:			
Commitments .....	9,308	17,381	15,522
New guaranteed loans .....	12,507	15,175	15,732
Change in outstandings .....	9,436	3,717	5,604
<b>Outstandings</b> .....	69,128	72,845	78,449
FHA-loan guarantee recovery fund financing account:			
Commitments .....	3	4	
New guaranteed loans .....	1	4	3
Change in outstandings .....	1	4	3
<b>Outstandings</b> .....	3	7	10
FHA-mutual mortgage insurance guaranteed loan financing account:			
Commitments .....	94,161	127,609	134,736
New guaranteed loans .....	86,274	106,016	119,712
Change in outstandings .....	46,352	66,970	47,674
<b>Outstandings</b> .....	401,960	468,930	516,604
Government National Mortgage Association			
Guarantees of mortgage-backed securities liquidating account:			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....	-10	-11	-12
<b>Outstandings</b> .....	146	135	123
Guarantees of mortgage-backed securities financing account:			
Commitments .....	105,518	96,262	103,199
New guaranteed loans .....	105,518	96,262	103,199
Change in outstandings .....	33,429	17,518	11,580
<b>Outstandings</b> .....	602,741	620,259	631,839
Department of the Interior			
Bureau of Indian Affairs			
Indian loan guaranty and insurance fund liquidating account:			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....	-3	-5	-8
<b>Outstandings</b> .....	29	24	16

**Table 8-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued**  
(in millions of dollars)

Agency and Account	2000 Actual	Estimate	
		2001	2002
<b>Indian guaranteed loan financing account:</b>			
Commitments .....	60	60	75
New guaranteed loans .....	52	60	75
Change in outstandings .....	42	44	48
<b>Outstandings</b> .....	<b>162</b>	<b>206</b>	<b>254</b>
<b>Department of Transportation</b>			
Office of the Secretary			
<b>Minority business resource center guaranteed loan financing account:</b>			
Commitments .....		14	18
New guaranteed loans .....		14	18
Change in outstandings .....		14	11
<b>Outstandings</b> .....		<b>14</b>	<b>25</b>
Federal Highway Administration			
<b>Transportation infrastructure finance and innovation program loan guarantee financing account:</b>			
Commitments .....		200	200
New guaranteed loans .....			200
Change in outstandings .....			200
<b>Outstandings</b> .....			<b>200</b>
Maritime Administration			
<b>Federal ship financing fund liquidating account:</b>			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....	-73	-65	-60
<b>Outstandings</b> .....	<b>248</b>	<b>183</b>	<b>123</b>
<b>Maritime guaranteed loan (title XI) financing account:</b>			
Commitments .....	886	620	200
New guaranteed loans .....	886	620	200
Change in outstandings .....	666	391	10
<b>Outstandings</b> .....	<b>4,077</b>	<b>4,468</b>	<b>4,478</b>
<b>Department of Veterans Affairs</b>			
Veterans Benefits Administration			
<b>Veterans housing benefit program fund liquidating account:</b>			
Commitments .....			
New guaranteed loans .....	1		
Change in outstandings .....	-4,898	-3,608	-2,632
<b>Outstandings</b> .....	<b>12,740</b>	<b>9,132</b>	<b>6,500</b>
<b>Veterans housing benefit program fund guaranteed loan financing account:</b>			
Commitments .....	21,616	30,643	30,447
New guaranteed loans .....	21,616	30,643	30,448
Change in outstandings .....	7,917	14,076	12,293
<b>Outstandings</b> .....	<b>211,568</b>	<b>225,644</b>	<b>237,937</b>
<b>Miscellaneous veterans housing loans guaranteed loan financing account:</b>			
Commitments .....		13	20
New guaranteed loans .....		13	20
Change in outstandings .....		13	18
<b>Outstandings</b> .....		<b>13</b>	<b>31</b>
<b>International Assistance Programs</b>			
International Security Assistance			
<b>Foreign military loan liquidating account:</b>			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....	-374	-357	-350
<b>Outstandings</b> .....	<b>4,551</b>	<b>4,194</b>	<b>3,844</b>
Agency for International Development			
<b>Loan guarantees to Israel financing account:</b>			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....			
<b>Outstandings</b> .....	<b>9,226</b>	<b>9,226</b>	<b>9,226</b>



**Table 8-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued**  
(in millions of dollars)

Agency and Account	2000 Actual	Estimate	
		2001	2002
Development credit authority guaranteed loan financing account:			
Commitments .....	141	119	200
New guaranteed loans .....	6	110	125
Change in outstandings .....	6	96	111
<b>Outstandings</b> .....	<b>6</b>	<b>102</b>	<b>213</b>
Housing and other credit guaranty programs liquidating account:			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....	-76	-208	-116
<b>Outstandings</b> .....	<b>1,684</b>	<b>1,476</b>	<b>1,360</b>
Microenterprise and small enterprise development guaranteed loan financing account:			
Commitments .....	56	72	
New guaranteed loans .....	44	36	36
Change in outstandings .....	22	15	15
<b>Outstandings</b> .....	<b>64</b>	<b>79</b>	<b>94</b>
Urban and environmental credit guaranteed loan financing account:			
Commitments .....	11	16	
New guaranteed loans .....	37	16	
Change in outstandings .....	11	-15	-34
<b>Outstandings</b> .....	<b>545</b>	<b>530</b>	<b>496</b>
Overseas Private Investment Corporation			
Overseas Private Investment Corporation liquidating account:			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....	-25	-39	-5
<b>Outstandings</b> .....	<b>44</b>	<b>5</b>	
Overseas Private Investment Corporation guaranteed loan financing account:			
Commitments .....	1,152	1,267	1,152
New guaranteed loans .....	426	500	525
Change in outstandings .....	194	250	280
<b>Outstandings</b> .....	<b>3,098</b>	<b>3,348</b>	<b>3,628</b>
<b>Small Business Administration</b>			
Small Business Administration			
Pollution control equipment fund liquidating account:			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....	-7	-8	-6
<b>Outstandings</b> .....	<b>39</b>	<b>31</b>	<b>25</b>
Business guaranteed loan financing account:			
Commitments .....	13,152	16,187	17,575
New guaranteed loans .....	12,149	10,488	9,111
Change in outstandings .....	-5,028	-4,167	3,068
<b>Outstandings</b> .....	<b>31,739</b>	<b>27,572</b>	<b>30,640</b>
Business loan fund liquidating account:			
Commitments .....			
New guaranteed loans .....	1	1	
Change in outstandings .....	-642	-432	-340
<b>Outstandings</b> .....	<b>2,010</b>	<b>1,578</b>	<b>1,238</b>
<b>Other Independent Agencies</b>			
Export-Import Bank of the United States			
Export-Import Bank of the United States liquidating account:			
Commitments .....			
New guaranteed loans .....			
Change in outstandings .....	-110	-291	-240
<b>Outstandings</b> .....	<b>1,104</b>	<b>813</b>	<b>573</b>
Export-Import Bank guaranteed loan financing account:			
Commitments .....	11,705	13,181	11,335
New guaranteed loans .....	10,930	10,448	10,858
Change in outstandings .....	4,527	4,251	-282
<b>Outstandings</b> .....	<b>28,678</b>	<b>32,929</b>	<b>32,647</b>

**Table 8-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued**  
(in millions of dollars)

Agency and Account	2000 Actual	Estimate	
		2001	2002
National Credit Union Administration			
Credit union share insurance fund:			
Commitments .....	4	6	4
New guaranteed loans .....	4	3	4
Change in outstandings .....	3	2	-2
<b>Outstandings</b> .....	4	6	4
Presidio Trust			
Presidio Trust guaranteed loan financing account:			
Commitments .....			100
New guaranteed loans .....			50
Change in outstandings .....			49
<b>Outstandings</b> .....			49
<b>Subtotal, Guaranteed loans (gross)</b>			
Commitments .....	298,122	351,762	362,439
New guaranteed loans .....	286,321	312,687	333,525
Change in outstandings .....	97,310	103,535	81,304
<b>Outstandings</b> .....	1,645,785	1,749,320	1,830,624
<b>Less, secondary guaranteed loans: <sup>1</sup></b>			
GNMA guarantees of FmHA/VA/FHA pools:			
Commitments .....	-105,518	-96,262	-103,199
New guaranteed loans .....	-105,518	-96,262	-103,199
Change in outstandings .....	-33,419	-17,507	-11,568
<b>Outstandings</b> .....	-602,887	-620,394	-631,962
<b>Total, primary guaranteed loans: <sup>2</sup></b>			
Commitments .....	192,604	255,500	259,240
New guaranteed loans .....	180,803	216,425	230,326
Change in outstandings .....	63,891	86,028	69,736
<b>Outstandings</b> .....	1,042,898	1,128,926	1,198,662

<sup>1</sup> Loans guaranteed by FHA, VA, or FmHA are included above. GNMA places a secondary guarantee on these loans, so they are deducted here to avoid double counting.

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

**Table 8-11. LENDING AND BORROWING BY GOVERNMENT-SPONSORED ENTERPRISES (GSEs)<sup>1</sup>**  
(in millions of dollars)

Enterprise	2000 Actual	Estimate	
		2001	2002
<b>LENDING</b>			
Student Loan Marketing Association:			
<i>Net change</i> .....	-584	-5,380	-2,759
Outstandings .....	37,213	31,833	29,074
Federal National Mortgage Association:			
Portfolio programs:			
<i>Net change</i> .....	68,971	105,638	99,358
Outstandings .....	587,600	693,238	792,596
Mortgage-backed securities:			
<i>Net change</i> .....	31,807	106,111	92,254
Outstandings .....	706,104	812,215	904,469
Federal Home Loan Mortgage Corporation:			
Portfolio programs:			
<i>Net change</i> .....	45,656	50,627	60,637
Outstandings .....	361,624	412,251	472,888
Mortgage-backed securities:			
<i>Net change</i> .....	30,029	51,773	76,056
Outstandings .....	559,242	611,015	687,071
Farm Credit System:			
Agricultural credit bank:			
<i>Net change</i> .....	1,178	482	674
Outstandings .....	19,270	19,752	20,426
Farm credit banks:			
<i>Net change</i> .....	870	1,548	1,919
Outstandings .....	46,693	48,241	50,160
Federal Agricultural Mortgage Corporation:			
<i>Net change</i> .....	1,261	1,576	1,106
Outstandings .....	3,318	4,894	6,000
Federal Home Loan Banks:			
<i>Net change</i> .....	77,663	2,222	2,222
Outstandings .....	444,505	446,727	448,949
<b>Subtotal GSE lending (gross):</b>			
<i>Net change</i> .....	256,851	314,597	331,467
Outstandings .....	2,765,569	3,080,166	3,411,633
Less guaranteed loans purchased by:			
Student Loan Marketing Association:			
<i>Net change</i> .....	-584	-5,380	-2,759
Outstandings .....	37,213	31,833	29,074
Federal National Mortgage Association:			
<i>Net change</i> .....	10,825	.....	.....
Outstandings .....	62,935	62,935	62,935
Other:			
<i>Net change</i> .....	1,037	.....	.....
Outstandings .....	21,831	21,831	21,831
<b>Total GSE lending (net):</b>			
<i>Net change</i> .....	245,573	319,977	334,226
Outstandings .....	2,643,590	2,963,567	3,297,793
<b>BORROWING</b>			
Student Loan Marketing Association:			
<i>Net Change</i> .....	-90	-5,418	-2,600
Outstandings .....	41,501	36,083	33,483
Federal National Mortgage Association:			
Portfolio programs:			
<i>Net Change</i> .....	82,159	103,992	101,399
Outstandings .....	607,039	711,031	812,430
Mortgage-backed securities:			
<i>Net Change</i> .....	31,807	106,111	92,250
Outstandings .....	706,104	812,215	904,465

**Table 8-11. LENDING AND BORROWING BY GOVERNMENT-SPONSORED ENTERPRISES (GSEs)<sup>1</sup>—**  
**Continued**  
(in millions of dollars)

Enterprise	2000 Actual	Estimate	
		2001	2002
Federal Home Loan Mortgage Corporation:			
Portfolio programs:			
<i>Net Change</i> .....	65,780	54,831	60,022
Outstandings .....	406,794	461,625	521,647
Mortgage-backed securities:			
<i>Net Change</i> .....	30,029	51,773	76,056
Outstandings .....	559,242	611,015	687,071
Farm Credit System:			
Agricultural credit bank:			
<i>Net Change</i> .....	1,503	524	734
Outstandings .....	20,971	21,495	22,229
Farm credit banks:			
<i>Net Change</i> .....	2,032	1,453	1,865
Outstandings .....	52,115	53,568	55,433
Federal Agricultural Mortgage Corporation:			
<i>Net Change</i> .....	288	9	204
Outstandings .....	2,861	2,870	3,074
Federal Home Loan Banks:			
<i>Net Change</i> .....	99,585		
Outstandings .....	577,057	577,057	577,057
<b>Subtotal GSE borrowing (gross):</b>			
<i>Net change</i> .....	313,093	313,275	329,930
Outstandings .....	2,973,684	3,286,959	3,616,889
Less borrowing from other GSEs:			
<i>Net Change</i> .....	23,957		
Outstandings .....	120,344	120,344	120,344
Less purchase of Federal debt securities:			
<i>Net Change</i> .....	-43	28	28
Outstandings .....	1,620	1,648	1,676
Less borrowing to purchase loans guaranteed by:			
Student Loan Marketing Association:			
<i>Net Change</i> .....	-584	-5,380	-2,759
Outstandings .....	37,213	31,833	29,074
Federal National Mortgage Association:			
<i>Net Change</i> .....	10,825		
Outstandings .....	62,935	62,935	62,935
Other:			
<i>Net Change</i> .....	1,037		
Outstandings .....	21,831	21,831	21,831
<b>Total GSE borrowing (net):</b>			
<i>Net change</i> .....	277,901	318,627	332,661
Outstandings .....	2,729,741	3,048,368	3,381,029

<sup>1</sup>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 official 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.

**Table 8–12. GOVERNMENT-SPONSORED ENTERPRISE PARTICIPATION IN THE CREDIT MARKET <sup>1</sup>**  
(dollar amounts in billions)

	Actual											
	1965	1970	1975	1980	1985	1990	1995	1996	1997	1998	1999	2000
Total net lending in credit market .....	66.8	88.2	169.6	336.9	829.3	705.2	705.6	716.1	722.1	993.4	1,111.8	937.9
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	245.6
GSE lending participation rate (percent) .....	1.8	5.6	3.1	6.4	7.0	16.4	17.8	19.8	15.6	29.5	25.5	26.2
Total net borrowing in credit market .....	66.8	88.2	169.6	336.9	829.3	705.2	705.6	716.1	722.1	993.4	1,111.8	937.9
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	277.9
GSE borrowing participation rate (percent) .....	2.1	5.9	3.2	7.2	7.3	12.8	9.7	35.7	14.9	36.6	31.2	29.6

<sup>1</sup> 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.

<sup>2</sup> 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 2001 and 2002 are not available.

**Table 8-13. BORROWING BY FINANCING VEHICLES <sup>1</sup>**

(in millions of dollars)

Financing Vehicle	2000 Actual	Estimate	
		2001	2002
Financing Corporation (FICO):			
<i>Net change</i> .....	1	2	1
Outstandings .....	8,147	8,149	8,150
Resolution Funding Corporation (REFCORP):			
<i>Net change</i> .....	-2	-2	-2
Outstandings .....	30,064	30,062	30,060
<b>Subtotal, gross borrowing:</b>			
<i>Net change</i> .....	-1	.....	-1
Outstandings .....	38,211	38,211	38,210
Less purchases of Federal debt securities:			
<i>Net change</i> .....	552	594	644
Outstandings .....	7,169	7,763	8,407
<b>Total, net borrowing:</b>			
<i>Net change</i> .....	-553	-594	-645
Outstandings .....	31,042	30,448	29,803

<sup>1</sup> 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 2000 or is estimated to occur in 2001 or 2002.

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

State and local governments have a vital constitutional responsibility to provide government services. They have the major role in providing domestic public services, such as public education, law enforcement, roads, water supply, and sewage treatment. The Federal Government contributes to that role both by promoting a healthy economy and by providing grants, loans, and tax subsidies to State and local governments.

Federal grants help State and local governments finance programs covering most areas of domestic public spending, including income support, infrastructure, education, and social services. Federal grant outlays were \$284.7 billion in 2000 and are estimated to increase to \$316.3 billion in 2001 and \$350.1 billion in 2002.

Grant outlays for payments for individuals, such as Medicaid, are estimated to be 63.6 percent of total grants in 2002; for physical capital investment, 16.1 percent; and for all other purposes, largely education, training, and social services, 20.3 percent.

Federal aid to State and local governments is also provided through tax expenditures. Tax expenditures are the result of special exclusions, exemptions, deductions, credits, deferrals, or tax rates in the Federal tax laws.

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 \$102.7 billion in 2001 and \$108.0 billion in 2002. 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 ex-

penditure 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	2000 Actual	Estimate	
		2001	2002
Department of Agriculture .....	19.0	20.5	21.2
Department of Commerce .....	0.5	0.7	0.6
Department of Education .....	22.2	24.5	27.1
Department of Energy .....	0.1	0.2	0.3
Department of Health and Human Services .....	162.5	184.5	208.3
Department of Housing and Urban Development .....	25.1	26.7	27.8
Department of the Interior .....	2.2	2.7	2.6
Department of Justice .....	4.8	4.2	5.8
Department of Labor .....	7.3	8.3	9.1
Department of Transportation .....	32.2	35.3	38.3
Department of the Treasury .....	0.5	0.5	0.4
Department of Veterans Affairs .....	0.4	0.4	0.5
Environmental Protection Agency .....	3.5	3.6	3.8
Federal Emergency Management Agency .....	2.5	2.4	2.5
Other agencies .....	1.8	1.8	1.8
<b>Total .....</b>	<b>284.7</b>	<b>316.3</b>	<b>350.1</b>

Table 9-1 shows the distribution of grants by agency. Grant outlays for the Department of Health and Human Services are estimated to be \$208.3 billion in 2002, 59.5 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, administration, and financial management of Federal grant programs. One way the Administration will do this is by expanding a government-

wide effort to use electronic processing in the administration of grant programs.

This budget reflects 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 common goals and the progress made toward meeting them. The Administration's efforts to improve the grant administration process will include efforts to consolidate grants that support programs with similar missions to create one flexible grant, and ex-

<sup>1</sup>Federal aid to State and local governments is defined as the provision of resources by the Federal Government to support a State or local program of governmental service

to the public. The three primary forms of aid are grants, loan subsidies, and tax expenditures.

pand transfer authorities for public health grants to remove barriers to target resources.

In addition, this budget proposes several initiatives to help all children read by the third grade; improve the services provided to Indian children to address their unique educational and cultural needs; assist low income working parents obtain quality after school childcare with a strong educational component; establish positive incentives for private landowners and local communities to preserve land and protect imperiled species; aid counties along the Southwest Border with costs associated with federally-referred drug cases; and expand transportation and employment options for people with disabilities.

Highlights of grants to State and local governments follow. For additional information on grants, see the detailed Table 9-3 in this Chapter, *A Blueprint for New Beginnings* (February 28, 2001), or Section III of the Budget volume.

### Education

The budget requests \$29.8 billion in 2002 program level for the Department of Education for grants to States and local governments for education, an increase of \$3.3 billion above the 2001 amount of \$26.5 billion. These program levels do not equate with 2001 and 2002 budget authority, which are distorted by advance appropriations. The budget proposes to reverse the misleading budget practice of using advance appropriations simply to avoid spending limitations. The education proposals in this budget will help States improve accountability for school and student performance, enhance teacher quality, increase flexibility, and support innovative programs.

The President's plan would grant States and school districts unprecedented freedom from rules and regulations—in exchange for accountability for results. States will establish accountability systems built on high standards, annual tests, measurable goals, rewards for success, and sanctions for failure. They will be required to test students every year in grades 3-8 in math and reading so that parents, teachers, and communities will know if their schools and students are meeting State academic standards. The budget provides \$320 million to support the costs of developing new assessments. Once accountability systems are in place, a new Federal fund will reward States and schools that improve student achievement.

The budget requests \$9.1 billion for Title I Grants to Local Educational Agencies (LEAs) to help improve achievement among students most at-risk of not reaching State academic standards. The Title I program enables high-poverty schools to provide extra educational assistance to their students so they can catch up with their peers. The President's plan would require States to set measurable performance targets to ensure that all groups of disadvantaged students improve, and would hold schools accountable for meeting those goals. Schools that fail to meet performance targets will receive help to turn themselves around. The Administra-

tion seeks \$400 million for 2002 within Title I Grants to LEAs for low-performing schools, a \$175 million or 78 percent increase over 2001. States and districts will use these funds to provide technical assistance and intensive interventions to improve achievement in schools that are failing to make sufficient academic gains. Students in schools that are consistently low-performing will have the option of transferring to a better public school, or of using their share of Federal Title I funds to seek supplemental educational services or private school alternatives. This combination of accountability for improved achievement among all groups of students, extra help for struggling schools, and the unacceptability of chronic failure, provides powerful incentives for all Title I schools to use their funds on effective, proven practices in order to achieve results.

The budget builds a foundation for success by investing \$900 million for 2002 in the Reading First initiative to help all children read by third grade. This new program will provide funds to States that establish comprehensive reading programs in kindergarten through second grade. States would be required to implement scientifically-proven reading programs, train K-2 teachers in proven teaching practices, implement effective reading interventions for students who are falling behind, and use a reading diagnostic test in K-2 to identify students early who have reading difficulties. Ensuring that children receive effective reading instruction means that more children will get the help they need before they fall too far behind, and will result in fewer referrals to special education in later years. The budget also includes \$75 million for the Early Reading First initiative that helps implement research-based reading practices in existing pre-school and Head Start programs that feed into participating elementary schools. This program will help ensure that children enter school ready to learn to read.

The budget proposes \$2.6 billion in 2002, an increase of \$0.4 billion above 2001, to prepare, train, and recruit a high-quality teaching force. States would have the flexibility to invest these funds to address their most pressing quality improvement needs, whether it be to alleviate shortages, enhance skills, or reform the certification process. The President's plan combines funding from the largest Federal teacher programs, including the Class Size Reduction program and Eisenhower Professional Development programs into a streamlined, performance-based grant to States and school districts.

The Administration supports a streamlined educational technology fund that consolidates eight overlapping programs into one flexible \$817 million fund for 2002. The President believes that technology must be used to improve learning and that Federal funding for educational technology must focus on results. This performance-based formula grant will provide States greater discretion to make educational technology an effective learning tool, and ensure that more technology funds reach the classroom.

In addition to these reforms, the Administration is seeking administrative improvements in the E-rate pro-



gram to ensure that this program provides greater flexibility to schools and libraries in how they use their E-rate discounts, while reducing the administrative burden they have faced in applying for educational technology funds. The E-rate program, or Education Rate, is administered by the Federal Communications Commission and provides discounts for schools and libraries to purchase high-speed Internet access, internal wiring, and telecommunications services. The Administration also proposes \$80 million in matching grants, through the Department of Housing and Urban Development's Community Development Block Grant, to support Community Technology Centers in high poverty areas.

A variety of other innovative programs to improve the educational development of the Nation's students is proposed, or expanded from previous funding levels.

- The budget provides \$200 million for an expanded Math and Science Partnership program, administered by the National Science Foundation in coordination with the Department of Education, in order for States to join with institutions of higher education to strengthen K-12 math and science instruction and curriculum.
- The Administration proposes to consolidate Bilingual Education, Foreign Language Assistance, and Immigrant Education funds into a \$460 million formula-driven grant to provide school districts with added flexibility in exchange for more effective transitioning of Limited-English proficient (LEP) students into English fluency and improving their overall achievement levels. Funds will be distributed to States based on their shares of LEP and immigrant students.
- The Administration requests \$116 million to support formula grants to local educational agencies and Bureau of Indian Education (BIA)-operated schools to implement programs that address the unique educational and cultural needs of Indian children. This level of funding will also fund the second cohort of Native American teachers through the American Indian Teacher Corps Initiative and continue funding for the American Indian Administrator Corps.
- The most direct form of accountability is a parent's ability to choose the school his or her child will attend. The Administration is committed to expanding the educational choices that parents and students have. Under the new Choice and Innovation fund, the Administration proposes to consolidate ten programs to create a \$471 million fund that provides States with the flexibility to pursue a range of effective education reform strategies and to address areas of State and local need.
- The President's plan for improving school safety and drug-use prevention emphasizes research-based practices, includes tougher enforcement of existing gun laws, grants teachers control over their classrooms, improves cooperation between school districts and law enforcement, and stresses

accountability for results. Under the \$644 million Safe and Drug Free Schools and Communities program, districts will be held accountable for the effectiveness of their crime prevention and drug outreach activities, and students trapped in persistently dangerous schools will have the option to transfer to a safer alternative.

- The Administration request includes \$846 million for a more flexible after-school program that allows States and school districts to award Federal funds to private and faith-based entities, thereby empowering local communities to provide a wider array of choices for students and parents. Expanding access to high-quality before- and after-school programs is a key strategy in providing students safe and supervised environments and extending learning time to improve student achievement. States would conduct grant competitions to support before and after-school programs that are proven to be effective and advance statewide academic achievement goals.

This program will be supplemented by a new \$400 million initiative in the Department of Health and Human Services for After School Certificates within the Child Care and Development Block Grant to help low income working parents obtain quality after school childcare with a strong educational component.

- The Administration requests \$8.1 billion for 2002, \$1.0 billion more than 2001, for three special education programs that serve more than six million children with disabilities from birth to age 21. This increased funding will further help States and local school districts meet their obligations under the Individuals with Disabilities Education Act.
- The budget proposes \$1.1 billion for the Impact Aid program, \$137 million more than the 2001 appropriation. The request provides a significant increase for the Impact Aid construction program to improve the quality of public school buildings and eliminate the backlog of repairs and construction for schools on or near military facilities and those serving children from Native American lands.

### **Training and Employment**

The budget reflects the Administration's continued support to reform the Nation's workforce development system and provide job training opportunities to help workers succeed in the economy of the 21st Century.

The Workforce Investment Act (WIA) of 1998 took full effect on July 1, 2000, as the Job Training Partnership Act was repealed and all States began to fully implement the WIA requirements. The WIA calls for a customer-driven job training system that: (1) streamlines services through One-Stop Career Centers; (2) empowers individuals with the information and resources they need to choose the training that is right for them; (3) provides universal access to a core set of employ-

ment services such as job search assistance; (4) increases accountability; (5) ensures a strong role for the private sector and the local boards who develop and oversee programs; (6) facilitate State and local flexibility; and (7) improve the quality of youth job training services. The budget proposes \$5.1 billion for these activities, which does not equate with 2002 budget authority, which is distorted by advance appropriations. The budget proposes to reverse the misleading budget practice of using advance appropriations simply to avoid spending limitations.

In order to enhance the employment prospects of individuals with disabilities, the budget includes \$20 million for competitive grants to partnerships or consortia to provide new services and information for individuals with disabilities who want to return to work. These partnerships would work with the One-Stop system to augment its capabilities to provide timely and accurate information that people with disabilities need to get jobs and learn about the benefits available to them when they return to work. In addition, the partnerships would improve local service delivery by coordinating the State and local agencies and disability organizations that help individuals with disabilities prepare to enter or reenter the workforce.

### Social Services

The Head Start program gives low-income children a comprehensive approach to child development, stressing language and cognitive development, health, nutrition, and social competency. Head Start is administered by the Administration for Children and Families (ACF). The Administration requests \$6.3 billion for Head Start, a \$125 million increase over the 2001 level. In 2002, Head Start will serve approximately 916,000 children. Within the overall total of children served, approximately 55,000 children under age three will participate in the Early Head Start component. The Administration proposes to reform Head Start and return it to its original purpose—education. Head Start programs will be required to adopt a proven core curriculum that makes school readiness—pre-reading and numeracy—its top priority. The budget includes an Early Reading First program within the Department of Education for research-based reading programs in existing pre-school programs, including Head Start programs. Planning is also underway to move Head Start to the Department of Education to reinforce the emphasis on school readiness.

This budget requests \$1.7 billion in budget authority for the Social Services Block Grant (SSBG). This program provides flexible funds to States for social services for low-income individuals and families.

### Income Support

**Food and nutrition assistance.**—This budget requests \$9.9 billion in budget authority for grants for the National School Lunch and School Breakfast Programs, which provide free or low-cost nutritious meals to children in participating schools. In 2002, the pro-

grams will serve an estimated 28.0 million lunches and 8.4 million breakfasts daily. By 2005, the program aims to reduce the average percent of calories from saturated fat in school lunches to 10 percent, down from 12 percent in 1998–1999. 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 to low-income women, infants, and children. The program reached an average of nearly 7.2 million people each month in 2000. Participation in 2001 is projected to exceed 7.2 million women, infants, and children monthly, and the budget proposes \$4.1 billion, an increase of \$94 million, to serve 7.25 million people monthly in 2002.

**Other income security.**—The Child Care and Development Fund provides grants to States for the purposes of providing low-income families with financial assistance for child care, improving the quality and availability of child care, and establishing, expanding, or conducting early childhood development programs and before- and after-school programs. In 2000, Federal child care funding provided child care services for approximately 1.8 million children from low-income working families or whose parents are moving from welfare to work. The budget proposes a new \$400 million after school certificate program within the Child Care and Development Block Grant, raising the total request to \$2.2 billion in budget authority. The new program would provide grants to States to assist up to 500,000 parents in obtaining after-school child care with a high-quality education focus.

### Health

This budget proposes \$164.0 billion in outlays for 2002 grants to State and local governments for health, \$22.2 billion more than for 2001.

**Immediate Helping Hand (IHH).**—The Immediate Helping Hand initiative provides critical assistance to our Nation's most vulnerable senior citizens for the cost of their prescription drugs. This budget provides \$46.0 billion for 2001–2005 to States to help low-income Medicare beneficiaries pay for their prescriptions. This proposal builds on coverage that is already in place in more than half the States and would provide benefits to 9.5 million vulnerable Medicare beneficiaries who currently do not have any other prescription drug coverage. The plan is unique because needy seniors will be able to get help with their prescription drug costs this year.

**Medicaid.**—Medicaid is the largest grant program, with outlays projected to be \$142.4 billion in 2002, including the changes proposed in this budget. This Federal-State health care program served about 33.4 million low-income Americans in 2000. The Federal Government spent \$117.9 billion, 57 percent of the total, on the program in 2000 while States spent \$88.9 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. The elderly and disabled made up a third of Medicaid enrollees in 2000, but accounted for approximately two-thirds of spending on benefits. Medicaid serves at least half of all adults living with AIDS (and up to 90 percent of children with AIDS), and is the largest single payer of direct medical services to adults living with AIDS. Medicaid pays for over one-third of the Nation's long-term care services. Medicaid spends more on institutional care today than it does for home and community-based care, but the mix of payments is expected to be almost equal in 10 years.

Current restrictions and requirements in the Medicaid program may be inhibiting the ability of States to operate the program efficiently. In addition to taking steps to further address the Medicaid "upper payment limit" loophole, the Administration plans to consult with the States on the development of ideas to increase State flexibility, control Medicaid costs, and ensure the fiscally prudent management of the Medicaid program.

**State Children's Health Insurance Program.**—The State Children's Health Insurance Program (S-CHIP) was established in 1997 in the Balanced Budget Act to provide \$24 billion over five years for States to expand health insurance coverage to low-income, uninsured children. S-CHIP provides States with broad flexibility in program design while protecting beneficiaries through basic Federal standards. In 2000, 3.3 million children were enrolled in S-CHIP, which is a 70 percent increase over 1999 enrollment.

**Other health.**—This budget requests Federal spending for certain public health programs that assist State and local governments in increasing access to health care by increasing the number of community health center sites and addressing heart disease, diabetes, and childhood obesity. The budget includes a Community and Migrant Health Center Initiative to increase access to health care by increasing the number of community health center sites by 1,200 over five years. In 2002, the number of health center sites will increase by almost 100. The Administration proposes \$1.3 billion in 2002 for this effort, an increase of \$124 million over 2001. The Administration also proposes the Healthy Communities Innovation Fund Initiative, which supports grants that will make available approximately \$400 million within existing grant activities to target innovative solutions in areas of health risks such as heart disease, adult and childhood Type II diabetes, and childhood obesity.

### **Natural Resources and Environment**

The Administration requests \$900 million from the Land and Water Conservation Fund (LWCF) to acquire and conserve lands in national parks, forests, refuges, and public lands, and provide grants to States for broad conservation and outdoor recreation purposes. The Na-

tional Park Service (NPS) requests \$450 million in budget authority for 2002 for LWCF matching grants to States in support of State and local conservation and outdoor recreation efforts. In 2002, two new programs are proposed that would establish positive incentives for private landowners and local communities to protect imperiled species and restore habitat: \$50 million in matching grants to help States establish Landowner Incentive Programs to help private landowners protect imperiled species, and \$10 million to establish a Private Stewardship Grant Program to provide funding for private conservation initiatives.

The budget assists State and local governments to add 400 miles of recreational trails, 850 miles of recreational river corridors, and 169,000 acres of recreational parkland, through the LWCF State grants and NPS partnerships. In addition, the States and Tribes would receive \$1.1 billion in grants in 2002, the highest level ever, to administer delegated programs and other responsibilities pursuant to Environmental Protection Agency (EPA) statutes. Included in this total is \$25 million in new funding for State enforcement programs, reflecting a shift in enforcement responsibilities in delegated States from Federal enforcement to expanded State enforcement. The total also includes \$25 million in grant funding to help States better integrate their environmental information systems.

Funding is provided for EPA State Wastewater Grants to fund the Clean Water State Revolving Funds at \$850 million and the newly authorized Sewer Overflow Control Grant program at \$450 million. The EPA Drinking Water State Revolving Fund is funded at \$823 million.

### **Administration of Justice**

The Administration requests \$4.3 billion in budget authority for 2002 to help State and local governments fight crime, including \$567 million to assist crime victims and \$154 million in Department of Justice initiatives to help State and local governments protect young people from gun-related violence. As part of the U.S. Attorney's Project Sentry, \$20 million in grants will be available to help establish partnerships for reducing youth gun violence. The budget also proposes \$50 million for grants to encourage States to get tough on gun criminals with increased arrests, prosecutions, and public awareness campaigns. In addition, \$75 million will be allocated to Project ChildSafe, a new Federal, State and local partnership to ensure that child safety locks are made available for every handgun in America. As part of the Administration's broader strategy for reducing the supply and demand for drugs, \$50 million is proposed for a new grant program within the Office of Justice Programs to aid counties along the Southwest Border with the costs of detaining and prosecuting drug cases referred to them by U.S. Attorneys. To combat the significant problem of violence against women, the budget proposes \$391 million, an increase of \$103 mil-

lion over 2001, to fund both existing and new programs authorized in the Violence Against Women Act of 2000.

This budget proposes to reduce a number of Department of Justice State and local assistance programs from their 2001 level, mainly those that have already served their primary purpose or are less essential to core Federal law enforcement objectives. These reductions include a net reduction of \$182 million in the Community Oriented Policing Services program, which has well exceeded its initial goal of funding 100,000 new officers; \$451 million from State Prison Grants, which have accomplished their goal of encouraging State "truth in sentencing" policies; \$299 million from the State Criminal Alien Assistance Program, which contributes little to reducing violent crime; \$122 million from Local Law Enforcement Block Grants, which fund areas covered by other Justice programs; and elimination of the \$69 million Byrne discretionary grant program, whose competitive procedures have been eroded by legislative mandates.

### Transportation

The Administration requests \$45.0 billion in budgetary authority in 2002 for grants to State and local governments to assist with transportation infrastructure and related programs, including highways, transit, airports and other areas.

**Highways and Transit.**—The budget requests \$31.6 billion in budgetary resources in 2002 for the Federal-aid highways program to maintain and improve surface transportation infrastructure. Within this program, competitive matching grants are funded at \$100 million and pilot programs are funded at \$45 million, to promote access to alternative methods of transportation, a new initiative to expand transportation options for people with disabilities.

In addition, the budget requests \$212 million in budget authority for highway traffic safety grants to increase seat belt use, decrease alcohol related fatalities, and improve State safety data. The budget includes \$210 million for grants to States to enforce Federal and State standards for commercial motor vehicle safety inspections, traffic enforcement, and compliance reviews. This budget requests \$6.6 billion in budgetary resources for 2002 to assist State and local governments with mass transit.

**Airports.**—The budget requests \$3.3 billion in budgetary resources in 2002 for the Airport Improvement Program (AIP), which will enhance the Nation's airport system through increasing safety and security, reducing system delays and providing new capacity to meet anticipated demands.

### Community and Regional Development

**Community development.**—Community Development Block Grants (CDBG) provide funds for various community development activities directed primarily at low-and moderate-income persons. This budget requests

\$4.7 billion in budget authority for 2002 in CDBG grants for improving housing, public works and services, promoting economic development, and acquiring or clearing land. The University Partnerships Program, a set-aside within CDBG, provides grants to academic institutions including Historically Black Colleges and Universities, Hispanic Serving Institutions, and Tribal Colleges. The Indian CDBG, also a set-aside within the CDBG program, focuses mainly on public infrastructure, community facilities, and economic development on reservations.

The Department of Commerce's Economic Development Administration (EDA) provides assistance to communities to help build capacity and address long-term economic challenges through its nationwide program delivery network. EDA's public works grants help build or expand public facilities to stimulate industrial and commercial growth, such as industrial parks, business incubators, access roads, water and sewer lines, and port and terminal developments. EDA also assists communities in addressing sudden and severe economic downturns and in adjusting to downsizing and closure of defense facilities. The President's budget requests \$335 million of budget authority for EDA grants and targets 40 percent of EDA grants to areas of highest distress nationwide in 2002. The budget also proposes \$165 million in grant funding and tax incentives for Empowerment Zones (EZs) to carry out 10-year, community-wide strategic plans to revitalize designated areas.

**Area and regional development.**—The budget provides flexible funding to meet the needs of rural areas through the Rural Community Advancement Program (RCAP). RCAP provides grants, loans, and loan guarantees to stimulate economic development, help build rural community facilities, such as health clinics, day care centers as well as water and wastewater systems. Under RCAP, States have increased flexibility within the three funding streams for Water and Wastewater, Community Facilities, and Business and Industry. USDA State Directors have the authority to transfer up to 25 percent of the funding among any of these programs to tailor RCAP assistance to the specific rural economic development needs of individual States. The budget proposes \$2.9 billion in loans and grants for RCAP.

To fulfill the Federal government's commitments to the District of Columbia under the Revitalization Act, the Administration's budget provides \$494 million for District courts and corrections, including \$201 million to house the District's sentenced felon population, \$147 million for the Court Services and Offender Supervision Agency, and \$146 million for the DC Courts. In addition, the budget provides \$17 million to continue the District's Tuition Assistance Grant Program.

### Other Functions

Discussions of these and other Federal aid programs can be found in the main budget volume in Section III, 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 \$325.4 billion or 93 percent of total grant outlays in 2002.

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 \$164.0 billion in 2002. 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 \$212.0 billion in 2002. The three largest mandatory grant programs are Medicaid, with estimated outlays of \$142.4 billion in 2002, temporary assistance for needy families, \$17.3 billion in 2002, and food stamp grants for State administration and child nutrition programs, with combined outlays of \$13.9 billion in 2002.

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 \$138.1 billion in 2002. 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 Table 9–2 shows the composition of grants divided into three major categories: payments for individuals, grants for physical capital, and other grants<sup>2</sup> Grant outlays for payments for individuals, which are mainly entitlement programs in which the Federal Government and the States share the costs, have grown significantly as a percent of total grants. They increased from 55.9 percent of the total in 1990 to 62.2 percent of the total in 2000. While payments for individuals will comprise 63.6 percent of grants in 2002, they are estimated to increase to an estimated 66.0 percent of the total by 2006.

These grants are distributed through State or local governments to provide cash or in-kind benefits that constitute income transfers to individuals or families. The major grant in this category is Medicaid, which had outlays of \$117.9 billion in 2000, increasing to an estimated \$142.4 billion in 2002. Temporary assistance for needy families, food stamps, 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 pay-

<sup>2</sup>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	2000	2001	2002	2003	2004	2005	2006	
<b>A. Distribution of grants by function:</b>																
Natural resources and environment .....	0.1	0.2	0.4	2.4	5.4	4.1	3.7	4.0	4.6	5.1	5.1	5.1	5.2	5.2	5.1	
Agriculture .....	0.2	0.5	0.6	0.4	0.6	2.4	1.3	0.8	0.7	0.8	0.8	0.8	0.8	0.8	0.8	
Transportation .....	3.0	4.1	4.6	5.9	13.0	17.0	19.2	25.8	32.2	35.3	38.3	40.2	41.8	43.6	44.9	
Community and regional development .....	0.1	0.6	1.8	2.8	6.5	5.2	5.0	7.2	8.7	8.7	9.0	9.0	8.7	8.6	8.3	
Education, training, employment, and social services .....	0.5	1.1	6.4	12.1	21.9	17.8	23.4	34.1	42.1	46.8	51.8	56.7	58.1	59.6	61.2	
Health .....	0.2	0.6	3.8	8.8	15.8	24.5	43.9	93.6	124.8	141.8	164.0	177.0	192.6	196.9	208.9	
Income security .....	2.6	3.5	5.8	9.4	18.5	27.2	35.2	55.1	63.2	69.6	71.3	73.5	75.3	77.0	78.6	
Justice .....	---	---	*	0.7	0.5	0.1	0.6	1.2	5.1	4.5	6.0	7.5	5.4	4.5	4.5	
General government .....	0.2	0.2	0.5	7.1	8.6	6.8	2.3	2.3	2.3	2.7	2.6	2.6	3.8	2.6	2.7	
Other .....	*	0.1	0.1	0.2	0.7	0.8	0.8	0.8	0.9	0.9	1.1	1.2	1.2	1.2	1.2	
<b>Total .....</b>	<b>7.0</b>	<b>10.9</b>	<b>24.1</b>	<b>49.8</b>	<b>91.4</b>	<b>105.9</b>	<b>135.3</b>	<b>225.0</b>	<b>284.7</b>	<b>316.3</b>	<b>350.1</b>	<b>373.6</b>	<b>392.9</b>	<b>400.0</b>	<b>416.2</b>	
<b>B. Distribution of Grants by BEA Category:</b>																
Discretionary .....	NA	2.9	10.2	21.0	53.3	55.5	63.3	94.0	116.7	127.1	138.1	146.5	147.4	150.1	153.1	
Mandatory .....	NA	8.0	13.9	28.8	38.1	50.4	72.0	131.0	168.0	189.2	212.0	227.1	245.5	249.8	263.1	
<b>Total .....</b>	<b>7.0</b>	<b>10.9</b>	<b>24.1</b>	<b>49.8</b>	<b>91.4</b>	<b>105.9</b>	<b>135.3</b>	<b>225.0</b>	<b>284.7</b>	<b>316.3</b>	<b>350.1</b>	<b>373.6</b>	<b>392.9</b>	<b>400.0</b>	<b>416.2</b>	
<b>C. Composition:</b>																
Current dollars:																
Payments for individuals <sup>1</sup> .....	2.5	3.7	8.7	16.8	32.6	49.3	75.7	141.2	177.1	199.4	222.6	237.9	255.3	261.2	274.6	
Physical capital <sup>1</sup> .....	3.3	5.0	7.1	10.9	22.6	24.9	27.2	39.6	48.7	52.9	56.3	57.5	59.0	60.7	62.1	
Other grants .....	1.2	2.2	8.3	22.2	36.2	31.6	32.5	44.2	58.9	63.9	71.1	78.3	78.7	78.1	79.5	
<b>Total .....</b>	<b>7.0</b>	<b>10.9</b>	<b>24.1</b>	<b>49.8</b>	<b>91.4</b>	<b>105.9</b>	<b>135.3</b>	<b>225.0</b>	<b>284.7</b>	<b>316.3</b>	<b>350.1</b>	<b>373.6</b>	<b>392.9</b>	<b>400.0</b>	<b>416.2</b>	
Percentage of total grants:																
Payments for individuals <sup>1</sup> .....	35.3%	34.1%	36.2%	33.6%	35.7%	46.6%	55.9%	62.8%	62.2%	63.1%	63.6%	63.7%	65.0%	65.3%	66.0%	
Physical capital <sup>1</sup> .....	47.3%	45.7%	29.3%	21.9%	24.7%	23.5%	20.1%	17.6%	17.1%	16.7%	16.1%	15.4%	15.0%	15.2%	14.9%	
Other grants .....	17.4%	20.2%	34.5%	44.5%	39.6%	29.9%	24.0%	19.7%	20.7%	20.2%	20.3%	20.9%	20.0%	19.5%	19.1%	
<b>Total .....</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	
Constant (FY 1996) dollars:																
Payments for individuals <sup>1</sup> .....	11.3	15.9	31.7	45.4	60.2	69.7	88.9	144.1	165.0	180.5	196.6	204.7	214.3	213.9	219.5	
Physical capital <sup>1</sup> .....	15.8	22.4	25.2	23.9	36.1	31.8	30.3	40.4	45.5	47.9	49.5	49.2	49.0	49.1	48.8	
Other grants .....	8.3	12.8	36.1	67.2	72.2	45.5	38.7	45.3	52.1	54.8	59.3	63.4	62.0	59.8	59.2	
<b>Total .....</b>	<b>35.3</b>	<b>51.2</b>	<b>92.9</b>	<b>136.5</b>	<b>168.5</b>	<b>147.0</b>	<b>157.9</b>	<b>229.8</b>	<b>262.5</b>	<b>283.2</b>	<b>305.4</b>	<b>317.3</b>	<b>325.4</b>	<b>322.8</b>	<b>327.4</b>	
<b>D. Total grants as a percent of:</b>																
Federal outlays:																
Total .....	7.6%	9.2%	12.3%	15.0%	15.5%	11.2%	10.8%	14.8%	15.9%	17.0%	17.9%	18.5%	18.9%	18.4%	18.7%	
Domestic programs <sup>2</sup> .....	18.0%	18.3%	23.2%	21.7%	22.2%	18.2%	17.1%	21.6%	22.0%	22.9%	23.6%	24.0%	24.1%	23.3%	23.3%	
State and local expenditures .....	19.2%	20.1%	24.1%	27.1%	30.4%	24.2%	21.0%	25.1%	24.7%	N/A	N/A	N/A	N/A	N/A	N/A	
Gross domestic product .....	1.4%	1.6%	2.4%	3.2%	3.3%	2.6%	2.4%	3.1%	2.9%	3.1%	3.2%	3.3%	3.3%	3.1%	3.1%	
<b>E. As a share of total State and local gross investment:</b>																
Federal capital grants .....																
State and local own-source financing .....	24.6%	25.5%	25.4%	25.9%	35.4%	30.2%	21.9%	25.8%	21.4%	N/A	N/A	N/A	N/A	N/A	N/A	
<b>Total .....</b>	<b>75.4%</b>	<b>74.5%</b>	<b>74.6%</b>	<b>74.1%</b>	<b>64.6%</b>	<b>69.8%</b>	<b>78.1%</b>	<b>74.2%</b>	<b>78.6%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	
<b>Total .....</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	

N/A = Not available.

\* 50 million or less.

<sup>1</sup> Grants that are both payments for individuals and capital investment are shown under capital investment.

<sup>2</sup> Excludes national defense, international affairs, net interest, and undistributed offsetting receipts.

ments for individuals have grown. In 2002, grants for physical capital are estimated to be 16.1 percent of total grants.

The other grants are primarily for education, training, employment, and social services. These grants increased to 44.5 percent of total grants by 1975, and are projected to be 20.3 percent of total grants in 2002.

Section C of Table 9-2 also shows these three categories in constant dollars. In constant 1996 dollars, total grants increase from \$157.9 billion in 1990 to an estimated \$305.4 billion in 2002, an average increase of 5.7 percent per year. During this same period, grants for payments to individuals are estimated to increase an average of 6.8 percent per year; grants

for physical capital an average of 4.2 percent per year, and other grants an average of 3.6 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 total grants in constant 1996 dollars decreased from \$168.5 billion in 1980 to \$157.9 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 10.8 percent in

1990 to an estimated 17.9 percent in 2002. Grants as a percentage of domestic spending are estimated to be 23.6 percent in 2002.

As a percentage of total State and local expenditures, grants have increased from 21.0 percent in 1990 to 24.7 percent in 2000.

Section E shows the relative contribution of physical capital grants in assisting States and localities with gross investment. After a slight increase to 25.8 percent in 1995, Federal capital grants have declined to be 21.4 percent of State and local gross investment in 2000.

## 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 prepared 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 on-line 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		
	2000 Actual	2001 Estimate	2002 Estimate	2000 Actual	2001 Estimate	2002 Estimate
<b>NATIONAL DEFENSE</b>						
<b>Discretionary:</b>						
Department of Defense—Military:						
Research, Development, Test, and Evaluation:						
Research, development, test, and evaluation, Army .....	2	2	2	2	2	2
<b>Total, discretionary</b> .....	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total, national defense</b> .....	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>ENERGY</b>						
<b>Discretionary:</b>						
Department of Energy:						
Energy Programs:						
Energy conservation .....	169	190	311	124	166	313
<b>Total, discretionary</b> .....	<b>169</b>	<b>190</b>	<b>311</b>	<b>124</b>	<b>166</b>	<b>313</b>
<b>Mandatory:</b>						
Tennessee Valley Authority:						
Tennessee Valley Authority fund .....	309	313	328	309	313	328
<b>Total, mandatory</b> .....	<b>309</b>	<b>313</b>	<b>328</b>	<b>309</b>	<b>313</b>	<b>328</b>
<b>Total, energy</b> .....	<b>478</b>	<b>503</b>	<b>639</b>	<b>433</b>	<b>479</b>	<b>641</b>
<b>NATURAL RESOURCES AND ENVIRONMENT</b>						
<b>Discretionary:</b>						
Department of Agriculture:						
Natural Resources Conservation Service:						
Resource conservation and development .....				1	1	
Watershed and flood prevention operations .....	44	52	28	66	62	79
Forest Service:						
State and private forestry .....	100	203	121	98	178	143
Management of national forest lands for subsistence uses .....		6	5	1	6	5
Department of Commerce:						
National Oceanic and Atmospheric Administration:						
Operations, research, and facilities .....	120	135	5	91	101	3
Pacific coastal salmon recovery .....	58	110	110	1	167	110
Department of the Interior:						
Office of Surface Mining Reclamation and Enforcement:						
Regulation and technology .....	61	51	51	54	51	57
Abandoned mine reclamation fund .....	181	196	154	152	153	120
Bureau of Reclamation:						
Bureau of Reclamation loan subsidy .....	12	12	7	10	17	7
United States Geological Survey:						
Surveys, investigations and research .....		3			3	
United States Fish and Wildlife Service:						
Commercial salmon fishery capacity reduction .....	5				5	
State wildlife grants .....		50			8	10
Land acquisition .....			60			24
Cooperative endangered species conservation fund .....	23	105	55	13	27	63
Wildlife conservation and appreciation fund .....	1	1		1	1	
Miscellaneous permanent appropriations .....	2	3	3	2	2	3
National Park Service:						
Urban park and recreation fund .....		29		1	3	6
National recreation and preservation .....	2			1	1	
Land acquisition and State assistance .....	43	90	450	7	51	22
Historic preservation fund .....	75	94	37	52	106	74
Environmental Protection Agency:						
State and tribal assistance grants .....	3,446	3,621	3,289	3,192	3,393	3,533
Hazardous substance superfund .....	287	171	171	240	141	170
Leaking underground storage tank trust fund .....	59	64	62	58	61	64
<b>Total, discretionary</b> .....	<b>4,519</b>	<b>4,996</b>	<b>4,608</b>	<b>4,041</b>	<b>4,538</b>	<b>4,493</b>





**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		
	2000 Actual	2001 Estimate	2002 Estimate	2000 Actual	2001 Estimate	2002 Estimate
Federal Highway Administration:						
State infrastructure banks .....				19	8	8
Appalachian development highway system .....				101	79	43
Highway-related safety grants .....				1	1	
Appalachian development highway system (Highway trust fund) .....		254			69	104
Federal-aid highways <sup>1</sup> .....	28,860	33,158	34,098	23,494	25,027	27,194
Miscellaneous appropriations .....		605		133	254	320
Miscellaneous highway trust funds .....		1,182		42	354	510
Federal Motor Carrier Safety Administration:						
National motor carrier safety program <sup>1</sup> .....	105	177	205	99	134	185
Motor carrier safety <sup>1</sup> .....			5			4
National Highway Traffic Safety Administration:						
Highway traffic safety grants <sup>1</sup> .....	197	202	212	181	210	217
Federal Railroad Administration:						
Emergency railroad rehabilitation and repair .....				3	4	
Local rail freight assistance .....				1		
Alaska railroad rehabilitation .....	15	30		11	52	18
Railroad research and development .....	2	3	3	1	2	2
Conrail commuter transition assistance .....				3	3	
Federal Transit Administration:						
Research, training, and human resources .....					2	
Job access and reverse commute grants <sup>1</sup> .....	75	100	125	17	45	65
Interstate transfer grants-transit .....				1	5	2
Washington Metropolitan Area Transit Authority .....				109	107	71
Formula grants <sup>1</sup> .....	4,641	3,287	3,592	2,792	3,216	3,191
Capital investment grants <sup>1</sup> .....	2,492	2,694	2,841	1,071	961	1,572
Transit planning and research <sup>1</sup> .....	138	90	90	72	98	114
Discretionary grants (Highway trust fund, mass transit account) .....				1,200	983	614
Research and Special Programs Administration:						
Pipeline safety .....	15	21	18	13	17	17
<b>Total, discretionary<sup>1</sup> .....</b>	<b>39,385</b>	<b>44,474</b>	<b>44,208</b>	<b>30,997</b>	<b>33,853</b>	<b>37,065</b>
<b>Mandatory:</b>						
Department of Transportation:						
Federal Highway Administration:						
Federal-aid highways .....	739	758	739	1,217	1,399	1,248
Research and Special Programs Administration:						
Emergency preparedness grants .....	24	13	13	8	12	13
<b>Total, mandatory<sup>1</sup> .....</b>	<b>763</b>	<b>771</b>	<b>752</b>	<b>1,225</b>	<b>1,411</b>	<b>1,261</b>
<b>Total, transportation .....</b>	<b>40,148</b>	<b>45,245</b>	<b>44,960</b>	<b>32,222</b>	<b>35,264</b>	<b>38,326</b>
<b>COMMUNITY AND REGIONAL DEVELOPMENT</b>						
<b>Discretionary:</b>						
Department of Agriculture:						
Rural Development:						
Rural community advancement program .....	584	843	596	479	647	602
Rural Utilities Service:						
Distance learning and telemedicine program .....	21	27	27	7	18	19
Rural Business—Cooperative Service:						
Rural cooperative development grants .....	6	31	6	4	4	25
Forest Service:						
Southeast Alaska economic disaster fund .....	22	5		10	7	7
Department of Commerce:						
Economic Development Administration:						
Economic development assistance programs .....	424	421	335	356	431	428
Department of Housing and Urban Development:						
Public and Indian Housing Programs:						
Moving to work .....	5				3	
Community Planning and Development:						
Community development block grants .....	4,809	5,113	4,722	4,955	4,940	5,036
Urban development action grants .....				10	10	10
Community development loan guarantees subsidy .....	30	30	15	7	20	20
National cities in schools community development program .....	5			5		

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		
	2000 Actual	2001 Estimate	2002 Estimate	2000 Actual	2001 Estimate	2002 Estimate
Brownfields redevelopment .....	25	25	25	4	25	30
Urban empowerment zones .....	55	185	150	7	49	92
Office of Lead Hazard Control:						
Lead hazard reduction .....	80	100	110	95	95	95
Department of the Interior:						
Bureau of Indian Affairs:						
Operation of Indian programs .....	174	142	148	119	125	131
Indian guaranteed loan subsidy .....	5	5	5	5	9	5
Federal Emergency Management Agency:						
Emergency management planning and assistance .....	174	267	255	142	219	254
Disaster relief .....	2,295	1,115	956	2,234	1,901	2,070
Disaster assistance for unmet needs .....				50	90	54
National flood mitigation fund .....	20	20	20	13	23	20
Appalachian Regional Commission .....	59	70	59	125	108	100
Delta Regional Authority .....		18	18		2	5
Denali Commission .....	20	30	30	38	13	39
<b>Total, discretionary .....</b>	<b>8,813</b>	<b>8,447</b>	<b>7,477</b>	<b>8,665</b>	<b>8,739</b>	<b>9,042</b>
<b>Total, community and regional development .....</b>	<b>8,813</b>	<b>8,447</b>	<b>7,477</b>	<b>8,665</b>	<b>8,739</b>	<b>9,042</b>
<b>EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES</b>						
<b>Discretionary:</b>						
Department of Commerce:						
National Telecommunications and Information Administration:						
Public telecommunications facilities, planning and construction .....	13	31	31	12	24	26
Information infrastructure grants .....	6	22	5	8	15	20
Department of Education:						
Office of Elementary and Secondary Education:						
Reading excellence <sup>2</sup> .....	56	277		27	180	234
Indian education .....	75	113	113	64	82	105
Impact aid .....	901	985	1,122	875	1,121	1,109
Chicago litigation settlement .....				2	2	
Education reform .....	964	611		965	1,234	674
Education for the disadvantaged <sup>2</sup> .....	8,667	8,938	10,969	8,511	8,432	9,355
School improvement programs <sup>2</sup> .....	1,357	4,417	6,281	2,394	2,936	3,744
Office of Bilingual Education and Minority Languages Affairs:						
Bilingual and immigrant education .....	329	353	460	319	370	351
Office of Special Education and Rehabilitative Services:						
Special education <sup>2</sup> .....	2,036	5,816	8,147	4,696	5,535	6,652
Rehabilitation services and disability research .....	120	133	173	104	185	161
American Printing House for the Blind .....	10	12	12	9	15	12
Office of Vocational and Adult Education:						
Vocational and adult education <sup>2</sup> .....	851	1,778	1,771	1,448	1,669	1,731
Office of Postsecondary Education:						
Higher education .....	281	376	307	152	347	354
Office of Student Financial Assistance:						
Student financial assistance .....	40	55	55	24	49	55
Office of Educational Research and Improvement:						
Education research, statistics, and assessment .....	100	56		166	174	61
Department of Health and Human Services:						
Administration for Children and Families:						
Promoting safe and stable families .....	3	3	3	3	3	3
Children and families services programs <sup>2</sup> .....	5,004	7,607	7,832	5,843	6,325	7,480
Administration on Aging:						
Aging services programs .....	933	1,103	1,098	884	1,017	1,086
Department of the Interior:						
Bureau of Indian Affairs:						
Operation of Indian programs .....	51	78	101	50	71	100
Department of Labor:						
Employment and Training Administration:						
Training and employment services <sup>2</sup> .....	2,227	4,065	3,681	2,957	3,641	4,494
Community service employment for older Americans .....	97	97	97	99	108	97
State unemployment insurance and employment service operations .....	163	193	177	225	165	175
Unemployment trust fund .....	962	982	982	961	957	982
Corporation for National and Community Service:						
Domestic volunteer service programs, operating expenses .....	71	73	77	70	72	75

**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		
	2000 Actual	2001 Estimate	2002 Estimate	2000 Actual	2001 Estimate	2002 Estimate
National and community service programs, operating expenses .....	229	242	218	204	263	230
Corporation for Public Broadcasting:						
Corporation for Public Broadcasting .....	190	224	230	190	206	217
District of Columbia:						
District of Columbia General and Special Payments:						
Federal payment for resident tuition support .....	17	17	17	17	17	17
National Endowment for the Arts:						
National Endowment for the Arts: grants and administration .....	34	34	34	31	39	36
Challenge America arts fund .....		3	3		1	3
Institute of Museum and Library Services:						
Office of Museum Services: grants and administration .....	6	8	5	6	6	11
Office of Library Services: grants and administration .....	151	175	152	152	155	203
<b>Total, discretionary<sup>2</sup> .....</b>	<b>25,944</b>	<b>38,877</b>	<b>44,153</b>	<b>31,468</b>	<b>35,416</b>	<b>39,853</b>
<b>Mandatory:</b>						
Department of Education:						
Office of Elementary and Secondary Education:						
Reading excellence <sup>2</sup> .....			195			
Education for the disadvantaged <sup>2</sup> .....			6,758			
School improvement programs <sup>2</sup> .....			1,765			
Office of Special Education and Rehabilitative Services:						
Special education <sup>2</sup> .....			5,072			
Rehabilitation services and disability research .....	2,339	2,400	2,481	2,463	2,196	2,455
Office of Vocational and Adult Education:						
Vocational and adult education <sup>2</sup> .....			791			
Department of Health and Human Services:						
Administration for Children and Families:						
Job opportunities and basic skills training program .....				15	9	3
Promoting safe and stable families .....	289	300	495	239	271	316
Social services block grant .....	1,775	1,725	1,700	1,827	1,906	1,809
Children and families services programs <sup>2</sup> .....			1,400			
Payments to States for foster care and adoption assistance .....	5,697	6,401	6,682	5,453	6,055	6,549
Department of Labor:						
Employment and Training Administration:						
Training and employment services <sup>2</sup> .....			1,772			
Welfare to work jobs .....	-137	-50		527	850	690
Federal unemployment benefits and allowances .....	132	132	132	133	141	136
<b>Total, mandatory<sup>2</sup> .....</b>	<b>10,095</b>	<b>10,908</b>	<b>29,243</b>	<b>10,657</b>	<b>11,428</b>	<b>11,958</b>
<b>Total, education, training, employment, and social services .....</b>	<b>36,039</b>	<b>49,785</b>	<b>73,396</b>	<b>42,125</b>	<b>46,844</b>	<b>51,811</b>
<b>HEALTH</b>						
<b>Discretionary:</b>						
Department of Agriculture:						
Food Safety and Inspection Service:						
Salaries and expenses .....	43	47	48	43	47	48
Department of Health and Human Services:						
Food and Drug Administration:						
Salaries and expenses .....	1	1	1	1	1	1
Health Resources and Services Administration:						
Health resources and services .....	2,028	2,215	2,344	2,028	2,215	2,344
Centers for Disease Control and Prevention:						
Disease control, research, and training .....	1,881	2,502	2,497	1,611	2,006	2,386
Substance Abuse and Mental Health Services Administration:						
Substance abuse and mental health services .....	2,012	2,152	2,212	1,931	2,027	2,109
Department of Labor:						
Occupational Safety and Health Administration:						
Salaries and expenses .....	82	88	88	82	88	88
Mine Safety and Health Administration:						
Salaries and expenses .....	6	8	8	6	8	8
<b>Total, discretionary .....</b>	<b>6,053</b>	<b>7,013</b>	<b>7,198</b>	<b>5,702</b>	<b>6,392</b>	<b>6,984</b>

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		
	2000 Actual	2001 Estimate	2002 Estimate	2000 Actual	2001 Estimate	2002 Estimate
<b>Mandatory:</b>						
Department of Health and Human Services:						
Health Care Financing Administration:						
Grants to States for medicaid .....	117,744	128,853	142,423	117,921	128,853	142,423
State children's health insurance fund .....	4,259	4,249	3,115	1,220	4,032	3,355
State grants and demonstrations .....		62	67		16	29
Immediate helping hand prescription drug plan .....		2,500	11,200		2,500	11,200
<b>Total, mandatory</b> .....	<b>122,003</b>	<b>135,664</b>	<b>156,805</b>	<b>119,141</b>	<b>135,401</b>	<b>157,007</b>
<b>Total, health</b> .....	<b>128,056</b>	<b>142,677</b>	<b>164,003</b>	<b>124,843</b>	<b>141,793</b>	<b>163,991</b>
<b>INCOME SECURITY</b>						
<b>Discretionary:</b>						
Department of Agriculture:						
Food and Nutrition Service:						
Food donations programs .....	141	151	151	137	150	150
Commodity assistance program .....	133	140	135	132	138	135
Special supplemental nutrition program for women, infants, and children (WIC) .....	4,032	4,044	4,137	3,950	4,085	4,129
Child nutrition programs .....	14	13	9	7	7	5
Department of Health and Human Services:						
Administration for Children and Families:						
Low income home energy assistance .....	2,000	1,700	1,700	1,495	2,241	1,525
Refugee and entrant assistance .....	377	324	324	280	326	324
Payments to States for the child care and development block grant .....	1,178	1,993	2,193	1,065	1,677	2,062
Department of Housing and Urban Development:						
Public and Indian Housing Programs:						
Public housing operating fund .....	3,138	3,235	3,385	2,836	3,217	3,336
Drug elimination grants for low-income housing .....	310	309		288	317	313
Revitalization of severely distressed public housing (HOPE VI) .....	575	574	574	379	460	552
Public housing capital fund .....	2,884	2,993	2,293	3,690	3,718	3,583
Native American housing block grant .....	620	649	649	643	707	669
Housing certificate fund <sup>2</sup> .....	3,671	8,099	11,283	8,803	9,092	9,722
Community Planning and Development:						
Homeless assistance grants .....	1,020	1,023	1,023	885	1,000	1,200
Home investment partnership program .....	1,636	1,796	1,796	1,479	1,736	1,857
Youthbuild program .....				1	1	
Housing opportunities for persons with AIDS .....	232	257	277	215	216	219
Rural housing and economic development .....	25	25		8	24	25
Housing Programs:						
Congregate services .....				2		
Homeownership and opportunity for people everywhere grants (HOPE grants) .....	-19			25	25	25
Housing for special populations .....	911	996	1,001	720	988	1,025
Department of Labor:						
Employment and Training Administration:						
Unemployment trust fund .....	2,366	2,364	2,414	2,359	2,364	2,414
Federal Emergency Management Agency:						
Emergency food and shelter program .....	110	140	140	110	140	140
<b>Total, discretionary</b> <sup>2</sup> .....	<b>25,354</b>	<b>30,825</b>	<b>33,484</b>	<b>29,509</b>	<b>32,629</b>	<b>33,410</b>
<b>Mandatory:</b>						
Department of Agriculture:						
Agricultural Marketing Service:						
Funds for strengthening markets, income, and supply (section 32) .....	710	738	710	523	750	639
Food and Nutrition Service:						
Food stamp program .....	3,774	3,878	3,806	3,508	3,558	3,752
Child nutrition programs .....	9,436	9,466	9,932	9,053	9,748	10,189
Department of Health and Human Services:						
Administration for Children and Families:						
Payments to States for child support enforcement and family support programs .....	1,010	3,321	3,448	2,906	3,439	3,453
Child care entitlement to States .....	2,367	2,567	2,717	2,237	2,423	2,555
Temporary assistance for needy families .....	16,689	16,689	16,679	15,464	17,080	17,260
Department of Housing and Urban Development:						
Public and Indian Housing Programs:						
Housing certificate fund <sup>2</sup> .....			3,057			

**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		
	2000 Actual	2001 Estimate	2002 Estimate	2000 Actual	2001 Estimate	2002 Estimate
<b>Total, mandatory</b> <sup>2</sup> .....	<b>33,986</b>	<b>36,659</b>	<b>40,349</b>	<b>33,691</b>	<b>36,998</b>	<b>37,848</b>
<b>Total, income security</b> .....	<b>59,340</b>	<b>67,484</b>	<b>73,833</b>	<b>63,200</b>	<b>69,627</b>	<b>71,258</b>
<b>SOCIAL SECURITY</b>						
<b>Discretionary:</b>						
Social Security Administration:						
Federal disability insurance trust fund .....	6	14	14	6	14	14
<b>Total, discretionary</b> .....	<b>6</b>	<b>14</b>	<b>14</b>	<b>6</b>	<b>14</b>	<b>14</b>
<b>Total, social security</b> .....	<b>6</b>	<b>14</b>	<b>14</b>	<b>6</b>	<b>14</b>	<b>14</b>
<b>VETERANS BENEFITS AND SERVICES</b>						
<b>Discretionary:</b>						
Department of Veterans Affairs:						
Veterans Health Administration:						
Medical care .....	318	343	369	318	343	369
Construction:						
Grants for construction of State extended care facilities .....	90	100	50	104	85	91
Grants for the construction of State veterans cemeteries .....	25	25	25	12	17	21
<b>Total, discretionary</b> .....	<b>433</b>	<b>468</b>	<b>444</b>	<b>434</b>	<b>445</b>	<b>481</b>
<b>Total, veterans benefits and services</b> .....	<b>433</b>	<b>468</b>	<b>444</b>	<b>434</b>	<b>445</b>	<b>481</b>
<b>ADMINISTRATION OF JUSTICE</b>						
<b>Discretionary:</b>						
Department of Health and Human Services:						
Administration for Children and Families:						
Violent crime reduction programs <sup>3</sup> .....	92			97	84	29
Department of Housing and Urban Development:						
Fair Housing and Equal Opportunity:						
Fair housing activities .....	44	46	46	33	37	37
Department of Justice:						
Office of Justice Programs:						
Justice assistance .....	151	263	304	65	147	455
State and local law enforcement assistance .....	1,520	2,767	1,933	475	1,760	3,270
Juvenile justice programs .....	242	263	268	177	158	383
Community oriented policing services .....	595	1,037	855	1,390	1,210	926
Violent crime reduction programs, State and local law enforcement assistance .....	1,184			2,049		
Court Services and Offender Supervision Agency for the District:						
Federal payment to Court Services and Offender Supervision Agency for the District of Columbia .....	93			66		
Equal Employment Opportunity Commission:						
Salaries and expenses .....	29	30	30	46	42	45
State Justice Institute:						
State Justice Institute: salaries and expenses .....	7	7	7	8	7	7
<b>Total, discretionary</b> .....	<b>3,957</b>	<b>4,413</b>	<b>3,443</b>	<b>4,406</b>	<b>3,445</b>	<b>5,152</b>
<b>Mandatory:</b>						
Department of Justice:						
Legal Activities and U.S. Marshals:						
Assets forfeiture fund .....	305	240	208	220	275	246
Office of Justice Programs:						
Crime victims fund .....	500	509	567	386	657	490
Department of the Treasury:						
Departmental Offices:						
Treasury forfeiture fund .....	98	88	88	108	88	88
<b>Total, mandatory</b> .....	<b>903</b>	<b>837</b>	<b>863</b>	<b>714</b>	<b>1,020</b>	<b>824</b>
<b>Total, administration of justice</b> .....	<b>4,860</b>	<b>5,250</b>	<b>4,306</b>	<b>5,120</b>	<b>4,465</b>	<b>5,976</b>

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		
	2000 Actual	2001 Estimate	2002 Estimate	2000 Actual	2001 Estimate	2002 Estimate
<b>GENERAL GOVERNMENT</b>						
<b>Discretionary:</b>						
Department of the Interior:						
Bureau of Land Management:						
Payments in lieu of taxes .....	134	200	150	133	200	150
Insular Affairs:						
Trust Territory of the Pacific Islands .....				2	2	2
District of Columbia:						
District of Columbia Courts:						
Federal payment to the District of Columbia courts .....	100	105	111	86	107	114
Defender services in District of Columbia courts .....	34	34	34	26	39	34
Crime victims compensation fund .....		18			18	
District of Columbia Corrections:						
Payment to the District of Columbia corrections trustee, operations .....	175	134	33	158	144	43
District of Columbia General and Special Payments:						
Federal support for economic development and management reforms in the District ...	34	43		83	43	
Federal Drug Control Programs:						
High-intensity drug trafficking areas program .....	158	172	206	143	161	223
<b>Total, discretionary</b> .....	<b>635</b>	<b>706</b>	<b>534</b>	<b>631</b>	<b>714</b>	<b>566</b>
<b>Mandatory:</b>						
Department of Agriculture:						
Forest Service:						
Forest Service permanent appropriations .....	213	227	393	213	227	393
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 .....	104	8	120	105	8	114
Minerals Management Service:						
Mineral leasing and associated payments .....	691	1,094	983	691	1,094	983
United States Fish and Wildlife Service:						
National wildlife refuge fund .....	19	18	18	19	18	18
Insular Affairs:						
Assistance to territories .....	70	78	69	74	66	77
Payments to the United States territories, fiscal assistance .....	148	104	104	147	104	104
Department of the Treasury:						
Bureau of Alcohol, Tobacco and Firearms:						
Internal revenue collections for Puerto Rico .....	297	315	246	297	315	246
United States Customs Service:						
Refunds, transfers, and expenses of operation, Puerto Rico .....	90	96	101	90	96	101
Corps of Engineers:						
Permanent appropriations .....	9	8	8	17	8	8
<b>Total, mandatory</b> .....	<b>1,644</b>	<b>1,951</b>	<b>2,045</b>	<b>1,656</b>	<b>1,939</b>	<b>2,047</b>
<b>Total, general government</b> .....	<b>2,279</b>	<b>2,657</b>	<b>2,579</b>	<b>2,287</b>	<b>2,653</b>	<b>2,613</b>
<b>Total, Grants</b> .....	<b>286,267</b>	<b>329,016</b>	<b>377,682</b>	<b>284,659</b>	<b>316,265</b>	<b>350,061</b>
Discretionary <sup>1,2</sup> .....	115,953	141,148	146,551	116,654	127,051	138,092
Mandatory <sup>1,2</sup> .....	170,314	187,868	231,131	168,005	189,214	211,969

<sup>1</sup> Budget authority for certain transportation programs is classified as mandatory in other budget presentations.<sup>2</sup> The Administration proposes to reverse the misleading budget practice of using advance appropriations simply to avoid spending limitations. In order to avoid overstating discretionary budget authority in 2002, language is proposed to designate the advance appropriation budget authority, appropriated in 2001, as direct (mandatory) spending.<sup>3</sup> Amounts for 2001 and 2002 are part of the children and families services programs in the Department of Health and Human Services.





## 10. FEDERAL EMPLOYMENT AND COMPENSATION

This section provides information on 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.

### Government Reform Initiative

The first priority of the President's Government reform initiatives is to make Government citizen-centered. This means ensuring that there is as little distance as possible between the citizens and decision-makers. To shrink the distance between citizens and Cabinet members, the Administration will flatten the Federal hierarchy, reduce the number of layers in the upper echelons of Government, and use workforce planning to help agencies and redistribute higher-level positions to front-line, service-delivery positions that interact with citizens. The Administration will also seek legislation to provide new and expanded workforce restructuring tools.

#### 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.

Table 10-1 provides agency-wide totals from the 1998 base through 2002.

Allocations of FTE resources by agency are made based upon Presidential priorities and other factors. While many of the agencies in Table 10-1 show FTE reductions between 1998 and 2002, several agencies, such as the Department of Justice, show an increase in FTEs. In addition, the sharp 2000 increase in the Department of Commerce was due to the additional staffing needs associated with conducting the 2000 Census.

#### 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. Current year FTE estimates for nearly all agencies in the Budget have been over-stated when compared to the actual published in the following year's Budget. The table below shows this trend:

Year	Estimate	Actual	Over-Statement
1998 .....	1,837.4	1,790.2	+47,200 (+2.6%)
1999 .....	1,801.6	1,778.4	+23,200 (+1.3%)
2000 .....	1,856.9	1,814.3	+42,600 (+2.3%)

### 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	Actual			Estimate		Change: 1998 to 2002	
	1998	1999	2000	2001	2002	FTE's	Percent
<b>Cabinet agencies:</b>							
Agriculture .....	96.4	95.5	95.1	97.9	97.8	1.4	1.4%
Commerce .....	35.7	47.3	113.3	39.7	37.0	1.3	3.6%
Defense-military functions .....	707.2	681.0	660.3	641.1	641.1	-66.2	-9.4%
Education .....	4.5	4.5	4.6	4.7	4.7	0.2	5.2%
Energy .....	16.3	15.9	15.6	16.4	16.3	0.1	0.3%
Health and Human Services .....	57.9	58.9	60.5	63.5	64.9	7.0	12.1%
Housing and Urban Development .....	9.8	10.0	10.1	10.3	10.3	0.5	4.9%
Interior .....	66.5	67.0	67.3	69.9	69.4	2.9	4.3%
Justice .....	117.3	121.3	122.8	129.1	134.9	17.6	15.0%
Labor .....	16.3	16.3	16.3	17.7	17.5	1.2	7.6%
State .....	26.4	26.9	27.3	27.7	27.8	1.4	5.2%
Transportation .....	63.4	63.7	63.0	65.0	65.9	2.6	4.1%
Treasury .....	142.1	143.7	143.7	148.4	150.9	8.8	6.2%
Veterans Affairs .....	207.1	205.5	202.6	205.9	204.7	-2.4	-1.2%
<b>Other agencies—excluding Postal Service:</b>							
Agency for International Development .....	2.7	2.5	2.4	2.4	2.5	-0.2	-7.7%
Broadcasting Board of Governors .....	2.4	2.4	2.4	2.5	2.5	0.1	4.2%
Corps of Engineers .....	24.8	24.7	24.8	24.8	24.8	.....	0.2%
Environmental Protection Agency .....	17.7	18.1	17.7	18.0	17.5	-0.2	-1.3%
EEOC .....	2.5	2.6	2.9	3.1	3.1	0.5	20.1%
FEMA .....	4.6	5.2	4.6	4.9	5.0	0.4	8.0%
FDIC/RTC .....	7.9	7.4	7.1	6.7	6.5	-1.4	-17.3%
General Services Administration .....	14.1	14.1	14.0	14.2	14.2	0.1	0.7%
NASA .....	19.1	18.5	18.4	19.0	19.0	-0.1	-0.5%
National Archives and Records Admin. ....	2.4	2.4	2.5	2.7	2.7	0.3	13.1%
National Labor Relations Board .....	1.9	1.8	1.9	2.0	2.0	0.1	6.5%
National Science Foundation .....	1.2	1.2	1.2	1.2	1.2	.....	1.9%
Nuclear Regulatory Commission .....	3.0	2.8	2.8	2.8	2.8	-0.2	-5.5%
Office of Personnel Management .....	2.8	2.8	2.8	3.0	3.0	0.2	7.6%
Panama Canal Commission .....	9.6	9.2	2.4	0.0	0.0	-9.6	-100.0%
Peace Corps .....	1.1	1.1	1.0	1.2	1.2	0.1	10.8%
Railroad Retirement Board .....	1.3	1.3	1.2	1.2	1.2	-0.1	-10.0%
Securities and Exchange Commission .....	2.8	2.8	2.8	3.0	3.0	0.2	8.0%
Small Business Administration .....	4.4	4.7	4.3	4.2	4.1	-0.2	-5.5%
Smithsonian Institution .....	5.0	5.1	5.0	5.2	5.2	0.1	2.8%
Social Security Administration .....	64.0	63.0	62.4	63.2	63.5	-0.5	-0.9%
Tennessee Valley Authority .....	14.4	13.5	13.2	13.2	13.1	-1.3	-9.1%
All other small agencies .....	13.6	13.9	14.0	15.8	15.9	2.3	16.8%
<b>Total, Executive Branch civilian employment .....</b>	<b>1,790.2</b>	<b>1,778.4</b>	<b>1,814.3</b>	<b>1,751.4</b>	<b>1,757.1</b>	<b>-33.2</b>	<b>-1.9%</b>
Subtotal, Defense .....	707.2	681.0	660.3	641.1	641.1	-66.2	-9.4%
Subtotal, Non-Defense .....	1,083.0	1,097.4	1,154.0	1,110.3	1,116.0	33.0	3.0%

**Table 10-2. TOTAL FEDERAL EMPLOYMENT**

(As measured by total positions filled)

Description	Actual as of September 30			Change: 1998 to 2000	
	1998	1999	2000	Positions	Percent
<b>Executive branch civilian employment:</b>					
All agencies except Postal Service and Postal Rate Commission:					
Full-time permanent .....	1,624,152	1,603,944	1,584,338	-39,814	-2.5%
Other than full-time permanent <sup>1</sup> .....	231,644	216,353	199,643	-32,001	-13.8%
Subtotal .....	1,855,796	1,820,297	1,783,981	-71,815	-3.9%
Postal Service: <sup>2</sup>					
Full-time permanent .....	660,987	670,272	666,528	5,541	0.8%
Other than full-time permanent .....	210,533	196,121	194,249	-16,284	-7.7%
Subtotal .....	871,520	866,393	860,777	-10,743	-1.2%
Subtotal, Executive branch civilian employment .....	2,727,316	2,686,690	2,644,758	-82,558	-3.0%
Military personnel on active duty: <sup>3</sup>					
Department of Defense .....	1,406,830	1,385,703	1,384,338	-22,492	-1.6%
Department of Transportation (Coast Guard) .....	35,459	35,740	36,157	698	2.0%
Subtotal, military personnel .....	1,442,289	1,421,443	1,420,495	-21,794	-1.5%
Subtotal, Executive Branch .....	4,169,605	4,108,133	4,065,253	-104,352	-2.5%
Legislative Branch:					
Full-time permanent .....	12,399	12,183	11,970	-429	-3.5%
Other than full-time permanent .....	18,075	18,170	19,187	1,112	6.2%
Subtotal, Legislative Branch .....	30,474	30,353	31,157	683	2.2%
Judicial Branch:					
Full-time permanent .....	28,487	28,875	28,938	451	1.6%
Other than full-time permanent .....	3,255	3,321	3,248	-7	-0.2%
Subtotal, Judicial Branch .....	31,742	32,196	32,186	444	1.4%
<b>Grand Total .....</b>	<b>4,231,821</b>	<b>4,170,682</b>	<b>4,128,596</b>	<b>-103,225</b>	<b>-2.4%</b>
<b>ADDENDUM</b>					
Executive branch civilian personnel (excluding Postal Service):					
DOD-Military functions <sup>4</sup> .....	692,552	665,679	651,247	-41,305	-6.0%
All other executive branch .....	1,163,244	1,154,618	1,132,734	-30,510	-2.6%
<b>Total<sup>5</sup> .....</b>	<b>1,855,796</b>	<b>1,820,297</b>	<b>1,783,981</b>	<b>-71,815</b>	<b>-3.9%</b>

<sup>1</sup> Includes Summer Aides, Stay-in-school, Junior Fellowship, Worker-Trainee Opportunity Program.<sup>2</sup> Includes Postal Rate Commission.<sup>3</sup> Excludes reserve components.<sup>4</sup> Excludes Defense Intelligence Agency.<sup>5</sup> Includes disadvantaged youth programs.

**Table 10-3. TOTAL FEDERAL EMPLOYMENT**

(As measured by Full-Time Equivalents)

Description	2000 actual	Estimate		Change: 2000 to 2002	
		2001	2002	FTE's	Percent
<b>Executive branch civilian personnel:</b>					
All agencies except Postal Service and Defense .....	1,153,968	1,110,329	1,116,000	-37,968	-3.3%
Defense-Military functions (civilians) .....	660,285	641,055	641,055	-19,230	-2.9%
Subtotal, excluding Postal Service .....	1,814,253	1,751,384	1,757,055	-57,198	3.2%
Postal Service <sup>1</sup> .....	848,353	841,002	828,052	-20,301	-2.4%
Subtotal, Executive Branch civilian personnel .....	2,662,606	2,592,386	2,585,107	-77,499	-2.9%
<b>Executive branch uniformed personnel:<sup>2</sup></b>					
Department of Defense .....	1,380,947	1,378,692	1,378,692	-2,255	-0.2%
Department of Transportation (Coast Guard) .....	35,716	35,934	35,132	-584	1.6%
Subtotal, uniformed military personnel .....	1,416,663	1,414,626	1,413,824	-2,839	-0.2%
Subtotal, Executive Branch .....	4,079,269	4,007,012	3,998,931	-80,338	-2.0%
Legislative Branch: <sup>3</sup> Total FTE <sup>3</sup> .....	31,192	31,513	33,333	2,141	6.9%
Judicial branch: Total FTE .....	31,230	33,302	34,277	3,047	9.8%
<b>Grand Total .....</b>	<b>4,141,691</b>	<b>4,071,827</b>	<b>4,066,541</b>	<b>-75,150</b>	<b>-1.8%</b>

<sup>1</sup> Includes Postal Rate Commission.<sup>2</sup> Military personnel on active duty. Excludes reserve components. Data shown for Department of Defense are average strengths, not FTEs.<sup>3</sup> Actual 2000 FTE data not available for legislative branch.

**TABLE 10-4. PERSONNEL COMPENSATION AND BENEFITS**  
(In millions of dollars)

Description	2000 actual	Estimate		Change: 2000 to 2002	
		2001	2002	Dollars	Percent
<b>Civilian personnel costs:</b>					
Executive Branch (excluding Postal Service):					
Direct compensation:					
DOD—military functions .....	32,301	32,825	33,281	980	3.0%
All other executive branch .....	63,024	65,138	68,406	5,382	8.5%
Subtotal, direct compensation .....	95,325	97,963	101,687	6,362	6.7%
Personnel benefits:					
DOD—military functions .....	7,472	7,541	7,720	248	3.3%
All other executive branch <sup>1</sup> .....	24,801	26,103	27,004	2,203	8.9%
Subtotal, personnel benefits .....	32,273	33,644	34,724	2,451	7.6%
Subtotal, executive branch .....	127,598	131,607	136,411	8,813	6.9%
Postal Service:					
Direct compensation .....	36,981	38,274	39,032	2,051	5.5%
Personnel benefits .....	11,116	11,963	12,447	1,331	12.0%
Subtotal .....	48,097	50,237	51,479	3,382	7.0%
Legislative Branch: <sup>2</sup>					
Direct compensation .....	1,375	1,454	1,554	179	13.0%
Personnel benefits .....	315	341	376	61	19.4%
Subtotal .....	1,690	1,795	1,930	240	14.2%
Judicial Branch:					
Direct compensation .....	1,907	2,191	2,368	461	24.2%
Personnel benefits .....	493	535	598	105	21.3%
Subtotal .....	2,400	2,726	2,966	566	23.6%
Total, civilian personnel costs .....	179,785	186,365	192,786	13,001	7.2%
<b>Military personnel costs:</b>					
DOD—Military Functions:					
Direct compensation .....	51,489	53,141	56,690	5,201	10.1%
Personnel benefits .....	18,886	19,093	20,127	1,241	6.6%
Subtotal .....	70,375	72,234	76,817	6,442	9.2%
All other executive branch, uniformed personnel:					
Direct compensation .....	1,321	1,394	1,505	184	13.9%
Personnel benefits .....	150	149	159	9	6.0%
Subtotal .....	1,471	1,543	1,664	193	13.1%
Total, military personnel costs <sup>3</sup> .....	71,846	73,777	78,481	6,635	9.2%
<b>Grand total, personnel costs</b> .....	<b>251,631</b>	<b>260,142</b>	<b>271,267</b>	<b>19,636</b>	<b>7.8%</b>
<b>ADDENDUM</b>					
<b>Former Civilian Personnel:</b>					
Retired pay for former personnel .....	46,144	48,464	50,705	4,561	9.9%
Government payment for Annuitants:					
Employee health benefits .....	5,049	5,572	6,102	1,053	20.9%
Employee life insurance .....	27	32	33	6	22.2%
Total Former Civilian Personnel .....	51,220	54,068	56,840	5,620	11.0%
<b>Former Military personnel:</b>					
Retired pay for former personnel .....	33,556	35,025	36,128	2,572	7.7%

<sup>1</sup> Includes transfers from general revenues in addition to employing agency's contributions for the cost of employee benefits. The transfers amounted to \$9118 million in 2000 and are estimated to be \$9,162 million in 2001 and \$9,229 million in 2002.

<sup>2</sup> Excludes members and officers of the Senate.

<sup>3</sup> Excludes reserve components.



## 11. STRENGTHENING FEDERAL STATISTICS

Our economy's complexity, growth, and rapid structural changes require 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 obtains a mortgage.

Similarly, timely, comparable data on the characteristics of the U.S. population are essential to monitor societal changes. Of great import in 2002 will be the continuing delivery of Census 2000 data products used to allocate locally each year nearly \$200 billion in Federal funds. In recognition of its significance and in response to concerns about early planning and the quality of long-form data, the Census Bureau proposes to streamline the very complex decennial census process and to actively seek opportunities to innovate. The plan for the next decade is to completely reengineer the 2010 Census as part of a strategy to develop a more systematic, integrated, building-block approach for decennial and demographic data collection. This approach has three major components:

- a simplified 2010 Census and more timely data based on eliminating the long form through implementation of the American Community Survey (ACS);
- a single, continuously updated address universe and associated geographical products for use in all decennial and demographic programs; and
- a well-tested and planned 2010 Census design produced through systematic development prior to mid-decade operational testing.

The American Community Survey is a revolutionary, structural 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 using only the short form. In 2002, Phase II of developing the ACS occurs, in which data from the 1999–2001 ACS will be compared with Census 2000 results.

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](http://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 more than 100 Federal agencies. In 2000, FedStats nearly doubled (from 40 to 77) the number of agencies whose data series are indexed there. In 2001, the FedStats team updated its home page based on recommendations from a usability work group, and enhanced its MapStats section to provide an interactive map-based application to access a variety of data at the State, county, congressional district, and Federal judicial district levels.

The statistical system is also working effectively to enhance the quality of data the agencies produce. For example, statistical agencies have developed proposed data sharing legislation that would permit limited sharing of confidential data among selected agencies solely for statistical purposes. Enactment of this legislation, and of a companion Treasury Department proposal that would make complementary changes to provisions set forth in the “Statistical Use” section of the Internal Revenue Code, will create a framework for statistical agencies to compare and improve the quality of their data.

Despite these accomplishments, rapid changes in our economy and society, and funding levels that challenge statistical agencies to keep pace with them, can threaten the relevance, accuracy, and timeliness 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 programs supported in the Administration's budget as well as a legislative initiative. In particular, these actions 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 Bureau of the Census);

- support the tabulation, analysis, and dissemination of Census 2000 data in order to reap the benefits of Census 2000 investments (Bureau of the Census);
- support early planning for the 2010 Census predicated on a fundamental reengineering of the census process (Bureau of the Census);
- continue 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);
- 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 enhance coverage of the service sector in BLS productivity estimates (Bureau of Labor Statistics); and
- provide new statutory authority for the limited sharing of data among designated Federal agen-

cies 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 2002 PROGRAM PROPOSALS FOR PRINCIPAL STATISTICAL AGENCIES

*Bureau of Economic Analysis:* Funding is requested to address critical gaps in coverage and the growing measurement error in Gross Domestic Product (GDP) and the national income accounts. BEA will develop new data sources and methods to improve measurement of the services industry, including telecommunications and other E-business related services; savings, investment and household wealth; international trade and finance; and derivative instruments, and will incorporate this information into the economic accounts. BEA will work with other statistical agencies to: (1) ensure that E-business, including related investment, is captured in estimates of GDP and other economic accounts data, and (2) develop estimates of the impact of E-business across products and industries, including investment, prices, and distribution. In addition, BEA will upgrade its computer and data handling capabilities to protect and disseminate its data and meet the demands of these improved measures of economic performance. Without such improvements, timely release of the GDP and related measures would be put at risk.

*Bureau of Justice Statistics:* Funding is requested to: (1) design and field a statistical series on the nature and consequences of routine traffic stops based on administrative data from law enforcement agencies and supplemental data from the National Crime Victimization Survey (NCVS) to learn about the public's experience relating to traffic stops; (2) implement a voluntary reporting system of deaths of persons while in law enforcement custody as required by the Deaths in Custody Act of 2000 that will include reports, submitted quarterly by States, on the death of any person who is in the process of arrest, is en route to be incarcerated,

or is incarcerated at a municipal or county jail, State prison, or other local or State correctional facility; (3) initiate the conversion of the NCVS interviewing and data collection activities from primarily a paper and pencil operation to a fully computerized system; (4) develop a methodology and initiate preliminary testing of potential questions to be used to enhance the NCVS to measure victimization of the disabled population in the United States as required by the Crime Victims with Disabilities Awareness Act; and (5) continue the Cybercrime Statistical Program, initiated in 2001, designed to measure changes in the incidence, magnitude, and consequences of electronic crime.

*Bureau of Labor Statistics:* Funding is requested to: (1) begin a new effort to fundamentally change the way the Consumer Price Index is revised and updated by instituting a process for continuous improvement in place of the periodic major revisions that were undertaken about every ten years; (2) enhance BLS' data security program and start replacing much of its decade-old local area network (LAN) infrastructure with a more current and capable LAN system through a central Department of Labor appropriation; (3) proceed with development of a new survey to measure how Americans spend their time in order to improve assessments of national well-being, and produce diary estimates of time spent in market work to evaluate existing estimates of work hours; (4) continue work to extend Producer Price Index coverage for the first time to the construction sector of the U.S. economy and to enhance service sector coverage; (5) proceed with development of new industry labor and multifactor productivity series for the service-producing sector; and (6) continue



to improve the statistical quality of local area unemployment statistics.

*Bureau of the Census:* Funding is requested for Census 2000, Census 2010 Planning, and for the Census Bureau's economic and demographic programs. For Census 2000, funding is requested to: (1) continue to disseminate data products; (2) manage remaining activities to complete Census 2000; (3) ensure that the contracts for data capture are closed out efficiently; (4) respond to concerns from local and tribal governments about the accuracy of the census counts via the Count Question Resolution program; (5) compare data from the American Community Survey (ACS) with Census 2000 results; and (6) continue evaluating census operations. For the 2010 Census, funding is requested to provide for adequate testing and simplified data collection by: (1) establishing an early design and testing infrastructure to allow complete testing of all major elements of the 2010 Census design; (2) developing the Long Form Transitional Database to enable re-engineering of the 2010 Census through use of the ACS to collect long form data; and (3) replacing the MAF/TIGER system with one that uses Global Positioning System technology and satellite mapping imagery to update and improve the Census 2000 address information. For Census Bureau economic and demographic programs, funding is requested to: (1) maintain the program to measure E-business; (2) redesign samples for household surveys based on Census 2000 data; and (3) begin implementation of the 2002 Economic Censuses and Census of Governments.

*Bureau of Transportation Statistics:* Funding is requested to: (1) implement the Safety Data Action Plan, a series of projects to improve the quality, comparability, and timeliness of transportation safety data and to better understand accident causation; (2) improve the collection and analysis of aviation data, particularly data related to flight delay and airline competition; (3) continue developing the Intermodal Transportation Data Base, a web-based portal that provides one-stop shopping for transportation data; (4) expand the National Transportation Library, which provides access to the Nation's transportation research and planning literature via the Internet; (5) collect data on travel behavior, freight movement, customer satisfaction, and motor carrier operations; (6) strengthen transportation data analysis and study emerging trends; (7) improve statistical tools for geo-spatial data analyses and promote their use in transportation applications; (8) ensure the reliability of DOT's GPRA performance measurement data and develop measures for DOT's new strategic goals; and (9) publish the monthly Transportation Indicators report, the congressionally-mandated Transportation Statistics Annual Report, and its companion, the National Transportation Statistics report.

*Economic Research Service:* Funding is requested to: (1) provide economic analysis and expert witness litigation support related to the Pigford Consent Decree which resulted from a class action lawsuit that alleged racial discrimination in the administration of USDA

farm loan and benefit programs, and (2) publish information on retail purchases of representative meat products required by the Mandatory Price Reporting Act of 1999.

*Energy Information Administration:* Funding is requested to continue: (1) overhauling the natural gas and electricity surveys and data systems to accommodate the changes in these industries brought on by deregulation and restructuring; (2) updating EIA's 20-year-old energy consumption surveys; (3) improving the data quality and accuracy in crude oil, diesel, gasoline, and natural gas production surveys; (4) modifying surveys to reflect changes under Tier II of the Clean Air Act Amendments, and (5) integrating information processing infrastructure upgrades to enhance energy data collection, analyses, and dissemination, and meet Government Paperwork Elimination Act requirements.

*National Agricultural Statistics Service:* Funding is requested to: (1) finalize preparations for data collection and processing for the 2002 Census of Agriculture that include printing over three million questionnaires and other materials; developing final procedures for mailout and processing; designing and testing computer systems; developing State and national management and tabulation plans; preparing for the census in Puerto Rico and insular areas; training; and developing dissemination mechanisms for both electronic and printed media; and (2) establish a computer security architecture to increase protection of market-sensitive and confidential data from cybersecurity threats.

*National Center for Education Statistics:* Funding is requested to administer State-level reading and mathematics assessments for the National Assessment of Educational Progress (NAEP) annually in grades 4 and 8, as well as to continue the current NAEP assessment program. Funding is also requested to continue support for: (1) an institutional census survey program that provides information on elementary, secondary, and postsecondary education and on libraries; (2) a special cross-sectional surveys program that collects and reports data on a wide variety of topics, including schools and school staff, adult literacy, postsecondary faculty, and postsecondary student aid; (3) a longitudinal surveys program that includes the Early Childhood Longitudinal Studies' Birth and Kindergarten cohorts, the Education Longitudinal Study of 2002 which will follow a nationally representative sample of high school students, and two postsecondary surveys, the Beginning Postsecondary Longitudinal Survey and the Baccalaureate and Beyond; (4) an international studies program that includes a variety of projects, such as the Third International Mathematics and Science Study-Repeat (TIMSS-R); (5) a statistical standards and reporting program designed to enhance the quality and usefulness of NCES data; and (6) training, technical assistance, and dissemination projects.

*National Center for Health Statistics:* Funding is requested to: (1) continue to stabilize and rebuild core data systems as part of an ongoing effort to maintain existing data systems while retooling to meet new data

needs and more fully utilize new technology and methods; (2) support updating the design of household survey samples based on Census 2000 data; and (3) provide information critical to monitoring the dynamics of health and health care, and provide the underpinnings for biomedical research, health policy,

and public health practice through support of the National Health Interview Survey, the National Health and Nutrition Examination Survey, the National Vital Statistics System, and the National Health Care Survey.

**Table 11-1. 2000-2002 BUDGET AUTHORITY FOR PRINCIPAL STATISTICAL AGENCIES**

(In millions of dollars)

	2000 actual	2001 estimate	2002 estimate
Bureau of Economic Analysis .....	43.8	48.1	56.6
Bureau of Justice Statistics .....	25.5	29.0	30.5
Bureau of Labor Statistics .....	413.2	<sup>1, 2</sup> 450.9	<sup>3</sup> 468.3
Bureau of the Census .....	4,749.7	<sup>2, 4</sup> 429.2	543.4
Periodic Censuses and Programs .....	4,609.3	<sup>4</sup> 272.3	374.8
Salaries and Expenses .....	140.0	156.8	168.6
Bureau of Transportation Statistics .....	31.0	31.0	43.8
Economic Research Service .....	64.1	65.9	67.0
Energy Information Administration .....	72.4	75.5	75.5
National Agricultural Statistics Service <sup>5</sup> .....	99.4	100.6	113.8
National Center for Education Statistics .....	108.0	120.0	193.1
Statistics .....	68.0	80.0	84.0
Assessment .....	36.0	36.0	105.0
National Assessment Governing Board .....	4.0	4.0	4.1
National Center for Health Statistics .....	111.8	122.4	127.0
PHS Evaluation Funds .....	71.7	71.7	127.0
Budget Authority .....	40.1	50.7	0.0

<sup>1</sup> Includes a transfer of \$20.7 million from elsewhere in the Department of Labor to centralize the preparation of labor market information.

<sup>2</sup> Includes rescission (P.L. 106-554)

<sup>3</sup> Total reflects a financing charge that reduces the 2002 total by \$7.5 million.

<sup>4</sup> Does not include \$260 million in carry-over funding made available to the Census Bureau in 2001 from funds appropriated for the Decennial Census in 2000, resulting in a 2001 program level of \$689.2 million.

<sup>5</sup> Includes funds for the periodic Census of Agriculture and Special Studies of \$16.5, \$15.0, and \$25.0 (million) in 2000, 2001, and 2002, respectively.

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## FEDERAL BORROWING AND DEBT

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## 12. FEDERAL BORROWING AND DEBT

Debt is the largest legally binding obligation of the Federal Government. At the end of 2000, the Government owed \$3,410 billion of principal to the people who had loaned it the money to pay for past deficits. During that year, the Government paid the public around \$233 billion of interest on this 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. The surplus rose in the following two years, reaching \$236 billion in 2000. As a result, the Government reversed the many years of debt accumulation and repaid \$363 billion of publicly held debt in the past three years. The budget estimates that debt will be reduced by \$236 billion this year and by a historic \$2.0 trillion over the following decade. This will be a debt milestone for the nation. Under the assumptions in this budget, a larger debt reduction would be made difficult by the marketable securities that will not have matured by the end of 2011 and by the various issues of non-marketable debt that will not have matured or that serve functions that continue to be needed.

### Trends in Debt Since World War II

Table 12-1 depicts trends in Federal debt held by the public from World War II to the present and estimates from the present to 2011. (It is supplemented for earlier years by tables 7.1-7.3 in *Historical Tables*, which is published as a separate volume of the budget.) As this table shows, Federal debt peaked at 108.6 percent of Gross Domestic Product (GDP) in 1946, just after the end of the war. 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 large amounts to buy homes and consumer durables, and with businesses borrowing large amounts 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 Federal debt relative to GDP and credit market debt stopped declining after the middle of the decade. The growth of Federal debt accelerated in the

1980s, and the ratio of Federal debt to GDP grew sharply. The ratio of Federal debt to credit market debt also rose, though to a much lesser extent. Interest outlays on debt held by the public, calculated as a percentage of either total Federal outlays or GDP, increased as well.

The growth of Federal debt held by the public was decelerating by the mid-1990s, however, and the debt has declined markedly relative to both GDP and total credit market debt. It fell from 49.5 percent of GDP in 1993 to 34.7 percent in 2000; and it fell more gradually and unevenly from 26.6 percent of total credit market debt in 1993 to 18.9 percent in 2000. Interest on this debt, whether in absolute terms or relative to total outlays and GDP, has been declining as well. Interest as a share of outlays peaked at 16.5 percent in 1989 and then fell to 13.0 percent by 2000.

### Projected Trends in Debt Over the Next Decade

This budget estimates a large surplus again this year, with a \$236 billion reduction in publicly held debt. (For the exact relationship between the unified budget surplus and the repayment of debt held by the public, see table 12-3 below and its explanation.) Over the following decade, as table 12-3 shows below, the surpluses (including the contingency reserve) are estimated to remain at roughly similar levels for several years and then to grow larger. As a result, the debt held by the public is estimated to decline from \$3.2 trillion at the end of 2001 to \$1.2 trillion at the end of 2011, a historic \$2.0 trillion reduction. By the end of 2011 debt held by the public is estimated to be 6.7 percent of GDP, the lowest percentage since shortly after the United States entered the First World War in 1917. Interest on this debt is estimated to be only 3.3 percent of total outlays<sup>1</sup> and to equal only 0.5 percent of GDP.<sup>2</sup> These percentages are about one-quarter of the percentages in 2000.

Large though this debt reduction is, its size is limited by the amount of available debt that can reasonably be redeemed. As table 12-2 shows, \$1,158 billion of publicly held debt is estimated by the Office of Management and Budget to remain at the end of 2011. The budgetary assumptions behind these estimates do not prejudge future debt management decisions.

At the end of February, \$529 billion of Treasury bonds were outstanding that will not mature until after 2011. As of April, Treasury is continuing to sell new 30-year bonds. It is also selling new 10-year notes, and

<sup>1</sup>This measure excludes the earnings on excess balances. If the latter were included, interest would be only 1.3 percent of total outlays.

<sup>2</sup>The macroeconomic assumptions behind these projections are reviewed in chapter 1 of this volume, "Economic Assumptions." The uncertainty in budget projections is discussed in *A Blueprint for New Beginnings: A Responsible Budget for America's Priorities* (February 2001), pp. 14-16.

**Table 12-1. TRENDS IN FEDERAL DEBT HELD BY THE PUBLIC**  
(Dollar amounts in billions)

Fiscal year	Current dollars			Debt held by the public: FY 1996 dollars <sup>1</sup>	Debt held by the public as a percent of:		Interest on the debt held by the public as a percent of: <sup>3</sup>	
	Debt held by the public	Excess balances	Net indebtedness		GDP	Credit market debt <sup>2</sup>	Total outlays	GDP
1946	241.9		241.9	1,728.3	108.6	N/A	7.4	1.8
1950	219.0		219.0	1,270.7	80.1	53.3	11.4	1.8
1955	226.6		226.6	1,154.9	57.3	43.2	7.6	1.3
1960	236.8		236.8	1,070.7	45.6	33.8	8.5	1.5
1965	260.8		260.8	1,102.4	37.9	26.9	8.1	1.4
1970	283.2		283.2	994.2	28.0	20.8	7.9	1.5
1975	394.7		394.7	1,020.6	25.3	18.4	7.5	1.6
1980	711.9		711.9	1,271.6	26.1	18.5	10.6	2.3
1985	1,507.4		1,507.4	2,051.0	36.4	22.3	16.2	3.7
1986	1,740.8		1,740.8	2,313.1	39.5	22.6	16.1	3.6
1987	1,889.9		1,889.9	2,444.1	40.7	22.3	16.0	3.5
1988	2,051.8		2,051.8	2,569.3	40.9	22.2	16.2	3.4
1989	2,191.0		2,191.0	2,641.9	40.5	22.0	16.5	3.5
1990	2,411.8		2,411.8	2,803.0	42.1	22.6	16.2	3.5
1991	2,689.3		2,689.3	3,008.3	45.3	24.1	16.2	3.6
1992	3,000.1		3,000.1	3,270.0	48.2	25.7	15.5	3.4
1993	3,248.8		3,248.8	3,458.8	49.5	26.6	14.9	3.2
1994	3,433.4		3,433.4	3,577.9	49.4	26.8	14.4	3.0
1995	3,604.8		3,604.8	3,676.8	49.2	26.6	15.8	3.3
1996	3,734.5		3,734.5	3,734.5	48.5	26.2	15.8	3.2
1997	3,772.8		3,772.8	3,700.6	46.1	25.2	15.7	3.1
1998	3,721.6		3,721.6	3,599.3	42.9	23.3	15.1	2.9
1999	3,632.9		3,632.9	3,464.9	39.8	21.2	13.8	2.6
2000	3,410.1		3,410.1	3,191.0	34.7	18.9	13.0	2.4
2001 estimate	3,174.2		3,174.2	2,908.2	30.8	N/A	11.6	2.1
2002 estimate	2,946.8		2,946.8	2,644.6	27.1	N/A	10.1	1.8
2003 estimate	2,719.5		2,719.5	2,390.5	23.8	N/A	9.2	1.6
2004 estimate	2,473.2		2,473.2	2,129.3	20.5	N/A	8.3	1.4
2005 estimate	2,219.4		2,219.4	1,871.4	17.5	N/A	7.2	1.2
2006 estimate	1,928.2		1,928.2	1,592.4	14.4	N/A	6.3	1.0
2007 estimate	1,601.7		1,601.7	1,295.6	11.4	N/A	5.3	0.9
2008 estimate	1,403.9	161.5	1,242.3	1,112.5	9.5	N/A	4.5	0.7
2009 estimate	1,278.7	442.8	835.9	992.4	8.2	N/A	4.0	0.6
2010 estimate	1,207.9	824.0	383.9	918.0	7.3	N/A	3.5	0.6
2011 estimate	1,157.7	1,287.2	-129.5	861.7	6.7	N/A	3.3	0.5

N/A = Not Available.

<sup>1</sup>Debt in current dollars deflated by the GDP chain-type price index with fiscal year 1996 equal to 100.

<sup>2</sup>Total credit market debt owed by domestic nonfinancial sectors, modified in a few early years 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.

<sup>3</sup>Interest on debt held by the public for 1946-2007 is estimated as the interest on Treasury debt securities less the "interest received by trust funds" (subfunction 901 less subfunctions 902 and 903). For 2008-2011, in order to maintain comparability with debt held by the public, it does not include interest earnings on excess balances, which are offsetting receipts within subfunction 901. The estimate of interest on debt held by the public does not include the comparatively small amount of interest paid on agency debt or the offsets for interest on Treasury debt received by other Government accounts (revolving funds and special funds).

the maturity of 10-year notes sold after September will extend beyond 2011. Regardless of the size of the surplus, these securities can be redeemed early only if Treasury can buy them back in the market. Some holders of these securities, especially those who place special value on the absence of any credit risk, will not be willing to sell them back to the Treasury except at premiums that are excessively high from the standpoint of the Federal Government. The Congressional Budget Office (CBO) agrees, noting in its January report that "it is unlikely that all, or even a significant

share, of the holders of those bonds will choose to sell them at prices that the government is willing to pay."<sup>3</sup>

A second group of Treasury securities that may not readily be redeemable consists of special purpose, non-marketable debt. Savings bonds, the largest component, are thought by many people to encourage private saving by small savers in a convenient and safe investment vehicle. Furthermore, even if the Government decided to terminate this program, many savings bonds, including those now being sold, do not mature until after 2011. State and local government series securities, the second largest type of non-marketable debt, are a way

<sup>3</sup>CBO, *The Budget and Economic Outlook: Fiscal Years 2002-2011* (January 2001), page 15.

**Table 12-2. NON-REDEEMABLE DEBT <sup>1</sup>**

(In billions of dollars)

	Estimate 2011
<b>Marketable Treasury Debt: <sup>2</sup></b>	
Coupon issues	
(non-matured 10- and 30-year notes and bonds) .....	677
Inflation-indexed issues <sup>3</sup>	
(non-matured 10- and 30-year notes and bonds) .....	113
<b>Non-Marketable Treasury Debt:</b>	
Savings bonds .....	170
State and local government series: securities used temporarily to house proceeds of bond issues .....	86
Foreign series: bonds that back debt in certain emerging markets, or "Brady Bonds" (mature during 2019-2023) .....	19
Domestic series: bonds that back REFCORP debt issued as part of the Savings and Loan association clean-up (mature during 2019-2030) .....	30
Government account series: Thrift Savings Fund (defined-con- tribution pension plan for Federal civilian employees) .....	76
Unamortized discounts and premiums (primarily for zero-cou- pon bonds in the foreign and domestic series) .....	-33
<b>Agency Debt:</b>	
Tennessee Valley Authority and other agencies .....	20
<b>Total .....</b>	<b>1,158</b>

<sup>1</sup> Types of debt securities are shown at par values. The total of \$1,158 billion includes an adjustment for unamortized discounts and premiums, which is consistent with the measurement of debt held by the public.

<sup>2</sup> This table includes estimates for Treasury buybacks of outstanding securities only through FY 2001. These estimates assume that Treasury will buy back \$35 billion (face value) of securities in FY 2001.

<sup>3</sup> Includes indexation adjustments based on the economic assumptions for this budget.

for state and local governments to invest bond proceeds temporarily. The interest rate that states and localities pay on their bonds is reduced by Federal income tax exemption, and Federal legislation restricts them from earning arbitrage profits by investing bond proceeds in higher yielding investments. Other non-marketable Treasury securities with long maturities were issued to back-up certain debt that was issued to resolve financial problems among savings and loan associations, or to back-up debt in the emerging markets of a few foreign countries. Still other non-marketable securities were sold to the Thrift Savings Fund, a defined-contribution pension plan for Federal civilian employees, which offers investment in Treasury securities as one option.

In addition to Treasury securities, Federal debt includes a small amount of securities issued by a few Federal agencies. These securities may not readily be redeemed and in some cases, as discussed in a later section, are inherent in the way the program operates.

It is impossible to know with confidence how much non-redeemable debt will remain in 2008, when for the first time the surplus is estimated to be larger than the maturing debt, or how much will remain in 2011. That will depend on many debt management decisions that have not yet been made and will not be made until the appropriate future occasions. The budget therefore makes a number of simplified assumptions that are not intended to prejudge future debt management decisions. Marketable coupon securities are discontinued after 2005. All bonds that are callable prior to maturity are called on the first call date. Treasury

buys back \$35 billion of bonds in 2001; consistent with previous budget documents, estimates are not made of buybacks in later years. Savings bonds decline slightly, and the state and local government series declines significantly.

The Congressional Budget Office has also estimated the debt not available for redemption. Their latest estimates, published in January 2001, project that \$818 billion of publicly held debt would be unavailable for redemption at the end of 2011.<sup>4</sup> Compared to the assumptions in the budget, CBO assumes that marketable notes and bonds will be discontinued earlier and buybacks will continue beyond 2001. They project "that the Treasury will continue its buyback program at approximately the current level through next year but that after 2002, the amount of debt it repurchases will dwindle."<sup>5</sup>

Based on the budget estimates, the surplus eventually exceeds the debt that can be redeemed in the same year—what happens to the difference? This budget does not make any assumption about how the difference is held and simply calls it "excess balances," a term that does not have any connotations about how the amounts are held.<sup>6</sup> It uses the term "net indebtedness" for the difference between debt held by the public and excess balances. Excess balances start in 2008 and grow to \$1.3 trillion in 2011, when net indebtedness becomes negative.

The Government itself does not have any satisfactory way to hold these excess balances as assets. As the Administration stated in *A Blueprint for New Beginnings: A Responsible Budget for America's Priorities* (February 2001): "The Administration believes that Government acquisition of the private economy is utterly unacceptable as a matter of principle. . . . [and] that Government investment of these uncommitted funds in private companies and securities would harm the economy's long run growth prospects."<sup>7</sup> The Administration also believes that it would be impracticable to hold such large amounts in its accounts at the Federal Reserve Banks and other depositories.<sup>8</sup> Indeed, holding such amounts in the Federal Reserve would simply shift to it the need to invest in the private sector.

In fact, it should not be supposed that excess balances will ever actually be accumulated. The projections in this budget are for ten and one-half years, a long period with many inherent uncertainties. The budget has therefore set aside "over \$0.8 trillion in reserve funds that can be used for additional needs, contingency purposes, and further debt reduction if this became financially viable."<sup>9</sup> The budget recognizes that a num-

<sup>4</sup> *Ibid.*, pages 14-15.

<sup>5</sup> *Ibid.*, page 15.

<sup>6</sup> The word "excess" means in excess of the amounts held for operational and programmatic purposes. Excess balances are assumed to earn interest. Because no institutional arrangements are assumed regarding how or whether the excess balances might be deposited or invested, the interest earnings on excess balances are included, as offsetting receipts, in the account "interest on Treasury debt securities (gross)."

<sup>7</sup> *A Blueprint for New Beginnings*, page 13.

<sup>8</sup> *Ibid.*, page 31.

<sup>9</sup> *Ibid.*, page 11 footnote. Also see table S-1 of the *Budget* for the place of the contingency reserve in a summary of the President's 10-year plan.

ber of reasons could require the commitment of more resources, such as national defense and entitlement reforms, and that the debt buyback program may remain more cost-effective for some period of time. It also says that unneeded funds should be left with American workers through lower taxes in the future.<sup>10</sup> To be realistic, any plan over ten years must allow for contingencies and other uncertainties in its construction and its interpretation. Excess balances are a recognition that the future is uncertain and many decisions will not be made until later years.

### 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.<sup>11</sup> Second, it issues debt to Government accounts, primarily trust funds, that accumulate surpluses. By law, trust fund surpluses must generally 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 sometimes called "public debt," but a small portion has been issued by other Government agencies and is called "agency debt."<sup>12</sup>

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.<sup>13</sup>

<sup>10</sup> See generally *ibid.*, chapter III, especially pages 16–17.

<sup>11</sup> 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.) When the measurement was changed, the data in *Historical Tables* were revised as far back as feasible, which was 1956. 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*, pages 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.

<sup>12</sup> 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 12-4 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.

<sup>13</sup> 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

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, interest receipts, and other collections compared to their spending. 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. The debt securities are a liability of the general fund to the fund that holds the securities and are a mechanism for that fund to accumulate interest on its balances. The fund can use these invested balances in later years to draw upon the U.S. Treasury to make future payments on its behalf to the public. 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 draw upon private saving and 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; its interest does not have to be financed by taxes or other means; 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 in the program or the larger group of current participants plus the expected future participants over some stated time period. The future transactions of Federal social insurance and employee retirement programs, which own about three-fourths 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.<sup>14</sup> Debt held by the public is therefore a better concept than gross Federal debt for analyzing the effect of the budget on the economy.

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 and payable as of the end of the month but, according to statute, are paid during the next month; loan guarantee liabil-

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.

<sup>14</sup> 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 included annually in the *Financial Report of the United States Government* (formerly the *Consolidated Financial Statements*), prepared by the Financial Management Service of the Treasury Department.



Table 12-3. FEDERAL GOVERNMENT FINANCING AND DEBT

(In billions of dollars)

	Actual 2000	Estimate										
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Financing:</b>												
Unified budget surplus .....	236	281	231	242	262	269	305	340	373	420	465	526
On-budget surplus/reserve for contingencies <sup>1</sup> .....	87	125	59	49	52	32	52	69	85	117	142	184
Off-budget surplus .....	150	156	172	193	211	237	252	270	287	303	323	343
Financing other than the change in debt held by the public:												
Premiums paid (-) on buybacks of Treasury securities <sup>2</sup> ....	-6	-10	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Changes in: <sup>3</sup>												
Treasury operating cash balance .....	4	3	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Checks outstanding, deposit funds, etc. <sup>4</sup> .....	3	-*	-1	.....	.....	.....	.....	.....	.....	.....	.....	.....
Seigniorage on coins .....	2	2	2	2	2	2	2	2	2	2	2	2
Less: Net financing disbursements:												
Direct loan financing accounts .....	-22	-39	-4	-17	-18	-17	-16	-16	-16	-16	-16	-15
Guaranteed loan financing accounts .....	4	-1	-1	1	-*	-*	1	1	1	1	1	1
Total, financing other than the change in debt held by the public .....	-13	-45	-4	-15	-16	-15	-14	-13	-13	-13	-13	-13
Total, amount available to repay debt held by the public .....	223	236	227	227	246	254	291	326	359	406	452	513
Change in debt held by the public: <sup>5,6</sup>												
Change in debt held by the public .....	-223	-236	-227	-227	-246	-254	-291	-326	-198	-125	-71	-50
Less change in excess balances .....	.....	.....	.....	.....	.....	.....	.....	.....	-162	-281	-381	-463
Change in net indebtedness .....	-223	-236	-227	-227	-246	-254	-291	-326	-359	-406	-452	-513
<b>Debt Subject to Statutory Limitation, End of Year:</b>												
Debt issued by Treasury .....	5,601	5,598	5,637	5,698	5,759	5,832	5,890	5,932	6,118	6,395	6,749	7,140
Adjustment for Treasury debt not subject to limitation and agency debt subject to limitation <sup>7</sup> .....	-15	-15	-15	-15	-15	-15	-15	-15	-15	-15	-15	-15
Adjustment for discount and premium <sup>8</sup> .....	6	6	6	6	6	6	6	6	6	6	6	6
Total, debt subject to statutory limitation <sup>9</sup> .....	5,592	5,588	5,627	5,688	5,749	5,822	5,881	5,922	6,108	6,385	6,740	7,130
<b>Debt Outstanding, End of Year:</b>												
Gross Federal debt: <sup>10</sup>												
Debt issued by Treasury .....	5,601	5,598	5,637	5,698	5,759	5,832	5,890	5,932	6,118	6,395	6,749	7,140
Debt issued by other agencies .....	28	27	27	26	25	24	23	21	21	21	20	20
Total, gross Federal debt .....	5,629	5,625	5,664	5,724	5,784	5,856	5,913	5,953	6,138	6,415	6,770	7,160
<b>Held by:</b>												
Debt securities held as assets by Government accounts .....	2,219	2,451	2,717	3,004	3,310	3,636	3,985	4,352	4,735	5,137	5,562	6,002
Debt securities held as assets by the public: <sup>6</sup>												
Debt held by the public .....	3,410	3,174	2,947	2,720	2,473	2,219	1,928	1,602	1,404	1,279	1,208	1,158
Less excess balances .....	.....	.....	.....	.....	.....	.....	.....	.....	-162	-443	-824	-1,287
Net indebtedness <sup>11</sup> .....	3,410	3,174	2,947	2,720	2,473	2,219	1,928	1,602	1,242	836	384	-129

\*\$500 million or less.

<sup>1</sup> The actual amount of annual debt retirement will vary depending upon the availability of eligible redeemable debt, and the use, if any, of the contingency reserve.<sup>2</sup> This table includes estimates for Treasury buybacks of outstanding securities only through FY 2001. These estimates assume that Treasury will buy back \$35 billion (face value) of securities in FY 2001. The premiums paid on buybacks are based on experience to date and the interest rates in the economic assumptions.<sup>3</sup> A decrease in the Treasury operating cash balance (which is an asset) would be a means of financing a deficit and therefore has 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.<sup>4</sup> Besides checks outstanding and deposit funds, includes accrued interest payable on Treasury debt, miscellaneous liability accounts, allocations of special drawing rights, and, as an offset, cash and monetary assets other than the Treasury operating cash balance, miscellaneous asset accounts, and profit on sale of gold.<sup>5</sup> 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. Their holdings of Treasury securities were accordingly reclassified from debt held by Government accounts to debt held by the public, which affected the change in debt held by the public without affecting borrowing or the repayment of debt.<sup>6</sup> The amount of the unified budget surplus that is available to repay debt held by the public is estimated to be more than the amount of debt that is available to be redeemed in 2008 and subsequent years. The difference is assumed to be held as "excess balances." ("Excess" means in excess of the amounts held for operational and programmatic purposes.) The debt held by the public is the amount of Federal debt securities held by the public. The net indebtedness is the debt held by the public less the excess balances.<sup>7</sup> Consists primarily of Federal Financing Bank debt.<sup>8</sup> Consists of unamortized discount (less premium) on public issues of Treasury notes and bonds (other than zero-coupon bonds) and unrealized discount on Government account series securities.<sup>9</sup> The statutory debt limit is \$5,950 billion.<sup>10</sup> Treasury securities held by the public and zero-coupon bonds held by Government accounts are almost entirely measured at sales price plus amortized discount or less amortized premium. Agency debt is almost entirely measured at face value. Treasury securities in the Government account series are measured at face value less unrealized discount (if any).<sup>11</sup> At the end of 2000, the Federal Reserve Banks held \$511 billion of Federal securities and the rest of the public held \$2,899 billion. Debt held by the Federal Reserve Banks is not estimated for future years.

ities 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 chap-

ter 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*, prepared by the Treasury Department.

### Government Surpluses and Debt Repayment

Table 12–3 summarizes Federal borrowing and debt from 2000 through 2011. In 2000 the Government repaid \$223 billion of debt held by the public, and the debt outstanding decreased to \$3,410 billion. The debt held by Government accounts increased \$246 billion, and gross Federal debt increased by \$23 billion to a level of \$5,629 billion.

**Debt held by the public.**—Table 12–3 shows the relationship between the Federal surplus and the repayment of debt held by the public. The repayment of publicly held debt depends on the Federal Government’s expenditure programs and tax laws, on the economic conditions that influence tax receipts and outlays, and on debt management policy. The sensitivity of the budget to economic conditions is analyzed in chapter 1 of this volume.

The total or unified budget surplus consists of the on-budget surplus and the surplus of the off-budget Federal entities, which have been excluded from the budget by law. Under present law, the off-budget Federal entities are the social security trust funds (old-age and survivors insurance and disability insurance) and the Postal Service fund.<sup>15</sup> The off-budget totals consist almost entirely of social security, which had a large surplus in 2000 and is estimated to have large and growing surpluses throughout the projection period. The on-budget surplus is labeled “on-budget surplus/reserve for contingencies” in table 12–3, because the budget has set aside \$0.8 trillion that can be used for additional needs and contingency purposes. To the extent it is used for such purposes, outlays would be higher or receipts lower than estimated for this table, and the realized on-budget surplus would be correspondingly lower.

The Government’s ability to repay debt held by the public depends not only on the size of the total surplus but also on two other considerations—financing other than the change in debt held by the public, and the availability of redeemable debt.

**Financing other than the change in debt held by the public.**—The Government’s ability to repay debt held by the public, or its need to borrow, has always depended on several other factors besides the unified budget surplus or deficit, such as the change in Treasury cash balances or, in recent years, the net financing disbursements of credit programs. As shown in table 12–3, these other factors—which in this table are called “financing other than the change in debt held by 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 2000 the total surplus was \$236 billion and the “financing other than the change in debt held by the public” was -\$13 billion. As a result, the Government was able to repay \$223 billion of publicly held debt. The sum of the surplus and the other financing is roughly stable over the next few years and then rises sharply, as a result of which the Government repays large and generally increasing amounts of debt each year until limited by the availability of redeemable debt.

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 \$882 billion and the increase in debt held by the public was \$998 billion. The other factors added a total of \$116 billion of borrowing over that period, an average of \$12 billion per year. The variation was wide, ranging from additional borrowing (or lower repayment) of \$36 billion to reduced borrowing of \$19 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, two other factors in the financing may be relatively large for extended periods. The first is premiums on debt buybacks—the excess of the price paid over the book value. As discussed earlier, the Treasury Department is buying back some outstanding bonds as part of its work to manage the reduction of the publicly held debt. The premiums at present are the result of interest rates having fallen since the bonds were sold and are recorded outside the budget totals as a separate entry in the “financing other than the change in debt held by the public.” It is important to note, however, that the volume of buybacks to date has been small relative to the outstanding stock of debt. The premiums were \$5.5 billion in 2000 on bonds with a book value of \$21.2 billion and are estimated to be \$10 billion in 2001, when buybacks are assumed to be made over the entire year. (Discounts would be recorded in the same way, if interest rates were to rise above the rates at the time of sale.) This classification is explained in a section of chapter 24, “Budget System and Concepts and Glossary.”

The second such factor was created by the Federal Credit Reform Act of 1990. Budget outlays for direct loans and loan guarantees consist of the estimated sub-

<sup>15</sup> For further explanation of the off-budget Federal entities, see chapter 19, “Off-Budget Federal Entities and Non-Budgetary Activities.”

sidy 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.<sup>16</sup> 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 “outlays” 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). The intragovernmental transactions do not affect Federal borrowing from the public. (Although the surplus or deficit changes, the net financing disbursement changes 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 that are disbursed to the public in cash. 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 2000 they required \$17 billion of financing, and thus reduced the repayment of debt by this amount; they are estimated to reduce debt repayment by \$40 billion in 2001, by \$5 billion in 2002, and by \$15–18 billion each year subsequently. The expansion from the early years was mainly because of the growth of the direct student loan program; the wide swings between 2000 and 2002 are due partly to the direct student loan program but even more to reestimates and recoveries on the loans that financed the sale of the spectrum. 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.

*Availability of redeemable debt.*—A surplus can be used to reduce publicly held debt only to the extent

that debt securities can be retired whether because they mature, the owners exercise a right to redeem them on demand (as in the case of savings bonds), the Treasury calls them (as it may do at stated dates for a few issues of bonds), or the Treasury buys them back. As discussed in an earlier section of this chapter, the budget estimates that by 2008 so much debt will have been repaid that the amount available for redemption in that year will be much less than the unified budget surplus. As the estimates in table 12–3 show, the surplus in 2008 is \$373 billion and other financing requirements due to the factors discussed above are \$13 billion, so \$359 billion is available to repay debt held by the public. However, only \$198 billion of debt can be redeemed. Therefore, the remaining \$162 billion of the surplus is accumulated as “excess balances.” (The term “excess” means that the balances are in excess of the amounts held for operational and programmatic purposes.) In the following three years the amount of debt available to be redeemed diminishes, so despite growing surpluses the reduction in debt held by the public becomes progressively smaller.

*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 2000. In 2002, for example, the total trust fund surplus is estimated to be \$257 billion, and Government accounts are estimated to invest \$266 billion in Federal securities. The difference is mainly because some revolving funds and special funds also hold Federal debt. In addition, 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 12–5.

### Agency Debt

Several Federal agencies, shown in table 12–4, sell debt securities to the public and at times in the past have sold securities to other Government accounts. During 2000, agencies repaid \$0.2 billion to the public. Agency debt is only one percent of Federal debt held by the public. Agency borrowing and repayment of debt is estimated to remain small in 2001 and 2002.

The reasons for issuing agency debt differ considerably from one agency to another. The predominate agency borrower is the Tennessee Valley Authority, which had borrowed \$26.0 billion from the public as of the end of 2000, or 95 percent of the total for all agencies. TVA sells debt primarily to finance capital expenditures and to refund other issues of its existing debt.

The Federal Housing Administration, on the other hand, has for many years issued both checks and debentures as means of paying claims to the public that arise from defaults on FHA-insured mortgages. Issuing debentures to pay the Government’s bills is equivalent to borrowing from the public and then paying the bills by disbursing the cash borrowed, so the transaction

<sup>16</sup>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.

Table 12-4. AGENCY DEBT

(In millions of dollars)

	Borrowing or repayment (-) of debt			Debt end of 2001 estimate
	2000 Actual	2001 Estimate	2002 Estimate	
<b>Borrowing from the public:</b>				
Housing and Urban Development:				
Federal Housing Administration .....	112	-84		143
Small Business Administration:				
Participation certificates: Section 505 development company .....				7
Architect of the Capitol .....	-2	-2	-3	168
Farm Credit System Financial Assistance Corporation .....	-89			775
Federal Communications Commission .....	125		-125	
Federal Deposit Insurance Corporation:				
FSLIC Resolution Fund .....				63
National Archives .....	-6	-6	-7	258
Tennessee Valley Authority .....	-390	-452	-208	25,327
<b>Total, borrowing from the public .....</b>	<b>-249</b>	<b>-545</b>	<b>-343</b>	<b>26,741</b>
<b>Borrowing from other funds:</b>				
Postal Service Fund <sup>1</sup> .....	-583	-51		
<b>Total, borrowing from other funds .....</b>	<b>-583</b>	<b>-51</b>		
<b>Total, agency borrowing .....</b>	<b>-832</b>	<b>-596</b>	<b>-343</b>	<b>26,741</b>

<sup>1</sup>The Postal Service debt held by other funds is the result of the FFB swapping Postal Service 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.

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.<sup>17</sup>

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 subsequently 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

<sup>17</sup>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.

in 1991.<sup>18</sup> However, no lease-purchase agreements in which the Government assumes substantial risk have yet been authorized or are estimated for 2001 or 2002. 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 five 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 most of the Postal Service securities acquired by CSRDF were redeemed before this year, but the remaining Postal Service securities

<sup>18</sup>The rule was not only about lease-purchases in which the Government assumes substantial risk. For all lease-purchases and other capital leases, the rule required that budget authority be recorded up front for the present value of these payments.

are included in gross Federal debt shown in table 12–3, are included in table 12–4 as amounts that agencies borrowed from other funds, and are included in table 12–5 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 the remaining Postal Service securities held by CSRDF will be redeemed in 2001, at which time CSRDF will invest the principal repayment in Treasury securities.<sup>19</sup>

### 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 \$246 billion in 2000, as shown in table 12–5, and it is estimated to be \$266 billion in 2002. The holdings of Federal securities by Government accounts are estimated to grow to \$2.7 trillion billion by the end of 2002, or 48 percent of the gross Federal debt. This percentage is estimated to rise further in the following years as the budget surpluses reduce the debt held by the public and the trust funds continue to accumulate surpluses. By 2011, debt held by Government accounts is estimated to be 84 percent of the gross Federal debt.

The large investment by Government accounts is concentrated among a few trust funds. The two social security trust funds—old-age and survivors insurance and disability insurance—have a large combined surplus and invest an increasing amount each year: a total of \$486 billion during 2000–02, which is 65 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 2000–02. The military retirement trust fund accounts for 2 percent. Altogether, social security and these two retirement funds account for 80 percent of the investment by all Government accounts during this period. At the end of 2002, they are estimated to own 76 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.*—A small part of gross Federal debt was reclassified in 1999 from debt held by Government accounts to debt held by the public as the result of reclassifying some investments from trust funds (within the budget) to 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.<sup>20</sup>

The reclassified funds were Indian tribal funds that are owned by Indian tribes and held and managed by the Government in a fiduciary capacity on the tribes' behalf. They were reclassified 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 5 to table 12–3, means that the decrease in publicly held debt in 2001 was \$355 million less than the amount available to repay debt. The reason for the change in classification is explained in chapter 15, "Trust Funds and Federal Funds," in *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2001* (pages 347–51).

<sup>19</sup>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*, pages 222 and 225.

<sup>20</sup>Deposit funds are further discussed in a section of chapter 24, "Budget System and Concepts and Glossary."

Table 12-5. DEBT HELD BY GOVERNMENT ACCOUNTS <sup>1</sup>

(In millions of dollars)

Description	Investment or disinvestment (-)			Holdings end of 2002 estimate
	2000 Actual	2001 Estimate	2002 Estimate	
<b>Investment in Treasury debt:</b>				
Energy:				
Nuclear waste disposal fund <sup>1</sup> .....	1,301	1,034	1,140	11,409
Uranium enrichment decontamination fund .....	509	418	491	3,072
Health and Human Services:				
Federal hospital insurance trust fund .....	15,092	28,319	33,692	230,870
Federal supplementary medical insurance trust fund .....	18,547	-5,601	-202	39,272
Vaccine injury compensation trust fund .....	146	103	113	1,793
Housing and Urban Development:				
Federal Housing Administration mutual mortgage fund .....	2,318	500	4,000	21,760
Other HUD .....	205	420	439	7,055
Interior: Abandoned Mine Reclamation fund .....	82	-22	139	1,964
Labor:				
Unemployment trust fund .....	9,042	6,462	6,668	99,529
Pension Benefit Guaranty Corporation .....	1,204	1,109	1,603	13,212
State: Foreign Service retirement and disability trust fund .....	527	533	543	11,734
Transportation:				
Highway trust fund .....	2,940	1,601	103	32,727
Airport and airway trust fund .....	683	2,536	1,066	16,699
Oil spill liability trust fund .....	136	-92	-142	965
Aquatic resources trust fund .....	43	-8	96	1,280
Treasury: Exchange stabilization fund .....	-4,204	-998	.....	10,031
Veterans Affairs:				
National service life insurance trust fund .....	-149	-243	-327	11,234
Other trust funds .....	44	24	30	1,894
Federal funds .....	-8	-15	-18	510
Defense-Civil:				
Military retirement trust fund .....	8,074	2,640	6,190	158,178
Harbor maintenance trust fund .....	67	.....	162	1,833
Environmental Protection Agency:				
Hazardous substance trust fund .....	-467	-475	-430	3,221
Leaking underground storage tank trust fund .....	211	176	213	2,058
International Assistance Programs:				
Overseas Private Investment Corporation .....	43	46	132	3,305
Office of Personnel Management:				
Civil Service retirement and disability trust fund <sup>3</sup> .....	31,347	31,198	31,184	574,368
Employees life insurance fund .....	1,617	1,326	1,297	24,995
Employees health benefits fund .....	154	759	1,171	7,919
Social Security Administration:				
Federal old-age and survivors insurance trust fund <sup>2</sup> .....	131,293	137,096	151,417	1,182,032
Federal disability insurance trust fund <sup>2</sup> .....	21,041	21,680	23,134	158,521
Farm Credit System Insurance Corporation:				
Farm Credit Insurance Fund .....	145	96	94	1,711
Federal Deposit Insurance Corporation:				
Bank Insurance fund .....	967	-302	290	29,314
FSLIC Resolution fund .....	204	242	220	2,970
Savings Association Insurance fund .....	603	162	78	10,987
National Credit Union Administration: Share insurance fund .....	218	283	271	4,900
Postal Service fund <sup>2</sup> .....	277	.....	.....	1,086
Railroad Retirement Board trust funds <sup>1</sup> .....	1,235	1,217	1,158	20,877
Other Federal funds .....	1,515	20	383	7,205
Other trust funds .....	-262	-307	-302	6,618
Unrealized discount <sup>1</sup> .....	-422	.....	.....	-2,230
<b>Total, investment in Treasury debt <sup>1</sup> .....</b>	<b>246,319</b>	<b>231,937</b>	<b>266,096</b>	<b>2,716,878</b>
<b>Investment in agency debt:</b>				
Office of Personnel Management:				
Civil Service retirement and disability trust fund <sup>3</sup> .....	-583	-51	.....	.....
<b>Total, investment in agency debt .....</b>	<b>-583</b>	<b>-51</b>	<b>.....</b>	<b>.....</b>
<b>Total, investment in Federal debt <sup>1</sup> .....</b>	<b>245,736</b>	<b>231,886</b>	<b>266,096</b>	<b>2,716,878</b>

Table 12-5. DEBT HELD BY GOVERNMENT ACCOUNTS <sup>1</sup>—Continued

(In millions of dollars)

Description	Investment or disinvestment (-)			Holdings end of 2002 estimate
	2000 Actual	2001 Estimate	2002 Estimate	
<b>MEMORANDUM</b>				
Investment by Federal funds (on-budget) .....	5,102	2,994	9,262	129,405
Investment by Federal funds (off-budget) .....	277	.....	.....	1,086
Investment by trust funds (on-budget) .....	88,444	70,116	82,283	1,248,064
Investment by trust funds (off-budget) .....	152,334	158,776	174,551	1,340,553
Unrealized discount <sup>1</sup> .....	-422	.....	.....	-2,230

<sup>1</sup> 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 unrealized discount. If recorded at face value, the debt held by the Nuclear Waste Disposal fund would be \$8.3 billion higher than recorded in this table at the end of 2000 and the debt held by the Railroad Retirement Board would be \$6.3 billion higher.

<sup>2</sup> Off-budget Federal entity.

<sup>3</sup> The FFB swapped Treasury securities with the Civil Service retirement and disability trust fund (CSRDF) in 1996 in exchange for agency securities having an equal present value. The result is shown in this table as agency debt held by CSRDF.

*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 were traditionally 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 12-5 at purchase price plus amortized discount. The only two Government accounts that currently hold zero-coupon bonds 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 -\$14.6 billion at the end of 2000.

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 at the time of issue and is not amortized over the term of the security. In table 12-5 it is shown as a separate item at the end of the table and not distributed by account. The amount was -\$2.2 billion at the end of 2000.

### 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 12-3 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 \$227 million at the end of 2000. 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 8 to table 12-3. The amount is relatively small: \$5.6 billion at the end of 2000 compared to the total discount (less premium) of \$72.8 billion on all Treasury securities.

*Changes in 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.<sup>21</sup> 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.

<sup>21</sup>The Acts and the statutory limits since 1940 are enumerated in *Historical Tables, Budget of the United States Government*, table 7.3.

In March 1996, although agreement had not been reached on deficit reduction, Congress passed an act that increased the debt limit from \$4,900 billion to \$5,500 billion.

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 \$5,950 billion. According to the estimates in tables 12–3 and 12–6, the debt limit will not be reached until 2008.

**Federal funds financing and the change in debt subject to limit.**—The change in debt held by the public, as shown in table 12–3, is determined primarily by the total Government deficit or surplus. The debt

**Table 12–6. FEDERAL FUNDS FINANCING AND CHANGE IN DEBT SUBJECT TO STATUTORY LIMIT**

(In billions of dollars)

Description	2000 Actual	Estimate										
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Federal funds surplus or deficit (–)</b> .....	<b>2</b>	<b>49</b>	<b>–25</b>	<b>–45</b>	<b>–44</b>	<b>–57</b>	<b>–44</b>	<b>–27</b>	<b>–10</b>	<b>17</b>	<b>40</b>	<b>86</b>
Means of financing other than borrowing:												
Premiums paid (–) on buybacks of Treasury securities <sup>1</sup> .....	–6	–10	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Change in: <sup>2</sup>												
Treasury operating cash balances .....	4	3	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Checks outstanding, deposit funds, etc. <sup>3</sup> .....	–3	2	–1	.....	.....	.....	.....	.....	.....	.....	.....	.....
Seignorage on coins .....	2	2	2	2	2	2	2	2	2	2	2	2
Less: Net financing disbursements												
Direct loan financing accounts .....	–22	–39	–4	–17	–18	–17	–16	–16	–16	–16	–16	–15
Guaranteed loan financing accounts .....	4	–1	–1	1	–*	–*	1	1	1	1	1	1
<b>Total, means of financing other than borrowing</b> .....	<b>–20</b>	<b>–42</b>	<b>–4</b>	<b>–15</b>	<b>–16</b>	<b>–15</b>	<b>–14</b>	<b>–13</b>	<b>–13</b>	<b>–13</b>	<b>–13</b>	<b>–13</b>
Decrease or increase (–) in Federal debt held by Federal funds .....	–5	–3	–9	.....	.....	.....	.....	.....	.....	.....	.....	.....
Increase or decrease (–) in Federal debt not subject to limit .....	–1	–1	–*	–1	–1	–1	–1	–1	–*	–*	–*	–*
<b>Total, requirement for Federal funds borrowing subject to debt limit</b> .....	<b>–24</b>	<b>4</b>	<b>–39</b>	<b>–61</b>	<b>–61</b>	<b>–73</b>	<b>–58</b>	<b>–42</b>	<b>–24</b>	<b>4</b>	<b>27</b>	<b>73</b>
Increase in excess balances <sup>4</sup> .....	.....	.....	.....	.....	.....	.....	.....	.....	162	281	381	463
Adjustment for change in discount and premium <sup>5</sup> .....	–*	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
<b>Increase in debt subject to limit</b> .....	<b>24</b>	<b>–4</b>	<b>39</b>	<b>61</b>	<b>61</b>	<b>73</b>	<b>58</b>	<b>42</b>	<b>185</b>	<b>277</b>	<b>355</b>	<b>390</b>
<b>ADDENDUM</b>												
Debt subject to statutory limit <sup>6</sup> .....	5,592	5,588	5,627	5,688	5,749	5,822	5,881	5,922	6,108	6,385	6,740	7,130

\* \$500 million or less

<sup>1</sup>This table includes estimates for Treasury buybacks of outstanding securities only through FY 2001. These estimates assume the Treasury will buy back \$35 billion (face value) of securities in FY 2001. The premium paid on buybacks are based on experience to date and the interest rates in the economic assumptions.

<sup>2</sup>A decrease in the Treasury operating cash balances (which is an asset) would be a means of financing the deficit and therefore has 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.

<sup>3</sup>Besides checks outstanding and deposit funds, includes accrued interest payable on Treasury debt, miscellaneous liability accounts, allocations of special drawing rights, and as an offset, cash and monetary assets other than the Treasury operating cash balance, miscellaneous asset accounts, and profit on the sale of gold.

<sup>4</sup>The amount of the unified budget surplus that is available to repay debt held by the public is estimated to be more than the amount of debt that is available to be redeemed in 2008 and subsequent years. The difference is assumed to be held as “excess balances”. (“Excess” means in excess of the amounts held for operational and programmatic purposes).

<sup>5</sup>Consists of increase in the amount of unamortized discount (less premium) on public issues of Treasury notes and bonds (other than zero-coupon bonds) and unrealized discount on Government account series securities.

<sup>6</sup>The statutory debt limit is \$5,950 billion.



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. During 2008–11, the change in debt held by the public and the change in debt subject to limit are both affected by the limited amount of debt that is available to be redeemed.

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.<sup>22</sup>

A Federal funds deficit must generally be financed by borrowing, either by selling securities to the public or by issuing securities to Government accounts 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. Under ordinary circumstances, 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. The only major exception, as explained below, is when excess balances are accumulated because of the limited amount of debt available to be redeemed.

Table 12–6 derives the change in debt subject to limit. In 2002 the Federal funds deficit is estimated to be \$25 billion, and other factors increase the requirement to borrow subject to limit by \$14 billion. The largest of these other factors (\$9 billion) is investment in Treasury securities by revolving funds and special funds in the Federal funds group. The next largest factor (\$4 billion) is the net financing disbursements of the direct loan financing accounts. As explained in an earlier section, they are excluded from the budget by law because they do not represent a cost to the Government, but they have to be financed and in most years they are sizable. As a net result of all these

factors, debt subject to limit is estimated to increase by \$39 billion, in contrast to a \$227 billion decrease in debt held by the public.

The change in debt subject to limit during 2008–11 is determined not only by the factors above but also by the availability of publicly held debt that can be redeemed. Because the unified budget surplus is more than the estimate of the debt that can be redeemed, as explained previously, additional amounts of publicly held debt remain outstanding beyond the amounts needed for the Government’s financing. The difference is accumulated as excess balances.<sup>23</sup> The additional amount of publicly held debt is subject to the limit. Therefore, because publicly held debt is higher than it would have been if the unified budget surplus could have been fully used to reduce debt, the debt subject to limit is also higher. This effect is shown in table 12–6 by the line item “increase in excess balances,” which raises the amount of debt subject to statutory limit.

The debt subject to limit increased by a small amount in 2000. It is estimated to decrease by a very small amount in 2001 and then increase by small amounts each year during 2002–07. During 2000, the Federal funds had a surplus, but the surplus was small and was outweighed by the other factors that determine debt subject to limit; during 2002–07, the Federal funds have a deficit. The largest other factor during most of these years is the net financing disbursements of the direct loan financing accounts. As a result, while debt held by the public decreases by \$2,031 billion during 2000–07, debt subject to limit increases by \$355 billion.

During 2008–11 the Federal funds have surpluses in three of the four years. However, due to the accumulation of excess balances (\$1,287 billion during the four years), debt subject to limit increases by a large amount, \$1,208 billion. Debt held by the public decreases by the amount of the redeemable debt, which is \$444 billion over these years.

### 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 12–7, foreign holdings were just over \$10.0 billion, less than 5 percent of the total Federal debt held by the public.

<sup>22</sup>For further discussion of the trust funds and Federal funds groups, see chapter 15, “Trust Funds and Federal Funds.”

<sup>23</sup>As defined previously, the term “excess” means that the balances are in excess of the amounts held for operational and programmatic purposes.

**Table 12-7. FOREIGN HOLDINGS OF FEDERAL DEBT**  
(Dollar amounts in billions)

Fiscal year	Debt held by the public			Borrowing from the public		Interest on debt held by the public		
	Total	Foreign <sup>1</sup>	Percentage foreign	Total <sup>2</sup>	Foreign <sup>1</sup>	Total <sup>3</sup>	Foreign <sup>4</sup>	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	-11.4	-0.4	13.5	0.7	5.3
1970	283.2	14.0	5.0	5.1	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	18.1
1976	477.4	69.8	14.6	82.7	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 <sup>5</sup>	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	12.0	19.1
1981	789.4	130.7	16.6	77.5	9.0	81.7	16.4	20.1
1982	924.6	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 <sup>5</sup>	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 <sup>5</sup>	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	248.7	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 <sup>5</sup>	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 <sup>5</sup>	3,632.9	1,281.4	35.3	-88.7	64.5	234.9	92.7	39.5
2000	3,410.1	1,225.2	35.9	-222.8	-56.2	233.1	105.5	45.3

<sup>1</sup> Estimated by Treasury Department. These estimates exclude agency debt, the holdings of which are believed to be small. The data on foreign holdings are recorded by methods that are not fully comparable with the data on debt held by the public. Projections of foreign holdings are not available.

<sup>2</sup> Borrowing from the public is defined as equal to the change in debt held by the public from the beginning of the year to the end, except to the extent that the amount of debt is changed by reclassification.

<sup>3</sup> Estimated as interest on Treasury debt securities less "interest received by trust funds" (subfunction 901 less subfunction 902 and 903). Does not include the comparatively small amount of interest on agency debt or the offsets for interest on Treasury debt received by other Government accounts (revolving funds and special funds).

<sup>4</sup> Estimates by the Bureau of Economic Analysis, Department of Commerce. These estimates include small amounts of interest from other sources, including the debt of Government-sponsored enterprises, which are not part of the Federal Government.

<sup>5</sup> Benchmark revisions reduced the estimated foreign holdings of the Federal debt as of December 1978; increase 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 purchase of Federal debt securities. A conceptual revision likewise increased the estimated foreign holdings as of 1999, and the "borrowing" from foreign residents in 1999 reflects this revision as well as the net purchases of Federal debt securities.

Foreign holdings began to grow significantly starting in 1970. This increase has been almost entirely due to decisions by foreign governments, corporations, and individuals, rather than the direct marketing of these securities to foreign residents. At the end of fiscal year 2000 foreign holdings of Treasury debt were \$1,225 billion, which was 36 percent of the total debt held by the public.<sup>24</sup> Foreign central banks owned 48 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 the mid-1990s. During 1995-97, however, foreign holdings increased on average by around \$200 billion each year, considerably more than total Federal borrowing from the pub-

<sup>24</sup>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.

lic.<sup>25</sup> 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, one of the rare years with a decrease since 1970. In 1999, the debt held by foreigners increased considerably again, but in 2000 it fell. Total debt held by the public decreased in all three years, and in 1998 and 2000 it decreased at a faster rate than the decline in foreign holdings. As a result, the percentage held by foreigners continued to rise.

Foreign holdings of Federal debt are a little less than 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.

### **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. Tables 8-11 and 8-12 in chapter 8 summarize GSE borrowing and lending.

<sup>25</sup>Table 12-7 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.



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**BUDGET ENFORCEMENT ACT  
PREVIEW REPORT**

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## 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 legislation that affects spending or receipts. 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 second session of the 106th Congress. In addition, it explains the differences between the OMB and Congressional Budget Office (CBO) estimates of the discretionary caps.

OMB estimates use the economic and technical assumptions underlying the President’s 2002 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 be revised only to reflect laws enacted after the Preview Report.

### The President’s Budget Proposals

#### *Discretionary Caps and PAYGO*

With the arrival of budget surpluses in 1998, Congress and the previous Administration began to skirt the budget enforcement mechanisms. In 2001 alone, appropriations exceeded the discretionary spending levels set in the BEA, requiring a \$95.5 billion increase in the cap for that year to accommodate the increase. In 2001, PAYGO requirements for \$17 billion in spending were also waived.

Beginning in 2002, the Administration proposes to raise and extend the discretionary spending caps through 2005 to maintain their viability as a tool for fiscal discipline. This will allow for the continued reduction of the national debt, and at the same time provide enough growth for discretionary programs to keep pace with inflation over the next five years. The budget also proposes to change the scoring rules for advance appropriations and includes an allowance for a national emergency reserve. These changes will restore dis-

cipline to the budget process by making it more difficult to skirt the discretionary caps. Table 13–1 shows the Administration’s proposals for discretionary spending limits through 2005. The budget also proposes to extend the PAYGO requirement for entitlement spending and tax legislation.

#### *National Emergency Reserve*

The budget includes a national emergency reserve allowance to ensure adequate funding for emergencies in the annual budget and appropriations process to respond to natural disasters. By setting aside a reserve for emergency needs, emergency supplementals should be limited to extremely rare events.

Four programs make up a large part of the Government’s response to natural disasters: the Federal Emergency Management Agency’s disaster relief fund; the Department of Agriculture’s fire fighting program; the Department of the Interior’s fire fighting program; and the Small Business Administration’s disaster loan program. The budget requests appropriations to provide adequate funding for these programs, based on historical funding levels and unobligated balances of appropriations provided in previous years. In addition, the budget includes an emergency reserve allowance (not a specific appropriation request) of budget authority and outlays, for 2002 and each year thereafter, based on the average annual spending over the last five years for extraordinarily large events, such as Hurricane Georges and the Midwest floods. In 2002, the reserve is \$5.6 billion. It grows with inflation thereafter.

To implement this proposal, the Budget Committees are asked to establish a reserve in the budget resolution. The reserve would be allocated to the appropriations committees upon a Presidential request designating the proposed funding as an emergency and the Committees’ determination that the following criteria have been met: funding is for events that are sudden, urgent, unforeseen, and not permanent; and, adequate funding for a normal year has been provided for the applicable program by the Appropriations Committees.

The reserve could be used for programs other than the four listed above if the same criteria are met. If the reserve is not all allocated in a given year, the following year’s emergency reserve would be increased by the unused amount.

#### *Advance Appropriations*

An advance appropriation becomes available one year or more beyond the year for which the appropriations act is passed. From 1993 to 1999, an average of \$2.3 billion in discretionary budget authority was advance appropriated each year. In 1999, advance appropriations funding totaled \$8.9 billion, an increase of \$5.8

Table 13-1. PROPOSED SPENDING LIMITS BY CATEGORY

(In billions of dollars)

	2001 <sup>1</sup>	2002	2003	2004	2005	2006
Original Balanced Budget Act Limits						
BA .....	542.0	552.8	1.9	2.1	2.2	2.4
OL .....	595.8	594.7	35.9	2.0	2.2	2.4
Spending in Excess of Original Caps						
BA .....	92.9	107.8				
OL .....	53.6	97.0				
Proposed Discretionary Spending Limits						
BA .....	634.9	660.6	685.1	702.7	720.1	737.9
OL .....	649.4	691.7	711.8	731.2	754.5	770.4

<sup>1</sup> Data for 2001 is a current estimate and is not a proposed discretionary spending limit.

billion from the previous year. In 2000, advance appropriations increased by \$14.6 billion to over \$23.4 billion. Increases in advance appropriations from the previous year included the following: Department of Education (\$6.2 billion); Department of Housing and Urban Development (\$4.2 billion); Department of Labor (\$2.5 billion); and Department of Health and Human Services (\$1.4 billion).

Too often in recent years advance appropriations have been used to hide true funding levels by crediting certain appropriations to other years. This budget practice distorts the debate over Government spending and misleads the public about spending levels in specific accounts.

The 2001 Congressional Budget Resolution attempted to address this misuse of advance funding by including a cap on advance appropriations equal to the amount advanced in the previous year. In order to expand discretionary spending in 2001, certain advance appropriations were reduced and other advances were increased. This did not change the total amount that was advance funded, but did allow for growth in 2001.

The Administration proposes to reverse the misleading budget practice of using advance appropriations simply to avoid spending limitations. However, this proposal would not affect advance appropriations enacted for programmatic reasons. The budget proposes reforms where such appropriations were made in 2001 for 2002.

### 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, or caps, 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 Equity Act for the 21st Century (TEA-21) (P.L. 105-178) established two additional categories for highway and mass transit outlays for 1999 through 2003. The Interior and Related Agencies Appropriations Act, 2001, (P.L. 106-291) added a new category for conservation spending with limits on budget authority and outlays for 2002-2006. In addition to specifying overall limits for the conservation category, the Act also specifies levels of spending for six subcategories

OMB monitors compliance with the discretionary spending limits throughout the fiscal year. Appropriations that cause a breach in the budget authority or outlay limits trigger a sequester to eliminate that breach. The law does not require that Congress appropriate the full amount available under the discretionary limits, although it generally has appropriated at least the full amount. In recent years various means, such as emergency designations and advance appropriations, have been used to skirt the discretionary limits.

Table 13-2 summarizes changes to the caps since 1990, and includes the new limits established for 2002-2006 by P.L. 106-291.

**Adjustments to discretionary limits.**—The BEA permits certain adjustments to the discretionary limits. On January 16, 2001, OMB submitted the Final Sequestration Report for 2001 required by the BEA. This report describes adjustments permitted by the BEA as of the time the report was issued. The limits resulting from these adjustments are the starting points for this Preview Report. Included in the Preview Report are adjustments for changes in concepts and definitions, estimates of emergency spending released subsequent to the Final Sequestration Report, and adjustments to the highway and mass transit categories. Table 13-2 summarizes changes to the caps since 1990. Table 13-3 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
<b>TOTAL DISCRETIONARY</b>													
<b>Statutory Caps as set in OBRA 1990, OBRA 1993, and 1997 Bipartisan Budget Agreement</b> .....	BA	491.7	503.4	511.5	510.8	517.7	519.1	528.1	530.6	533.0	537.2	542.0	551.1
	OL	514.4	524.9	534.0	534.8	540.8	547.3	547.3	547.9	559.3	564.3	564.4	560.8
Adjustment to 1998 OBRA limits to reach discretionary spending limits included in the 1997 Bipartisan Budget Agreement ...	BA	.....	.....	.....	.....	.....	.....	.....	-6.9	.....	.....	.....	.....
	OL	.....	.....	.....	.....	.....	.....	.....	6.8	.....	.....	.....	.....
Adjustments for changes in concepts and definitions.	BA	.....	7.7	8.2	8.2	8.8	-0.6	-0.4	3.1	-0.2	2.8	-0.1	-3.3
	OL	.....	1.0	2.4	2.3	3.0	-0.5	-2.6	-2.8	-0.3	0.1	-0.1	-3.3
Adjustments for changes in inflation .....	BA	.....	-0.5	-5.1	-9.5	-11.8	3.0	2.6	0.0	.....	.....	.....	.....
	OL	.....	-0.3	-2.5	-5.8	-8.8	1.8	2.3	0.9	.....	.....	.....	.....
Adjustments for credit reestimates, IRS funding, debt forgiveness, Arrearages, EITC, IMF, and CDRs .....	BA	0.2	0.2	13.0	0.6	0.7	0.1	0.2	1.0	19.4	1.0	0.6	.....
	OL	0.3	0.3	0.8	0.8	0.9	0.1	0.3	0.6	1.1	0.7	1.2	0.2
Adjustments for emergency requirements ...	BA	0.9	8.3	4.6	12.2	7.7	5.1	9.3	5.7	31.9	43.6	0.0	0.0
	OL	1.1	1.8	5.4	9.0	10.1	6.4	8.1	7.0	22.9	35.8	19.8	6.0
Adjustment pursuant to Sec. 2003 of P.L. 104-19 <sup>1</sup> .....	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	.....	.....	.....	1.2	.....	0.8	.....	.....
Subtotal, adjustments excluding Desert Shield/Desert Storm .....	BA	1.1	19.3	23.6	14.3	-6.7	7.5	11.6	2.9	51.1	47.4	0.5	-3.3
	OL	3.9	5.9	8.8	10.0	6.8	5.4	6.3	12.3	23.7	37.3	20.9	3.0
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	.....	.....	.....	.....	.....	.....	.....
Rounding Adjustment .....	BA	.....	.....	.....	.....	.....	.....	.....	.....	.....	1.1	3.2	.....
	OL	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
TEA-21 Adjustment (Net) <sup>2</sup> .....	BA	.....	.....	.....	.....	.....	.....	.....	.....	-0.9	-0.9	-0.9	-0.9
	OL	.....	.....	.....	.....	.....	.....	.....	.....	1.1	2.6	5.2	7.1
Adjustment to reach spending limits mandated in P.L. 106-429 <sup>3</sup> .....	BA	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	95.9	.....
	OL	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	58.6	.....
Adjustment for conservation limits established by P.L. 106-291 <sup>4</sup> .....	BA	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1.8
	OL	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1.2
Total adjustments .....	BA	45.3	33.2	24.2	14.3	-6.7	7.5	11.6	2.9	50.2	47.6	98.8	-2.4
	OL	37.2	20.8	16.4	12.8	7.9	5.4	6.3	12.3	24.9	40.0	84.7	11.3
<b>Preview Report spending limits<sup>5</sup></b> .....	BA	537.0	536.6	535.7	525.1	511.0	526.6	539.7	533.5	583.2	584.8	640.8	548.7
	OL	551.6	545.7	550.4	547.6	548.7	552.7	553.6	560.2	584.2	604.2	649.1	572.1

\* \$50 million or less.

<sup>1</sup> 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 equal to the aggregate amount of reductions in new budget authority and outlays for discretionary programs resulting from the provisions of the bill, other than emergency appropriations.

<sup>2</sup> 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.

<sup>3</sup> Sec. 701 of P.L. 106-429, the Foreign Operations and Related Agencies Appropriations Act, FY 2001, included revised budget authority and outlay caps for FY 2001. In addition, this section provided for a budget authority rounding adjustment of 0.5 percent, and also prohibited OMB from making adjustments in the Final Sequestration Report for emergency requirements.

<sup>4</sup> Title VIII of P.L. 106-291, the Interior and Related Agencies Appropriations Act, FY 2001, created a new conservation category with limits on budget authority and outlays for FY 2002-FY 2006.

<sup>5</sup> Reflects combined Defense Discretionary, Non-Defense Discretionary, Violent Crime Reduction, Highway Category, Mass Transit Category, and Conservation Category spending limits.

**Table 13-3. DISCRETIONARY SPENDING LIMITS**  
(In millions of dollars)

		2000	2001	2002
<b>VIOLENT CRIME REDUCTION SPENDING</b>				
Final Sequestration Report Violent Crime Reduction Spending Limits .....	BA	4,500		
	OL	6,344		
<b>Adjustments for the Preview Report:</b>				
No Adjustments .....	BA			
	OL			
Preview Report Spending Limits .....	BA	4,500		
	OL	6,344		
<b>HIGHWAY CATEGORY</b>				
Final Sequestration Report Highway Category Spending Limits .....	BA			
	OL	24,574	26,920	27,925
<b>Adjustments for the Preview Report:</b>				
Technical outlay adjustment .....	BA			
	OL			-663
Adjustment for revenue aligned budget authority .....	BA			
	OL			1,227
<b>Subtotal, Adjustments for the Preview Report</b> .....	BA			
	OL			564
Preview Report Highway Category Spending Limits .....	BA			
	OL	24,574	26,920	28,489
<b>MASS TRANSIT CATEGORY</b>				
Final Sequestration Report Mass Transit Category Spending Limits .....	BA			
	OL	4,117	4,639	5,419
<b>Adjustments for the Preview Report:</b>				
Technical outlay adjustment .....	BA			
	OL			-144
<b>Subtotal, Adjustments for the Preview Report</b> .....	BA			
	OL			-144
Preview Report Mass Transit Category Spending Limits .....	BA			
	OL	4,117	4,639	5,275
<b>CONSERVATION CATEGORY</b>				
Final Sequestration Report Conservation Category Spending Limits .....	BA			1,760
	OL			1,232
Federal and State Land and Water Conservation Fund subcategory .....	BA			540
	OL			
State and Other Conservation subcategory .....	BA			300
	OL			
Urban and Historic Preservation subcategory .....	BA			160
	OL			
Payments in Lieu of Taxes subcategory .....	BA			50
	OL			
Federal Deferred Maintenance subcategory .....	BA			150
	OL			
Coastal Assistance subcategory .....	BA			440
	OL			
Unallocated .....	BA			120
	OL			
<b>Adjustments for the Preview Report:</b>				
No Adjustments .....	BA			
	OL			
Preview Report Conservation Category Spending Limits .....	BA			1,760
	OL			1,232

Table 13-3. DISCRETIONARY SPENDING LIMITS—Continued

(In millions of dollars)

		2000	2001	2002
<b>OTHER DISCRETIONARY SPENDING</b>				
Final Sequestration Report Other Discretionary Spending Limits .....	BA	580,289	640,803	550,333
	OL	569,224	613,247	539,513
<b>Adjustments for the Preview Report:</b>				
Changes in concepts and definitions .....	BA			-2,359
	OL		275	-2,064
Discretionary changes in mandatory accounts .....	BA			-1,029
	OL			-889
Release of contingent emergency appropriations .....	BA			
	OL		3,985	531
<b>Subtotal, Adjustments for the Preview Report</b> .....	BA			<b>-3,388</b>
	OL		4,260	<b>-2,422</b>
Preview Report Other Discretionary Spending Limits .....	BA	580,289	640,803	546,945
	OL	569,224	617,507	537,091
<b>TOTAL DISCRETIONARY SPENDING</b>				
Final Sequestration Report Total Discretionary Spending Limits .....	BA	584,789	640,803	552,093
	OL	604,259	644,806	574,089
Adjustments for the Preview Report .....	BA			-3,388
	OL		4,260	-2,002
Preview Report Total Discretionary Spending Limits .....	BA	584,789	640,803	548,705
	OL	604,259	649,066	572,087

After consultation with the Congressional Budget Committees and CBO, OMB has agreed to several changes to budget classification of spending. First, OMB and CBO have agreed to reclassify the negative subsidy receipts generated by the Federal Housing Administration's mutual mortgage insurance program and pipeline safety fees collected by the Department of Transportation as discretionary. In addition, the administrative expenses of the national flood insurance program and the flood mitigation fund within the Federal Emergency Management Agency have also been reclassified as discretionary. In addition, certain benefit payments to severely disabled military personnel have been reclassified as mandatory.

These reclassifications increase the outlay limits in 2001 by \$0.3 billion and decrease the budget authority limits by \$2.4 billion and the outlay limits by \$2.1 billion in 2002. In addition, OMB has changed its scoring of outlays for contingent emergency appropriations, to be consistent with Congressional scoring practices. OMB used to score outlays from contingent emergency appropriations when the President designated them as "emergency requirements." OMB now scores emergency budget authority and outlays against appropriations acts that include contingent emergency funds. Since the actual outlays flowing from the use of contingent emergency funding is dependent upon a Presidential request, OMB will review the original estimates each year and may make subsequent adjustments based on the most up-to-date information.

Table 13-3 includes a downward adjustment of \$1.0 billion in budget authority and \$0.9 billion in outlays in 2002, for the second year effect of provisions in the 2001 appropriations bills that modified mandatory programs. Under the BEA, the discretionary limits are adjusted by the amount of the savings or costs of these modifications.

The caps have also been adjusted upward for contingent emergency appropriations (i.e., funding for amounts that the President designates as "emergency requirements" and that Congress so designates in law) that have been released since the transmittal of the Final Sequestration Report. This adjustment totals \$4.0 billion in outlays in 2001 and \$0.5 billion in outlays in 2002. Funds designated as an emergency requirement include crop loss payments and costs associated with an above average fire season in the southwestern United States.

TEA-21 requires two adjustments to the discretionary limits based upon changes in outlays within the highway and transit categories. Outlays within the highway category have been adjusted upward by \$1.2 billion in 2002 because of higher-than-anticipated receipts in 2000 and in 2002. This increase is partly offset by a downward adjustment of \$0.7 billion as a result of changes in technical assumptions. The mass transit category outlays have been adjusted downward due to revised technical assumptions. Table 13-4 shows how the adjustments to the highway and transit categories have been calculated.

**Table 13-4. ADJUSTMENTS TO THE HIGHWAY AND MASS TRANSIT CATEGORIES FOR CHANGES IN RECEIPTS AND TECHNICAL ASSUMPTIONS**

(In millions of dollars)

	2001	2002	2003
<b>HIGHWAY CATEGORY</b>			
<b>Obligation Limitation Assumed in FY 2001 Preview Report</b> .....	<b>30,216</b>	<b>27,767</b>	<b>28,233</b>
Adjustments:			
Difference Between Current and Previous Estimate of FY 2002 Highway Tax Receipts .....		2,760	
Difference Between FY 2000 Actual and Estimated Highway Tax Receipts .....		1,783	
Subtotal, Obligation Limitation Adjustment .....		4,543	
<b>FY 2002 Preview Report Obligation Limitation</b> .....	<b>30,216</b>	<b>32,310</b>	<b>28,233</b>
<b>Outlay Limits in FY 2001 Preview Report</b> .....	<b>26,920</b>	<b>27,925</b>	<b>27,621</b>
Adjustments:			
Increase in FY 2002 Obligation Limitation .....		1,227	1,863
Changes in Technical Assumptions:			
Reestimate of Outlays from Obligation Limitation level, Adjusted to Include Outlays from change in Obligation Limitation .....		28,489	29,100
Reestimate of Outlays from Obligation Limitation level, Adjusted to Includes Outlays from change in Obligation Limitation .....		29,152	29,484
Adjustment for Changes in Technical Assumptions .....		-663	-384
Total Adjustments .....		564	1,479
<b>Outlay Limits in FY 2002 Preview Report</b> .....	<b>26,920</b>	<b>28,489</b>	<b>29,100</b>
<b>MASS TRANSIT CATEGORY</b>			
<b>Outlay Limits in FY 2001 Preview Report</b> .....	<b>4,639</b>	<b>5,419</b>	<b>5,910</b>
Adjustment:			
Changes in Technical Assumptions:			
Reestimate of Outlays from Obligation Limitation Using Current Technical Assumptions .....		5,275	5,531
FY 2001 Preview Report Outlays .....		5,419	5,910
Adjustment for Changes in Technical Assumptions .....		-144	-379
<b>Outlay Limits in FY 2002 Preview Report</b> .....	<b>4,639</b>	<b>5,275</b>	<b>5,531</b>

The Administration has included several proposals in the budget that would result in cap adjustments upon their enactment. These adjustments are assumed in the proposed limits in Table 13-1 and are described below.

*Adjustments Included in Proposed Limits That Would be Made Under Existing Authority:*

- *Continuing Disability Reviews.*—Funding for additional continuing disability reviews (CDRs) under the heading, “Limitation on Administrative Expenses,” for the Social Security Administration. The law limits adjustments to the budget authority and outlay estimates authorized in the BBA. 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 budget includes a request of \$433 million for CDRs in 2002.
- *Earned Income Tax Credit (EITC) Compliance Initiative.*—Funding for EITC compliance initiatives, including the detection and enforcement of EITC eligibility rules in order to reduce EITC overclaims. Adjustments are limited to the budget au-

thority and outlay estimates authorized in the BBA. The budget includes a request of \$146 million for EITC compliance in 2002.

- *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. The Act provides for a discretionary cap adjustment for appropriations up to \$20 million annually for 1999 through 2003. It is assumed that the cost of adoption bonuses will be offset by reductions in mandatory foster care costs. The budget includes a request of \$20 million for adoption incentive payments in 2002.

**Comparison of OMB and CBO discretionary limits.**—Section 254(d)(5) of the BEA requires this report to explain the differences between OMB and CBO estimates for discretionary spending limits. Table 13-5 compares OMB and CBO limits for 2000–2002. CBO uses the discretionary limits from OMB’s sequestration update report as a starting point for adjustments in its end-of-session sequestration report.

**Table 13–5. COMPARISON OF OMB AND CBO DISCRETIONARY SPENDING LIMITS**  
(In millions of dollars)

	2000	2001	2002
<b>Violent Crime Reduction</b>			
CBO Preview Report limits:			
BA .....	4,500	.....	.....
OL .....	6,344	.....	.....
OMB Preview Report limits:			
BA .....	4,500	.....	.....
OL .....	6,344	.....	.....
Difference:			
BA .....	.....	.....	.....
OL .....	.....	.....	.....
<b>Highway Category</b>			
CBO Preview Report limits:			
BA .....	.....	.....	.....
OL .....	24,574	26,920	28,889
OMB Preview Report limits:			
BA .....	.....	.....	.....
OL .....	24,574	26,920	28,489
Difference:			
BA .....	.....	.....	.....
OL .....	.....	.....	-400
<b>Mass Transit Category</b>			
CBO Preview Report limits:			
BA .....	.....	.....	.....
OL .....	4,117	4,639	5,490
OMB Preview Report limits:			
BA .....	.....	.....	.....
OL .....	4,117	4,639	5,275
Difference:			
BA .....	.....	.....	.....
OL .....	.....	.....	-215
<b>Conservation Category</b>			
CBO Preview Report limits:			
BA .....	.....	.....	1,760
OL .....	.....	.....	1,232
OMB Preview Report limits:			
BA .....	.....	.....	1,760
OL .....	.....	.....	1,232
Difference:			
BA .....	.....	.....	.....
OL .....	.....	.....	.....
<b>Other Discretionary</b>			
CBO Preview Report limits:			
BA .....	580,289	640,803	550,035
OL .....	569,224	613,883	540,353
OMB Preview Report limits:			
BA .....	580,289	640,803	546,945
OL .....	569,224	617,507	537,091
Difference:			
BA .....	.....	.....	-3,090
OL .....	.....	3,624	-3,262

**Table 13-5. COMPARISON OF OMB AND CBO DISCRETIONARY SPENDING LIMITS—  
Continued**

(In millions of dollars)

	2000	2001	2002
<b>Total Discretionary Spending Limits</b>			
CBO Preview Report limits:			
BA .....	584,789	640,803	551,795
OL .....	604,259	645,442	575,964
OMB Preview Report limits:			
BA .....	584,789	640,803	548,705
OL .....	604,259	649,066	572,087
Difference:			
BA .....			-3,090
OL .....		3,624	-3,877

The outlay difference of \$3.6 billion in 2001 is due primarily to the release of contingent emergency spending. CBO estimated \$0.6 billion in outlays associated with the release of over \$4.8 billion in contingent emergency funds provided in 2001 appropriations bills. OMB assumed outlays of \$4.0 billion. In addition, OMB also made an adjustment of \$0.3 billion to reflect the new scoring treatment of unreleased contingent emergency appropriations.

For 2002, the \$3.1 billion difference in budget authority is made up of several components, the largest of which is changes in concepts and definitions agreed to by the scorekeepers. The final decisions on reclassifications were made after CBO issued its report. As a result, the CBO Preview Report caps do not include the reclassifications of FHA negative subsidy, pipeline safety fees, flood insurance administrative expenses, and certain disability benefits for military personnel. OMB and CBO also have slightly different estimates of the second-year effect of discretionary changes to mandatory accounts, and of releases of emergency spending.

The \$3.9 billion difference in outlays is due primarily to the timing issue listed above, but also includes small differences in technical adjustments made to the highway and mass transit categories.

### **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 a sequestration to offset any net cost resulting from legislation enacted before October 1, 2002, that affects direct spending or receipts.

**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 net cost impact of such legislation. This Report shows how these past actions affect the upcoming fiscal year.

In recent years, the PAYGO constraints have been skirted. In enacting the 2000 budget, Congress and the previous Administration removed net costs totaling \$12.7 billion over five years from the PAYGO scorecard. Last year, agricultural direct spending totaling \$7.2 billion over five years was waived from the PAYGO requirement. In total, net costs of \$10.5 billion were removed last year from the PAYGO scorecard for 2001.

Table 13-6 shows OMB estimates for legislation enacted through December 31, 2000. The balances reflect the removal of \$10.5 billion net costs for 2001 in last year's Final Sequester Report as required by the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 2001. For legislation enacted this year, the 2001 impact will be added to the balance for 2002 in the Final Sequester Report that OMB is to issue after the 1st session of the 107th Congress adjourns *sine die*. The current PAYGO scorecard shows net costs of \$16.1 billion for 2002 and a total of \$74.5 billion for 2002 through 2005.

The President's budget sets aside the Social Security surplus and additional on-budget surpluses for debt reduction and contingencies. These levels ensure the President's tax plan and his Immediate Helping Hand and Medicare modernization proposals are fully financed by the surplus. The Administration will work with Congress to ensure that any unintended sequester of spending does not occur under current law or from the enactment of any other proposals that meet the President's objectives to reduce the debt, fund priority initiatives, and grant tax relief to all income tax paying Americans.

**Table 13-6. PAY-AS-YOU-GO SCORECARD**

(In millions of dollars)

	2001	2002	2003	2004	2005	Total 2002-2005
<b>Pay-as-you-go scorecard:</b>						
Revenue impact of enacted legislation .....	.....	-3,863	-3,920	-3,596	-3,820	-15,199
Outlay impact of enacted legislation .....	.....	12,190	14,545	15,740	16,853	59,328
Total, net cost impact of enacted legislation ....	.....	16,053	18,465	19,336	20,673	74,527





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## CURRENT SERVICES ESTIMATES

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## 14. CURRENT SERVICES ESTIMATES

The current services baseline shows what receipts, outlays, surpluses, and budget authority would be if no changes were 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. The following table shows current services estimates of receipts, outlays, and sur-

pluses for 2000 through 2006. 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 obli-

**Table 14-1. BASELINE CATEGORY TOTALS**

(In billions of dollars)

	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Receipts .....	2,025.2	2,137.1	2,221.0	2,324.3	2,437.7	2,569.4	2,697.7
Outlays:							
Discretionary:							
Defense .....	295.0	299.6	311.8	319.2	330.2	340.9	350.9
Nondefense .....	319.9	349.2	372.4	387.5	395.5	405.1	415.6
Subtotal, discretionary .....	614.8	648.8	684.2	706.7	725.7	746.0	766.5
Mandatory:							
Social Security .....	406.0	430.0	451.6	473.5	498.0	524.3	553.0
Medicare .....	194.1	216.0	226.4	238.6	252.2	270.8	279.4
Medicaid .....	117.9	128.9	143.0	153.8	167.4	182.4	198.3
Other mandatory .....	232.7	223.1	246.4	248.5	258.0	281.4	286.7
Subtotal, mandatory .....	950.8	998.0	1,067.5	1,114.4	1,175.6	1,258.9	1,317.3
Net interest:							
Interest earnings .....						-3.3	-14.1
Other .....	223.2	206.3	186.5	169.5	149.5	128.3	112.6
Subtotal, net interest .....	223.2	206.3	186.5	169.5	149.5	125.0	98.5
Total outlays .....	1,788.8	1,853.1	1,938.1	1,990.6	2,050.8	2,130.0	2,182.3
Unified surplus .....	236.4	284.1	282.9	333.8	387.0	439.4	515.3
On-budget surplus .....	86.6	127.9	111.0	140.2	175.9	202.1	262.1
Off-budget surplus .....	149.8	156.1	171.9	193.6	211.0	237.3	253.3

Note: Baseline assumes earnings on cash balances, which represent the return on investing excess Treasury cash in the private sector. The size of the balances that would be invested would vastly overwhelm existing institutional arrangements for investing Treasury operating balances, raising both operational and policy issues.

gated 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.

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 2001 through 2006, taxes deposited in the Leaking Underground Storage Tank trust fund, which are scheduled to expire on March 31, 2005, and taxes deposited in the Aquatic Resources and the Highway trust funds, which expire on September 30, 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 2001 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 regula-

tions 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 2001, the current services estimates for discretionary programs are equal to the enacted 2001 appropriations. For 2002 through 2006, funding is equal to the 2001 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

Table 14-2. SUMMARY OF ECONOMIC ASSUMPTIONS

(Fiscal years; dollar amounts in billions)

	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Gross Domestic Product (GDP):							
Levels, dollar amounts in billions:							
Current dollars .....	9,824	10,313	10,858	11,446	12,059	12,701	13,376
Real, chained (1996) dollars .....	9,241	9,490	9,786	10,104	10,427	10,756	11,094
Percent change, year over year:							
Current dollars .....	7.3	5.0	5.3	5.4	5.4	5.3	5.3
Real, chained (1996) dollars .....	5.4	2.7	3.1	3.2	3.2	3.2	3.1
Inflation measures (percent change, year over year):							
GDP chained price index .....	1.9	2.1	2.1	2.1	2.1	2.1	2.1
Consumer price index (all urban) .....	3.3	2.9	2.5	2.6	2.5	2.5	2.5
Unemployment rate, civilian (percent) .....	4.1	4.3	4.6	4.5	4.5	4.5	4.5
Interest rates (percent):							
91-day Treasury bills .....	5.6	5.5	5.6	5.6	5.6	5.4	5.1
10-year Treasury notes .....	6.2	5.4	5.5	5.7	5.7	5.7	5.7
<b>MEMORANDUM</b>							
Related program assumptions:							
Automatic benefit increases (percent):							
Social security and veterans pensions .....	2.4	3.5	2.5	2.6	2.6	2.5	2.6
Federal employee retirement .....	2.4	3.5	2.5	2.6	2.6	2.5	2.6
Food stamps .....	1.8	1.8	3.1	2.5	2.6	2.5	2.5
Insured unemployment rate .....	1.7	1.9	2.0	1.9	1.9	1.9	1.9

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 projections 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 allows for IRS data to be used to verify incomes of recipients of veterans means-tested benefits is allowed to expire. After 2002, benefit payments will increase under current law due to the reduced verification efforts 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

**Table 14–3. BENEFICIARY PROJECTIONS FOR MAJOR BENEFIT PROGRAMS**

(Annual average, in thousands)

	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Farmer direct payments .....	1,905	1,886	1,867	1,848	1,830	1,811	1,793
Federal family education loans .....	3,791	3,944	4,052	4,201	4,357	4,520	4,690
Federal direct student loans .....	1,970	2,122	2,031	2,104	2,181	2,262	2,345
Foster care and adoption assistance .....	517	551	592	639	689	742	800
Medicaid .....	33,400	33,900	34,300	34,700	35,100	35,500	35,900
State Children's Health Insurance Program .....	2,100	2,600	2,900	3,200	3,300	3,000	2,900
Medicare-eligible military retiree health benefits <sup>1</sup> .....				1,623	1,652	1,672	1,690
Medicare:							
Hospital insurance .....	39,108	39,532	39,944	40,399	40,913	41,468	42,083
Supplementary medical insurance .....	37,226	37,570	37,905	38,257	38,666	39,111	39,608
Railroad retirement .....	682	664	645	626	609	593	578
Federal civil service retirement .....	2,372	2,387	2,408	2,432	2,459	2,488	2,518
Military retirement .....	1,950	1,964	1,977	1,990	2,000	2,010	2,018
Unemployment compensation .....	6,920	8,310	8,530	8,210	8,210	8,280	8,370
Food stamps .....	17,163	17,607	18,412	18,826	18,554	19,129	19,243
Child nutrition .....	29,687	30,237	30,740	31,239	31,654	32,015	32,346
Supplemental security income (SSI):							
Aged .....	1,203	1,185	1,172	1,162	1,153	1,143	1,134
Blind/disabled .....	5,125	5,166	5,231	5,313	5,395	5,478	5,563
Subtotal, SSI .....	6,328	6,351	6,403	6,474	6,547	6,622	6,697
Child care and development fund <sup>2</sup> .....	1,816	2,058	2,116	2,144	2,153	2,153	2,153
Social security (OASDI):							
Old age and survivor insurance .....	38,205	38,860	39,200	39,544	39,911	40,356	40,853
Disability insurance .....	6,559	6,738	6,970	7,235	7,544	7,870	8,210
Veterans compensation:							
Veterans .....	2,301	2,324	2,372	2,410	2,438	2,459	2,468
Survivors (non-veterans) .....	306	308	309	311	312	314	315
Subtotal, veterans compensation .....	2,607	2,632	2,681	2,720	2,750	2,773	2,784
Veterans pensions:							
Veterans .....	370	361	352	344	338	332	327
Survivors (non-veterans) .....	264	249	235	223	213	203	195
Subtotal, veterans pensions .....	635	610	587	568	550	535	522

<sup>1</sup> Mandatory funding of this program begins in 2003.

<sup>2</sup> Includes mandatory child care entitlement to States, discretionary Child Care and Development Block Grant, and TANF transfers.

expiration. These extensions add \$0.4 billion to 2002 current services outlays. Over the period 2002 through 2006, they add \$211.7 billion to current services outlays and \$34.3 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 pe-

riod, 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 14-4. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE**

(In millions of dollars)

Category	Estimate					
	2001	2002	2003	2004	2005	2006
<b>REGULATIONS<sup>1</sup></b>						
Old age and survivors insurance (OASI) and disability insurance (DI):						
Ticket to Work and Self-Sufficiency (767P) .....		2	2	3	-10	-20
Administrative procedures for imposing penalties for false or misleading statements .....	-1	-1	-1	-1	-1	-1
Reduction of Title II benefits under family maximum in cases of dual enrollment .....	13	14	14	15	16	17
Trial work period .....	7	6	5	5	4	3
Medicare, HI:						
BIPA Codifying regulations .....	2,780	5,035	3,180	3,330	3,460	3,160
BBRA Codifying Regulations .....	2,675	2,210	1,019	665	477	660
BBA 1997 Codifying Regulations .....	-41,680	-49,460	-56,135	-62,905	-68,620	-74,130
Disproportionate share hospital (DSH) regulation .....	370	380	430	450	510	540
SNF Resource Utilization Group refinement delay .....	1,000	1,000				
Medicare, SMI:						
BIPA Codifying regulations .....	2,030	3,260	3,900	4,520	5,680	6,705
BBRA Codifying Regulations .....	3,943	2,992	1,624	468	210	289
BBRA Administrative Clarification Codifying Regulations .....	800	930	1,150	1,510	1,790	1,860
BBA 1997 Codifying Regulations .....	4,865	8,430	11,675	11,760	11,965	12,210
Medicare, HI and SMI:						
Identification of potential organ, tissue, and eye donors .....	115	160	200	240	NA	NA
Medicare clinical trials expansion .....	620	690	790	840	900	960
Medicaid:						
BIPA Codifying regulations .....	220	650	-1,980	-2,910	-4,100	-4,970
BBRA Codifying Regulations .....	375	279	158	114	99	107
BBA 1997 Codifying Regulations .....	-660	-1,071	-1,628	-1,825	-1,985	-2,126
Removal of the 100 hour limitation on employment .....	140	160	175	190	210	225
1902 (R) (2) regulation .....	40	125	220	230	245	255
Medicare and Medicaid:						
Hospital conditions of participation: Anesthesia services .....	*	*	*	*	*	*
Supplemental security income (SSI):						
Ticket to Work and Self-Sufficiency (767P) .....	-1	-4	-11	-19	-21	-17
Title XVI cross-program recovery (746P) .....	-15	-15	-15	-40	-30	-15
Administrative procedures for imposing penalties for false or misleading statements .....	-2	-1	-1	-1	-1	-1
Student earned income exclusion .....	3	3	3	3	4	4
Veterans compensation						
Diabetes presumptive disability .....	17	302	715	999	1,182	1,268
Veterans medical care:						
Nursing home co-pays .....		-24	-33	-33	-33	-33
Environmental Protection Agency:						
Pesticide registration fees .....		-25	-26	-27	-28	-30
Pesticide tolerance fees .....		-37	-57	-43	-14	
<b>EXPIRING AUTHORIZATIONS</b>						
<b>Provisions extended in the baseline (effect of extension):</b>						
<b>Spending:</b>						
Child care entitlement to States .....			2,717	2,717	2,717	2,717
Child nutrition:						
Summer food service program .....				375	399	422
State administrative expenses .....				141	149	156
CCC commodity program assistance .....			9,641	8,555	8,403	8,488
Compact of free association .....				144	144	144
Food stamps:						
Benefit costs .....			18,009	18,612	19,423	20,203
State administrative expenses .....			2,036	2,101	2,168	2,237
Employment and training .....			337	342	347	352
Other program costs .....			71	69	70	71
Nutrition assistance for Puerto Rico .....			1,370	1,405	1,441	1,476

**Table 14–4. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued**  
(In millions of dollars)

Category	Estimate					
	2001	2002	2003	2004	2005	2006
Food donations on Indian reservations .....			73	78	80	82
The emergency food assistance program commodities .....			100	100	100	100
Fund for Rural America .....				32	42	53
Future Agriculture and Food Systems initiative .....				6	48	90
NAFTA transitional adjustment assistance .....		30	60	69	70	72
Promoting safe and stable families .....		46	241	293	299	305
Temporary assistance for needy families (TANF):						
State family assistance grants (SFAG) .....			16,489	16,489	16,489	16,489
SFAG to territories .....			78	78	78	78
Bonus to reward high performing States .....				200	200	200
Bonus to reward decrease in illegitimacy .....			100	100	100	100
Tribal work program .....			8	8	8	8
Trade adjustment assistance .....		283	326	357	368	380
Revenues:						
Aquatic resources trust fund taxes .....						310
Highway trust fund taxes .....						33,636
Leaking Underground Storage Tank taxes .....					104	210
<b>Provisions not extended in the baseline (effect of extension):</b>						
Spending:						
Census: survey of program dynamics .....			10	10	10	10
Civil service retirement:						
Increased non-Postal agency contributions for employees of 1.51 percent .....			-469	-482	-449	-415
Customs user fees .....				-1,450	-1,511	-1,576
Farm price supports:						
CCC conservation technical assistance .....		35	35	35	35	35
CCC emergency farm income and crop/livestock loss assistance .....		7,329	7,329	7,329	7,329	7,329
Medicare, HI:						
Reduction in PPS Capital Payments (BBA 4402) .....			-180	-220	-230	-240
Reduction in PPS Capital Payments (BBA 4412) .....			-130	-150	-160	-170
Medicare, SMI:						
Medicare low income premium assistance .....			80	90	100	110
Medicaid:						
Emergency services for undocumented aliens .....		25	25	25	25	25
Medicaid transitional assistance .....			350	400	450	500
Recreation fee demonstrations .....			-58	-8	52	84
Veterans compensation and pensions:						
IRS income verification .....			-6	-6	-6	-6
Round down COLAs .....			-15	-37	-60	-85
Veterans medical care: pharmaceutical copay .....		-120	-250	-250	-250	-250
<b>OTHER IMPORTANT PROGRAM ASSUMPTIONS</b>						
Child support enforcement (CSE):						
Effect of hold harmless payments to States .....	10	10				
Effect of enhanced automated system matching rates .....	32	13				
Penalties for Family Support Act systems and Statewide Disbursement Unit requirements .....	-148	-194	-100	-15		
Effect of enhanced rate of paternity testing .....	8	8	9	9	10	10
Food stamps:						
Tax offset, recoupment, and general claims collection .....	-177	-177	-177	-177	-177	-177
Quality control liabilities .....	-68	-72	-77	-76	-80	-87
Allocation of administrative costs between public assistance programs .....	-197	-197	-197	-197	-197	-197
State incentive payments .....	42	46	47	49	50	52
Non-employment and training costs of BBA changes to work requirement for able-bodied adults without dependents .....	91	107	117	121	126	130
Administrative actions to promote employment and training program .....	15	25	30	31	32	33
Medicare: Medicare Integrity Program (MIP) <sup>2</sup> .....	-10,660	-10,970	-11,290	-11,290	-11,290	-11,290
Medicaid: <sup>3</sup>						
Financial management recoveries .....	-171	-187	-204	-223	-244	-267
Vaccines for Children, total program costs .....	775	796	792	784	821	853
Allocation of administrative costs between public assistance programs .....	311	355	393	432	471	509
48 Hour Maternity Stay .....	20	20	20	20	20	20
Adoption and Safe Families Act of 1997 .....	2	2	2	2	3	3
Remaining upper payment limit costs assumed in baseline .....	4,720	5,250	4,640	4,730	4,860	4,640
HHS Inspector General: Audit and Investigative Recoveries .....	-840	-980	-1,050	-1,050	NA	NA
State children's health insurance program (Title XXI) .....	4,032	3,355	4,072	4,260	4,290	4,370

**Table 14–4. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued**  
(In millions of dollars)

Category	Estimate					
	2001	2002	2003	2004	2005	2006
Approved Demonstrations: <sup>4</sup>						
Medicare, HI:						
Home Health Prospective Payment						
Costs .....	245					
Replacement Benefits .....	245					
Medicare, SMI:						
Competitive Bidding for DME						
Costs .....	12	14	2			
Replacement Benefits .....	11	12	2			
Diabetes						
Costs .....	1	1	1			
Replacement Benefits .....	1	1	1			
Municipal Health						
Costs .....	17	13	11	10		
Replacement Benefits .....	7	6	5	4		
Telemedicine						
Costs .....	1					
Replacement Benefits .....	1					
United Mine Workers Prescription Drug Program						
Costs .....	119	478	483	366		
Replacement Benefits .....	113	450	453	343		
Smoking Cessation						
Costs .....	6	6	2			
Replacement Benefits .....	6	6	2			
Medicare: HI and SMI:						
Case Management/Lovelace CHF						
Costs .....	1	1	1			
Replacement Benefits .....	1	1	1			
Centers of Excellence						
Costs .....		409	409	409		
Replacement Benefits .....		431	431	431		
Choices						
Costs .....	112					
Replacement Benefits .....	124					
Community Nursing Organization (CNO)						
Costs .....	5	2				
Replacement Benefits .....	3	1				
Competitive Pricing for HMOs						
Costs .....		2,400	4,650	4,650		
Replacement Benefits .....		2,400	4,650	4,650		
Evercare						
Costs .....	154					
Replacement Benefits .....	154					
Monroe County LTC Care						
Costs .....	4	4	2			
Replacement Benefits .....	4	4	2			
New York Graduate Medical Education						
Costs .....	290	291	279			
Replacement Benefits .....	290	291	279			
End Stage Renal Disease Managed Care						
Costs .....	29					
Replacement Benefits .....	29					
Medicare Lifestyle Modification Program						
Costs .....	NA	NA	NA			
Replacement Benefits .....	NA	NA	NA			
PPO Demonstration						
Costs .....	11	23	24	25		
Replacement Benefits .....	10	22	23	23		
Provider Partnership						
Costs .....		255	335	335	86	
Replacement Benefits .....		260	342	342	88	
Rochester-CCN (Dual Eligibles)						
Costs .....	56	81	118	94		
Replacement Benefits .....	62	94	141	115		
Medicaid:						
Arizona AHCCS						
Costs .....	1,670	2,273				



**Table 14–4. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued**  
(In millions of dollars)

Category	Estimate					
	2001	2002	2003	2004	2005	2006
Replacement Benefits .....	1,670	2,273				
Arkansas (ARKids First)						
Costs .....	49	51				
Replacement Benefits .....	49	51				
Arkansas Family Planning Services						
Costs .....	13	13				
Replacement Benefits .....	13	13				
California Family Planning						
Costs .....	193	196	199			
Replacement Benefits .....	193	196	199			
Delaware Statewide						
Costs .....	105	112	120	128		
Replacement Benefits .....	105	112	120	128		
District of Columbia HIV						
Costs .....	3	2	3	3	3	
Replacement Benefits .....	3	2	3	3	3	
Florida Family Planning						
Costs .....	23	21	21	21		
Replacement Benefits .....	23	21	21	21		
Hawaii Health QUEST						
Costs .....	283	311				
Replacement Benefits .....	283	311				
Kentucky (amended version)						
Costs .....	2,290	2,496				
Replacement Benefits .....	2,290	2,496				
LA County						
Costs .....	246	231	173	123	65	
Replacement Benefits .....	5	5	5	5	5	
Maine Prescription Drug Discount Program						
Costs .....	*	*	*	*	*	
Replacement Benefits .....	*	*	*	*	*	
Maine HIV						
Costs .....	4	7	7	7	7	
Replacement Benefits .....	4	7	7	7	7	
Maryland						
Costs .....	1,021	1,099				
Replacement Benefits .....	1,021	1,099				
Massachusetts Statewide						
Costs .....	1,918	2,041				
Replacement Benefits .....	1,918	2,041				
Minnesota Statewide						
Costs .....	1,437	1,542				
Replacement Benefits .....	1,437	1,542				
New York (Partnership Plan)						
Costs .....	10,509	11,726				
Replacement Benefits .....	10,509	11,726				
Oklahoma Statewide						
Costs .....	900	963	1,030	1,102		
Replacement Benefits .....	900	963	1,030	1,102		
OhioCare						
Costs .....	2,287					
Replacement Benefits .....	2,287					
Oregon Family Planning						
Costs .....	70	70	70	70		
Replacement Benefits .....	70	70	70	70		
Oregon Health Plan						
Costs .....	545	186				
Replacement Benefits .....	545	186				
Oregon Independent Choices						
Costs .....	1	2	2	2	2	1
Replacement Benefits .....	1	2	2	2	2	1
Rhode Island Rite Care (including costs of amendments)						
Costs .....	70	70				
Replacement Benefits .....	70	70				
SC Family Planning						
Costs .....	9					
Replacement Benefits .....	9					

**Table 14–4. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued**  
(In millions of dollars)

Category	Estimate					
	2001	2002	2003	2004	2005	2006
TennCare						
Costs .....	3,227	3,392				
Replacement Benefits .....	3,227	3,392				
Vermont						
Costs .....	151	158	166	174		
Replacement Benefits .....	151	158	166	174		
Cash and counseling <sup>6</sup>						
Costs .....	13	20	24	2		
Replacement Benefits .....	13	20	24	2		
Welfare Reform						
Costs .....	72	70				
Replacement Benefits .....	72	70				
Joint Medicare and Medicaid:						
S/HMOs—Medicare						
Costs .....	900	950	975	1,000		
Replacement Benefits .....	765	805	829	850		
S/HMOs—Medicaid						
Costs .....	83	86	88	90		
Replacement Benefits .....	83	86	88	90		
S/HMO II—Medicare						
Costs .....	1,000	1,000	1,000	1,000		
Replacement Benefits .....	950	950	950	950		
S/HMO II—Medicaid						
Costs .....	201	217	217	217		
Replacement Benefits .....	201	217	217	217		
Wisconsin-Dual Eligibles						
Costs .....	50	55	57			
Replacement Benefits .....	53	57	60			
OASI, DI, SSI:						
Expansion of tax refund offset to debts previously written off (OASI, DI) .....	-44	-44	-44	-44	-44	-44
Performance of continuing disability reviews (baseline levels) (OASI, DI, SSI) .....	-485	-975	-1,425	-1,820	-2,260	-2,520
Collection of overpayments:						
OASI .....	-981	-976	-973	-971	-971	-971
DI .....	-335	-353	-361	-366	-368	-368
SSI .....	-783	-822	-842	-851	-856	-856
Debts written off as uncollectable (no effect on outlays):						
OASI .....	94	93	92	91	90	90
DI .....	272	287	294	297	299	299
SSI .....	526	488	450	412	374	374
DI:						
Payments to states for vocational rehabilitation .....	86	73	63	53	37	41
Limitation on prisoner's benefits .....	-38	-38	-43	-46	-51	-57
Research and demonstration projects .....	6	12	12	12	12	6
OASI: limitation on prisoner's benefits .....	-16	-17	-18	-20	-22	-25
SSI:						
Payments from states for state supplemental benefits .....	-3,570	-3,665	-3,791	-3,923	-4,078	-4,167
Payments for state supplemental benefits .....	3,265	3,655	3,780	3,910	4,070	4,160
Fees for administration of State supplement:						
Treasury share .....	150	152	153	155	157	159
SSA share .....	100	106	115	123	132	141
Research and demonstration projects .....	37	30	31	31	31	32
Payments to states for vocational rehabilitation .....	71	57	58	56	52	47
Performance of non-disability redeterminations .....	-279	-221	-27	-17	-10	-8
Ticket to work grant programs:						
Infrastructure grant program .....	16	25	30	35	40	41
Demonstration to maintain independence and employment .....		4	11	15	18	24
TANF:						
Transfers from TANF to SSBG .....	600	500	600	700	700	700

NA = Not available.

<sup>1</sup> Not shown on the table are medicare and medicaid regulations that have not been specifically priced.

<sup>2</sup> These amounts reflect gross MIP savings that are not offset with MIP costs.

<sup>3</sup> Not shown on table are anticipated collections from various State liabilities under current law.

<sup>4</sup> Estimates for demonstrations reflect Federal costs of the projects. Replacement benefits represent the program costs in the absence of the demonstrations. The differences represent the net impact of the demonstration projects on the baseline. DoD Medicare demonstration is reflected under BBA97 codifying regulations.

<sup>5</sup> Budget modified from original agreement for phase-out of waiver funding.

<sup>6</sup> 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 \$83.9 billion from 2001 to 2002 and by \$476.7 billion from 2002 to 2006, largely due to assumed increases in incomes resulting from both real economic growth and inflation.

Individual income taxes are estimated to increase by \$29.8 billion from 2001 to 2002 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 5.1 percent between 2002 and 2006.

Corporation income taxes under current law are estimated to increase by \$6.9 billion or 3.2 percent from 2001 to 2002, in large part due to higher corporate profits. Corporation income taxes are projected to increase at an annual rate of 4.2 percent from 2002 to 2006.

Social insurance and retirement receipts are estimated to increase by \$36.1 billion between 2001 and 2002, and by an additional \$170.6 billion between 2002 and 2006. The estimates reflect assumed increases in total wages and salaries paid, and scheduled increases in the social security taxable earnings base from \$80,400 in 2001 to \$102,600 in 2006.

Excise taxes are estimated to increase by \$11.2 billion from 2001 to 2006, 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 \$24.2 billion from 2001 to 2006.

*Outlays.*—Current services outlays are estimated to be \$1,853.1 billion in 2001 and \$1,938.1 billion in 2002, a 4.6 percent increase. Between 2001 and 2006, they are projected to increase at an average annual rate of 3.3 percent. Outlays for discretionary programs increase from \$648.8 billion in 2001 to \$684.2 billion in 2002, 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 \$766.5 billion in 2006. Entitlement and other mandatory programs are estimated to grow from \$998.0 billion in 2001 to \$1,067.5 billion in 2002, and to \$1,317.3 billion in 2006, 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 \$430.0 billion in 2001 to \$553.0 billion in 2006, an average annual rate of 5.2 percent. Medicare and medicaid are projected to grow at annual average rates of 5.3 and 9.0 percent, respectively, outpacing inflation. Unemployment compensation also grows substantially over the projection period. Offsetting growth in other areas, mandatory agriculture spending, totaling \$20.6 billion in 2001, declines rapidly and is only \$9.1 billion in 2006. In addition, 2001 outlays are reduced by \$17.7 billion due to the recording of reestimates of credit subsidies required by the Credit Reform Act. These reestimates are recorded in the current year and reflect revisions to previous subsidy estimates for outstanding loan cohorts.

Net interest payments to the public are estimated to decline over the projection period from \$206.3 billion in 2001 to \$98.5 billion in 2006, 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)

	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Individual income taxes .....	1,004.5	1,073.1	1,102.9	1,148.9	1,205.6	1,273.1	1,345.3
Corporation income taxes .....	207.3	213.1	220.0	228.8	237.8	249.1	259.4
Social insurance and retirement receipts .....	652.9	689.7	725.8	766.0	806.0	855.8	896.4
On-budget .....	172.3	185.8	194.9	205.2	215.8	226.8	237.9
Off-budget .....	480.6	503.9	530.9	560.8	590.3	629.0	658.5
Excise taxes .....	68.9	71.1	74.0	76.3	78.3	80.5	82.3
Other .....	91.8	90.1	98.3	104.4	110.0	110.8	114.3
<b>Total .....</b>	<b>2,025.2</b>	<b>2,137.1</b>	<b>2,221.0</b>	<b>2,324.3</b>	<b>2,437.7</b>	<b>2,569.4</b>	<b>2,697.7</b>
On-budget .....	1,544.6	1,633.2	1,690.1	1,763.5	1,847.4	1,940.4	2,039.2
Off-budget .....	480.6	503.9	530.9	560.8	590.3	629.0	658.5

Table 14-6. CHANGE IN BASELINE OUTLAY ESTIMATES BY CATEGORY

(Dollar amounts in billions)

	Estimate			Change 2001 to 2002		Change 2001 to 2006	
	2001	2002	2006	Amount	Percent	Amount	Annual average rate
Outlays:							
Discretionary:							
Defense .....	299.6	311.8	350.9	12.2	4.1%	51.3	3.2%
Nondefense .....	349.2	372.4	415.6	23.2	6.6%	66.4	3.5%
Subtotal, discretionary .....	648.8	684.2	766.5	35.4	5.5%	117.7	3.4%
Mandatory:							
Agriculture programs .....	20.6	13.2	9.1	-7.4	-36.1%	-11.5	-15.1%
Medicaid .....	128.9	143.0	198.3	14.2	11.0%	69.4	9.0%
Medicare .....	216.0	226.4	279.4	10.4	4.8%	63.4	5.3%
Federal employee retirement and disability .....	81.0	84.3	98.3	3.3	4.1%	17.3	3.9%
Unemployment compensation .....	25.4	28.3	34.3	2.9	11.4%	8.9	6.2%
Social Security .....	430.0	451.6	553.0	21.6	5.0%	123.0	5.2%
Credit subsidy reestimates .....	-17.7	.....	.....	17.7	-100.0%	17.7	-100.0%
Undistributed offsetting receipts .....	-47.7	-51.8	-57.8	-4.1	8.7%	-10.1	3.9%
Other mandatory .....	161.5	172.4	202.8	11.0	6.8%	41.3	4.7%
Subtotal, mandatory .....	998.0	1,067.5	1,317.3	69.5	7.0%	319.3	5.7%
Net interest .....	206.3	186.5	98.5	-19.8	-9.6%	-107.8	-13.7%
Total outlays .....	1,853.1	1,938.1	2,182.3	85.1	4.6%	329.3	3.3%

Table 14-7. CURRENT SERVICES OUTLAYS BY FUNCTION

(in billions of dollars)

Function	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
National defense:							
Department of Defense—Military .....	281.2	283.9	295.4	302.4	312.9	323.4	333.1
Other .....	13.3	15.2	16.3	16.6	16.7	17.0	17.2
Total, National defense .....	294.5	299.1	311.7	319.0	329.6	340.4	350.3
International affairs .....	17.2	16.9	20.7	20.8	20.9	20.9	21.5
General science, space, and technology .....	18.6	19.7	20.8	21.5	22.2	22.7	23.1
Energy .....	-1.1	-0.7	-0.2	0.2	-0.4	-0.2	0.2
Natural resources and environment .....	25.0	27.4	29.5	30.8	31.6	32.4	33.0
Agriculture .....	36.6	25.9	18.7	15.4	14.4	14.6	15.0
Commerce and housing credit .....	3.2	-0.8	7.4	5.2	4.4	4.4	3.2
On-Budget .....	(1.2)	(-3.4)	(4.4)	(5.8)	(5.1)	(5.7)	(5.0)
Off-Budget .....	(2.0)	(2.6)	(3.1)	(-0.5)	(-0.7)	(-1.3)	(-1.8)
Transportation .....	46.9	51.1	55.0	58.0	60.2	62.6	64.4
Community and regional development .....	10.6	10.6	12.2	12.1	12.1	12.1	11.9
Education, training, employment, and social services .....	59.2	65.3	76.4	79.8	81.1	83.1	85.4
Health .....	154.5	172.8	190.5	208.5	224.3	241.3	259.2
Medicare .....	197.1	219.3	229.9	242.2	256.0	274.7	283.5
Income security .....	247.9	262.6	275.6	285.2	295.5	308.6	317.0
Social security .....	409.4	433.6	455.2	477.2	501.8	528.3	557.0
On-Budget .....	(13.3)	(11.7)	(14.2)	(14.9)	(16.1)	(17.2)	(18.4)
Off-Budget .....	(396.2)	(421.9)	(441.0)	(462.3)	(485.7)	(511.0)	(538.6)
Veterans benefits and services .....	47.1	45.4	51.3	53.7	56.3	61.2	60.7
Administration of justice .....	27.8	29.4	32.4	35.4	36.0	36.2	37.4
General government .....	13.5	16.8	16.4	16.8	17.6	18.0	18.5
Net interest .....	223.2	206.3	186.5	169.5	149.5	125.0	98.5
On-Budget .....	(283.0)	(275.2)	(262.6)	(254.9)	(245.4)	(232.4)	(218.6)
Off-Budget .....	(-59.8)	(-68.9)	(-76.1)	(-85.4)	(-95.9)	(-107.3)	(-120.1)
Undistributed offsetting receipts .....	-42.6	-47.7	-51.8	-60.7	-62.4	-56.2	-57.8
On-Budget .....	(-34.9)	(-39.8)	(-42.9)	(-51.5)	(-52.5)	(-45.5)	(-46.3)
Off-Budget .....	(-7.6)	(-7.9)	(-8.9)	(-9.2)	(-9.9)	(-10.7)	(-11.4)
<b>Total .....</b>	<b>1,788.8</b>	<b>1,853.1</b>	<b>1,938.1</b>	<b>1,990.6</b>	<b>2,050.8</b>	<b>2,130.0</b>	<b>2,182.3</b>
On-Budget .....	(1,458.1)	(1,505.3)	(1,579.1)	(1,623.3)	(1,671.5)	(1,738.3)	(1,777.1)
Off-Budget .....	(330.8)	(347.7)	(359.0)	(367.3)	(379.3)	(391.6)	(405.2)

Table 14-8. CURRENT SERVICES OUTLAYS BY AGENCY

(in billions of dollars)

Function	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Legislative Branch .....	2.9	3.1	3.1	3.3	3.3	3.4	3.5
Judicial Branch .....	4.1	4.3	4.5	4.6	4.8	4.9	5.1
Agriculture .....	75.7	69.6	64.2	63.0	63.9	65.9	68.2
Commerce .....	7.8	5.5	5.2	5.4	5.5	5.7	5.8
Defense—Military .....	281.2	283.9	295.4	302.4	312.9	323.4	333.1
Education .....	33.9	36.7	44.9	47.6	48.7	49.8	51.1
Energy .....	15.0	16.7	17.9	18.5	18.7	19.1	19.3
Health and Human Services .....	382.6	428.0	457.8	484.2	514.3	550.4	577.4
Housing and Urban Development .....	30.8	37.3	35.1	35.5	34.8	35.2	35.5
Interior .....	8.0	8.7	9.8	10.5	10.8	11.0	11.3
Justice .....	19.6	20.7	23.0	25.6	24.6	24.4	25.2
Labor .....	31.4	38.2	42.2	42.8	43.8	45.5	47.4
State .....	6.8	8.7	9.1	8.7	8.7	8.8	9.1
Transportation .....	46.0	50.6	54.8	57.4	59.7	62.1	63.9
Treasury .....	391.2	388.5	379.8	377.3	374.9	367.4	359.6
Veterans Affairs .....	47.1	45.2	51.2	53.6	56.2	61.1	60.6
Corps of Engineers .....	4.3	4.6	4.9	5.1	5.2	5.3	5.2
Other Defense Civil Programs .....	32.9	34.4	35.4	41.2	42.4	43.7	44.9
Environmental Protection Agency .....	7.2	7.5	7.7	8.0	8.1	8.4	8.6
Executive Office of the President .....	0.3	0.3	0.3	0.3	0.3	0.3	0.4
Federal Emergency Management Agency .....	3.1	3.1	3.4	3.4	3.1	3.0	2.6
General Services Administration .....	*	0.6	-0.1	0.5	0.6	0.7	0.7
International Assistance Programs .....	12.1	11.4	12.2	12.7	12.9	12.8	13.1
National Aeronautics and Space Administration .....	13.4	13.8	14.3	14.8	15.2	15.5	15.9
National Science Foundation .....	3.5	4.0	4.4	4.6	4.8	4.8	4.8
Office of Personnel Management .....	48.7	51.0	53.3	56.3	59.4	62.8	66.0
Small Business Administration .....	-0.4	-1.0	0.9	0.9	0.9	0.9	1.0
Social Security Administration .....	441.8	463.0	488.1	511.5	537.5	567.9	595.7
On-Budget .....	(45.6)	(41.1)	(47.1)	(49.2)	(51.8)	(56.8)	(57.1)
Off-Budget .....	(396.2)	(421.9)	(441.0)	(462.3)	(485.7)	(511.0)	(538.6)
Other Independent Agencies .....	10.6	4.9	19.2	17.3	17.8	18.5	18.7
On-Budget .....	(8.5)	(2.3)	(16.2)	(17.8)	(18.5)	(19.8)	(20.5)
Off-Budget .....	(2.0)	(2.6)	(3.1)	(-0.5)	(-0.7)	(-1.3)	(-1.8)
Undistributed Offsetting Receipts .....	-172.8	-190.2	-204.2	-226.4	-242.9	-252.5	-271.5
On-Budget .....	(-105.4)	(-113.4)	(-119.2)	(-131.8)	(-137.2)	(-134.4)	(-139.9)
Off-Budget .....	(-67.4)	(-76.8)	(-85.0)	(-94.6)	(-105.7)	(-118.1)	(-131.6)
<b>Total .....</b>	<b>1,788.8</b>	<b>1,853.1</b>	<b>1,938.1</b>	<b>1,990.6</b>	<b>2,050.8</b>	<b>2,130.0</b>	<b>2,182.3</b>
On-Budget .....	(1,458.1)	(1,505.3)	(1,579.1)	(1,623.3)	(1,671.5)	(1,738.3)	(1,777.1)
Off-Budget .....	(330.8)	(347.7)	(359.0)	(367.3)	(379.3)	(391.6)	(405.2)

\* \$50 million or less.

Table 14-9. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION

(in billions of dollars)

Function	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
National defense:							
Department of Defense—Military .....	290.5	295.1	304.9	313.3	322.1	331.1	340.5
Other .....	13.6	15.6	16.3	16.5	16.6	16.9	17.2
Total, National defense .....	304.1	310.6	321.1	329.8	338.6	348.0	357.6
International affairs .....	22.6	18.6	21.7	22.1	22.3	23.0	23.8
General science, space, and technology .....	19.3	21.0	21.5	22.0	22.4	22.9	23.4
Energy .....	-1.2	-0.9	-0.1	0.1	-0.4	-0.2	0.2
Natural resources and environment .....	25.0	28.5	29.8	30.6	31.6	32.5	33.4
Agriculture .....	33.7	29.3	16.3	14.4	14.6	15.0	15.5
Commerce and housing credit .....	15.4	-6.5	11.1	9.1	7.6	7.6	7.6
On-Budget .....	(11.7)	(-11.3)	(8.6)	(7.1)	(6.7)	(6.7)	(6.6)
Off-Budget .....	(3.7)	(4.8)	(2.5)	(1.9)	(0.9)	(0.9)	(1.0)
Transportation .....	55.4	61.5	64.8	62.3	62.9	63.6	64.3
Community and regional development .....	11.3	10.4	11.6	11.8	12.0	12.2	12.5
Education, training, employment, and social services .....	55.2	70.3	78.7	80.4	82.0	84.4	86.9
Health .....	161.5	178.9	193.0	211.3	226.6	244.4	262.3
Medicare .....	200.6	219.0	229.9	242.4	255.8	274.9	283.8
Income security .....	243.6	261.9	273.5	286.0	297.5	309.8	318.2
Social security .....	412.0	435.3	456.9	479.2	503.9	530.5	559.5
On-Budget .....	(13.3)	(11.7)	(14.2)	(14.9)	(16.1)	(17.2)	(18.4)
Off-Budget .....	(398.8)	(423.6)	(442.7)	(464.3)	(487.8)	(513.3)	(541.1)
Veterans benefits and services .....	45.5	47.7	51.7	54.0	56.4	58.7	60.9
Administration of justice .....	26.7	30.4	32.8	32.6	35.4	36.5	37.7
General government .....	13.5	16.2	16.6	17.1	17.7	18.2	18.8
Net interest .....	223.2	206.3	186.5	169.5	149.5	125.0	98.5
On-Budget .....	(283.0)	(275.2)	(262.6)	(254.9)	(245.4)	(232.4)	(218.6)
Off-Budget .....	(-59.8)	(-68.9)	(-76.1)	(-85.4)	(-95.9)	(-107.3)	(-120.1)
Undistributed offsetting receipts .....	-42.6	-47.7	-51.8	-60.7	-62.4	-56.2	-57.8
On-Budget .....	(-34.9)	(-39.8)	(-42.9)	(-51.5)	(-52.5)	(-45.5)	(-46.3)
Off-Budget .....	(-7.6)	(-7.9)	(-8.9)	(-9.2)	(-9.9)	(-10.7)	(-11.4)
<b>Total .....</b>	<b>1,825.0</b>	<b>1,890.9</b>	<b>1,965.7</b>	<b>2,014.0</b>	<b>2,074.0</b>	<b>2,150.7</b>	<b>2,207.5</b>
On-Budget .....	(1,489.9)	(1,539.2)	(1,605.4)	(1,642.3)	(1,691.0)	(1,754.6)	(1,796.9)
Off-Budget .....	(335.0)	(351.7)	(360.3)	(371.6)	(383.0)	(396.1)	(410.5)
<b>MEMORANDUM</b>							
Discretionary budget authority:							
National defense .....	300.8	311.3	321.3	330.0	339.2	348.6	358.3
International .....	23.5	22.7	23.2	23.7	24.3	24.8	25.4
Domestic .....	260.1	301.0	316.0	324.7	333.8	343.3	353.2
<b>Total, discretionary .....</b>	<b>584.4</b>	<b>634.9</b>	<b>660.6</b>	<b>678.4</b>	<b>697.3</b>	<b>716.7</b>	<b>736.8</b>

Table 14–10. CURRENT SERVICES BUDGET AUTHORITY BY AGENCY

(in billions of dollars)

Function	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Legislative Branch .....	2.8	3.1	3.1	3.2	3.3	3.4	3.5
Judicial Branch .....	4.1	4.4	4.6	4.7	4.8	5.0	5.1
Agriculture .....	75.8	72.6	61.7	62.3	64.4	66.7	69.1
Commerce .....	8.8	5.2	5.4	5.5	5.7	5.9	6.0
Defense—Military .....	290.5	295.1	304.9	313.3	322.1	331.1	340.5
Education .....	32.2	40.3	48.0	48.8	49.6	50.9	52.2
Energy .....	15.3	17.4	17.9	18.2	18.6	18.9	19.3
Health and Human Services .....	392.4	433.9	459.1	484.3	514.1	550.2	577.2
Housing and Urban Development .....	24.3	24.6	36.1	35.2	35.4	36.4	36.9
Interior .....	8.4	9.5	10.3	10.5	10.8	11.2	11.6
Justice .....	18.7	21.5	23.4	22.9	24.0	24.8	25.5
Labor .....	30.7	39.2	42.8	43.6	45.2	47.2	49.3
State .....	8.3	8.1	8.3	8.5	8.7	8.9	9.2
Transportation .....	54.7	61.0	64.7	61.8	62.4	63.1	63.7
Treasury .....	392.3	389.7	381.0	378.7	376.2	369.0	361.3
Veterans Affairs .....	45.5	47.5	51.6	53.9	56.3	58.6	60.8
Corps of Engineers .....	4.1	4.6	4.7	4.9	5.0	5.1	5.2
Other Defense Civil Programs .....	33.0	34.5	35.5	42.6	43.9	45.2	46.6
Environmental Protection Agency .....	7.3	7.6	7.8	8.0	8.3	8.5	8.7
Executive Office of the President .....	0.3	0.3	0.3	0.3	0.3	0.3	0.4
Federal Emergency Management Agency .....	3.3	2.2	2.2	2.4	2.4	2.5	2.5
General Services Administration .....	—*	0.4	0.4	0.8	0.8	0.8	0.8
International Assistance Programs .....	14.1	11.7	12.3	12.5	12.4	12.8	13.4
National Aeronautics and Space Administration .....	13.6	14.3	14.6	15.0	15.3	15.7	16.1
National Science Foundation .....	4.0	4.6	4.7	4.8	4.7	4.8	5.0
Office of Personnel Management .....	50.5	53.3	56.0	59.0	61.9	65.0	68.2
Small Business Administration .....	0.1	–0.8	0.9	0.9	1.0	1.0	1.0
Social Security Administration .....	444.4	467.4	487.4	513.5	539.6	570.2	598.2
On-Budget .....	(45.6)	(43.8)	(44.7)	(49.2)	(51.8)	(56.9)	(57.1)
Off-Budget .....	(398.8)	(423.6)	(442.7)	(464.3)	(487.8)	(513.3)	(541.1)
Other Independent Agencies .....	18.3	8.1	19.9	20.0	19.4	20.1	21.6
On-Budget .....	(14.6)	(3.2)	(17.4)	(18.0)	(18.5)	(19.3)	(20.6)
Off-Budget .....	(3.7)	(4.8)	(2.5)	(1.9)	(0.9)	(0.9)	(1.0)
Undistributed Offsetting Receipts .....	–172.8	–190.2	–204.2	–226.4	–242.9	–252.5	–271.5
On-Budget .....	(–105.4)	(–113.4)	(–119.2)	(–131.8)	(–137.2)	(–134.4)	(–139.9)
Off-Budget .....	(–67.4)	(–76.8)	(–85.0)	(–94.6)	(–105.7)	(–118.1)	(–131.6)
<b>Total .....</b>	<b>1,825.0</b>	<b>1,890.9</b>	<b>1,965.7</b>	<b>2,014.0</b>	<b>2,074.0</b>	<b>2,150.7</b>	<b>2,207.5</b>
On-Budget .....	(1,489.9)	(1,539.2)	(1,605.4)	(1,642.3)	(1,691.0)	(1,754.6)	(1,796.9)
Off-Budget .....	(335.0)	(351.7)	(360.3)	(371.6)	(383.0)	(396.1)	(410.5)

\* \$50 million or less.



Table 14-11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
<b>050 National defense:</b>							
<b>Discretionary:</b>							
<b>Department of Defense—Military:</b>							
Military personnel .....	73,838	75,435	78,881	81,550	84,310	87,169	90,131
Operation and maintenance .....	108,108	107,954	111,522	114,711	118,134	121,667	125,328
Procurement .....	54,972	62,111	63,416	64,746	66,108	67,496	68,913
Research, development, test and evaluation .....	38,707	40,829	41,796	42,747	43,727	44,737	45,766
Military construction .....	5,107	5,336	5,549	5,678	5,808	5,943	6,083
Family housing .....	3,544	3,623	3,700	3,778	3,861	3,942	4,029
Revolving, management, and trust funds and other .....	3,060	1,044	1,119	1,148	1,202	1,232	1,262
Total, Department of Defense—Military .....	287,336	296,332	305,983	314,358	323,150	332,186	341,512
<b>Atomic energy defense activities:</b>							
Department of Energy .....	12,270	13,499	13,838	14,144	14,460	14,783	15,113
Formerly utilized sites remedial action .....	150	140	143	146	149	152	155
Defense nuclear facilities safety board .....	17	18	19	19	20	21	22
Total, Atomic energy defense activities .....	12,437	13,657	14,000	14,309	14,629	14,956	15,290
<b>Defense-related activities:</b>							
Discretionary programs .....	994	1,282	1,319	1,354	1,394	1,433	1,472
Total, Discretionary .....	300,767	311,271	321,302	330,021	339,173	348,575	358,274
<b>Mandatory:</b>							
<b>Department of Defense—Military:</b>							
Military personnel .....			24	24	24	24	24
Revolving, trust and other DoD mandatory .....	4,924	326	323	410	320	319	317
Offsetting receipts .....	-1,764	-1,598	-1,457	-1,449	-1,408	-1,437	-1,395
Total, Department of Defense—Military .....	3,160	-1,272	-1,110	-1,015	-1,064	-1,094	-1,054
<b>Atomic energy defense activities:</b>							
Energy employee occupational illness compensation fund .....		358	597	477	253	222	149
Energy employee occupational illness compensation fund, administrative expenses .....		50	136	100	55	50	33
Total, Atomic energy defense activities .....		408	733	577	308	272	182
<b>Defense-related activities:</b>							
Mandatory programs .....	209	216	212	222	232	238	246
Total, Mandatory .....	3,369	-648	-165	-216	-524	-584	-626
<b>Total, National defense</b> .....	304,136	310,623	321,137	329,805	338,649	347,991	357,648
<b>150 International affairs:</b>							
<b>Discretionary:</b>							
<b>International development, humanitarian assistance:</b>							
Development assistance and child survival and disease programs .....	1,805	2,120	2,165	2,210	2,257	2,304	2,352
Multilateral development banks (MDB's) .....	1,121	1,145	1,169	1,193	1,219	1,244	1,272
Assistance for the New Independent States .....	528	808	825	842	860	878	897
Food aid .....	839	835	853	870	889	907	926
Refugee programs .....	635	713	728	744	759	776	793
Assistance for Central and Eastern Europe .....	425	675	690	703	719	734	749
Voluntary contributions to international organizations .....	307	295	301	308	314	321	327
Peace Corps .....	244	264	273	282	291	301	310
International narcotics control and law enforcement—Andean counterdrug initiative .....	1,179	324	332	338	345	353	361
Debt restructuring .....	123	447	456	466	477	486	495
Other development and humanitarian assistance .....	835	805	831	850	856	880	901
Total, International development, humanitarian assistance .....	8,041	8,431	8,623	8,806	8,986	9,184	9,383
<b>International security assistance:</b>							
Foreign military financing grants and loans .....	4,787	3,568	3,644	3,719	3,797	3,879	3,958
Economic support fund .....	2,896	2,315	2,364	2,414	2,464	2,516	2,568

Table 14-11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Other security assistance .....	564	496	507	516	528	539	550
Total, International security assistance .....	8,247	6,379	6,515	6,649	6,789	6,934	7,076
<b>Conduct of foreign affairs:</b>							
State Department operations .....	3,033	3,276	3,403	3,481	3,583	3,691	3,801
Foreign buildings .....	727	1,078	1,103	1,128	1,152	1,178	1,205
Assessed contributions to international organizations .....	881	869	887	906	925	944	964
Assessed contributions for international peacekeeping .....	498	844	862	880	898	917	936
Arrearage payment for international organizations and peacekeeping .....	351						
Other conduct of foreign affairs .....	122	135	138	144	147	153	161
Total, Conduct of foreign affairs .....	5,612	6,202	6,393	6,539	6,705	6,883	7,067
<b>Foreign information and exchange activities:</b>							
International broadcasting .....	406	450	464	480	493	510	524
Other information and exchange activities .....	361	286	292	299	307	314	321
Total, Foreign information and exchange activities .....	767	736	756	779	800	824	845
<b>International financial programs:</b>							
Export-Import Bank .....	799	910	935	961	987	1,008	1,034
Special defense acquisition fund .....	-7	-7					
Total, International financial programs .....	792	903	935	961	987	1,008	1,034
Total, Discretionary .....	23,459	22,651	23,222	23,734	24,267	24,833	25,405
<b>Mandatory:</b>							
<b>International development, humanitarian assistance:</b>							
Credit liquidating accounts .....	-1,246	-1,280	-1,205	-1,166	-1,127	-1,067	-1,022
Receipts and other .....	-54	-98	-9	-9	-9	-9	-9
Total, International development, humanitarian assistance .....	-1,300	-1,378	-1,214	-1,175	-1,136	-1,076	-1,031
<b>International security assistance:</b>							
Foreign military loan reestimates .....	186	-208					
Foreign military loan liquidating account .....	-670	-550	-443	-365	-325	-319	-314
Total, International security assistance .....	-484	-758	-443	-365	-325	-319	-314
<b>Foreign affairs and information:</b>							
Conduct of foreign affairs .....	3	2	-2	-9	-9	-9	-9
Japan-U.S. Friendship Commission .....	3	3	3	3	3	3	3
Vietnam debt repayment fund, transfers from liquidating fund .....		-6	-6	-5	-5	-5	-5
Total, Foreign affairs and information .....	6	-1	-5	-11	-11	-11	-11
<b>International financial programs:</b>							
Foreign military sales trust fund (net) .....	1,687	460	170	40	-420	-370	-120
Export-Import Bank—subsidy reestimates .....	-573	-1,975					
Other international financial programs .....	-150	-359	-70	-85	-88	-94	-108
Total, International financial programs .....	964	-1,874	100	-45	-508	-464	-228
Total, Mandatory .....	-814	-4,011	-1,562	-1,596	-1,980	-1,870	-1,584
<b>Total, International affairs</b> .....	<b>22,645</b>	<b>18,640</b>	<b>21,660</b>	<b>22,138</b>	<b>22,287</b>	<b>22,963</b>	<b>23,821</b>
<b>250 General science, space, and technology:</b>							
<b>Discretionary:</b>							
<b>General science and basic research:</b>							
National Science Foundation programs .....	3,849	4,354	4,449	4,544	4,645	4,745	4,847
Department of Energy general science programs .....	2,813	3,179	3,250	3,320	3,392	3,467	3,542
Total, General science and basic research .....	6,662	7,533	7,699	7,864	8,037	8,212	8,389

Table 14-11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
<b>Space flight, research, and supporting activities:</b>							
Science, aeronautics and technology .....	4,964	5,663	5,782	5,903	6,027	6,154	6,283
Human space flight .....	5,488	5,451	5,565	5,682	5,802	5,924	6,048
Mission support .....	2,069	2,191	2,288	2,368	2,458	2,550	2,646
Other NASA programs .....	20	23	24	25	26	27	28
Total, Space flight, research, and supporting activities .....	12,541	13,328	13,659	13,978	14,313	14,655	15,005
Total, Discretionary .....	19,203	20,861	21,358	21,842	22,350	22,867	23,394
<b>Mandatory:</b>							
<b>General science and basic research:</b>							
National Science Foundation donations .....	88	153	175	176	32	33	34
<b>Space flight, research, and supporting activities:</b>							
National Space Grant Program .....		3					
Total, Mandatory .....	88	156	175	176	32	33	34
<b>Total, General science, space, and technology .....</b>	<b>19,291</b>	<b>21,017</b>	<b>21,533</b>	<b>22,018</b>	<b>22,382</b>	<b>22,900</b>	<b>23,428</b>
<b>270 Energy:</b>							
<b>Discretionary:</b>							
<b>Energy supply:</b>							
Research and development .....	905	1,214	1,151	1,177	1,204	1,231	1,261
Naval petroleum reserves operations .....		2	2	2	2	2	2
Uranium enrichment activities .....	307						
Decontamination transfer .....	-420	-419	-431	-442	-454	-466	-478
Nuclear waste program .....	236	191	196	200	204	209	213
Federal power marketing .....	231	180	181	193	199	204	213
Elk Hills school lands fund .....		36	37	38	38	39	40
Rural electric and telephone discretionary loans .....	44	67	69	72	75	78	80
Non-defense environmental management and other .....	282	666	683	697	713	727	742
Total, Energy supply .....	1,585	1,937	1,888	1,937	1,981	2,024	2,073
<b>Energy conservation and preparedness:</b>							
Energy conservation .....	737	815	833	851	870	890	909
Emergency energy preparedness .....	158	149	169	173	177	181	185
Total, Energy conservation and preparedness .....	895	964	1,002	1,024	1,047	1,071	1,094
<b>Energy information, policy, and regulation:</b>							
Nuclear Regulatory Commission (NRC) .....	24	34	38	49	62	75	399
Federal Energy Regulatory Commission fees and recoveries, and other .....	-18	-25	-26	-27	-27	-28	-29
Department of Energy departmental administration, OIG, and EIA administration .....	220	185	193	199	207	214	222
Total, Energy information, policy, and regulation .....	226	194	205	221	242	261	592
Total, Discretionary .....	2,706	3,095	3,095	3,182	3,270	3,356	3,759
<b>Mandatory:</b>							
<b>Energy supply:</b>							
Naval petroleum reserves oil and gas sales .....	-10	-8	-8				
Federal power marketing .....	-729	-840	-692	-715	-801	-769	-799
Tennessee Valley Authority .....	-446	-550	-282	-473	-976	-1,032	-1,100
United States Enrichment Corporation .....	-5						
Nuclear waste fund program .....	-702	-620	-640	-625	-612	-637	-621
Research and development .....	5						
Rural electric and telephone liquidating accounts .....	-2,000	-1,768	-1,589	-1,284	-1,260	-1,127	-997
Rural electric and telephone loan subsidy reestimates .....		-161					
Total, Energy supply .....	-3,887	-3,947	-3,211	-3,097	-3,649	-3,565	-3,517

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
<b>Energy information, policy, and regulation:</b>							
Miscellaneous revenues, departmental administration .....	-3						
Total, Mandatory .....	-3,890	-3,947	-3,211	-3,097	-3,649	-3,565	-3,517
<b>Total, Energy</b> .....	-1,184	-852	-116	85	-379	-209	242
<b>300 Natural resources and environment:</b>							
<b>Discretionary:</b>							
<b>Water resources:</b>							
Corps of Engineers .....	3,936	4,374	4,520	4,646	4,779	4,910	5,048
Bureau of Reclamation .....	768	776	801	823	847	870	895
Watershed, flood prevention, and other .....	217	265	276	284	292	299	310
Total, Water resources .....	4,921	5,415	5,597	5,753	5,918	6,079	6,253
<b>Conservation and land management:</b>							
Forest Service .....	3,032	4,243	4,400	4,535	4,682	4,836	4,996
Management of public lands (BLM) .....	1,301	1,916	1,983	2,041	2,106	2,172	2,242
Conservation of agricultural lands .....	701	760	795	823	856	889	924
Other conservation and land management programs .....	582	810	832	856	879	903	929
Total, Conservation and land management .....	5,616	7,729	8,010	8,255	8,523	8,800	9,091
<b>Recreational resources:</b>							
Operation of recreational resources .....	2,829	3,389	3,504	3,611	3,728	3,846	3,973
Other recreational resources activities .....	201	184	187	192	197	202	207
Total, Recreational resources .....	3,030	3,573	3,691	3,803	3,925	4,048	4,180
<b>Pollution control and abatement:</b>							
Regulatory, enforcement, and research programs .....	2,680	2,877	2,979	3,072	3,169	3,271	3,378
State and tribal assistance grants .....	3,448	3,621	3,696	3,775	3,855	3,935	4,018
Hazardous substance superfund .....	1,400	1,267	1,303	1,338	1,373	1,411	1,448
Other control and abatement activities .....	144	145	147	152	156	159	162
Total, Pollution control and abatement .....	7,672	7,910	8,125	8,337	8,553	8,776	9,006
<b>Other natural resources:</b>							
NOAA .....	2,459	3,043	3,134	3,219	3,310	3,402	3,494
Other natural resource program activities .....	948	1,017	1,056	1,090	1,127	1,169	1,208
Total, Other natural resources .....	3,407	4,060	4,190	4,309	4,437	4,571	4,702
Total, Discretionary .....	24,646	28,687	29,613	30,457	31,356	32,274	33,232
<b>Mandatory:</b>							
<b>Water resources:</b>							
Offsetting receipts and other mandatory water resource programs .....	-118	-173	-83	-81	-117	-134	-143
<b>Conservation and land management:</b>							
Conservation Reserve Program and other .....	1,848	2,104	2,050	2,022	2,112	2,124	2,115
Other conservation programs .....	349	516	519	507	509	511	509
Offsetting receipts .....	-2,075	-3,001	-2,791	-2,784	-2,798	-2,816	-2,796
Total, Conservation and land management .....	122	-381	-222	-255	-177	-181	-172
<b>Recreational resources:</b>							
Operation of recreational resources .....	932	990	1,004	902	923	948	969
Offsetting receipts .....	-359	-458	-374	-309	-312	-313	-315
Total, Recreational resources .....	573	532	630	593	611	635	654
<b>Pollution control and abatement:</b>							
Superfund resources and other mandatory .....	-182	-148	-127	-127	-127	-127	-127

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
<b>Other natural resources:</b>							
Fees and mandatory programs .....	-10	3	4	5	4	5	5
Total, Mandatory .....	385	-167	202	135	194	198	217
<b>Total, Natural resources and environment .....</b>	<b>25,031</b>	<b>28,520</b>	<b>29,815</b>	<b>30,592</b>	<b>31,550</b>	<b>32,472</b>	<b>33,449</b>
<b>350 Agriculture:</b>							
<b>Discretionary:</b>							
<b>Farm income stabilization:</b>							
Agriculture credit loan program .....	475	389	407	421	437	453	470
P.L.480 market development activities .....	104	135	137	141	143	147	150
Administrative expenses .....	947	951	980	1,006	1,035	1,063	1,093
Total, Farm income stabilization .....	1,526	1,475	1,524	1,568	1,615	1,663	1,713
<b>Agricultural research and services:</b>							
Research and education programs .....	1,375	1,484	1,534	1,576	1,624	1,672	1,722
Integrated research, education, and extension programs .....	40	42	43	44	45	46	46
Extension programs .....	424	432	442	451	461	470	481
Marketing programs .....	53	66	69	70	73	76	78
Animal and plant inspection programs .....	660	866	899	927	959	990	1,023
Economic intelligence .....	163	167	173	180	186	193	199
Grain inspection and packers program .....	26	32	33	33	34	35	36
Foreign agricultural service .....	125	115	120	124	128	132	137
Other programs and unallocated overhead .....	333	432	448	466	481	493	509
Total, Agricultural research and services .....	3,199	3,636	3,761	3,871	3,991	4,107	4,231
Total, Discretionary .....	4,725	5,111	5,285	5,439	5,606	5,770	5,944
<b>Mandatory:</b>							
<b>Farm income stabilization:</b>							
Commodity Credit Corporation .....	28,534	21,565	8,309	6,035	5,933	5,963	6,057
Crop insurance and other farm credit activities .....	1,033	3,070	3,046	3,213	3,376	3,532	3,732
Credit liquidating accounts (ACIF and FAC) .....	-866	-851	-811	-772	-741	-708	-676
Total, Farm income stabilization .....	28,701	23,784	10,544	8,476	8,568	8,787	9,113
<b>Agricultural research and services:</b>							
Miscellaneous mandatory programs .....	441	590	625	637	575	582	588
Offsetting receipts .....	-160	-200	-162	-160	-160	-158	-158
Total, Agricultural research and services .....	281	390	463	477	415	424	430
Total, Mandatory .....	28,982	24,174	11,007	8,953	8,983	9,211	9,543
<b>Total, Agriculture .....</b>	<b>33,707</b>	<b>29,285</b>	<b>16,292</b>	<b>14,392</b>	<b>14,589</b>	<b>14,981</b>	<b>15,487</b>
<b>370 Commerce and housing credit:</b>							
<b>Discretionary:</b>							
<b>Mortgage credit:</b>							
Federal Housing Administration (FHA) loan programs .....	-1,142	-1,261	-1,389	-1,603	-1,770	-1,844	-1,750
Government National Mortgage Association (GNMA) .....	-303	-347	-332	-331	-331	-330	-330
Other housing and urban development .....	-56	-97	-139	-139	-139	-138	-138
Rural housing insurance fund .....	585	662	686	707	730	754	780
Total, Mortgage credit .....	-916	-1,043	-1,174	-1,366	-1,510	-1,558	-1,438
<b>Postal service:</b>							
Payments to the Postal Service fund (On-budget) .....	100	93	97	98	101	103	105
<b>Deposit insurance:</b>							
National credit union administration .....	1	1	1	1	1	1	1
<b>Other advancement of commerce:</b>							
Small and minority business assistance .....	602	715	757	774	790	807	824
Science and technology .....	653	616	637	655	679	699	722

Table 14-11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Economic and demographic statistics .....	4,798	482	500	519	537	555	575
Regulatory agencies .....	-379	-465	-495	-548	-553	-656	-772
International Trade Administration .....	320	333	345	357	368	381	395
Patent and trademark salaries and expenses .....	-120	-113	-207	-181	-177	-167	-186
Other discretionary .....	56	68	141	145	151	156	163
Total, Other advancement of commerce .....	5,930	1,636	1,678	1,721	1,795	1,775	1,721
Total, Discretionary .....	5,115	687	602	454	387	321	389
<b>Mandatory:</b>							
<b>Mortgage credit:</b>							
FHA General and special risk negative subsidies .....		-304	-200	-42	-99	-17	-15
FHA mutual mortgage insurance receipts (intragovernmental) .....		-4,027		-77	-238	-408	-580
GNMA receipts (intragovernmental) .....		-6,610	-439	-405	-429	-453	-479
Indian housing loan guarantee receipts .....		-6					
Mortgage credit reestimates .....		4,073					
FHA general and special risk insurance liquidating account .....	1,306	1,138	1,950	2,210	1,436	1,150	784
Other credit liquidating accounts .....	610	495	761	-1,526	-1,427	-1,512	-1,628
Other mortgage credit activities .....		274					
Total, Mortgage credit .....	1,916	-4,967	2,072	160	-757	-1,240	-1,918
<b>Postal service:</b>							
Postal Service (Off-budget) .....	3,712	4,840	2,519	1,944	916	879	1,006
<b>Deposit insurance:</b>							
Bank Insurance Fund .....	-25	-26	-26	-26	-26	-27	-27
FSLIC Resolution Fund .....	-4	-4	-4	-4	-4	-4	-4
Savings Association Insurance Fund .....	-4	-4	-4	-4	-3	-4	-4
Other deposit insurance activities .....	34	34	34	36	37	38	39
Total, Deposit insurance .....	1			2	4	3	4
<b>Other advancement of commerce:</b>							
Universal service fund .....	4,547	5,599	5,638	6,171	6,730	7,309	7,906
Payments to copyright owners .....	214	230	239	253	265	229	186
Spectrum auction subsidy .....		-12,219	8	8	8	8	8
Regulatory fees .....	-26	-26	-26	-26	-26	-26	-26
Credit liquidating accounts .....	4	5	2	1	1	1	1
Business loan program, subsidy reestimate .....	-284	-722					
Other mandatory .....	233	104	94	94	94	94	94
Total, Other advancement of commerce .....	4,688	-7,029	5,955	6,501	7,072	7,615	8,169
Total, Mandatory .....	10,317	-7,156	10,546	8,607	7,235	7,257	7,261
<b>Total, Commerce and housing credit .....</b>	<b>15,432</b>	<b>-6,469</b>	<b>11,148</b>	<b>9,061</b>	<b>7,622</b>	<b>7,578</b>	<b>7,650</b>
<b>400 Transportation:</b>							
<b>Discretionary:</b>							
<b>Ground transportation:</b>							
Highways .....	2	2,759	2,817	2,876	2,936	2,998	3,062
Highway safety .....	88	119	123	126	129	133	136
Mass transit .....	1,166	1,255	1,280	1,310	1,335	1,363	1,391
Railroads .....	739	753	772	789	807	825	846
Regulation .....	16	17	18	18	19	20	20
Total, Ground transportation .....	2,011	4,903	5,010	5,119	5,226	5,339	5,455
<b>Air transportation:</b>							
Airports and airways (FAA) .....	8,147	9,369	9,739	10,060	10,404	10,765	11,139
Aeronautical research and technology .....	1,060	926	955	980	1,008	1,037	1,066
Total, Air transportation .....	9,207	10,295	10,694	11,040	11,412	11,802	12,205
<b>Water transportation:</b>							
Marine safety and transportation .....	3,609	3,327	3,456	3,563	3,678	3,789	3,908

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Ocean shipping .....	110	142	148	151	157	162	168
Total, Water transportation .....	3,719	3,469	3,604	3,714	3,835	3,951	4,076
<b>Other transportation:</b>							
Department of Transportation administration and other .....	235	245	254	264	273	283	292
Total, Discretionary .....	15,172	18,912	19,562	20,137	20,746	21,375	22,028
<b>Mandatory:</b>							
<b>Ground transportation:</b>							
Highways .....	30,002	33,584	35,354	31,474	31,474	31,474	31,474
Highway safety .....	460	553	685	581	581	581	581
Mass transit .....	6,285	5,017	5,398	5,781	5,781	5,781	5,781
Offsetting receipts and credit subsidy reestimates .....	-99	-33	-33	-33	-33	-33	-33
Credit liquidating accounts .....	-50	-29	-29	-29	-29	-29	-24
Total, Ground transportation .....	36,598	39,092	41,375	37,774	37,774	37,774	37,779
<b>Air transportation:</b>							
Airports and airways (FAA) .....	2,799	2,607	3,290	3,390	3,390	3,390	3,390
Payments to air carriers .....		50	40	40	40	40	40
Total, Air transportation .....	2,799	2,657	3,330	3,430	3,430	3,430	3,430
<b>Water transportation:</b>							
Coast Guard retired pay .....	730	778	876	955	990	1,029	1,069
Other water transportation programs .....	78	51	17	-8	-11	-13	-15
Total, Water transportation .....	808	829	893	947	979	1,016	1,054
<b>Other transportation:</b>							
Sale of Governors Island .....			-340				
Other mandatory transportation programs .....	-1	-1	-1	-1	-1	-1	-1
Total, Other transportation .....	-1	-1	-341	-1	-1	-1	-1
Total, Mandatory .....	40,204	42,577	45,257	42,150	42,182	42,219	42,262
<b>Total, Transportation</b> .....	<b>55,376</b>	<b>61,489</b>	<b>64,819</b>	<b>62,287</b>	<b>62,928</b>	<b>63,594</b>	<b>64,290</b>
<b>450 Community and regional development:</b>							
<b>Discretionary:</b>							
<b>Community development:</b>							
Community development block grant .....	4,809	5,113	5,220	5,330	5,442	5,556	5,673
Community development loan guarantees .....	30	30	31	31	32	33	33
Community adjustment and investment program .....	8						
Community development financial institutions .....	115	118	120	123	126	129	131
Brownfields redevelopment .....	25	25	26	26	27	27	28
Other community development programs .....	410	570	585	599	614	630	646
Total, Community development .....	5,397	5,856	5,982	6,109	6,241	6,375	6,511
<b>Area and regional development:</b>							
Rural development .....	895	1,191	1,217	1,245	1,273	1,303	1,334
Economic Development Administration .....	451	449	459	468	480	491	501
Indian programs .....	1,211	1,415	1,452	1,487	1,524	1,561	1,600
Appalachian Regional Commission .....	66	77	79	80	82	84	86
Denali Commission .....	25	41	42	42	44	45	45
Delta Regional Authority .....		20	20	21	21	22	22
Total, Area and regional development .....	2,648	3,193	3,269	3,343	3,424	3,506	3,588
<b>Disaster relief and insurance:</b>							
Disaster relief .....	2,765	1,593	1,627	1,661	1,695	1,731	1,768
Small Business Administration disaster loans .....	317	184	188	192	196	200	204
Disaster loan program, negative subsidies .....		-595					

**Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued**

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Other disaster assistance programs .....	1,083	734	745	774	790	809	827
Total, Disaster relief and insurance .....	4,165	1,916	2,560	2,627	2,681	2,740	2,799
Total, Discretionary .....	12,210	10,965	11,811	12,079	12,346	12,621	12,898
<b>Mandatory:</b>							
<b>Community development:</b>							
Pennsylvania Avenue activities and other programs .....	1						
Credit liquidating accounts .....	-3	-4	-4				
Total, Community development .....	-2	-4	-4				
<b>Area and regional development:</b>							
Indian programs .....	152	161	168	173	180	186	192
Rural development programs .....	49	163	81	36	36	36	36
Credit liquidating accounts .....	121	48	-62	-193	-252	-297	-290
Offsetting receipts .....	-134	-317	-151	-156	-164	-169	-172
Total, Area and regional development .....	188	55	36	-140	-200	-244	-234
<b>Disaster relief and insurance:</b>							
National flood insurance fund .....	-671	-256	-287	-183	-192	-199	-207
Radiological emergency preparedness fees .....	-1						
Disaster loans program account .....	68	45					
SBA disaster loan subsidy reestimates .....	-516	-384					
Disaster assistance, downward reestimates .....		-10					
Credit liquidating accounts .....	-9	-44					
Total, Disaster relief and insurance .....	-1,129	-649	-287	-183	-192	-199	-207
Total, Mandatory .....	-943	-598	-255	-323	-392	-443	-441
<b>Total, Community and regional development</b> .....	<b>11,267</b>	<b>10,367</b>	<b>11,556</b>	<b>11,756</b>	<b>11,954</b>	<b>12,178</b>	<b>12,457</b>
<b>500 Education, training, employment, and social services:</b>							
<b>Discretionary:</b>							
<b>Elementary, secondary, and vocational education:</b>							
Education for the disadvantaged .....	8,701	8,979	9,591	9,792	9,998	10,208	10,422
Impact aid .....	906	993	1,014	1,035	1,057	1,079	1,102
School improvement .....	1,492	4,619	4,934	5,038	5,143	5,252	5,362
Education reform .....	1,765	1,881	1,921	1,961	2,002	2,044	2,087
Bilingual and immigrant education .....	406	460	470	480	490	500	510
Special education .....	2,294	6,110	7,490	7,648	7,807	7,971	8,139
Vocational and adult education .....	891	1,826	1,848	1,887	1,926	1,966	2,009
Reading excellence .....	65	286	288	290	296	302	309
Indian education .....	606	712	731	749	768	787	808
Other .....	10	12	12	13	13	13	13
Total, Elementary, secondary, and vocational education .....	17,136	25,878	28,299	28,893	29,500	30,122	30,761
<b>Higher education:</b>							
Student financial assistance .....	9,375	10,674	10,898	11,127	11,361	11,599	11,843
Higher education .....	1,530	1,912	1,952	1,993	2,035	2,078	2,121
Federal family education loan program .....	48	48	50	52	53	56	57
Other higher education programs .....	375	391	406	415	423	431	441
Total, Higher education .....	11,328	13,025	13,306	13,587	13,872	14,164	14,462
<b>Research and general education aids:</b>							
Library of Congress .....	315	429	445	459	474	490	506
Public broadcasting .....	342	403	414	431	440	449	458
Smithsonian institution and related agencies .....	546	577	598	618	641	664	687
Education research, statistics, and improvement .....	591	722	737	753	768	784	802
Other .....	813	925	954	978	1,006	1,038	1,068
Total, Research and general education aids .....	2,607	3,056	3,148	3,239	3,329	3,425	3,521



Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
<b>Training and employment:</b>							
Training and employment services .....	2,990	5,670	5,738	5,860	5,986	6,113	6,244
Older Americans employment .....	440	440	449	459	468	478	488
Federal-State employment service .....	1,252	1,319	1,345	1,376	1,404	1,437	1,466
Other employment and training .....	101	110	115	119	124	129	134
Total, Training and employment .....	4,783	7,539	7,647	7,814	7,982	8,157	8,332
<b>Other labor services:</b>							
Labor law, statistics, and other administration .....	1,242	1,444	1,500	1,550	1,604	1,658	1,718
<b>Social services:</b>							
Corporation for National and Community Service .....	433	457	468	478	489	500	511
National Service .....	219	279	289	295	302	310	320
Children and families services programs .....	5,327	7,956	8,127	8,302	8,480	8,660	8,846
Aging services program .....	933	1,103	1,127	1,150	1,175	1,200	1,226
Other .....	370	409	418	426	435	444	453
Total, Social services .....	7,282	10,204	10,429	10,651	10,881	11,114	11,356
Total, Discretionary .....	44,378	61,146	64,329	65,734	67,168	68,640	70,150
<b>Mandatory:</b>							
<b>Higher education:</b>							
Federal family education loan program .....	4,576	-876	4,218	3,701	3,027	3,177	3,332
Federal direct loan program .....	-2,776	-392	-636	-484	-66	-98	-194
Other higher education programs .....	-62	-35	-97	-50	-66	-27	132
Credit liquidating account (Family education loan program) .....	-1,188	-742	-604	-466	-340	-239	-167
Total, Higher education .....	550	-2,045	2,881	2,701	2,555	2,813	3,103
<b>Research and general education aids:</b>							
Mandatory programs .....	29	92	36	30	27	26	21
<b>Training and employment:</b>							
Trade adjustment assistance .....	132	132					
Proposed Legislation (non-PAYGO) .....			132	132	132	132	132
Subtotal, Trade adjustment assistance .....	132	132	132	132	132	132	132
Welfare to work grants .....	-137	-50					
Other mandatory training and employment services .....	76	180	213	213			
Total, Training and employment .....	71	262	345	345	132	132	132
<b>Other labor services:</b>							
Other labor services .....	8	13	16	16			
<b>Social services:</b>							
Payments to States for foster care and adoption assistance .....	5,697	6,401	6,622	7,015	7,483	8,108	8,775
Promoting safe and stable families .....	295	305	305	305	305	305	305
Social services block grant .....	1,775	1,725	1,700	1,700	1,700	1,700	1,700
Rehabilitation services .....	2,339	2,400	2,481	2,541	2,607	2,675	2,742
Other social services .....	24	25	20	13	9	6	4
Total, Social services .....	10,130	10,856	11,128	11,574	12,104	12,794	13,526
Total, Mandatory .....	10,788	9,178	14,406	14,666	14,818	15,765	16,782
<b>Total, Education, training, employment, and social services</b> .....	<b>55,166</b>	<b>70,324</b>	<b>78,735</b>	<b>80,400</b>	<b>81,986</b>	<b>84,405</b>	<b>86,932</b>
<b>550 Health:</b>							
<b>Discretionary:</b>							
<b>Health care services:</b>							
Substance abuse and mental health services .....	2,651	2,957	3,021	3,085	3,151	3,219	3,288
Indian health .....	2,391	2,629	2,703	2,768	2,842	2,915	2,992
Health Resources and Services Administration .....	4,162	4,991	5,110	5,221	5,334	5,452	5,573
Disease control, research, and training .....	2,728	3,571	3,658	3,745	3,834	3,925	4,019

**Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued**

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Departmental management and other .....	1,017	802	826	846	870	895	918
Total, Health care services .....	12,949	14,950	15,318	15,665	16,031	16,406	16,790
<b>Health research and training:</b>							
National Institutes of Health .....	17,800	20,361	20,830	21,294	21,773	22,264	22,766
Clinical training .....	345	593	605	618	632	645	658
Other health research and training .....	359	400	413	425	436	448	462
Total, Health research and training .....	18,504	21,354	21,848	22,337	22,841	23,357	23,886
<b>Consumer and occupational health and safety:</b>							
Food safety and inspection .....	649	695	728	755	786	817	850
Occupational safety and health .....	623	686	712	735	762	786	815
FDA and Consumer Product Safety Commission salaries and expenses .....	1,098	1,173	1,220	1,260	1,306	1,355	1,404
Total, Consumer and occupational health and safety .....	2,370	2,554	2,660	2,750	2,854	2,958	3,069
Total, Discretionary .....	33,823	38,858	39,826	40,752	41,726	42,721	43,745
<b>Mandatory:</b>							
<b>Health care services:</b>							
Medicaid grants .....	117,744	128,853	143,029	153,786	167,410	182,381	198,256
State children's health insurance fund .....	4,259	4,249	3,115	3,175	3,175	4,082	4,082
Federal employees' and retired employees' health benefits .....	5,027	5,549	6,079	6,623	7,224	7,886	8,601
DoD Medicare-eligible retiree health care fund .....				6,117	6,385	6,665	6,958
UMWA Funds (coal miner retiree health) .....	196	252	235	187	178	171	164
Ricky Ray hemophilia relief fund .....		580					
Other mandatory health services activities .....	391	587	605	573	495	517	536
Total, Health care services .....	127,617	140,070	153,063	170,461	184,867	201,702	218,597
<b>Health research and safety:</b>							
Health research and training .....	59	-20	107	109	7	5	4
Total, Mandatory .....	127,676	140,050	153,170	170,570	184,874	201,707	218,601
<b>Total, Health</b> .....	<b>161,499</b>	<b>178,908</b>	<b>192,996</b>	<b>211,322</b>	<b>226,600</b>	<b>244,428</b>	<b>262,346</b>
<b>570 Medicare:</b>							
<b>Discretionary:</b>							
<b>Medicare:</b>							
Hospital insurance (HI) administrative expenses .....	1,222	1,504	1,580	1,650	1,728	1,812	1,903
Supplementary medical insurance (SMI) administrative expenses .....	1,776	1,848	1,928	2,003	2,089	2,179	2,276
Total, Discretionary .....	2,998	3,352	3,508	3,653	3,817	3,991	4,179
<b>Mandatory:</b>							
<b>Medicare:</b>							
Hospital insurance (HI) .....	129,008	141,018	145,660	151,639	158,299	169,809	175,332
Supplementary medical insurance (SMI) .....	87,349	99,379	107,821	117,046	125,132	136,079	142,268
HI premiums and collections .....	-1,392	-1,397	-1,488	-1,551	-1,643	-1,744	-1,855
SMI premiums and collections .....	-20,515	-22,036	-25,546	-28,345	-29,851	-33,276	-36,087
Quinquennial adjustment (HI) .....		-1,332					
HI interfunds .....	-9,512	-8,110	-8,687	-9,194	-9,922	-10,643	-11,441
SMI interfunds .....	-65,561	-69,788	-81,347	-88,783	-92,549	-102,042	-110,380
General fund payment to HI and SMI trust funds .....	78,213	77,874	90,002	97,967	102,469	112,683	121,819
Total, Mandatory .....	197,590	215,608	226,415	238,779	251,935	270,866	279,656
<b>Total, Medicare</b> .....	<b>200,588</b>	<b>218,960</b>	<b>229,923</b>	<b>242,432</b>	<b>255,752</b>	<b>274,857</b>	<b>283,835</b>
<b>600 Income security:</b>							
<b>Discretionary:</b>							
<b>General retirement and disability insurance:</b>							
Railroad retirement .....	269	261	266	271	276	282	289
Pension Benefit Guaranty Corporation .....	11	12	12	13	13	13	14

Table 14-11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Pension and Welfare Benefits Administration and other .....	101	110	114	118	122	126	132
Total, General retirement and disability insurance .....	381	383	392	402	411	421	435
<b>Federal employee retirement and disability:</b>							
Civilian retirement and disability program administrative expenses .....	85	92	96	99	102	106	111
Armed forces retirement home .....	70	70	72	75	78	81	84
Total, Federal employee retirement and disability .....	155	162	168	174	180	187	195
<b>Unemployment compensation:</b>							
Unemployment programs administrative expenses .....	2,270	2,369	2,483	2,439	2,491	2,565	2,648
<b>Housing assistance:</b>							
Public housing operating fund .....	3,138	3,235	3,303	3,372	3,443	3,515	3,589
Public housing capital fund .....	2,884	2,993	3,056	3,120	3,185	3,253	3,320
Subsidized, public, homeless and other HUD housing .....	11,313	18,203	22,419	23,553	24,640	25,778	26,554
Rural housing assistance .....	742	787	803	820	838	855	874
Total, Housing assistance .....	18,077	25,218	29,581	30,865	32,106	33,401	34,337
<b>Food and nutrition assistance:</b>							
Special supplemental food program for women, infants, and children (WIC) ....	4,032	4,043	4,128	4,215	4,303	4,393	4,486
Other nutrition programs .....	517	581	596	612	627	642	657
Total, Food and nutrition assistance .....	4,549	4,624	4,724	4,827	4,930	5,035	5,143
<b>Other income assistance:</b>							
Refugee assistance .....	498	445	454	464	474	484	493
Low income home energy assistance .....	2,000	1,700	1,734	1,771	1,808	1,846	1,885
Child care and development block grant .....	1,183	2,000	2,042	2,085	2,129	2,174	2,219
Supplemental security income (SSI) administrative expenses .....	2,440	2,582	2,685	2,775	2,870	2,971	3,076
Total, Other income assistance .....	6,121	6,727	6,915	7,095	7,281	7,475	7,673
Total, Discretionary .....	31,553	39,483	44,263	45,802	47,399	49,084	50,431
<b>Mandatory:</b>							
<b>General retirement and disability insurance:</b>							
Railroad retirement .....	4,437	5,119	4,646	4,764	4,915	5,069	5,429
Special benefits for disabled coal miners .....	996	953	893	857	815	773	732
Pension Benefit Guaranty Corporation .....	-11	-12	-12	-13	-13	-13	-14
District of Columbia pension funds .....	-33	213	227	239	250	262	273
Proceeds from sale of DC retirement fund assets .....	-3						
Special workers' compensation program .....	147	151	149	154	154	154	154
Total, General retirement and disability insurance .....	5,533	6,424	5,903	6,001	6,121	6,245	6,574
<b>Federal employee retirement and disability:</b>							
Federal civilian employee retirement and disability .....	45,838	48,172	50,383	52,804	55,172	57,632	60,127
Military retirement .....	32,912	34,332	35,377	36,393	37,421	38,430	39,480
Federal employees workers' compensation (FECA) .....	80	60	125	153	160	172	187
Federal employees life insurance fund .....	25	30	31	31	32	33	34
Total, Federal employee retirement and disability .....	78,855	82,594	85,916	89,381	92,785	96,267	99,828
<b>Unemployment compensation:</b>							
Unemployment insurance programs .....	20,470	25,165	28,046	28,744	30,550	32,197	33,970
Trade adjustment assistance .....	283	275	11				
Proposed Legislation (non-PAYGO) .....			273	280	294	306	320
Subtotal, Trade adjustment assistance .....	283	275	284	280	294	306	320
Total, Unemployment compensation .....	20,753	25,440	28,330	29,024	30,844	32,503	34,290
<b>Housing assistance:</b>							
Mandatory housing assistance programs .....	35	40	40	40	40	40	40

**Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued**

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
<b>Food and nutrition assistance:</b>							
Food stamps (including Puerto Rico) .....	21,067	20,097	21,076	21,978	22,690	23,611	24,502
State child nutrition programs .....	9,579	9,610	10,083	11,028	11,591	12,103	12,646
Funds for strengthening markets, income, and supply (Sec.32) .....	730	737	709	709	709	709	709
Total, Food and nutrition assistance .....	31,376	30,444	31,868	33,715	34,990	36,423	37,857
<b>Other income support:</b>							
Supplemental security income (SSI) .....	31,028	30,561	29,090	32,873	34,302	38,372	37,303
Family support payments .....	1,010	3,321	3,448	3,801	4,166	4,451	4,686
Federal share of child support collections .....	-913	-896	-878	-887	-899	-927	-972
Temporary assistance for needy families and related programs .....	16,689	16,689	16,679	16,679	17,679	16,679	16,679
Child care entitlement to states .....	2,367	2,567	2,717	2,717	2,717	2,717	2,717
Earned income tax credit (EITC) .....	26,099	25,923	26,983	27,875	28,545	29,373	30,165
Child tax credit .....	809	790	760	720	660	630	590
Other assistance .....	39	40	62	56	56	57	57
SSI recoveries and receipts .....	-1,637	-1,561	-1,730	-1,801	-1,894	-2,100	-2,041
Total, Other income support .....	75,491	77,434	77,131	82,033	85,332	89,252	89,184
Total, Mandatory .....	212,043	222,376	229,188	240,194	250,112	260,730	267,773
<b>Total, Income security</b> .....	<b>243,596</b>	<b>261,859</b>	<b>273,451</b>	<b>285,996</b>	<b>297,511</b>	<b>309,814</b>	<b>318,204</b>
<b>650 Social security:</b>							
<b>Discretionary:</b>							
<b>Social security:</b>							
Old-age and survivors insurance (OASI)administrative expenses (Off-budget) ..	1,782	1,898	1,976	2,042	2,115	2,190	2,269
Disability insurance (DI) administrative expenses (Off-budget) .....	1,413	1,532	1,592	1,645	1,703	1,761	1,822
Office of the Inspector General—Social Security Adm. (On-budget) .....	15	17	18	18	19	20	21
Total, Discretionary .....	3,210	3,447	3,586	3,705	3,837	3,971	4,112
<b>Mandatory:</b>							
<b>Social security:</b>							
Old-age and survivors insurance (OASI)(Off-budget) .....	353,608	373,192	389,494	406,673	425,044	444,709	466,069
Disability insurance (DI)(Off-budget) .....	55,219	59,546	63,416	68,797	75,045	81,865	89,360
Quinquennial OASI and DI adjustments (On-budget) .....		-836					
Intragovernmental transactions (On-budget) .....	13,262	12,541	14,148	14,876	16,076	17,230	18,428
Intragovernmental transactions (Off-budget) .....	-13,252	-12,541	-13,734	-14,876	-16,076	-17,230	-18,428
Total, Mandatory .....	408,837	431,902	453,324	475,470	500,089	526,574	555,429
<b>Total, Social security</b> .....	<b>412,047</b>	<b>435,349</b>	<b>456,910</b>	<b>479,175</b>	<b>503,926</b>	<b>530,545</b>	<b>559,541</b>
<b>700 Veterans benefits and services:</b>							
<b>Discretionary:</b>							
<b>Income security for veterans:</b>							
Special benefits for certain World War II veterans .....	3	2	2	2	2	2	3
<b>Veterans education, training, and rehabilitation:</b>							
Loan fund program account .....	1	1	1	1	1	1	1
Veterans employment and training .....		25	25	26	26	28	28
Total, Veterans education, training, and rehabilitation .....	1	26	26	27	27	29	29
<b>Hospital and medical care for veterans:</b>							
Medical care and hospital services .....	19,843	21,222	22,067	22,794	23,586	24,406	25,257
Collections for medical care .....	-573	-608	-620	-630	-640	-650	-660
Construction for medical care, benefits, and cemeteries .....	315	339	345	353	360	369	376
Total, Hospital and medical care for veterans .....	19,585	20,953	21,792	22,517	23,306	24,125	24,973
<b>Veterans housing:</b>							
Housing program loan administrative expenses .....	158	163	170	176	182	190	197
<b>Other veterans benefits and services:</b>							
National Cemetery Administration .....	97	110	115	119	123	127	132

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
General operating expenses .....	941	1,080	1,118	1,152	1,188	1,225	1,264
Other operating expenses .....	119	129	137	141	147	150	156
Total, Other veterans benefits and services .....	1,157	1,319	1,370	1,412	1,458	1,502	1,552
Total, Discretionary .....	20,904	22,463	23,360	24,134	24,975	25,848	26,754
<b>Mandatory:</b>							
<b>Income security for veterans:</b>							
Special benefits for certain World War II veterans .....	1	9	8	8	7	6	5
Compensation, Pensions and Burial benefits .....	21,568	23,355	24,944	26,435	27,875	29,205	30,431
National service life insurance trust fund .....	1,236	1,282	1,314	1,320	1,317	1,297	1,281
All other insurance programs .....	36	37	53	57	67	69	80
Insurance program receipts .....	-202	-191	-180	-169	-157	-143	-129
Total, Income security for veterans .....	22,639	24,492	26,139	27,651	29,109	30,434	31,668
<b>Veterans education, training, and rehabilitation:</b>							
Readjustment benefits (Montgomery GI Bill and related programs) .....	1,469	1,981	2,135	2,200	2,282	2,383	2,503
All-volunteer force educational assistance trust fund .....	-158	-296	-211	-221	-242	-269	-312
Total, Veterans education, training, and rehabilitation .....	1,311	1,685	1,924	1,979	2,040	2,114	2,191
<b>Hospital and medical care for veterans:</b>							
Fees, charges and other mandatory medical care .....	-1	-1	-1	-2	-2	-3	-3
<b>Veterans housing:</b>							
Housing program loan subsidies .....	1,548	351	203	235	238	243	245
Housing program loan reestimates .....	-1,064	-1,420					
Housing program loan liquidating account .....	132						
Total, Veterans housing .....	616	-1,069	203	235	238	243	245
<b>Other veterans programs:</b>							
National homes, Battle Monument contributions and other .....	45	97	47	39	39	40	41
Total, Mandatory .....	24,610	25,204	28,312	29,902	31,424	32,828	34,142
<b>Total, Veterans benefits and services .....</b>	<b>45,514</b>	<b>47,667</b>	<b>51,672</b>	<b>54,036</b>	<b>56,399</b>	<b>58,676</b>	<b>60,896</b>
<b>750 Administration of justice:</b>							
<b>Discretionary:</b>							
<b>Federal law enforcement activities:</b>							
Criminal investigations (DEA, FBI, FinCEN, ICDE) .....	4,467	4,600	4,810	4,983	5,171	5,367	5,572
Alcohol, tobacco, and firearms investigations (ATF) .....	564	771	805	832	863	895	928
Border enforcement activities (Customs and INS) .....	4,898	5,540	5,764	5,954	6,162	6,378	6,603
Equal Employment Opportunity Commission .....	281	303	317	328	340	353	366
Tax law, criminal investigations (IRS) .....	379	374	394	409	428	446	465
Other law enforcement activities .....	1,848	2,019	2,089	2,155	2,227	2,298	2,373
Total, Federal law enforcement activities .....	12,437	13,607	14,179	14,661	15,191	15,737	16,307
<b>Federal litigative and judicial activities:</b>							
Civil and criminal prosecution and representation .....	2,788	2,974	3,067	3,170	3,278	3,392	3,513
Representation of indigents in civil cases .....	304	329	336	343	350	358	365
Federal judicial and other litigative activities .....	3,804	4,131	4,269	4,395	4,532	4,672	4,818
Total, Federal litigative and judicial activities .....	6,896	7,434	7,672	7,908	8,160	8,422	8,696
<b>Correctional activities:</b>							
Federal prison system and detention trustee program .....	3,670	4,307	4,475	4,620	4,779	4,943	5,112
<b>Criminal justice assistance:</b>							
Law enforcement assistance, community policing, and other justice programs .....	4,053	4,607	4,705	4,805	4,908	5,012	5,119
Total, Discretionary .....	27,056	29,955	31,031	31,994	33,038	34,114	35,234

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
<b>Mandatory:</b>							
<b>Federal law enforcement activities:</b>							
Assets forfeiture fund .....	480	377	337	344	351	359	366
Border enforcement activities (Customs and INS) .....	1,568	2,061	2,412	2,354	2,241	2,249	2,286
INS fees .....	-1,483	-2,262	-2,240	-2,176	-1,686	-1,681	-1,676
Customs fees .....	-1,282	-1,303	-1,343	-1,395	-3	-3	-3
Other mandatory law enforcement programs .....	416	513	488	513	516	520	523
Total, Federal law enforcement activities .....	-301	-614	-346	-360	1,419	1,444	1,496
<b>Federal litigative and judicial activities:</b>							
Federal judicial officers salaries and expenses and other mandatory programs .....	468	491	538	521	535	551	565
<b>Correctional activities:</b>							
Mandatory programs .....	-3	-3	-3	-4	-4	-5	-5
<b>Criminal justice assistance:</b>							
Crime victims fund .....	-523	517	1,583	400	400	400	400
Public safety officers' benefits .....	33	33	33	34	35	35	36
Total, Criminal justice assistance .....	-490	550	1,616	434	435	435	436
Total, Mandatory .....	-326	424	1,805	591	2,385	2,425	2,492
<b>Total, Administration of justice .....</b>	<b>26,730</b>	<b>30,379</b>	<b>32,836</b>	<b>32,585</b>	<b>35,423</b>	<b>36,539</b>	<b>37,726</b>
<b>800 General government:</b>							
<b>Discretionary:</b>							
<b>Legislative functions:</b>							
Legislative branch discretionary programs .....	2,133	2,185	2,264	2,335	2,419	2,499	2,585
<b>Executive direction and management:</b>							
Drug control programs .....	363	405	414	422	431	440	450
Executive Office of the President .....	272	300	311	319	331	341	353
Presidential transition and former Presidents .....	2	10	10	10	10	11	11
Total, Executive direction and management .....	637	715	735	751	772	792	814
<b>Central fiscal operations:</b>							
Tax administration .....	7,839	8,469	8,843	9,154	9,498	9,854	10,227
Other fiscal operations .....	737	814	846	875	903	935	968
Total, Central fiscal operations .....	8,576	9,283	9,689	10,029	10,401	10,789	11,195
<b>General property and records management:</b>							
Real property activities .....	-211	281	579	601	616	584	612
Records management .....	222	311	317	325	331	339	346
Other general and records management .....	177	171	177	186	190	196	202
Total, General property and records management .....	188	763	1,073	1,112	1,137	1,119	1,160
<b>Central personnel management:</b>							
Discretionary central personnel management programs .....	161	170	176	183	190	198	206
<b>General purpose fiscal assistance:</b>							
Payments and loans to the District of Columbia .....	343	334	341	348	356	364	371
Payments to States and counties from Federal land management activities .....	11	11	11	11	12	12	12
Payments in lieu of taxes .....	133	200	204	208	213	217	221
Total, General purpose fiscal assistance .....	487	545	556	567	581	593	604
<b>Other general government:</b>							
Discretionary programs .....	256	300	307	317	329	336	344
Total, Discretionary .....	12,438	13,961	14,800	15,294	15,829	16,326	16,908

Table 14-11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
<b>Mandatory:</b>							
<b>Legislative functions:</b>							
Congressional members compensation and other .....	104	120	111	110	109	109	109
<b>Central fiscal operations:</b>							
Federal financing bank .....	5	17	15	18	21	25	28
Other mandatory programs .....	-58	-88	-114	-111	-110	-109	-107
Total, Central fiscal operations .....	-53	-71	-99	-93	-89	-84	-79
<b>General property and records management:</b>							
Mandatory programs .....	21	22	22	22	23	24	18
Offsetting receipts .....	-21	-67	-28	-32	-27	-26	-24
Total, General property and records management .....		-45	-6	-10	-4	-2	-6
<b>General purpose fiscal assistance:</b>							
Payments to States and counties .....	1,015	1,336	1,503	1,502	1,519	1,534	1,533
Tax revenues for Puerto Rico (Treasury, BATF) .....	387	411	347	331	331	331	331
Other general purpose fiscal assistance .....	169	123	123	122	123	123	123
Total, General purpose fiscal assistance .....	1,571	1,870	1,973	1,955	1,973	1,988	1,987
<b>Other general government:</b>							
Territories .....	162	162	187	186	187	185	185
Treasury claims .....	1,831	1,175	1,000	1,000	1,000	1,000	1,000
Presidential election campaign fund .....	61	61	61	61	61	61	61
Other mandatory programs .....	-159	382					
Total, Other general government .....	1,895	1,780	1,248	1,247	1,248	1,246	1,246
<b>Deductions for offsetting receipts:</b>							
Offsetting receipts .....	-2,478	-1,386	-1,393	-1,386	-1,386	-1,386	-1,386
Total, Mandatory .....	1,039	2,268	1,834	1,823	1,851	1,871	1,871
<b>Total, General government .....</b>	<b>13,477</b>	<b>16,229</b>	<b>16,634</b>	<b>17,117</b>	<b>17,680</b>	<b>18,197</b>	<b>18,779</b>
<b>900 Net interest:</b>							
<b>Mandatory:</b>							
<b>Interest on Treasury debt securities (gross):</b>							
Interest on Treasury debt securities (gross) .....	361,978	357,814	349,306	344,827	340,654	332,939	324,303
<b>Interest received by on-budget trust funds:</b>							
Civil service retirement and disability fund .....	-33,608	-35,108	-36,531	-37,946	-39,360	-40,467	-41,635
Military retirement .....	-12,251	-12,413	-12,626	-12,850	-13,082	-13,323	-13,573
SMI interest .....	-3,160	-3,033	-2,733	-2,688	-2,628	-2,508	-2,573
HI interest .....	-10,470	-12,285	-13,749	-15,465	-17,601	-19,978	-22,579
Other on-budget trust funds .....	-9,624	-10,823	-10,674	-11,309	-11,999	-12,662	-13,227
Total, Interest received by on-budget trust funds .....	-69,113	-73,662	-76,313	-80,258	-84,670	-88,938	-93,587
<b>Interest received by off-budget trust funds:</b>							
Interest received by social security trust funds .....	-59,796	-68,886	-76,086	-85,421	-95,855	-107,348	-120,111
<b>Other interest:</b>							
Interest on loans to Federal Financing Bank .....	-1,974	-2,035	-2,136	-1,830	-2,160	-2,387	-2,535
Interest on refunds of tax collections .....	2,684	2,791	2,913	3,025	3,143	3,221	3,297
Payment to the Resolution Funding Corporation .....	1,164	1,728	1,357	2,124	2,231	2,117	2,188
Interest paid to loan guarantee financing accounts .....	4,287	3,787	3,734	3,731	3,748	3,759	3,787
Interest received from direct loan financing accounts .....	-9,129	-10,279	-11,339	-12,013	-12,909	-13,668	-14,188
Interest on deposits in tax and loan accounts .....	-1,785	-1,455	-1,340	-1,340	-1,340	-1,340	-1,340
Interest received from Outer Continental Shelf escrow account, Interior .....	-1,352						

Table 14-11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
All other interest .....	-3,744	-3,526	-3,606	-3,352	-3,321	-3,327	-3,312
Total, Other interest .....	-9,849	-8,989	-10,417	-9,655	-10,608	-11,625	-12,103
<b>Total, Net interest</b> .....	<b>223,220</b>	<b>206,277</b>	<b>186,490</b>	<b>169,493</b>	<b>149,521</b>	<b>125,028</b>	<b>98,502</b>
<b>950 Undistributed offsetting receipts:</b>							
<b>Mandatory:</b>							
<b>Employer share, employee retirement (on-budget):</b>							
Contributions to HI trust fund .....	-2,630	-2,693	-2,809	-2,940	-3,079	-3,244	-3,381
Contributions to military retirement fund .....	-11,402	-11,369	-12,166	-12,622	-13,098	-13,567	-14,040
Postal Service contributions to Civil Service Retirement and Disability Fund ....	-6,445	-6,768	-6,854	-6,975	-7,111	-7,249	-7,327
Employing agency contributions, DoD Retiree Health Care Fund .....				-2,943	-3,072	-3,211	-3,355
Other contributions to civil and foreign service retirement and disability fund ...	-9,737	-10,446	-10,813	-10,723	-11,316	-11,990	-12,699
Total, Employer share, employee retirement (on-budget) .....	-30,214	-31,276	-32,642	-36,203	-37,676	-39,261	-40,802
<b>Employer share, employee retirement (off-budget):</b>							
Contributions to social security trust funds .....	-7,637	-7,877	-8,917	-9,161	-9,868	-10,706	-11,443
<b>Rents and royalties on the Outer Continental Shelf:</b>							
OCS Receipts .....	-4,580	-6,931	-5,884	-5,358	-5,185	-4,971	-4,836
<b>Sale of major assets:</b>							
Privatization of Elk Hills .....				-323			
<b>Other undistributed offsetting receipts:</b>							
Spectrum auction .....	-150	-1,572	-4,360	-9,665	-9,670	-1,275	-680
<b>Total, Undistributed offsetting receipts</b> .....	<b>-42,581</b>	<b>-47,656</b>	<b>-51,803</b>	<b>-60,710</b>	<b>-62,399</b>	<b>-56,213</b>	<b>-57,761</b>
<b>Total</b> .....	<b>1,824,957</b>	<b>1,890,916</b>	<b>1,965,688</b>	<b>2,013,980</b>	<b>2,073,981</b>	<b>2,150,724</b>	<b>2,207,472</b>
On-budget .....	(1,489,908)	(1,539,212)	(1,605,428)	(1,642,337)	(1,690,957)	(1,754,604)	(1,796,928)
Off-budget .....	(335,049)	(351,704)	(360,260)	(371,643)	(383,024)	(396,120)	(410,544)



Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
<b>050 National defense:</b>							
<b>Discretionary:</b>							
<b>Department of Defense—Military:</b>							
Military personnel .....	75,950	72,089	78,016	80,765	83,578	86,427	89,389
Operation and maintenance .....	105,253	110,199	109,993	112,893	116,464	120,031	123,722
Procurement .....	51,696	52,734	56,419	57,732	60,815	63,631	65,562
Research, development, test and evaluation .....	37,606	37,962	41,210	41,917	42,910	43,832	44,726
Military construction .....	5,109	5,198	4,791	5,169	5,279	5,467	5,582
Family housing .....	3,413	3,683	3,576	3,646	3,757	3,832	3,916
Revolving, management, and trust funds and other .....	2,875	3,084	2,413	1,249	1,201	1,199	1,218
Total, Department of Defense—Military .....	281,902	284,949	296,418	303,371	314,004	324,419	334,115
<b>Atomic energy defense activities:</b>							
Department of Energy .....	12,031	13,206	13,899	14,265	14,596	14,930	15,148
Formerly utilized sites remedial action .....	113	149	142	145	147	151	154
Defense nuclear facilities safety board .....	17	18	18	20	20	21	21
Total, Atomic energy defense activities .....	12,161	13,373	14,059	14,430	14,763	15,102	15,323
<b>Defense-related activities:</b>							
Discretionary programs .....	901	1,259	1,331	1,366	1,387	1,421	1,460
Total, Discretionary .....	294,964	299,581	311,808	319,167	330,154	340,942	350,898
<b>Mandatory:</b>							
<b>Department of Defense—Military:</b>							
Military personnel .....			24	24	24	24	24
Revolving, trust and other DoD mandatory .....	1,085	564	382	430	311	344	308
Offsetting receipts .....	-1,764	-1,598	-1,457	-1,449	-1,408	-1,437	-1,395
Total, Department of Defense—Military .....	-679	-1,034	-1,051	-995	-1,073	-1,069	-1,063
<b>Atomic energy defense activities:</b>							
Energy employee occupational illness compensation fund .....		358	597	477	253	222	149
Energy employee occupational illness compensation fund, administrative expenses .....		15	120	114	71	54	38
Total, Atomic energy defense activities .....		373	717	591	324	276	187
<b>Defense-related activities:</b>							
Mandatory programs .....	209	216	212	222	232	238	246
Total, Mandatory .....	-470	-445	-122	-182	-517	-555	-630
<b>Total, National defense</b> .....	294,494	299,136	311,686	318,985	329,637	340,387	350,268
<b>150 International affairs:</b>							
<b>Discretionary:</b>							
<b>International development, humanitarian assistance:</b>							
Development assistance and child survival and disease programs .....	1,530	1,839	2,055	2,085	2,116	2,141	2,222
Multilateral development banks (MDB's) .....	1,351	1,726	1,431	1,466	1,484	1,264	1,253
Assistance for the New Independent States .....	678	448	596	709	771	830	856
Food aid .....	946	887	853	863	878	893	912
Refugee programs .....	864	791	793	782	770	771	787
Assistance for Central and Eastern Europe .....	423	349	447	537	616	701	722
Voluntary contributions to international organizations .....	294	299	306	312	316	320	326
Peace Corps .....	246	273	278	278	289	298	308
Central America and Caribbean emergency disaster recovery fund .....	162	228	100	41	12		
International narcotics control and law enforcement—Andean counterdrug initiative .....	375	863	595	465	391	334	341
Debt restructuring .....	75	251	312	438	465	474	484
Other development and humanitarian assistance .....	1,013	732	745	768	814	838	872
Total, International development, humanitarian assistance .....	7,957	8,686	8,511	8,744	8,922	8,864	9,083
<b>International security assistance:</b>							
Foreign military financing grants and loans .....	3,928	4,276	4,303	4,243	4,052	3,859	3,932

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Economic support fund .....	2,463	2,286	2,403	2,411	2,427	2,464	2,500
Other security assistance .....	480	516	532	550	548	536	544
Total, International security assistance .....	6,871	7,078	7,238	7,204	7,027	6,859	6,976
<b>Conduct of foreign affairs:</b>							
State Department operations .....	2,805	3,314	3,826	3,666	3,618	3,660	3,769
Foreign buildings .....	502	662	809	934	1,062	1,127	1,151
Assessed contributions to international organizations .....	986	882	900	918	924	943	964
Assessed contributions for international peacekeeping .....	334	1,136	884	879	898	917	936
Arrears payment for international organizations and peacekeeping .....			244				
Other conduct of foreign affairs .....	140	139	142	143	146	150	157
Total, Conduct of foreign affairs .....	4,767	6,133	6,805	6,540	6,648	6,797	6,977
<b>Foreign information and exchange activities:</b>							
International broadcasting .....	391	466	474	491	493	507	523
Other information and exchange activities .....	423	397	337	330	301	308	315
Total, Foreign information and exchange activities .....	814	863	811	821	794	815	838
<b>International financial programs:</b>							
Export-Import Bank .....	864	761	835	874	901	933	994
Special defense acquisition fund .....	-5		5				
Other IMF .....	17	9					
Total, International financial programs .....	876	770	840	874	901	933	994
Total, Discretionary .....	21,285	23,530	24,205	24,183	24,292	24,268	24,868
<b>Mandatory:</b>							
<b>International development, humanitarian assistance:</b>							
Credit liquidating accounts .....	-1,385	-1,563	-1,377	-1,242	-1,211	-1,149	-1,104
Receipts and other .....	-54	-96	-8	-9	-9	-9	-9
Total, International development, humanitarian assistance .....	-1,439	-1,659	-1,385	-1,251	-1,220	-1,158	-1,113
<b>International security assistance:</b>							
Foreign military loan reestimates .....	186	-208					
Foreign military loan liquidating account .....	-670	-550	-443	-365	-325	-319	-314
Total, International security assistance .....	-484	-758	-443	-365	-325	-319	-314
<b>Foreign affairs and information:</b>							
Conduct of foreign affairs .....	-58	6	1	-7	-7	-7	-7
Japan-U.S. Friendship Commission .....	3	3	3	3	3	3	3
Vietnam debt repayment fund, transfers from liquidating fund .....		-6	-6	-5	-5	-5	-5
Total, Foreign affairs and information .....	-55	3	-2	-9	-9	-9	-9
<b>International financial programs:</b>							
Foreign military sales trust fund (net) .....	-277						
International monetary fund .....	1,103						
Exchange stabilization fund .....	-1,160	-1,273	-1,246	-1,357	-1,438	-1,488	-1,513
Credit liquidating account (Exim) .....	-1,034	-630	-397	-355	-358	-340	-304
Export-Import Bank—subsidy reestimates .....	-573	-1,975					
Other international financial programs .....	-150	-359	-70	-85	-88	-94	-108
Total, International financial programs .....	-2,091	-4,237	-1,713	-1,797	-1,884	-1,922	-1,925
Total, Mandatory .....	-4,069	-6,651	-3,543	-3,422	-3,438	-3,408	-3,361
<b>Total, International affairs</b> .....	<b>17,216</b>	<b>16,879</b>	<b>20,662</b>	<b>20,761</b>	<b>20,854</b>	<b>20,860</b>	<b>21,507</b>
<b>250 General science, space, and technology:</b>							
<b>Discretionary:</b>							
<b>General science and basic research:</b>							
National Science Foundation programs .....	3,396	3,767	4,165	4,331	4,554	4,625	4,725

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Department of Energy general science programs .....	2,778	2,993	3,212	3,283	3,355	3,428	3,503
Total, General science and basic research .....	6,174	6,760	7,377	7,614	7,909	8,053	8,228
<b>Space flight, research, and supporting activities:</b>							
Science, aeronautics and technology .....	4,858	5,248	5,405	5,690	5,942	6,072	6,195
Human space flight .....	5,497	5,421	5,565	5,642	5,758	5,882	6,003
Mission support .....	2,021	2,169	2,271	2,345	2,435	2,529	2,623
Other NASA programs .....	51	34	31	25	26	27	28
Total, Space flight, research, and supporting activities .....	12,427	12,872	13,272	13,702	14,161	14,510	14,849
Total, Discretionary .....	18,601	19,632	20,649	21,316	22,070	22,563	23,077
<b>Mandatory:</b>							
<b>General science and basic research:</b>							
National Science Foundation donations .....	36	91	126	158	150	92	53
<b>Space flight, research, and supporting activities:</b>							
National Space Grant Program .....		3					
Total, Mandatory .....	36	94	126	158	150	92	53
<b>Total, General science, space, and technology .....</b>	<b>18,637</b>	<b>19,726</b>	<b>20,775</b>	<b>21,474</b>	<b>22,220</b>	<b>22,655</b>	<b>23,130</b>
<b>270 Energy:</b>							
<b>Discretionary:</b>							
<b>Energy supply:</b>							
Research and development .....	1,105	1,152	1,255	1,354	1,307	1,297	1,290
Naval petroleum reserves operations .....	27	28	7	2	2	2	2
Uranium enrichment activities .....	243						
Decontamination transfer .....	-420	-419	-431	-442	-454	-466	-478
Nuclear waste program .....	268	173	194	198	202	207	212
Federal power marketing .....	249	215	178	188	195	202	208
Elk Hills school lands fund .....		36	37	38	38	39	40
Rural electric and telephone discretionary loans .....	76	69	70	67	68	74	77
Non-defense environmental management and other .....	350	703	669	689	701	718	733
Total, Energy supply .....	1,898	1,957	1,979	2,094	2,059	2,073	2,084
<b>Energy conservation and preparedness:</b>							
Energy conservation .....	666	743	809	836	854	873	893
Emergency energy preparedness .....	162	162	167	171	174	179	183
Total, Energy conservation and preparedness .....	828	905	976	1,007	1,028	1,052	1,076
<b>Energy information, policy, and regulation:</b>							
Nuclear Regulatory Commission (NRC) .....	33	40	33	45	57	70	393
Federal Energy Regulatory Commission fees and recoveries, and other .....	-18	-25	-26	-27	-27	-28	-29
Department of Energy departmental administration, OIG, and EIA administration .....	218	169	191	229	202	212	218
Total, Energy information, policy, and regulation .....	233	184	198	247	232	254	582
Total, Discretionary .....	2,959	3,046	3,153	3,348	3,319	3,379	3,742
<b>Mandatory:</b>							
<b>Energy supply:</b>							
Naval petroleum reserves oil and gas sales .....	-10	-8	-8				
Federal power marketing .....	-934	-1,002	-764	-715	-801	-769	-799
Tennessee Valley Authority .....	-347	-505	-260	-451	-953	-1,010	-1,078
United States Enrichment Corporation .....	-5	-64	-67	-71	-75	-79	-83
Nuclear waste fund program .....	-701	-620	-640	-625	-612	-637	-621
Research and development .....	2						
Rural electric and telephone liquidating accounts .....	-2,021	-1,341	-1,593	-1,288	-1,263	-1,131	-1,001

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Rural electric and telephone loan subsidy reestimates .....		-161					
Total, Energy supply .....	-4,016	-3,701	-3,332	-3,150	-3,704	-3,626	-3,582
<b>Energy information, policy, and regulation:</b>							
Miscellaneous revenues, departmental administration .....	-3						
Total, Mandatory .....	-4,019	-3,701	-3,332	-3,150	-3,704	-3,626	-3,582
<b>Total, Energy</b> .....	<b>-1,060</b>	<b>-655</b>	<b>-179</b>	<b>198</b>	<b>-385</b>	<b>-247</b>	<b>160</b>
<b>300 Natural resources and environment:</b>							
<b>Discretionary:</b>							
<b>Water resources:</b>							
Corps of Engineers .....	4,186	4,338	4,716	4,839	4,965	5,076	5,032
Bureau of Reclamation .....	802	961	790	812	835	861	886
Watershed, flood prevention, and other .....	291	301	350	298	307	298	303
Total, Water resources .....	5,279	5,600	5,856	5,949	6,107	6,235	6,221
<b>Conservation and land management:</b>							
Forest Service .....	3,223	4,235	4,449	4,571	4,661	4,814	4,973
Management of public lands (BLM) .....	1,356	1,525	2,028	2,184	2,094	2,157	2,224
Conservation of agricultural lands .....	698	807	804	831	859	886	919
Other conservation and land management programs .....	546	655	712	768	829	888	910
Total, Conservation and land management .....	5,823	7,222	7,993	8,354	8,443	8,745	9,026
<b>Recreational resources:</b>							
Operation of recreational resources .....	2,742	3,210	3,516	3,646	3,709	3,853	3,945
Other recreational resources activities .....	222	133	207	223	205	202	204
Total, Recreational resources .....	2,964	3,343	3,723	3,869	3,914	4,055	4,149
<b>Pollution control and abatement:</b>							
Regulatory, enforcement, and research programs .....	2,641	2,900	3,075	3,215	3,251	3,318	3,402
State and tribal assistance grants .....	3,192	3,393	3,537	3,679	3,760	3,885	3,961
Hazardous substance superfund .....	1,603	1,380	1,296	1,307	1,316	1,327	1,354
Other control and abatement activities .....	138	141	144	158	162	168	164
Total, Pollution control and abatement .....	7,574	7,814	8,052	8,359	8,489	8,698	8,881
<b>Other natural resources:</b>							
NOAA .....	2,317	2,556	2,908	3,083	3,214	3,347	3,432
Other natural resource program activities .....	1,037	1,048	1,096	1,126	1,149	1,165	1,203
Total, Other natural resources .....	3,354	3,604	4,004	4,209	4,363	4,512	4,635
Total, Discretionary .....	24,994	27,583	29,628	30,740	31,316	32,245	32,912
<b>Mandatory:</b>							
<b>Water resources:</b>							
Offsetting receipts and other mandatory water resource programs .....	-198	-169	-206	-76	-142	-158	-168
<b>Conservation and land management:</b>							
Conservation Reserve Program and other .....	1,793	2,061	2,065	2,031	2,120	2,112	2,103
Other conservation programs .....	360	526	555	513	513	511	509
Offsetting receipts .....	-2,075	-3,001	-2,791	-2,784	-2,798	-2,816	-2,796
Total, Conservation and land management .....	78	-414	-171	-240	-165	-193	-184
<b>Recreational resources:</b>							
Operation of recreational resources .....	814	923	921	942	1,037	925	928
Offsetting receipts .....	-359	-458	-374	-309	-312	-313	-315
Total, Recreational resources .....	455	465	547	633	725	612	613

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
<b>Pollution control and abatement:</b>							
Superfund resources and other mandatory .....	-172	-148	-164	-184	-170	-141	-127
<b>Other natural resources:</b>							
Fees and mandatory programs .....	-126	53	-89	-26	1	3	2
Total, Mandatory .....	37	-213	-83	107	249	123	136
<b>Total, Natural resources and environment .....</b>	<b>25,031</b>	<b>27,370</b>	<b>29,545</b>	<b>30,847</b>	<b>31,565</b>	<b>32,368</b>	<b>33,048</b>
<b>350 Agriculture:</b>							
<b>Discretionary:</b>							
<b>Farm income stabilization:</b>							
Agriculture credit loan program .....	391	482	406	420	436	453	470
P.L.480 market development activities .....	342	408	269	161	143	145	149
Administrative expenses .....	860	979	1,041	1,022	1,074	1,073	1,089
Total, Farm income stabilization .....	1,593	1,869	1,716	1,603	1,653	1,671	1,708
<b>Agricultural research and services:</b>							
Research and education programs .....	1,349	1,467	1,537	1,673	1,655	1,672	1,701
Integrated research, education, and extension programs .....	1	17	31	42	43	44	45
Extension programs .....	437	421	477	460	464	466	476
Marketing programs .....	53	58	69	70	73	75	78
Animal and plant inspection programs .....	526	894	890	921	951	982	1,015
Economic intelligence .....	173	165	173	180	185	192	199
Grain inspection and packers program .....	25	32	33	33	34	34	35
Foreign agricultural service .....	125	105	120	124	129	132	137
Other programs and unallocated overhead .....	369	457	452	468	481	496	509
Total, Agricultural research and services .....	3,058	3,616	3,782	3,971	4,015	4,093	4,195
Total, Discretionary .....	4,651	5,485	5,498	5,574	5,668	5,764	5,903
<b>Mandatory:</b>							
<b>Farm income stabilization:</b>							
Commodity Credit Corporation .....	30,484	18,447	10,986	7,213	5,963	5,808	5,902
Crop insurance and other farm credit activities .....	2,473	2,697	2,758	2,949	3,105	3,254	3,439
Credit liquidating accounts (ACIF and FAC) .....	-1,098	-917	-883	-867	-786	-743	-676
Total, Farm income stabilization .....	31,859	20,227	12,861	9,295	8,282	8,319	8,665
<b>Agricultural research and services:</b>							
Miscellaneous mandatory programs .....	291	410	463	684	637	628	592
Offsetting receipts .....	-160	-200	-162	-160	-160	-158	-158
Total, Agricultural research and services .....	131	210	301	524	477	470	434
Total, Mandatory .....	31,990	20,437	13,162	9,819	8,759	8,789	9,099
<b>Total, Agriculture .....</b>	<b>36,641</b>	<b>25,922</b>	<b>18,660</b>	<b>15,393</b>	<b>14,427</b>	<b>14,553</b>	<b>15,002</b>
<b>370 Commerce and housing credit:</b>							
<b>Discretionary:</b>							
<b>Mortgage credit:</b>							
Federal Housing Administration (FHA) loan programs .....	-1,128	-1,176	-1,391	-1,607	-1,775	-1,846	-1,753
Government National Mortgage Association (GNMA) .....	-303	-347	-332	-331	-331	-330	-330
Other housing and urban development .....	-61	-100	-139	-135	-135	-136	-139
Rural housing insurance fund .....	559	658	690	698	719	744	775
Total, Mortgage credit .....	-933	-965	-1,172	-1,375	-1,522	-1,568	-1,447
<b>Postal service:</b>							
Payments to the Postal Service fund (On-budget) .....	100	93	97	99	101	103	105
<b>Deposit insurance:</b>							
National credit union administration .....	1		-1				

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
<b>Other advancement of commerce:</b>							
Small and minority business assistance .....	581	686	785	797	782	800	816
Science and technology .....	635	690	735	717	679	693	709
Economic and demographic statistics .....	4,169	1,355	569	513	532	549	569
Regulatory agencies .....	-401	-462	-490	-539	-546	-647	-765
International Trade Administration .....	336	305	332	354	364	376	389
Patent and trademark salaries and expenses .....	-134	-230	-198	-208	-224	-220	-246
Other discretionary .....	120	222	141	142	148	154	158
Total, Other advancement of commerce .....	5,306	2,566	1,874	1,776	1,735	1,705	1,630
Total, Discretionary .....	4,474	1,694	798	500	314	240	288
<b>Mandatory:</b>							
<b>Mortgage credit:</b>							
FHA General and special risk negative subsidies .....		-304	-200	-42	-99	-17	-15
FHA mutual mortgage insurance receipts (intragovernmental) .....		-4,027		-77	-238	-408	-580
GNMA receipts (intragovernmental) .....		-6,610	-439	-405	-429	-453	-479
Indian housing loan guarantee receipts .....		-6					
Mortgage credit reestimates .....		4,073					
FHA general and special risk insurance liquidating account .....	443	1,600	1,950	1,716	722	537	263
GNMA liquidating account .....	-389	6,216					
Other credit liquidating accounts .....	-2,455	1,044	-2,768	-2,805	-2,835	-2,927	-3,153
Other mortgage credit activities .....	-1	274					
Total, Mortgage credit .....	-2,402	2,260	-1,457	-1,613	-2,879	-3,268	-3,964
<b>Postal service:</b>							
Postal Service (Off-budget) .....	2,029	2,596	3,061	-502	-719	-1,318	-1,812
<b>Deposit insurance:</b>							
Bank Insurance Fund .....	-909	-756	-195	672	997	1,638	904
FSLIC Resolution Fund .....	-1,396	116	262	-60	15	-97	-63
Savings Association Insurance Fund .....	-562	-112	-248	-119	34	56	98
National credit union administration .....	-208	-244	-395	-345	-360	-380	-401
Other deposit insurance activities .....	23	10	22	19	27	28	29
Total, Deposit insurance .....	-3,052	-986	-554	167	713	1,245	567
<b>Other advancement of commerce:</b>							
Universal service fund .....	4,074	6,483	5,468	6,487	6,730	7,309	7,906
Payments to copyright owners .....	375	257	161	251	229	242	254
Spectrum auction subsidy .....	-1,821	-12,201	8	8	8	8	8
Regulatory fees .....	-25	-26	-26	-26	-26	-26	-26
Credit liquidating accounts .....	-258	-137	-63	-48	-36	-29	-22
Business loan program, subsidy reestimate .....	-284	-722					
Other mandatory .....	101	14	26	26	26	26	26
Total, Other advancement of commerce .....	2,162	-6,332	5,574	6,698	6,931	7,530	8,146
Total, Mandatory .....	-1,263	-2,462	6,624	4,750	4,046	4,189	2,937
<b>Total, Commerce and housing credit .....</b>	<b>3,211</b>	<b>-768</b>	<b>7,422</b>	<b>5,250</b>	<b>4,360</b>	<b>4,429</b>	<b>3,225</b>
<b>400 Transportation:</b>							
<b>Discretionary:</b>							
<b>Ground transportation:</b>							
Highways .....	23,990	26,049	29,095	30,964	32,217	33,389	34,391
State infrastructure banks .....	19	8	8	6	5	2	
Highway safety .....	485	673	707	707	722	734	751
Mass transit .....	5,331	5,508	5,731	5,733	6,044	6,557	6,664
Railroads .....	761	836	748	778	799	815	835
Regulation .....	16	18	18	19	19	20	21
Total, Ground transportation .....	30,602	33,092	36,307	38,207	39,806	41,517	42,662
<b>Air transportation:</b>							
Airports and airways (FAA) .....	9,562	11,019	12,049	12,797	13,388	14,019	14,510

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Aeronautical research and technology .....	1,014	901	1,009	1,086	997	1,025	1,053
Payments to air carriers .....	-5	20					
Total, Air transportation .....	10,571	11,940	13,058	13,883	14,385	15,044	15,563
<b>Water transportation:</b>							
Marine safety and transportation .....	3,271	3,383	3,514	3,461	3,607	3,732	3,861
Ocean shipping .....	86	149	120	146	156	163	171
Panama Canal Commission .....	15						
Total, Water transportation .....	3,372	3,532	3,634	3,607	3,763	3,895	4,032
<b>Other transportation:</b>							
Department of Transportation administration and other .....	202	296	252	261	273	280	289
Total, Discretionary .....	44,747	48,860	53,251	55,958	58,227	60,736	62,546
<b>Mandatory:</b>							
<b>Ground transportation:</b>							
Highways .....	1,244	1,428	1,269	1,137	1,034	928	863
Offsetting receipts and credit subsidy reestimates .....	-99	-33	-33	-33	-33	-33	-33
Credit liquidating accounts .....	-50	-29	-29	-29	-29	-29	-24
Total, Ground transportation .....	1,095	1,366	1,207	1,075	972	866	806
<b>Air transportation:</b>							
Payments to air carriers .....		30	44	40	40	40	40
<b>Water transportation:</b>							
Coast Guard retired pay .....	713	760	861	943	985	1,024	1,063
Other water transportation programs .....	309	65	25	-11	-14	-16	-18
Total, Water transportation .....	1,022	825	886	932	971	1,008	1,045
<b>Other transportation:</b>							
Sale of Governors Island .....			-340				
Other mandatory transportation programs .....	-10	-2	-1	-1	-1	-1	-1
Total, Other transportation .....	-10	-2	-341	-1	-1	-1	-1
Total, Mandatory .....	2,107	2,219	1,796	2,046	1,982	1,913	1,890
<b>Total, Transportation .....</b>	<b>46,854</b>	<b>51,079</b>	<b>55,047</b>	<b>58,004</b>	<b>60,209</b>	<b>62,649</b>	<b>64,436</b>
<b>450 Community and regional development:</b>							
<b>Discretionary:</b>							
<b>Community development:</b>							
Community development block grant .....	4,955	4,940	5,044	5,091	5,213	5,323	5,443
Community development loan guarantees .....	7	20	22	27	31	32	32
Community adjustment and investment program .....	6	8					
Community development financial institutions .....	96	115	116	121	123	124	127
Brownfields redevelopment .....	4	25	30	33	33	30	27
Other community development programs .....	403	461	504	567	589	619	638
Total, Community development .....	5,471	5,569	5,716	5,839	5,989	6,128	6,267
<b>Area and regional development:</b>							
Rural development .....	755	964	1,015	1,116	1,203	1,229	1,230
Economic Development Administration .....	383	460	462	464	459	467	478
Indian programs .....	1,097	1,151	1,336	1,393	1,515	1,538	1,576
Appalachian Regional Commission .....	132	115	111	81	82	95	94
Tennessee Valley Authority .....	40	7	2	1	1	1	1
Denali Commission .....	43	23	50	42	43	45	45
Delta Regional Authority .....		2	6	12	16	19	21
Total, Area and regional development .....	2,450	2,722	2,982	3,109	3,319	3,394	3,445

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
<b>Disaster relief and insurance:</b>							
Disaster relief .....	2,628	2,236	2,545	2,758	2,549	2,391	2,057
Small Business Administration disaster loans .....	306	266	197	203	195	199	203
Disaster loan program, negative subsidies .....		-595					
Other disaster assistance programs .....	570	1,021	990	825	798	803	820
Total, Disaster relief and insurance .....	3,504	2,928	3,732	3,786	3,542	3,393	3,080
Total, Discretionary .....	11,425	11,219	12,430	12,734	12,850	12,915	12,792
<b>Mandatory:</b>							
<b>Community development:</b>							
Pennsylvania Avenue activities and other programs .....	45	13					
Credit liquidating accounts .....	-36	-33	-32	-23	-15	-12	-10
Total, Community development .....	9	-20	-32	-23	-15	-12	-10
<b>Area and regional development:</b>							
Indian programs .....	153	164	168	173	180	186	192
Rural development programs .....	58	161	97	39	35	35	35
Credit liquidating accounts .....	11	27	-159	-383	-418	-508	-527
Offsetting receipts .....	-134	-317	-151	-156	-164	-169	-172
Total, Area and regional development .....	88	35	-45	-327	-367	-456	-472
<b>Disaster relief and insurance:</b>							
National flood insurance fund .....	-197	-209	-239	-325	-347	-365	-383
Radiological emergency preparedness fees .....	-1						
Disaster loans program account .....	68	45					
SBA disaster loan subsidy reestimates .....	-516	-384					
Disaster assistance, downward reestimates .....		-10					
Credit liquidating accounts .....	-247	-104	38	13	10		
Total, Disaster relief and insurance .....	-893	-662	-201	-312	-337	-365	-383
Total, Mandatory .....	-796	-647	-278	-662	-719	-833	-865
<b>Total, Community and regional development .....</b>	<b>10,629</b>	<b>10,572</b>	<b>12,152</b>	<b>12,072</b>	<b>12,131</b>	<b>12,082</b>	<b>11,927</b>
<b>500 Education, training, employment, and social services:</b>							
<b>Discretionary:</b>							
<b>Elementary, secondary, and vocational education:</b>							
Education for the disadvantaged .....	8,529	8,471	9,332	9,684	9,902	10,110	10,323
Impact aid .....	877	1,140	1,009	1,036	1,054	1,076	1,098
School improvement .....	2,521	3,098	3,909	4,803	5,035	5,141	5,249
Education reform .....	1,243	1,963	1,819	1,905	1,949	1,989	2,032
Bilingual and immigrant education .....	363	448	442	464	476	487	497
Special education .....	4,949	5,815	6,813	7,471	7,693	7,854	8,020
Vocational and adult education .....	1,462	1,723	1,778	1,847	1,892	1,932	1,972
Reading excellence .....	27	186	236	278	286	292	298
Indian education .....	595	647	697	749	770	783	797
Other .....	12	17	14	13	13	13	14
Total, Elementary, secondary, and vocational education .....	20,578	23,508	26,049	28,250	29,070	29,677	30,300
<b>Higher education:</b>							
Student financial assistance .....	9,060	10,061	10,949	11,035	11,163	11,401	11,639
Higher education .....	1,091	1,559	1,793	1,909	1,981	2,023	2,065
Federal family education loan program .....	38	56	50	51	53	55	57
Other higher education programs .....	357	390	403	413	424	432	441
Total, Higher education .....	10,546	12,066	13,195	13,408	13,621	13,911	14,202
<b>Research and general education aids:</b>							
Library of Congress .....	299	305	458	455	471	484	501
Public broadcasting .....	337	374	396	419	437	448	457
Smithsonian institution and related agencies .....	517	636	642	599	632	654	684
Education research, statistics, and improvement .....	557	719	701	736	753	768	785



Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Other .....	794	916	969	994	1,014	1,029	1,057
Total, Research and general education aids .....	2,504	2,950	3,166	3,203	3,307	3,383	3,484
<b>Training and employment:</b>							
Training and employment services .....	4,282	5,191	6,150	6,367	5,893	6,018	6,147
Older Americans employment .....	400	477	441	451	460	470	480
Federal-State employment service .....	1,314	1,267	1,313	1,353	1,385	1,415	1,446
Other employment and training .....	101	118	114	118	123	128	133
Total, Training and employment .....	6,097	7,053	8,018	8,289	7,861	8,031	8,206
<b>Other labor services:</b>							
Labor law, statistics, and other administration .....	1,194	1,394	1,473	1,543	1,599	1,652	1,707
<b>Social services:</b>							
Corporation for National and Community Service .....	386	498	451	412	467	487	498
National Service .....	298	312	313	324	350	305	312
Children and families services programs .....	6,151	6,642	7,861	8,185	8,372	8,548	8,733
Aging services program .....	885	1,017	1,106	1,146	1,166	1,189	1,215
Other .....	296	666	414	423	432	441	450
Total, Social services .....	8,016	9,135	10,145	10,490	10,787	10,970	11,208
Total, Discretionary .....	48,935	56,106	62,046	65,183	66,245	67,624	69,107
<b>Mandatory:</b>							
<b>Higher education:</b>							
Federal family education loan program .....	4,307	-1,145	3,658	3,397	2,850	2,771	2,907
Federal direct loan program .....	-2,862	-442	-639	-449	-65	-96	-193
Other higher education programs .....	-240	-174	-193	-98	-129	-38	149
Credit liquidating account (Family education loan program) .....	-1,635	-700	-604	-466	-340	-239	-167
Total, Higher education .....	-430	-2,461	2,222	2,384	2,316	2,398	2,696
<b>Research and general education aids:</b>							
Mandatory programs .....	28	79	35	33	28	26	23
<b>Training and employment:</b>							
Trade adjustment assistance .....	133	141	96	26			
Proposed Legislation (non-PAYGO) .....			40	106	132	132	132
Subtotal, Trade adjustment assistance .....	133	141	136	132	132	132	132
Welfare to work grants .....	527	850	690	275	85		
Payments to States for AFDC work programs .....	15	9	3				
Other mandatory training and employment services .....		75	134	185	203	100	26
Total, Training and employment .....	675	1,075	963	592	420	232	158
<b>Other labor services:</b>							
Other labor services .....	5	11	16	16			
<b>Social services:</b>							
Payments to States for foster care and adoption assistance .....	5,453	6,055	6,540	6,959	7,415	8,018	8,677
Promoting safe and stable families .....	245	276	293	304	305	305	305
Social services block grant .....	1,827	1,907	1,809	1,804	1,804	1,804	1,729
Rehabilitation services .....	2,463	2,196	2,455	2,521	2,585	2,652	2,719
Other social services .....		7	11	15	16	12	8
Total, Social services .....	9,988	10,441	11,108	11,603	12,125	12,791	13,438
Total, Mandatory .....	10,266	9,145	14,344	14,628	14,889	15,447	16,315
<b>Total, Education, training, employment, and social services .....</b>	<b>59,201</b>	<b>65,251</b>	<b>76,390</b>	<b>79,811</b>	<b>81,134</b>	<b>83,071</b>	<b>85,422</b>

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
<b>550 Health:</b>							
<b>Discretionary:</b>							
<b>Health care services:</b>							
Substance abuse and mental health services .....	2,499	2,666	2,855	2,988	3,068	3,143	3,217
Indian health .....	2,344	2,439	2,702	2,748	2,834	2,897	2,971
Health Resources and Services Administration .....	3,785	4,224	4,825	5,075	5,222	5,360	5,476
Disease control, research, and training .....	2,317	2,903	3,398	3,626	3,738	3,841	3,931
Departmental management and other .....	796	736	794	741	741	769	794
Total, Health care services .....	11,741	12,968	14,574	15,178	15,603	16,010	16,389
<b>Health research and training:</b>							
National Institutes of Health .....	15,373	17,809	19,974	20,717	21,175	21,660	22,150
Clinical training .....	332	427	556	594	616	634	647
Other health research and training .....	243	371	392	412	423	436	449
Total, Health research and training .....	15,948	18,607	20,922	21,723	22,214	22,730	23,246
<b>Consumer and occupational health and safety:</b>							
Food safety and inspection .....	647	695	744	754	783	815	848
Occupational safety and health .....	607	676	708	733	758	782	810
FDA and Consumer Product Safety Commission salaries and expenses .....	1,070	1,150	1,198	1,244	1,292	1,320	1,365
Total, Consumer and occupational health and safety .....	2,324	2,521	2,650	2,731	2,833	2,917	3,023
Total, Discretionary .....	30,013	34,096	38,146	39,632	40,650	41,657	42,658
<b>Mandatory:</b>							
<b>Health care services:</b>							
Medicaid grants .....	117,921	128,853	143,029	153,786	167,410	182,381	198,256
State children's health insurance fund .....	1,220	4,032	3,355	4,072	4,260	4,290	4,370
Federal employees' and retired employees' health benefits .....	4,818	4,761	4,881	5,407	6,189	7,063	7,786
DoD Medicare-eligible retiree health care fund .....				4,784	4,994	5,213	5,442
UMWA Funds (coal miner retiree health) .....	196	252	235	187	178	171	164
Ricky Ray hemophilia relief fund .....		333	244	3			
Other mandatory health services activities .....	335	539	542	573	504	504	523
Total, Health care services .....	124,490	138,770	152,286	168,812	183,535	199,622	216,541
<b>Health research and safety:</b>							
Health research and training .....	31	-60	77	101	101	50	12
Total, Mandatory .....	124,521	138,710	152,363	168,913	183,636	199,672	216,553
<b>Total, Health</b> .....	<b>154,534</b>	<b>172,806</b>	<b>190,509</b>	<b>208,545</b>	<b>224,286</b>	<b>241,329</b>	<b>259,211</b>
<b>570 Medicare:</b>							
<b>Discretionary:</b>							
<b>Medicare:</b>							
Hospital insurance (HI) administrative expenses .....	1,222	1,440	1,553	1,622	1,699	1,782	1,871
Supplementary medical insurance (SMI) administrative expenses .....	1,776	1,816	1,897	1,973	2,056	2,145	2,241
Total, Discretionary .....	2,998	3,256	3,450	3,595	3,755	3,927	4,112
<b>Mandatory:</b>							
<b>Medicare:</b>							
Hospital insurance (HI) .....	128,808	141,328	145,684	151,475	158,535	169,743	175,148
Supplementary medical insurance (SMI) .....	87,216	99,463	107,830	117,006	125,192	136,063	142,222
HI premiums and collections .....	-1,392	-1,397	-1,488	-1,551	-1,643	-1,744	-1,855
SMI premiums and collections .....	-20,515	-22,036	-25,546	-28,345	-29,851	-33,276	-36,087
Quinquennial adjustment (HI) .....		-1,332					
HI interfunds .....	-9,512	-8,110	-8,687	-9,194	-9,922	-10,643	-11,441
SMI interfunds .....	-65,561	-69,788	-81,347	-88,783	-92,549	-102,042	-110,380

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
General fund payment to HI and SMI trust funds .....	75,071	77,874	90,002	97,967	102,469	112,683	121,819
Total, Mandatory .....	194,115	216,002	226,448	238,575	252,231	270,784	279,426
<b>Total, Medicare</b> .....	197,113	219,258	229,898	242,170	255,986	274,711	283,538
<b>600 Income security:</b>							
<b>Discretionary:</b>							
<b>General retirement and disability insurance:</b>							
Railroad retirement .....	267	261	267	272	276	282	288
Pension Benefit Guaranty Corporation .....	11	12	12	13	13	13	14
Pension and Welfare Benefits Administration and other .....	94	108	114	117	121	125	131
Total, General retirement and disability insurance .....	372	381	393	402	410	420	433
<b>Federal employee retirement and disability:</b>							
Civilian retirement and disability program administrative expenses .....	85	92	96	99	103	107	111
Armed forces retirement home .....	64	64	71	84	89	93	97
Total, Federal employee retirement and disability .....	149	156	167	183	192	200	208
<b>Unemployment compensation:</b>							
Unemployment programs administrative expenses .....	2,270	2,369	2,483	2,440	2,492	2,565	2,648
<b>Housing assistance:</b>							
Public housing operating fund .....	2,836	3,217	3,296	3,337	3,406	3,477	3,550
Public housing capital fund .....	3,690	3,718	3,581	3,639	3,700	3,759	3,775
Subsidized, public, homeless and other HUD housing .....	21,622	23,273	24,736	25,357	25,904	26,514	27,155
Rural housing assistance .....	640	723	783	809	840	866	886
Total, Housing assistance .....	28,788	30,931	32,396	33,142	33,850	34,616	35,366
<b>Food and nutrition assistance:</b>							
Special supplemental food program for women, infants, and children (WIC) ....	3,950	4,084	4,121	4,207	4,296	4,386	4,478
Other nutrition programs .....	513	572	595	609	625	640	658
Total, Food and nutrition assistance .....	4,463	4,656	4,716	4,816	4,921	5,026	5,136
<b>Other income assistance:</b>							
Refugee assistance .....	383	451	447	455	462	472	482
Low income home energy assistance .....	1,495	2,241	1,548	1,612	1,646	1,683	1,717
Child care and development block grant .....	1,070	1,686	1,968	2,058	2,109	2,154	2,199
Supplemental security income (SSI) administrative expenses .....	2,424	2,589	2,673	2,763	2,860	2,959	3,065
Total, Other income assistance .....	5,372	6,967	6,636	6,888	7,077	7,268	7,463
Total, Discretionary .....	41,414	45,460	46,791	47,871	48,942	50,095	51,254
<b>Mandatory:</b>							
<b>General retirement and disability insurance:</b>							
Railroad retirement .....	4,429	5,111	4,631	4,751	4,903	5,053	5,414
Special benefits for disabled coal miners .....	992	955	904	860	819	776	735
Pension Benefit Guaranty Corporation .....	-1,156	-1,212	-1,616	-1,518	-1,681	-1,721	-1,735
District of Columbia pension funds .....	200	213	227	239	250	262	273
Proceeds from sale of DC retirement fund assets .....	-3						
Special workers' compensation program .....	141	146	146	149	150	149	149
Total, General retirement and disability insurance .....	4,603	5,213	4,292	4,481	4,441	4,519	4,836
<b>Federal employee retirement and disability:</b>							
Federal civilian employee retirement and disability .....	45,619	47,956	50,157	52,565	54,932	57,380	59,871
Military retirement .....	32,808	34,223	35,266	36,278	37,302	38,309	39,355
Federal employees workers' compensation (FECA) .....	27	137	147	184	177	183	193
Federal employees life insurance fund .....	-1,451	-1,296	-1,266	-1,233	-1,215	-1,166	-1,109
Total, Federal employee retirement and disability .....	77,003	81,020	84,304	87,794	91,196	94,706	98,310

**Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued**

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
<b>Unemployment compensation:</b>							
Unemployment insurance programs .....	20,471	25,164	28,046	28,744	30,550	32,197	33,970
Trade adjustment assistance .....	271	275	11				
Proposed Legislation (non-PAYGO) .....			273	280	294	306	320
Subtotal, Trade adjustment assistance .....	271	275	284	280	294	306	320
Total, Unemployment compensation .....	20,742	25,439	28,330	29,024	30,844	32,503	34,290
<b>Housing assistance:</b>							
Mandatory housing assistance programs .....	12	41	40	40	40	40	40
<b>Food and nutrition assistance:</b>							
Food stamps (including Puerto Rico) .....	18,290	19,714	20,911	21,820	22,536	23,457	24,353
State child nutrition programs .....	9,188	9,886	10,333	10,935	11,502	12,022	12,562
Funds for strengthening markets, income, and supply (Sec.32) .....	542	749	636	637	637	637	637
Total, Food and nutrition assistance .....	28,020	30,349	31,880	33,392	34,675	36,116	37,552
<b>Other income support:</b>							
Supplemental security income (SSI) .....	31,065	27,852	31,507	32,862	34,289	38,364	37,296
Family support payments .....	2,906	3,439	3,453	3,742	4,110	4,405	4,649
Federal share of child support collections .....	-913	-896	-878	-887	-899	-927	-972
Temporary assistance for needy families and related programs .....	15,464	17,080	17,260	17,360	17,750	18,020	18,170
Child care entitlement to states .....	2,237	2,423	2,555	2,658	2,749	2,806	2,841
Earned income tax credit (EITC) .....	26,099	25,923	26,983	27,875	28,545	29,373	30,165
Child tax credit .....	809	790	760	720	660	630	590
Other assistance .....	71	45	43	50	59	57	57
SSI recoveries and receipts .....	-1,637	-1,561	-1,730	-1,801	-1,894	-2,100	-2,041
Total, Other income support .....	76,101	75,095	79,953	82,579	85,369	90,628	90,755
Total, Mandatory .....	206,481	217,157	228,799	237,310	246,565	258,512	265,783
<b>Total, Income security</b> .....	<b>247,895</b>	<b>262,617</b>	<b>275,590</b>	<b>285,181</b>	<b>295,507</b>	<b>308,607</b>	<b>317,037</b>
<b>650 Social security:</b>							
<b>Discretionary:</b>							
<b>Social security:</b>							
Old-age and survivors insurance (OASI) administrative expenses (Off-budget) ..	1,800	2,042	1,970	2,038	2,110	2,184	2,263
Disability insurance (DI) administrative expenses (Off-budget) .....	1,575	1,564	1,587	1,640	1,696	1,756	1,815
Office of the Inspector General—Social Security Adm. (On-budget) .....	13	17	18	20	20	20	20
Total, Discretionary .....	3,388	3,623	3,575	3,698	3,826	3,960	4,098
<b>Mandatory:</b>							
<b>Social security:</b>							
Old-age and survivors insurance (OASI)(Off-budget) .....	351,609	371,714	388,127	405,228	423,458	443,029	464,225
Disability insurance (DI)(Off-budget) .....	54,437	59,122	63,034	68,316	74,509	81,283	88,725
Quinquennial OASI and DI adjustments (On-budget) .....		-836					
Intragovernmental transactions (On-budget) .....	13,254	12,541	14,148	14,876	16,076	17,230	18,428
Intragovernmental transactions (Off-budget) .....	-13,252	-12,541	-13,734	-14,876	-16,076	-17,230	-18,428
Total, Mandatory .....	406,048	430,000	451,575	473,544	497,967	524,312	552,950
<b>Total, Social security</b> .....	<b>409,436</b>	<b>433,623</b>	<b>455,150</b>	<b>477,242</b>	<b>501,793</b>	<b>528,272</b>	<b>557,048</b>
<b>700 Veterans benefits and services:</b>							
<b>Discretionary:</b>							
<b>Income security for veterans:</b>							
Special benefits for certain World War II veterans .....	1	2	2	2	2	2	3
<b>Veterans education, training, and rehabilitation:</b>							
Loan fund program account .....	1	1	1	1	1	1	1
Veterans employment and training .....	-1	2	17	25	26	27	27
Total, Veterans education, training, and rehabilitation .....		3	18	26	27	28	28

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
<b>Hospital and medical care for veterans:</b>							
Medical care and hospital services .....	19,637	21,011	21,906	22,689	23,558	24,352	25,199
Collections for medical care .....	-573	-608	-620	-630	-640	-650	-660
Construction for medical care, benefits, and cemeteries .....	454	397	363	327	350	356	365
Total, Hospital and medical care for veterans .....	19,518	20,800	21,649	22,386	23,268	24,058	24,904
<b>Veterans housing:</b>							
Housing program loan administrative expenses .....	158	163	170	176	183	189	197
<b>Other veterans benefits and services:</b>							
National Cemetery Administration .....	95	109	114	118	123	127	132
General operating expenses .....	881	1,166	1,116	1,150	1,186	1,223	1,262
Other operating expenses .....	100	116	132	141	150	149	155
Total, Other veterans benefits and services .....	1,076	1,391	1,362	1,409	1,459	1,499	1,549
Total, Discretionary .....	20,753	22,359	23,201	23,999	24,939	25,776	26,681
<b>Mandatory:</b>							
<b>Income security for veterans:</b>							
Special benefits for certain World War II veterans .....	1	9	8	8	7	6	5
Compensation, Pensions and Burial benefits .....	23,820	21,238	24,855	26,316	27,803	31,783	30,358
National service life insurance trust fund .....	1,241	1,290	1,322	1,337	1,338	1,319	1,305
All other insurance programs .....	11	29	36	46	53	59	71
Insurance program receipts .....	-202	-191	-180	-169	-157	-143	-129
Total, Income security for veterans .....	24,871	22,375	26,041	27,538	29,044	33,024	31,610
<b>Veterans education, training, and rehabilitation:</b>							
Readjustment benefits (Montgomery GI Bill and related programs) .....	1,497	1,970	2,136	2,201	2,283	2,402	2,513
Post-Vietnam era education .....	9	13	10	10	10	10	10
All-volunteer force educational assistance trust fund .....	-164	-296	-211	-221	-242	-269	-312
Total, Veterans education, training, and rehabilitation .....	1,342	1,687	1,935	1,990	2,051	2,143	2,211
<b>Hospital and medical care for veterans:</b>							
Fees, charges and other mandatory medical care .....	-2	-3	-17	-17	-3	-4	-4
<b>Veterans housing:</b>							
Housing program loan subsidies .....	1,503	357	213	245	248	256	245
Housing program loan reestimates .....	-1,064	-1,420					
Housing program loan liquidating account .....	-255	-87	-71	-61	-53	-45	-42
Total, Veterans housing .....	184	-1,150	142	184	195	211	203
<b>Other veterans programs:</b>							
National homes, Battle Monument contributions and other .....	-65	95	41	30	32	33	34
Total, Mandatory .....	26,330	23,004	28,142	29,725	31,319	35,407	34,054
<b>Total, Veterans benefits and services .....</b>	<b>47,083</b>	<b>45,363</b>	<b>51,343</b>	<b>53,724</b>	<b>56,258</b>	<b>61,183</b>	<b>60,735</b>
<b>750 Administration of justice:</b>							
<b>Discretionary:</b>							
<b>Federal law enforcement activities:</b>							
Criminal investigations (DEA, FBI, FinCEN, ICDE) .....	4,597	4,578	4,591	5,023	5,128	5,298	5,498
Alcohol, tobacco, and firearms investigations (ATF) .....	557	768	823	857	860	891	924
Border enforcement activities (Customs and INS) .....	4,865	5,547	5,544	5,858	6,193	6,364	6,573
Equal Employment Opportunity Commission .....	290	306	320	326	339	351	365
Tax law, criminal investigations (IRS) .....	377	374	392	408	426	444	464
Other law enforcement activities .....	1,483	2,147	2,155	2,170	2,215	2,281	2,347
Total, Federal law enforcement activities .....	12,169	13,720	13,825	14,642	15,161	15,629	16,171
<b>Federal litigative and judicial activities:</b>							
Civil and criminal prosecution and representation .....	2,681	2,797	2,997	3,149	3,257	3,372	3,489
Representation of indigents in civil cases .....	303	327	335	343	349	357	364

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Federal judicial and other litigative activities .....	3,688	4,112	4,271	4,382	4,520	4,660	4,804
Total, Federal litigative and judicial activities .....	6,672	7,236	7,603	7,874	8,126	8,389	8,657
<b>Correctional activities:</b>							
Federal prison system and detention trustee program .....	3,669	4,241	4,105	4,737	4,862	4,887	5,054
<b>Criminal justice assistance:</b>							
Crime victims fund obligation limit .....		-1					
Law enforcement assistance, community policing, and other justice programs .....	4,314	3,561	5,442	6,980	5,337	4,863	4,967
Total, Criminal justice assistance .....	4,314	3,560	5,442	6,980	5,337	4,863	4,967
Total, Discretionary .....	26,824	28,757	30,975	34,233	33,486	33,768	34,849
<b>Mandatory:</b>							
<b>Federal law enforcement activities:</b>							
Assets forfeiture fund .....	496	529	429	495	347	354	362
Border enforcement activities (Customs and INS) .....	1,576	2,030	2,409	2,351	2,237	2,246	2,282
INS fees .....	-1,483	-2,262	-2,240	-2,176	-1,686	-1,681	-1,676
Customs fees .....	-1,282	-1,303	-1,343	-1,395	-3	-3	-3
Other mandatory law enforcement programs .....	637	513	523	537	541	546	550
Total, Federal law enforcement activities .....	-56	-493	-222	-188	1,436	1,462	1,515
<b>Federal litigative and judicial activities:</b>							
Federal judicial officers salaries and expenses and other mandatory programs .....	594	470	547	548	559	575	588
<b>Correctional activities:</b>							
Mandatory programs .....	38	-3	-3	-4	-5	-5	-5
<b>Criminal justice assistance:</b>							
Crime victims fund .....	392	666	1,103	727	518	400	400
Public safety officers' benefits .....	28	33	33	34	35	35	36
Total, Criminal justice assistance .....	420	699	1,136	761	553	435	436
Total, Mandatory .....	996	673	1,458	1,117	2,543	2,467	2,534
<b>Total, Administration of justice .....</b>	<b>27,820</b>	<b>29,430</b>	<b>32,433</b>	<b>35,350</b>	<b>36,029</b>	<b>36,235</b>	<b>37,383</b>
<b>800 General government:</b>							
<b>Discretionary:</b>							
<b>Legislative functions:</b>							
Legislative branch discretionary programs .....	2,124	2,288	2,325	2,366	2,423	2,495	2,578
<b>Executive direction and management:</b>							
Drug control programs .....	346	383	501	447	427	435	444
Executive Office of the President .....	283	289	311	320	330	341	354
Presidential transition and former Presidents .....	2	10	10	10	10	11	11
Total, Executive direction and management .....	631	682	822	777	767	787	809
<b>Central fiscal operations:</b>							
Tax administration .....	7,950	8,592	8,924	9,060	9,451	9,807	10,177
Other fiscal operations .....	504	954	912	917	914	939	971
Total, Central fiscal operations .....	8,454	9,546	9,836	9,977	10,365	10,746	11,148
<b>General property and records management:</b>							
Real property activities .....	-84	383	27	251	426	497	467
Records management .....	199	301	305	322	330	334	343
Other general and records management .....	155	249	194	200	188	194	200
Total, General property and records management .....	270	933	526	773	944	1,025	1,010

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
<b>Central personnel management:</b>							
Discretionary central personnel management programs .....	184	171	172	183	190	197	204
<b>General purpose fiscal assistance:</b>							
Payments and loans to the District of Columbia .....	353	351	342	348	355	363	372
Payments to States and counties from Federal land management activities .....	11	11	11	11	12	12	12
Payments in lieu of taxes .....	133	200	204	208	213	217	221
Other .....	1						
Total, General purpose fiscal assistance .....	498	562	557	567	580	592	605
<b>Other general government:</b>							
Discretionary programs .....	252	315	330	332	334	344	356
Total, Discretionary .....	12,413	14,497	14,568	14,975	15,603	16,186	16,710
<b>Mandatory:</b>							
<b>Legislative functions:</b>							
Congressional members compensation and other .....	98	111	117	122	115	105	105
<b>Central fiscal operations:</b>							
Federal financing bank .....	34	21	15	18	21	25	28
Other mandatory programs .....	-143	-54	-105	-118	-118	-108	-106
Total, Central fiscal operations .....	-109	-33	-90	-100	-97	-83	-78
<b>General property and records management:</b>							
Mandatory programs .....	-24	36	23	21	22	23	17
Offsetting receipts .....	-21	-67	-28	-32	-27	-26	-24
Total, General property and records management .....	-45	-31	-5	-11	-5	-3	-7
<b>General purpose fiscal assistance:</b>							
Payments and loans to the District of Columbia .....	8						
Payments to States and counties .....	1,016	1,335	1,496	1,502	1,518	1,534	1,533
Tax revenues for Puerto Rico (Treasury, BATF) .....	387	411	347	331	331	331	331
Other general purpose fiscal assistance .....	175	123	125	122	123	123	123
Total, General purpose fiscal assistance .....	1,586	1,869	1,968	1,955	1,972	1,988	1,987
<b>Other general government:</b>							
Territories .....	176	184	211	210	211	209	185
Treasury claims .....	1,815	1,223	1,000	1,000	1,000	1,000	1,000
Presidential election campaign fund .....	211	5		30	218	3	
Other mandatory programs .....	-213	392	-10	-11	-10	-11	-11
Total, Other general government .....	1,989	1,804	1,201	1,229	1,419	1,201	1,174
<b>Deductions for offsetting receipts:</b>							
Offsetting receipts .....	-2,478	-1,386	-1,393	-1,386	-1,386	-1,386	-1,386
Total, Mandatory .....	1,041	2,334	1,798	1,809	2,018	1,822	1,795
<b>Total, General government</b> .....	<b>13,454</b>	<b>16,831</b>	<b>16,366</b>	<b>16,784</b>	<b>17,621</b>	<b>18,008</b>	<b>18,505</b>
<b>900 Net interest:</b>							
<b>Mandatory:</b>							
<b>Interest on Treasury debt securities (gross):</b>							
Interest on Treasury debt securities (gross) .....	361,978	357,814	349,306	344,827	340,654	332,939	324,303
<b>Interest received by on-budget trust funds:</b>							
Civil service retirement and disability fund .....	-33,608	-35,108	-36,531	-37,946	-39,360	-40,467	-41,635
Military retirement .....	-12,251	-12,413	-12,626	-12,850	-13,082	-13,323	-13,573
SMI interest .....	-3,160	-3,033	-2,733	-2,688	-2,628	-2,508	-2,573
HI interest .....	-10,470	-12,285	-13,749	-15,465	-17,601	-19,978	-22,579

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

Function and Program	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Other on-budget trust funds .....	-9,624	-10,823	-10,674	-11,309	-11,999	-12,662	-13,227
Total, Interest received by on-budget trust funds .....	-69,113	-73,662	-76,313	-80,258	-84,670	-88,938	-93,587
<b>Interest received by off-budget trust funds:</b>							
Interest received by social security trust funds .....	-59,796	-68,886	-76,086	-85,421	-95,855	-107,348	-120,111
<b>Other interest:</b>							
Interest on loans to Federal Financing Bank .....	-1,974	-2,035	-2,136	-1,830	-2,160	-2,387	-2,535
Interest on refunds of tax collections .....	2,684	2,791	2,913	3,025	3,143	3,221	3,297
Payment to the Resolution Funding Corporation .....	1,164	1,728	1,357	2,124	2,231	2,117	2,188
Interest paid to loan guarantee financing accounts .....	4,287	3,787	3,734	3,731	3,748	3,759	3,787
Interest received from direct loan financing accounts .....	-9,129	-10,279	-11,339	-12,013	-12,909	-13,668	-14,188
Interest on deposits in tax and loan accounts .....	-1,785	-1,455	-1,340	-1,340	-1,340	-1,340	-1,340
Interest received from Outer Continental Shelf escrow account, Interior .....	-1,352						
All other interest .....	-3,746	-3,527	-3,607	-3,353	-3,322	-3,328	-3,313
Total, Other interest .....	-9,851	-8,990	-10,418	-9,656	-10,609	-11,626	-12,104
<b>Total, Net interest .....</b>	<b>223,218</b>	<b>206,276</b>	<b>186,489</b>	<b>169,492</b>	<b>149,520</b>	<b>125,027</b>	<b>98,501</b>
<b>950 Undistributed offsetting receipts:</b>							
<b>Mandatory:</b>							
<b>Employer share, employee retirement (on-budget):</b>							
Contributions to HI trust fund .....	-2,630	-2,693	-2,809	-2,940	-3,079	-3,244	-3,381
Contributions to military retirement fund .....	-11,402	-11,369	-12,166	-12,622	-13,098	-13,567	-14,040
Postal Service contributions to Civil Service Retirement and Disability Fund ....	-6,445	-6,768	-6,854	-6,975	-7,111	-7,249	-7,327
Employing agency contributions, DoD Retiree Health Care Fund .....				-2,943	-3,072	-3,211	-3,355
Other contributions to civil and foreign service retirement and disability fund ...	-9,737	-10,446	-10,813	-10,723	-11,316	-11,990	-12,699
Total, Employer share, employee retirement (on-budget) .....	-30,214	-31,276	-32,642	-36,203	-37,676	-39,261	-40,802
<b>Employer share, employee retirement (off-budget):</b>							
Contributions to social security trust funds .....	-7,637	-7,877	-8,917	-9,161	-9,868	-10,706	-11,443
<b>Rents and royalties on the Outer Continental Shelf:</b>							
OCS Receipts .....	-4,580	-6,931	-5,884	-5,358	-5,185	-4,971	-4,836
<b>Sale of major assets:</b>							
Privatization of Elk Hills .....				-323			
<b>Other undistributed offsetting receipts:</b>							
Spectrum auction .....	-150	-1,572	-4,360	-9,665	-9,670	-1,275	-680
<b>Total, Undistributed offsetting receipts .....</b>	<b>-42,581</b>	<b>-47,656</b>	<b>-51,803</b>	<b>-60,710</b>	<b>-62,399</b>	<b>-56,213</b>	<b>-57,761</b>
<b>Total .....</b>	<b>1,788,826</b>	<b>1,853,060</b>	<b>1,938,135</b>	<b>1,990,573</b>	<b>2,050,753</b>	<b>2,129,966</b>	<b>2,182,322</b>
On-budget .....	(1,458,061)	(1,505,326)	(1,579,093)	(1,623,311)	(1,671,498)	(1,738,316)	(1,777,088)
Off-budget .....	(330,765)	(347,734)	(359,042)	(367,262)	(379,255)	(391,650)	(405,234)



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## OTHER TECHNICAL PRESENTATIONS

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## 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. 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. Since the effects on the existing Medicare trust funds and on Federal funds of the President's proposed reforms of Medicare Modernization and Immediate Helping Hand have not yet been determined, the effects of these reforms are not reflected in detail in this chapter.

### 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, and they must be appropriated before they can be obligated and spent. However, 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 charge for the sale of products or services and use the proceeds to finance their spending. Instead of being deposited in receipt accounts, their proceeds are recorded 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.<sup>1</sup>

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

<sup>1</sup>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.

non-budgetary instead of Federal trust funds and are excluded from the Federal budget.

A trust fund must use its income for the purposes designated by law. Some, such as the Federal Employees 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 consists of offsetting receipts, which include 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.<sup>2</sup> 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

<sup>2</sup>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)

	2000 actual	Estimate										
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Receipts:</b>												
Federal funds cash income:												
From the public .....	1,362.7	1,444.2	1,453.9	1,488.2	1,534.3	1,568.6	1,618.7	1,681.9	1,765.9	1,856.8	1,946.9	2,063.5
From trust funds .....	1.1	3.3	1.2	1.2	1.2	1.3	1.3	1.3	1.4	1.4	1.4	1.5
Total, Federal funds cash income .....	1,363.8	1,447.6	1,455.0	1,489.4	1,535.6	1,569.9	1,620.0	1,683.2	1,767.2	1,858.2	1,948.4	2,064.9
Trust funds cash income:												
From the public .....	735.2	774.6	816.3	861.3	904.5	959.5	1,004.7	1,054.8	1,102.3	1,154.1	1,216.8	1,279.9
From Federal funds:												
Interest .....	130.9	144.5	154.4	167.7	182.6	198.4	215.8	234.8	255.7	278.4	301.3	325.8
Other .....	163.6	168.5	184.3	195.3	203.9	218.3	231.4	244.1	258.9	274.6	291.9	310.2
Total, trust funds cash income .....	1,029.7	1,087.6	1,155.1	1,224.3	1,290.9	1,376.1	1,451.9	1,533.8	1,616.9	1,707.1	1,810.1	1,915.8
Offsetting receipts .....	-368.2	-398.2	-418.4	-455.4	-487.7	-508.2	-543.1	-573.7	-613.6	-655.4	-700.0	-748.2
Total, unified budget receipts .....	2,025.2	2,136.9	2,191.7	2,258.2	2,338.8	2,437.8	2,528.7	2,643.3	2,770.6	2,909.9	3,058.4	3,232.6
<b>Outlays:</b>												
Federal funds cash outgo .....	1,362.0	1,398.2	1,480.4	1,534.8	1,579.5	1,626.7	1,663.7	1,710.2	1,777.4	1,840.7	1,908.6	1,979.2
Trust funds cash outgo .....	795.1	856.3	898.5	936.9	984.9	1,050.2	1,103.4	1,166.9	1,234.0	1,305.0	1,384.9	1,475.3
Offsetting receipts .....	-368.2	-398.2	-418.4	-455.4	-487.7	-508.2	-543.1	-573.7	-613.6	-655.4	-700.0	-748.2
Total, unified budget outlays .....	1,788.8	1,856.2	1,960.6	2,016.2	2,076.7	2,168.7	2,223.9	2,303.4	2,397.9	2,490.3	2,593.5	2,706.3
<b>Surplus or deficit (-):</b>												
Federal funds .....	1.8	49.4	-25.4	-45.4	-44.0	-56.9	-43.7	-27.0	-10.2	17.5	39.8	85.7
Trust funds .....	234.6	231.3	256.6	287.4	306.1	325.9	348.5	366.9	382.9	402.1	425.2	440.5
Total, unified surplus/deficit (-) .....	236.4	280.7	231.2	242.0	262.1	269.0	304.8	339.9	372.7	419.6	465.0	526.2

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.

Table 15-2. INCOME, OUTGO, AND BALANCES OF TRUST FUNDS GROUP

(In billions of dollars)

	2000 actual	Estimate										
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Total Trust Funds</b>												
Balance, start of year .....	1,875.6	2,110.0	2,341.3	2,597.9	2,885.3	3,191.3	3,517.3	3,865.8	4,232.7	4,615.6	5,017.7	5,442.9
Income:												
Governmental receipts .....	700.5	738.4	776.4	818.6	860.4	912.1	954.5	1,002.1	1,046.6	1,095.2	1,154.5	1,214.0
Proprietary receipts .....	43.2	45.3	49.6	53.1	55.1	59.1	62.6	65.8	69.5	73.5	77.8	82.2
Receipts from Federal funds:												
Interest .....	130.9	144.5	154.4	167.7	182.6	198.4	215.8	234.8	255.7	278.4	301.3	325.8
Other .....	184.3	192.9	209.5	220.3	229.7	245.8	260.7	275.4	292.4	310.3	329.5	350.3
Subtotal, income .....	1,058.9	1,121.1	1,189.9	1,259.7	1,327.9	1,415.4	1,493.6	1,578.2	1,664.2	1,757.4	1,863.0	1,972.3
Outgo:												
To the public .....	823.2	886.4	932.2	971.1	1,020.5	1,088.2	1,143.8	1,209.9	1,280.0	1,353.9	1,436.4	1,530.4
Payments to Federal funds .....	1.1	3.3	1.2	1.2	1.2	1.3	1.3	1.3	1.4	1.4	1.4	1.5
Subtotal, outgo .....	824.3	889.8	933.4	972.3	1,021.8	1,089.4	1,145.1	1,211.2	1,281.3	1,355.3	1,437.8	1,531.8
Change in fund balance:												
Surplus or deficit (-):												
Excluding interest .....	103.9	87.0	102.3	121.8	125.7	129.9	135.1	134.2	129.4	126.2	126.5	117.6
Interest .....	130.7	144.3	154.3	165.6	180.4	196.1	213.4	232.8	253.5	275.9	298.6	322.9
Subtotal, surplus or deficit (-) .....	234.6	231.3	256.6	287.4	306.1	325.9	348.5	366.9	382.9	402.1	425.2	440.5
Adjustments:												
Transfers/lapses (net) .....	-0.4	-*	-*	.....	.....	.....	.....	.....	.....	.....	.....	.....
Other adjustments .....	0.2	-*	*	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total, change in fund balance .....	234.4	231.3	256.6	287.4	306.1	325.9	348.5	366.9	382.9	402.1	425.2	440.5
Balance, end of year .....	2,110.0	2,341.3	2,597.9	2,885.3	3,191.3	3,517.3	3,865.8	4,232.7	4,615.6	5,017.7	5,442.9	5,883.4

\* Less than \$50 million.

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. Second, income excludes the offsetting collections, which are offset against outgo in revolving fund expenditure accounts instead of being deposited in receipt accounts.<sup>3</sup> 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.<sup>4</sup> 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.

<sup>3</sup>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.

<sup>4</sup>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).

Some income in both Federal funds and trust funds consists of offsetting receipts. In contrast, 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. Table 15-3 reconciles, for fiscal year

**Table 15-3. COMPARISON OF TOTAL FEDERAL FUND AND TRUST FUND RECEIPTS WITH UNIFIED BUDGET RECEIPTS, FISCAL YEAR 2000**

(In billions of dollars)

Total of trust fund receipts and Federal fund receipts .....	2,403.4
Deduct intrafund receipts (from funds within the same fund group):	
Trust intrafund receipts .....	-3.7
Federal intrafund receipts .....	-6.2
Subtotal, intrafund receipts .....	-9.9
Total trust funds and Federal funds cash income .....	2,393.5
Deduct offsetting receipts: <sup>1</sup>	
Trust fund receipts from Federal funds:	
Interest in receipt accounts .....	-128.9
General fund payment to Medicare Part B .....	-65.6
Employing agencies' payments for pensions, Social Security, and Medicare .....	-37.9
General fund payments for unfunded liabilities of Federal employees retirement funds .....	-37.1
Transfer of taxation of Social Security benefits to OASDI, HI, and RRB .....	-23.2
Other receipts from Federal funds .....	-1.9
Subtotal, trust fund receipts from Federal funds .....	-294.5
Federal fund receipts from trust funds .....	-1.1
Proprietary receipts .....	-72.7
Subtotal, offsetting receipts .....	-368.2
Unified budget receipts .....	2,025.2

<sup>1</sup> Offsetting receipts are included in cash income for each fund group, but are deducted from outlays in the unified budget.

2000, the gross total of all trust fund and Federal fund receipts with the net total of the Federal fund group's and the trust fund group's cash income (as shown in Table 15-1), and with the unified budget's receipt total.

### 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 \$29 billion in 2000. 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.

Primarily because of these changes, but also because of the impact of real growth and inflation, trust fund balances increased tenfold from 1982 to 2000, from \$205 billion to \$2.1 trillion. Under the proposals in the President's budget, the balances are estimated to double again by the year 2007, rising to \$4.2 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.

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.

These balances are available to finance future benefit payments and other trust fund expenditures—but only in a bookkeeping sense. These funds are not set up to be pension funds, like the funds of private pension plans. They do not hold real economic assets that can be drawn down in the future to fund benefits. Instead, they are claims on the Treasury. When trust fund holdings are redeemed to pay benefits, Treasury will have to finance the expenditure in the same way as any other Federal expenditure: out of current receipts, by borrowing from the public, or by reducing benefits or other expenditures. The existence of large trust fund balances, therefore, does not, by itself, affect the Government's ability to pay benefits.

From an economic standpoint, the Government is able to prefund benefits only by increasing saving and investment in the economy as a whole. This can be fully accomplished only by simultaneously running trust fund surpluses equal to the actuarial present value of the accumulating benefits and not allowing the Federal fund deficit to increase, so that the trust fund surplus reduces a unified budget deficit or increases a unified budget surplus. This would reduce Federal borrowing by the amount of the trust funds surplus and increase

the amount of national saving available to finance investment. Greater investment would increase future incomes and wealth, which would provide more real economic resources to support the benefits.

Table 15–4 shows estimates of income, outgo, and balances for 2000 through 2006 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 15–5, which immediately follows Table 15–4, 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.

**Table 15-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS**  
(In billions of dollars)

	2000 actual	Estimate					
		2001	2002	2003	2004	2005	2006
<b>Airport and Airway Trust Fund</b>							
Balance, start of year .....	12.4	13.9	15.6	16.7	17.8	19.1	20.8
Income:							
Governmental receipts .....	9.7	10.4	11.2	11.9	12.6	13.3	14.1
Proprietary receipts .....	*	*	*	*	*	*	*
Receipts from Federal funds:							
Interest .....	0.8	0.9	1.0	1.0	1.1	1.2	1.3
Other .....	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Receipts from Trust funds .....							
Subtotal, income .....	10.7	11.4	12.3	13.0	13.8	14.6	15.5
Outgo:							
To the public .....	9.2	9.7	11.2	11.9	12.4	13.0	13.3
Payments to Other funds .....							
Subtotal, outgo .....	9.2	9.7	11.2	11.9	12.4	13.0	13.3
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	0.7	0.8	0.1	*	0.2	0.4	0.9
Interest .....	0.8	0.9	1.0	1.0	1.1	1.2	1.3
Subtotal, surplus or deficit (-) .....	1.5	1.7	1.1	1.1	1.3	1.7	2.2
Adjustments:							
Transfers/lapses (net) .....	—*						
Other adjustments .....		—*					
Total, change in fund balance .....	1.5	1.7	1.1	1.1	1.3	1.7	2.2
Balance, end of year .....	13.9	15.6	16.7	17.8	19.1	20.8	22.9
<b>Federal Employees Health Benefits Fund</b>							
Balance, start of year .....	5.8	6.0	6.7	7.9	9.1	10.1	10.9
Income:							
Governmental receipts .....							
Proprietary receipts .....	5.3	5.9	6.5	7.1	7.7	8.3	9.0
Receipts from Federal funds:							
Interest .....	0.4	0.4	0.4	0.5	0.5	0.6	0.6
Other .....	14.0	15.7	17.3	18.6	20.0	21.5	23.1
Receipts from Trust funds .....							
Subtotal, income .....	19.7	21.9	24.2	26.1	28.3	30.5	32.7
Outgo:							
To the public .....	19.6	21.2	23.0	25.0	27.3	29.7	32.0
Payments to Other funds .....							
Subtotal, outgo .....	19.6	21.2	23.0	25.0	27.3	29.7	32.0
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	-0.2	0.4	0.8	0.7	0.5	0.2	0.1
Interest .....	0.4	0.4	0.4	0.5	0.5	0.6	0.6
Subtotal, surplus or deficit (-) .....	0.2	0.8	1.2	1.2	1.0	0.8	0.8
Adjustments:							
Transfers/lapses (net) .....							
Other adjustments .....		—*	*				
Total, change in fund balance .....	0.2	0.8	1.2	1.2	1.0	0.8	0.8
Balance, end of year .....	6.0	6.7	7.9	9.1	10.1	10.9	11.6
<b>Federal Civilian Employees Retirement Funds</b>							
Balance, start of year .....	491.9	523.2	554.9	586.7	618.3	650.2	682.1
Income:							
Governmental receipts .....	4.7	4.6	4.3	4.1	4.0	3.8	3.6
Proprietary receipts .....							
Receipts from Federal funds:							
Interest .....	34.4	35.9	37.3	38.8	40.2	41.4	42.6
Other .....	38.0	39.3	40.4	41.4	42.8	44.3	45.5



Table 15-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	2000 actual	Estimate					
		2001	2002	2003	2004	2005	2006
Receipts from Trust funds .....	*	*	*	*	*	*	*
Subtotal, income .....	77.1	79.8	82.1	84.3	87.0	89.4	91.7
Outgo:							
To the public .....	45.8	48.0	50.3	52.7	55.1	57.5	60.0
Payments to Other funds .....	*	*	*	*	*	*	*
Subtotal, outgo .....	45.8	48.0	50.3	52.7	55.1	57.5	60.0
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	-3.0	-4.2	-5.6	-7.2	-8.3	-9.5	-10.9
Interest .....	34.4	35.9	37.3	38.8	40.2	41.4	42.6
Subtotal, surplus or deficit (-) .....	31.4	31.7	31.8	31.6	31.9	31.9	31.7
Adjustments:							
Transfers/lapses (net) .....							
Other adjustments .....		-*					
Total, change in fund balance .....	31.4	31.7	31.8	31.6	31.9	31.9	31.7
Balance, end of year .....	523.2	554.9	586.7	618.3	650.2	682.1	713.8
<b>Federal Old-Age, Survivors and Disability Insurance Trust Funds</b>							
Balance, start of year .....	855.0	1,006.9	1,165.6	1,340.4	1,533.2	1,743.0	1,978.3
Income:							
Governmental receipts .....	480.6	503.9	530.9	560.8	590.3	629.0	658.5
Proprietary receipts .....	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Receipts from Federal funds:							
Interest .....	59.8	68.9	76.1	85.4	95.9	107.3	120.1
Other .....	23.2	23.0	25.2	26.4	28.2	30.0	31.8
Receipts from Trust funds .....							
Subtotal, income .....	563.7	595.9	632.3	672.7	714.4	766.4	810.5
Outgo:							
To the public .....	407.8	432.7	453.3	475.8	500.4	526.9	555.9
Payments to Other funds .....	4.0	4.4	4.2	4.2	4.2	4.2	4.1
Subtotal, outgo .....	411.8	437.1	457.5	480.0	504.6	531.1	559.9
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	92.1	89.8	98.7	107.3	114.0	128.0	130.4
Interest .....	59.8	68.9	76.1	85.4	95.9	107.3	120.1
Subtotal, surplus or deficit (-) .....	151.8	158.7	174.8	192.7	209.8	235.3	250.6
Adjustments:							
Transfers/lapses (net) .....							
Other adjustments .....							
Total, change in fund balance .....	151.8	158.7	174.8	192.7	209.8	235.3	250.6
Balance, end of year .....	1,006.9	1,165.6	1,340.4	1,533.2	1,743.0	1,978.3	2,228.8
<b>Foreign Military Sales Trust Fund</b>							
Balance, start of year .....	5.5	5.8	5.8	5.8	5.8	5.8	5.8
Income:							
Governmental receipts .....							
Proprietary receipts .....	11.4	11.3	11.4	11.5	11.2	11.0	10.9
Receipts from Federal funds:							
Interest .....							
Other .....							
Receipts from Trust funds .....							
Subtotal, income .....	11.4	11.3	11.4	11.5	11.2	11.0	10.9
Outgo:							
To the public .....	11.1	11.3	11.4	11.5	11.2	11.0	10.9
Payments to Other funds .....							
Subtotal, outgo .....	11.1	11.3	11.4	11.5	11.2	11.0	10.9



Table 15-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	2000 actual	Estimate					
		2001	2002	2003	2004	2005	2006
Other adjustments .....	.....	.....	.....	.....	.....	.....	.....
Total, change in fund balance .....	29.7	29.1	33.7	38.9	43.5	46.7	53.6
Balance, end of year .....	168.1	197.2	230.9	269.8	313.3	360.0	413.6
<b>Medicare: Federal Supplementary Medical Insurance (SMI) Trust Fund</b>							
Balance, start of year .....	45.6	45.9	39.5	39.3	40.0	37.8	37.4
Income:							
Governmental receipts .....	.....	.....	.....	.....	.....	.....	.....
Proprietary receipts .....	20.5	22.0	25.5	28.3	29.8	33.3	36.1
Receipts from Federal funds:							
Interest .....	3.2	3.0	2.7	2.7	2.6	2.5	2.6
Other .....	67.3	73.3	83.7	89.5	92.5	102.0	110.3
Receipts from Trust funds .....	.....	.....	.....	.....	.....	.....	.....
Subtotal, income .....	90.9	98.4	112.0	120.5	124.9	137.7	148.9
Outgo:							
To the public .....	90.7	104.8	112.2	119.8	127.2	138.1	144.3
Payments to Other funds .....	.....	.....	.....	.....	.....	.....	.....
Subtotal, outgo .....	90.7	104.8	112.2	119.8	127.2	138.1	144.3
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	-2.9	-9.5	-2.9	-1.9	-4.9	-2.9	2.1
Interest .....	3.2	3.0	2.7	2.7	2.6	2.5	2.6
Subtotal, surplus or deficit (-) .....	0.2	-6.4	-0.2	0.8	-2.3	-0.4	4.6
Adjustments:							
Transfers/lapses (net) .....	.....	.....	.....	.....	.....	.....	.....
Other adjustments .....	.....	.....	.....	.....	.....	.....	.....
Total, change in fund balance .....	0.2	-6.4	-0.2	0.8	-2.3	-0.4	4.6
Balance, end of year .....	45.9	39.5	39.3	40.0	37.8	37.4	42.0
<b>Military Retirement Fund</b>							
Balance, start of year .....	151.9	158.0	163.6	169.8	176.3	183.0	190.0
Income:							
Governmental receipts .....	.....	.....	.....	.....	.....	.....	.....
Proprietary receipts .....	.....	.....	.....	.....	.....	.....	.....
Receipts from Federal funds:							
Interest .....	12.3	12.4	12.6	12.8	13.1	13.3	13.6
Other .....	26.7	27.5	28.8	29.9	30.9	32.0	33.2
Receipts from Trust funds .....	.....	.....	.....	.....	.....	.....	.....
Subtotal, income .....	39.0	39.9	41.4	42.7	44.0	45.4	46.7
Outgo:							
To the public .....	32.8	34.2	35.3	36.3	37.3	38.3	39.4
Payments to Other funds .....	.....	.....	.....	.....	.....	.....	.....
Subtotal, outgo .....	32.8	34.2	35.3	36.3	37.3	38.3	39.4
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	-6.1	-6.8	-6.4	-6.4	-6.4	-6.3	-6.2
Interest .....	12.3	12.4	12.6	12.8	13.1	13.3	13.6
Subtotal, surplus or deficit (-) .....	6.1	5.6	6.2	6.4	6.7	7.0	7.4
Adjustments:							
Transfers/lapses (net) .....	.....	.....	.....	.....	.....	.....	.....
Other adjustments .....	.....	.....	.....	.....	.....	.....	.....
Total, change in fund balance .....	6.1	5.6	6.2	6.4	6.7	7.0	7.4
Balance, end of year .....	158.0	163.6	169.8	176.3	183.0	190.0	197.4
<b>Railroad Retirement Trust Funds</b>							
Balance, start of year .....	14.3	15.5	16.6	17.7	18.9	20.2	21.4

Table 15-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	2000 actual	Estimate					
		2001	2002	2003	2004	2005	2006
<b>Income:</b>							
Governmental receipts .....	4.3	4.4	4.5	4.6	4.7	4.8	4.9
Proprietary receipts .....							
Receipts from Federal funds:							
Interest .....	1.2	1.7	1.2	1.3	1.4	1.5	1.5
Other .....	0.5	0.3	0.3	0.4	0.4	0.4	0.4
Receipts from Trust funds .....	3.7	3.2	3.8	3.8	3.8	3.9	3.7
Subtotal, income .....	9.7	9.7	9.9	10.1	10.3	10.5	10.4
<b>Outgo:</b>							
To the public .....	8.2	8.4	8.6	8.7	8.9	9.0	9.2
Payments to Other funds .....	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Subtotal, outgo .....	8.4	8.7	8.8	8.9	9.1	9.2	9.4
<b>Change in fund balance:</b>							
Surplus or deficit (-):							
Excluding interest .....	0.1	-0.7	-0.1	-0.1	-0.2	-0.2	-0.5
Interest .....	1.2	1.7	1.2	1.3	1.4	1.5	1.5
Subtotal, surplus or deficit (-) .....	1.2	1.0	1.1	1.2	1.2	1.3	1.0
Adjustments:							
Transfers/lapses (net) .....	*	*	*				
Other adjustments .....							
Total, change in fund balance .....	1.2	1.1	1.1	1.2	1.2	1.3	1.0
Balance, end of year .....	15.5	16.6	17.7	18.9	20.2	21.4	22.4
<b>Unemployment Trust Fund</b>							
Balance, start of year .....	77.7	86.7	93.4	99.8	107.5	115.6	122.3
<b>Income:</b>							
Governmental receipts .....	27.6	29.6	31.9	33.5	35.4	35.3	37.6
Proprietary receipts .....	*	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Receipts from Federal funds:							
Interest .....	5.2	5.8	6.1	6.5	7.0	7.4	7.8
Other .....	0.4	0.5	0.5	0.5	0.5	0.5	0.5
Receipts from Trust funds .....							
Subtotal, income .....	33.3	35.8	38.6	40.6	42.9	43.2	45.9
<b>Outgo:</b>							
To the public .....	24.3	29.1	32.1	32.9	34.7	36.5	38.4
Payments to Other funds .....							
Subtotal, outgo .....	24.3	29.1	32.1	32.9	34.7	36.5	38.4
<b>Change in fund balance:</b>							
Surplus or deficit (-):							
Excluding interest .....	3.8	0.9	0.4	1.2	1.2	-0.7	-0.3
Interest .....	5.2	5.8	6.1	6.5	7.0	7.4	7.8
Subtotal, surplus or deficit (-) .....	9.0	6.7	6.5	7.7	8.1	6.7	7.5
Adjustments:							
Transfers/lapses (net) .....	—*	—*	—*				
Other adjustments .....							
Total, change in fund balance .....	9.0	6.7	6.4	7.7	8.1	6.7	7.5
Balance, end of year .....	86.7	93.4	99.8	107.5	115.6	122.3	129.9
<b>Veterans Life Insurance Trust Funds</b>							
Balance, start of year .....	13.7	13.6	13.4	13.1	12.7	12.3	11.8
<b>Income:</b>							
Governmental receipts .....							
Proprietary receipts .....	0.8	0.8	0.7	0.7	0.7	0.6	0.6
Receipts from Federal funds:							
Interest .....	1.0	1.0	1.0	0.9	0.9	0.8	0.8
Other .....	*	*	*	*	*	*	*
Receipts from Trust funds .....							

Table 15-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	2000 actual	Estimate					
		2001	2002	2003	2004	2005	2006
Subtotal, income .....	1.8	1.8	1.7	1.6	1.5	1.4	1.3
Outgo:							
To the public .....	1.9	2.0	2.0	2.0	2.0	1.9	1.9
Payments to Other funds .....							
Subtotal, outgo .....	1.9	2.0	2.0	2.0	2.0	1.9	1.9
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	-1.2	-1.2	-1.3	-1.3	-1.3	-1.3	-1.3
Interest .....	1.0	1.0	1.0	0.9	0.9	0.8	0.8
Subtotal, surplus or deficit (-) .....	-0.1	-0.2	-0.3	-0.4	-0.4	-0.5	-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	-0.5
Balance, end of year .....	13.6	13.4	13.1	12.7	12.3	11.8	11.2
<b>Other Trust Funds</b>							
Balance, start of year .....	34.4	35.4	36.1	36.6	37.3	38.0	30.4
Income:							
Governmental receipts .....	2.9	2.8	2.8	2.8	2.9	3.0	3.0
Proprietary receipts .....	3.5	3.6	3.6	3.7	3.8	3.8	3.9
Receipts from Federal funds:							
Interest .....	2.2	2.2	2.2	2.2	2.3	2.3	2.4
Other .....	1.9	2.5	1.8	1.8	1.8	1.9	1.9
Receipts from Trust funds .....							
Subtotal, income .....	10.6	11.1	10.4	10.6	10.8	11.0	11.2
Outgo:							
To the public .....	8.9	9.7	9.3	9.3	9.4	17.9	22.6
Payments to Other funds .....	0.5	0.6	0.6	0.6	0.6	0.7	0.7
Subtotal, outgo .....	9.4	10.3	9.9	9.9	10.1	18.5	23.3
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	-1.1	-1.5	-1.7	-1.6	-1.6	-9.9	-14.4
Interest .....	2.2	2.2	2.2	2.2	2.3	2.3	2.4
Subtotal, surplus or deficit (-) .....	1.2	0.8	0.5	0.7	0.7	-7.6	-12.0
Adjustments:							
Transfers/lapses (net) .....	-0.4	—*	—*				
Other adjustments .....	0.2	—*	*				
Total, change in fund balance .....	1.0	0.7	0.5	0.7	0.7	-7.6	-12.0
Balance, end of year .....	35.4	36.1	36.6	37.3	38.0	30.4	18.4

\* Less than \$50 million.

Note: Balances shown include committed and uncommitted cash balances.

Table 15-5. INCOME, OUTGO, AND BALANCES OF SELECTED FEDERAL FUNDS

(In billions of dollars)

	2000 actual	Estimate					
		2001	2002	2003	2004	2005	2006
<b>Abandoned Mine Reclamation Fund</b>							
Balance, start of year .....	1.7	1.8	1.8	1.9	2.1	2.3	2.2
Income:							
Governmental receipts .....	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	0.1	0.1
Outgo:							
To the public .....	0.3	0.4	0.2	0.2	0.2	0.2	0.2
Payments to Other funds .....	.....	.....	.....	.....	.....	.....	.....
Subtotal, outgo .....	0.3	0.4	0.2	0.2	0.2	0.2	0.2
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	*	-0.1	0.1	0.1	0.1	-0.2	-0.2
Interest .....	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Subtotal, surplus or deficit (-) .....	0.1	-*	0.1	0.2	0.2	-0.1	-0.2
Adjustments:							
Transfers/lapses (net) .....	.....	.....	.....	.....	.....	.....	.....
Other adjustments .....	.....	-*	.....	.....	.....	.....	.....
Total, change in fund balance .....	0.1	-*	0.1	0.2	0.2	-0.1	-0.2
Balance, end of year .....	1.8	1.8	1.9	2.1	2.3	2.2	2.0
<b>Nuclear Waste Disposal Fund</b>							
Balance, start of year .....	7.9	9.2	10.3	11.4	12.2	13.1	14.0
Income:							
Governmental receipts .....	.....	.....	.....	.....	.....	.....	.....
Proprietary receipts .....	0.7	0.6	0.6	0.6	0.6	0.6	0.6
Receipts from Federal funds:							
Interest .....	0.9	0.6	0.7	0.7	0.8	0.8	0.9
Other .....	.....	.....	.....	.....	.....	.....	.....
Receipts from Trust funds .....	.....	.....	.....	.....	.....	.....	.....
Subtotal, income .....	1.6	1.2	1.3	1.4	1.4	1.5	1.5
Outgo:							
To the public .....	0.3	0.2	0.2	0.5	0.6	0.6	0.6
Payments to Other funds .....	.....	.....	.....	.....	.....	.....	.....
Subtotal, outgo .....	0.3	0.2	0.2	0.5	0.6	0.6	0.6
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	0.4	0.4	0.5	0.1	0.1	0.1	*
Interest .....	0.9	0.6	0.7	0.7	0.8	0.8	0.9
Subtotal, surplus or deficit (-) .....	1.3	1.0	1.2	0.8	0.8	0.9	0.9
Adjustments:							
Transfers/lapses (net) .....	.....	.....	.....	.....	.....	.....	.....
Other adjustments .....	*	*	-*	.....	.....	.....	.....
Total, change in fund balance .....	1.3	1.0	1.1	0.8	0.8	0.9	0.9
Balance, end of year .....	9.2	10.3	11.4	12.2	13.1	14.0	14.9
<b>Overseas Private Investment Corporation</b>							
Balance, start of year .....	3.0	3.0	3.3	3.5	3.8	4.1	4.4
Income:							
Governmental receipts .....	.....	.....	.....	.....	.....	.....	.....
Proprietary receipts .....	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Receipts from Federal funds:							
Interest .....	0.2	0.2	0.2	0.2	0.3	0.3	0.3
Other .....	*	*	*	*	*	*	*

Table 15-5. INCOME, OUTGO, AND BALANCES OF SELECTED FEDERAL FUNDS—Continued

(In billions of dollars)

	2000 actual	Estimate					
		2001	2002	2003	2004	2005	2006
Receipts from Trust funds .....	.....	.....	.....	.....	.....	.....	.....
Subtotal, income .....	0.3	0.3	0.3	0.4	0.4	0.4	0.4
Outgo:							
To the public .....	0.3	0.1	0.1	0.1	0.1	0.1	0.1
Payments to Other funds .....	.....	.....	.....	.....	.....	.....	.....
Subtotal, outgo .....	0.3	0.1	0.1	0.1	0.1	0.1	0.1
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	-0.2	*	0.1	-*	-0.1	-0.1	-0.1
Interest .....	0.2	0.2	0.2	0.3	0.4	0.4	0.4
Subtotal, surplus or deficit (-) .....	0.1	0.3	0.3	0.3	0.3	0.3	0.3
Adjustments:							
Transfers/lapses (net) .....	-*	-*	-*	.....	.....	.....	.....
Other adjustments .....	.....	.....	.....	.....	.....	.....	.....
Total, change in fund balance .....	*	0.2	0.3	0.3	0.3	0.3	0.3
Balance, end of year .....	3.0	3.3	3.5	3.8	4.1	4.4	4.8
<b>Uranium Enrichment Decontamination and Decommissioning Fund</b>							
Balance, start of year .....	1.7	2.2	2.6	3.1	3.6	4.1	4.6
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	0.2	0.2	0.2	0.2	0.3
Other .....	0.4	0.4	0.4	0.5	0.5	0.5	0.5
Receipts from Trust funds .....	.....	.....	.....	.....	.....	.....	.....
Subtotal, income .....	0.7	0.7	0.8	0.8	0.9	0.9	1.0
Outgo:							
To the public .....	0.2	0.4	0.4	0.4	0.4	0.4	0.4
Payments to Other funds .....	.....	.....	.....	.....	.....	.....	.....
Subtotal, outgo .....	0.2	0.4	0.4	0.4	0.4	0.4	0.4
Change in fund balance:							
Surplus or deficit (-):							
Excluding interest .....	0.4	0.2	0.3	0.3	0.3	0.3	0.3
Interest .....	0.1	0.1	0.2	0.2	0.2	0.2	0.3
Subtotal, surplus or deficit (-) .....	0.5	0.3	0.4	0.5	0.5	0.5	0.6
Adjustments:							
Transfers/lapses (net) .....	.....	*	.....	.....	.....	.....	.....
Other adjustments .....	.....	0.1	0.1	.....	.....	.....	.....
Total, change in fund balance .....	0.5	0.4	0.5	0.5	0.5	0.5	0.6
Balance, end of year .....	2.2	2.6	3.1	3.6	4.1	4.6	5.2

\* 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's) 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's 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's 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's as part of the government sector.<sup>1</sup> 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's and the Budget

Federal transactions in the NIPA's are measured according to NIPA accounting concepts in order to be compatible with the purposes of the NIPA's and other transactions recorded in the NIPA's. As a result they differ from the budget in netting, timing, and coverage. These differences cause total receipts and expenditures in the NIPA's 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's combine transactions into different categories from those used in the budget.

Comprehensive revisions to the NIPA's introduced in October 1999 significantly changed the way Federal transactions are measured in the NIPA's, and, since the budget did not change correspondingly, changed the ways in which the NIPA's differ from the budget. The three most important changes were 1) the inclusion of computer software in investment (government and private) and in depreciation (capital consumption); 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 receipts, and removes Federal grants for construction of fixed capital from Federal NIPA 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).

Netting differences arise when the budget records certain transactions as offsets to outlays while they are recorded as receipts in the NIPA's (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's 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's 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's as Government receipts (business nontaxes). The NIPA's 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's treat the Federal Government like any other employer and show contributions for Federal employee social insurance as expenditures by the employing agencies and

<sup>1</sup>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.

as governmental (rather than offsetting) receipts. The NIPA's 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's 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's 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's 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. Timing differences for expenditures arise, for example, when the first of a month falls on a weekend and 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's also have coverage differences. The NIPA's exclude transactions with U.S. territories. The NIPA's 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's these transactions are excluded as an exchange of 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's 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 October 1999 comprehensive revisions to the NIPA's reclassified software as investment, adding to the measured size of both investments and capital consumption (government and private).

The revised treatment of government pension plan income and outgo in the 1999 revisions also gave rise to a form of coverage difference. Where the budget treats employee payments to these pension plans as governmental receipts, and employer contributions as offsets to outlays, the NIPA's now treat both as per-

sonal 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.

Also as part of the 1999 comprehensive revisions, 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's as being capital transfers. Likewise, estate and gift taxes, included in budget receipts, are now excluded from the NIPA's as capital transfers.

Financial transactions such as loan disbursements, loan repayments, loan asset sales, and loan guarantees are excluded from the NIPA's on the grounds that such transactions simply involve an exchange of 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's, neither the subsidies nor the loan transactions are included; however, the NIPA's 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's 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's 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's, 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's include the deposit of earnings of the Federal Reserve System as corporate profits taxes, while the budget treats these collections as miscellaneous receipts. The timing difference between the

**Table 16-1. FEDERAL TRANSACTIONS IN THE NATIONAL INCOME AND PRODUCT ACCOUNTS, 1991-2002**

(In billions of dollars)

Description	Actual										Estimate	
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
<b>CURRENT RECEIPTS</b>												
Personal tax and nontax receipts .....	465.7	473.9	500.9	541.2	583.7	654.7	736.3	823.2	875.9	997.0	1,068.9	1,077.3
Corporate profits tax accruals .....	111.5	115.6	131.0	152.5	177.8	187.8	198.6	210.9	213.5	243.1	233.2	242.1
Indirect business tax and nontax accruals .....	75.4	80.0	84.1	94.2	93.8	90.3	97.9	96.1	98.4	109.7	117.0	119.5
Contributions for social insurance .....	413.1	434.9	458.4	487.9	515.8	535.8	566.1	603.8	644.6	682.9	717.5	760.8
<b>Total current receipts .....</b>	<b>1,065.7</b>	<b>1,104.4</b>	<b>1,174.3</b>	<b>1,275.8</b>	<b>1,371.0</b>	<b>1,468.6</b>	<b>1,599.0</b>	<b>1,734.0</b>	<b>1,832.5</b>	<b>2,032.8</b>	<b>2,136.7</b>	<b>2,199.7</b>
<b>CURRENT EXPENDITURES</b>												
Consumption expenditures .....	437.5	442.0	444.8	441.6	441.5	435.8	453.8	451.6	466.2	486.4	508.4	531.0
Defense .....	321.5	314.9	311.1	304.6	299.6	295.5	304.0	300.5	305.5	319.7	324.4	340.1
Nondefense .....	116.0	127.1	133.7	137.1	141.9	140.2	149.8	151.2	160.8	166.7	184.1	191.0
Transfer payments .....	448.1	548.4	590.2	614.8	646.6	680.4	711.0	728.1	741.9	768.0	828.7	872.0
To persons .....	478.1	537.1	573.4	599.3	633.8	668.6	699.9	717.3	730.8	758.1	817.0	860.5
To the rest of the world .....	-29.9	11.3	16.8	15.5	12.8	11.9	11.2	10.9	11.1	10.0	11.7	11.5
Grants-in-aid to State and local governments .....	125.4	145.5	157.7	172.8	184.3	188.4	191.9	206.5	223.8	243.7	270.4	304.6
Net interest paid .....	218.9	229.7	228.4	234.0	261.9	272.6	275.4	278.1	268.9	264.8	248.2	230.1
Subsidies less current surplus of Government enterprises .....	26.4	28.4	38.6	32.9	34.3	34.4	30.8	30.6	32.4	50.9	44.8	41.0
Wage disbursements less accruals .....	-*											
<b>Total current expenditures .....</b>	<b>1,256.3</b>	<b>1,394.1</b>	<b>1,459.7</b>	<b>1,496.0</b>	<b>1,568.6</b>	<b>1,611.6</b>	<b>1,663.0</b>	<b>1,695.0</b>	<b>1,733.2</b>	<b>1,813.8</b>	<b>1,900.5</b>	<b>1,978.7</b>
<b>Current surplus or deficit (-) .....</b>	<b>-190.7</b>	<b>-289.7</b>	<b>-285.4</b>	<b>-220.2</b>	<b>-197.5</b>	<b>-143.0</b>	<b>-64.0</b>	<b>39.0</b>	<b>99.3</b>	<b>219.0</b>	<b>236.2</b>	<b>221.0</b>
<b>ADDENDUM</b>												
Gross investment .....	89.1	87.5	86.2	82.1	83.0	85.5	80.7	85.0	94.0	103.8	117.6	122.7
Defense .....	65.5	60.5	56.8	55.2	53.7	54.9	47.9	49.5	52.4	55.8	63.2	64.5
Nondefense .....	23.5	27.0	29.4	26.9	29.3	30.6	32.9	35.5	41.6	48.0	54.4	58.3

\* Less than \$50 million.

NIPA's 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's 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's include premiums for Part B of Medicare as Government receipts, while the budget again nets them against outlays; (3) the NIPA's treat government employee contributions to their pension plans as personal income, while the budget includes them in Government receipts; and (4) the NIPA's 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 charges on federally owned fixed

capital ("consumption of general government fixed capital"). Gross investment (shown as addendum items in Table 16-1) is excluded from current expenditures in computing the government current surplus or current deficit on a NIPA basis, whereas depreciation is included. The NIPA's 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's 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's 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 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 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's, although, unlike the NIPA's, credit subsidies are recorded as budget outlays.

Table 16-2. RELATIONSHIP OF THE BUDGET TO THE FEDERAL SECTOR, NIPA's

	Actual										Estimate	
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
<b>RECEIPTS</b>												
Budget receipts .....	1,055.0	1,091.3	1,154.4	1,258.6	1,351.8	1,453.1	1,579.3	1,721.8	1,827.5	2,025.2	2,136.9	2,191.7
Contributions to government employee retirement plans .....	-4.6	-4.8	-4.8	-4.7	-4.6	-4.5	-4.4	-4.3	-4.5	-4.8	-4.6	-4.3
Capital transfers received .....	-11.0	-11.0	-12.3	-15.1	-14.5	-17.1	-19.7	-23.9	-27.6	-28.8	-30.9	-28.5
Other coverage differences .....	-1.9	-2.0	-2.0	-2.4	-2.5	-3.6	-3.8	-5.7	-6.9	-8.2	-9.6	-9.8
Netting and grossing .....	27.3	32.8	37.5	39.2	37.3	37.0	41.6	40.5	41.1	45.8	52.1	54.8
Timing differences .....	0.8	-1.9	1.6	0.1	3.4	3.6	6.0	5.7	3.0	3.5	-7.2	-4.2
<b>NIPA current receipts</b> .....	<b>1,065.7</b>	<b>1,104.4</b>	<b>1,174.3</b>	<b>1,275.8</b>	<b>1,371.0</b>	<b>1,468.6</b>	<b>1,599.0</b>	<b>1,734.0</b>	<b>1,832.5</b>	<b>2,032.8</b>	<b>2,136.7</b>	<b>2,199.7</b>
<b>EXPENDITURES</b>												
Budget outlays .....	1,324.4	1,381.7	1,409.5	1,461.9	1,515.8	1,560.6	1,601.3	1,652.6	1,702.9	1,788.8	1,856.2	1,960.6
Government employee retirement plan transactions .....	30.8	32.7	31.7	30.1	29.0	27.0	31.8	31.4	32.3	31.6	31.6	32.3
Deposit insurance and other financial transactions .....	-80.1	-9.5	20.2	1.5	7.1	-2.0	-8.0	-6.7	-12.5	1.7	26.8	1.4
Capital transfers paid .....	-21.4	-21.8	-23.2	-24.6	-27.1	-27.6	-28.8	-28.2	-31.3	-35.1	-38.3	-41.6
Net purchases of nonproduced assets .....	-0.2	-0.2	-0.2	-0.2	7.4	0.1	11.0	5.2	1.6	*	1.0	1.2
Net investment .....	-16.9	-12.7	-8.3	-1.4	0.4	-0.5	5.6	2.9	-2.6	-5.8	-13.4	-13.8
Other coverage differences .....	-6.8	-5.6	-8.1	-4.8	-3.0	3.0	11.5	0.8	2.4	-13.6	-17.8	-16.9
Netting and grossing differences .....	27.3	32.8	37.5	39.2	37.3	37.0	41.6	40.5	41.1	45.8	52.1	54.8
Timing differences .....	-0.7	-3.2	0.6	-5.7	1.7	14.0	-3.0	-3.7	-0.8	0.3	2.3	0.7
<b>NIPA current expenditures</b> .....	<b>1,256.3</b>	<b>1,394.1</b>	<b>1,459.7</b>	<b>1,496.0</b>	<b>1,568.6</b>	<b>1,611.6</b>	<b>1,663.0</b>	<b>1,695.0</b>	<b>1,733.2</b>	<b>1,813.8</b>	<b>1,900.5</b>	<b>1,978.7</b>
<b>ADDENDUM</b>												
Budget surplus or deficit (-) .....	-269.4	-290.4	-255.1	-203.3	-164.0	-107.5	-22.0	69.2	124.6	236.4	280.7	231.2
NIPA current surplus or deficit (-) .....	-190.7	-289.7	-285.4	-220.2	-197.5	-143.0	-64.0	39.0	99.3	219.0	236.2	221.0

\* Less than \$50 million.

During the period 1975–1992, the budget deficit exceeded the Federal current deficit as measured in the NIPA's every year. The largest difference, \$78.8 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 was \$190.7 billion. In 1993–1997, the NIPA current account deficit was above the budget deficit, while for 1998–2002, 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 the years 1991–2000 and estimates for 2001 and 2002 consistent with the Admin-

istration'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 1999. Annual NIPA data for 1960–2002 are published in Section 14 of a separate budget volume, *Historical Tables, Budget of the U.S. Government, Fiscal Year 2002*.

Additional detailed estimates of receipts and current expenditures will be published in a forthcoming issue of the Department of Commerce publication, *Survey of Current Business*.

**Table 16–3. FEDERAL RECEIPTS AND EXPENDITURES IN THE NIPA'S, QUARTERLY, 2000–2002**

(In billions of dollars; seasonally adjusted at annual rates)

Description	Actual					Estimate						
	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.
	1999	2000	2000	2000	2000	2001	2001	2001	2001	2002	2002	2002
<b>CURRENT RECEIPTS</b>												
Personal tax and nontax receipts .....	938.2	978.0	1,003.6	1,030.9	1,058.2	1,084.1	1,097.0	1,108.7	1,118.6	1,090.1	1,102.7	1,115.3
Corporate profits tax accruals .....	232.3	245.7	250.5	249.4	NA	230.3	232.0	237.3	241.6	241.0	242.5	243.3
Indirect business tax and nontax accruals .....	103.9	106.8	108.9	108.9	109.0	109.2	110.7	112.1	112.1	113.0	113.8	114.6
Contributions for social insurance .....	666.6	681.5	691.8	700.2	708.8	722.8	731.4	740.2	748.8	765.6	774.4	783.4
<b>Total current receipts .....</b>	<b>1,941.0</b>	<b>2,011.9</b>	<b>2,054.8</b>	<b>2,089.4</b>	<b>NA</b>	<b>2,146.4</b>	<b>2,171.0</b>	<b>2,198.3</b>	<b>2,221.1</b>	<b>2,209.7</b>	<b>2,233.4</b>	<b>2,256.7</b>
<b>CURRENT EXPENDITURES</b>												
Consumption expenditures .....	487.0	478.7	499.0	489.9	489.0	497.2	503.7	502.3	507.3	518.9	525.6	529.9
Defense .....	324.7	311.2	325.7	319.6	322.4	324.3	327.8	324.8	330.8	338.8	344.6	348.2
Nondefense .....	162.3	167.5	173.3	170.3	166.7	172.9	175.9	177.5	176.5	180.1	181.0	181.7
Transfer payments .....	757.7	763.2	779.0	785.2	802.1	820.1	834.2	841.7	854.2	866.3	873.7	876.7
Domestic ("to persons") .....	738.8	754.9	769.9	773.8	778.4	808.5	828.1	836.4	839.0	857.0	863.4	865.4
Foreign .....	18.9	8.3	9.1	11.4	23.6	11.6	6.1	5.4	15.1	9.3	10.3	11.3
Grants-in-aid to State and local governments .....	238.8	235.0	240.9	251.2	251.2	264.1	278.9	287.5	297.3	302.4	306.4	312.0
Net interest paid .....	261.8	265.0	260.3	257.2	254.6	249.7	244.9	240.3	236.7	232.0	226.9	221.5
Subsidies less current surplus of Government enterprises .....	52.3	34.1	34.6	52.4	32.4	30.8	30.7	30.5	30.1	29.6	29.2	28.9
Wage disbursements less accruals .....												
<b>Total current expenditures .....</b>	<b>1,797.7</b>	<b>1,776.0</b>	<b>1,813.9</b>	<b>1,836.0</b>	<b>1,829.3</b>	<b>1,862.0</b>	<b>1,892.4</b>	<b>1,902.3</b>	<b>1,925.6</b>	<b>1,949.1</b>	<b>1,961.8</b>	<b>1,969.1</b>
<b>Current surplus .....</b>	<b>143.3</b>	<b>235.8</b>	<b>240.9</b>	<b>253.3</b>	<b>NA</b>	<b>284.5</b>	<b>278.6</b>	<b>296.0</b>	<b>295.5</b>	<b>260.6</b>	<b>271.6</b>	<b>287.5</b>
<b>ADDENDUM</b>												
Gross investment .....	104.5	101.3	105.5	104.3	112.8	114.9	115.4	119.6	118.3	120.7	121.8	123.8
Defense .....	56.1	55.4	56.2	55.4	61.9	62.9	62.4	65.5	63.2	64.5	64.6	65.6
Nondefense .....	48.5	46.0	49.3	48.9	50.9	52.0	53.0	54.1	55.1	56.2	57.2	58.2

NA = Not available; actual data shown for the Oct.-Dec. 2000 quarter are Department of Commerce preliminary estimates published February 28, 2001.

\* Less than \$50 million.



## 17. COMPARISON OF ACTUAL TO ESTIMATED TOTALS FOR 2000

The following three parts of this chapter compare the actual total receipts, outlays, and surplus for 2000 with the current services estimates<sup>1</sup> shown in the 2000 Budget published in February 1999. 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 2000 previously published by the Department of the Treasury with those in this budget.

### Receipts

Receipts in 2000 were \$2,025.2 billion, which is \$153.4 billion greater than the current services estimate of \$1,871.8 billion in the 2000 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 Consolidated Appropriations Act for FY 2000 and the repeal of the Social Security earnings test increased 2000 receipts by \$3.8 billion and \$1.3 billion, respectively. Other legislative and administrative changes enacted after February 1999 partially offset the increases provided in these two Acts, resulting in a net increase in 2000 receipts relative to the February 1999 current services estimate of \$4.5 billion.

**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 2000 receipts of \$87.6

billion. Higher-than-anticipated wages and salaries and other sources of personal income were in large part responsible for the increases in individual income taxes and social insurance and retirement receipts of \$39.0 billion and \$16.2 billion, respectively. Increased corporation income taxes, attributable to higher-than-expected corporate profits, increased 2000 receipts by an additional \$24.7 billion relative to the February 1999 estimate. Excise taxes were also higher than the budget estimate, in large part due to higher-than-estimated levels of gross domestic product (GDP). Higher-than-expected imports, which affect customs duties, and higher-than-expected interest rates, which affect deposits of earnings by the Federal Reserve (miscellaneous receipts), increased receipts above the budget estimates by an additional \$1.8 billion and \$3.9 billion, respectively.

**Technical reestimates.**—Technical factors increased 2000 receipts a net \$61.2 billion above the February 1999 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 1999, 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 \$61.2 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 \$2.4 billion above the budget estimate. Different collection patterns and effective tax rates than assumed in February 1999 were primarily responsible for the lower-than-anticipated collections of corporation income taxes of \$3.1 billion.

**Table 17-1. COMPARISON OF ACTUAL 2000 RECEIPTS WITH THE INITIAL CURRENT SERVICES ESTIMATES**

(In billions of dollars)

	Feb. 1999 estimate	Enacted legislation/administrative actions	Different economic conditions	Technical factors	Net change	Actual
Individual income taxes .....	902.1	2.2	39.0	61.2	102.4	1,004.5
Corporation income taxes .....	186.5	-0.8	24.7	-3.1	20.8	207.3
Social insurance and retirement receipts .....	636.2	.....	16.2	0.4	16.6	652.9
Excise taxes .....	65.2	*	2.2	1.4	3.6	68.9
Estate and gift taxes .....	26.7	.....	-0.1	2.4	2.3	29.0
Customs duties .....	19.6	-0.6	1.8	-0.9	0.3	19.9
Miscellaneous receipts .....	35.4	3.8	3.9	-0.2	7.4	42.8
<b>Total .....</b>	<b>1,871.8</b>	<b>4.5</b>	<b>87.6</b>	<b>61.2</b>	<b>153.4</b>	<b>2,025.2</b>

\* Indicates \$50 million or less.

### Outlays

Outlays for 2000 were \$1,788.8 billion. This was \$14.7 billion more than the \$1,774.1 billion current services estimate in the 2000 Budget (February 1999).

Table 17-2 distributes the \$14.7 billion net increase in outlays among discretionary and mandatory programs and net interest. Discretionary programs, those whose spending is controlled by annual appropriations acts, are \$18.8 billion above the February 1999 estimate. Mandatory programs are those controlled by authorizing legislation. Outlays for mandatory 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. On net, mandatory outlays are \$11.8 billion below the February 1999 estimate.

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 2000, policy changes increased outlays an estimated \$27.2 billion relative to the initial current services estimates.

Policy changes increased discretionary outlays by \$7.6 billion, because outlays from final appropriations were above the current services estimates. Defense discretionary outlays increased by \$4.2 billion and nondefense discretionary outlays increased by \$3.4 billion. Policy changes increased mandatory outlays by \$18.9 billion above current law. The largest changes were increases of \$14.0 billion for emergency and non-emergency spending for agricultural programs and a \$4.5 billion increase in Social Security benefit payments from repealing the Social Security earnings test.

*Economic conditions* that differed from those forecasted in February 1999 resulted in a net decrease

in outlays of \$0.1 billion. Outlays for mandatory programs decreased an estimated \$7.8 billion, largely due to lower-than-expected unemployment rates, which in turn reduced outlays for unemployment compensation and food stamps. Most of this reduction was offset by an increase of \$7.7 billion in net interest due to a combination of higher-than-projected interest rates, partially offset by decreased borrowing requirements that resulted from the effect of economic factors on receipts and outlays.

*Technical estimating differences* and other changes resulted in a net decrease in outlays of \$12.4 billion. Outlays for discretionary programs increased an estimated \$11.2 billion, largely due to higher-than-estimated outlays for defense programs. Technical changes for mandatory programs 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. Outlays for mandatory programs decreased an estimated \$23.0 billion, largely due to lower-than-anticipated outlays for Medicare. Medicare spending decreased by over \$20 billion due to overestimation of benefit expenditures, in particular those in the areas of inpatient hospital care and home health.

### 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 2000. This section combines these effects to show the net impact of these differences on the surplus.

As shown in Table 17-3, the 2000 current services surplus was initially estimated to be \$97.7 billion. The actual surplus was \$236.4 billion, which was a \$138.7 billion increase from the initial estimate. Receipts were \$153.4 billion more than the initial estimate, and outlays were \$14.7 billion more. The table shows the distribution of the changes according to the categories in the preceding two sections.

**Table 17-2. COMPARISON OF ACTUAL 2000 OUTLAYS WITH THE INITIAL CURRENT SERVICES ESTIMATES**

(In billions of dollars)

	Current Services (Feb. 1999)	Changes				Actual
		Policy	Economic	Technical	Total changes	
Discretionary:						
Defense .....	279.0	4.2	.....	11.8	16.0	295.0
Nondefense .....	317.1	3.4	.....	-0.6	2.8	319.9
Subtotal, discretionary .....	596.1	7.6	.....	11.2	18.8	614.8
Mandatory:						
Social Security .....	405.2	4.5	-0.1	-3.6	0.8	406.0
Other programs .....	557.4	14.4	-7.7	-19.4	-12.7	544.7
Subtotal, mandatory .....	962.6	18.9	-7.8	-23.0	-11.8	950.8
Net interest .....	215.5	0.7	7.7	-0.6	7.8	223.2
<b>Total outlays .....</b>	<b>1,774.1</b>	<b>27.2</b>	<b>-0.1</b>	<b>-12.4</b>	<b>14.7</b>	<b>1,788.8</b>



**Table 17-3. COMPARISON OF THE ACTUAL 2000 SURPLUS WITH THE INITIAL CURRENT SERVICES SURPLUS ESTIMATE**

(In billions of dollars)

	Current Services (Feb. 1999)	Changes				Actual
		Policy	Economic	Technical	Total changes	
Receipts .....	1,871.8	4.5	87.6	61.2	153.4	2,025.2
Outlays .....	1,774.1	27.2	-0.1	-12.4	14.7	1,788.8
<b>Surplus .....</b>	<b>97.7</b>	<b>-22.7</b>	<b>87.7</b>	<b>73.6</b>	<b>138.7</b>	<b>236.4</b>

Note: Surplus changes are receipts minus outlays.

The net effect of policy changes for receipts and outlays reduced the surplus by \$22.7 billion. Economic conditions that differed from the initial assumptions in February 1999 accounted for an estimated \$87.7 billion increase in the surplus, almost entirely due to higher receipts. Technical factors increased the surplus by an estimated \$73.6 billion. This was due to an increase in receipts of \$61.2 billion and a decrease in outlays of \$12.4 billion.

#### **Comparison of the Actual and Estimated Outlays for Mandatory and Related Programs for 2000**

This section compares the original 2000 outlay estimates for mandatory and related programs under current law in the 2000 Budget (February 1999) with the actual outlays. This section includes net interest outlays and undistributed offsetting receipts. Net interest outlays consist of interest paid on Treasury debt securities, interest received by on and off-budget trust funds, and other interest earnings and payments. Undistributed offsetting receipts include Federal employer contributions to retirement trust funds, rents and royalties on the Outer Continental Shelf, and spectrum auction 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 2000 and the amounts originally estimated in the 2000 Budget, based on laws in effect at that time. Actual outlays for mandatory

spending and net interest in 2000 were \$1,174.0 billion, which was \$4.1 billion less than the estimate based on existing law in February 1999.

Actual outlays for mandatory human resources programs were \$967.8 billion, \$30.0 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 \$18.4 billion more than originally estimated, largely because of increases of \$21.0 billion for agriculture programs. Undistributed offsetting receipts were \$0.3 billion more than expected.

Outlays for net interest were \$223.2 billion or \$7.8 billion more than the original estimate. This increase was the net impact of changes in interest rates from those initially assumed, lower borrowing requirements due to surpluses in 1999 and 2000, and technical factors.

#### **Reconciliation of Differences with Amounts Published by Treasury for 2000**

Table 17-5 provides a reconciliation of the receipts, outlays, and surplus totals published by the Department of the Treasury in the September 30, 2000, 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 increased outlays by \$95 million. Additional adjustments made for this budget increased receipts by \$181 million and increased outlays by \$686 million. The major changes were for Federal family education loans, student loan reserve funds, and transactions of the United Mine Workers of America benefit funds.

**Table 17-4. COMPARISON OF ACTUAL AND ESTIMATED OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW**

(In billions of dollars)

	2000		
	Feb. 1999 estimate	Actual	Change
Mandatory outlays:			
Human resources programs:			
Education, training, employment, and social services .....	14.9	10.3	-4.56
Health:			
Medicaid .....	114.8	117.9	3.1
Other .....	7.9	6.6	-1.3
Total, health .....	122.8	124.5	1.8
Medicare .....	214.9	194.1	-20.8
Income security:			
Retirement and disability .....	83.8	81.6	-2.2
Unemployment compensation .....	25.6	20.7	-4.9
Food and nutrition assistance .....	31.6	28.0	-3.6
Other .....	73.9	76.1	2.2
Total, income security .....	215.0	206.5	-8.5
Social security .....	405.2	406.0	0.8
Veterans benefits and services:			
Income security for veterans .....	23.3	24.9	1.6
Other .....	1.6	1.5	-0.2
Total, veterans benefits and services .....	24.9	26.3	1.4
Total, mandatory human resources programs .....	997.7	967.8	-30.0
Other functions:			
Agriculture .....	10.9	32.0	21.0
Deposit insurance .....	-2.2	-3.1	-0.8
Other functions .....	-1.5	-3.3	-1.8
Total, other functions .....	7.2	25.6	18.4
Undistributed offsetting receipts:			
Employer share, employee retirement .....	-37.0	-37.9	-0.9
Rents and royalties on the outer continental shelf .....	-2.8	-4.6	-1.8
Other undistributed offsetting receipts .....	-2.5	-0.2	2.4
Total, undistributed offsetting receipts .....	-42.3	-42.6	-0.3
Total, mandatory .....	962.6	950.8	-11.8
Net interest:			
Interest on Treasury debt securities (gross) .....	346.6	362.0	15.4
Interest received by trust funds .....	-125.0	-128.9	-3.9
Other interest .....	-6.2	-9.9	-3.7
Total, net interest .....	215.5	223.2	7.8
Total, outlays for mandatory and net interest .....	1,178.1	1,174.0	-4.1

**Table 17-5. RECONCILIATION OF FINAL AMOUNTS FOR 2000**

(In millions of dollars)

	Receipts	Outlays	Surplus
Totals published by Treasury (September 30, 2000, Monthly Treasury Statement) ..	2,025,038	1,788,045	236,993
Miscellaneous Treasury adjustments. ....	-*	95	-95
Adjustments: Totals published by Treasury in U.S. Government Annual Report .....	2,025,037	1,788,140	236,897
Federal family education loans .....		731	-731
Student loan reserve funds .....		-139	139
United Mine Workers of America benefit funds .....	155	155	
Other .....	26	-61	87
Total adjustments, net .....	181	686	-505
Totals in the budget .....	2,025,218	1,788,826	236,392
<b>MEMORANDUM:</b>			
Total change since September 30, 2000, Monthly Treasury Statement .....	180	781	-601



## 18. RELATIONSHIP OF BUDGET AUTHORITY TO OUTLAYS

Budget authority is the authority provided by law to incur financial obligations that will result in outlays.<sup>1</sup> 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.<sup>2</sup> However, new budget authority for more than half of all outlays is made available through permanent appropriations under existing laws. This consists mainly of 1) budget authority for trust funds, which for most trust funds is automatically 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 offsetting collections credited to appropriation or fund accounts.

Not all of the new budget authority for 2002 will be obligated or spent in 2002:<sup>3</sup>

- Budget authority for most trust funds comes from the authority of these funds to spend their receipts (limited, in most cases, by the estimated obligations). Any 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.
- 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 international monetary crises is an example.

As shown in the following chart, \$363 billion of the outlays in 2002 (19 percent of the total) will be made from budget authority enacted in previous years. At the same time, \$407 billion of the new budget authority proposed for 2002 (20 percent of the total amount proposed) will not lead to outlays until future years. Although outlays in 2002 are, coincidentally, very nearly equal to budget authority for that year (97.8 percent), this coincidence only occurs because the prior-year authority that will produce 2002 outlays (\$363 billion) nearly equals the new 2002 authority that will not be spent until future years (\$407 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.

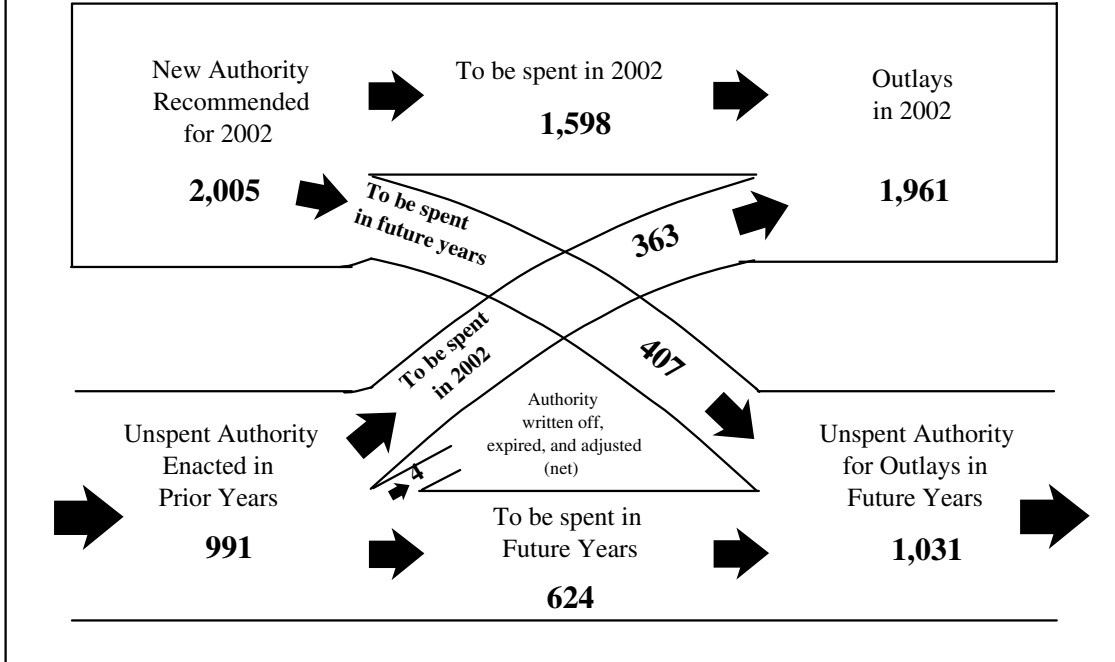
<sup>1</sup>The relationship of budget authority, obligations, and outlays is discussed generally in Chapter 23 of this volume, “Budget System and Concepts and Glossary;” for most individual budget accounts, this relationship is traced in a “program and financing” schedule [table] in the budget Appendix volume.

<sup>2</sup>Some or all of the 13 “regular” appropriation bills have sometimes been consolidated into a few acts or a single act.

<sup>3</sup>This subject is also discussed in a separate OMB report, “Balances of Budget Authority,” which can be purchased from the National Technical Information Service shortly after the budget is transmitted and is made available on the internet, with the other budget documents.

### Chart 18-1. Relationship of Budget Authority to Outlays for 2002

(Dollars in billions)



## 19. OFF-BUDGET FEDERAL ENTITIES AND NON-BUDGETARY ACTIVITIES

The budget does not include some programs of the Federal Government that result in the same kind of spending as budget outlays. Despite their exclusion from the budget, these programs 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 in conjunction 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 documents include the on-budget and off-budget amounts both separately and in combination, or add them together, in order to arrive at the unified budget totals that 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 between the on-budget and off-budget amounts. The column for the on-budget surplus is labeled "on-budget/contingencies," since for future years the on-budget estimates include a reserve for contingencies as well as estimated receipts and outlays. If future decisions are made to use the contingency reserve for higher spending or lower tax receipts, the future on-budget surplus would be correspondingly reduced.

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 2002, the off-budget receipts are an estimated 24 percent of total receipts, and the off-budget outlays are an estimated 18 percent of total outlays. The off-budget surplus consists almost entirely of Social Security. Social Security had a deficit in the latter 1970s and early 1980s, but since the middle 1980s it has had a large and growing surplus. This surplus is expected to continue to grow by very large amounts throughout the projection period. The on-budget accounts had deficits for many years until 1999, when they were essentially balanced, and 2000, when they had an \$87 billion surplus. The on-budget accounts (including the contingency reserve) are estimated to have significant surpluses throughout the projection period, though much less than Social Security. The off-budget surplus of \$172 billion in 2002 accounts for three-quarters of the unified budget surplus of \$231 billion, and throughout the projection period the off-budget surplus remains around three-quarters to two-thirds of the unified budget surplus (including the contingency reserve).

### 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

**TABLE 19-1. COMPARISON OF TOTAL, ON-BUDGET, AND OFF-BUDGET TRANSACTIONS <sup>1</sup>**  
(In billions of dollars)

Fiscal Year	Receipts			Outlays			Surplus or deficit (-)		
	Total	On-budget	Off-budget	Total	On-budget	Off-budget	Total	On-budget/ Contingencies <sup>2</sup>	Off-budget
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	-185.7	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 .....	2,025.2	1,544.6	480.6	1,788.8	1,458.1	330.8	236.4	86.6	149.8
2001 estimate .....	2,136.9	1,633.1	503.9	1,856.2	1,508.5	347.7	280.7	124.6	156.1
2002 estimate .....	2,191.7	1,660.8	530.9	1,960.6	1,601.4	359.2	231.2	59.4	171.8
2003 estimate .....	2,258.2	1,697.4	560.8	2,016.2	1,648.7	367.6	242.0	48.8	193.2
2004 estimate .....	2,338.8	1,748.5	590.3	2,076.7	1,697.0	379.7	262.1	51.6	210.5
2005 estimate .....	2,437.8	1,808.8	629.0	2,168.7	1,776.4	392.4	269.0	32.4	236.6
2006 estimate .....	2,528.7	1,870.2	658.5	2,223.9	1,817.8	406.1	304.8	52.4	252.4
2007 estimate .....	2,643.3	1,950.0	693.3	2,303.4	1,880.5	422.9	339.9	69.5	270.4
2008 estimate .....	2,770.6	2,044.4	726.2	2,397.9	1,959.2	438.7	372.7	85.2	287.5
2009 estimate .....	2,909.9	2,148.9	761.0	2,490.3	2,032.2	458.1	419.6	116.7	302.9
2010 estimate .....	3,058.4	2,254.9	803.5	2,593.5	2,113.2	480.3	465.0	141.7	323.3
2011 estimate .....	3,232.6	2,386.3	846.3	2,706.3	2,202.7	503.7	526.2	183.6	342.6

<sup>1</sup> Off-budget transactions consist of the social security trust funds for all years and the Postal Service fund as of 1989.

<sup>2</sup> The actual amount of annual debt retirement will vary depending on the availability of eligible redeemable debt, and the use, if any, of the contingency reserve.

accounts when the Federal Government makes a direct 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. <sup>1</sup> 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 debt repayment or borrowing requirement as explained in chapter 12 of this volume, "Federal Borrowing and Debt." <sup>2</sup>

<sup>2</sup> 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.

<sup>1</sup> See sec. 505(b).



Credit programs are discussed in chapter 8 of this volume, "Federal Credit and Insurance."

**Premiums and discounts on debt buybacks.**—The Treasury Department is buying back outstanding bonds as part of its efforts to manage the reduction of the publicly held debt. The premiums on debt buybacks are recorded outside the budget totals as a "financing other than the change in debt held by the public." The concept is explained in a section of chapter 24, "Budget System and Concepts and Glossary." Buyback premiums are discussed further in chapter 12 of this volume, "Federal Borrowing and Debt," and their actual or estimated amounts are shown for 2000 and 2001.

**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 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 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. 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 law. The change in classification is discussed in chapter 15, "Trust Funds and Federal Funds," in *Analytical Perspectives* for the fiscal year 2000 budget. Deposit funds as such are further discussed in a section of chapter 24 of this volume, "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 in-

come 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 III of the Budget, "Creating a Better Government," 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*.<sup>3</sup>

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. It has been updated twice, the last time in 2000,<sup>4</sup> and it is required by statute to be issued annually starting in 2002.

<sup>3</sup>The most recent publication was issued by the Regulatory Information Service Center in October 2000 and printed in the *Federal Register* of November 30, 2000.

<sup>4</sup>Office of Information and Regulatory Affairs, Office of Management and Budget, *Report to Congress on the Costs and Benefits of Federal Regulation* (2000).



## 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, 2000-2002**

(In millions of dollars)

(Department or Other Unit)	2000			2001			2002		
	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 .....	2,911	85	2,996	3,086	89	3,175	3,268	93	3,361
Judicial Branch .....	4,086	52	4,138	4,300	51	4,351	4,856	53	4,909
<b>Executive Branch</b>									
Agriculture .....	75,663	19,415	95,078	69,599	20,115	89,714	63,250	18,787	82,037
Commerce .....	7,807	1,210	9,017	5,549	1,364	6,913	5,182	1,522	6,704
Defense-Military .....	281,223	12,144	293,367	283,915	10,953	294,868	303,449	10,707	314,156
Education .....	33,900	2,606	36,506	36,652	1,421	38,073	45,230	1,240	46,470
Energy .....	15,010	5,479	20,489	16,739	5,692	22,431	17,245	6,244	23,489
Health and Human Services .....	382,626	23,962	406,588	430,466	25,616	456,082	468,787	29,247	498,034
Housing and Urban Development .....	30,828	2,967	33,795	37,299	3,370	40,669	34,791	2,799	37,590
Interior .....	8,029	2,847	10,876	8,687	3,870	12,557	9,275	3,532	12,807
Justice .....	19,554	2,049	21,603	20,689	2,886	23,575	22,527	3,045	25,572
Labor .....	31,355	2,280	33,635	38,220	2,351	40,571	42,042	2,613	44,655
State .....	6,850	590	7,440	9,302	568	9,870	9,700	577	10,277
Transportation .....	45,964	488	46,452	50,611	413	51,024	54,861	473	55,334
Treasury .....	391,246	18,112	409,358	388,549	18,517	407,066	381,539	19,284	400,823
Veteran Affairs .....	47,087	3,746	50,833	45,235	4,324	49,559	51,480	3,146	54,626
Corps of Engineers .....	4,333	387	4,720	4,571	341	4,912	4,351	396	4,747
Other Defense-Civil Programs .....	32,864	17	32,881	34,400	17	34,417	35,402	17	35,419
Environmental Protection Agency .....	7,238	263	7,501	7,495	232	7,727	7,596	246	7,842
Executive Office of the President .....	283	4	287	289	3	292	309	3	312
Federal Emergency Management Agency .....	3,142	1,499	4,641	3,145	1,577	4,722	3,216	1,655	4,871
General Services Administration .....	28	297	325	603	287	890	-223	589	366
International Assistance Programs .....	12,093	13,228	25,321	11,351	13,247	24,598	12,058	12,835	24,893
National Aeronautics and Space Administration .....	13,442	846	14,288	13,777	839	14,616	14,248	881	15,129
National Science Foundation .....	3,487		3,487	3,967		3,967	4,359		4,359
Office of Personnel Management .....	48,660	6,764	55,424	50,978	7,336	58,314	53,351	8,031	61,382
Small Business Administration .....	-421	1,298	877	-971	2,683	1,712	687	458	1,145
Social Security Administration .....	441,811	5,110	446,921	463,006	5,345	468,351	488,182	5,624	493,806
Export-Import Bank of the United States .....	-743	3,219	2,476	-1,844	3,463	1,619	358	384	742
Federal Deposit Insurance Corporation .....	-2,837	3,459	622	-718	2,310	1,592	-244	2,361	2,117
Postal Service .....	2,129	63,529	65,658	2,689	65,498	68,187	3,205	67,218	70,423
Railroad Retirement Board .....	4,992	24	5,016	5,679	26	5,705	5,184	26	5,210
Other Independent Agencies .....	7,028	10,012	17,040	-873	9,674	8,801	10,497	10,173	20,670
Allowances .....							2,351		2,351
Undistributed Offsetting Receipts .....	-172,842	6,082	-166,760	-190,204	8,503	-181,701	-201,805	7,844	-193,961
<b>Total .....</b>	<b>1,788,826</b>	<b>214,070</b>	<b>2,002,896</b>	<b>1,856,238</b>	<b>222,981</b>	<b>2,079,219</b>	<b>1,960,564</b>	<b>222,103</b>	<b>2,182,667</b>

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**FY 2001 GOVERNMENT-WIDE RESCISSION,  
CONSOLIDATED APPROPRIATIONS ACT**

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## 21. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT

The FY 2001 Consolidated Appropriations Act rescinded 0.22 percent of discretionary budget authority and obligation limitations provided for FY 2001. The rescission applied to each department, agency, instrumentality, and entity of the Federal Government, with the following exceptions and conditions:

- The rescission did not apply to Department of Defense amounts appropriated for military personnel.
- The rescission did not apply to amounts appropriated under the FY 2000 Emergency Supplemental Act.

- The rescission did not apply to amounts appropriated under the Departments of Labor, Health, and Human Services, and Education, and Related Agencies Appropriations Act, 2001.
- The 0.22 percent reduction must be applied equally to each program, project, and activity subject to the rescission.
- OMB was to report to the Congress in the FY 2002 Budget on the reduction made to each account.

This chapter fulfills the act's reporting requirement. Table 21-1 displays the accounts and the amount of the rescission for each account.

**Table 21-1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT**  
(FY 2001 dollars, in thousands)

Account	Rescission
<b>Legislative Branch</b>	
Senate	
001-05-00-0130 Senators' official personnel and office expense account .....	-1,274
House of Representatives	
001-10-00-0400 Salaries and expenses .....	-1,694
Joint Items	
001-11-00-0425 Office of the Attending Physician .....	-4
001-11-00-0460 Joint Committee on Taxation .....	-13
001-11-00-0461 Security enhancements .....	-4
001-11-00-0474 Salaries, Capitol Police .....	-103
001-11-00-0476 General expenses, Capitol Police .....	-15
Office of Compliance	
001-12-09-1600 Salaries and expenses .....	-4
Congressional Budget Office	
001-14-08-0100 Salaries and expenses .....	-62
Architect of the Capitol	
001-15-01-0105 Capitol buildings, salaries and expenses .....	-99
001-15-01-0108 Capitol grounds .....	-11
001-15-01-0123 Senate office buildings .....	-141
001-15-01-0127 House office buildings .....	-92
001-15-01-0133 Capitol power plant .....	-86
001-15-01-0155 Library buildings and grounds, structural and mechanical care .....	-35
Botanic Garden	
001-18-09-0200 Salaries and expenses .....	-7
Library of Congress	
001-25-03-0101 Salaries and expenses, Library of Congress .....	-827
001-25-03-0102 Copyright Office: Salaries and expenses .....	-20
001-25-03-0127 Congressional Research Service: Salaries and expenses .....	-163
001-25-03-0141 Books for the blind and physically handicapped: Salaries and expenses .....	-108
001-25-03-0146 Furniture and furnishings .....	-11

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

Account	Rescis- sion
Government Printing Office	
001–30–04–0201 Office of Superintendent of Documents: Salaries and expenses .....	–62
001–30–04–0203 Congressional printing and binding .....	–156
General Accounting Office	
001–35–05–0107 Salaries and expenses .....	–847
United States Tax Court	
001–40–23–0100 Salaries and expenses .....	–81
Legislative Branch Boards and Commissions	
001–45–09–9911 Other legislative branch boards and commissions .....	–9
001–45–48–2050 Census Monitoring Board .....	–9
001–45–48–2975 United States Commission on International Religious Freedom .....	–4
Total, Legislative Branch .....	–5,941
<b>Judicial Branch</b>	
Supreme Court of the United States	
002–05–10–0100 Salaries and expenses .....	–79
002–05–10–0103 Care of the building and grounds .....	–18
United States Court of Appeals for the Federal Circuit	
002–07–10–0510 Salaries and expenses .....	–35
United States Court of International Trade	
002–15–10–0400 Salaries and expenses .....	–22
Courts of Appeals, District Courts, and other Judicial Services	
002–25–10–0920 Salaries and expenses .....	–6,890
002–25–10–0923 Defender services .....	–957
002–25–10–0925 Fees of jurors and commissioners .....	–119
002–25–10–0930 Court security .....	–451
Administrative Office of the United States Courts	
002–26–10–0927 Salaries and expenses .....	–128
Federal Judicial Center	
002–30–10–0928 Salaries and expenses .....	–42
United States Sentencing Commission	
002–39–10–0938 Salaries and expenses .....	–22
Total, Judicial Branch .....	–8,763
<b>Department of Agriculture</b>	
Office of the Secretary	
005–03–12–9913 Office of the Secretary .....	–20
Executive Operations	
005–04–12–0013 Office of the Chief Information Officer .....	–22
005–04–12–0014 Chief Financial Officer .....	–11
005–04–12–0113 Common computing environment .....	–132
005–04–12–0705 Executive operations .....	–59
Departmental Administration	
005–05–12–0117 Agriculture buildings and facilities and rental payments .....	–402
005–05–12–0120 Departmental administration .....	–79
005–05–12–0500 Hazardous materials management .....	–35
005–05–12–0601 Outreach for socially disadvantaged farmers .....	–7
Office of Communications	
005–06–12–0150 Office of Communications .....	–20
Office of the Inspector General	
005–08–12–0900 Office of the Inspector General .....	–152



**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

Account	Rescis- sion
Office of the General Counsel	
005–10–12–2300 Office of the General Counsel .....	–68
Economic Research Service	
005–13–12–1701 Economic Research Service .....	–147
National Agricultural Statistics Service	
005–15–12–1801 National Agricultural Statistics Service .....	–222
Agricultural Research Service	
005–18–12–1400 Salaries and expenses .....	–1,977
005–18–12–1401 Buildings and facilities .....	–163
Cooperative State Research, Education, and Extension Service	
005–20–12–0502 Extension activities .....	–954
005–20–12–1500 Research and education activities .....	–1,114
005–20–12–1502 Integrated activities .....	–92
Animal and Plant Health Inspection Service	
005–32–12–1600 Salaries and expenses .....	–1,887
005–32–12–1601 Buildings and facilities .....	–22
Food Safety and Inspection Service	
005–35–12–3700 Salaries and expenses .....	–1,533
Grain Inspection, Packers and Stockyards Administration	
005–37–12–2400 Salaries and expenses .....	–70
Agricultural Marketing Service	
005–45–12–2500 Marketing services .....	–144
005–45–12–2501 Payments to States and possessions .....	–3
Risk Management Agency	
005–47–12–2707 Administrative and operating expenses .....	–145
Farm Service Agency	
005–49–12–0170 State mediation grants .....	–7
005–49–12–0600 Salaries and expenses .....	–1,932
005–49–12–1140 Agricultural credit insurance fund program account .....	–858
005–49–12–1336 Commodity Credit Corporation export loans program account .....	–9
005–49–12–3316 Emergency conservation program .....	–176
Natural Resources Conservation Service	
005–53–12–1000 Conservation operations .....	–1,571
005–53–12–1010 Resource conservation and development .....	–92
005–53–12–1066 Watershed surveys and planning .....	–24
005–53–12–1072 Watershed and flood prevention operations .....	–460
005–53–12–3336 Forestry incentives program .....	–13
Rural Development	
005–55–12–0400 Rural community advancement program .....	–2,140
005–55–12–0403 Salaries and expenses .....	–286
Rural Utilities Service	
005–60–12–1230 Rural electrification and telecommunications loans program account .....	–165
005–60–12–1231 Rural telephone bank program account .....	–13
005–60–12–1232 Distance learning and telemedicine program .....	–59
Rural Housing Service	
005–63–12–0137 Rental assistance program .....	–1,496
005–63–12–1953 Rural housing assistance grants .....	–97
005–63–12–1954 Farm labor program account .....	–66
005–63–12–2006 Mutual and self-help housing grants .....	–75
005–63–12–2081 Rural housing insurance fund program account .....	–1,461
Rural Business—Cooperative Service	
005–65–12–0402 Rural empowerment zones and enterprise community grants .....	–33
005–65–12–1900 Rural cooperative development grants .....	–37

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

Account	Rescis- sion
005–65–12–2069 Rural development loan fund program account .....	–51
005–65–12–3108 Rural economic development loans program account .....	–9
Foreign Agricultural Service	
005–68–12–2271 Public Law 480 title I ocean freight differential grants .....	–44
005–68–12–2277 P.L. 480 program account .....	–255
005–68–12–2278 P.L. 480 grants—titles II and III .....	–1,841
005–68–12–2900 Salaries and expenses .....	–253
Food and Nutrition Service	
005–84–12–3503 Food donations programs .....	–332
005–84–12–3505 Food stamp program .....	–37
005–84–12–3507 Commodity assistance program .....	–308
005–84–12–3508 Food program administration .....	–262
005–84–12–3510 Special supplemental nutrition program for women, infants, and children (WIC) ....	–8,914
005–84–12–3539 Child nutrition programs .....	–31
Forest Service	
005–96–12–1103 Capital improvement and maintenance .....	–1,144
005–96–12–1104 Forest and rangeland research .....	–506
005–96–12–1105 State and private forestry .....	–911
005–96–12–1106 National forest system .....	–2,889
005–96–12–1108 Southeast Alaska economic disaster fund .....	–11
005–96–12–1115 Wildland fire management .....	–3,885
005–96–12–1119 Management of national forest lands for subsistence uses .....	–13
005–96–12–5207 Range betterment fund .....	–7
005–96–12–9921 Forest Service permanent appropriations .....	–2
005–96–12–9923 Land acquisition accounts .....	–334
Total, Department of Agriculture .....	–42,589
<b>Department of Commerce</b>	
Departmental Management	
006–05–13–0120 Salaries and expenses .....	–79
006–05–13–0126 Office of the Inspector General .....	–44
Economic Development Administration	
006–06–13–0125 Salaries and expenses .....	–62
006–06–13–2050 Economic development assistance programs .....	–928
Bureau of the Census	
006–07–13–0401 Salaries and expenses .....	–346
006–07–13–0450 Periodic censuses and programs .....	–600
Economic and Statistical Analysis	
006–08–13–1500 Salaries and expenses .....	–119
International Trade Administration	
006–25–13–1250 Operations and administration .....	–736
Export Administration	
006–30–13–0300 Operations and administration .....	–143
Minority Business Development Agency	
006–40–13–0201 Minority business development .....	–60
National Oceanic and Atmospheric Administration	
006–48–13–1450 Operations, research, and facilities .....	–4,804
006–48–13–1451 Pacific coastal salmon recovery .....	–242
006–48–13–1456 Fisheries finance program account .....	–1
006–48–13–1460 Procurement, acquisition and construction .....	–1,653
006–48–13–1462 Coastal impact assistance .....	–330
006–48–13–4313 Coastal zone management fund .....	–7
006–48–13–5120 Fishermen's contingency fund .....	–2
Technology Administration	
006–53–13–1100 Salaries and expenses .....	–18

**Table 21-1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

Account	Rescis- sion
National Institute of Standards and Technology	
006-55-13-0500 Scientific and technical research and services .....	-688
006-55-13-0515 Construction of research facilities .....	-77
006-55-13-0525 Industrial technology services .....	-552
National Telecommunications and Information Administration	
006-60-13-0550 Salaries and expenses .....	-25
006-60-13-0551 Public telecommunications facilities, planning and construction .....	-96
006-60-13-0552 Information infrastructure grants .....	-100
Total, Department of Commerce .....	-11,712
<b>Department of Defense—Military</b>	
Operation and Maintenance	
007-10-17-1106 Operation and maintenance, Marine Corps .....	-6,101
007-10-17-1107 Operation and maintenance, Marine Corps Reserve .....	-320
007-10-17-1804 Operation and maintenance, Navy .....	-51,234
007-10-17-1806 Operation and maintenance, Navy Reserve .....	-2,084
007-10-21-2020 Operation and maintenance, Army .....	-41,298
007-10-21-2065 Operation and maintenance, Army National Guard .....	-7,311
007-10-21-2080 Operation and maintenance, Army Reserve .....	-3,437
007-10-57-3400 Operation and maintenance, Air Force .....	-48,059
007-10-57-3740 Operation and maintenance, Air Force Reserve .....	-4,091
007-10-57-3840 Operation and maintenance, Air National Guard .....	-7,456
007-10-97-0100 Operation and maintenance, Defense-wide .....	-26,518
007-10-97-0104 United States Courts of Appeals for the Armed Forces .....	-19
007-10-97-0105 Drug interdiction and counter-drug activities .....	-1,912
007-10-97-0107 Office of the Inspector General .....	-324
007-10-97-0118 Overseas contingency operations transfer account .....	-6,465
007-10-97-0130 Defense health program .....	-26,615
007-10-97-0134 Former Soviet Union threat reduction account .....	-975
007-10-97-0810 The Department of Defense environmental restoration accounts .....	-2,889
007-10-97-0819 Overseas humanitarian, disaster and civic aid .....	-123
007-10-97-0839 Quality of life enhancements .....	-353
007-10-97-0842 Defense vessel transfer program account .....	-9
007-10-97-5193 Overseas military facility investment recovery .....	-7
007-10-97-9922 Miscellaneous special funds .....	-172
Procurement	
007-15-17-1109 Procurement, Marine Corps .....	-2,686
007-15-17-1506 Aircraft procurement, Navy .....	-18,452
007-15-17-1507 Weapons procurement, Navy .....	-3,185
007-15-17-1508 Procurement of ammunition, Navy and Marine Corps .....	-1,085
007-15-17-1611 Shipbuilding and conversion, Navy .....	-25,330
007-15-17-1810 Other procurement, Navy .....	-7,745
007-15-21-0390 Chemical agents and munitions destruction, Army .....	-2,154
007-15-21-2031 Aircraft procurement, Army .....	-3,418
007-15-21-2032 Missile procurement, Army .....	-2,872
007-15-21-2033 Procurement of weapons and tracked combat vehicles, Army .....	-5,335
007-15-21-2034 Procurement of ammunition, Army .....	-2,655
007-15-21-2035 Other procurement, Army .....	-9,718
007-15-57-3010 Aircraft procurement, Air Force .....	-22,665
007-15-57-3011 Procurement of ammunition, Air Force .....	-1,412
007-15-57-3020 Missile procurement, Air Force .....	-6,164
007-15-57-3080 Other procurement, Air Force .....	-16,855
007-15-97-0300 Procurement, Defense-wide .....	-5,129
007-15-97-0350 National guard and reserve equipment .....	-218
007-15-97-0360 Defense production act purchases .....	-7
Research, Development, Test, and Evaluation	
007-20-17-1319 Research, development, test, and evaluation, Navy .....	-20,663
007-20-21-2040 Research, development, test, and evaluation, Army .....	-13,762
007-20-57-3600 Research, development, test, and evaluation, Air Force .....	-30,705
007-20-97-0400 Research, development, test, and evaluation, Defense-wide .....	-24,268
007-20-97-0460 Operational test and evaluation .....	-496

**Table 21-1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

Account	Rescis- sion
<b>Military Construction</b>	
007-25-17-1205 Military construction, Navy .....	-2,042
007-25-17-1235 Military construction, Naval Reserve .....	-134
007-25-21-2050 Military construction, Army .....	-2,060
007-25-21-2085 Military construction, Army National Guard .....	-630
007-25-21-2086 Military construction, Army Reserve .....	-239
007-25-57-3300 Military construction, Air Force .....	-1,941
007-25-57-3730 Military construction, Air Force Reserve .....	-81
007-25-57-3830 Military construction, Air National Guard .....	-448
007-25-97-0103 Base realignment and closure account .....	-2,245
007-25-97-0500 Military construction, Defense-wide .....	-1,792
007-25-97-0804 North Atlantic Treaty Organization security investment program .....	-378
<b>Family Housing</b>	
007-30-17-0703 Family housing, Navy and Marine Corps .....	-2,829
007-30-21-0702 Family housing, Army .....	-2,589
007-30-57-0704 Family housing, Air Force .....	-2,360
007-30-97-0706 Family housing, Defense-wide .....	-99
007-30-97-0834 Family housing improvement fund .....	-55
007-30-97-4090 Homeowners assistance fund .....	-9
<b>Revolving and Management Funds</b>	
007-40-17-4557 National defense sealift fund .....	-881
007-40-97-493004 Working capital fund, Defense Commissary Agency .....	-2,016
<b>Trust Funds</b>	
007-55-97-8168 National security education trust fund .....	-15
Total, Department of Defense—Military .....	-487,594
<b>Department of Energy</b>	
<b>National Nuclear Security Administration</b>	
019-05-89-0240 Weapons activities .....	-11,033
019-05-89-0309 Defense nuclear nonproliferation .....	-1,923
019-05-89-0312 Cerro Grande Fire Activities .....	-447
019-05-89-0313 Office of the Administrator .....	-22
019-05-89-0314 Naval Reactors .....	-1,518
<b>Environmental and Other Defense Activities</b>	
019-10-89-0242 Defense environmental restoration and waste management .....	-10,943
019-10-89-0243 Other defense activities .....	-1,289
019-10-89-0244 Defense nuclear waste disposal .....	-275
019-10-89-0251 Defense facilities closure projects .....	-2,383
<b>Energy Programs</b>	
019-20-89-0213 Fossil energy research and development .....	-985
019-20-89-0215 Energy conservation .....	-1,797
019-20-89-0216 Energy information administration .....	-167
019-20-89-0217 Economic regulation .....	-4
019-20-89-0218 Strategic petroleum reserve .....	-363
019-20-89-0219 Naval petroleum and oil shale reserves .....	-4
019-20-89-0222 Science .....	-7,011
019-20-89-0224 Energy supply .....	-1,456
019-20-89-0235 Clean coal technology .....	-229
019-20-89-0250 Non-defense environmental management .....	-612
019-20-89-0315 Uranium Facilities Maintenance and Remediation .....	-865
019-20-89-5227 Nuclear waste disposal .....	-420
019-20-89-5428 Elk Hills school lands fund .....	-79
<b>Power Marketing Administration</b>	
019-50-89-0302 Operation and maintenance, Southeastern Power Administration .....	-9
019-50-89-0303 Operation and maintenance, Southwestern Power Administration .....	-62
019-50-89-5068 Construction, rehabilitation, operation and maintenance, Western Area Power Ad- ministration .....	-365
019-50-89-5178 Falcon and Amistad operating and maintenance fund .....	-7

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

Account	Rescis- sion
<b>Departmental Administration</b>	
019–60–89–0228 Departmental administration .....	–165
019–60–89–0236 Office of the Inspector General .....	–70
Total, Department of Energy .....	–44,503
<b>Department of Health and Human Services</b>	
<b>Food and Drug Administration</b>	
009–10–75–9911 Salaries and expenses .....	–2,471
<b>Health Resources and Services Administration</b>	
009–15–20–8175 Vaccine injury compensation program trust fund .....	–15
009–15–75–0350 Health resources and services .....	–55
<b>Indian Health Services</b>	
009–17–75–0390 Indian Health Services .....	–4,996
009–17–75–0391 Indian health facilities .....	–801
<b>Centers for Disease Control and Prevention</b>	
009–20–75–8252 Salaries and expenses, Agency for Toxic Substance and Disease Registry .....	–165
<b>National Institutes of Health</b>	
009–25–75–9915 National Institutes of Health .....	–139
Total, Department of Health and Human Services .....	–8,642
<b>Department of Housing and Urban Development</b>	
<b>Public and Indian Housing Programs</b>	
025–03–86–0163 Public housing operating fund .....	–7,132
025–03–86–0197 Drug elimination grants for low-income housing .....	–682
025–03–86–0218 Revitalization of severely distressed public housing (HOPE VI) .....	–1,265
025–03–86–0223 Indian housing loan guarantee fund program account .....	–13
025–03–86–0304 Public housing capital fund .....	–6,600
025–03–86–0313 Native American housing block grant .....	–1,430
025–03–86–0319 Housing certificate fund .....	–26,638
<b>Community Planning and Development</b>	
025–06–86–0162 Community development block grants .....	–11,273
025–06–86–0192 Homeless assistance grants .....	–2,255
025–06–86–0198 Community development loan guarantees program account .....	–66
025–06–86–0205 Home investment partnership program .....	–3,960
025–06–86–0232 Shelter Plus Care Renewals .....	–220
025–06–86–0308 Housing opportunities for persons with AIDS .....	–568
025–06–86–0314 Brownfields redevelopment .....	–55
025–06–86–0315 Empowerment zones/enterprise communities .....	–407
025–06–86–0324 Rural housing and economic development .....	–55
<b>Housing Programs</b>	
025–09–86–0183 FHA-mutual mortgage insurance program account .....	–1,080
025–09–86–0200 FHA-general and special risk program account .....	–1,091
025–09–86–0320 Housing for special populations .....	–2,191
<b>Government National Mortgage Association</b>	
025–12–86–0186 Guarantees of mortgage-backed securities loan guarantee program account .....	–20
<b>Policy Development and Research</b>	
025–28–86–0108 Research and technology .....	–119
<b>Fair Housing and Equal Opportunity</b>	
025–29–86–0144 Fair housing activities .....	–101
<b>Office of Lead Hazard Control and Healthy Homes</b>	
025–32–86–0174 Lead hazard reduction .....	–220
<b>Management and Administration</b>	
025–35–86–0143 Salaries and expenses .....	–1,195

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

Account	Rescis- sion
025–35–86–0189 Office of Inspector General .....	–117
Total, Department of Housing and Urban Development .....	–68,753
<b>Department of the Interior</b>	
Bureau of Land Management	
010–04–14–1109 Management of lands and resources .....	–1,661
010–04–14–1110 Construction .....	–37
010–04–14–1114 Payments in lieu of taxes .....	–440
010–04–14–1116 Oregon and California grant lands .....	–229
010–04–14–1121 Central hazardous materials fund .....	–22
010–04–14–1125 Wildland fire management .....	–2,154
010–04–14–5017 Service charges, deposits, and forfeitures .....	–18
010–04–14–5033 Land acquisition .....	–125
Minerals Management Service	
010–06–14–1917 Royalty and offshore minerals management .....	–294
010–06–14–8370 Oil spill research .....	–13
Office of Surface Mining Reclamation and Enforcement	
010–08–14–1801 Regulation and technology .....	–222
010–08–14–5015 Abandoned mine reclamation fund .....	–686
Bureau of Reclamation	
010–10–14–0680 Water and related resources .....	–1,406
010–10–14–0685 Bureau of Reclamation loan program account .....	–21
010–10–14–4079 Lower Colorado River Basin development fund .....	–87
010–10–14–4081 Upper Colorado River Basin fund .....	–4
010–10–14–5065 Policy and administration .....	–110
010–10–14–5173 Central Valley project restoration fund .....	–22
Central Utah Project	
010–11–14–0787 Central Utah Project completion account .....	–57
010–11–14–5174 Utah reclamation mitigation and conservation account .....	–22
United States Geological Survey	
010–12–14–0804 Surveys, investigations, and research .....	–1,946
United States Fish and Wildlife Service	
010–18–14–1611 Resource management .....	–1,780
010–18–14–1612 Construction .....	–157
010–18–14–1652 Multinational species conservation fund .....	–7
010–18–14–1694 State wildlife grants .....	–110
010–18–14–5020 Land acquisition .....	–267
010–18–14–5029 Federal aid in wildlife restoration .....	–110
010–18–14–5091 National wildlife refuge fund .....	–25
010–18–14–5143 Cooperative endangered species conservation fund .....	–231
010–18–14–5150 Wildlife conservation and appreciation fund .....	–2
010–18–14–5241 North American wetlands conservation fund .....	–88
National Park Service	
010–24–14–1031 Urban park and recreation fund .....	–66
010–24–14–1036 Operation of the national park system .....	–3,067
010–24–14–1039 Construction and major maintenance .....	–673
010–24–14–1042 National recreation and preservation .....	–132
010–24–14–1049 United States park police .....	–172
010–24–14–5035 Land acquisition and State assistance .....	–474
010–24–14–5140 Historic preservation fund .....	–207
Bureau of Indian Affairs	
010–76–14–2100 Operation of Indian programs .....	–3,833
010–76–14–2301 Construction .....	–786
010–76–14–2303 Indian land and water claim settlements and miscellaneous payments to Indians .....	–83
010–76–14–2628 Indian guaranteed loan program account .....	–11
Departmental Management	
010–84–14–0102 Salaries and expenses .....	–142

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

Account	Rescis- sion
Insular Affairs	
010–85–14–0412 Assistance to territories .....	–105
010–85–14–0415 Compact of free association .....	–19
Office of the Solicitor	
010–86–14–0107 Office of the Solicitor .....	–88
Office of Inspector General	
010–88–14–0104 Office of Inspector General .....	–61
Office of Special Trustee for American Indians	
010–90–14–0120 Office of the Special Trustee for American Indians .....	–243
010–90–14–2103 Indian land consolidation pilot .....	–20
Natural Resources Damage Assessment and Restoration	
010–91–14–1618 Natural resource damage assessment fund .....	–12
Total, Department of the Interior .....	–22,547
<b>Department of Justice</b>	
General Administration	
011–03–15–0129 Salaries and expenses .....	–306
011–03–15–0130 Counterterrorism fund .....	–11
011–03–15–0132 Narrowband communications .....	–451
011–03–15–0136 Detention trustee .....	–2
011–03–15–0202 Telecommunications carrier compliance fund .....	–442
011–03–15–0328 Office of Inspector General .....	–92
011–03–15–0339 Administrative review and appeals .....	–354
United States Parole Commission	
011–04–15–1061 Salaries and expenses .....	–20
Legal Activities and U.S. Marshals	
011–05–15–0100 Salaries and expenses, Foreign Claims Settlement Commission .....	–2
011–05–15–0128 Salaries and expenses, General Legal Activities .....	–1,179
011–05–15–0133 Construction .....	–40
011–05–15–0322 Salaries and expenses, United States Attorneys .....	–2,785
011–05–15–0324 Salaries and expenses, United States Marshals Service .....	–1,265
011–05–15–0500 Salaries and expenses, Community Relations Service .....	–18
011–05–15–1020 Federal prisoner detention .....	–1,313
011–05–15–4575 Justice prisoner and alien transportation system, U.S. Marshals Service .....	–31
011–05–15–5042 Assets forfeiture fund .....	–51
Radiation Exposure Compensation	
011–06–15–0105 Administrative expenses .....	–4
011–06–15–0333 Payment to radiation exposure compensation trust fund .....	–24
Interagency Law Enforcement	
011–07–15–0323 Interagency crime and drug enforcement .....	–717
Federal Bureau of Investigation	
011–10–15–0200 Salaries and expenses .....	–7,130
011–10–15–0203 Construction .....	–37
Drug Enforcement Administration	
011–12–15–1100 Salaries and expenses .....	–3,034
Immigration and Naturalization Service	
011–15–15–1217 Salaries and expenses .....	–6,882
011–15–15–1219 Construction .....	–293
Federal Prison System	
011–20–15–1003 Buildings and facilities .....	–1,839
011–20–15–1060 Salaries and expenses .....	–7,649
011–20–15–4500 Federal Prison Industries, Incorporated .....	–7

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

Account	Rescis- sion
<b>Office of Justice Programs</b>	
011–21–15–0334 Weed and seed program fund .....	–75
011–21–15–0401 Justice assistance .....	–935
011–21–15–0403 Public safety officers' benefits .....	–5
011–21–15–0404 State and local law enforcement assistance .....	–6,288
011–21–15–0405 Juvenile justice programs .....	–645
011–21–15–0406 Community oriented policing services .....	–2,286
Total, Department of Justice .....	–46,212
<b>Department of State</b>	
<b>Administration of Foreign Affairs</b>	
014–05–19–0113 Diplomatic and consular programs .....	–7,009
014–05–19–0120 Capital investment fund .....	–213
014–05–19–0209 Educational and cultural exchange programs .....	–510
014–05–19–0520 Protection of foreign missions and officials .....	–33
014–05–19–0522 Emergencies in the diplomatic and consular service .....	–11
014–05–19–0523 Payment to the American Institute in Taiwan .....	–35
014–05–19–0529 Office of the Inspector General .....	–62
014–05–19–0535 Embassy security, construction, and maintenance .....	–2,376
014–05–19–0545 Representation allowances .....	–13
014–05–19–0601 Repatriation loans program account .....	–2
<b>International Organizations and Conferences</b>	
014–10–19–1124 Contributions for international peacekeeping activities .....	–1,861
014–10–19–1126 Contributions to international organizations .....	–1,916
<b>International Commissions</b>	
014–15–19–1069 Salaries and expenses, IBWC .....	–15
014–15–19–1078 Construction, IBWC .....	–51
014–15–19–1082 American sections, international commissions .....	–15
014–15–19–1087 International fisheries commissions .....	–42
<b>Other</b>	
014–25–11–0040 United States emergency refugee and migration assistance fund .....	–33
014–25–19–0202 East-West Center .....	–31
014–25–19–0210 National Endowment for Democracy .....	–68
014–25–19–0525 Payment to the Asia Foundation .....	–20
014–25–19–1022 International narcotics control and law enforcement .....	–715
014–25–19–1143 Migration and refugee assistance .....	–1,540
014–25–95–8276 Israeli Arab and Eisenhower exchange fellowship programs .....	–2
Total, Department of State .....	–16,573
<b>Department of Transportation</b>	
<b>Office of the Secretary</b>	
021–04–69–0102 Salaries and expenses .....	–139
021–04–69–0118 Office of Civil Rights .....	–18
021–04–69–0119 Minority business outreach .....	–7
021–04–69–0142 Transportation planning, research, and development .....	–24
021–04–69–0155 Minority business resource center program .....	–4
<b>Coast Guard</b>	
021–08–69–0201 Operating expenses .....	–6,967
021–08–69–0230 Environmental compliance and restoration .....	–37
021–08–69–0240 Acquisition, construction, and improvements .....	–869
021–08–69–0242 Reserve training .....	–176
021–08–69–0243 Research, development, test, and evaluation .....	–40
021–08–69–0244 Alteration of bridges .....	–35
021–08–69–8314 Trust fund share of expenses .....	–108
<b>Federal Aviation Administration</b>	
021–12–69–1301 Operations .....	–4,684
021–12–69–8104 Trust fund share of FAA operations .....	–9,713
021–12–69–8106 Grants-in-aid for airports (Airport and airway trust fund) .....	–4



**Table 21-1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

Account	Rescis- sion
021-12-69-8106 Grants-in-aid for airports (Airport and airway trust fund), obligation limitation .....	-7,040
021-12-69-8107 Facilities and equipment (Airport and airway trust fund) .....	-5,845
021-12-69-8108 Research, engineering and development (Airport and airway trust fund) .....	-411
Federal Highway Administration	
021-15-69-8072 Appalachian development highway system (Highway trust fund) .....	-561
021-15-69-8083 Federal-aid highways .....	-1,584
021-15-69-8083 Federal-aid highways, obligation limitation .....	-65,256
021-15-69-9911 Miscellaneous appropriations .....	-1,333
021-15-69-9972 Miscellaneous highway trust funds .....	-2,607
Federal Motor Carrier Safety Administration	
021-17-69-8048 National motor carrier safety program, obligation limitation .....	-389
021-17-69-8055 Motor carrier safety, obligation limitation .....	-202
National Highway Traffic Safety Administration	
021-18-69-0650 Operations and research .....	-257
021-18-69-8016 Operations and research (Highway trust fund) .....	-4
021-18-69-8016 Operations and research (Highway trust fund), obligation limitation .....	-158
021-18-69-8020 Highway traffic safety grants, obligation limitation .....	-469
Federal Railroad Administration	
021-27-69-0152 AMTRAK reform council .....	-2
021-27-69-0700 Safety and operations .....	-224
021-27-69-0704 Capital grants to National Railroad Passenger Corporation .....	-1,146
021-27-69-0722 Next generation high-speed rail .....	-55
021-27-69-0723 Pennsylvania station redevelopment project .....	-44
021-27-69-0726 Rhode Island rail development .....	-37
021-27-69-0730 Alaska railroad rehabilitation .....	-66
021-27-69-0745 Railroad research and development .....	-55
021-27-69-0758 West Virginia rail development .....	-33
Federal Transit Administration	
021-36-69-1120 Administrative expenses .....	-29
021-36-69-1125 Job access and reverse commute grants .....	-44
021-36-69-1129 Formula grants .....	-1,360
021-36-69-1134 Capital investment grants .....	-1,274
021-36-69-1136 University transportation research, obligation limitation .....	-2
021-36-69-1137 Transit planning and research .....	-48
021-36-69-8350 Trust fund share of expenses .....	-10
021-36-69-8350 Trust fund share of expenses, obligation limitation .....	-11,037
Saint Lawrence Seaway Development Corporation	
021-40-69-8003 Operations and maintenance .....	-29
Research and Special Programs Administration	
021-50-69-0104 Research and special programs .....	-79
021-50-69-5172 Pipeline safety .....	-4
021-50-69-8121 Trust fund share of pipeline safety .....	-15
Office of Inspector General	
021-56-69-0130 Salaries and expenses .....	-106
Surface Transportation Board	
021-61-69-0301 Salaries and expenses .....	-37
Maritime Administration	
021-70-69-1711 Maritime security program .....	-218
021-70-69-1750 Operations and training .....	-191
021-70-69-1752 Maritime guaranteed loan (title XI) program account .....	-57
Total, Department of Transportation .....	-125,143
<b>Department of the Treasury</b>	
Departmental Offices	
015-05-20-0101 Salaries and expenses .....	-358
015-05-20-0106 Office of Inspector General .....	-72

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

Account	Rescis- sion
015–05–20–0108 Treasury building and annex repair and restoration .....	–68
015–05–20–0115 Department-wide systems and capital investments programs .....	–137
015–05–20–0117 Counterterrorism fund .....	–121
015–05–20–0119 Inspector General for Tax Administration .....	–261
015–05–20–0121 Expanded access to financial services .....	–22
015–05–20–0173 Financial crimes enforcement network .....	–83
015–05–20–1881 Community development financial institutions fund program account .....	–260
015–05–20–5407 Sallie Mae assessments .....	–2
Federal Law Enforcement Training Center	
015–08–20–0104 Salaries and expenses .....	–219
015–08–20–0105 Acquisition, construction, improvements, and related expenses .....	–119
Interagency Law Enforcement	
015–09–20–1501 Interagency crime and drug enforcement .....	–228
Financial Management Service	
015–10–20–1801 Salaries and expenses .....	–455
Bureau of Alcohol, Tobacco and Firearms	
015–13–20–1000 Salaries and expenses .....	–1,700
United States Customs Service	
015–15–20–0602 Salaries and expenses .....	–4,142
015–15–20–0604 Operation, maintenance and procurement, air and marine interdiction programs ...	–309
015–15–20–0610 Automation modernization .....	–568
015–15–20–5694 Customs services at small airports .....	–7
015–15–20–8870 Harbor maintenance fee collection .....	–7
United States Mint	
015–25–20–4159 United States Mint public enterprise fund .....	–40
Bureau of the Public Debt	
015–35–20–0560 Administering the public debt .....	–402
Internal Revenue Service	
015–45–20–0912 Processing, assistance, and management .....	–7,847
015–45–20–0913 Tax law enforcement .....	–7,459
015–45–20–0917 Earned income tax credit compliance initiative .....	–319
015–45–20–0919 Information systems .....	–3,399
015–45–20–0921 Business systems modernization .....	–158
015–45–20–0926 Staffing tax administration for balance and equity .....	–310
United States Secret Service	
015–55–20–1408 Salaries and expenses .....	–1,833
015–55–20–1409 Acquisition, construction, improvements, and related expenses .....	–20
Total, Department of the Treasury .....	–30,925
<b>Department of Veterans Affairs</b>	
Veterans Health Administration	
029–15–36–0152 Medical administration and miscellaneous operating expenses .....	–136
029–15–36–0160 Medical care .....	–44,546
029–15–36–0161 Medical and prosthetic research .....	–772
Veterans Benefits Administration	
029–25–36–0128 Miscellaneous veterans housing loans program account .....	–2
029–25–36–0140 Miscellaneous veterans programs loan fund program account .....	–2
029–25–36–1119 Veterans housing benefit program fund program account .....	–356
Construction	
029–30–36–0110 Construction, major projects .....	–145
029–30–36–0111 Construction, minor projects .....	–365
029–30–36–0181 Grants for construction of State extended care facilities .....	–220
029–30–36–0183 Grants for the construction of State veterans cemeteries .....	–55
029–30–36–4538 Parking revolving fund .....	–13

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

Account	Rescis- sion
<b>Departmental Administration</b>	
029–40–36–0129 National Cemetery Administration .....	–242
029–40–36–0151 General operating expenses .....	–2,382
029–40–36–0170 Office of Inspector General .....	–101
Total, Department of Veterans Affairs .....	–49,337
<b>Corps of Engineers</b>	
202–00–20–8861 Inland waterways trust fund .....	–264
202–00–96–3112 Flood control, Mississippi River and tributaries .....	–774
202–00–96–3121 General investigations .....	–354
202–00–96–3122 Construction, general .....	–3,509
202–00–96–3123 Operation and maintenance, general .....	–4,195
202–00–96–3124 General expenses .....	–334
202–00–96–3126 Regulatory program .....	–275
202–00–96–3130 Formerly utilized sites remedial action program .....	–308
Total, Corps of Engineers .....	–10,013
<b>Other Defense Civil Programs</b>	
American Battle Monuments commission	
200–15–74–0100 Salaries and expenses .....	–62
Cemeterial Expenses	
200–25–21–1805 Salaries and expenses .....	–40
Selective Service System	
200–45–90–0400 Salaries and expenses .....	–53
Total, Other Defense Civil Programs .....	–155
<b>Environmental Protection Agency</b>	
020–00–20–8145 Hazardous substance superfund .....	–2,794
020–00–20–8153 Leaking underground storage tank trust fund .....	–159
020–00–68–0103 State and tribal assistance grants .....	–7,983
020–00–68–0107 Science and technology .....	–1,531
020–00–68–0108 Environmental programs and management .....	–4,594
020–00–68–0110 Buildings and facilities .....	–53
020–00–68–0112 Office of the Inspector General .....	–75
020–00–68–8221 Oil spill response .....	–33
Total, Environmental Protection Agency .....	–17,222
<b>Executive Office of the President</b>	
Compensation of the President and the White House Office	
100–05–11–0110 Compensation of the President and the White House Office .....	–118
Executive Residence at the White House	
100–10–11–0109 White House repair and restoration .....	–2
100–10–11–0210 Operating expenses .....	–24
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 .....	–9
Council of Economic Advisers	
100–20–11–1900 Salaries and expenses .....	–9
Council on Environmental Quality and Office of Environmental Quality	
100–25–11–1453 Council on Environmental Quality and Office of Environmental Quality .....	–6
Office of Policy Development	
100–30–11–2200 Salaries and expenses .....	–9
National Security Council	
100–35–11–2000 Salaries and expenses .....	–15

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

Account	Rescis- sion
Office of Administration	
100–50–11–0038 Salaries and expenses .....	–96
Office of Management and Budget	
100–55–11–0300 Salaries and expenses .....	–151
Office of National Drug Control Policy	
100–60–11–1457 Salaries and expenses .....	–55
100–60–11–1461 Counterdrug Technology Assessment Center .....	–79
Office of Science and Technology Policy	
100–65–11–2600 Office of Science and Technology Policy .....	–11
Office of the United States Trade Representative	
100–70–11–0400 Salaries and expenses .....	–66
Unanticipated Needs	
100–95–11–0037 Unanticipated needs .....	–8
Total, Executive Office of the President .....	–658
<b>Federal Emergency Management Agency</b>	
361–00–58–0100 Salaries and expenses .....	–473
361–00–58–0101 Emergency management planning and assistance .....	–821
361–00–58–0103 Emergency food and shelter program .....	–308
361–00–58–0104 Disaster relief .....	–3,513
361–00–58–0105 Disaster assistance direct loan program account .....	–4
361–00–58–0300 Office of the Inspector General .....	–22
361–00–58–4236 National flood insurance fund .....	–143
361–00–58–4243 National flood mitigation fund .....	–44
361–00–58–5464 Flood map modernization fund .....	–40
Total, Federal Emergency Management Agency .....	–5,368
<b>General Services Administration</b>	
Real Property Activities	
023–05–47–4542 Federal buildings fund .....	–1,051
023–05–47–5254 Disposal of surplus real and related personal property .....	–2
General Activities	
023–30–47–0105 Allowances and office staff for former Presidents .....	–6
023–30–47–0107 Expenses, Presidential transition .....	–16
023–30–47–0108 Office of Inspector General .....	–76
023–30–47–0110 Policy and operations .....	–303
023–30–47–4549 Federal Consumer Information Center fund .....	–16
Total, General Services Administration .....	–1,470
<b>International Assistance Programs</b>	
International Security Assistance	
184–05–11–1075 Nonproliferation, antiterrorism, demining, and related programs .....	–686
184–05–11–1081 International military education and training .....	–128
184–05–11–1082 Foreign military financing program .....	–7,867
184–05–72–1032 Peacekeeping operations .....	–279
184–05–72–1037 Economic support fund .....	–5,104
Multilateral Assistance	
184–10–11–0072 Contribution to the Inter-American Development Bank .....	–55
184–10–11–0073 Contribution to the International Development Association .....	–1,705
184–10–11–0076 Contribution to the Asian Development Bank .....	–158
184–10–11–0077 Contribution to the International Bank for Reconstruction and Development .....	–238
184–10–11–0079 Contribution to the African Development Bank .....	–233
184–10–11–0084 Contribution to Multilateral Investment Guarantee Agency .....	–22
184–10–11–0088 Contribution to the European Bank for Reconstruction and Development .....	–79
184–10–11–0089 Contribution to enterprise for the Americas multilateral investment fund .....	–22

**Table 21-1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

Account	Rescis- sion
184-10-11-0091 Debt restructuring .....	-986
184-10-11-1039 Contributions to the International Fund for Agricultural Development .....	-11
184-10-11-1045 International affairs technical assistance program .....	-13
184-10-72-1005 International organizations and programs .....	-651
Agency for International Development	
184-15-72-0400 Microenterprise and small enterprise development program account .....	-4
184-15-72-1000 Operating expenses of the Agency for International Development .....	-1,175
184-15-72-1007 Operating expenses, Office of Inspector General .....	-59
184-15-72-1010 Assistance for Eastern Europe and the Baltic States .....	-1,487
184-15-72-1021 Sustainable development assistance program .....	-2,798
184-15-72-1027 Transition Initiatives .....	-110
184-15-72-1035 International disaster assistance .....	-660
184-15-72-1093 Assistance for the independent states of the former Soviet Union .....	-1,782
184-15-72-1095 Child survival and disease programs .....	-1,877
184-15-72-1264 Development credit authority program account .....	-24
Overseas Private Investment Corporation	
184-20-71-0100 Overseas Private Investment Corporation program account .....	-103
Trade and Development Agency	
184-25-11-1001 Trade and Development Agency .....	-110
Peace Corps	
184-35-11-0100 Peace Corps .....	-583
Inter-American Foundation	
184-40-11-3100 Inter-American Foundation .....	-26
African Development Foundation	
184-50-11-0700 African Development Foundation .....	-35
Total, International Assistance Programs .....	-29,070
<b>National Aeronautics and Space Administration</b>	
026-00-80-0109 Office of Inspector General .....	-51
026-00-80-0110 Science, Aeronautics and Technology .....	-13,620
026-00-80-0111 Human space flight .....	-12,019
026-00-80-0112 Mission support .....	-5,740
Total, National Aeronautics and Space Administration .....	-31,430
<b>National Science Foundation</b>	
422-00-49-0100 Research and related activities .....	-7,370
422-00-49-0106 Education and human resources .....	-1,731
422-00-49-0180 Salaries and expenses .....	-354
422-00-49-0300 Office of the Inspector General .....	-13
422-00-49-0551 Major research equipment .....	-268
Total, National Science Foundation .....	-9,736
<b>Office of Personnel Management</b>	
027-00-24-0100 Salaries and expenses .....	-207
027-00-24-0400 Office of Inspector General .....	-3
027-00-24-8135 Civil service retirement and disability fund .....	-197
027-00-24-8424 Employees life insurance fund .....	-4
027-00-24-9981 Employees and retired employees health benefits funds .....	-51
Total, Office of Personnel Management .....	-462
<b>Small Business Administration</b>	
028-00-73-0100 Salaries and expenses .....	-903
028-00-73-0200 Office of Inspector General .....	-26
028-00-73-1152 Disaster loans program account .....	-406
028-00-73-1154 Business loan program account .....	-648
Total, Small Business Administration .....	-1,983

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

Account	Rescis- sion
<b>Advisory Council on Historic Preservation</b>	
306–00–95–2300 Salaries and expenses .....	–7
Total, Advisory Council on Historic Preservation .....	–7
<b>Appalachian Regional Commission</b>	
309–00–46–0200 Appalachian Regional Commission .....	–170
Total, Appalachian Regional Commission .....	–170
<b>Architectural and Transportation Barriers Compliance Board</b>	
310–00–95–3200 Salaries and expenses .....	–11
Total, Architectural and Transportation Barriers Compliance Board .....	–11
<b>Broadcasting Board of Governors</b>	
514–00–95–0204 Broadcasting capital improvements .....	–44
514–00–95–0206 International broadcasting operations .....	–900
514–00–95–0208 Broadcasting to Cuba .....	–48
Total, Broadcasting Board of Governors .....	–992
<b>Chemical Safety and Hazard Investigation Board</b>	
Chemical Safety and Hazard Investigation Board	
510–00–95–3850 Chemical Safety and Hazard Investigation Board .....	–17
Total, Chemical Safety and Hazard Investigation Board .....	–17
<b>Commission of Fine Arts</b>	
323–00–95–2600 Salaries and expenses .....	–2
323–00–95–2602 National Capital arts and cultural affairs .....	–15
Total, Commission of Fine Arts .....	–17
<b>Commission on Civil Rights</b>	
326–00–95–1900 Salaries and expenses .....	–20
Total, Commission on Civil Rights .....	–20
<b>Committee for Purchase from People who are Blind or Severely Disabled</b>	
Committee for Purchase from People who are Blind or Severely Disabled, activities	
338–00–95–2000 Salaries and expenses .....	–9
Total, Committee for Purchase from People who are Blind or Severely Disabled .....	–9
<b>Commodity Futures Trading Commission</b>	
339–00–95–1400 Commodity Futures Trading Commission .....	–150
Total, Commodity Futures Trading Commission .....	–150
<b>Consumer Product Safety Commission</b>	
343–00–61–0100 Salaries and expenses .....	–114
Total, Consumer Product Safety Commission .....	–114
<b>Corporation for National and Community Service</b>	
485–00–95–2720 National and community service programs, operating expenses .....	–1,009
485–00–95–2721 Inspector general .....	–11
Total, Corporation for National and Community Service .....	–1,020
<b>Court of Appeals for Veterans Claims</b>	
345–00–95–0300 Salaries and expenses .....	–26
Total, Court of Appeals for Veterans Claims .....	–26

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

Account	Rescis- sion
<b>Court Services and Offender Supervision Agency for the District of Columbia</b>	
511–00–95–1734 Federal payment to Court Services and Offender Supervision Agency for the District of Colum .....	–248
Total, Court Services and Offender Supervision Agency for the District of Columbia .....	–248
<b>Defense Nuclear Facilities Safety Board</b>	
347–00–95–3900 Salaries and expenses .....	–42
Total, Defense Nuclear Facilities Safety Board .....	–42
<b>Delta Regional Authority</b>	
517–00–95–0750 Delta regional authority .....	–44
Total, Delta Regional Authority .....	–44
<b>Denali Commission</b>	
513–00–95–1200 Denali Commission .....	–66
513–00–95–8056 Denali Commission trust fund .....	–24
Total, Denali Commission .....	–90
<b>District of Columbia</b>	
District of Columbia Courts	
349–10–20–1759 Crime victims compensation fund .....	–40
349–10–95–1712 Federal payment to the District of Columbia courts .....	–231
349–10–95–1736 Defender services in District of Columbia courts .....	–75
District of Columbia Corrections	
349–20–95–1735 Payment to the District of Columbia corrections trustee, operations .....	–295
District of Columbia General and Special Payments	
349–30–20–1707 Federal support for economic development and management reforms in the District .....	–95
349–30–20–1736 Federal payment for resident tuition support .....	–37
Total, District of Columbia .....	–773
<b>Equal Employment Opportunity Commission</b>	
350–00–45–0100 Salaries and expenses .....	–669
Total, Equal Employment Opportunity Commission .....	–669
<b>Export-Import Bank of the United States</b>	
351–00–83–0100 Export-Import Bank loans program account .....	–2,039
Total, Export-Import Bank of the United States .....	–2,039
<b>Federal Communications Commission</b>	
356–00–27–0100 Salaries and expenses .....	–66
Total, Federal Communications Commission .....	–66
<b>Federal Drug Control Programs</b>	
154–00–11–1070 High-intensity drug trafficking areas program .....	–378
154–00–11–1460 Special forfeiture fund .....	–515
Total, Federal Drug Control Programs .....	–893
<b>Federal Election Commission</b>	
360–00–95–1600 Salaries and expenses .....	–88
Total, Federal Election Commission .....	–88
<b>Federal Labor Relations Authority</b>	
365–00–54–0100 Salaries and expenses .....	–55

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

Account	Rescis- sion
Total, Federal Labor Relations Authority .....	-55
<b>Federal Maritime Commission</b>	
366–00–65–0100 Salaries and expenses .....	-35
Total, Federal Maritime Commission .....	-35
<b>Institute of American Indian and Alaska Native Culture and Arts Development</b>	
373–00–95–2900 Payment to the institute .....	-9
Total, Institute of American Indian and Alaska Native Culture and Arts Development .....	-9
<b>Institute of Museum and Library Services</b>	
474–00–59–0300 Office of Museum Services: grants and administration .....	-55
Total, Institute of Museum and Library Services .....	-55
<b>Intelligence Community Management Account</b>	
467–00–95–0401 Intelligence community management account .....	-253
Total, Intelligence Community Management Account .....	-253
<b>International Trade Commission</b>	
378–00–34–0100 Salaries and expenses .....	-106
Total, International Trade Commission .....	-106
<b>Legal Services Corporation</b>	
385–00–20–0501 Payment to Legal Services Corporation .....	-726
Total, Legal Services Corporation .....	-726
<b>Marine Mammal Commission</b>	
387–00–95–2200 Salaries and expenses .....	-4
Total, Marine Mammal Commission .....	-4
<b>Merit Systems Protection Board</b>	
389–00–41–0100 Salaries and expenses .....	-65
Total, Merit Systems Protection Board .....	-65
<b>Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation</b>	
487–00–95–0900 Federal payment to Morris K. Udall Scholarship and Excellence in National Environmental Pol .....	-4
487–00–95–5415 Environmental dispute resolution fund .....	-2
Total, Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation ...	-6
<b>National Archives and Records Administration</b>	
393–00–88–0300 Operating expenses .....	-447
393–00–88–0301 National Historical Publications and Records Commission .....	-14
393–00–88–0302 Repairs and restoration .....	-224
Total, National Archives and Records Administration .....	-685
<b>National Capital Planning Commission</b>	
394–00–95–2500 Salaries and expenses .....	-13
Total, National Capital Planning Commission .....	-13
<b>National Credit Union Administration</b>	
415–00–25–4472 Community development credit union revolving loan fund .....	-2
Total, National Credit Union Administration .....	-2
<b>National Endowment for the Arts</b>	
417–00–59–0100 National Endowment for the Arts: grants and administration .....	-216



**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

Account	Rescis- sion
417–00–59–0400 Challenge America arts fund .....	–15
Total, National Endowment for the Arts .....	–231
<b>National Endowment for the Humanities</b>	
418–00–59–0200 National Endowment for the Humanities: grants and administration .....	–264
Total, National Endowment for the Humanities .....	–264
<b>National Transportation Safety Board</b>	
424–00–95–0310 Salaries and expenses .....	–139
Total, National Transportation Safety Board .....	–139
<b>National Veterans Business Development Corporation</b>	
518–00–95–0350 National Veterans Business Development Corporation .....	–9
Total, National Veterans Business Development Corporation .....	–9
<b>Neighborhood Reinvestment Corporation</b>	
428–00–82–1300 Payment to Neighborhood Reinvestment Corporation .....	–198
Total, Neighborhood Reinvestment Corporation .....	–198
<b>Nuclear Regulatory Commission</b>	
429–00–31–0200 Salaries and expenses .....	–62
429–00–31–0300 Office of Inspector General .....	–13
Total, Nuclear Regulatory Commission .....	–75
<b>Nuclear Waste Technical Review Board</b>	
431–00–48–0500 Salaries and expenses .....	–7
Total, Nuclear Waste Technical Review Board .....	–7
<b>Office of Government Ethics</b>	
434–00–95–1100 Salaries and expenses .....	–21
Total, Office of Government Ethics .....	–21
<b>Office of Navajo and Hopi Indian Relocation</b>	
435–00–48–1100 Salaries and expenses .....	–33
Total, Office of Navajo and Hopi Indian Relocation .....	–33
<b>Office of Special Counsel</b>	
436–00–62–0100 Salaries and expenses .....	–25
Total, Office of Special Counsel .....	–25
<b>Other Commissions and Boards</b>	
505–00–95–9911 Other commissions and boards .....	–2
Total, Other Commissions and Boards .....	–2
<b>Postal Service</b>	
440–00–18–1001 Payment to Postal Service fund .....	–205
Total, Postal Service .....	–205
<b>Presidio Trust</b>	
512–00–95–4331 Presidio Trust .....	–73
Total, Presidio Trust .....	–73
<b>Smithsonian Institution</b>	
452–00–33–0100 Salaries and expenses .....	–853
452–00–33–0132 Repair, restoration and alteration of facilities .....	–127

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

Account	Rescis- sion
452–00–33–0133 Construction .....	–21
452–00–33–0200 Salaries and expenses, National Gallery of Art .....	–143
452–00–33–0201 Repair, restoration, and renovation of buildings, National Gallery of Art .....	–24
452–00–33–0302 Operations and maintenance, JFK Center for the Performing Arts .....	–31
452–00–33–0303 Construction, JFK Center for the Performing Arts .....	–44
452–00–33–0400 Salaries and expenses, Woodrow Wilson International Center for Scholars .....	–16
452–00–33–0401 Payment to endowment fund, Woodrow Wilson international center for scholars ...	–11
Total, Smithsonian Institution .....	–1,270
<b>State Justice Institute</b>	
453–00–48–0052 State Justice Institute: salaries and expenses .....	–15
Total, State Justice Institute .....	–15
<b>United States Holocaust Memorial Museum</b>	
456–00–95–3300 Holocaust Memorial Museum .....	–75
<b>Rescission Total</b> .....	<b>–</b> <b>1,088,962</b>

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## INFORMATION TECHNOLOGY INVESTMENTS

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## 22. PROGRAM PERFORMANCE BENEFITS FROM MAJOR INFORMATION TECHNOLOGY INVESTMENTS

This IT Performance Table provides a summary of spending by agency for Information Technology and a snapshot of individual IT investments with program and performance benefits. This Table supplements the discussion of capital planning issues outlined in the FY2002 President's Budget (Section 3, Chapter 1) by addressing the use of capital planning and investment control to select and manage IT investments.

Agencies have made mixed progress over the last several years in the areas of capital planning, enterprise architecture, performance management, IT security, privacy, and e-Government. The majority of agencies have some process for capital planning yet many are just beginning to develop an enterprise architecture, address IT security and privacy, and make the transformation to an e-Government. Therefore, while some progress in terms of the processes have been made, much work remains to ensure that these processes are implemented and that planned program and performance benefits of the projects and investments are delivered within and across agencies. As agencies improve their capital planning and investment control processes,

they are incorporating and addressing these issues as integral parts of their capital planning processes for individual investments, their overall agency IT investment portfolios, as well as cross-agency coordination. Agencies will be expected to increase and accelerate the attention given to these issues in FY2002 and beyond.

Part 1 of this table provides a summary of spending by agency, identifies number of major and significant projects, and identifies spending for fiscal years 2000, 2001, and 2002. Part 2 of this table highlights several projects from each agency and report the planned investments, the mission or goal of the agency the investment supports, and the planned program or performance benefits tied to the investment. The Agency IT Investment Portfolio (OMB A-11, Exhibit 53) provides additional information on the agency's IT Investments. Detailed project information for each IT investment is reported via OMB A-11 Exhibit 300-B, Capital Asset Plans. Additional discussion of these issues will also appear as part of the Administration's government reform and management agenda.

**Table 22-1. IT PERFORMANCE TABLE**  
(Budget Authority and Other Financing, in Millions of Dollars)

**Part 1. Agency Summary**

Agency	Count	FY 2000	FY 2001	FY 2002
<b>Corps of Engineers</b>				
Major Projects .....	4	27	25	31
Significant Projects .....	9	13	91	66
Small and Other Projects .....	.....	144	109	82
Total IT Investments .....	.....	\$184	\$225	\$179
<b>Department of Agriculture</b>				
Major Projects .....	36	658	775	822
Significant Projects .....	71	260	229	258
Small and Other Projects .....	.....	358	379	408
Total IT Investments .....	.....	\$1,276	\$1,383	\$1,488
<b>Department of Commerce</b>				
Major Projects .....	20	234	215	205
Significant Projects .....	65	653	661	565
Small and Other Projects .....	.....	142	155	180
Total IT Investments .....	.....	\$1,029	\$1,031	\$950

**Table 22-1. IT PERFORMANCE TABLE—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 1. Agency Summary**

Agency	Count	FY 2000	FY 2001	FY 2002
<b>Department of Defense</b>				
Major Projects .....	109	7,607	7,723	7,630
Significant Projects .....	457	10,839	11,171	10,916
Small and Other Projects .....		2,766	2,835	2,983
Total IT Investments .....		\$21,212	\$21,729	\$21,529
<b>Department of Education</b>				
Major Projects .....	20	428	502	509
Significant Projects .....	12	15	25	24
Small and Other Projects .....		100	116	120
Total IT Investments .....		\$543	\$643	\$653
<b>Department of Energy</b>				
Major Projects .....	8	33	43	47
Significant Projects .....	202	858	914	926
Small and Other Projects .....		220	170	173
Total IT Investments .....		\$1,111	\$1,127	\$1,146
<b>Department of Health and Human Services</b>				
Major Projects .....	99	2,383	2,750	2,795
Significant Projects .....	619	706	734	830
Small and Other Projects .....		249	229	289
Total IT Investments .....		\$3,338	\$3,713	\$3,914
<b>Department of Housing and Urban Development</b>				
Major Projects .....	40	144	214	204
Significant Projects .....	43	76	83	87
Small and Other Projects .....		86	67	78
Total IT Investments .....		\$306	\$364	\$369
<b>Department of the Interior</b>				
Major Projects .....	37	342	356	400
Significant Projects .....	142	151	167	146
Small and Other Projects .....		67	75	60
Total IT Investments .....		\$560	\$598	\$606
<b>Department of Justice</b>				
Major Projects .....	56	849	1109	1007
Significant Projects .....	72	458	450	496
Small and Other Projects .....		101	106	129
Total IT Investments .....		\$1,408	\$1,665	\$1,632

**Table 22-1. IT PERFORMANCE TABLE—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 1. Agency Summary**

Agency	Count	FY 2000	FY 2001	FY 2002
<b>Department of Labor</b>				
Major Projects .....	8	51	85	125
Significant Projects .....	106	241	289	295
Small and Other Projects .....	.....	0	0	0
Total IT Investments .....	.....	\$292	\$374	\$420
<b>Department of State</b>				
Major Projects .....	11	190	158	146
Significant Projects .....	2	192	411	467
Small and Other Projects .....	.....	14	13	21
Total IT Investments .....	.....	\$396	\$582	\$634
<b>Department of Transportation</b>				
Major Projects .....	23	940	1067	1288
Significant Projects .....	134	981	1162	1089
Small and Other Projects .....	.....	199	248	276
Total IT Investments .....	.....	\$2,120	\$2,477	\$2,653
<b>Department of the Treasury</b>				
Major Projects .....	142	2,013	2,616	2,833
Significant Projects .....	54	102	112	124
Small and Other Projects .....	.....	81	64	74
Total IT Investments .....	.....	\$2,196	\$2,792	\$3,031
<b>Department of Veterans Affairs</b>				
Major Projects .....	42	898	1038	1096
Significant Projects .....	1	1	1	1
Small and Other Projects .....	.....	190	180	164
Total IT Investments .....	.....	\$1,089	\$1,219	\$1,261
<b>Environmental Protection Agency</b>				
Major Projects .....	47	166	186	203
Significant Projects .....	23	70	75	78
Small and Other Projects .....	.....	163	167	169
Total IT Investments .....	.....	\$399	\$428	\$450
<b>Federal Emergency Management Agency</b>				
Major Projects .....	13	69	79	82
Significant Projects .....	4	55	53	50
Small and Other Projects .....	.....	0	0	0
Total IT Investments .....	.....	\$124	\$132	\$132

**Table 22-1. IT PERFORMANCE TABLE—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 1. Agency Summary**

Agency	Count	FY 2000	FY 2001	FY 2002
<b>General Services Administration</b>				
Major Projects .....	43	277	285	275
Significant Projects .....	24	53	58	58
Small and Other Projects .....	.....	50	56	56
Total IT Investments .....	.....	\$380	\$399	\$389
<b>National Aeronautics and Space Administration</b>				
Major Projects .....	37	1,411	1,511	1,425
Significant Projects .....	19	614	612	537
Small and Other Projects .....	.....	85	107	134
Total IT Investments .....	.....	\$2,110	\$2,230	\$2,096
<b>National Science Foundation</b>				
Major Projects .....	1	2	2	2
Significant Projects .....	0	0	0	0
Small and Other Projects .....	.....	0	0	0
Total IT Investments .....	.....	\$2	\$2	\$2
<b>Nuclear Regulatory Commission</b>				
Major Projects .....	3	6	3	3
Significant Projects .....	12	23	24	23
Small and Other Projects .....	.....	31	29	30
Total IT Investments .....	.....	\$60	\$56	\$56
<b>Office of Personnel Management</b>				
Major Projects .....	5	14	29	35
Significant Projects .....	7	34	39	44
Small and Other Projects .....	.....	9	8	9
Total IT Investments .....	.....	\$57	\$76	\$88
<b>Patent Trademark Office</b>				
Major Projects .....	16	40	53	46
Significant Projects .....	1	55	74	68
Small and Other Projects .....	.....	82	113	119
Total IT Investments .....	.....	\$177	\$240	\$233
<b>Social Security Administration</b>				
Major Projects .....	10	119	120	93
Significant Projects .....	36	409	426	407
Small and Other Projects .....	.....	167	195	202
Total IT Investments .....	.....	\$695	\$741	\$702



**Table 22-1. IT PERFORMANCE TABLE—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 1. Agency Summary**

Agency	Count	FY 2000	FY 2001	FY 2002
<b>U.S. Agency for International Development</b>				
Major Projects .....	4	46	54	56
Significant Projects .....	0	0	0	0
Small and Other Projects .....		23	26	25
Total IT Investments .....		\$69	\$80	\$81
<b>All Other Reporting Agencies</b>				
Total IT Investments .....		\$113	\$113	\$144
<b>Total All Agencies IT Investments</b>				
Major Projects .....	853	\$18,947	\$20,998	\$21,358
Significant Projects .....	2,142	\$16,859	\$17,861	\$17,555
Small and Other Projects .....		\$5,327	\$5,447	\$5,781
All Other Reporting Agencies .....		\$113	\$113	\$144
Total All IT Investments .....		\$41,246	\$44,419	\$44,838

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Department of Agriculture (USDA)</b>					
<b>Service Center Modernization Initiative—Information Technology</b>					
Total Investment	\$12	\$59	\$59	Mission Areas Supported: Farm and Foreign Agricultural Service, Rural Development, Natural Resources and Environment. Supports the following goals: Expand Economic and Trade Opportunities of U.S. Agricultural Producers ; Maintain and Enhance the Nation's Natural Resources and Environment: Enhance the Capacity of All Rural Residents, Communities, and Businesses to Prosper	To improve organizational productivity, accountability, and performance. Establish a common computing environment for USDA Service Centers which includes hardware, software, security, websites, telecommunications, and databases: Target      2001      2002 Workstations deployed (%) 100 N/A FSA connectivity in Place (%) 100 N/A Network Servers deployed (%) 100 N/A Application servers deployed (%) N/A 100 Common SC webfarms deployed 3 N/A Enhancements to web farm security, services, and connectivity completed (%) N/A 100 SC data warehouses operational 2 N/A Compliance with E-file and GPEA Yes Yes
Development, Modernization & Enhancement	\$12	\$59	\$59		
Steady State	\$0	\$0	\$0		
<b>FAIM State Implementation</b>					
Total Investment	\$12	\$12	\$15	Mission Area Supported: Food Safety Goal: Promote Health by Providing Access to Safe, Affordable and Nutritious Food	This investment supports HACCP and food safety in conjunction with the FSIS FAIM initiative. Target 2001 2002 Inspectors Trained 1100 1050 Computers deployed 1125 850
Development, Modernization & Enhancement	\$12	\$12	\$15		
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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>FS IT Infrastructure IBM (Project 615)</b>					
Total Investment	\$109	\$123	\$115	Mission Area Supported: Natural Resources and Environment  Goal: Maintain and Enhance the Nation's Natural Resources and Environment	This investment supports the implementation of service-wide technology, which facilitates the access, use and sharing of information to help the Forest Service better achieve its mission. FY 2001: Geographical Information System project work standardized. FY 2002: 90% of major information systems operating with corporate standards and support.
Development, Modernization & Enhancement	\$36	\$42	\$37		
Steady State	\$73	\$81	\$78		
<b>Department of Commerce (Commerce)</b>					
<b>Core Commerce Administrative Management System</b>					
Total Investment	\$35	\$40	\$47	Financial Management	FY 2001—Implement systems in 9 bureaus and FY 2002—Implement systems in 11 bureaus
Development, Modernization & Enhancement	\$29	\$34	\$41		
Steady State	\$6	\$6	\$6		
<b>Decennial/Data Capture System 2000</b>					
Total Investment	\$69	\$34	\$10	Census and Surveys	FY 2001—Successfully completed "Pass 2" data capture operations for Census 2000. Closed Data Capture Centers on Schedule.  FY 2002—Will successfully perform archiving of Census 2000 data.
Development, Modernization & Enhancement	\$69	\$2	\$0		
Steady State	\$0	\$32	\$10		

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Next Generation Weather Radar</b>					
Total Investment	\$12	\$14	\$14	Adv. Short-term Warning and Forecast Services	FY 2001: —Deploy 15% of Radar Product Generator (RPG) systems —Improved detection of small tornadoes FY 2002: —Deploy remaining RPG systems —Improved observation of tornadic and hail storms and faster information delivery to forecasters and private sector
Development, Modernization & Enhancement	\$12	\$14	\$14		
Steady State	\$0	\$0	\$0		
<b>GFDL High Performance Computing</b>					
Total Investment	\$16	\$15	\$18	Adv. Short-term Warning and Forecast Services. Imp Seasonal to Inter-annual Climate Forecasts. Predict and Assess Decadal to Centennial Change.	FY 2001: —Improved Hurricane Forecasts —Prototype Next-generation Climate Model FY 2002: —Improved Climate Model Operational —Incorporate Ocean Observations in Climate Model
Development, Modernization & Enhancement	\$5	\$4	\$7		
Steady State	\$11	\$11	\$11		
<b>Department of Defense (DOD) <sup>3</sup></b>					
<b>Defense Integrated Military Human Resources System (DIMHRS)</b>					
Total Investment	\$75	\$74	\$83	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.

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
Development, Modernization & Enhancement	\$69	\$69	\$83		
Steady State	\$6	\$5	\$6		
<b>Electronic Commerce / Electronic Data Interchange</b>					
Total Investment	\$122	\$109	\$96	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	\$94	\$83	\$64		
Steady State	\$28	\$27	\$32		
<b>Defense Enterprise Computing Centers <sup>4</sup></b>					
Total Investment	\$733	\$765	\$824	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	\$25	\$21	\$78		
Steady State	\$707	\$744	\$747		
<b>Composite Health Care System II</b>					
Total Investment	\$271	\$333	\$283	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	\$66	\$145	\$107		
Steady State	\$204	\$188	\$176		

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Global Combat Support System (GCSS)</b>					
Total Investment	\$258	\$328	\$361	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	\$165	\$217	\$249		
Steady State	\$93	\$111	\$112		
<b>Global Command and Control System (GCCS)</b>					
Total Investment	\$358	\$425	\$470	Functional Applications and Communications and Computing Infrastructure 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	\$173	\$240	\$288		
Steady State	\$185	\$185	\$182		
<b>Public Key Infra-structure/Common Access Card</b>					
Total Investment	\$88	\$209	\$209	Defense In Depth Information Assurance	Information Assurance Architecture Key. Provides the PKI infrastructure to protect the communications and computing infrastructure that enabled applications will exploit. NOTE: This number includes PKI-related \$ ("could benefit PKI") not in core PKI program.

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
Development, Modernization & Enhancement	\$88	\$209	\$209		
Steady State	\$0	\$0	\$0		
<b>Theater Deployable Communications</b>					
Total Investment	\$81	\$96	\$90	Information Superiority Command and Control Activity	National Security System—Battlefield command and control
Development, Modernization & Enhancement	\$74	\$85	\$82		
Steady State	\$7	\$11	\$8		
<b>Advanced Field Artillery Tactical Data System</b>					
Total Investment	\$104	\$118	\$115	Information Superiority Command and Control Activity	National Security System—Battlefield command and control
Development, Modernization & Enhancement	\$102	\$116	\$113		
Steady State	\$2	\$2	\$2		
<b>Department of Education</b>					
<b>EDCAPS Asset Management Subsystem (AMSS)</b>					
Total Investment	\$0	\$1	\$1	Supports Goal 4 and Objective 4.4, Our information technology investments are sound and used to improve impact and efficiency and Objective 4.6, Management of our programs and services ensures financial integrity.  Last year this was one project. This year it is reported as multiple projects.	For FY01 the project is in the analysis phase of the AMSS. We are determining our requirements from a financial system perspective. Our Office of the Chief Information Officer is the primary developer of the asset management system.

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
Development, Modernization & Enhancement	\$0	\$1	\$0		
Steady State	\$0	\$0	\$1		

**EDCAPS Contracts and Purchasing Subsystem (CPSS)**

Total Investment	\$1	\$2	\$1	Supports Goal 4 and Objective 4.4, Our information technology investments are sound and used to improve impact and efficiency and Objective 4.6, Management of our programs and services ensures financial integrity.	FY01: Continue with contractor maintenance and enhancement support for the COMPRIZON.BUY product. Implementing enhancements that will streamline the process for purchase card simplified acquisitions, reducing data entry requirements, and provide for purchase card reconciliations. Implementing our first web functionality, a vendor past performance module to be available 4/23. The Department is also focusing on integrating the product with the new Oracle financial system.  FY02: Education will be working on a number of enhancements including web receipt of electronic proposals and invoices, electronic signature capability and subcontract report tracking.
Development, Modernization & Enhancement	\$0	\$0	\$0		
Steady State	\$1	\$2	\$1		

**EDCAPS Financial Management Subsystem (FMSS)**

Total Investment	\$2	\$3	\$3	Supports Goal 4 and Objective 4.4, Our information technology investments are sound and used to improve impact and efficiency and Objective 4.6, Management of our programs and services ensures financial integrity.	FY01: Implemented the Accounts Receivables portion of the Oracle financial software in October. The Department is maintaining the existing system, i.e.FARS, until it "goes live" with the remainder of the Oracle software in August. For FY02 the Oracle software will become the system of record for the Department of Education and i.e.FARS will be shutdown.
Development, Modernization & Enhancement	\$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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in Fy 2001 and Planned FY 2002 Program Performance Goals and Benefits
Steady State	\$2	\$3	\$3		
<b>EDCAPS Grants and Payments Subsystem (GAPS)</b>					
Total Investment	\$3	\$3	\$2	Supports Goal 4 and Objective 4.4, Our information technology investments are sound and used to improve impact and efficiency and Objective 4.6, Management of our programs and services ensures financial integrity.	FY01: We continue expansion of e-Application program, a web-based application for preparing and submitting grant applications electronically. The goal this year is to include half of ED's grant competitions or 75 programs in this initiative. The Department has also implemented e-Reader functionality allowing peer reviewers to electronically review applications, and e-Reports, which will be available in April and allow both annual grant performance reports to be completed via the Internet.  FY02 goals include: further expansion of e-Application to all formula and discretionary grant programs; e-Award, which will allow ED to electronically submit grant awards to recipients; piloting electronic signatures within the e-Application software; and e-Admin Action which will provide grantees the ability to request administrative actions via the Internet.
Development, Modernization & Enhancement	\$0	\$0	\$0		
Steady State	\$3	\$3	\$2		
<b>EDCAPS General Ledger Replacement (GLR)</b>					
Total Investment	\$7	\$11	\$3	Supports Goal 4 and Objective 4.4, Our information technology investments are sound and used to improve impact and efficiency and Objective 4.6, Management of our programs and services ensures financial integrity.	FY01: Implemented the Accounts Receivables portion of the Oracle financial software in October. This was the first piece of the new software to be installed and utilized. The Department's intention is to "go live" with the remainder of the Oracle software in August. For FY02 the Oracle software will become the system of record for the Department of Education.

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
Development, Modernization & Enhancement	\$7	\$11	\$3		
Steady State	\$0	\$0	\$0		
<b>EDCAPS Integration Systems Support (ISS)</b>					
Total Investment	\$13	\$14	\$13	Supports Goal 4 and Objective 4.4, Our information technology investments are sound and used to improve impact and efficiency and Objective 4.6, Management of our programs and services ensures financial integrity.	For FY01 Continue contractor maintenance and enhancement support. Major implementation efforts focus on the new Oracle financial software and the new travel management software. Education's goal is to have the Oracle software implemented and integrated with core systems, i.e. GAPS, CPSS, by August 2001. The travel management software will come on line October 31.
Development, Modernization & Enhancement	\$0	\$0	\$0		
Steady State	\$13	\$14	\$13		
<b>EDCAPS Travel Management System</b>					
Total Investment	\$0	\$1	\$1	Supports Goal 4 and Objective 4.4, Our information technology investments are sound and used to improve impact and efficiency and Objective 4.6, Management of our programs and services ensures financial integrity	Purchased Gelco's Travel Manager Software in January 2001, after extensive analysis. In the process of configuring the software and determining initial interface requirements. Education plans on training users beginning later this fiscal year rolling the software out on October 31.
Development, Modernization & Enhancement	\$0	\$1	\$0		
Steady State	\$0	\$0	\$1		
<b>Student Financial Assistance</b>					
Total Investment	\$442	\$521	\$465	Ensure access to post-secondary education and lifelong learning and assist in developing an efficient and effective IT infrastructure.	Education has a detailed SFA Performance Plan Summary available.

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
Development, Modernization & Enhancement	\$56	\$59	\$53		
Steady State	\$386	\$463	\$412		

**Department of Energy (DOE)**

**Organization Site Specific**

Total Investment	\$32	\$34	\$35	Environmental Quality	For FY 2001, please see endnote. <sup>5</sup>
Development, Modernization & Enhancement					
Steady State					

**National Defense Activities**

Total Investment	\$41	\$37	\$34	<p>National Nuclear Security</p> <p><b>Mission Area Supported:</b> Provide the Navy with safe, militarily the safety, performance, reliability, and service life of operating personnel effective nuclear propulsion plants, and ensure their continued safe and reliable operation.</p>	<p>NR's performance measures are based on a year of operations, hence none are complete for FY 2001. However, we expect to reach our goals by the end of the fiscal year.</p> <p>FY 2001</p> <p>NS5-1 :Ensure the safety, performance, reliability, and service life of operating reactors.</p> <p>NS5-2: Develop new technologies, methods and materials to support reactor plant design, including the next generation reactor, which will be 93 percent complete by the end of FY 2001, and initiate detailed design efforts on a reactor plant for the next generation aircraft carrier.</p>
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**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in Fy 2001 and Planned FY 2002 Program Performance Goals and Benefits
					<p>NS5-3: Maintain outstanding environmental performance ensure no personnel exceed Federal limits for radiation exposure and non-significant findings result from environmental inspections from State and Federal regulators</p> <p>FY 2002</p> <p>NS5-1 : Ensure the safety, performance, reliability, and service life of operating reactors.</p> <p>NS5-2: Develop new technologies, methods and materials to support reactor plant design, including the next generation reactor, which will be 96 percent complete by the end of FY 2002, and conduct detailed design efforts on a reactor plant for the next generation aircraft carrier.</p> <p>NS5-3: Maintain outstanding environmental performance ensure no no personnel exceed Federal limits for radiation exposure and non-significant findings result from environmental inspections from State and Federal regulators</p>
Development, Modernization & Enhancement					
Steady State					

**Business Management Information System—Financial Management**

Total Investment	\$4	\$8	\$10	Corporate Management	<p>In FY 2001, the BMIS Phoenix project began to implement its contract for integration services for design and installation of a modernized financial management system as part of an ERP solution.</p> <p>Major accomplishments to date:</p> <ul style="list-style-type: none"> <li>—Purchase and successful installation of project hardware, operating system, database and application software</li> <li>—Successful testing of remote access and LAN connectivity</li> </ul>
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**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
					<ul style="list-style-type: none"> <li>—Two “boot camp” training sessions for core team members to prepare for software configuration decisions</li> <li>—Establishment of a communications strategy, monthly newsletter, project website, and a pattern of briefings for key stakeholders</li> <li>—Initiation of a census of key legacy and planned applications that may require interface with the new system</li> <li>—Completion of the initial phase of the project methodology, the “Prepare” phase, and posted the work products on the website. This includes the risk management plan and the quality assurance plan.</li> </ul> <p>Planned milestones:</p> <ul style="list-style-type: none"> <li>—Complete a series of conference room pilots to test key design choices such as the accounting flex field</li> <li>—Complete the “Focus” phase which involves a gap analysis of the software and the work processes</li> <li>—Complete the initial design for the system (Design Phase) FY 2002</li> </ul> <p>Major focus:</p> <ul style="list-style-type: none"> <li>—Go live with the production system at the Capital Area Service Center and the Albuquerque Service Center with their respective related satellite</li> <li>—Complete necessary training of staff, testing, redesign of work processes, interface mapping and development of any necessary administrative procedures prior to the decision to go live</li> </ul>
Development, Modernization & Enhancement	\$4	\$8	\$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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in Fy 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Department of Health and Human Services (HHS)</b>					
<b>Electronic Research Administration (eRA) (NIH)</b>					
Total Investment	\$14	\$34	\$35	The mission of NIH is to work towards uncovering new knowledge that will lead to better health for everyone. One way it does this is by supporting the research of non-Federal scientists in universities, medical schools, hospitals, and research institutions throughout the country and abroad. ERA directly supports that mission by providing the information systems and infrastructure to electronically administer, award and monitor grant applications and awards.	ERA is the comprehensive term used to describe the electronic systems that NIH uses to manage data on grant awards. The goal of eRA—comprised of both legacy and new grants processing systems, and the NIH COMMONS, the prototype system for the Federal Commons, serving as an electronic mall where the grantee community may conduct business electronically with NIH over the Internet—is the capability for end-to-end electronics grants administration.  In FY 2001 eRA has secured sufficient resources, management support and community engagement to ensure the long term success of the project. FY 2002 targets include increasing reporting capabilities, redesigning the NIH Commons, X-Train, and Committee Management Modules to provide increased capability and flexibility for both NIH staff and grantee institutions.
Development, Modernization & Enhancement	\$3	\$7	\$8		
Steady State	\$11	\$27	\$27		

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>MEDLARS Database Updating and Information Retrieval (NIH/NLM)</b>					
Total Investment	\$53	\$58	\$67	Acquire, organize, preserve and disseminate the world's biomedical information for the benefit of the public health.	In 2001 MEDLARS provided biomedical information (biographic references typically including abstracts from over 4300 biomedical journals to health professionals and lay people throughout the nation, via the Internet, at no charge.  FY 2002 targets include continued improvements in NLM's retrieval interfaces; developing an NLM Gateway that provides simple integrated access to all of NLM's databases and Web-based information for the unsophisticated searcher; improving advanced search and subsetting capabilities; developing easy-to-use access and delivery mechanisms to promote public awareness of health information resources; adding improved and expanded drug information to the Hazardous Substances Data Bank; enhancing the TOXNET web interface; analyzing feedback and developing new metrics to evaluate NLM's computer-based services and their accessibility.
Development, Modernization & Enhancement	\$37	\$20	\$24		
Steady State	\$17	\$38	\$43		

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Expanded Federal Parent Locator Service (eFPLS) (OCSE)</b>					
Total Investment	\$38	\$37	\$37	<p>A. Establish parentage for all children ;</p> <p>B. Ensure that all children in IV-D cases have financial and medical support orders; and</p> <p>C. Obtain financial and medical support from both parents for all children in IV-D cases.</p>	<p>The expanded FPLS assists States in locating parents, establishing support orders and enabling child support collections, as well as in establishing paternity and medical support orders. Using the expanded FPLS, OCSE was able to provide States information on over 3 million non-custodial parents and putative fathers. With 4,231 financial institutions participating in the Multistate Financial Institution Data Match (MSFIDM), its Inquiry File containing 4.5 million obligators has resulted in 1 million matched accounts, with a value of \$2.5 billion (from more than 690,000 delinquent obligators) being distributed each quarter to States. For FY 2002, OCSE projects that 96% of all children will have parentage established, and 64% of all children in IV-D cases will have financial and medical support orders.</p>
Development, Modernization & Enhancement	\$8	\$8	\$4		
Steady State	\$30	\$29	\$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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Adverse Events Reporting (AERS) (FDA)</b>					
Total Investment	\$12	\$4	\$8	AERS supports the FDA performance goal to streamline the adverse events reporting system for drugs.	In FY 2001, the goal to provide the capability to process 100% of adverse events reports submitted from industry electronically was met. Spontaneous reporting (from health professionals) is considered to be the most robust method for identifying new and previously unknown safety issues. In FY 2002, AERS will be evaluated against its established performance metrics to determine its effectiveness. This will include reviewing the time-frame for receiving incoming reports, the cost of processing reports and the total volume of paper received
Development, Modernization & Enhancement	\$3	\$2	\$2		
Steady State	\$9	\$2	\$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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Managed Care Encounter Data/Risk Adjustment (HCFA)</b>					
Total Investment	\$18	\$14	\$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 for their enrollees, paying MCOs less for healthy beneficiaries and more for sicker beneficiaries, and producing program savings, while encouraging plans to enroll and treat sicker beneficiaries. Implementation of the encounter data processing is taking place in three phases: (1) implementation of processing of inpatient, physician, and outpatient data; (2) development and testing of comprehensive risk adjuster model; (3) implementation of comprehensive model for payments beginning January 1, 2004. Phase 1 was completed in FY 2001. The goal for FY 2002 is completion of Phase 2.
Development, Modernization & Enhancement	\$18	\$14	\$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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Medicare Managed Care Systems Redesign (HCFA)</b>					
Total Investment	\$15	\$15	\$18	Foster excellence in the design and administration of HCFA's programs. <i>and</i> Promote beneficiary and public understanding of HCFA and its programs (APP Goal MB4-01: Improve Medicare's administration of the beneficiary appeal process.)	Redesign is needed in 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. MMCS Redesign will provide a system for collection of plan-level appeal data for MCO oversight and quality of care monitoring by HCFA.  This project is being completed in two stages. Completion of Stage 1 will result in redesigned beneficiary payment and enrollment functions. Completion of Stage 2 produces a redesigned Managed Care Organization payment function. Analysis and design phase of Stage 1 will be completed in FY 2001. System development will continue in FY 2002, and is planned for implementation in FY 2003. Project completion is expected in FY 2003.
Development, Modernization & Enhancement	\$15	\$15	\$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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in Fy 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Payment Management System</b>					
Total Investment	\$5	\$5	\$5	Grants payment and cash management support.	In 2001 PMS provided a centralized electronic payment and cash management service to all organizations receiving Federal grants and contracts. <ul style="list-style-type: none"> <li>• We met the goal of 15,000 for number of recipient organizations reporting electronically.</li> <li>• We met the goal of completing audit resolutions within six months of receipt.</li> </ul> 2002 targets include: PMS will increase the non-HHS customer base serviced. <ul style="list-style-type: none"> <li>• Increase the number of recipient organizations reporting electronically.</li> <li>• Increase the level of customer satisfaction with PMS.</li> </ul>
Development, Modernization & Enhancement	\$3	\$0	\$0		
Steady State	\$2	\$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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>National Practitioner Data Bank (NPDB) (HRSA)</b>					
Total Investment	\$14	\$17	\$17	Assure Quality of Care	The NPDB 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 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. The use of the NPDB is estimated to increase in FY 2001 and level off in FY 2002. An estimated 4.3 million queries to the NPDB are projected in FY 2001 and FY 2002. The NPDB is fully financed by user fees.
Development, Modernization & Enhancement	\$0	\$0	\$0		
Steady State	\$14	\$17	\$17		

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Healthcare Integrity and Protection Data Bank (HIPDB) (HRSA)</b>					
Total Investment	\$4	\$4	\$8	Assure Quality of Care	The HIPDB collects data on all final adverse actions (such as revocations, suspensions, exclusions, criminal convictions and civil judgments) against health care providers, suppliers, and practitioners. Health plans and federal and state programs and officials (including licensing agencies, certification agencies, criminal prosecutors, government attorneys participating in civil cases, and agencies taking program exclusion actions) are required to report to the HIPDB. Federal and State agencies and health plans are permitted to query the HIPDB. The HIPDB is operated in conjunction with the NPDB, and is fully financed by user fees. The HIPDB, which opened for querying on March 6, 2000, is projected to receive an estimated 1.8 million queries in FY 2001 and 2.0 million queries in FY 2002.
Development, Modernization & Enhancement	\$1	\$0	\$0		
Steady State	\$3	\$4	\$8		

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>RPMS (IHS)</b>					
Total Investment	\$27	\$29	\$32	Provide Health Services and Perform Core Functions and Advocacy	<p>FY2001 Achieved: Enhanced 3rd Party Billing package to allow electronic billing of the HCFA-1500-E and UB-92; provided support for reprinting electronic claims; provided support for multiple billing locations and billing for sites not designated as satellite clinics.</p> <p>Enhanced the Accounts Receivable package to include importing of Explanation of Benefits files from Medicare; automated review, posting, and adjustment of Medicare claims; flat rate posting, and additional reports.</p> <p>FY2002 Planned:</p> <p>In addition to upgrading software required to improve the RPMS infrastructure, specific emphasis will be placed upon data quality, billing and accounts receivable packages, as well as clinical support components. Upgrading data set exports will include the Patient Statistical Record, ORYX and GPRA measures. These upgrades will provide the ability to extract clinical and financial data to determine best practices in a more secure environment.</p>
Development, Modernization & Enhancement	\$11	\$12	\$13		
Steady State	\$16	\$17	\$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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>National Electronic Disease Surveillance System (NEDSS) (CDC)</b>					
Total Investment with Extramural	\$19	\$27	\$28	This initiative supports the agency's mission of promoting health and quality of life by preventing and controlling disease.	<p>Goal 1: Pilot projects will develop and test electronic linkages between public health agencies and the health care sector.</p> <p>FY01: CDC funded 14 states to develop elements of a capacity to link with managed care, hospitals, or other health care providers.</p> <p>FY02: CDC plans to fund 10 more states in such element development.</p> <p>Goal 2: National data standards for surveillance and reporting will be developed including data definitions and a common user interface and system architecture; and a secure pipeline for surveillance reporting.</p> <p>FY01: The Base System for NEDSS in 2 states will pilot common data standards.</p> <p>FY02: Common data standards will be expanded to 10 additional states.</p> <p>Goal 3: Increase CDC-developed surveillance systems incorporating enhanced security measures for most surveillance reporting.</p> <p>FY01: 80% of states are transmitting secure surveillance data to CDC.</p> <p>FY02: 100% of states to transmit securely.</p> <p>Goal 4: Increase the percentage of CDC's web-based surveillance systems which have implemented enhanced security measures for Internet transmission of case-level data.</p> <p>FY01: 80% of surveillance systems have implemented the transmission of case-level surveillance data using the Secure Data Network (SDN).</p>
Total Intramural Investment	\$5	\$7	\$7		



**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
					FY02: 100% of surveillance systems will implement the transmission of case-level surveillance data using the Secure Data Network (SDN).
Development, Modernization & Enhancement (Intramural)	\$4	\$5	\$5		
Steady State (Intramural)	\$1	\$2	\$2		

**Department of Housing and Urban Development (HUD)****Departmental Grants Management System (DGMS)**

Total Investment	\$6	\$5	\$9	Agency Strategic Goal 5: Ensure public trust in HUD.	DGMS development will address 90% of Module 1 Priority 1 grantee and HUD functionality for 15 percent of HUD's grant programs (16 out of 101 grant programs).  A minimum of three Public Interests Groups will receive quarterly updates of the status on the development effort.
Development, Modernization & Enhancement	\$6	\$5	\$4		
Steady State	\$0	\$0	\$5		

**Tenant Assessment Subsystems**

Total Investment	\$2	\$2	\$2	Agency Strategic Goals 1 and 5: 1) Increase the availability of decent, safe, and affordable housing in american communities and 5) ensure public trust.	Increase the availability of rental assistance by identifying over-subsidized and ineligible households and facilitating housing agency/owner/agent actions to terminate rental assistances to ineligible households.  Increase timeliness of SS and SSI reports delivery to local administrators of rental assistance programs. Reports delivered for tenants scheduled to recertify delivered within 3 months of the first day of the scheduled recertification month.
Development, Modernization & Enhancement	\$2	\$1	\$1		
Steady State	\$0	\$2	\$1		

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Empowerment Information System (EIS)</b>					
Total Investment	\$8	\$8	\$9	Agency Strategic Goal 5: Ensure Public Trust	For FY2001, there are 66 sub-objectives under 5 broader strategic goals. The EIS will provide data in support of at least 10% (20 of 66) of these strategic sub-objectives this year.  Develop a data-warehouse strategy and plan that meets 100% compliance with the guidelines of the revised OMB Circular A-16.
Development, Modernization & Enhancement	\$8	\$7	\$7		
Steady State	\$0	\$1	\$2		

**Department of the Interior****Trust Fund Accounting System (TFAS)**

Total Investment	\$15	\$15	\$15	Ensure Proper and efficient discharge of the Secretary's Trust Fund responsibility to Indian Tribes and individual Indians.	Goals for improving trust fund management are described in a comprehensive High Level Implementation Plan (March 2000) for Indian Trust Management Improvement.  The Office of the Special Trustee for American Indians completed conversion of over 263,000 tribal and Individual Indian Monies accounts to TFAS in March 2000. TFAS provides quarterly statements to account holders.
Development, Modernization & Enhancement	\$15	\$0	\$0		
Steady State	\$0	\$15	\$15		

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Minerals Revenue Management (MRM) System Re-engineering</b>					
Total Investment	\$15	\$17	\$9	Provide timely, accurate, and cost-effective mineral royalty collection and disbursement services.	Reengineered systems are being implemented during FY2001. During FY2002, MRM will continue to make progress toward its goals to: Increase the proportion of revenues available to recipients within 24 hours Increase the timeliness and accuracy of revenue payment and reports Accelerate revenue compliance review processes Improve cost effectiveness
Development, Modernization & Enhancement	\$15	\$15	\$0		
Steady State	\$0	\$2	\$9		
<b>Trust Asset and Accounting Management System (TAAMS)</b>					
Total Investment	\$15	<sup>6</sup> \$19	<sup>6</sup> \$20	Ensure proper and efficient discharge of Secretary's Trust Asset responsibility to Indian Tribes and individual Indians.	Goals for improving trust fund management are described in a comprehensive High Level Implementation Plan (March 2000) for Indian Trust Management Improvement. TAAMS consists of four component modules for managing Indian land titles and records, realty leases, real estate appraisals, and probates. The land title and records module is operational in four BIA regions, with deployment planned to other regions during 2001 and 2002. The lease module is expected to begin deployment in 2001. The appraisal and probate modules are under development.
Development, Modernization & Enhancement	\$15	\$14	\$12		
Steady State	\$0	\$0	\$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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Department of Justice (DOJ)</b>					
<b>Integrated Automated Fingerprint Identification System (IAFIS)</b>					
Total Investment	\$42	\$49	\$39	Prevent and Reduce Crime and Violence by Assisting State, Tribal, Local and Community-Based Programs.	<p>Performance Goals achieved in FY 2001: the average turnaround time for Electronic Criminal Answer Required 10-print requests for November 2000 was 2.59 hours and the average turnaround time for Electronic Civil 10-Print Requests for November 2000 was 4.35 hours.</p> <p>Performance Goals FY 2002: an average turnaround time of two hours on all electronic criminal fingerprint submissions, with 99% of all responses being completed within 3 hours. In addition, an average turnaround time of 24 hours on all electronic civil fingerprint submissions with 99% of all responses being completed within 48 hours.</p> <p>Performance Benefits for FY 2002: 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 sensitive positions.</p>
Development, Modernization & Enhancement	\$0	\$11	\$0		
Steady State	\$42	\$38	\$39		

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>National Crime Information Center (NCIC 2000)</b>					
Total Investment	\$14	\$12	\$9	Prevent and Reduce Crime and Violence by Assisting State, Tribal, Local and Community-Based Programs.	Performance Goals achieved in FY 2001: 99.72% actual system availability as compared to performance goal of 99.5%. Performance Goals FY 2002: 99.5% system availability. Performance Benefits for FY 2002: NCIC 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. NCIC responds to queries within two seconds.
Development, Modernization & Enhancement	\$0	\$3	\$0		
Steady State	\$14	\$9	\$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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Integrated Surveillance Systems Program (ISIS)</b>					
Total Investment	\$18	\$35	\$35	Fairly and Effectively Administer the Immigration and Naturalization Laws of the United States	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, turn-backs, and get-aways at each site while greatly increasing officer safety as agents respond to illegal incursions. During FY 2000, 59 systems were deployed to the Southwest Border, with 70 systems planned for deployment during FY 2001. In addition to its effectiveness in observation and apprehension, ISIS is responsible for reducing the man hours previously required for officers to respond to false sensor activations. ISIS is also proving to be a deterrent to illegal crossing in and around areas of deployment. As system performance and data tracking methodology, along with personnel resources to monitor and update data, are enhanced, performance measures will be formalized and reporting requirements established.
Development, Modernization & Enhancement	\$10	\$26	\$22		
Steady State	\$8	\$9	\$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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Firebird</b>					
Total Investment	\$55	\$88	\$118	Mission Area II: Keep America Safe by Enforcing Federal Criminal Laws.	<p>DEA is currently in the process of defining program performance measures related to the Firebird infrastructure which will be set in place during the FY 2003 budget cycle. To date, DEA emphasis has been the worldwide deployment and sustainment of Firebird.</p> <p>While there have been measurable improvements in terms of communication and collaboration related to investigative and case information across the DEA with the implementation of the Firebird network, the most significant, program-related improvements will be realized with the application environment that a fully deployed Firebird will make possible. For example, in FY2001 Firebird provides the platform for DEA's automated booking system, the Firebird Booking Service (FBS) which reduces the average processing time for fingerprint processing from two weeks to under two hours. As a result, an agent now has critical identification and criminal history information about the arrestee while the individual is still in custody.</p>

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
					<p>The completion of the deployment of Firebird and the implementation of improved case management techniques on Firebird are FY 2002 performance goals that will result in the availability of investigative information across DEA in a matter of days rather than weeks. Current accurate information available in a timely manner is a valued commodity. DEA's goal with investigative information is to make this perishable information readily available to agents across jurisdictional lines while the information is still relevant, making better cases and identifying more complete drug organizations. The Department's ultimate goal, when Firebird is completely deployed, is to add applications that will enable case information to be immediately available to agents who may be working cases against the same suspects.</p>
Development, Modernization & Enhancement	\$27	\$38	\$68		
Steady State	\$28	\$50	\$50		



**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Department of Labor (DOL)</b>					
<b>Enterprise Architecture</b>					
Total Investment	<sup>7</sup> \$0	<sup>7</sup> \$18	<sup>7</sup> \$51	A Prepared Workforce; A Secure Workforce; Quality Workplaces	The Department's IT Strategic Plan includes the establishment of an Enterprise Architecture that allows for information to be shared internally and externally. During the development of the target 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	\$18	\$25		
Steady State	\$0	\$0	\$16		

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Office Automation</b>					
Total Investment	<sup>7</sup> \$0	<sup>7</sup> \$9	<sup>7</sup> \$11	A Prepared Workforce; A Secure Workforce; Quality Workplaces	<p>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.</p> <p>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 its constituents including the job seekers, wage earners, and retirees of the United States, as well as their employers.</p>
Development, Modernization & Enhancement	\$0	\$9	\$4		
Steady State	\$0	\$0	\$7		

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>(Common Administrative Systems) People Power 2000</b>					
Total Investment	\$8	\$10	\$16		This initiative will modernize the Department's Human Resources (HR) and payroll reprocessing system through implementation of a Commercial-Off-The-Shelf (COTS) solution. The initiative improves and implements new technology in support of process re-engineering that establishes an environmental foundation for implementation of e-commerce processing functionality. The system reduces the administrative burden of paper-initiated actions, streamlines processing of HR and Payroll actions, and improves accuracy, record keeping and workflow throughout the entire Department.
Development, Modernization & Enhancement	\$5	\$7	\$11		
Steady State	\$3	\$3	\$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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Modernization of Departmental Core Accounting System</b>					
Total Investment	\$5	\$6	\$7	A Secure Workforce; Quality Workplaces	The Department of Labor's core accounting system (DOLAR\$) is the system of record for transactions involving the Department's financial resources. The integrity of this central system and its ability to produce timely and accurate data are essential to the stewardship of those resources. Despite its usefulness for over a decade, DOLAR\$ is approaching the end of its life cycle. In addition, integrated financial management systems must increasingly support program managers, financial managers, and budget analysts simultaneously. Transition to a new core accounting system will ensure that the Department remains compliant with legislatively prescribed standards that require compliance with the Joint Financial Management Program's functional requirements for core accounting systems and that cost data can be captured in accordance with the Federal Accounting Standards Advisory Board's Standard #4.
Development, Modernization & Enhancement	\$3	\$4	\$5		
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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Employee Retirement Income Security Act Filing Acceptance System (EFAST)</b>					
Total Investment	\$14	\$9	\$9	A Secure Workforce	The EFAST program will have completed its transition to "Steady State" operations in FY2001. FY2002 will be its first full fiscal year of "Steady State" operations. EFAST has met both its Cost and Schedule baseline goals for its development and scale-up phases (FY1998 FY 2001). Quantified specifics on these two performance goals are reflected in the program's FY2002 Exhibit 300B, submitted January 2001.  This will be the last year that this project will be reported in Table 22-1.
Development, Modernization & Enhancement	\$4	\$0	\$0		
Steady State	\$10	\$9	\$9		
<b>Department of State</b>					
<b>A Logical Modernization Approach</b>					
Total Investment	\$10	\$12	\$30	Diplomatic Readiness: Infrastructure and Operations	FY2001: Refresh unclassified infrastructure at 25% of posts and FY2002: Refresh unclassified infrastructure at 25% of posts, and deploy hardware and software needed for overseas internet access via unclassified network at all posts
Development, Modernization & Enhancement	\$2	\$2	\$20		
Steady State	\$8	\$10	\$10		
<b>Classified Connectivity Program</b>					
Total Investment	\$5	\$8	\$97	Diplomatic Readiness: Infrastructure and Operations	FY2001: Deploy modernized classified IT infrastructure to 37 overseas posts, and FY2002: Deploy modernized classified IT infrastructure and office automation to 95 posts.
Development, Modernization & Enhancement	\$5	\$8	\$97		

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
Steady State	\$0	\$0	\$0		
<b>E-mail Operations</b>					
Total Investment	\$8	\$8	\$10	Diplomatic Readiness: Infrastructure and Operations	FY2001: Ongoing worldwide E-mail operations, Deploy enhanced operational support and e-mail network protection. FY2002: Ongoing Worldwide E-mail operations and improved e-mail virus detection and firewalls.
Development, Modernization & Enhancement	\$2	\$2	\$4		
Steady State	\$6	\$6	\$6		
<b>Enterprise Network Management</b>					
Total Investment	\$9	\$10	\$15	Diplomatic Readiness: Infrastructure and Operations	FY2001: 7x24 Three Tier Network Management for unclassified IP networks, further consolidation of IP network management, upgrade systems management tools worldwide. FY2002: 7x24 network management for all departments IP infrastructure networks, and increased redundancy and capacity to support PDD-63 and Department initiatives such as internet access.
Development, Modernization & Enhancement	\$3	\$3	\$8		
Steady State	\$7	\$7	\$7		
<b>Enterprise Software—Licensing and Maintenance</b>					
Total Investment	\$5	\$4	\$5	Diplomatic Readiness: Infrastructure and Operations	FY2001: Implement Oracle and Server backup licenses. Combine IOS maintenance and service contracts. FY2002: Enterprise Oracle licenses continued.
Development, Modernization & Enhancement	\$3	\$2	\$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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Foreign Affairs System Integration IT Pilot</b>					
Total Investment	\$1	\$17	\$0	Diplomatic Readiness: Infrastructure and Operations	FY2001: Implement FASI Collaboration Zone prototype. Begin Deployment of Foreign Affairs Common IT Platform to pilot sites Mexico and India and FY2002: fully deploy FASIP pilot and analyze pilot results
Development, Modernization & Enhancement	\$1	\$17	\$0		
Steady State	\$0	\$0	\$0		
<b>Technology Infrastructure</b>					
Total Investment	\$201	\$230	\$332	Diplomatic Readiness: Infrastructure and Operations	FY2001: Ongoing infrastructure refresh, Help Desk, Security Services FY2002: Ongoing infrastructure maintenance <ul style="list-style-type: none"> <li>Worldwide Internet Access via unclassified network fully deployed</li> <li>Enterprise-wide unclassified infrastructure certified and accredited</li> <li>Deploy HW/SW needed for domestic Internet access via unclassified network</li> </ul>
Development, Modernization & Enhancement	\$60	\$92	\$192		
Steady State	\$141	\$138	\$140		
<b>ILMS Integrated Logistics Management System</b>					
Total Investment	\$2	\$10	\$13	Diplomatic Readiness: Information	FY2001: ILMS components developed and tested FY2002 Implementation of ILMS in A/LM and key bureaus
Development, Modernization & Enhancement	\$2	\$10	\$11		
Steady State	\$0	\$0	\$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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Applications and Software Development</b>					
Total Investment	\$7	\$14	\$14	Diplomatic Readiness: Information	FY2001 Streamline and integrate administrative applications FY2002 Streamline and integrate administrative applications Access to medical records electronically
Development, Modernization & Enhancement	\$5	\$11	\$11		
Steady State	\$2	\$3	\$3		
<b>IMPACT Section 508 Initiative</b>					
Total Investment	\$1	\$1	\$1	Diplomatic Readiness: Human Resources	FY2001: Identification of Section 508 bureau requirements and guidance for bureaus and FY2002: Ongoing bureau compliance
Development, Modernization & Enhancement	\$1	\$1	\$1		
Steady State	\$0	\$0	\$0		
<b>Training</b>					
Total Investment	\$2	\$2	\$2	Diplomatic Readiness: Human Resources	FY2001: Ongoing ALMA training and distance learning support and FY2002: Ongoing ALMA training and Open Net+ security training and CCP user and system administrative training
Development, Modernization & Enhancement					
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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>All Other IT Infrastructure and Office Automation</b>					
Total Investment	\$209	\$237	\$243	Diplomatic Readiness: Infrastructure and Operations	FY2001: Ongoing Desktop and LAN refresh and maintenance and FY2002: Ongoing Desktop and LAN refresh and maintenance
Development, Modernization & Enhancement					
Steady State	\$209	\$237	\$243		
<b>Department of Transportation (DOT)</b>					
<b>Standard Terminal Automation Replacement System (STARS)</b>					
Total Investment	\$195	\$179	\$171	Mobility	The performance goal to reduce delays to 171 delays per 100,000 activities for 2000 was not met because of external factors such as weather conditions being worse than normal. The FY 2002 goal is to reduce delays from 250 per 100,000 activities to 171 per 100,000 activities
Development, Modernization & Enhancement	\$195	\$179	\$171		
Steady State	\$0	\$0	\$0		
<b>Oceanic Automation System</b>					
Total Investment	\$63	\$89	\$164	Mobility	The performance goal for FY 2002 is to increase flight route flexibility by 3% in FY 2001 and 5% in FY 2002. Significant savings will result from shorter and more direct flight routes. Since the contract for oceanic automation has not been awarded, there are no performance results for FY 2000.
Development, Modernization & Enhancement	\$27	\$52	\$87		
Steady State	\$36	\$37	\$77		

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Flight Phase I</b>					
Total Investment	\$180	\$170	\$121	Mobility	The performance goal for FY 2002 is to increase flight route flexibility by 3% in FY 2001 and 5% in FY 2002. Significant savings will result from shorter and more direct flight routes, and potential delay reductions at major airports. Since only portions of Free Flight Phase 1 (FFP1) are operational and the remaining components of FFP1 are planned to be operational by the end of FY 2002, performance cannot be fully measured until 2002.
Development, Modernization & Enhancement	\$180	\$170	\$121		
Steady State	\$0	\$0	\$0		
<b>Wide Area Augmentation System (WAAS)</b>					
Total Investment	\$84	\$119	\$196	Safety, Mobility	The FY 2000 goal of publishing 500 procedures for airport approaches relying on the GPS satellite navigation system, augmented by WAAS, was exceeded. The FY 2002 goal more specifically addresses all weather access by proposing to increase the number of runways that are accessible in poor weather conditions from 1,191 to 1,354.
Development, Modernization & Enhancement	\$83	\$78	\$75		
Steady State	\$1	\$41	\$121		

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Department of the Treasury</b>					
<b>ACE Software Development</b>					
Total Investment	\$0	\$85	\$228	Enforcement	<p>Contract award for this project is planned during FY2001. We will work with the contractor and Customs staff to document and baseline multiple performance areas, such as:</p> <p>Automating time-consuming and labor-intensive truncations, reducing requirements for filing, providing national views of importer activity, achieving national perspective for enforcement violations, enabling faster cycle time at borders, allowing remote filing locations, reducing data entry by importers and the government, reducing filings for importers and brokers, Consolidating individual payments and credits into one periodic national payment (account-based processing), consolidating operations for the import trade, improving Customs operations management, improving Customs targeting and analytical capabilities, improving system reliability and enhance Customs ability to handle the continual growth in trade volume.</p>
Development, Modernization & Enhancement	\$0	\$85	\$228		
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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>ACS Life Support</b>					
Total Investment	\$67	\$123	\$123	Enforcement	2001 —Ability to provide the trade with better reliability faster response times and enhanced capabilities. —Ability to meet increased trade volume and expanding mission requirements. 2002 —Provide reliable database environment that will guard against unscheduled outages. —Ability to capture ACS programs in a single repository to help retain knowledge of complex system as programmers and analysts who built the system retire.
Development, Modernization & Enhancement	\$35	\$56	\$0		
Steady State	\$32	\$67	\$123		
<b>Integrated Treasury Network</b>					
Total Investment	\$0	\$30	\$25	Enforcement	For FY02: 40% of Treasury LMR assets converted to narrowband. Infrastructure conversion of 2 regions to narrowband. OTAR/DATA network installed in 2 regions.
Development, Modernization & Enhancement	\$0	\$30	\$25		
Steady State	\$0	\$0	\$0		
<b>International Trade Data System</b>					
Total Investment	\$6	\$5	\$5	Enforcement	2003—Reduction of Government and trade community processing time and costs 2004—Elimination of duplicate Government trade data systems and communications networks. 2004—Enhance fraud detection capabilities. 2004—Increased border processing throughput.
Development, Modernization & Enhancement	\$6	\$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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
Steady State	\$0	\$0	\$0		
<b>HR Connect</b>					
Total Investment	\$21	\$26	\$26	Treasury-wide Management Policies and Programs	FY2002 Planned Performance Goals and Benefits  Increase number of employees served by HR Connect Increase percent of requirements satisfied by HR Connect Retire legacy systems and reduce cost of operations Improve level of HR customer satisfaction with accuracy, timeliness, and business value of HR Connect, Support new business offerings FY2001 Performance Goals Achieved 12% of total Treasury FTE supported 6 core HR areas redesigned/supported (Personnel Action Requests, Payroll Interface, Recruitment, Performance/Position Management, Training Administration)
Development, Modernization & Enhancement	\$16	\$21	\$19		
Steady State	\$5	\$5	\$7		

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Treasury IRS Business Systems Modernization</b>					
Total Investment	\$0	<sup>8</sup> \$377	\$397	<ol style="list-style-type: none"> <li>1. Service to each taxpayer—The first strategic goal is to improve service to the individual taxpayer. Taxpayers should be able to obtain information and have appropriate adjustments made to their account accurately, quickly and conveniently.</li> <li>2. Service to all taxpayers—The second strategic goal requires the IRS to apply the law with integrity and fairness to all. This ensures that taxpayers who do not comply will not place a burden on those who do comply.</li> <li>3. Productivity through a quality work environment—The third strategic goal is to increase productivity by providing a quality work environment for IRS employees. The IRS must not only provide top quality service to taxpayers, but also efficiently, using the fewest possible resources.</li> </ol>	<p>IRS Business Systems Modernization is a portfolio containing multiple systems. These systems support a major transformation of the IRS' organization, business practices and enabling technologies.</p> <p>Documentation contained within the agency Enterprise Architecture, Blueprint 2001, and the Enterprise Life Cycle describes how each system within the Modernization portfolio will support and fulfill these three objectives.</p>
Development, Modernization & Enhancement	\$0	\$377	\$397		
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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>ACE/Enterprise Infrastructure</b>					
Total Investment	\$0	\$45	\$80	Enforcement	The performance measures will be determined after the Prime Contractor has been selected and onboard with the project.
Development, Modernization & Enhancement	\$0	\$45	\$80		
Steady State	\$0	\$0	\$0		
<b>Department of Veterans Affairs (VA)</b>					
<b>Veterans Benefits Administration Telephone Strategy</b>					
Total Investment	\$4	\$8	\$7	Benefits	Improved telephone access to VBA services and information
Development, Modernization & Enhancement	\$2	\$5	\$2		
Steady State	\$2	\$3	\$5		
<b>National Cemetery Administration BOSS</b>					
Total Investment	\$0	\$0	\$0	Burial	Automated all manual paper-intensive record keeping, and information and forms processing associated with interments. Provided nationwide burial location capability, linkage to Gravesite Reservation files, and a benefit crosscheck to facilitate a timely First Notice of Death (FNOD) to VBA and its benefits 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		
<b>Veterans Affairs Veterans Health Administration VistA</b>					
Total Investment	\$449	\$453	\$458	Medical	Supports the delivery of quality health care services to eligible veterans using information systems for major clinical management, fiscal and administrative functions.

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
Development, Modernization & Enhancement	\$31	\$32	\$35		
Steady State	\$418	\$421	\$423		

**Environmental Protection Agency (EPA)****Comprehensive Environmental Response (CERCLIS)**

Total Investment	\$5	\$3	\$3	Expansion of Americans' Right to Know About Their Environment Under GPRA Goal 5— Better Waste Management, Restoration of Contaminated Waste Sites, and Emergency Response—Subobjective 5.1.2 Respond to Superfund Hazardous Waste Sites 5.1.3, Superfund Enforcement and Subobjective 5.1.4 Federal Facility Inter-agency Agreements, CERCLIS is the IT tool used to collect and report on progress for those goals and objectives	Provides fundamental information to all Americans about toxic chemical uses in their communities. Publication of data provides bench marks for facility comparisons and provides a 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.  During FY 2000 CERCLIS was updated to include new agency goals and updated reports. During FY2001 and 2002 CERCLIS will continue to be updated to enhance reporting for GPRA.
Development, Modernization & Enhancement	\$1	\$0	\$0		
Steady State	\$4	\$3	\$3		

**Envirofacts**

Total Investment	\$4	\$4	\$5	Goal 7—Quality Environmental Information	FY2001 EPA realized a 10% percentage increase in the number of page requests and 4,000 increase in the number of distinct hosts accessing the site.  Approximately 16.6 billion bytes of data was transferred from the EF Warehouse data base per month indicated that Envirofacts successfully delivered environmental information to the public.  FY2002
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**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
					The availability and accessibility of the Envirofacts Warehouse to the public will result in a 10% percentage increase in the number of page requests and a 5% increase in the number of distinct hosts accessing the site.
Development, Modernization & Enhancement	\$2	\$2	\$2		
Steady State	\$2	\$2	\$3		

**Toxic Chemical Release Inventory (TRIS)**

Total Investment	\$7	\$6	\$6	Goal 7—Quality Environmental Information	FY2001 EPA accelerated the processing and analysis of the TRI data in order to achieve a goal of releasing the TRI data within the same year in which it is received.  FY2002 EPA will continue to accelerate the processing and analysis of TRI data in order to achieve a goal of releasing TRI data within the same year in which it was received.
Development, Modernization & Enhancement	\$0	\$0	\$0		
Steady State	\$6	\$6	\$6		

**Federal Emergency Management Agency (FEMA)****Map Service Center (MSC)**

Total Investment	\$6	\$5	\$3	National Flood Insurance Act of 1968; Map Service Center stores and distributes over 154450 map panels and flood data products  GPRA goal M.1.1 Public Hazards Information: Increase the availability and effectiveness of natural hazards information.	In FY 2001, produce 3,000 updated NFIP flood-hazard map panels in digital format. Process requests for map changes. Convert 14,900 maps from manual to digital format.
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**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
					FY 2002, Transition to an integrated 'digital warehouse.' Improve map distribution turn-around, improve accountability, reduce distribution costs, and coordinate new map development for internet delivery
Development, Modernization & Enhancement	\$4	\$3	\$1		
Steady State	\$2	\$2	\$2		

**National Emergency Management Information System (NEMIS)**

Total Investment	\$11	\$7	\$8	FEMA Strategic Goal 2: Reduce human suffering and enhance the recovery of communities after disaster strikes.	<p>In FY 2001</p> <ul style="list-style-type: none"> <li>Speeds delivery of disaster assistance grants through direct interface with FEMA's financial system.</li> <li>Improves the quality and consistency of grant payments by automating program business rules.</li> <li>Improves internal management controls.</li> <li>Utilizes extensive access and security controls.</li> <li>Uses optical imagery to transfer documents to caseworkers anywhere in the enterprise.</li> <li>Improves electronic data exchange with SBA and States.</li> <li>Permits direct access by States to key NEMIS functions.</li> <li>Is scalable to major and catastrophic disasters.</li> <li>Provides cross-disaster information and analysis to improve mitigation and to lessen recurrence of losses.</li> <li>Establishes an enterprise infrastructure to support FEMA's IT architecture, on which other enterprise applications can be built.</li> <li>Provides program information agency-wide.</li> </ul> <p>In FY 2002</p> <ul style="list-style-type: none"> <li>New modules delivered on schedule and within budget.</li> <li>Attain initial compliance with Disaster Mitigation Act of 2000.</li> </ul>
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**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
					Improve disaster processing by 5%.
Development, Modernization & Enhancement	\$5	\$3	\$5	GPRA goal RR.4.1.NEMIS Development: Direct remaining NEMIS Development and monitor operations and maintenance.	
Steady State	\$6	\$4	\$4	Also referenced in GPRA goals: M.5.1: Repetitive-Loss Strategy RR.1.1: Response Services E.211: Financial Management	

**Multi-Hazard Loss Estimation Methodology (HAZUS)**

Total Investment	\$3	\$4	\$4	GPRA Goal M.1.2. Assessment Tools: Increase the availability of loss-estimation and risk-assessment methods and tools.	In FY 2001, the HAZUS loss estimates and statistics, which are calculated at the county level, will be available via the Internet. Loss estimates were used by Seattle and the State of Washington to mitigate against earthquake damage and to estimate actual damage or loss. The hurricane and flood loss modules are over 50% completed.  In FY 2000, the goal is to develop a final flood loss estimation module and a preview hurricane, wind loss estimation module.
Development, Modernization & Enhancement	\$2	\$3	\$3		
Steady State	\$1	\$1	\$1		

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Integrated Financial Management System (IFMS)</b>					
Total Investment	\$3	\$3	\$3	GPRA Goal E.1.1. Agency Financial Management: Achieve the FY 2001 objectives of the Financial Management Status Report and Five-Year Plan	In FY 2001, streamlined and integrated procurements and vendor payment processes, efficient intergovernmental transfers, maximum use of electronic media for processing disbursements and collecting financial data.  In FY 2002, promote the use of performance-based contracting and on-line procurements. Work with other agency organizations to reduce inappropriate payments.
Development, Modernization & Enhancement	\$1	\$1	\$1		
Steady State	\$2	\$2	\$2		
<b>Mobile Emergency Response System (MERS)</b>					
Total Investment	\$1	\$5	\$5	GPRA Goal RR.1.3. Improve response operations	In FY 2001, support emergency responders with services to operate in a distressed environment without using limited local resources. Upgrade HF radio system.  In FY 2002, Maintain standards and operations. Upgrade telecommunications systems.
Development, Modernization & Enhancement	\$0	\$4	\$4		
Steady State	\$1	\$1	\$1		

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>National Warning System (NAWAS)</b>					
Total Investment	\$2	\$2	\$2	GPRA Goal RR.3.1. Operated Emergency Communications Systems: Operate emergency communications systems to deliver emergency warning, messages, and critical information to reduce losses and lower response and recovery costs.	In FY 2001, Disseminate messages within 3 minutes. Issue weather warnings and alerts to all nodes within the affected area. System remains operational during shutdowns of commercial utilities. Coordinate responses to regional emergencies by State and local officials. Reduction in deaths, injuries, hospital stays, and property damage. In FY 2002, maintain NAWAS standards and operations.
Development, Modernization & Enhancement	\$0	\$0	\$0		
Steady State	\$2	\$2	\$2		
<b>USFA Simulation and Training Network (SIMLAB)</b>					
Total Investment	\$3	\$1	\$1	GPRA Goal P.3.4. Training and Education: Increase the knowledge, skill, and ability of the nation's fire service and allied professions through comprehensive training and education.	In FY 2001, deliver on- and remote-site simulation and training programs and exercises. Develop additional simulations. Produce and distribute CD-ROM training programs. In FY 2002, develop additional simulations. Expand distribution of courses via electronic networking.
Development, Modernization & Enhancement	\$3	\$1	\$1		
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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Write Your Own/Actuarial Information System (WYO/AIS)</b>					
Total Investment	\$5	\$5	\$5	GPRA Goal M.6.1. Business Process Improvements: Modernize National Flood Insurance Program to incorporate state-of-the-art business practices and technologies that assure that operating integrity, cost efficiency, and customer-service standards are met.	In FY 2001, complete studies to update business processes to ease exchange of data, shorten turn-around times, improve accuracy and reduce costs. In FY 2002, begin system modernization efforts, including web-enabled processing with insurers and partners to eliminate redundant reporting, improve accuracy, accelerate data receipts, lower O&M costs, and allow greater program flexibility.
Development, Modernization & Enhancement	\$0	\$0	\$0		
Steady State	\$5	\$5	\$5		
<b>Logistics Information Management System (LIMS)</b>					
Total Investment	\$1	\$1	\$1	GPRA Goal RR.2.1. Logistics: Provide timely and cost-effective resources in support of the hazards emergency management mission of the Agency.	In FY 2001, maintain a 97% on-time delivery of disaster assets. Ensure property management integrity, accountability, and recovery. In FY 2002, reduce by 10% the value of assets remaining at closed DFO's.
Development, Modernization & Enhancement	\$1	\$1	\$1		
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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>FEMA Switched Network (FSN)</b>					
Total Investment	\$14	\$14	\$14	GPRA Goal E.2.1. Efficient and Effective Services: Manage processes to reduce costs through the effective and efficient provision of services.	In FY 2001, maintain 50 T-1 circuits at better than 99% availability; managed local and long-distance telephone service, 1-800 telephone service, pagers, cellular phones, satellite service, Internet service, and TV broadcast service for disasters. Record intrusions through FEMA Internet firewall. In FY 2002, FEMA will integrate data and voice networks reducing the need for T-1 circuits. FEMA will install wireless disaster field offices and laptop computers to reduce shipping fees, equipment warehousing, installation time, manpower, and power consumption, reducing IT service costs by 25%.
Development, Modernization & Enhancement	\$1	\$2	\$2		
Steady State	\$13	\$13	\$12		
<b>Disaster Communications</b>					
Total Investment	\$13	\$18	\$18	GPRA Goal E.2.1. Efficient and Effective Services: Manage processes to reduce costs through the effective and efficient provision of services.	In FY 2001, connect any disaster or other temporary FEMA facility to the FSN within 24 hours. Oversee the ordering and termination of circuits and services for best pricing plans. In FY2002, maintain current level of services and response; packages services to reduce per unit costs by 2%.
Development, Modernization & Enhancement	\$0	\$0	\$0		
Steady State	\$13	\$18	\$18		

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Desktop Services</b>					
Total Investment	\$9	\$10	\$10	GPRA Goal C.1.1. Customer Satisfaction Levels: Deliver accessible and standardized IT services that promote cost effective, reliable, and trouble-free information services.	In FY 2001, maintain trouble-free services at 98%. Operate data centers for enterprise IT systems. Resolve 80% of trouble tickets within the week. Intercept viruses coming via e-mail and file transfers. In FY 2002, Resolve 80% of trouble tickets on first call.
Development, Modernization & Enhancement	\$0	\$0	\$0		
Steady State	\$9	\$10	\$10		
<b>General Services Administration (GSA)</b>					
<b>Pegasys</b>					
Total Investment	\$23	\$24	\$25	1) Promote responsible asset management	Using surveys achieve 80% customer satisfaction. Increase to 90%. Reduce data entry. Completion of data entry at source location. Decrease by 50%.
Development Modernization & Enhancement	\$19	\$19	\$19		
Steady State	\$4	\$6	\$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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Seat Management</b>					
Total Investment	\$17	\$23	\$24	1) Promote responsible asset management, 2) compete effectively for federal market, 3) Excel at customer service, 4) Meet Federal social and environmental objectives, and 5) Anticipate future workforce needs.	Ensure that the infrastructure is operational 95% of the time during business hours. Track network performance, establish a baseline of existing operational uptime, and conduct and evaluate customer surveys. Increase by another 1% over baseline during the fiscal year. Provide efficient and effective response to trouble calls. Establish a baseline for average time to respond, repair or replace. Review prioritized calls obtained. Increase by another 1% over baseline during fiscal year.
Development, Modernization & Enhancement					
Steady State	\$17	\$23	\$24		

**National Aeronautics and Space Administration (NASA)****Earth Observing System Data Information System (EOSDIS)**

Total Investment	\$279	\$252	\$241	Earth Science Enterprise Objective: Implement open, distributed, and responsive data system architectures.	For FY 2001 and FY 2001 EOSDIS has the following four goals: 1. 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.
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**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
					2. EOSDIS will double the volume of data archived compared to FY 98. 3. EOSDIS will increase the number of distinct customers by 20% compared to FY 98 4. EOSDIS will increase products delivered from the DAACs by 10% compared to FY 98. These performance metrics are being met in FY 2001 and will continue as target indicators in FY 2002
Development, Modernization & Enhancement	\$206	\$183	\$172		
Steady State	\$73	\$69	\$69		
<b>NASA Integrated Services Network (NISN)</b>					
Total Investment	\$87	\$105	\$104	Manage Strategically: Objective: Improve information technology capability and services	NISN operates and maintains all of NASA's wide area telecommunications networking requirements, except for research activities. NISN services include long distance telephone, facsimile, voice and video teleconferencing, data and video distribution, and Internet working. The NISN performance metrics have been baselined at customer satisfaction response of satisfactory and the FY 1998 transmission costs. These performance metrics are being met in FY 2001 and will continue as target indicators in FY 2002.
Development, Modernization & Enhancement	\$0	\$0	\$0		
Steady State	\$87	\$105	\$104		

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>NASA ADP Consolidation Center (NACC)</b>					
Total Investment	\$20	\$18	\$19	Manage Strategically: Objective: Improve information technology capability and services	NACC is the central and integrated Agency wide computing resources for NASA, and as such it supports each NASA Center's administrative processing requirements as well the Agency's consolidated payroll and consolidated support for legacy administrative software systems. The NACC performance metrics have been baselined at customer satisfaction response of satisfactory and the FY 1998 processing resource unit costs. These performance metrics are being met in FY 2001 and will continue as target indicators in FY 2002
Development, Modernization & Enhancement	\$0	\$0	\$0		
Steady State	\$20	\$18	\$19		
<b>NASA Desktop LAN and Voice Communications Services (ODIN)</b>					
Total Investment	\$85	\$112	\$111	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. The ODIN performance metrics have been baselined at customer satisfaction response of satisfactory and the FY 1999 costs for a standard workstation. These performance metrics are being met in FY 2001 and will continue as target indicators in FY 2002
Development, Modernization & Enhancement	\$12	\$12	\$10		
Steady State	\$73	\$100	\$101		

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
<b>Social Security Administration (SSA)</b>					
<b>Title II Redesign</b>					
Total Investment	\$24	\$25	\$25	World Class Service	<p>In FY 2001 the following legislation and processing improvements will be completed:</p> <ul style="list-style-type: none"> <li>-Interim process to implement 'Easy Back On' legislation;</li> <li>Title II initial claims and post-entitlement releases to support Internet initiatives;</li> <li>Improved processing of Workers Comp cases;</li> <li>Elimination of another Object Program, (MISCOR);</li> <li>Additional field office reinstatements; and,</li> <li>Web-based Title II processing information.</li> </ul> <p>In FY2002, Title II initial claims and post-entitlement releases to support Internet initiatives will be complete.</p>
Development, Modernization & Enhancement	\$17	\$18	\$17		
Steady State	\$7	\$7	\$8		
<b>Paperless Program Service Centers</b>					
Total Investment	\$14	\$8	\$7	World Class Service	<p>Implementation is underway and will be completed in all PSCs by 2001. Major functionality includes the archiving and retrieval of documents and site-to-site transfer of new work. When implementation is complete, 90 percent of the work will be processed electronically.</p> <p>FY 2002 will see full implementation in OCO. Functionality will include site-to-site transfer of all work, resulting in improved customer service by decreasing backlogs. Ninety percent of the work will be processed electronically.</p>
Development, Modernization & Enhancement	\$14	\$8	\$7		

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
Steady State	\$0	\$0	\$0		
<b>Electronic Wage Reporting System</b>					
Total Investment	\$9	\$9	\$9	Program Integrity	By FY 2001, we expect to begin receiving wage reports via the Internet. By FY 2002, small filers will be able to key W-2 data directly to SSA using the Internet.
Development, Modernization & Enhancement	\$9	\$9	\$9		
Steady State	\$0	\$0	\$0		
<b>Electronic Disability System (formerly Electronic Folder)</b>					
Total Investment	\$8	\$11	\$9	World Class Service	Folderless pilots are underway in New York, California, Wisconsin and Delaware state disability determination service (DDS) offices and will be completed in FY2001 and FY2002. The pilots include proof of concept for operational/management issues of subsequent phases of Electronic Folders. We will learn about secure electronic mail as we test an infrastructure necessary to support digital signature, encryption and transmission of medical evidence. Scanning and imaging of self-help claims will be piloted and evaluated. We will establish electronic folder standards for hardware and software interfaces with other DDS systems. We expect to implement software and infrastructure changes needed to use a messaging tool. In FY2002, we expect to fully implement the electronic medical record. However, implementation is strongly influenced by the Health Insurance Portability and Accountability Act (HIPPA). Once the regulations are promulgated, we will make the provisions consistent with our planning activities

**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 <sup>1</sup>	2000 Actual	2001 Estimate	2002 Proposed	Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>	Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits
Development, Modernization & Enhancement	\$8	\$11	\$9		
Steady State	\$0	\$0	\$0		

**United States Agency for International Development (USAID)****Financial Management Systems**

Total Investment	\$18	\$21	\$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	\$13	\$12	\$9		
Steady State	\$5	\$9	\$10		

<sup>1</sup> This table contains a selected subset of each agency's major IT investments.<sup>2</sup> Mission areas should be consistent with the major functions and operations identified in the agency's strategic and annual performance plans.<sup>3</sup> The projections beginning in FY 2002 for the Department of Defense Major IT Investments contained herein are subject to change as a result of the Defense Strategy Review currently underway.<sup>4</sup> Total of Defense Enterprise Computing Centers (formerly 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.<sup>5</sup> Strategic interfaces include the legacy systems in the programs and to external customers as well as the interface with the integrated contractors. The major benefit of investment of the requested amount is schedule slippage are avoided and potential cost overruns do not spread the project out unnecessarily. DOE can then phase out the existing less efficient and less responsive legacy systems in a more timely fashion and minimize the period of parallel operations. The Department then begins to enjoy the stream of benefits from a modern, integrated financial manage system sooner. If the FY 2002 funding were reduced below the required amount, then that difference would need to be added back to the FY 2003 funding request.

Funding at the requested level reduces implementation and interface efforts resulting in delays to Departmental unique solutions (i.e., integrated contractors, receivables/reimbursable work) and jeopardizes the ability of the project to meet the goal of implementing the CFS for FY 2003. Investment plans for the necessary database, utility and financial management software for successful.

<sup>6</sup> These numbers are budget authority numbers. They do not reflect total funding estimates for TAAMS, which are currently estimated at \$18.6 million in FY 2001 (\*\$13.5 FY 2001 appropriations and \$5.1 carryover funding) and \$20 million for FY 2002 (\$14 million FY 2001 appropriation and \$6 million carryover funding).<sup>7</sup> Represents funds from Departmental Management Crosscut only.<sup>8</sup> FY2001 represents obligations from prior year balances in addition to \$72 million budget authority.

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## FEDERAL DRUG CONTROL FUNDING

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## 23. FEDERAL DRUG CONTROL FUNDING

**Table 23-1. FEDERAL DRUG CONTROL FUNDING BY AGENCY**

(Budget authority, in millions of dollars)

	2000 Actual	2001 Estimate	2002 Proposed	Change 2001-2002	
				Dollars	Percent
Department of Agriculture					
Agricultural Research Service .....	5	5	5	.....	.....
U.S. Forest Service .....	7	7	7	.....	.....
Women, Infants & Children .....	16	16	16	*	2%
Total, Agriculture .....	28	28	28	*	1%
Corporation for National & Community Service .....	9	9	9	.....	.....
D.C. Court Services and Offender Supervision .....	49	58	84	26	44%
Department of Defense					
Counterdrug Operations .....	973	1,047	1,069	22	2%
Andean Initiative .....	301	.....	.....	.....	.....
Total, Defense .....	1,273	1,047	1,069	22	2%
Intelligence Community Management Account .....	27	34	27	-7	-21%
Department of Education .....	598	633	633	.....	.....
Department of Health and Human Services					
Administration for Children and Families .....	59	60	60	.....	.....
Centers for Disease Control and Prevention .....	169	178	178	.....	.....
Food and Drug Administration .....	6	.....	.....	.....	n/a
Health Care Financing Administration .....	450	500	560	60	12%
Health Resources & Services Administration .....	42	46	46	*	*
Indian Health Service .....	45	68	70	1	2%
National Institutes of Health (NIH—NIDA & NIAAA) .....	725	825	953	128	16%
Substance Abuse and Mental Health Services Admin. ....	1,525	1,655	1,755	100	6%
Total, Health and Human Services .....	3,022	3,333	3,622	289	9%
Department of Housing and Urban Development .....	310	309	.....	-309	-100%
Department of the Interior					
Bureau of Indian Affairs .....	20	23	26	2	10%
Bureau of Land Management .....	5	5	5	.....	.....
U.S. Fish & Wildlife Service .....	1	1	1	.....	.....
National Park Service .....	10	10	10	*	*
Total, Department of Interior .....	36	39	41	2	6%
The Judiciary .....	680	736	824	88	12%
Department of Justice					
Assets Forfeiture Fund .....	503	400	360	-40	-10%
U.S. Attorneys .....	208	218	229	11	5%
Bureau of Prisons .....	2,064	2,407	2,597	191	8%
Community Policing .....	196	375	348	-27	-7%
Criminal Division .....	33	35	37	2	7%
Drug Enforcement Administration .....	1,341	1,444	1,567	123	9%
Federal Bureau of Investigation .....	710	810	712	-98	-12%
Federal Prisoner Detention .....	333	363	441	77	21%
Immigration and Naturalization Service .....	466	530	574	44	8%
Interagency Crime and Drug Enforcement .....	317	325	338	13	4%
U.S. Marshals Service .....	210	224	243	19	9%
Office of Justice Programs .....	976	1,017	890	-127	-12%
Tax Division/Interpol .....	1	1	1	*	2%
Total, Department of Justice .....	7,357	8,149	8,338	189	2%
Department of Labor .....	64	82	82	*	*

**Table 23-1. FEDERAL DRUG CONTROL FUNDING BY AGENCY—Continued**

(Budget authority, in millions of dollars)

	2000 Actual	2001 Estimate	2002 Proposed	Change 2001-2002	
				Dollars	Percent
<b>ONDCP</b>					
Operations .....	23	25	25	1	2%
High Intensity Drug Trafficking Areas .....	191	206	206	*	*
Counterdrug Technology Assessment Center .....	32	36	40	4	11%
Special Forfeiture Fund .....	218	233	248	15	6%
<b>Total, ONDCP .....</b>	<b>464</b>	<b>500</b>	<b>519</b>	<b>19</b>	<b>4%</b>
Small Business Administration .....	4	4	5	2	43%
<b>Department of State</b>					
Bureau of International Narcotics & Law Enforcement .....	274	279	162	-117	-42%
Plan/Colombia/Andean Initiative .....	1,019	.....	731	731	n/a
Public Diplomacy .....	8	9	9	*	2%
Emergencies in the Diplomatic and Consular Service .....	1	1	3	2	150%
<b>Total, Department of State .....</b>	<b>1,301</b>	<b>289</b>	<b>905</b>	<b>615</b>	<b>213%</b>
<b>Department of Transportation</b>					
U.S. Coast Guard .....	761	636	759	123	19%
Federal Aviation Administration .....	24	25	26	1	4%
National Highway Traffic Safety Administration .....	30	30	32	1	5%
<b>Total, Department of Transportation .....</b>	<b>815</b>	<b>691</b>	<b>817</b>	<b>126</b>	<b>18%</b>
<b>Department of the Treasury</b>					
Bureau of Alcohol, Tobacco, and Firearms .....	252	352	369	17	5%
U.S. Customs Service .....	664	722	772	51	7%
Federal Law Enforcement Training Center .....	28	31	24	-7	-22%
Financial Crimes Enforcement Network .....	9	11	11	1	6%
Interagency Crime and Drug Enforcement .....	75	103	107	3	3%
Internal Revenue Service .....	74	57	40	-17	-30%
U.S. Secret Service .....	89	116	124	8	7%
Treasury Forfeiture Fund .....	158	148	148	.....	.....
<b>Total, Department of Treasury .....</b>	<b>1,349</b>	<b>1,540</b>	<b>1,595</b>	<b>55</b>	<b>4%</b>
Department of Veterans Affairs .....	555	573	581	8	1%
<b>Total Federal Drug Control Programs .....</b>	<b>17,940</b>	<b>18,053</b>	<b>19,179</b>	<b>1,126</b>	<b>6%</b>

Note: All FY 2001 and FY 2002 numbers are preliminary and may change.

\* = Less than \$500,000 or .5%

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**FEDERAL SUPPORT FOR THE 2002 WINTER OLYMPICS  
AND PARALYMPICS**

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## 24. FEDERAL SUPPORT FOR THE 2002 WINTER OLYMPICS AND PARALYMPICS

**Table 24-1. FEDERAL SUPPORT FOR THE 2002 WINTER OLYMPICS AND PARALYMPICS<sup>1</sup>**

(Budget authority, in thousands of dollars)

	Actual			2001 Enacted	2002 Proposed	Total 1998-2002
	1998	1999	2000			
<b>Agriculture:</b>						
Forest Service (avalanche center, visitor services) .....	3,170	5,427	3,481	2,544	1,500	16,122
<b>Commerce:</b>						
National Weather Service (improved predictions) .....		216	369	590		1,175
<b>Defense:</b>						
National Guard and active duty support to Olympics .....			342	9,932	15,800	26,074
Communications equipment, infrastructure, and support .....			8,000			8,000
Total, Defense .....			8,342	9,932	15,800	34,074
<b>Education:</b>						
Olympic scholarships .....				1,000		1,000
General support of the Paralympics .....			925	1,421		2,346
National Arts and Education Model initiative .....				300		300
Total, Education .....			925	2,721		3,646
<b>Energy:</b>						
Radiological/Nuclear accident response .....			140	140	1,210	1,490
Nonproliferation .....			1,000			1,000
Total, Energy .....			1,140	140	1,210	2,490
<b>Health and Human Services:</b>						
Centers for Disease Control (infectious disease surveillance) ....		197	142	767	1,122	2,228
Mobile Medical Response Teams .....		444	319	1,044	6,000	7,807
Food and Drug Administration (food inspection) .....					632	632
Total, Health and Human Services .....		641	461	1,811	7,754	10,667
<b>Housing and Urban Development:</b>						
Manufactured housing for athletes (for LMI households post Olympics) .....	3,129	3,148	1,000	2,000		9,277
<b>Interior:</b>						
National Park Service .....		53	78	81	81	293
Visitor information services .....			22	339	339	700
Total, Interior .....		53	100	420	420	993
<b>Justice—counter terrorism and law enforcement:</b>						
U.S. Attorneys .....	6	80	149	373	241	849
Community Relations Service .....					55	55
Federal Bureau of Investigation .....		991	1,949	1,538	16,834	21,312
Office of Justice Programs .....	2,000	925	815	8,000		11,740
Immigration and Naturalization Service .....		175	194	450	2,000	2,819
Community Oriented Policing Services .....			5,000			5,000
Criminal Division .....				37	119	156
Interpol .....				7	11	18
Total, Justice .....	2,006	2,171	8,107	10,405	19,260	41,949
<b>State:</b>						
Consular Affairs .....			950			950
Educational and Cultural Exchange .....			500	1,500		2,000
Diplomatic Security .....			100	100	500	700
Total, State .....			1,550	1,600	500	3,650
<b>Transportation—access to venues:</b>						
Federal Aviation Administration (equipment improvements) .....			2,120	3,459		5,579
Federal Highway Administration .....	899	19,900	6,000	3,150		29,949
Federal Railroad Administration .....				100	451	551

**Table 24–1. FEDERAL SUPPORT FOR THE 2002 WINTER OLYMPICS AND PARALYMPICS<sup>1</sup>—  
Continued**

(Budget authority, in thousands of dollars)

	Actual			2001 Enacted	2002 Proposed	Total 1998–2002
	1998	1999	2000			
Federal Transit Administration .....	1,954	4,963	15,208	72,000	.....	94,125
Office of the Secretary .....	.....	.....	.....	2,000	.....	2,000
Research and Special Program Administration .....	.....	.....	4	6	126	136
Total, Transportation .....	2,853	24,863	23,332	80,715	577	132,340
<b>Treasury—counter terrorism and law enforcement:</b>						
United States Secret Service .....	62	86	1,987	7,757	19,530	29,422
United States Customs Service .....	.....	23	.....	2,257	18,745	21,025
Bureau of Alcohol, Tobacco and Firearms .....	.....	.....	.....	.....	10,523	10,523
Financial Crimes Enforcement Network .....	.....	.....	.....	88	58	146
IRS-Criminal Investigation .....	.....	.....	.....	.....	2,728	2,728
Departmental Offices .....	.....	.....	.....	20	40	60
Wireless demonstration in Salt Lake City (non-add) .....	.....	.....	.....	[14,779]	.....	.....
Total, Treasury .....	62	109	1,987	10,122	51,624	63,904
<b>Veterans Affairs:</b>						
Veterans Health Administration (security modifications) .....	.....	.....	2,124	168	618	2,910
Paralympic medical congress .....	.....	.....	.....	250	.....	250
Total, Veterans Affairs .....	.....	.....	2,124	418	618	3,160
<b>Environmental Protection Agency:</b>						
Sewer infrastructure and multi-pollutant grants .....	.....	2,200	.....	2,495	.....	4,695
Modification of air monitoring equipment .....	36	45	46	40	48	215
On-scene response and pre-deployment of hazmat teams .....	.....	7	57	90	1,200	1,354
Support for the Paralympics .....	.....	5	10	13	125	153
Total, Environmental Protection Agency .....	36	2,257	113	2,638	1,373	6,417
<b>Executive Office of the President:</b>						
Office of National Drug Control Policy (anti-doping) .....	.....	929	3,000	3,793	3,000	10,722
<b>Federal Communications Commission:</b>						
Communications support .....	.....	.....	.....	15	130	145
<b>Federal Emergency Management Agency:</b>						
Emergency response .....	.....	.....	3	4,506	10,859	15,368
<b>General Services Administration:</b>						
Security, housing, and drug testing for Olympics .....	5	5	20	3,310	919	4,259
Housing and security for Paralympics .....	.....	.....	.....	.....	635	635
Total, General Services Administration .....	5	5	20	3,310	1,554	4,894
<b>Total, Federal Support</b> .....	<b>11,261</b>	<b>39,819</b>	<b>56,054</b>	<b>137,680</b>	<b>116,179</b>	<b>360,993</b>

<sup>1</sup> Includes only funding directly related to the Olympics and Paralympics. Some agency costs may include specific amounts for the Paralympics. Also, there are many Federal costs that indirectly assist the Olympics and Paralympics but whose primary purpose was not to assist the Games. Such costs are not included in this table.

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**BUDGET SYSTEM AND CONCEPTS  
AND GLOSSARY**

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## 25. BUDGET SYSTEM AND CONCEPTS AND GLOSSARY

The budget system of the United States Government provides the means 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 2002. (Fiscal year 2002 will begin on October 1, 2001 and end on September 30, 2002.) The budget also covers at least the four years following the budget year in order to reflect the effect of budget decisions over the longer term. It includes the funding levels provided for the current year, in this case 2001, so that the reader can compare the budget estimates to the most recently enacted levels, and it includes data on the most recently completed fiscal year, in this case 2000, so that the reader can compare budget estimates to actual accounting data.

In a normal year, the President begins the process of formulating the budget by establishing general budget and fiscal policy guidelines, usually by 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 As-

sumptions,” in the *Analytical Perspectives* volume of the 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.

In some years, for various reasons, the President cannot adhere to the normal schedule. 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. President George W. Bush similarly submitted an initial document, *A Blueprint for New Beginnings—A Responsible Budget for America’s Priorities*, to Congress on February 28, 2001, and is submitting the *Budget of the United States for Fiscal Year 2002* in April 2001.

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.

This Administration supports biennial budgeting and appropriations, under which the President’s budget would request, and Congress would provide, appropriations covering a two-year period (see *A Blueprint for New Beginnings*, “Biennial Budgeting and Appropriations,” p.174).

## Congressional Action<sup>1</sup>

Congress considers the President’s budget proposals and approves, modifies, or disapproves them. It can change funding levels, eliminate programs, or add programs not requested by the President. It can add or eliminate taxes and other sources of receipts, or make other changes that affect the amount of receipts collected.

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 work on the budget 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

<sup>1</sup>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.).

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. 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 directives" (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 exceed a committee's allocation.

A concurrent resolution, such as the one on the budget, is not a law and, therefore, does 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. This Administration proposes to formalize this process by making the budget resolution a joint resolution, which would require the President's approval and would have the force of law (see *A Blueprint for New Beginnings*, "Joint Budget Resolution," p.174).

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. 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. This Administration proposes to give the President a form of line-item veto authority that will pass constitutional muster. It would allow the President to decline to spend funds or grant limited tax benefits whenever the President determines that the spending or limited tax benefits (to 100 or fewer beneficiaries) are not essential to Government functions and the national interest would not be harmed (see *A Blueprint for New Beginnings*, "Line-Item Veto," p. 175).

If Congress does not complete action on one or more appropriations bills by the beginning of the fiscal year, it enacts a joint resolution called a "continuing 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, Presidents have 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. This Administration proposes a backup plan to avoid the threat of a Government shutdown. Under this plan, if an appropriations bill is not signed by October 1 of the new fiscal year, funding would be provided automatically at the lower of the President's budget request or the prior year's level. This would remove incentives for the President or the congressional leadership to use the leverage of shutting down Government to achieve spending objectives (see *A Blueprint for New Beginnings*, "Government Shutdown Prevention," p. 175).

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. This category of spending includes interest the Government pays on the public debt. It also includes the spending of several major programs, such as Social Security, Medicare and Medicaid, unemployment insurance, and federal employee retirement. 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 would 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 law pertaining to the President's budget (see *PRINCIPAL BUDGET LAWS*, later in the chapter). The BEA constrains legislation enacted through 2002 that would increase spending or decrease receipts. Although the BEA expires after 2002, this Administration proposes to extend it (see *A Blueprint for New Beginnings*, "Spending Limits and Pay-As-You-Go," p. 171).

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 perma-

nent 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 specifies dollar limits ("caps") on the amount of spending in each category. The categories and their amounts are determined by negotiations within Congress, and between Congress and the President, each time the BEA is amended. Amounts cannot be shifted from one category to another, and the BEA provides no incentive for appropriating less than the cap levels. Thus, the caps tend to be targets for the amount of spending in each category. The caps apply to both budget authority and outlays—except in the case of the highway and mass transit caps, which apply only to outlays.

The categories have varied from year to year under the original and amended versions of the BEA. The current categories, except for the one called "Other Discretionary," were added by amendments to the BEA by other laws. The Violent Crime Control and Reduction Act of 1994 (Public Law 103-322) added a category for violent crime reduction spending, which expired after 2000. The Transportation Equity Act for the 21st Century (TEA-21) (Public Law 105-178) added categories for highway and mass transit spending for 1999 through 2003. The Department of Interior and Related Agencies Appropriations Act, 2001 (Public Law 106-291) added a category for conservation spending for 2002 through 2006. In addition to specifying caps for this category, the BEA specifies minimum levels of spending for six subcategories. Because the BEA itself expires after 2002, the categories in later years will apply to budgets for those years only if an extension of the BEA is enacted and those categories are retained. In some years prior to 2000, the BEA divided discretionary spending into the major categories of national defense, international, and domestic spending. The *Historical Tables* volume of the budget provides comparable data for these categories for 1962 through 2006.

The BEA includes general requirements for OMB to adjust the caps up or down for changes in concepts and definitions, to accommodate appropriations designated by the President and the Congress as emergency spending, and to allow a limited amount of leeway when the level of budget authority does not exceed the budget authority cap but the estimate of outlays resulting from the budget authority exceeds the outlay cap.

The BEA also specifies cap adjustments for certain programs for various reasons. For example, the caps must be increased up to a specified dollar limit to accommodate appropriations for continuing disability reviews by the Social Security Administration. This ad-

justment was included in the BEA because it was determined that the reviews reduce overall spending by eliminating benefit payments to ineligible individuals.

The caps adjustments required for the highways and mass transit categories are designed to ensure that spending levels match the receipts that are earmarked for those programs. The highways and mass transit caps on outlays 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 estimates of the amount the Government expects to collect in the budget year.

The cap adjustments required for the conservation spending category are designed to encourage Congress to appropriate up to the cap level. If appropriations for a given year in the conservation spending category are less than the caps, the BEA requires OMB to increase the caps for the following year by the shortfall. And, if appropriations for a given year in a subcategory of the conservation spending category are less than the specified level for that category, the BEA requires OMB to increase the minimum level for the following year by the shortfall.

The following table shows the adjusted caps. The Preview Report (described below) explains the cap adjustments and new cap levels proposed in this budget.

#### DISCRETIONARY SPENDING LIMITS

(In billions of dollars)

	2000	2001	2002
Violent crime reduction:			
Budget Authority .....	5	N/A	N/A
Outlays .....	6	N/A	N/A
Highways:			
Budget Authority .....	N/A	N/A	N/A
Outlays .....	25	27	29
Mass transit:			
Budget Authority .....	N/A	N/A	N/A
Outlays .....	4	5	5
Conservation spending:			
Budget Authority .....	N/A	N/A	2
Outlays .....	N/A	N/A	1
Outlays.			
Other discretionary:			
Budget Authority .....	580	641	547
Outlays .....	569	618	537
Total discretionary:			
Budget Authority .....	585	641	549
Outlays .....	604	649	572

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. However, in some years (including 2001), the caps have been circumvented by designating funds as emergency spending (such as spending for the decennial census) and by using advance appropriations to spread budget authority over more than one year, when there is no programmatic purpose for doing so. For 2001, Congress and the Clinton Administration enacted appropriations well above the discretionary spending levels set in the BEA and legislated a \$95.5 billion increase in the cap for that year to accommodate the increase. This Administration proposes to extend the caps at appropriate levels and to end the practices designed to evade them (see *A Blueprint for New Beginnings*, pp. 171-174).

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 constraints have been skirted in recent years. For example, in 2001 Congress and the Clinton Administration waived the PAYGO requirements for \$18 billion in spending. This Administration proposes to extend the PAYGO requirements. The President’s budget sets aside the Social Security surplus and additional on-budget surpluses for debt reduction and contingencies. These levels ensure the President’s tax plan and his Medicare Helping Hand and modernization reforms are fully financed by the surplus. The Administration will work with Congress to set new PAYGO requirements that accommodate these proposals.

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 spend-

ing 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 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’ en-

forcement 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 circumstances. 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 sup-

### Budget Calendar

The following timetable highlights the scheduled dates for significant budget events during a normal 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.

plemental appropriation. However, this Administration proposes an approach to funding emergency spending that would avoid the need for supplemental appropriations, except in the most dire circumstances (see *A Blueprint for New Beginnings*, "Budgeting for Emergencies—The National Emergency Reserve," p. 173).

On the other hand, changing circumstances may reduce the need for certain spending for which Congress has appropriated funds. Under the requirements of the Impoundment Control Act of 1974, the President cannot simply decline to spend appropriations. 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 2000, President Clinton proposed a total of \$1.6 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 2000, President Clinton proposed rescissions totaling \$128 million, but Congress did not rescind any of this amount.

## COVERAGE OF THE BUDGET

### Federal Government and Budget Totals

#### TOTALS FOR THE BUDGET AND THE FEDERAL GOVERNMENT

(In billions of dollars)

	2000 actual	Estimate	
		2001	2002
<b>Budget authority:</b>			
Unified .....	1,825	1,894	2,005
On-budget .....	1,490	1,542	1,644
Off-budget .....	335	352	360
<b>Receipts:</b>			
Unified .....	2,025	2,137	2,192
On-budget .....	1,545	1,633	1,661
Off-budget .....	481	504	531
<b>Outlays:</b>			
Unified .....	1,789	1,856	1,961
On-budget .....	1,458	1,509	1,601
Off-budget .....	331	348	359
<b>Surplus:</b>			
Unified .....	236	281	231
On-budget .....	87	125	59
Off-budget .....	150	156	172

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.

Neither the on-budget nor the off-budget totals include transactions of Government-sponsored enter-

prises, 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 *Appendix* to the budget 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 III, "Creating a Better Government," in the main Budget volume of the 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 budget provide information on budget authority, outlays, and offsetting collections and receipts arrayed by Federal agency. Chapter 26 of that volume, "Federal Programs by Agency and Account," consists of a table that lists budget authority and outlays by budget account within each agency and the totals for each agency of budget authority, outlays, and receipts that offset the agency spending totals. The *Appendix* 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 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 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 budget provides more information on capital investment.)

## RECEIPTS, OFFSETTING COLLECTIONS, AND OFFSETTING RECEIPTS

### 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 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 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. 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. Similarly, intragovernmental collections authorized by some laws may be recorded as offsetting collections and budget authority in revolving funds or in general fund expenditure accounts.

Sometimes appropriations acts or provisions in other laws limit the obligations that can be financed by 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 of payments 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 Charges and Fees

**User charges** are fees assessed for the provision of Government services and for the sale or use of Govern-

ment goods or resources. The payers of the user charge must be limited in the authorizing legislation to those receiving special benefits from, or subject to regulation by, the program or activity beyond the benefits received by the general public or broad segments of the public (such as those who pay income taxes or customs duties). User charges are defined and the policy regarding user charges is established in OMB Circular A-25, "User Charges" (July 8, 1993). The term encompasses proceeds from the sale or use of government goods and services, including the sale of natural resources (such as timber, oil, and minerals) and proceeds from asset sales (such as property, plant, and equipment).

**User fees** are a subset of user charges that are authorized to be utilized solely to support the program or activity for which it was levied. User fees are more limited in coverage than user charges and must be earmarked for the activity they finance by crediting them to special or trust receipts accounts (as receipts or offsetting receipts) or to expenditure accounts (as offsetting collections). User charges that are credited to the general fund of the Treasury are not user fees by definition, because they are not utilized solely to support the program or activity for which they were levied.

The terms user charges and user fees do not refer to separate budget categories for collections. The budget records user charges and user fees as receipts or as offsetting collections or offsetting 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 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 legal obligations that will result in immediate or future outlays of Government funds. In other words, it is the amount of money that the law allows the Government to commit to be spent in current or future years. 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 a major exception to this rule, the budget authority recorded for the highway and mass transit programs financed by the Highway Trust Fund is the amount of budget authority (in the form of contract authority, which is described below) provided in authorizing statutes, even though the obligation limitations enacted in annual appropriations acts restrict 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 par-

ticular 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.<sup>2</sup>

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

<sup>2</sup>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.

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.

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 2002 appropriations act extends the availability of unobligated budget authority that otherwise would expire at the end of 2001, new budget authority would be recorded for 2002.

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. They are payments that liquidate obligations (other than the repayment of debt). The budget records them when obligations are paid, in the amount that is paid.

Function, subfunction, and agency outlay totals are stated net of related refunds to the Government, offsetting collections, and offsetting receipts for most budget presentations. (Offsetting receipts from a few sources do not offset any specific function, subfunction, or agency but only offset Government-wide totals.) Outlay totals for accounts with offsetting collections are stated both gross and net of the offsetting collections credited to the account. However, the outlay totals for special and trust funds with offsetting receipts are not stated net of the offsetting receipts. 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.) When debt instruments (bonds, debentures, notes, or monetary credits) are used to pay obligations, the budget records outlays, as well as an increase in debt. 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 securi-

ties, 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 pro-

vided 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 a given year to the amount of that budget authority is referred to as the spendout rate for that year.

As described 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 (\$615 billion in 2000) of total outlays for a fiscal year are discretionary and the rest (\$1,174 billion in 2000) consists of mandatory spending and net interest payments. Such a large portion of total spending is nondiscretionary because authorizing legislation determines net interest payments (\$223 billion in 2000) and the spending for a few programs with large amounts of spending each year, such as Social Security (\$406 billion in 2000) and Medicare (\$194 billion in 2000).

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 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 Government programs 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 (FCRA) 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.<sup>3</sup> 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

<sup>3</sup>Present value is a standard financial concept that allows for the time value of money, that is, for the fact that a given sum of money is worth more at present than in the future because interest can be earned on it.

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 FCRA 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 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 of 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 FCRA grandfathered direct loan obligations and loan guarantee commitments made prior to 1992. The budget records the transactions associated with these direct loans and loan guarantees on a cash flow basis in credit liquidating accounts, which, in most cases, are the accounts that were used for the programs prior to the enactment of the FCRA. However, this exception ceases to apply if the direct loans or loan guarantees are modified as described above. In that case, the budget records a modification subsidy cost or savings, as appropriate, and begins to account for the associated transactions as the FCRA prescribes for direct loan obligations and loan guarantee commitments made in 1992 or later.

## 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 the surplus 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 2000, the Government repaid \$223 billion of debt held by the public. This was the result of a

\$281 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 2000, the debt held by the public was \$3,410 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 budget for a fuller discussion of this topic.)

### Debt Buyback Premiums and Discounts

In 2000 and 2001, the Treasury Department bought back outstanding U.S. Treasury bonds as part of its efforts to manage efficiently the reduction of the publicly held debt. Because interest rates at the time were lower than the coupon rates on the bonds that Treasury bought back, the government had to pay a premium over the book value of these securities. However, because any new securities issued to finance these pur-

chases carried a lower coupon rate than the old securities, these transactions involved no net long-term cost to the taxpayer; in fact, if the liquidity of new issues of Treasury securities is enhanced by the buybacks, as expected, total interest costs should be reduced.

There is no precise precedent for the budget treatment of debt buybacks, in that the Treasury had not entered into the market to buy outstanding Federal securities for cash during the past 70 years or so. 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. If the budget recorded outlays at the time of the premium payment, this would show the cost at a time different from when it was incurred and would make it appear that the buyback itself resulted in an additional cost to the government. It would also have 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.

Before any buybacks occurred, OMB considered several alternatives to recording buyback premiums and discounts in the year of the buyback. Like scoring the buyback premiums immediately, each had advantages and disadvantages. After consulting with the Congressional Budget Office and the House and Senate Budget Committees, OMB concluded that, on balance, the best option was 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 avoids the perverse incentives associated with recording outlays or receipts all in the buyback year. It does not require repeated changes to the historical data. It does 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 does not record buyback premiums as interest outlays or buyback receipts as interest receipts in any period, and thus the budget permanently misstates the cumulative interest outlays over time.

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).

Chapter 24, "Budget System and Concepts and Glossary," in the *Analytical Perspectives* volume of the 2001 budget discusses the basis for this conclusion in more detail, including an examination of the alternatives that were considered. All of the buybacks that have occurred to date required premium payments. This budget records them as 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 non-budgetary 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 and Compensation," in the *Analytical Perspectives* volume of the budget provides more information on this subject.)

**TOTAL FEDERAL EMPLOYMENT**

	2000 actual	2001 estimated	2002 estimated	Percent change 2000 to 2002
Total FTE's .....	4,141,691	4,071,827	4,066,541	-1.8
Federal Executive Branch civilian employees per 1000 U.S. population .....	9.7	9.4	9.3	-4.1

**BASIS FOR BUDGET FIGURES**

**Data for the Past Year**

The past year column (2000) 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 (2001) 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 (2002) 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 trans-



mittal 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 (2003 through 2006) 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 surpluses that would occur if no changes were made to current laws during 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 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.

- **Budget Enforcement Act of 1990 (Title XIII, Public Law 101-508)**, which 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

**Advance appropriation** means appropriations of new budget authority that become available one or more fiscal years beyond the fiscal year for which the appropriation act was passed.

**Advance funding** means appropriations of budget authority provided in an appropriations act to be used, if necessary, to cover obligations incurred late in the fiscal year for benefit payments in excess of the amount specifically appropriated in the act for that year, where the budget authority is charged to the appropriation for the program for the fiscal year following the fiscal year for which the appropriations act is passed.

**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 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.

**Current services estimate**—see *baseline*.

**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 appropriation** 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.

**Forward funding** means appropriations of budget authority that are made for obligation in the last quarter of the fiscal year for the financing of ongoing grant programs during the next fiscal year.

**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 monies.

**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, except 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.)

**Means of financing** refers to borrowing and certain other transactions involved in financing a deficit. The term is also used to refer to the financing of debt repayment and certain other transactions by a surplus. By definition, the means of financing are not treated as receipts or outlays.

**Intragovernmental fund**—see *revolving fund*.

**Obligated balance** means the cumulative amount of budget authority that has been obligated but not yet outlaid. (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.

etary 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 authorized to 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. The authority to spend offsetting collections is a form of budget authority. (Cf. receipts and offsetting receipts.)

**Offsetting receipts** mean collections that are deducted from gross budget authority and outlays, rather than added to receipts, and that are not authorized to be credited to expenditure accounts. Instead of being credited to expenditure accounts, 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.

**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).

**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.

**Public enterprise fund**—See *revolving fund*.

**Receipts** mean 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. 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 appropria-

tions 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 charges** are fees assessed for the provision of Government services and for the sale or use of Government goods or resources, where the payers of the user charge are limited in the authorizing legislation to those receiving special benefits from, or subject to regulation by, the program or activity beyond the benefits received by the general public or broad segments of the public. (Cf. user fees.)

**User fees** are a subset of user charges (as defined above) that are authorized to be utilized solely to support the program or activity for which it was levied. (Cf. user charges.)

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## 26. 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.

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## 26. FEDERAL PROGRAMS BY AGENCY AND ACCOUNT

### LEGISLATIVE BRANCH

(In millions of dollars)

Account			2000 actual	estimate					
				2001	2002	2003	2004	2005	2006
<b>Senate</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Compensation of members, Senate:									
Appropriation, mandatory .....	801	BA	18	18	19	18	18	18	18
Outlays .....		O	18	18	19	18	18	18	18
Salaries, officers and employees:									
Appropriation, discretionary .....	801	BA	82	92	104	106	109	111	114
Outlays .....		O	81	92	104	106	109	111	114
Office of the Legislative Counsel of the Senate:									
Appropriation, discretionary .....	801	BA	4	4	4	4	4	4	4
Outlays .....		O	4	4	4	4	4	4	4
Inquiries and investigations:									
Appropriation, discretionary .....	801	BA	68	73	92	94	96	98	100
Outlays .....		O	64	73	92	94	96	98	100
Miscellaneous items:									
Appropriation, discretionary .....	801	BA	10	25	9	9	9	10	10
Outlays .....		O	4	25	9	9	9	10	10
Senators' official personnel and office expense account:									
Appropriation, discretionary .....	801	BA	257	252	285	291	298	304	311
Outlays .....		O	243	252	285	291	298	304	311
Secretary of the Senate:									
Appropriation, discretionary .....	801	BA	3	2	10	10	10	11	11
Outlays .....		O	5	2	9	11	11	11	11
Sergeant at Arms and Doorkeeper of the Senate:									
Appropriation, discretionary .....	801	BA	75	72	96	98	100	103	105
Outlays .....		O	69	72	96	98	100	103	105
Congressional use of foreign currency, Senate:									
Appropriation, mandatory .....	801	BA	1	1	1	1	1	1	1
Outlays .....		O	1	1	1	1	1	1	1
Senate items:									
Appropriation, discretionary .....	801	BA	2	2	2	2	2	2	2
Outlays .....		O	2	2	2	2	2	2	2
<b>Public Enterprise Funds:</b>									
Senate revolving funds:									
Spending authority from offsetting collections, mandatory .....	801	BA				2	2	2	2
Outlays .....		O	-1	-1		2	2	2	2
Senate revolving funds (gross) .....		BA				2	2	2	2
		O	-1	-1		2	2	2	2
Total, offsetting collections (cash) .....						-2	-2	-2	-2
Total Senate revolving funds (net) .....		BA							
		O	-1	-1					
Total Federal funds Senate .....		BA	520	541	622	633	647	662	676
		O	490	540	621	634	648	662	676

### House of Representatives

*Federal funds*

**General and Special Funds:**

Compensation of members and related administrative expenses:

Appropriation, mandatory .....	801	BA	78	80	80	80	80	80	80
Outlays .....		O	77	78	80	80	80	80	80
Salaries and expenses:									
Appropriation, discretionary .....	801	BA	758	768	882	902	922	942	963
Reappropriation, discretionary .....		BA	-1	1					

**LEGISLATIVE BRANCH—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	756	760	879	902	921	941	963
Total Salaries and expenses .....	BA	<b>757</b>	<b>769</b>	<b>882</b>	<b>902</b>	<b>922</b>	<b>942</b>	<b>963</b>
	O	756	760	879	902	921	941	963
Congressional use of foreign currency, House of Representatives:								
Appropriation, mandatory .....	801 BA	5	5	5	5	5	5	5
Outlays .....	O	4	4	5	5	5	5	5
Total Federal funds House of Representatives .....	BA	<b>840</b>	<b>854</b>	<b>967</b>	<b>987</b>	<b>1,007</b>	<b>1,027</b>	<b>1,048</b>
	O	837	842	964	987	1,006	1,026	1,048

**Joint Items**

*Federal funds*

**General and Special Funds:**

Capitol Guide Service and Special Services Office:

Appropriation, discretionary .....	801 BA	2	2	3	3	3	3	3
Outlays .....	O	2	2	3	3	3	3	3

Joint Economic Committee:

Appropriation, discretionary .....	801 BA	3	3	3	3	3	3	3
Outlays .....	O	3	3	3	3	3	3	3

Joint Committee on Taxation:

Appropriation, discretionary .....	801 BA	6	6	7	7	7	7	8
Outlays .....	O	6	6	7	7	7	7	7

Office of the Attending Physician:

Appropriation, discretionary .....	801 BA	2	2	2	2	2	2	2
Outlays .....	O	2	2	2	2	2	2	2

General expenses, Capitol Police:

Appropriation, discretionary .....	801 BA	7	7	10	10	10	11	11
Outlays .....	O	8	7	10	11	11	11	11

Security enhancements:

Appropriation, discretionary .....	801 BA	-15	2					
Outlays .....	O	15	43	9				

Salaries, Capitol Police:

Appropriation, discretionary .....	801 BA	93	97	112	114	117	120	122
Outlays .....	O	92	94	112	114	117	120	123

Joint Committee on Inaugural Ceremonies:

Appropriation, discretionary .....	801 BA		1					
Outlays .....	O		1					

Total Federal funds Joint Items .....	BA	<b>98</b>	<b>120</b>	<b>137</b>	<b>139</b>	<b>142</b>	<b>146</b>	<b>149</b>
	O	128	158	146	140	143	146	149

**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	28	31	32	32	33	34
Outlays .....	O	26	28	30	32	32	33	33

**Architect of the Capitol**

*Federal funds*

**General and Special Funds:**

Capitol buildings, salaries and expenses:

Appropriation, discretionary .....	801 BA	54	45	112	49	50	51	52
Outlays .....	O	47	54	69	87	53	51	52



**LEGISLATIVE BRANCH—Continued**  
(In millions of dollars)

Account		2000 actual	estimate						
			2001	2002	2003	2004	2005	2006	
Capitol grounds:									
Appropriation, discretionary	801 BA	5	5	8	8	8	9	9	
Outlays	O	7	15	10	9	9	9	9	
Senate office buildings:									
Appropriation, discretionary	801 BA	66	64	54	55	56	58	59	
Outlays	O	55	70	61	59	58	59	58	
House office buildings:									
Appropriation, discretionary	801 BA	41	42	51	52	53	54	56	
Outlays	O	33	59	44	55	56	57	56	
Capitol power plant:									
Appropriation, discretionary	801 BA	38	39	47	48	49	50	51	
Spending authority from offsetting collections, discretionary	BA	4	5	4	5	5	5	5	
Outlays	O	42	46	48	53	54	55	56	
Capitol power plant (gross)	BA	42	44	51	53	54	55	56	
Outlays	O	42	46	48	53	54	55	56	
Total, offsetting collections (cash)		-4	-5	-4	-5	-5	-5	-5	
Total Capitol power plant (net)	BA	38	39	47	48	49	50	51	
Outlays	O	38	41	44	48	49	50	51	
Library buildings and grounds, structural and mechanical care:									
Appropriation, discretionary	801 BA	20	16	21	21	22	22	23	
Outlays	O	16	19	21	21	22	22	23	
Capitol visitor center:									
Outlays	801 O	4	12	61	23				
<b>Intragovernmental Funds:</b>									
Judiciary office building development and operations fund:									
Spending authority from offsetting collections, mandatory	801 BA	23	23	23	23	23	23	23	
Outlays	O	21	23	23	21	21	21	21	
Judiciary office building development and operations fund (gross)	BA	23	23	23	23	23	23	23	
Outlays	O	21	23	23	21	21	21	21	
Total, offsetting collections (cash)		-23	-23	-23	-23	-23	-23	-23	
Total Judiciary office building development and operations fund (net)	BA								
Outlays	O	-2			-2	-2	-2	-2	
<i>Trust funds</i>									
Gifts and donations:									
Appropriation, mandatory	801 BA					1	1	1	
Outlays	O					1	1	1	
Total Federal funds Architect of the Capitol	BA	224	211	293	233	238	244	250	
Outlays	O	198	270	310	300	245	246	247	
Total Trust funds Architect of the Capitol	BA					1	1	1	
Outlays	O					1	1	1	

**Botanic Garden**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, discretionary	801 BA	3	3	6	6	6	6	7
Outlays	O	13	21	6	6	6	7	7

*Trust funds*

Gifts and donations:

Appropriation, mandatory	801 BA		12	2	2			
Outlays	O		9	5	3	1		

**Library of Congress**

*Federal funds*

**General and Special Funds:**

Salaries and expenses, Library of Congress:

Appropriation, discretionary	503 BA	259	375	291	297	304	311	318
Spending authority from offsetting collections, discretionary	BA	70	87	13	13	13	13	13

**LEGISLATIVE BRANCH—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	313	340	329	311	317	321	329
Salaries and expenses, Library of Congress (gross) .....	BA	<b>329</b>	<b>462</b>	<b>304</b>	<b>310</b>	<b>317</b>	<b>324</b>	<b>331</b>
	O	313	340	329	311	317	321	329
Change in uncollected customer payments from Federal sources .....	BA	<b>-2</b>						
Total, offsetting collections (cash) .....		-65	-87	-13	-13	-13	-13	-13
Total Salaries and expenses, Library of Congress (net) .....	BA	<b>262</b>	<b>375</b>	<b>291</b>	<b>297</b>	<b>304</b>	<b>311</b>	<b>318</b>
	O	248	253	316	298	304	308	316
Copyright Office: Salaries and expenses:								
Appropriation, discretionary .....	376 BA	<b>11</b>	<b>9</b>	<b>14</b>	<b>14</b>	<b>15</b>	<b>15</b>	<b>15</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>26</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>29</b>
Outlays .....	O	34	35	39	39	39	39	40
Copyright Office (gross) .....	BA	<b>37</b>	<b>38</b>	<b>43</b>	<b>43</b>	<b>44</b>	<b>44</b>	<b>44</b>
	O	34	35	39	39	39	39	40
Total, offsetting collections (cash) .....		-26	-29	-29	-29	-29	-29	-29
Total Copyright Office (net) .....	BA	<b>11</b>	<b>9</b>	<b>14</b>	<b>14</b>	<b>15</b>	<b>15</b>	<b>15</b>
	O	8	6	10	10	10	10	11
Congressional Research Service: Salaries and expenses:								
Appropriation, discretionary .....	801 BA	<b>71</b>	<b>73</b>	<b>81</b>	<b>83</b>	<b>85</b>	<b>87</b>	<b>88</b>
Outlays .....	O	70	73	80	83	84	86	88
Books for the blind and physically handicapped: Salaries and expenses:								
Appropriation, discretionary .....	503 BA	<b>48</b>	<b>49</b>	<b>50</b>	<b>51</b>	<b>52</b>	<b>53</b>	<b>55</b>
Outlays .....	O	46	47	49	49	51	51	53
Furniture and furnishings:								
Appropriation, discretionary .....	503 BA	<b>5</b>	<b>5</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>10</b>
Outlays .....	O	6	5	6	8	8	8	9
Payments to copyright owners:								
Appropriation, mandatory .....	376 BA	<b>214</b>	<b>230</b>	<b>239</b>	<b>253</b>	<b>265</b>	<b>229</b>	<b>186</b>
Outlays .....	O	375	257	161	251	229	242	254
<b>Public Enterprise Funds:</b>								
Cooperative acquisitions program revolving fund:								
Spending authority from offsetting collections, discretionary .....	503 BA	<b>3</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>3</b>
Outlays .....	O	2	3	2	2	2	2	3
Cooperative acquisitions program revolving fund (gross) .....	BA	<b>3</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>3</b>
	O	2	3	2	2	2	2	3
Total, offsetting collections (cash) .....		-3	-3	-2	-2	-2	-2	-3
Total Cooperative acquisitions program revolving fund (net) .....	BA	<b>-1</b>						
	O							
Duplication services:								
Spending authority from offsetting collections, discretionary .....	503 BA			<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Outlays .....	O			1	1	1	1	1
Duplication services (gross) .....	BA			<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
	O			1	1	1	1	1
Total, offsetting collections (cash) .....				-1	-1	-1	-1	-1
Total Duplication services (net) .....	BA							
	O							
Gift shop, decimal classification, photo duplication, and related services:								
Spending authority from offsetting collections, discretionary .....	503 BA			<b>10</b>	<b>7</b>	<b>7</b>	<b>8</b>	<b>8</b>
Outlays .....	O			9	7	7	8	8
Gift shop, decimal classification, photo duplication, and related services (gross) .....	BA			<b>10</b>	<b>7</b>	<b>7</b>	<b>8</b>	<b>8</b>
	O			9	7	7	8	8
Total, offsetting collections (cash) .....				-10	-7	-7	-8	-8
Total Gift shop, decimal classification, photo duplication, and related services (net) .....	BA							
	O			-1				

**LEGISLATIVE BRANCH—Continued**  
(In millions of dollars)

Account	2000 actual	estimate						
		2001	2002	2003	2004	2005	2006	
<b>Intragovernmental Funds:</b>								
Fedlink program and Federal research program:								
Authority to borrow, discretionary	503 BA		2					
Spending authority from offsetting collections, discretionary	BA		93	64	65	66	67	
Outlays	O		82	65	63	64	65	
Fedlink program and Federal research program (gross)	BA		95	64	65	66	67	
	O		82	65	63	64	65	
Total, offsetting collections (cash)				-93	-64	-65	-66	-67
Total Fedlink program and Federal research program (net)	BA		2					
	O		-11	1	-2	-2	-2	
<i>Trust funds</i>								
Gift and trust fund accounts:								
Appropriation, mandatory	503 BA	33	91	28	22	19	19	
Spending authority from offsetting collections, mandatory	BA	3						
Outlays	O	33	79	28	25	20	19	
Gift and trust fund accounts (gross)	BA	36	91	28	22	19	19	
	O	33	79	28	25	20	19	
Change in uncollected customer payments from Federal sources	BA	-3						
Total Gift and trust fund accounts (net)	BA	33	91	28	22	19	19	
	O	33	79	28	25	20	19	
Total Federal funds Library of Congress	BA	611	741	686	707	730	705	
	O	752	641	610	700	684	703	
Total Trust funds Library of Congress	BA	33	91	28	22	19	19	
	O	33	79	28	25	20	19	

**Government Printing Office**

*Federal funds*

<b>General and Special Funds:</b>							
Congressional printing and binding:							
Appropriation, discretionary	801 BA	73	71	91	93	95	97
Outlays	O	79	72	86	91	94	95
Office of Superintendent of Documents: Salaries and expenses:							
Appropriation, discretionary	808 BA	30	28	30	31	31	32
Outlays	O	29	29	29	30	30	33
<b>Intragovernmental Funds:</b>							
Government Printing Office revolving fund:							
Appropriation, discretionary	808 BA			6			
Spending authority from offsetting collections, mandatory	BA	789	792	790	806	822	838
Outlays	O	799	786	791	810	822	838
Government Printing Office revolving fund (gross)	BA	789	792	796	806	822	838
	O	799	786	791	810	822	838
Change in uncollected customer payments from Federal sources	BA	64	-16	10	10	10	11
Total, offsetting collections (cash)		-853	-776	-800	-816	-832	-849
Total Government Printing Office revolving fund (net)	BA			6			
	O	-54	10	-9	-6	-10	-11
Total Federal funds Government Printing Office	BA	103	99	127	124	126	129
	O	54	111	106	115	114	121

**General Accounting Office**

*Federal funds*

<b>General and Special Funds:</b>							
Salaries and expenses:							
Appropriation, discretionary	801 BA	378	384	428	438	447	457
Spending authority from offsetting collections, discretionary	BA	9	2	3			

**LEGISLATIVE BRANCH—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	385	382 43	428	437	447	457	467
Salaries and expenses (gross) .....	BA	<b>387</b>	<b>389</b>	<b>431</b>	<b>438</b>	<b>447</b>	<b>457</b>	<b>467</b>
	O	385	385	428	437	447	457	467
Total, offsetting collections (cash) .....		-9	-2	-3				
Total Salaries and expenses (net) .....	BA	<b>378</b>	<b>387</b>	<b>428</b>	<b>438</b>	<b>447</b>	<b>457</b>	<b>467</b>
	O	376	383	425	437	447	457	467

**United States Tax Court**

Federal funds

**General and Special Funds:**

Salaries and expenses:								
Appropriation, discretionary .....	752 BA	<b>35</b>	<b>37</b>	<b>37</b>	<b>38</b>	<b>39</b>	<b>40</b>	<b>40</b>
Outlays .....	O	31	36	39	39	38	39	41

**Other Legislative Branch Agencies**

*Legislative Branch Boards and Commissions*

Federal funds

**General and Special Funds:**

Medicare Payment Advisory Commission (Medicare):								
(Spending authority from offsetting collections, discretionary) .....	571 BA	<b>7</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
(Outlays) .....	O	7	8	8	8	8	8	8
Medicare Payment Advisory Commission (gross) .....	BA	<b>7</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
	O	7	8	8	8	8	8	8
Total, offsetting collections (cash) .....		-7	-8	-8	-8	-8	-8	-8
Total (Medicare) (net) .....	BA							
	O							
Total Medicare Payment Advisory Commission .....	BA							
	O							
Census Monitoring Board:								
Appropriation, discretionary .....	376 BA	<b>4</b>	<b>4</b>					
Outlays .....	O	5	4	1				
United States Commission on International Religious Freedom:								
Appropriation, discretionary .....	801 BA		<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Outlays .....	O	2	2	3	3	3	3	3
Other legislative branch boards and commissions (Other general government):								
(Appropriation, discretionary) .....	808 BA	<b>3</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
(Outlays) .....	O	4	4	2	2	2	2	2
Total Other legislative branch boards and commissions .....	BA	<b>3</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
	O	4	4	2	2	2	2	2
<i>Trust funds</i>								
Gifts and donations, Millennial Housing Commission:								
Appropriation, discretionary .....	801 BA			<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
U.S. Capitol Preservation Commission:								
Appropriation, mandatory .....	801 BA	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Outlays .....	O			5	15	10		
John C. Stennis Center for Public Service Training and Development trust fund:								
Appropriation, mandatory .....	801 BA	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Outlays .....	O	1	2	2	2	2	2	2
Total Federal funds Legislative Branch Boards and Commissions .....	BA	<b>7</b>	<b>10</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
	O	11	10	6	5	5	5	5
Total Trust funds Legislative Branch Boards and Commissions .....	BA	<b>2</b>	<b>4</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
	O	1	2	7	17	12	2	2

**LEGISLATIVE BRANCH—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Summary</b>								
<b>Federal funds:</b>								
(As shown in detail above) .....	BA	2,847	3,033	3,341	3,344	3,421	3,456	3,482
	O	2,918	3,042	3,265	3,397	3,370	3,443	3,525
<b>Deductions for offsetting receipts:</b>								
Intrafund transactions .....	908 BA/O	-31	-37	-34	-37	-36	-37	-37
Total Federal funds .....	BA	2,816	2,996	3,307	3,307	3,385	3,419	3,445
	O	2,887	3,005	3,231	3,360	3,334	3,406	3,488
<b>Trust funds:</b>								
(As shown in detail above) .....	BA	35	107	36	30	26	26	26
	O	34	90	40	45	33	22	22
<b>Deductions for offsetting receipts:</b>								
Proprietary receipts from the public .....	503 BA/O	-7	-7				-1	-1
	908 BA/O	-3	-2	-3	-3	-3	-3	-3
Total Trust funds .....	BA	25	98	33	27	23	22	22
	O	24	81	37	42	30	18	18
Total Legislative Branch .....	BA	2,841	3,094	3,340	3,334	3,408	3,441	3,467
	O	2,911	3,086	3,268	3,402	3,364	3,424	3,506

**JUDICIAL BRANCH**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Supreme Court of the United States</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
<b>Salaries and expenses:</b>								
Appropriation, discretionary .....	752 BA	33	36	40	41	42	43	44
Appropriation, mandatory .....	BA	2	2	2	2	2	3	3
Outlays .....	O	33	35	37	40	42	44	47
Total Salaries and expenses .....	BA	35	38	42	43	44	46	47
	O	33	35	37	40	42	44	47
<b>Care of the building and grounds:</b>								
Appropriation, discretionary .....	752 BA	8	8	118	9	9	9	10
Outlays .....	O	4	10	21	101	9	9	9
Total Federal funds Supreme Court of the United States .....	BA	43	46	160	52	53	55	57
	O	37	45	58	141	51	53	56

**United States Court of Appeals for the Federal Circuit**  
*Federal funds*

<b>General and Special Funds:</b>								
<b>Salaries and expenses:</b>								
Appropriation, discretionary .....	752 BA	15	16	18	18	19	19	20
Appropriation, mandatory .....	BA	2	2	2	2	2	2	2
Outlays .....	O	15	16	20	20	21	21	21
Total Salaries and expenses .....	BA	17	18	20	20	21	21	22
	O	15	16	20	20	21	21	21

**United States Court of International Trade**  
*Federal funds*

<b>General and Special Funds:</b>								
<b>Salaries and expenses:</b>								
Appropriation, discretionary .....	752 BA	10	10	11	11	11	12	12
Appropriation, mandatory .....	BA	2	2	2	2	2	2	2

**JUDICIAL BRANCH—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	12	13	12	13	13	14	14
Total Salaries and expenses .....	BA	12	12	13	13	13	14	14
	O	12	13	12	13	13	14	14

**Courts of Appeals, District Courts, and other Judicial Services**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:									
Appropriation, discretionary .....	752 BA	2,743	3,125	3,488	3,566	3,645	3,727	3,810	
Appropriation, mandatory .....	BA	229	237	250	260	270	281	292	
Spending authority from offsetting collections, discretionary .....	BA	262	333	226					
Outlays .....	O	3,128	3,668	3,949	3,820	3,910	4,001	4,095	
Salaries and expenses (gross) .....	BA	3,234	3,695	3,964	3,826	3,915	4,008	4,102	
	O	3,128	3,668	3,949	3,820	3,910	4,001	4,095	
Total, offsetting collections (cash) .....		-262	-333	-226	-40	-40	-40	-40	
Total Salaries and expenses (net) .....	BA	2,972	3,362	3,738	3,786	3,875	3,968	4,062	
	O	2,866	3,335	3,723	3,780	3,870	3,961	4,055	
Defender services:									
Appropriation, discretionary .....	752 BA	349	434	522	534	546	558	570	
Spending authority from offsetting collections, discretionary .....	BA	26							
Outlays .....	O	403	445	520	534	545	557	570	
Defender services (gross) .....	BA	375	434	522	534	546	558	570	
	O	403	445	520	534	545	557	570	
Total, offsetting collections (cash) .....		-26							
Total Defender services (net) .....	BA	349	434	522	534	546	558	570	
	O	377	445	520	534	545	557	570	
Fees of jurors and commissioners:									
Appropriation, discretionary .....	752 BA	54	54	50	51	52	53	55	
Outlays .....	O	58	56	56	51	52	53	55	
Court security:									
Appropriation, discretionary .....	752 BA	193	205	228	236	249	262	276	
Outlays .....	O	190	201	223	234	246	259	273	
Judiciary filing fees:									
Appropriation, mandatory .....	752 BA	106	107	111	111	111	111	111	
Outlays .....	O	214	44	107	111	111	111	111	
Registry Administration:									
Appropriation, mandatory .....	752 BA	4	4	4	4	4	4	4	
Outlays .....	O	4	4	4	4	4	4	4	
Judiciary information technology fund:									
Appropriation, mandatory .....	752 BA	190	208	253	227	234	239	245	
Outlays .....	O	208	223	250	256	260	264	269	
Total Federal funds Courts of Appeals, District Courts, and other Judicial Services	BA	3,868	4,374	4,906	4,949	5,071	5,195	5,323	
	O	3,917	4,308	4,883	4,970	5,088	5,209	5,337	

**Administrative Office of the United States Courts**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:								
Appropriation, discretionary .....	752 BA	55	58	63	64	66	67	69
Spending authority from offsetting collections, discretionary .....	BA	42	47	49				
Outlays .....	O	96	105	112	64	66	67	68
Salaries and expenses (gross) .....	BA	97	105	112	64	66	67	69
	O	96	105	112	64	66	67	68
Total, offsetting collections (cash) .....		-42	-47	-49				
Total Salaries and expenses (net) .....	BA	55	58	63	64	66	67	69
	O	54	58	63	64	66	67	68

**JUDICIAL BRANCH—Continued**  
(In millions of dollars)

Account	2000 actual	estimate						
		2001	2002	2003	2004	2005	2006	
<b>Federal Judicial Center</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Salaries and expenses:								
Appropriation, discretionary .....	752 BA	18	19	20	20	21	21	22
Outlays .....	O	17	17	20	20	21	21	21
<i>Trust funds</i>								
Gifts and donations, Federal Judicial Center Foundation:								
Appropriation, mandatory .....	752 BA	1	1	1	1	1	1	1
Outlays .....	O	1	1	1	1	1	1	1
<b>Judicial Retirement Funds</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Payment to judiciary trust funds:								
Appropriation, mandatory .....	752 BA	40	36	37	39	40	42	43
Outlays .....	O	40	36	37	39	40	42	43
<i>Trust funds</i>								
Judicial officers' retirement fund:								
Appropriation, mandatory .....	602 BA	38	34	34	36	37	39	41
Outlays .....	O	17	25	26	27	28	29	30
Judicial survivors' annuities fund:								
Appropriation, mandatory .....	602 BA	41	40	39	41	43	46	48
Outlays .....	O	13	14	14	15	15	16	16
United States Court of Federal Claims Judges' retirement fund:								
Appropriation, mandatory .....	602 BA	3	3	2	2	2	2	2
Outlays .....	O	1	1	1	1	1	2	2
Total Federal funds Judicial Retirement Funds .....								
	BA	40	36	37	39	40	42	43
	O	40	36	37	39	40	42	43
Total Trust funds Judicial Retirement Funds .....								
	BA	82	77	75	79	82	87	91
	O	31	40	41	43	44	47	48
<b>United States Sentencing Commission</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Salaries and expenses:								
Appropriation, discretionary .....	752 BA	8	10	12	12	13	13	13
Outlays .....	O	9	10	11	13	13	13	13
<b>Violent Crime Reduction Programs</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Violent crime reduction programs:								
Appropriation, discretionary .....	752 BA	183						
Outlays .....	O	183						
<b>Summary</b>								
Federal funds:								
(As shown in detail above) .....	BA	4,244	4,573	5,231	5,169	5,298	5,428	5,563
	O	4,284	4,503	5,104	5,280	5,313	5,440	5,573
Deductions for offsetting receipts:								
Intrafund transactions .....	752 BA/O	-176	-195	-240	-245	-250	-255	-260
Proprietary receipts from the public .....	752 BA/O	-14	-13	-13	-13	-13	-13	-13
Total Federal funds .....								
	BA	4,054	4,365	4,978	4,911	5,035	5,160	5,290
	O	4,094	4,295	4,851	5,022	5,050	5,172	5,300
Trust funds:								
(As shown in detail above) .....	BA	82	78	76	80	83	88	92
	O	32	41	42	44	45	48	49

**JUDICIAL BRANCH—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Interfund transactions .....	752 BA/O	-40	-36	-37	-38	-40	-41	-43
Total Judicial Branch .....	BA	<b>4,096</b>	<b>4,407</b>	<b>5,017</b>	<b>4,953</b>	<b>5,078</b>	<b>5,207</b>	<b>5,339</b>
	O	4,086	4,300	4,856	5,028	5,055	5,179	5,306

**DEPARTMENT OF AGRICULTURE**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006

**Office of the Secretary**  
*Federal funds*

**General and Special Funds:**

Office of the Secretary:

Appropriation, discretionary .....	352 BA	23	9	9	9	9	10	10
Spending authority from offsetting collections, discretionary .....	BA	1						
Outlays .....	O	19	30	15	9	9	9	9
Office of the Secretary (gross) .....	BA	<b>24</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>10</b>
	O	19	30	15	9	9	9	9
Total, offsetting collections (cash) .....		-1						
Total Office of the Secretary (net) .....	BA	<b>23</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>10</b>
	O	18	30	15	9	9	9	9

Fund for rural America

(Agricultural research and services):

(Appropriation, discretionary) .....	352 BA			-60	30			
(Appropriation, mandatory) .....	BA	20	10	75	30	30	30	30
(Reappropriation, discretionary) .....	BA				30			
(Outlays) .....	O	10	8	12	17	41	48	46
Total (Agricultural research and services) .....	BA	<b>20</b>	<b>10</b>	<b>15</b>	<b>90</b>	<b>30</b>	<b>30</b>	<b>30</b>
	O	10	8	12	17	41	48	46

(Area and regional development):

(Appropriation, discretionary) .....	452 BA			-60	30			
(Appropriation, mandatory) .....	BA	40	20	75	30	30	30	30
(Reappropriation, discretionary) .....	BA				30			
(Outlays) .....	O	35	24	15	90	30	30	30
Total (Area and regional development) .....	BA	<b>40</b>	<b>20</b>	<b>15</b>	<b>90</b>	<b>30</b>	<b>30</b>	<b>30</b>
	O	35	24	15	90	30	30	30

Total Fund for rural America .....	BA	<b>60</b>	<b>30</b>	<b>30</b>	<b>180</b>	<b>60</b>	<b>60</b>	<b>60</b>
	O	45	32	27	107	71	78	76

*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	<b>83</b>	<b>39</b>	<b>39</b>	<b>189</b>	<b>69</b>	<b>70</b>	<b>70</b>
	O	63	62	42	116	80	87	85
Total Trust funds Office of the Secretary .....	BA	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
	O	1	1	1	1	1	1	1

**Executive Operations**  
*Federal funds*

**General and Special Funds:**

Executive operations:

Appropriation, discretionary .....	352 BA	25	27	27	28	28	29	29
Spending authority from offsetting collections, discretionary .....	BA	1	1	1	1	1	1	1



**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	25	26	28	28	29	30	30
Executive operations (gross) .....	BA	<b>26</b>	<b>28</b>	<b>28</b>	<b>29</b>	<b>29</b>	<b>30</b>	<b>30</b>
	O	25	26	28	28	29	30	30
Total, offsetting collections (cash) .....		-1	-1	-1	-1	-1	-1	-1
Total Executive operations (net) .....	BA	<b>25</b>	<b>27</b>	<b>27</b>	<b>28</b>	<b>28</b>	<b>29</b>	<b>29</b>
	O	24	25	27	27	28	29	29
Chief Financial Officer:								
Appropriation, discretionary .....	352 BA	5	5	5	5	5	5	5
Spending authority from offsetting collections, discretionary .....	BA	3	2	2	2	2	2	2
Outlays .....	O	7	7	7	7	7	7	7
Chief Financial Officer (gross) .....	BA	<b>8</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
	O	7	7	7	7	7	7	7
Total, offsetting collections (cash) .....		-3	-2	-2	-2	-2	-2	-2
Total Chief Financial Officer (net) .....	BA	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
	O	4	5	5	5	5	5	5
Office of the Chief Information Officer:								
Appropriation, discretionary .....	352 BA	10	10	10	10	10	11	11
Spending authority from offsetting collections, discretionary .....	BA	4	13	2	2	2	2	2
Outlays .....	O	45	27	13	12	12	13	13
Office of the Chief Information Officer (gross) .....	BA	<b>14</b>	<b>23</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>13</b>
	O	45	27	13	12	12	13	13
Change in uncollected customer payments from Federal sources .....	BA	-5	2	3				
Adjustment to uncollected customer payments from Federal sources .....	BA	1	-2					
Total, offsetting collections (cash) .....		-1	-13	-2	-2	-2	-2	-2
Total Office of the Chief Information Officer (net) .....	BA	<b>9</b>	<b>10</b>	<b>13</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>11</b>
	O	44	14	11	10	10	11	11
Common computing environment:								
Appropriation, discretionary .....	352 BA		59	59	60	62	63	64
Outlays .....	O		50	59	60	62	63	64
<b>Intragovernmental Funds:</b>								
Working capital fund:								
Spending authority from offsetting collections, discretionary .....	352 BA	<b>262</b>	<b>314</b>	<b>309</b>	<b>309</b>	<b>309</b>	<b>309</b>	<b>309</b>
Outlays .....	O	262	313	309	309	309	309	309
Working capital fund (gross) .....	BA	<b>262</b>	<b>314</b>	<b>309</b>	<b>309</b>	<b>309</b>	<b>309</b>	<b>309</b>
	O	262	313	309	309	309	309	309
Total, offsetting collections (cash) .....		-262	-314	-309	-309	-309	-309	-309
Total Working capital fund (net) .....	BA							
	O		-1					
Total Federal funds Executive Operations .....	BA	<b>39</b>	<b>101</b>	<b>104</b>	<b>103</b>	<b>105</b>	<b>108</b>	<b>109</b>
	O	72	93	102	102	105	108	109

**Departmental Administration**

*Federal funds*

**General and Special Funds:**

Departmental administration:

Appropriation, discretionary .....	352 BA	35	36	37	38	39	40	40
Spending authority from offsetting collections, discretionary .....	BA	24	20	17	17	17	17	17
Outlays .....	O	66	54	52	55	56	57	57
Departmental administration (gross) .....	BA	<b>59</b>	<b>56</b>	<b>54</b>	<b>55</b>	<b>56</b>	<b>57</b>	<b>57</b>
	O	66	54	52	55	56	57	57
Change in uncollected customer payments from Federal sources .....	BA	-2	34					
Adjustment to uncollected customer payments from Federal sources .....	BA		-34					

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
Total, offsetting collections (cash)		-22	-20	-17	-17	-17	-17	-17
Total Departmental administration (net)	BA	35	36	37	38	39	40	40
	O	44	34	35	38	39	40	40
<b>Hazardous materials management:</b>								
Appropriation, discretionary	304 BA	16	16	16	16	17	17	17
Spending authority from offsetting collections, discretionary	BA	3						
Outlays	O	15	25	18	18	18	18	19
Hazardous materials management (gross)	BA	19	16	16	16	17	17	17
	O	15	25	18	18	18	18	19
Total, offsetting collections (cash)		-3						
Total Hazardous materials management (net)	BA	16	16	16	16	17	17	17
	O	12	25	18	18	18	18	19
<b>Agriculture buildings and facilities and rental payments:</b>								
Appropriation, discretionary	352 BA	140	183	188	192	196	201	205
Spending authority from offsetting collections, discretionary	BA	9	1	1	1	1	1	1
Outlays	O	144	200	190	194	198	203	207
Agriculture buildings and facilities and rental payments (gross)	BA	149	184	189	193	197	202	206
	O	144	200	190	194	198	203	207
Change in uncollected customer payments from Federal sources	BA	-1						
Total, offsetting collections (cash)		-8	-1	-1	-1	-1	-1	-1
Total Agriculture buildings and facilities and rental payments (net)	BA	140	183	188	192	196	201	205
	O	136	199	189	193	197	202	206
<b>Outreach for socially disadvantaged farmers:</b>								
Appropriation, discretionary	351 BA	3	3	3	3	3	3	3
Spending authority from offsetting collections, discretionary	BA	1						
Outlays	O	5	3	3	3	3	3	3
Outreach for socially disadvantaged farmers (gross)	BA	4	3	3	3	3	3	3
	O	5	3	3	3	3	3	3
Total, offsetting collections (cash)		-1						
Total Outreach for socially disadvantaged farmers (net)	BA	3	3	3	3	3	3	3
	O	4	3	3	3	3	3	3
Total Federal funds Departmental Administration	BA	194	238	244	249	255	261	265
	O	196	261	245	252	257	263	268

**Office of Communications**

*Federal funds*

**General and Special Funds:**

<b>Office of Communications:</b>								
Appropriation, discretionary	352 BA	8	9	9	9	9	10	10
Spending authority from offsetting collections, discretionary	BA	1	1	1	1	1	1	1
Outlays	O	9	9	10	10	11	11	11
Office of Communications (gross)	BA	9	10	10	10	10	11	11
	O	9	9	10	10	11	11	11
Change in uncollected customer payments from Federal sources	BA	-1						
Total, offsetting collections (cash)			-1	-1	-1	-1	-1	-1
Total Office of Communications (net)	BA	8	9	9	9	9	10	10
	O	9	8	9	9	10	10	10

**Office of the Inspector General**

*Federal funds*

**General and Special Funds:**

Office of the Inspector General:								
Appropriation, discretionary	352 BA	65	69	71	73	74	76	78

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Spending authority from offsetting collections, discretionary .....	BA	3	2	2	2	2	2	2
Outlays .....	O	68	71	72	75	76	78	79
Office of the Inspector General (gross) .....	BA	68	71	73	75	76	78	80
	O	68	71	72	75	76	78	79
Total, offsetting collections (cash) .....		-3	-2	-2	-2	-2	-2	-2
Total Office of the Inspector General (net) .....	BA	65	69	71	73	74	76	78
	O	65	69	70	73	74	76	77

**Office of the General Counsel**

*Federal funds*

**General and Special Funds:**

Office of the General Counsel:

Appropriation, discretionary .....	352 BA	29	32	33	34	34	35	36
Spending authority from offsetting collections, discretionary .....	BA	1	1	1	1	1	1	1
Outlays .....	O	29	31	34	35	36	36	37
Office of the General Counsel (gross) .....	BA	30	33	34	35	35	36	37
	O	29	31	34	35	36	36	37
Total, offsetting collections (cash) .....		-1	-1	-1	-1	-1	-1	-1
Total Office of the General Counsel (net) .....	BA	29	32	33	34	34	35	36
	O	28	30	33	34	35	35	36

**Economic Research Service**

*Federal funds*

**General and Special Funds:**

Economic Research Service:

Appropriation, discretionary .....	352 BA	64	66	67	68	70	72	73
Spending authority from offsetting collections, discretionary .....	BA	2	4	4	4	4	4	4
Outlays .....	O	72	70	71	72	74	75	77
Economic Research Service (gross) .....	BA	66	70	71	72	74	76	77
	O	72	70	71	72	74	75	77
Total, offsetting collections (cash) .....		-2	-4	-4	-4	-4	-4	-4
Total Economic Research Service (net) .....	BA	64	66	67	68	70	72	73
	O	70	66	67	68	70	71	73

**National Agricultural Statistics Service**

*Federal funds*

**General and Special Funds:**

National Agricultural Statistics Service:

Appropriation, discretionary .....	352 BA	99	101	114	134	117	114	119
Spending authority from offsetting collections, discretionary .....	BA	11	11	11	11	11	11	11
Outlays .....	O	114	110	123	142	129	125	129
National Agricultural Statistics Service (gross) .....	BA	110	112	125	145	128	125	130
	O	114	110	123	142	129	125	129
Total, offsetting collections (cash) .....		-11	-11	-11	-10	-10	-10	-10
Total National Agricultural Statistics Service (net) .....	BA	99	101	114	135	118	115	120
	O	103	99	112	132	119	115	119

**Agricultural Research Service**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, discretionary .....	352 BA	835	897	916	936	957	979	1,000
Appropriation, mandatory .....	BA	18	18	18	18	18	18	18
Spending authority from offsetting collections, discretionary .....	BA	41	60	60	60	60	60	60

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	857	959	972	1,015	1,012	1,033	1,055
Salaries and expenses (gross) .....	BA	<b>876</b>	<b>975</b>	<b>976</b>	<b>996</b>	<b>1,017</b>	<b>1,039</b>	<b>1,060</b>
	O	857	959	972	1,015	1,012	1,033	1,055
Total, offsetting collections (cash) .....		-41	-60	-60	-60	-60	-60	-60
Total Salaries and expenses (net) .....	BA	<b>835</b>	<b>915</b>	<b>916</b>	<b>936</b>	<b>957</b>	<b>979</b>	<b>1,000</b>
	O	816	899	912	955	952	973	995
<b>Buildings and facilities:</b>								
Appropriation, discretionary .....	352 BA	<b>53</b>	<b>74</b>	<b>30</b>	<b>31</b>	<b>31</b>	<b>32</b>	<b>33</b>
Outlays .....	O	51	62	56	69	57	55	32
<i>Trust funds</i>								
<b>Miscellaneous contributed funds:</b>								
Appropriation, mandatory .....	352 BA	<b>20</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>23</b>
Outlays .....	O	20	23	23	23	23	23	23
Total Federal funds Agricultural Research Service .....	BA	<b>888</b>	<b>989</b>	<b>946</b>	<b>967</b>	<b>988</b>	<b>1,011</b>	<b>1,033</b>
	O	867	961	968	1,024	1,009	1,028	1,027
Total Trust funds Agricultural Research Service .....	BA	<b>20</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>23</b>
	O	20	23	23	23	23	23	23

**Cooperative State Research, Education, and Extension Service**

*Federal funds*

**General and Special Funds:**

**Integrated activities:**

Appropriation, discretionary .....	352 BA	<b>40</b>	<b>42</b>	<b>42</b>	<b>43</b>	<b>44</b>	<b>45</b>	<b>46</b>
Outlays .....	O	1	17	31	41	42	43	44

**Initiative for future agriculture and food systems:**

Appropriation, discretionary .....	352 BA			<b>-120</b>	<b>120</b>			
Appropriation, mandatory .....	BA	<b>120</b>	<b>120</b>	<b>240</b>	<b>120</b>	<b>120</b>	<b>120</b>	<b>120</b>
Outlays .....	O		48	96	126	162	162	150
Total Initiative for future agriculture and food systems .....	BA	<b>120</b>	<b>120</b>	<b>120</b>	<b>240</b>	<b>120</b>	<b>120</b>	<b>120</b>
	O		48	96	126	162	162	150

**Research and education activities:**

Appropriation, discretionary .....	352 BA	<b>487</b>	<b>513</b>	<b>416</b>	<b>425</b>	<b>435</b>	<b>444</b>	<b>454</b>
Appropriation, mandatory .....	BA		<b>28</b>					
Spending authority from offsetting collections, discretionary .....	BA	<b>14</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>
Outlays .....	O	462	525	490	535	492	452	462
Research and education activities (gross) .....	BA	<b>501</b>	<b>557</b>	<b>432</b>	<b>441</b>	<b>451</b>	<b>460</b>	<b>470</b>
	O	462	525	490	535	492	452	462
Total, offsetting collections (cash) .....		-14	-16	-16	-16	-16	-16	-16
Total Research and education activities (net) .....	BA	<b>487</b>	<b>541</b>	<b>416</b>	<b>425</b>	<b>435</b>	<b>444</b>	<b>454</b>
	O	448	509	474	519	476	436	446

**Buildings and facilities:**

Outlays .....	352 O	34	25	31	12			
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**Extension activities:**

Appropriation, discretionary .....	352 BA	<b>424</b>	<b>432</b>	<b>413</b>	<b>422</b>	<b>432</b>	<b>441</b>	<b>451</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>16</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>
Outlays .....	O	453	446	485	457	461	462	472
Extension activities (gross) .....	BA	<b>440</b>	<b>457</b>	<b>438</b>	<b>447</b>	<b>457</b>	<b>466</b>	<b>476</b>
	O	453	446	485	457	461	462	472

Total, offsetting collections (cash) .....		-16	-25	-25	-25	-25	-25	-25
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Total Extension activities (net) .....	BA	<b>424</b>	<b>432</b>	<b>413</b>	<b>422</b>	<b>432</b>	<b>441</b>	<b>451</b>
	O	437	421	460	432	436	437	447

Total Federal funds Cooperative State Research, Education, and Extension Service .....	BA	<b>1,071</b>	<b>1,135</b>	<b>991</b>	<b>1,130</b>	<b>1,031</b>	<b>1,050</b>	<b>1,071</b>
	O	920	1,020	1,092	1,130	1,116	1,078	1,087

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

Account	2000 actual	estimate							
		2001	2002	2003	2004	2005	2006		
<b>Animal and Plant Health Inspection Service</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Salaries and expenses:									
Appropriation, discretionary .....	352 BA	655	856	722	653	668	682	698	
				∕-5	∕-5	∕-5	∕-5	∕-5	
Appropriation, mandatory .....	BA	134	178	145	321	259	266	272	
Spending authority from offsetting collections, discretionary .....	BA	76	60	60	60	60	60	60	
				∕5	∕5	∕5	∕5	∕6	
Outlays .....	O	703	1,100	1,081	1,036	988	1,006	1,025	
								∕1	
Salaries and expenses (gross) .....	BA	865	1,094	927	1,034	987	1,008	1,031	
	O	703	1,100	1,081	1,036	988	1,006	1,026	
Total, offsetting collections (cash) .....		-76	-60	-60	-60	-60	-60	-60	
				∕-5	∕-5	∕-5	∕-5	∕-6	
Total Salaries and expenses (net) .....	BA	789	1,034	862	969	922	943	965	
	O	627	1,040	1,016	971	923	941	960	
Buildings and facilities:									
Appropriation, discretionary .....	352 BA	5	10	5	5	5	5	5	
Outlays .....	O	9	7	9	5	5	5	5	
<i>Trust funds</i>									
Miscellaneous trust funds:									
Appropriation, mandatory .....	352 BA	17	13	13	13	13	13	13	
Outlays .....	O	23	13	9	13	13	13	13	
Total Federal funds Animal and Plant Health Inspection Service .....	BA	794	1,044	867	974	927	948	970	
	O	636	1,047	1,025	976	928	946	965	
Total Trust funds Animal and Plant Health Inspection Service .....	BA	17	13	13	13	13	13	13	
	O	23	13	9	13	13	13	13	

**Food Safety and Inspection Service**  
*Federal funds*

<b>General and Special Funds:</b>									
Salaries and expenses:									
Appropriation, discretionary .....	554 BA	649	695	716	732	748	765	782	
Spending authority from offsetting collections, discretionary .....	BA	98	96	99	96	96	96	96	
Outlays .....	O	745	791	832	827	844	860	877	
Salaries and expenses (gross) .....	BA	747	791	815	828	844	861	878	
	O	745	791	832	827	844	860	877	
Total, offsetting collections (cash) .....		-98	-96	-99	-96	-96	-96	-96	
Total Salaries and expenses (net) .....	BA	649	695	716	732	748	765	782	
	O	647	695	733	731	748	764	781	
<i>Trust funds</i>									
Expenses and refunds, inspection and grading of farm products:									
Appropriation, mandatory .....	352 BA	3	3	3	4	4	4	4	
Outlays .....	O	-2	3	3	4	4	4	4	

**Grain Inspection, Packers and Stockyards Administration**  
*Federal funds*

<b>General and Special Funds:</b>									
Salaries and expenses:									
Appropriation, discretionary .....	352 BA	26	32	33	34	34	35	36	
				∕-4	∕-4	∕-4	∕-4	∕-4	
Spending authority from offsetting collections, discretionary .....	BA			∕4	∕4	∕4	∕4	∕4	
Outlays .....	O	25	32	33	34	34	35	35	
Salaries and expenses (gross) .....	BA	26	32	33	34	34	35	36	
	O	25	32	33	34	34	35	35	

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
Total, offsetting collections (cash) .....				J-4	J-4	J-4	J-4	J-4
Total Salaries and expenses (net) .....	BA	26	32	29	30	30	31	32
	O	25	32	29	30	30	31	31
<b>Public Enterprise Funds:</b>								
Inspection and weighing services:								
Spending authority from offsetting collections, mandatory .....	352 BA	35	43	43	43	43	43	43
Outlays .....	O	35	43	43	43	43	43	43
Inspection and weighing services (gross) .....	BA	35	43	43	43	43	43	43
	O	35	43	43	43	43	43	43
Total, offsetting collections (cash) .....		-35	-43	-43	-43	-43	-43	-43
Total Inspection and weighing services (net) .....	BA							
	O							
Total Federal funds Grain Inspection, Packers and Stockyards Administration .....	BA	26	32	29	30	30	31	32
	O	25	32	29	30	30	31	31
<b>Agricultural Marketing Service</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Marketing services:								
Appropriation, discretionary .....	352 BA	52	65	71	73	74	76	78
Spending authority from offsetting collections, discretionary .....	BA	50	63	63	63	63	63	63
Outlays .....	O	102	120	134	135	137	139	140
Limitation on administrative level .....		(61)	(61)	(61)	(62)	(64)	(65)	(67)
Marketing services (gross) .....	BA	102	128	134	136	137	139	141
	O	102	120	134	135	137	139	140
Total, offsetting collections (cash) .....		-50	-63	-63	-63	-63	-63	-63
Total Marketing services (net) .....	BA	52	65	71	73	74	76	78
	O	52	57	71	72	74	76	77
Payments to States and possessions:								
Appropriation, discretionary .....	352 BA	1	1	1	1	1	1	1
Outlays .....	O	1	1	1	1	1	1	1
Perishable Agricultural Commodities Act fund:								
Appropriation, mandatory .....	352 BA	7	37	7	7	7	7	7
Outlays .....	O	8	10	8	8	8	8	8
Funds for strengthening markets, income, and supply (section 32):								
Appropriation, mandatory .....	605 BA	730	737	710	710	710	710	710
Spending authority from offsetting collections, mandatory .....	BA	1	1	1	1	1	1	1
Outlays .....	O	543	750	638	639	639	639	639
Funds for strengthening markets, income, and supply (section 32) (gross) .....	BA	731	738	711	711	711	711	711
	O	543	750	638	639	639	639	639
Total, offsetting collections (cash) .....		-1	-1	-1	-1	-1	-1	-1
Total Funds for strengthening markets, income, and supply (section 32) (net) .....	BA	730	737	710	710	710	710	710
	O	542	749	637	638	638	638	638
<i>Trust funds</i>								
Expenses and refunds, inspection and grading of farm products:								
Appropriation, mandatory .....	352 BA	119	155	114	114	114	114	114
Outlays .....	O	121	119	117	117	117	117	117
Milk market orders assessment fund:								
Spending authority from offsetting collections, mandatory .....	351 BA	48	42	42	42	42	42	42
Outlays .....	O	23						
Milk market orders assessment fund (gross) .....	BA	48	42	42	42	42	42	42
	O	23						

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash) .....		-48	-42	-42	-42	-42	-42	-42
Total Milk market orders assessment fund (net) .....	BA	-25	-42	-42	-42	-42	-42	-42
	O	603	817	717	719	721	723	724
Total Federal funds Agricultural Marketing Service .....	BA	790	840	789	791	792	794	796
	O	603	817	717	719	721	723	724
Total Trust funds Agricultural Marketing Service .....	BA	119	155	114	114	114	114	114
	O	96	77	75	75	75	75	75

**Risk Management Agency**

*Federal funds*

**General and Special Funds:**

Administrative and operating expenses:

Appropriation, discretionary .....	351 BA	64	65	75	77	78	80	82
Appropriation, mandatory .....	BA	13						
Outlays .....	O	64	69	92	77	78	80	81
Total Administrative and operating expenses .....	BA	77	65	75	77	78	80	82
	O	64	69	92	77	78	80	81

**Public Enterprise Funds:**

Federal crop insurance corporation fund:

Appropriation, mandatory .....	351 BA	698	2,805	3,037	3,204	3,368	3,523	3,730
Spending authority from offsetting collections, mandatory .....	BA	639	1,025	1,090	1,115	1,151	1,211	1,270
Outlays .....	O	2,917	3,608	4,011	4,235	4,437	4,656	4,897
Federal crop insurance corporation fund (gross) .....	BA	1,337	3,830	4,127	4,319	4,519	4,734	5,000
	O	2,917	3,608	4,011	4,235	4,437	4,656	4,897
Total, offsetting collections (cash) .....		-639	-1,025	-1,090	-1,115	-1,151	-1,211	-1,270
Total Federal crop insurance corporation fund (net) .....	BA	698	2,805	3,037	3,204	3,368	3,523	3,730
	O	2,278	2,583	2,921	3,120	3,286	3,445	3,627
Total Federal funds Risk Management Agency .....	BA	775	2,870	3,112	3,281	3,446	3,603	3,812
	O	2,342	2,652	3,013	3,197	3,364	3,525	3,708

**Farm Service Agency**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, discretionary .....	351 BA	873	876	939	960	981	1,003	1,026
Spending authority from offsetting collections, discretionary .....	BA	359	357	368	368	368	368	368
Outlays .....	O	1,118	1,253	1,344	1,345	1,391	1,382	1,391
Salaries and expenses (gross) .....	BA	1,232	1,233	1,307	1,328	1,349	1,371	1,394
	O	1,118	1,253	1,344	1,345	1,391	1,382	1,391
Change in uncollected customer payments from Federal sources .....	BA	-23						
Adjustment to uncollected customer payments from Federal sources .....	BA	-2						
Total, offsetting collections (cash) .....		-334	-357	-368	-368	-368	-368	-368
Total Salaries and expenses (net) .....	BA	873	876	939	960	981	1,003	1,026
	O	784	896	976	977	1,023	1,014	1,023

State mediation grants:

Appropriation, discretionary .....	351 BA	3	3	3	3	3	3	3
Outlays .....	O	2	3	2	3	3	3	3

Tree assistance program:

Outlays .....	351 O	2	4	3				
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Conservation reserve program:

Outlays .....	302 O	19	1					
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Agricultural conservation program:

Outlays .....	302 O	4	3	4	3	3	2	1
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Emergency conservation program:

Appropriation, discretionary .....	453 BA	60	80					
Outlays .....	O	65	82	64	26			

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

Account	2000 actual	estimate					
		2001	2002	2003	2004	2005	2006
<b>Public Enterprise Funds:</b>							
Commodity Credit Corporation fund							
(Conservation and land management):							
(Appropriation, discretionary) .....	302 BA			J-89			
(Authority to borrow, mandatory) .....	BA	1,848	2,104	2,050	2,022	2,112	2,124
(Outlays) .....	O	1,774	2,060	2,065	2,031	2,120	2,112
				J-7	J-9	J-8	J-3
							J-3
Total (Conservation and land management) .....	BA	1,848	2,104	1,961	2,022	2,112	2,124
	O	1,774	2,060	2,058	2,022	2,112	2,109
							2,115
							2,103
							2,115
							2,100
(Farm income stabilization):							
(Appropriation, mandatory) .....	351 BA	39					
(Authority to borrow, mandatory) .....	BA	28,286	21,260	8,043	5,769	5,667	5,697
(Spending authority from offsetting collections, mandatory) .....	BA	11,086	11,005	10,911	9,548	9,230	8,987
(Outlays) .....	O	41,584	29,558	21,935	16,825	15,367	14,987
Commodity Credit Corporation fund (gross) .....	BA	41,259	34,369	20,915	17,339	17,009	16,808
	O	43,358	31,618	23,993	18,847	17,479	17,096
Total, offsetting collections (cash) .....		-11,086	-11,005	-10,911	-9,548	-9,230	-8,987
Total (Farm income stabilization) (net) .....	BA	28,325	21,260	8,043	5,769	5,667	5,697
	O	30,498	18,553	11,024	7,277	6,137	6,000
							5,791
							6,091
Total Commodity Credit Corporation fund .....	BA	30,173	23,364	10,004	7,791	7,779	7,821
	O	32,272	20,613	13,082	9,299	8,249	8,109
							7,906
							8,191
<b>Credit Accounts:</b>							
Agricultural credit insurance fund program account:							
Appropriation, discretionary .....	351 BA	475	389	466	476	487	498
Appropriation, mandatory .....	BA	725	525				509
Outlays .....	O	1,116	1,007	465	476	487	497
Limitation on direct loan activity .....		(1,770)	(780)	(855)	(874)	(894)	(913)
Limitation on loan guarantee commitments .....		(3,778)	(2,318)	(3,000)	(3,067)	(3,135)	(3,205)
							(3,277)
Total Agricultural credit insurance fund program account .....	BA	1,200	914	466	476	487	498
	O	1,116	1,007	465	476	487	497
							508
							508
Agricultural credit insurance fund liquidating account:							
Spending authority from offsetting collections, mandatory .....	351 BA	54	19	18	17	15	14
Outlays .....	O	18	19	18	17	15	14
Agricultural credit insurance fund liquidating account (gross) .....	BA	54	19	18	17	15	14
	O	18	19	18	17	15	14
							13
							13
Total, offsetting collections (cash) .....		-920	-870	-829	-789	-756	-722
Total Agricultural credit insurance fund liquidating account (net) .....	BA	-866	-851	-811	-772	-741	-708
	O	-902	-851	-811	-772	-741	-708
							-676
							-676
Commodity Credit Corporation export loans program account:							
Appropriation, discretionary .....	351 BA	4	4	4	4	4	4
Appropriation, mandatory .....	BA	209	305	266	266	266	266
Outlays .....	O	204	315	278	270	270	270
Total Commodity Credit Corporation export loans program account .....	BA	213	309	270	270	270	270
	O	204	315	278	270	270	270
Commodity Credit Corporation guaranteed loans liquidating account:							
Spending authority from offsetting collections, mandatory .....	351 BA	214	397	312	330	440	458
Outlays .....	O		-20				
Commodity Credit Corporation guaranteed loans liquidating account (gross) .....	BA	214	397	312	330	440	458
	O		-20				
Total, offsetting collections (cash) .....		-214	-397	-312	-330	-440	-458
Total Commodity Credit Corporation guaranteed loans liquidating account (net) .....	BA	-214	-417	-312	-330	-440	-458
	O						
							-455
							-455
Farm storage facility loans program account:							
Appropriation, mandatory .....	351 BA	10	4	3	3	2	2
Outlays .....	O		6	3	3	2	2



**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Apple loans program account:								
Outlays	351 O		5					
Limitation on direct loan activity			(100)					
Emergency boll weevil loan program account:								
Outlays	351 O		6					
Limitation on direct loan activity			(10)					
Total Federal funds Farm Service Agency	BA O	<b>31,666</b> 33,352	<b>24,699</b> 21,673	<b>10,874</b> 13,754	<b>8,731</b> 9,955	<b>8,781</b> 8,856	<b>8,889</b> 8,731	<b>9,040</b> 8,867

**Natural Resources Conservation Service**

*Federal funds*

**General and Special Funds:**

Conservation operations:

Appropriation, discretionary	302 BA	661	712	773	790	808	826	844
Spending authority from offsetting collections, discretionary	BA	128	149	90	90	90	90	90
Outlays	O	768	896	859	884	899	914	932
Conservation operations (gross)	BA O	<b>789</b> 768	<b>861</b> 896	<b>863</b> 859	<b>880</b> 884	<b>898</b> 899	<b>916</b> 914	<b>934</b> 932
Total, offsetting collections (cash)		-128	-149	-90	-90	-90	-90	-90
Total Conservation operations (net)	BA O	<b>661</b> 640	<b>712</b> 747	<b>773</b> 769	<b>790</b> 794	<b>808</b> 809	<b>826</b> 824	<b>844</b> 842

Watershed surveys and planning:

Appropriation, discretionary	301 BA	10	11	11	11	11	12	12
Spending authority from offsetting collections, discretionary	BA		1	1	1	1	1	1
Outlays	O	10	13	11	13	13	13	13
Watershed surveys and planning (gross)	BA O	<b>10</b> 10	<b>12</b> 13	<b>12</b> 11	<b>12</b> 13	<b>12</b> 13	<b>13</b> 13	<b>13</b> 13
Total, offsetting collections (cash)			-1	-1	-1	-1	-1	-1
Total Watershed surveys and planning (net)	BA O	<b>10</b> 10	<b>11</b> 12	<b>11</b> 10	<b>11</b> 12	<b>11</b> 12	<b>12</b> 12	<b>12</b> 12

Watershed and flood prevention operations:

Appropriation, discretionary	301 BA	176	209	100	102	105	107	109
Spending authority from offsetting collections, discretionary	BA	22	25	25	25	25	25	25
Outlays	O	272	263	229	161	147	131	133
Watershed and flood prevention operations (gross)	BA O	<b>198</b> 272	<b>234</b> 263	<b>125</b> 229	<b>127</b> 161	<b>130</b> 147	<b>132</b> 131	<b>134</b> 133
Total, offsetting collections (cash)		-22	-25	-25	-25	-25	-25	-25
Total Watershed and flood prevention operations (net)	BA O	<b>176</b> 250	<b>209</b> 238	<b>100</b> 204	<b>102</b> 136	<b>105</b> 122	<b>107</b> 106	<b>109</b> 108

Resource conservation and development:

Appropriation, discretionary	302 BA	35	42	43	44	45	46	47
Spending authority from offsetting collections, discretionary	BA	1	1	1	1	1	1	1
Outlays	O	38	41	43	45	45	46	48
Resource conservation and development (gross)	BA O	<b>36</b> 38	<b>43</b> 41	<b>44</b> 43	<b>45</b> 45	<b>46</b> 45	<b>47</b> 46	<b>48</b> 48
Total, offsetting collections (cash)		-1	-1	-1	-1	-1	-1	-1
Total Resource conservation and development (net)	BA O	<b>35</b> 37	<b>42</b> 40	<b>43</b> 42	<b>44</b> 44	<b>45</b> 44	<b>46</b> 45	<b>47</b> 47

Great plains conservation program:

Outlays	302 O	3	3	2	1			
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Forestry incentives program:

Appropriation, discretionary	302 BA	5	6					
Outlays	O	8	8	3	3	1		

Water bank program:

Outlays	302 O	6	6	5				
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**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
Colorado river basin salinity control program:								
Outlays	304 O	1	1					
Wetlands reserve program:								
Outlays	302 O	7	8	2				
Wildlife habitat incentives program:								
Outlays	302 O	8	11	7	6	5		
<i>Trust funds</i>								
Miscellaneous contributed funds:								
Authority to borrow, mandatory	302 BA	1						
Outlays	O	7	7	7	2			
Total Federal funds Natural Resources Conservation Service	BA	<b>887</b>	<b>980</b>	<b>927</b>	<b>947</b>	<b>969</b>	<b>991</b>	<b>1,012</b>
	O	970	1,074	1,044	996	993	987	1,009
Total Trust funds Natural Resources Conservation Service	BA	<b>1</b>						
	O	7	7	7	2			

**Rural Development**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, discretionary	452 BA	127	130	134	137	140	143	146
Spending authority from offsetting collections, discretionary	BA	480	470	482	469	469	469	469
Outlays	O	590	600	593	601	609	611	615
Salaries and expenses (gross)	BA	<b>607</b>	<b>600</b>	<b>616</b>	<b>606</b>	<b>609</b>	<b>612</b>	<b>615</b>
	O	590	600	593	601	609	611	615
Total, offsetting collections (cash)		-480	-470	-482	-469	-469	-469	-469
Total Salaries and expenses (net)	BA	<b>127</b>	<b>130</b>	<b>134</b>	<b>137</b>	<b>140</b>	<b>143</b>	<b>146</b>
	O	110	130	111	132	140	142	146

**Credit Accounts:**

Rural community advancement program:

Appropriation, discretionary	452 BA	700	970	692	707	724	739	755
Appropriation, mandatory	BA	2	112					
Spending authority from offsetting collections, discretionary	BA	32	7					
Outlays	O	628	883	743	743	731	715	685
Limitation on direct loan activity		(950)	(1,348)	(1,058)	(1,082)	(1,106)	(1,130)	(1,156)
Limitation on loan guarantee commitments		(1,177)	(2,985)	(1,285)	(1,314)	(1,343)	(1,373)	(1,404)
Rural community advancement program (gross)	BA	<b>734</b>	<b>1,089</b>	<b>692</b>	<b>707</b>	<b>724</b>	<b>739</b>	<b>755</b>
	O	628	883	743	743	731	715	685
Total, offsetting collections (cash)		-32	-7					
Total Rural community advancement program (net)	BA	<b>702</b>	<b>1,082</b>	<b>692</b>	<b>707</b>	<b>724</b>	<b>739</b>	<b>755</b>
	O	596	876	743	743	731	715	685
Total Federal funds Rural Development	BA	<b>829</b>	<b>1,212</b>	<b>826</b>	<b>844</b>	<b>864</b>	<b>882</b>	<b>901</b>
	O	706	1,006	854	875	871	857	831

**Rural Housing Service**

*Federal funds*

**General and Special Funds:**

Rural housing assistance grants:

Appropriation, discretionary	604 BA	60	44	39	40	40	42	43
Spending authority from offsetting collections, discretionary	BA	2						
Outlays	O	45	54	51	47	45	43	41
Rural housing assistance grants (gross)	BA	<b>62</b>	<b>44</b>	<b>39</b>	<b>40</b>	<b>40</b>	<b>42</b>	<b>43</b>
	O	45	54	51	47	45	43	41
Total, offsetting collections (cash)		-2						
Total Rural housing assistance grants (net)	BA	<b>60</b>	<b>44</b>	<b>39</b>	<b>40</b>	<b>40</b>	<b>42</b>	<b>43</b>
	O	43	54	51	47	45	43	41

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

Account	2000 actual	estimate						
		2001	2002	2003	2004	2005	2006	
Rental assistance program:								
Appropriation, discretionary .....	604 BA	654	679	694	739	814	832	830
Outlays .....	O	575	634	675	701	735	775	810
Rural housing voucher program:								
Outlays .....	604 O	1	1	1				
Mutual and self-help housing grants:								
Appropriation, discretionary .....	604 BA	28	34	34	35	36	36	37
Outlays .....	O	21	29	34	33	34	34	36
<b>Credit Accounts:</b>								
Farm labor program account:								
Appropriation, discretionary .....	604 BA		30	28	28	30	30	30
Spending authority from offsetting collections, discretionary .....	BA		1					
Outlays .....	O		6	17	25	27	29	30
Limitation on direct loan activity .....			(30)	(28)	(29)	(29)	(30)	(31)
Farm labor program account (gross) .....	BA		31	28	28	30	30	30
	O		6	17	25	27	29	30
Total, offsetting collections (cash) .....			-1					
Total Farm labor program account (net) .....	BA		30	28	28	30	30	30
	O		5	17	25	27	29	30
Rural housing insurance fund program account:								
Appropriation, discretionary .....	371 BA	585	662	664	678	693	710	726
Appropriation, mandatory .....	BA		288					
Outlays .....	O	559	946	675	674	686	699	721
Limitation on direct loan activity .....		(1,399)	(1,235)	(1,233)	(1,260)	(1,289)	(1,317)	(1,347)
Limitation on loan guarantee commitments .....		(3,300)	(3,236)	(3,238)	(3,310)	(3,384)	(3,459)	(3,537)
Total Rural housing insurance fund program account .....	BA	585	950	664	678	693	710	726
	O	559	946	675	674	686	699	721
Rural housing insurance fund liquidating account:								
Appropriation, mandatory .....	371 BA	317					341	127
Spending authority from offsetting collections, mandatory .....	BA	343	545	539	538	529		
Outlays .....	O	743	579	539	538	538	454	270
Rural housing insurance fund liquidating account (gross) .....	BA	660	545	539	538	529	341	127
	O	743	579	539	538	538	454	270
Total, offsetting collections (cash) .....		-1,914	-1,833	-1,717	-1,601	-1,493	-1,390	-1,292
Total Rural housing insurance fund liquidating account (net) .....	BA	-1,254	-1,288	-1,178	-1,063	-964	-1,049	-1,165
	O	-1,171	-1,254	-1,178	-1,063	-955	-936	-1,022
Total Federal funds Rural Housing Service .....	BA	73	449	281	457	649	601	501
	O	28	415	275	417	572	644	616

**Rural Business — Cooperative Service**

*Federal funds*

**General and Special Funds:**

Rural empowerment zones and enterprise community grants:								
Appropriation, discretionary .....	452 BA	15	15	15	15	16	16	16
Outlays .....	O	6	17	22	17	15	15	17
Rural cooperative development grants:								
Appropriation, discretionary .....	452 BA	6	16	6	6	6	6	6
Appropriation, mandatory .....	BA		15					
Spending authority from offsetting collections, discretionary .....	BA		2					
Outlays .....	O	5	6	26	15	7	7	7
Rural cooperative development grants (gross) .....	BA	6	33	6	6	6	6	6
	O	5	6	26	15	7	7	7
Total, offsetting collections (cash) .....			-2					
Total Rural cooperative development grants (net) .....	BA	6	31	6	6	6	6	6
	O	5	4	26	15	7	7	7
Rural economic development grants:								
Spending authority from offsetting collections, mandatory .....	452 BA	2	1					

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	9	8	5				
Rural economic development grants (gross) .....	BA	2	1					
	O	9	8	5				
Change in uncollected customer payments from Federal sources .....	BA	1	1					
Total, offsetting collections (cash) .....		-3	-2					
Total Rural economic development grants (net) .....	BA							
	O	6	6	5				
National Sheep Industry Improvement Center:								
Appropriation, mandatory .....	452 BA		5					
Outlays .....	O	10	9					
<b>Public Enterprise Funds:</b>								
Alternative agricultural research and commercialization corporation revolving fund:								
Outlays .....	352 O	2						
<b>Credit Accounts:</b>								
Rural development loan fund program account:								
Appropriation, discretionary .....	452 BA	20	23	20	20	21	21	21
Appropriation, mandatory .....	BA		1					
Spending authority from offsetting collections, discretionary .....	BA		3					
Outlays .....	O	25	29	25	24	24	20	20
Limitation on direct loan activity .....		(38)	(38)	(38)	(39)	(40)	(41)	(42)
Rural development loan fund program account (gross) .....	BA	20	27	20	20	21	21	21
	O	25	29	25	24	24	20	20
Total, offsetting collections (cash) .....			-3					
Total Rural development loan fund program account (net) .....	BA	20	24	20	20	21	21	21
	O	25	26	25	24	24	20	20
Rural development loan fund liquidating account:								
Spending authority from offsetting collections, mandatory .....	452 BA				1	1	1	1
Outlays .....	O		1					
Rural development loan fund liquidating account (gross) .....	BA				1	1	1	1
	O		1					
Total, offsetting collections (cash) .....		-4	-4	-4	-4	-3	-3	-3
Total Rural development loan fund liquidating account (net) .....	BA	-4	-4	-4	-3	-2	-2	-2
	O	-4	-3	-4	-4	-3	-3	-3
Rural economic development loans program account:								
Appropriation, discretionary .....	452 BA	3	4	4	4	4	4	4
Spending authority from offsetting collections, discretionary .....	BA		2					
Outlays .....	O	4	4	5	4	4	4	4
Limitation on direct loan activity .....		(15)	(15)	(15)	(15)	(16)	(16)	(16)
Rural economic development loans program account (gross) .....	BA	3	6	4	4	4	4	4
	O	4	4	5	4	4	4	4
Total, offsetting collections (cash) .....			-2					
Total Rural economic development loans program account (net) .....	BA	3	4	4	4	4	4	4
	O	4	2	5	4	4	4	4
Rural economic development loans liquidating account:								
Total, offsetting collections (cash) .....	271	-1	-1					
Total Federal funds Rural Business — Cooperative Service .....	BA	39	74	41	42	45	45	45
	O	53	60	79	56	47	43	45

**Rural Utilities Service**

Federal funds

**General and Special Funds:**

High energy cost grants:

Outlays .....	452 O			13	8	3		
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**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
<b>Public Enterprise Funds:</b>								
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	2	1		1	1	1
Rural communication development fund liquidating account (gross)	BA	3	3	3	3	3	3	3
	O	3	2	1		1	1	1
Total, offsetting collections (cash)		-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	1		-1			
<b>Credit Accounts:</b>								
Rural electrification and telecommunications loans program account:								
Appropriation, discretionary	271 BA	46	75	41	42	43	43	44
Appropriation, mandatory	BA		140					
Outlays	O	78	217	71	58	50	48	46
Limitation on direct loan activity		(2,559)	(3,010)	(3,010)	(3,077)	(3,146)	(3,216)	(3,288)
Limitation on loan guarantee commitments		(53)	(100)	(100)	(102)	(105)	(107)	(109)
Total Rural electrification and telecommunications loans program account	BA	46	215	41	42	43	43	44
	O	78	217	71	58	50	48	46
Rural electrification and telecommunications liquidating account:								
Appropriation, discretionary	271 BA			-4	-4	-4	-4	-4
Appropriation, mandatory	BA	22	32	23	140	320	147	119
Spending authority from offsetting collections, mandatory	BA	1,239	1,210	1,126	1,068	688	791	764
Outlays	O	1,285	1,669	1,145	1,204	1,005	934	879
Rural electrification and telecommunications liquidating account (gross)	BA	1,261	1,242	1,145	1,204	1,004	934	879
	O	1,285	1,669	1,145	1,204	1,005	934	879
Change in uncollected customer payments from Federal sources	BA	45						
Total, offsetting collections (cash)		-3,305	-3,009	-2,738	-2,492	-2,268	-2,065	-1,880
Total Rural electrification and telecommunications liquidating account (net)	BA	-1,999	-1,767	-1,593	-1,288	-1,264	-1,131	-1,001
	O	-2,020	-1,340	-1,593	-1,288	-1,263	-1,131	-1,001
Rural telephone bank program account:								
Appropriation, discretionary	452 BA	6	6	3	3	3	3	3
Appropriation, mandatory	BA	1	4					
Outlays	O	6	8	4	5	5	5	5
Limitation on direct loan activity		(175)	(175)					
Total Rural telephone bank program account	BA	7	10	3	3	3	3	3
	O	6	8	4	5	5	5	5
Rural telephone bank liquidating account:								
Appropriation, mandatory	452 BA	-25	-24	-23	-22	-20	-19	-18
Spending authority from offsetting collections, mandatory	BA	150	135	251	255	264	273	282
Outlays	O	26	27	37	35	35	35	33
Rural telephone bank liquidating account (gross)	BA	125	111	228	233	244	254	264
	O	26	27	37	35	35	35	33
Total, offsetting collections (cash)		-188	-210	-256	-260	-269	-278	-287
Total Rural telephone bank liquidating account (net)	BA	-63	-99	-28	-27	-25	-24	-23
	O	-162	-183	-219	-225	-234	-243	-254
Distance learning and telemedicine program:								
Appropriation, discretionary	452 BA	21	27	27	28	28	29	29
Outlays	O	7	17	21	24	25	27	28
Limitation on direct loan activity		(200)	(400)	(300)	(307)	(314)	(321)	(328)
				/(100)	/(102)	/(105)	/(107)	/(109)
Total Distance learning and telemedicine program	BA	21	27	27	28	28	29	29
	O	7	17	21	24	25	27	28

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate						
			2001	2002	2003	2004	2005		
Rural development insurance fund liquidating account:									
Appropriation, mandatory	452 BA	290	511	308	155	74			
Spending authority from offsetting collections, mandatory	BA	293						11	
Outlays	O	586	577	408	170	123	25		
Rural development insurance fund liquidating account (gross)	BA	583	511	308	155	74	11		
	O	586	577	408	170	123	25		
Total, offsetting collections (cash)		-398	-363	-341	-321	-302	-285	-268	
Total Rural development insurance fund liquidating account (net)	BA	185	148	-33	-166	-228	-274	-268	
	O	188	214	67	-151	-179	-260	-268	
Total Federal funds Rural Utilities Service	BA	-1,801	-1,464	-1,581	-1,406	-1,441	-1,352	-1,214	
	O	-1,901	-1,066	-1,636	-1,570	-1,593	-1,554	-1,444	

**Foreign Agricultural Service**

Federal funds

**General and Special Funds:**

Salaries and expenses:

Appropriation, discretionary	352 BA	125	115	122	125	128	130	133
Spending authority from offsetting collections, discretionary	BA	72	87	88	88	64	64	64
Outlays	O	197	192	210	212	192	194	198
Salaries and expenses (gross)	BA	197	202	210	213	192	194	197
	O	197	192	210	212	192	194	198
Total, offsetting collections (cash)		-72	-87	-88	-88	-64	-64	-64
Total Salaries and expenses (net)	BA	125	115	122	125	128	130	133
	O	125	105	122	124	128	130	134

Scientific activities overseas (foreign currency program):

Outlays	352 O	1	1	1				
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Public Law 480 title I ocean freight differential grants:

Appropriation, discretionary	351 BA	21	20	20	20	21	21	22
Spending authority from offsetting collections, discretionary	BA	11						
Outlays	O	57	116	18	21	21	21	21
Public Law 480 title I ocean freight differential grants (gross)	BA	32	20	20	20	21	21	22
	O	57	116	18	21	21	21	21
Total, offsetting collections (cash)		-11						
Total Public Law 480 title I ocean freight differential grants (net)	BA	21	20	20	20	21	21	22
	O	46	116	18	21	21	21	21

P.L. 480 grants — titles II and III:

Appropriation, discretionary	151 BA	839	835	835	854	873	892	912
Spending authority from offsetting collections, discretionary	BA	2						
Outlays	O	948	887	843	848	862	878	897
P.L. 480 grants — titles II and III (gross)	BA	841	835	835	854	873	892	912
	O	948	887	843	848	862	878	897
Total, offsetting collections (cash)		-2						
Total P.L. 480 grants — titles II and III (net)	BA	839	835	835	854	873	892	912
	O	946	887	843	848	862	878	897

**Credit Accounts:**

P.L. 480 program account:

Appropriation, discretionary	351 BA	83	115	116	119	121	124	127
Outlays	O	296	292	249	139	120	123	125
Limitation on direct loan activity		(145)	(159)	(139)	(142)	(145)	(149)	(152)
Expenses, Public Law 480, foreign assistance programs, Agriculture liquidating account:								
Spending authority from offsetting collections, mandatory	151 BA	3	55	20	2	2	2	2

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O		2	2	2	2	2	2
Expenses, Public Law 480, foreign assistance programs, Agriculture liquidating account (gross) .....	BA	3	55	20	2	2	2	2
	O		2	2	2	2	2	2
Total, offsetting collections (cash) .....		-492	-551	-501	-472	-465	-453	-448
Total Expenses, Public Law 480, foreign assistance programs, Agriculture liquidating account (net) .....	BA	-489	-496	-481	-470	-463	-451	-446
	O	-492	-549	-499	-470	-463	-451	-446
<i>Trust funds</i>								
Miscellaneous contributed funds:								
Appropriation, mandatory .....	352 BA		4	4	4	4	4	4
Outlays .....	O		4	4	4	4	4	4
Total Federal funds Foreign Agricultural Service .....	BA	579	589	612	648	680	716	748
	O	922	852	734	662	668	701	731
Total Trust funds Foreign Agricultural Service .....	BA		4	4	4	4	4	4
	O		4	4	4	4	4	4

**Food and Nutrition Service**

*Federal funds*

**General and Special Funds:**

Food program administration:								
Appropriation, discretionary .....	605 BA	114	120	128	131	134	137	140
Spending authority from offsetting collections, discretionary .....	BA	1	1					
Outlays .....	O	115	121	127	131	134	136	139
Food program administration (gross) .....	BA	115	121	128	131	134	137	140
	O	115	121	127	131	134	136	139
Total, offsetting collections (cash) .....		-1	-1					
Total Food program administration (net) .....	BA	114	120	128	131	134	137	140
	O	114	120	127	131	134	136	139
Food stamp program:								
Appropriation, discretionary .....	605 BA	5	17	16	16	17	17	17
Appropriation, mandatory .....	BA	21,067	20,097	21,976	22,878	23,590	24,511	25,402
Spending authority from offsetting collections, mandatory .....	BA	212	212	212	212	212	212	212
Outlays .....	O	18,507	19,937	21,139	22,048	22,764	23,686	24,582
Food stamp program (gross) .....	BA	21,284	20,326	22,204	23,106	23,819	24,740	25,631
	O	18,507	19,937	21,139	22,048	22,764	23,686	24,582
Total, offsetting collections (cash) .....		-212	-212	-212	-212	-212	-212	-212
Total Food stamp program (net) .....	BA	21,072	20,114	21,992	22,894	23,607	24,528	25,419
	O	18,295	19,725	20,927	21,836	22,552	23,474	24,370
Child nutrition programs:								
Appropriation, discretionary .....	605 BA	14	13	9	9	9	10	10
Appropriation, mandatory .....	BA	9,579	9,610	10,083	11,028	11,591	12,103	12,646
Outlays .....	O	9,203	9,899	10,344	10,944	11,511	12,031	12,571
Total Child nutrition programs .....	BA	9,593	9,623	10,092	11,037	11,600	12,113	12,656
	O	9,203	9,899	10,344	10,944	11,511	12,031	12,571
Special supplemental nutrition program for women, infants, and children (WIC):								
Appropriation, discretionary .....	605 BA	4,032	4,043	4,137	4,229	4,324	4,420	4,519
Appropriation, mandatory .....	BA		1					
Spending authority from offsetting collections, discretionary .....	BA		15					
Outlays .....	O	3,950	4,100	4,129	4,222	4,316	4,412	4,511
Special supplemental nutrition program for women, infants, and children (WIC) (gross) .....	BA	4,032	4,059	4,137	4,229	4,324	4,420	4,519
	O	3,950	4,100	4,129	4,222	4,316	4,412	4,511

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
Total, offsetting collections (cash) .....			-15					
Total Special supplemental nutrition program for women, infants, and children (WIC) (net) .....	BA	4,032	4,044	4,137	4,229	4,324	4,420	4,519
	O	3,950	4,085	4,129	4,222	4,316	4,412	4,511
Commodity assistance program:								
Appropriation, discretionary .....	605 BA	133	140	135	138	141	144	147
Outlays .....	O	132	138	135	138	141	144	147
Food donations programs:								
Appropriation, discretionary .....	605 BA	141	151	151	154	158	161	165
Outlays .....	O	137	150	151	153	157	161	165
Total Federal funds Food and Nutrition Service .....	BA	35,085	34,192	36,635	38,583	39,964	41,503	43,046
	O	31,831	34,117	35,813	37,424	38,811	40,358	41,903
<b>Forest Service</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
National forest system:								
Appropriation, discretionary .....	302 BA	1,263	1,310	1,314	1,343	1,373	1,404	1,435
Spending authority from offsetting collections, discretionary .....	BA	63	65	66	82	82	82	82
Outlays .....	O	1,342	1,369	1,378	1,421	1,450	1,481	1,512
National forest system (gross) .....	BA	1,326	1,375	1,380	1,425	1,455	1,486	1,517
	O	1,342	1,369	1,378	1,421	1,450	1,481	1,512
Total, offsetting collections (cash) .....		-63	-65	-66	-82	-82	-82	-82
Total National forest system (net) .....	BA	1,263	1,310	1,314	1,343	1,373	1,404	1,435
	O	1,279	1,304	1,312	1,339	1,368	1,399	1,430
Capital improvement and maintenance:								
Appropriation, discretionary .....	302 BA	403	519	524	536	547	559	573
Spending authority from offsetting collections, discretionary .....	BA	2	4	4	1	1	1	1
Outlays .....	O	355	531	592	591	546	557	569
Capital improvement and maintenance (gross) .....	BA	405	523	528	537	548	560	574
	O	355	531	592	591	546	557	569
Total, offsetting collections (cash) .....		-2	-4	-4	-1	-1	-1	-1
Total Capital improvement and maintenance (net) .....	BA	403	519	524	536	547	559	573
	O	353	527	588	590	545	556	568
Forest and rangeland research:								
Appropriation, discretionary .....	302 BA	202	229	235	240	246	251	257
Spending authority from offsetting collections, discretionary .....	BA	19	22	24	24	24	24	24
Outlays .....	O	232	243	268	263	268	274	279
Forest and rangeland research (gross) .....	BA	221	251	259	264	270	275	281
	O	232	243	268	263	268	274	279
Total, offsetting collections (cash) .....		-19	-22	-24	-24	-24	-24	-24
Total Forest and rangeland research (net) .....	BA	202	229	235	240	246	251	257
	O	213	221	244	239	244	250	255
State and private forestry:								
Appropriation, discretionary .....	302 BA	206	413	238	244	248	254	260
Spending authority from offsetting collections, discretionary .....	BA	2	4	2	7	7	7	7
Outlays .....	O	194	366	284	250	255	260	266
State and private forestry (gross) .....	BA	208	417	240	251	255	261	267
	O	194	366	284	250	255	260	266
Total, offsetting collections (cash) .....		-2	-4	-2	-7	-7	-7	-7
Total State and private forestry (net) .....	BA	206	413	238	244	248	254	260
	O	192	362	282	243	248	253	259



**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Management of national forest lands for subsistence uses:								
Appropriation, discretionary	302 BA		6	5	5	5	5	5
Outlays	O	3	6	5	5	5	5	5
Wildland fire management:								
Appropriation, discretionary	302 BA	954	1,762	1,280	1,309	1,338	1,368	1,398
Spending authority from offsetting collections, discretionary	BA	240	39	26	39	39	39	39
Outlays	O	1,419	1,850	1,354	1,345	1,374	1,404	1,434
Wildland fire management (gross)	BA	1,194	1,801	1,306	1,348	1,377	1,407	1,437
	O	1,419	1,850	1,354	1,345	1,374	1,404	1,434
Total, offsetting collections (cash)		-240	-39	-26	-39	-39	-39	-39
Total Wildland fire management (net)	BA	954	1,762	1,280	1,309	1,338	1,368	1,398
	O	1,179	1,811	1,328	1,306	1,335	1,365	1,395
Southeast Alaska economic disaster fund:								
Appropriation, discretionary	451 BA	22	5					
Outlays	O	10	9	7	1			
Range betterment fund:								
Appropriation, discretionary	302 BA	3	3	3	3	3	3	3
Outlays	O	3	3	3	3	4	4	4
Land acquisition accounts								
(Conservation and land management):								
(Appropriation, discretionary)	302 BA	1	1	1	1	1	1	1
(Outlays)	O	1	1	1	1	1	1	1
(Recreational resources):								
(Appropriation, discretionary)	303 BA	156	151	131	134	131	131	131
(Outlays)	O	223	141	172	158	137	131	131
Total Land acquisition accounts	BA	157	152	132	135	132	132	132
	O	224	142	173	159	138	132	132
Forest Service permanent appropriations								
(Conservation and land management):								
(Appropriation, mandatory)	302 BA	106	203	186	182	183	183	183
(Outlays)	O	137	195	190	183	182	183	183
(Recreational resources):								
(Appropriation, mandatory)	303 BA	29	26		<sup>B</sup> 38	<sup>B</sup> 40	<sup>B</sup> 42	<sup>B</sup> 44
(Outlays)	O	21	29	5	<sup>B</sup> 13	<sup>B</sup> 27	<sup>B</sup> 40	<sup>B</sup> 42
Total (Recreational resources)	BA	29	26		38	40	42	44
	O	21	29	5	13	27	40	42
(General purpose fiscal assistance):								
(Appropriation, mandatory)	806 BA	213	227	393	398	404	409	414
(Outlays)	O	213	227	393	398	404	409	414
Total Forest Service permanent appropriations	BA	348	456	579	618	627	634	641
	O	371	451	588	594	613	632	639
<b>Intragovernmental Funds:</b>								
Working capital fund:								
Spending authority from offsetting collections, mandatory	302 BA	134	134	134	134	134	134	134
Outlays	O	134	134	134	134	134	134	134
Working capital fund (gross)	BA	134	134	134	134	134	134	134
	O	134	134	134	134	134	134	134
Total, offsetting collections (cash)		-134	-134	-134	-134	-134	-134	-134
Total Working capital fund (net)	BA							
	O							
<i>Trust funds</i>								
Forest Service trust funds:								
Appropriation, mandatory	302 BA	170	190	186	200	200	200	200

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	154	186	202	197	200	200	200
Total Federal funds Forest Service .....	BA	<b>3,558</b>	<b>4,855</b>	<b>4,310</b>	<b>4,433</b>	<b>4,519</b>	<b>4,610</b>	<b>4,704</b>
	O	3,827	4,836	4,530	4,479	4,500	4,596	4,687
Total Trust funds Forest Service .....	BA	<b>170</b>	<b>190</b>	<b>186</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>
	O	154	186	202	197	200	200	200
<b>Summary</b>								
Federal funds:								
(As shown in detail above) .....	BA	<b>76,489</b>	<b>73,846</b>	<b>61,056</b>	<b>62,044</b>	<b>63,726</b>	<b>65,834</b>	<b>68,040</b>
	O	76,434	70,879	63,704	61,887	62,391	64,223	66,345
Deductions for offsetting receipts:								
Intrafund transactions .....	352 BA/O	-6	-8	-9				
	605 BA/O		-1	-1	-1	-1	-1	-1
Proprietary receipts from the public .....	271 BA/O	-2	-309	-8	-8	-8	-8	-8
	302 BA/O	-305	-451	-441	-432	-430	-428	-428
	303 BA/O	-33	-30	-3	-3	-3	-3	-3
					<i>B</i> -38	<i>B</i> -40	<i>B</i> -42	<i>B</i> -44
	351 BA/O	-420	-270					
	371 BA/O		-14					
	452 BA/O	-4	-152					
Total Federal funds .....	BA	<b>75,719</b>	<b>72,611</b>	<b>60,594</b>	<b>61,562</b>	<b>63,244</b>	<b>65,352</b>	<b>67,556</b>
	O	75,664	69,644	63,242	61,405	61,909	63,741	65,861
Trust funds:								
(As shown in detail above) .....	BA	<b>331</b>	<b>389</b>	<b>344</b>	<b>359</b>	<b>359</b>	<b>359</b>	<b>359</b>
	O	299	314	324	319	320	320	320
Deductions for offsetting receipts:								
Proprietary receipts from the public .....	302 BA/O	-140	-159	-155	-153	-151	-151	-151
	352 BA/O	-160	-197	-158	-158	-158	-158	-158
Total Trust funds .....	BA	<b>31</b>	<b>33</b>	<b>31</b>	<b>48</b>	<b>50</b>	<b>50</b>	<b>50</b>
	O	-1	-42	11	8	11	11	11
Interfund transactions .....	302 BA/O		-1	-1	-1	-1	-1	
	352 BA/O		-2	-2	-2	-2		
Total Department of Agriculture .....	BA	<b>75,750</b>	<b>72,641</b>	<b>60,622</b>	<b>61,607</b>	<b>63,291</b>	<b>65,401</b>	<b>67,606</b>
	O	75,663	69,599	63,250	61,410	61,917	63,751	65,872

**DEPARTMENT OF COMMERCE**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Departmental Management</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Salaries and expenses:								
Appropriation, discretionary .....	376 BA	<b>35</b>	<b>36</b>	<b>38</b>	<b>39</b>	<b>40</b>	<b>41</b>	<b>42</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>67</b>	<b>226</b>	<b>226</b>	<b>226</b>	<b>226</b>	<b>226</b>	<b>226</b>
Outlays .....	O	88	272	265	265	266	267	268
Salaries and expenses (gross) .....	BA	<b>102</b>	<b>262</b>	<b>264</b>	<b>265</b>	<b>266</b>	<b>267</b>	<b>268</b>
	O	88	272	265	265	266	267	268
Change in uncollected customer payments from Federal sources .....	BA	<b>-4</b>						
Total, offsetting collections (cash) .....		-63	-226	-226	-226	-226	-226	-226
Total Salaries and expenses (net) .....	BA	<b>35</b>	<b>36</b>	<b>38</b>	<b>39</b>	<b>40</b>	<b>41</b>	<b>42</b>
	O	25	46	39	39	40	41	42
Office of the Inspector General:								
Appropriation, discretionary .....	376 BA	<b>20</b>	<b>20</b>	<b>21</b>	<b>21</b>	<b>22</b>	<b>22</b>	<b>23</b>
Outlays .....	O	21	21	20	22	22	23	23

**DEPARTMENT OF COMMERCE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Intragovernmental Funds:</b>								
Working capital fund:								
Spending authority from offsetting collections, mandatory	376 BA	105	123	125	125	125	125	125
Outlays	O	107	134	125	125	125	125	125
Working capital fund (gross)	BA	105	123	125	125	125	125	125
	O	107	134	125	125	125	125	125
Change in uncollected customer payments from Federal sources	BA	19						
Total, offsetting collections (cash)		-124	-123	-125	-125	-125	-125	-125
Total Working capital fund (net)	BA							
	O	-17	11					
Franchise fund:								
Spending authority from offsetting collections, mandatory	376 BA	16	23	23	23	23	23	23
Outlays	O	12	24	23	23	23	23	23
Franchise fund (gross)	BA	16	23	23	23	23	23	23
	O	12	24	23	23	23	23	23
Total, offsetting collections (cash)		-16	-23	-23	-23	-23	-23	-23
Total Franchise fund (net)	BA							
	O	-4	1					
<b>Credit Accounts:</b>								
Emergency oil and gas guaranteed loan program account:								
Appropriation, discretionary	376 BA			-115				
Outlays	O	1	3					
Limitation on loan guarantee commitments		(500)	(500)	(495)				
Emergency steel guaranteed loan program account:								
Appropriation, discretionary	376 BA			-10				
Outlays	O	1	68					
Limitation on loan guarantee commitments		(1,000)	(1,000)	(484)				
<i>Trust funds</i>								
Gifts and bequests:								
Appropriation, mandatory	376 BA	1	1	1	1	1	1	1
Outlays	O	1	1	1	1	1	1	1
Total Federal funds Departmental Management	BA	55	56	-66	60	62	63	65
	O	27	150	59	61	62	64	65
Total Trust funds Departmental Management	BA	1	1	1	1	1	1	1
	O	1	1	1	1	1	1	1

**Economic Development Administration**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, discretionary	452 BA	27	28	31	32	32	33	34
Spending authority from offsetting collections, discretionary	BA	3	2	1	1	1	1	1
Outlays	O	30	30	32	33	33	34	34
Salaries and expenses (gross)	BA	30	30	32	33	33	34	35
	O	30	30	32	33	33	34	34
Total, offsetting collections (cash)		-3	-2	-1	-1	-1	-1	-1
Total Salaries and expenses (net)	BA	27	28	31	32	32	33	34
	O	27	28	31	32	32	33	33
Economic development assistance programs:								
Appropriation, discretionary	452 BA	424	421	335	342	350	358	366
Spending authority from offsetting collections, discretionary	BA	18	27	18	18	18	18	18
Outlays	O	374	459	446	422	395	375	367
Economic development assistance programs (gross)	BA	442	448	353	360	368	376	384
	O	374	459	446	422	395	375	367

**DEPARTMENT OF COMMERCE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
Total, offsetting collections (cash) .....		-18	-27	-18	-18	-18	-18	-18
Total Economic development assistance programs (net) .....	BA	<b>424</b>	<b>421</b>	<b>335</b>	<b>342</b>	<b>350</b>	<b>358</b>	<b>366</b>
	O	356	432	428	404	377	357	349
<b>Credit Accounts:</b>								
Economic development revolving fund liquidating account:								
Spending authority from offsetting collections, mandatory .....	452 BA	<b>9</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Outlays .....	O	4	5	5	5	5	5	5
Economic development revolving fund liquidating account (gross) .....	BA	<b>9</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
	O	4	5	5	5	5	5	5
Total, offsetting collections (cash) .....		-9	-5	-5	-5	-5	-5	-5
Total Economic development revolving fund liquidating account (net) .....	BA							
	O	-5						
Total Federal funds Economic Development Administration .....	BA	<b>451</b>	<b>449</b>	<b>366</b>	<b>374</b>	<b>382</b>	<b>391</b>	<b>400</b>
	O	378	460	459	436	409	390	382

**Bureau of the Census**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:								
Appropriation, discretionary .....	376 BA	<b>140</b>	<b>157</b>	<b>169</b>	<b>173</b>	<b>177</b>	<b>181</b>	<b>185</b>
Appropriation, mandatory .....	BA	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>
Outlays .....	O	145	144	174	191	196	200	204
Total Salaries and expenses .....	BA	<b>160</b>	<b>177</b>	<b>189</b>	<b>193</b>	<b>197</b>	<b>201</b>	<b>205</b>
	O	145	144	174	191	196	200	204
Periodic censuses and programs:								
Appropriation, discretionary .....	376 BA	<b>4,609</b>	<b>271</b>	<b>375</b>	<b>709</b>	<b>529</b>	<b>537</b>	<b>563</b>
Outlays .....	O	3,988	1,173	435	639	567	535	558
<b>Intragovernmental Funds:</b>								
Census working capital fund:								
Spending authority from offsetting collections, mandatory .....	376 BA	<b>171</b>	<b>191</b>	<b>191</b>	<b>188</b>	<b>188</b>	<b>188</b>	<b>188</b>
Outlays .....	O	130	191	191	188	188	188	188
Census working capital fund (gross) .....	BA	<b>171</b>	<b>191</b>	<b>191</b>	<b>188</b>	<b>188</b>	<b>188</b>	<b>188</b>
	O	130	191	191	188	188	188	188
Total, offsetting collections (cash) .....		-171	-191	-191	-188	-188	-188	-188
Total Census working capital fund (net) .....	BA							
	O	-41						
Total Federal funds Bureau of the Census .....	BA	<b>4,769</b>	<b>448</b>	<b>564</b>	<b>902</b>	<b>726</b>	<b>738</b>	<b>768</b>
	O	4,092	1,317	609	830	763	735	762

**Economic and Statistical Analysis**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:								
Appropriation, discretionary .....	376 BA	<b>49</b>	<b>54</b>	<b>63</b>	<b>64</b>	<b>66</b>	<b>67</b>	<b>69</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Outlays .....	O	53	55	63	66	68	69	70
Salaries and expenses (gross) .....	BA	<b>51</b>	<b>56</b>	<b>65</b>	<b>66</b>	<b>68</b>	<b>69</b>	<b>71</b>
	O	53	55	63	66	68	69	70
Total, offsetting collections (cash) .....		-2	-2	-2	-2	-2	-2	-2
Total Salaries and expenses (net) .....	BA	<b>49</b>	<b>54</b>	<b>63</b>	<b>64</b>	<b>66</b>	<b>67</b>	<b>69</b>
	O	51	53	61	64	66	67	68

**DEPARTMENT OF COMMERCE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Public Enterprise Funds:</b>								
Economics and statistics administration revolving fund:								
Spending authority from offsetting collections, discretionary	376 BA	3	3	3	3	3	3	3
Outlays	O	3	3	3	3	3	3	3
Economics and statistics administration revolving fund (gross)	BA	3	3	3	3	3	3	3
	O	3	3	3	3	3	3	3
Total, offsetting collections (cash)		-3	-3	-3	-3	-3	-3	-3
Total Economics and statistics administration revolving fund (net)	BA							
	O							
Total Federal funds Economic and Statistical Analysis	BA	49	54	63	64	66	67	69
	O	51	53	61	64	66	67	68

**Promotion of Industry and Commerce**

*International Trade Administration*  
Federal funds

<b>General and Special Funds:</b>								
Operations and administration:								
Appropriation, discretionary	376 BA	320	333	330	337	345	353	360
Spending authority from offsetting collections, discretionary	BA	10	31	31	31	31	31	31
Outlays	O	350	336	352	368	372	381	388
Operations and administration (gross)	BA	330	364	361	368	376	384	391
	O	350	336	352	368	372	381	388
Change in uncollected customer payments from Federal sources	BA	4						
Total, offsetting collections (cash)		-14	-31	-31	-31	-31	-31	-31
Total Operations and administration (net)	BA	320	333	330	337	345	353	360
	O	336	305	321	337	341	350	357

*Export Administration*  
Federal funds

<b>General and Special Funds:</b>								
Operations and administration								
(Defense-related activities):								
(Appropriation, discretionary)	054 BA	2	7	7	7	7	7	8
(Outlays)	O	2	6	7	7	7	7	7
(Other advancement of commerce):								
(Appropriation, discretionary)	376 BA	52	58	62	63	65	66	68
(Spending authority from offsetting collections, discretionary)	BA	5	6	5	5	5	5	5
(Outlays)	O	59	67	67	68	69	71	73
Operations and administration (gross)	BA	59	71	74	75	77	78	81
	O	61	73	74	75	76	78	80
Total, offsetting collections (cash)		-5	-6	-5	-5	-5	-5	-5
Total (Other advancement of commerce) (net)	BA	52	58	62	63	65	66	68
	O	54	61	62	63	64	66	68
Total Operations and administration	BA	54	65	69	70	72	73	76
	O	56	67	69	70	71	73	75
Total Federal funds Export Administration	BA	54	65	69	70	72	73	76
	O	56	67	69	70	71	73	75

*Minority Business Development Agency*  
Federal funds

<b>General and Special Funds:</b>								
Minority business development:								
Appropriation, discretionary	376 BA	27	27	28	29	29	30	31

**DEPARTMENT OF COMMERCE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	31	23	27	28	29	30	30
Total Federal funds Promotion of Industry and Commerce .....	BA	<b>401</b>	<b>425</b>	<b>427</b>	<b>436</b>	<b>446</b>	<b>456</b>	<b>467</b>
	O	423	395	417	435	441	453	462

**Science and Technology**

*National Oceanic and Atmospheric Administration*

Federal funds

**General and Special Funds:**

Operations, research, and facilities:									
Appropriation, discretionary .....	306	BA	1,799	2,180	2,249	2,299	2,351	2,402	2,456
Appropriation, mandatory .....		BA	14	15	15	15	15	15	15
Spending authority from offsetting collections, discretionary .....		BA	289	254	212	212	212	208	208
Outlays .....		O	2,080	2,161	2,368	2,438	2,522	2,598	2,647
Operations, research, and facilities (gross) .....		BA	<b>2,102</b>	<b>2,449</b>	<b>2,476</b>	<b>2,526</b>	<b>2,578</b>	<b>2,625</b>	<b>2,679</b>
		O	2,080	2,161	2,368	2,438	2,522	2,598	2,647
Change in uncollected customer payments from Federal sources .....		BA	-13						
Total, offsetting collections (cash) .....			-276	-254	-212	-212	-212	-212	-212
Total Operations, research, and facilities (net) .....		BA	<b>1,813</b>	<b>2,195</b>	<b>2,264</b>	<b>2,314</b>	<b>2,366</b>	<b>2,413</b>	<b>2,467</b>
		O	1,804	1,907	2,156	2,226	2,310	2,386	2,435
Procurement, acquisition and construction:									
Appropriation, discretionary .....	306	BA	593	750	765	782	799	818	835
Outlays .....		O	521	488	648	736	770	801	817
Pacific coastal salmon recovery:									
Appropriation, discretionary .....	306	BA	58	110	110	112	115	117	120
Outlays .....		O	1	167	110	112	115	117	120
Coastal impact assistance:									
Appropriation, discretionary .....	302	BA		150					
Outlays .....		O		75	60	15			
Promote and develop fishery products and research pertaining to American fisheries:									
Appropriation, discretionary .....	376	BA	-69	-68	-68	-70	-71	-73	-74
Appropriation, mandatory .....		BA	70	73	73	73	73	73	73
Outlays .....		O	3	6	5	5	5	5	5
Total Promote and develop fishery products and research pertaining to American fisheries .....		BA	1	5	5	3	2		-1
		O	3	6	5	5	5	5	5
Fishermen's contingency fund:									
Appropriation, discretionary .....	376	BA		1	1	1	1	1	1
Outlays .....		O		2	1	1	1	1	1
Environmental improvement and restoration fund:									
Appropriation, mandatory .....	302	BA		2	10	11	11	12	12
Outlays .....		O		2	10	11	11	12	12
<b>Public Enterprise Funds:</b>									
Coastal zone management fund:									
Appropriation, discretionary .....	306	BA			-3	-3	-3	-3	-3
Spending authority from offsetting collections, discretionary .....		BA	4	3	3	3	3	3	3
Outlays .....		O	5	4					
Coastal zone management fund (gross) .....		BA	4	3					
		O	5	4					
Total, offsetting collections (cash) .....			-5	-3	-3	-3	-3	-3	-3
Total Coastal zone management fund (net) .....		BA	-1		-3	-3	-3	-3	-3
		O		1	-3	-3	-3	-3	-3
Damage assessment and restoration revolving fund:									
Spending authority from offsetting collections, mandatory .....	306	BA	6	2	2	2	2	2	2
Outlays .....		O	3	30	4	2	2	2	2
Damage assessment and restoration revolving fund (gross) .....		BA	6	2	2	2	2	2	2
		O	3	30	4	2	2	2	2

**DEPARTMENT OF COMMERCE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash) .....		-6	-2	-2	-2	-2	-2	-2
Total Damage assessment and restoration revolving fund (net) .....	BA O	-3	28	2				
<b>Credit Accounts:</b>								
Fisheries finance program account:								
Appropriation, mandatory .....	376 BA	1	2					
Reappropriation, discretionary .....	BA	1						
Outlays .....	O	3	6					
Limitation on direct loan activity .....		(28)	(74)	(24)	(25)	(25)	(26)	(26)
Total Fisheries finance program account .....	BA O	1 3	3 6					
Federal ship financing fund fishing vessels liquidating account:								
Appropriation, mandatory .....	376 BA	1	2					
Spending authority from offsetting collections, mandatory .....	BA	15	4	4	4	4	4	4
Outlays .....	O	1	6	4	4	4	4	4
Federal ship financing fund fishing vessels liquidating account (gross) .....	BA O	16 1	6 6	4 4	4 4	4 4	4 4	4 4
Total, offsetting collections (cash) .....		-15	-4	-4	-4	-4	-4	-4
Total Federal ship financing fund fishing vessels liquidating account (net) .....	BA O	1 -14	2 2					
<i>Trust funds</i>								
North pacific marine research institute fund:								
Appropriation, discretionary .....	306 BA	5						
Outlays .....	O		5					
Total Federal funds National Oceanic and Atmospheric Administration .....	BA O	2,466 2,315	3,218 2,684	3,152 2,989	3,220 3,103	3,291 3,209	3,358 3,319	3,431 3,387
Total Trust funds National Oceanic and Atmospheric Administration .....	BA O	5 5						

*U.S. Patent and Trademark Office*

*Federal funds*

**General and Special Funds:**

Salaries and expenses:								
Spending authority from offsetting collections, discretionary .....	376 BA	886	1,039	1,139	1,276	1,429	1,600	1,792
Outlays .....	O	872	922	1,148	1,249	1,382	1,547	1,732
Salaries and expenses (gross) .....	BA O	886 872	1,039 922	1,139 1,148	1,276 1,249	1,429 1,382	1,600 1,547	1,792 1,732
Total, offsetting collections (cash) .....		-1,006	-1,152	-1,346	-1,457	-1,606	-1,767	-1,978
Total Salaries and expenses (net) .....	BA O	-120 -134	-113 -230	-207 -198	-181 -208	-177 -224	-167 -220	-186 -246

*Technology Administration*

*Federal funds*

**General and Special Funds:**

Salaries and expenses:								
Appropriation, discretionary .....	376 BA	8	8	8	8	8	9	9
Spending authority from offsetting collections, discretionary .....	BA		1	1				
Outlays .....	O	11	18	8	9	9	9	9
Salaries and expenses (gross) .....	BA O	8 11	9 18	9 8	8 9	8 9	9 9	9 9
Total, offsetting collections (cash) .....			-1	-1				
Total Salaries and expenses (net) .....	BA O	8 11	8 17	8 7	8 9	8 9	9 9	9 9

**DEPARTMENT OF COMMERCE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate						
			2001	2002	2003	2004	2005	2006	
<i>National Technical Information Service</i>									
<i>Federal funds</i>									
<b>Public Enterprise Funds:</b>									
NTIS revolving fund:									
Spending authority from offsetting collections, discretionary	376	BA	41	40	41	41	41	41	41
Outlays		O	36	66	41	41	41	41	41
NTIS revolving fund (gross)		BA	41	40	41	41	41	41	41
		O	36	66	41	41	41	41	41
Total, offsetting collections (cash)			-41	-40	-41	-41	-41	-41	-41
Total NTIS revolving fund (net)		BA							
		O	-5	26					

*National Institute of Standards and Technology*

*Federal funds*

<b>General and Special Funds:</b>									
Scientific and technical research and services:									
Appropriation, discretionary	376	BA	282	312	347	355	363	371	379
Outlays		O	281	314	340	352	360	368	377
Industrial technology services:									
Appropriation, discretionary	376	BA	246	250	119	121	125	127	130
Spending authority from offsetting collections, discretionary		BA	1						
Outlays		O	328	262	300	221	132	129	126
Industrial technology services (gross)		BA	247	250	119	121	125	127	130
		O	328	262	300	221	132	129	126
Total, offsetting collections (cash)			-1						
Total Industrial technology services (net)		BA	246	250	119	121	125	127	130
		O	327	262	300	221	132	129	126
Construction of research facilities:									
Appropriation, discretionary	376	BA	106	35	21	21	22	22	23
Outlays		O	21	74	68	61	49	34	25
<b>Intragovernmental Funds:</b>									
Working capital fund:									
Spending authority from offsetting collections, discretionary	376	BA	159	142	143	143	143	143	143
Outlays		O	131	123	143	143	143	143	143
Working capital fund (gross)		BA	159	142	143	143	143	143	143
		O	131	123	143	143	143	143	143
Change in uncollected customer payments from Federal sources		BA	-19						
Total, offsetting collections (cash)			-140	-142	-143	-143	-143	-143	-143
Total Working capital fund (net)		BA							
		O	-9	-19					
Total Federal funds National Institute of Standards and Technology		BA	634	597	487	497	510	520	532
		O	620	631	708	634	541	531	528

*National Telecommunications and Information Administration*

*Federal funds*

<b>General and Special Funds:</b>									
Salaries and expenses:									
Appropriation, discretionary	376	BA	11	11	14	14	14	15	15
Spending authority from offsetting collections, discretionary		BA	21	21	22	22	22	22	22
Outlays		O	30	37	36	36	37	37	37
Salaries and expenses (gross)		BA	32	32	36	36	36	37	37
		O	30	37	36	36	37	37	37



**DEPARTMENT OF COMMERCE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash) .....		-21	-21	-22	-22	-22	-22	-22
Total Salaries and expenses (net) .....	BA	11	11	14	14	14	15	15
	O	9	16	14	14	15	15	15
<b>Public telecommunications facilities, planning and construction:</b>								
Appropriation, discretionary .....	503 BA	26	43	43	44	45	46	47
Outlays .....	O	21	32	39	41	43	45	46
<b>Information infrastructure grants:</b>								
Appropriation, discretionary .....	503 BA	16	46	16	16	17	17	17
Outlays .....	O	19	29	35	27	22	16	17
Total Federal funds National Telecommunications and Information Administration .....	BA	53	100	73	74	76	78	79
	O	49	77	88	82	80	76	78
Total Federal funds Science and Technology .....	BA	3,041	3,810	3,513	3,618	3,708	3,798	3,865
	O	2,856	3,205	3,594	3,620	3,615	3,715	3,756
Total Trust funds Science and Technology .....	BA	5						
	O		5					

**Summary**

Federal funds:								
(As shown in detail above) .....	BA	8,766	5,242	4,867	5,454	5,390	5,513	5,634
	O	7,827	5,580	5,199	5,446	5,356	5,424	5,495
Deductions for offsetting receipts:								
Intrafund transactions .....	908 BA/O	-2	-2	-10	-11	-11	-12	-12
Proprietary receipts from the public .....	306 BA/O	-19	-8	-8	-8	-8	-8	-8
	376 BA/O		-27					
Total Federal funds .....	BA	8,745	5,205	4,849	5,435	5,371	5,493	5,614
	O	7,806	5,543	5,181	5,427	5,337	5,404	5,475
Trust funds:								
(As shown in detail above) .....	BA	6	1	1	1	1	1	1
	O	1	6	1	1	1	1	1
Total Department of Commerce .....	BA	8,751	5,206	4,850	5,436	5,372	5,494	5,615
	O	7,807	5,549	5,182	5,428	5,338	5,405	5,476

**DEPARTMENT OF DEFENSE—MILITARY**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Military Personnel</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Military personnel, Army:								
Appropriation, discretionary .....	051 BA	21,219	22,062	23,469				
Appropriation, mandatory .....	BA			5	5	5	5	5
Advance appropriation, discretionary .....	BA	560						
Spending authority from offsetting collections, discretionary .....	BA	213	153	249				
Outlays .....	O	22,589	21,225	23,626	1,548	177	60	28
Military personnel, Army (gross) .....	BA	21,992	22,215	23,723	5	5	5	5
	O	22,589	21,225	23,626	1,548	177	60	28
Change in uncollected customer payments from Federal sources .....	BA	-136						
Adjustment to uncollected customer payments from Federal sources .....	BA	-18						
Total, offsetting collections (cash) .....		-59	-153	-249				
Total Military personnel, Army (net) .....	BA	21,779	22,062	23,474	5	5	5	5
	O	22,530	21,072	23,377	1,548	177	60	28
Military personnel, Navy:								
Appropriation, discretionary .....	051 BA	16,857	17,682	18,805				
Appropriation, mandatory .....	BA			6	6	6	6	6

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Advance appropriation, discretionary .....	BA	437						
Spending authority from offsetting collections, discretionary .....	BA	247	231	231				
Outlays .....	O	18,275	17,004	18,708	872	257	98	79
<b>Military personnel, Navy (gross) .....</b>	<b>BA</b>	<b>17,541</b>	<b>17,913</b>	<b>19,042</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
	O	18,275	17,004	18,708	872	257	98	79
Change in uncollected customer payments from Federal sources .....	BA	-34						
Total, offsetting collections (cash) .....		-213	-231	-231				
<b>Total Military personnel, Navy (net) .....</b>	<b>BA</b>	<b>17,294</b>	<b>17,682</b>	<b>18,811</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
	O	18,062	16,773	18,477	872	257	98	79
<b>Military personnel, Marine Corps:</b>								
Appropriation, discretionary .....	051 BA	6,376	6,803	7,247				
Appropriation, mandatory .....	BA			1	1	1	1	1
Advance appropriation, discretionary .....	BA	178						
Spending authority from offsetting collections, discretionary .....	BA	29	30	32				
Outlays .....	O	6,695	6,670	7,161	252	67	30	8
<b>Military personnel, Marine Corps (gross) .....</b>	<b>BA</b>	<b>6,583</b>	<b>6,833</b>	<b>7,280</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
	O	6,695	6,670	7,161	252	67	30	8
Change in uncollected customer payments from Federal sources .....	BA	12						
Adjustment to uncollected customer payments from Federal sources .....	BA	-3						
Total, offsetting collections (cash) .....		-38	-30	-32				
<b>Total Military personnel, Marine Corps (net) .....</b>	<b>BA</b>	<b>6,554</b>	<b>6,803</b>	<b>7,248</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
	O	6,657	6,640	7,129	252	67	30	8
<b>Military personnel, Air Force:</b>								
Appropriation, discretionary .....	051 BA	17,266	18,023	19,184				
Appropriation, mandatory .....	BA			12	12	12	12	12
Advance appropriation, discretionary .....	BA	472						
Spending authority from offsetting collections, discretionary .....	BA	248	190	190				
Outlays .....	O	18,504	17,280	19,238	1,280	259	31	12
<b>Military personnel, Air Force (gross) .....</b>	<b>BA</b>	<b>17,986</b>	<b>18,213</b>	<b>19,386</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>
	O	18,504	17,280	19,238	1,280	259	31	12
Change in uncollected customer payments from Federal sources .....	BA	-30						
Total, offsetting collections (cash) .....		-218	-190	-190				
<b>Total Military personnel, Air Force (net) .....</b>	<b>BA</b>	<b>17,738</b>	<b>18,023</b>	<b>19,196</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>
	O	18,286	17,090	19,048	1,280	259	31	12
<b>Reserve personnel, Army:</b>								
Appropriation, discretionary .....	051 BA	2,277	2,458	2,615				
Advance appropriation, discretionary .....	BA	41						
Spending authority from offsetting collections, discretionary .....	BA	18	23	25				
Outlays .....	O	2,384	2,336	2,570	194	21	5	3
<b>Reserve personnel, Army (gross) .....</b>	<b>BA</b>	<b>2,336</b>	<b>2,481</b>	<b>2,640</b>				
	O	2,384	2,336	2,570	194	21	5	3
Change in uncollected customer payments from Federal sources .....	BA	-5						
Adjustment to uncollected customer payments from Federal sources .....	BA	-1						
Total, offsetting collections (cash) .....		-12	-23	-25				
<b>Total Reserve personnel, Army (net) .....</b>	<b>BA</b>	<b>2,318</b>	<b>2,458</b>	<b>2,615</b>				
	O	2,372	2,313	2,545	194	21	5	3
<b>Reserve personnel, Navy:</b>								
Appropriation, discretionary .....	051 BA	1,456	1,576	1,673				
Advance appropriation, discretionary .....	BA	30						
Spending authority from offsetting collections, discretionary .....	BA	20	27	28				
Outlays .....	O	1,336	1,615	1,643	116	19	3	2
<b>Reserve personnel, Navy (gross) .....</b>	<b>BA</b>	<b>1,506</b>	<b>1,603</b>	<b>1,701</b>				
	O	1,336	1,615	1,643	116	19	3	2
Adjustment to uncollected customer payments from Federal sources .....	BA	-2						

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash) .....		-18	-27	-28				
Total Reserve personnel, Navy (net) .....	BA	<b>1,486</b>	<b>1,576</b>	<b>1,673</b>				
	O	1,318	1,588	1,615	116	19	3	2
Reserve personnel, Marine Corps:								
Appropriation, discretionary .....	051 BA	<b>408</b>	<b>449</b>	<b>477</b>				
Advance appropriation, discretionary .....	BA	<b>8</b>						
Spending authority from offsetting collections, discretionary .....	BA		<b>3</b>	<b>4</b>				
Outlays .....	O	418	439	474	38	5	1	
Reserve personnel, Marine Corps (gross) .....	BA	<b>416</b>	<b>452</b>	<b>481</b>				
	O	418	439	474	38	5	1	
Total, offsetting collections (cash) .....			-3	-4				
Total Reserve personnel, Marine Corps (net) .....	BA	<b>416</b>	<b>449</b>	<b>477</b>				
	O	418	436	470	38	5	1	
Reserve personnel, Air Force:								
Appropriation, discretionary .....	051 BA	<b>879</b>	<b>971</b>	<b>1,033</b>				
Advance appropriation, discretionary .....	BA	<b>13</b>						
Spending authority from offsetting collections, discretionary .....	BA	<b>1</b>	<b>3</b>	<b>6</b>				
Outlays .....	O	879	961	1,019	62	8	3	
Reserve personnel, Air Force (gross) .....	BA	<b>893</b>	<b>974</b>	<b>1,039</b>				
	O	879	961	1,019	62	8	3	
Total, offsetting collections (cash) .....			-1	-3	-6			
Total Reserve personnel, Air Force (net) .....	BA	<b>892</b>	<b>971</b>	<b>1,033</b>				
	O	878	958	1,013	62	8	3	
National Guard personnel, Army:								
Appropriation, discretionary .....	051 BA	<b>3,704</b>	<b>3,770</b>	<b>4,016</b>				
Advance appropriation, discretionary .....	BA	<b>70</b>						
Spending authority from offsetting collections, discretionary .....	BA	<b>8</b>	<b>9</b>	<b>12</b>				
Outlays .....	O	3,807	3,649	3,954	308	37	12	
National Guard personnel, Army (gross) .....	BA	<b>3,782</b>	<b>3,779</b>	<b>4,028</b>				
	O	3,807	3,649	3,954	308	37	12	
Change in uncollected customer payments from Federal sources .....	BA	-6						
Total, offsetting collections (cash) .....			-2	-9	-12			
Total National Guard personnel, Army (net) .....	BA	<b>3,774</b>	<b>3,770</b>	<b>4,016</b>				
	O	3,805	3,640	3,942	308	37	12	
National Guard personnel, Air Force:								
Appropriation, discretionary .....	051 BA	<b>1,557</b>	<b>1,641</b>	<b>1,747</b>				
Advance appropriation, discretionary .....	BA	<b>30</b>						
Spending authority from offsetting collections, discretionary .....	BA	<b>22</b>	<b>22</b>	<b>22</b>				
Outlays .....	O	1,633	1,601	1,740	71	12	3	
National Guard personnel, Air Force (gross) .....	BA	<b>1,609</b>	<b>1,663</b>	<b>1,769</b>				
	O	1,633	1,601	1,740	71	12	3	
Change in uncollected customer payments from Federal sources .....	BA	-15						
Adjustment to uncollected customer payments from Federal sources .....	BA	2						
Total, offsetting collections (cash) .....			-9	-22	-22			
Total National Guard personnel, Air Force (net) .....	BA	<b>1,587</b>	<b>1,641</b>	<b>1,747</b>				
	O	1,624	1,579	1,718	71	12	3	
Total Federal funds Military Personnel .....	BA	<b>73,838</b>	<b>75,435</b>	<b>80,290</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>
	O	75,950	72,089	79,334	4,741	862	246	132

**Operation and Maintenance**

*Federal funds*

**General and Special Funds:**

Operation and maintenance, Army:

Appropriation, discretionary .....	051 BA	<b>21,843</b>	<b>18,694</b>	<b>19,446</b>				
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**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Spending authority from offsetting collections, discretionary .....	BA	<b>6,438</b>	<b>6,204</b>	<b>6,318</b>				
Outlays .....	O	27,616	26,515	25,487	5,740	1,481	675	288
Operation and maintenance, Army (gross) .....	BA	<b>28,281</b>	<b>24,898</b>	<b>25,764</b>				
	O	27,616	26,515	25,487	5,740	1,481	675	288
Change in uncollected customer payments from Federal sources .....	BA	-151						
Adjustment to uncollected customer payments from Federal sources .....	BA	-92						
Total, offsetting collections (cash) .....		-6,145	-6,154	-6,318				
Total Operation and maintenance, Army (net) .....	BA	<b>21,893</b>	<b>18,744</b>	<b>19,446</b>				
	O	21,471	20,361	19,169	5,740	1,481	675	288
Operation and maintenance, Navy:								
Appropriation, discretionary .....	051 BA	<b>23,684</b>	<b>23,181</b>	<b>24,049</b>				
Advance appropriation, discretionary .....	BA	10						
Spending authority from offsetting collections, discretionary .....	BA	<b>3,396</b>	<b>3,962</b>	<b>4,433</b>				
Outlays .....	O	28,627	26,739	28,280	4,864	1,222	628	380
Operation and maintenance, Navy (gross) .....	BA	<b>27,090</b>	<b>27,143</b>	<b>28,482</b>				
	O	28,627	26,739	28,280	4,864	1,222	628	380
Change in uncollected customer payments from Federal sources .....	BA	1,203						
Adjustment to uncollected customer payments from Federal sources .....	BA	-161						
Total, offsetting collections (cash) .....		-4,388	-3,912	-4,433				
Total Operation and maintenance, Navy (net) .....	BA	<b>23,744</b>	<b>23,231</b>	<b>24,049</b>				
	O	24,239	22,827	23,847	4,864	1,222	628	380
Operation and maintenance, Marine Corps:								
Appropriation, discretionary .....	051 BA	<b>2,826</b>	<b>2,764</b>	<b>2,856</b>				
Spending authority from offsetting collections, discretionary .....	BA	466	412	412				
Outlays .....	O	3,223	3,217	3,177	952	207	36	17
Operation and maintenance, Marine Corps (gross) .....	BA	<b>3,292</b>	<b>3,176</b>	<b>3,268</b>				
	O	3,223	3,217	3,177	952	207	36	17
Change in uncollected customer payments from Federal sources .....	BA	24						
Adjustment to uncollected customer payments from Federal sources .....	BA	-4						
Total, offsetting collections (cash) .....		-486	-412	-412				
Total Operation and maintenance, Marine Corps (net) .....	BA	<b>2,826</b>	<b>2,764</b>	<b>2,856</b>				
	O	2,737	2,805	2,765	952	207	36	17
Operation and maintenance, Air Force:								
Appropriation, discretionary .....	051 BA	<b>22,118</b>	<b>21,781</b>	<b>22,536</b>				
Spending authority from offsetting collections, discretionary .....	BA	2,702	2,348	2,261				
Outlays .....	O	24,868	24,864	24,572	5,420	1,110	402	111
Operation and maintenance, Air Force (gross) .....	BA	<b>24,820</b>	<b>24,129</b>	<b>24,797</b>				
	O	24,868	24,864	24,572	5,420	1,110	402	111
Change in uncollected customer payments from Federal sources .....	BA	192						
Adjustment to uncollected customer payments from Federal sources .....	BA	8						
Total, offsetting collections (cash) .....		-2,852	-2,297	-2,261				
Total Operation and maintenance, Air Force (net) .....	BA	<b>22,168</b>	<b>21,832</b>	<b>22,536</b>				
	O	22,016	22,567	22,311	5,420	1,110	402	111
Operation and maintenance, Defense-wide:								
Appropriation, discretionary .....	051 BA	<b>11,768</b>	<b>12,039</b>	<b>12,464</b>				
Spending authority from offsetting collections, discretionary .....	BA	610	735	729				
Outlays .....	O	12,183	12,692	12,917	3,143	689	295	98
Operation and maintenance, Defense-wide (gross) .....	BA	<b>12,378</b>	<b>12,774</b>	<b>13,193</b>				
	O	12,183	12,692	12,917	3,143	689	295	98
Change in uncollected customer payments from Federal sources .....	BA	-22						
Adjustment to uncollected customer payments from Federal sources .....	BA	-126						
Total, offsetting collections (cash) .....		-462	-735	-729				
Total Operation and maintenance, Defense-wide (net) .....	BA	<b>11,768</b>	<b>12,039</b>	<b>12,464</b>				
	O	11,721	11,957	12,188	3,143	689	295	98

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Office of the Inspector General:								
Appropriation, discretionary	051 BA	137	147	154				
Spending authority from offsetting collections, discretionary	BA		1	1				
Outlays	O	138	143	153	17	3	1	1
Office of the Inspector General (gross)								
	BA	137	148	155				
	O	138	143	153	17	3	1	1
Total, offsetting collections (cash)								
			-1	-1				
Total Office of the Inspector General (net)								
	BA	137	147	154				
	O	138	142	152	17	3	1	1
Operation and maintenance, Army Reserve:								
Appropriation, discretionary	051 BA	1,487	1,559	1,638				
Spending authority from offsetting collections, discretionary	BA	49	72	72				
Outlays	O	1,380	1,640	1,669	437	59	16	6
Operation and maintenance, Army Reserve (gross)								
	BA	1,536	1,631	1,710				
	O	1,380	1,640	1,669	437	59	16	6
Change in uncollected customer payments from Federal sources								
	BA	16						
Total, offsetting collections (cash)		-65	-72	-72				
Total Operation and maintenance, Army Reserve (net)								
	BA	1,487	1,559	1,638				
	O	1,315	1,568	1,597	437	59	16	6
Operation and maintenance, Navy Reserve:								
Appropriation, discretionary	051 BA	975	945	970				
Spending authority from offsetting collections, discretionary	BA	40	20	36				
Outlays	O	988	935	968	286	48	25	12
Operation and maintenance, Navy Reserve (gross)								
	BA	1,015	965	1,006				
	O	988	935	968	286	48	25	12
Change in uncollected customer payments from Federal sources								
	BA	15						
Adjustment to uncollected customer payments from Federal sources	BA	-1						
Total, offsetting collections (cash)		-54	-20	-36				
Total Operation and maintenance, Navy Reserve (net)								
	BA	975	945	970				
	O	934	915	932	286	48	25	12
Operation and maintenance, Marine Corps Reserve:								
Appropriation, discretionary	051 BA	144	145	148				
Spending authority from offsetting collections, discretionary	BA	9	2	2				
Outlays	O	142	143	149	55	18	3	
Operation and maintenance, Marine Corps Reserve (gross)								
	BA	153	147	150				
	O	142	143	149	55	18	3	
Change in uncollected customer payments from Federal sources								
	BA	-5						
Adjustment to uncollected customer payments from Federal sources	BA	2						
Total, offsetting collections (cash)		-6	-2	-2				
Total Operation and maintenance, Marine Corps Reserve (net)								
	BA	144	145	148				
	O	136	141	147	55	18	3	
Operation and maintenance, Air Force Reserve:								
Appropriation, discretionary	051 BA	1,789	1,856	1,948				
Spending authority from offsetting collections, discretionary	BA	59	51	51				
Outlays	O	1,786	1,925	1,947	347	59	25	10
Operation and maintenance, Air Force Reserve (gross)								
	BA	1,848	1,907	1,999				
	O	1,786	1,925	1,947	347	59	25	10
Change in uncollected customer payments from Federal sources								
	BA	-3						
Adjustment to uncollected customer payments from Federal sources	BA	4						
Total, offsetting collections (cash)		-60	-51	-51				
Total Operation and maintenance, Air Force Reserve (net)								
	BA	1,789	1,856	1,948				
	O	1,726	1,874	1,896	347	59	25	10
Operation and maintenance, Army National Guard:								
Appropriation, discretionary	051 BA	3,182	3,316	3,405				

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Spending authority from offsetting collections, discretionary .....	BA	104	154	157				
Outlays .....	O	3,016	3,483	3,481	838	134	34	10
Operation and maintenance, Army National Guard (gross) .....	BA	3,286	3,470	3,562				
	O	3,016	3,483	3,481	838	134	34	10
Change in uncollected customer payments from Federal sources .....	BA	6						
Adjustment to uncollected customer payments from Federal sources .....	BA	-2						
Total, offsetting collections (cash) .....		-108	-154	-157				
Total Operation and maintenance, Army National Guard (net) .....	BA	3,182	3,316	3,405				
	O	2,908	3,329	3,324	838	134	34	10
Operation and maintenance, Air National Guard:								
Appropriation, discretionary .....	051 BA	3,298	3,381	3,472				
Spending authority from offsetting collections, discretionary .....	BA	275	205	246				
Outlays .....	O	3,553	3,462	3,644	608	62	19	10
Operation and maintenance, Air National Guard (gross) .....	BA	3,573	3,586	3,718				
	O	3,553	3,462	3,644	608	62	19	10
Change in uncollected customer payments from Federal sources .....	BA	-22						
Adjustment to uncollected customer payments from Federal sources .....	BA	2						
Total, offsetting collections (cash) .....		-255	-205	-246				
Total Operation and maintenance, Air National Guard (net) .....	BA	3,298	3,381	3,472				
	O	3,298	3,257	3,398	608	62	19	10
Quality of life enhancements:								
Appropriation, discretionary .....	051 BA	298	161	164				
Outlays .....	O	388	347	219	171	63	27	10
Pentagon renovation transfer fund:								
Appropriation, discretionary .....	051 BA	222						
Outlays .....	O	222						
Depot level maintenance and repair transfer fund:								
Appropriation, discretionary .....	051 BA	-400						
Overseas contingency operations transfer account:								
Appropriation, discretionary .....	051 BA	1,482	2,932	2,993				
Outlays .....	O		3,586	2,862	708	140	58	33
OPLAN 34A-35 P.O.W. payments:								
Outlays .....	051 O	11	2	2	2			
Spares, repairs, and associated logistical support transfer fund:								
Appropriation, discretionary .....	051 BA	-550						
United States Courts of Appeals for the Armed Forces:								
Appropriation, discretionary .....	051 BA	8	9	9				
Outlays .....	O	7	9	10	2	1		
Drug interdiction and counter-drug activities:								
Appropriation, discretionary .....	051 BA	114	867	885				
Outlays .....	O		389	700	492	154	75	41
Support for international sporting competitions:								
Appropriation, discretionary .....	051 BA	8						
Reappropriation, discretionary .....	BA	1						
Outlays .....	O			8	6	4	3	2
Total Support for international sporting competitions .....	BA	9						
	O			8	6	4	3	2
Foreign currency fluctuations:								
Reappropriation, discretionary .....	051 BA	364						
Defense health program:								
Appropriation, discretionary .....	051 BA	12,540	12,073	16,314				
Spending authority from offsetting collections, discretionary .....	BA	838	800	800				
Outlays .....	O	13,931	13,556	16,745	3,641	539	214	139
Defense health program (gross) .....	BA	13,378	12,873	17,114				
	O	13,931	13,556	16,745	3,641	539	214	139
Change in uncollected customer payments from Federal sources .....	BA	1,821						
Adjustment to uncollected customer payments from Federal sources .....	BA	-135						

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash) .....		-2,524	-800	-800				
Total Defense health program (net) .....	BA	<b>12,540</b>	<b>12,073</b>	<b>16,314</b>				
	O	11,407	12,756	15,945	3,641	539	214	139
The Department of Defense environmental restoration accounts:								
Appropriation, discretionary .....	051 BA		<b>1,310</b>	<b>1,338</b>				
Outlays .....	O		288	884	890	373	120	65
Overseas humanitarian, disaster and civic aid:								
Appropriation, discretionary .....	051 BA	<b>56</b>	<b>56</b>	<b>57</b>				
Outlays .....	O	97	85	52	28	9	5	2
Former Soviet Union threat reduction account:								
Appropriation, discretionary .....	051 BA	<b>459</b>	<b>442</b>	<b>451</b>				
Outlays .....	O	350	870	492	358	206	100	43
Payment to Kaho'olawe:								
Appropriation, discretionary .....	051 BA	<b>35</b>	<b>60</b>	<b>61</b>				
Outlays .....	O	35	60	61				
Emergency response fund:								
Outlays .....	051 O	1						
Allied contributions and cooperation account:								
Appropriation, mandatory .....	051 BA	<b>664</b>	<b>210</b>	<b>210</b>	<b>210</b>	<b>210</b>	<b>210</b>	<b>210</b>
Outlays .....	O	593	210	210	210	210	210	210
Miscellaneous special funds:								
Appropriation, discretionary .....	051 BA	<b>60</b>	<b>78</b>	<b>80</b>				
Appropriation, mandatory .....	BA	<b>5</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Outlays .....	O	100	65	69	9	6	6	6
Total Miscellaneous special funds .....	BA	<b>65</b>	<b>84</b>	<b>86</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
	O	100	65	69	9	6	6	6
Overseas military facility investment recovery:								
Appropriation, discretionary .....	051 BA		<b>3</b>	<b>3</b>				
Outlays .....	O	20	1	2	2	1		
<b>Credit Accounts:</b>								
Defense export loan guarantee program account:								
Limitation on loan guarantee commitments .....	051	(14,980)	(14,980)	(14,980)	(14,980)	(14,980)	(14,980)	(14,980)
Defense vessel transfer program account:								
Appropriation, discretionary .....	051 BA		<b>4</b>	<b>4</b>				
Outlays .....	O		4	4				
Total Federal funds Operation and Maintenance .....	BA	<b>108,777</b>	<b>108,170</b>	<b>115,661</b>	<b>216</b>	<b>216</b>	<b>216</b>	<b>216</b>
	O	105,870	110,415	113,246	29,226	6,798	2,977	1,494

**Procurement**

*Federal funds*

**General and Special Funds:**

Aircraft procurement, Army:								
Appropriation, discretionary .....	051 BA	<b>1,506</b>	<b>1,550</b>	<b>1,583</b>				
Spending authority from offsetting collections, discretionary .....	BA	<b>13</b>	<b>18</b>	<b>22</b>				
Outlays .....	O	1,284	1,642	1,409	1,154	504	62	31
Aircraft procurement, Army (gross) .....	BA	<b>1,519</b>	<b>1,568</b>	<b>1,605</b>				
	O	1,284	1,642	1,409	1,154	504	62	31
Change in uncollected customer payments from Federal sources .....	BA	<b>3</b>						
Total, offsetting collections (cash) .....		-16	-18	-22				
Total Aircraft procurement, Army (net) .....	BA	<b>1,506</b>	<b>1,550</b>	<b>1,583</b>				
	O	1,268	1,624	1,387	1,154	504	62	31
Missile procurement, Army:								
Appropriation, discretionary .....	051 BA	<b>1,308</b>	<b>1,303</b>	<b>1,330</b>				
Spending authority from offsetting collections, discretionary .....	BA	<b>52</b>	<b>116</b>	<b>325</b>				
Outlays .....	O	985	1,389	1,600	1,226	694	211	60
Missile procurement, Army (gross) .....	BA	<b>1,360</b>	<b>1,419</b>	<b>1,655</b>				
	O	985	1,389	1,600	1,226	694	211	60
Change in uncollected customer payments from Federal sources .....	BA	<b>8</b>						
Adjustment to uncollected customer payments from Federal sources .....	BA	-1						

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash) .....		-59	-116	-325				
Total Missile procurement, Army (net) .....	BA	<b>1,308</b>	<b>1,303</b>	<b>1,330</b>				
	O	926	1,273	1,275	1,226	694	211	60
Procurement of weapons and tracked combat vehicles, Army:								
Appropriation, discretionary .....	051 BA	<b>1,753</b>	<b>2,420</b>	<b>2,471</b>				
Spending authority from offsetting collections, discretionary .....	BA	<b>8</b>	<b>61</b>	<b>147</b>				
Outlays .....	O	1,492	1,779	2,319	1,978	820	168	47
Procurement of weapons and tracked combat vehicles, Army (gross) .....	BA	<b>1,761</b>	<b>2,481</b>	<b>2,618</b>				
	O	1,492	1,779	2,319	1,978	820	168	47
Change in uncollected customer payments from Federal sources .....	BA	<b>29</b>						
Adjustment to uncollected customer payments from Federal sources .....	BA	<b>-1</b>						
Total, offsetting collections (cash) .....		-36	-61	-147				
Total Procurement of weapons and tracked combat vehicles, Army (net) .....	BA	<b>1,753</b>	<b>2,420</b>	<b>2,471</b>				
	O	1,456	1,718	2,172	1,978	820	168	47
Procurement of ammunition, Army:								
Appropriation, discretionary .....	051 BA	<b>1,160</b>	<b>1,204</b>	<b>1,229</b>				
Spending authority from offsetting collections, discretionary .....	BA	<b>414</b>	<b>400</b>	<b>460</b>				
Outlays .....	O	1,256	1,623	1,518	808	442	208	112
Procurement of ammunition, Army (gross) .....	BA	<b>1,574</b>	<b>1,604</b>	<b>1,689</b>				
	O	1,256	1,623	1,518	808	442	208	112
Change in uncollected customer payments from Federal sources .....	BA	<b>-249</b>						
Total, offsetting collections (cash) .....		-165	-400	-460				
Total Procurement of ammunition, Army (net) .....	BA	<b>1,160</b>	<b>1,204</b>	<b>1,229</b>				
	O	1,091	1,223	1,058	808	442	208	112
Other procurement, Army:								
Appropriation, discretionary .....	051 BA	<b>3,758</b>	<b>4,408</b>	<b>4,501</b>				
Spending authority from offsetting collections, discretionary .....	BA	<b>16</b>	<b>63</b>	<b>59</b>				
Outlays .....	O	3,379	3,862	4,023	3,172	1,393	387	145
Other procurement, Army (gross) .....	BA	<b>3,774</b>	<b>4,471</b>	<b>4,560</b>				
	O	3,379	3,862	4,023	3,172	1,393	387	145
Change in uncollected customer payments from Federal sources .....	BA	<b>3</b>						
Adjustment to uncollected customer payments from Federal sources .....	BA	<b>-2</b>						
Total, offsetting collections (cash) .....		-17	-63	-59				
Total Other procurement, Army (net) .....	BA	<b>3,758</b>	<b>4,408</b>	<b>4,501</b>				
	O	3,362	3,799	3,964	3,172	1,393	387	145
Aircraft procurement, Navy:								
Appropriation, discretionary .....	051 BA	<b>8,719</b>	<b>8,368</b>	<b>8,544</b>				
Spending authority from offsetting collections, discretionary .....	BA	<b>1</b>	<b>7</b>	<b>7</b>				
Outlays .....	O	7,745	7,421	8,439	7,036	4,052	1,305	377
Aircraft procurement, Navy (gross) .....	BA	<b>8,720</b>	<b>8,375</b>	<b>8,551</b>				
	O	7,745	7,421	8,439	7,036	4,052	1,305	377
Total, offsetting collections (cash) .....		-1	-7	-7				
Total Aircraft procurement, Navy (net) .....	BA	<b>8,719</b>	<b>8,368</b>	<b>8,544</b>				
	O	7,744	7,414	8,432	7,036	4,052	1,305	377
Weapons procurement, Navy:								
Appropriation, discretionary .....	051 BA	<b>1,414</b>	<b>1,442</b>	<b>1,472</b>				
Spending authority from offsetting collections, discretionary .....	BA	<b>2</b>	<b>10</b>	<b>10</b>				
Outlays .....	O	1,332	1,538	1,427	1,155	715	323	99
Weapons procurement, Navy (gross) .....	BA	<b>1,416</b>	<b>1,452</b>	<b>1,482</b>				
	O	1,332	1,538	1,427	1,155	715	323	99
Change in uncollected customer payments from Federal sources .....	BA	<b>-29</b>						
Adjustment to uncollected customer payments from Federal sources .....	BA	<b>-3</b>						



**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash) .....		30	-10	-10				
Total Weapons procurement, Navy (net) .....	BA	<b>1,414</b>	<b>1,442</b>	<b>1,472</b>				
	O	1,362	1,528	1,417	1,155	715	323	99
Procurement of ammunition, Navy and Marine Corps:								
Appropriation, discretionary .....	051 BA	<b>541</b>	<b>492</b>	<b>502</b>				
Spending authority from offsetting collections, discretionary .....	BA	<b>23</b>	<b>10</b>	<b>10</b>				
Outlays .....	O	364	492	476	412	227	119	63
Procurement of ammunition, Navy and Marine Corps (gross) .....	BA	<b>564</b>	<b>502</b>	<b>512</b>				
	O	364	492	476	412	227	119	63
Change in uncollected customer payments from Federal sources .....	BA	-7						
Total, offsetting collections (cash) .....		-16	-10	-10				
Total Procurement of ammunition, Navy and Marine Corps (net) .....	BA	<b>541</b>	<b>492</b>	<b>502</b>				
	O	348	482	466	412	227	119	63
Shipbuilding and conversion, Navy:								
Appropriation, discretionary .....	051 BA	<b>6,916</b>	<b>11,499</b>	<b>7,817</b>				
Outlays .....	O	6,864	6,703	7,785	6,544	5,282	3,949	2,877
Shipbuilding and conversion, Navy (gross) .....	BA	<b>6,916</b>	<b>11,499</b>	<b>7,817</b>				
	O	6,864	6,703	7,785	6,544	5,282	3,949	2,877
Change in uncollected customer payments from Federal sources .....	BA	<b>185</b>						
Total, offsetting collections (cash) .....		-185						
Total Shipbuilding and conversion, Navy (net) .....	BA	<b>6,916</b>	<b>11,499</b>	<b>7,817</b>				
	O	6,679	6,703	7,785	6,544	5,282	3,949	2,877
Other procurement, Navy:								
Appropriation, discretionary .....	051 BA	<b>4,257</b>	<b>3,469</b>	<b>3,542</b>				
Spending authority from offsetting collections, discretionary .....	BA	<b>82</b>	<b>42</b>	<b>42</b>				
Outlays .....	O	4,046	3,773	3,701	2,275	934	364	171
Other procurement, Navy (gross) .....	BA	<b>4,339</b>	<b>3,511</b>	<b>3,584</b>				
	O	4,046	3,773	3,701	2,275	934	364	171
Change in uncollected customer payments from Federal sources .....	BA	<b>24</b>						
Adjustment to uncollected customer payments from Federal sources .....	BA	<b>-8</b>						
Total, offsetting collections (cash) .....		-98	-42	-42				
Total Other procurement, Navy (net) .....	BA	<b>4,257</b>	<b>3,469</b>	<b>3,542</b>				
	O	3,948	3,731	3,659	2,275	934	364	171
Procurement, Marine Corps:								
Appropriation, discretionary .....	051 BA	<b>1,295</b>	<b>1,218</b>	<b>1,244</b>				
Spending authority from offsetting collections, discretionary .....	BA	<b>7</b>	<b>9</b>	<b>9</b>				
Outlays .....	O	886	1,114	1,167	917	415	164	66
Procurement, Marine Corps (gross) .....	BA	<b>1,302</b>	<b>1,227</b>	<b>1,253</b>				
	O	886	1,114	1,167	917	415	164	66
Total, offsetting collections (cash) .....		-7	-9	-9				
Total Procurement, Marine Corps (net) .....	BA	<b>1,295</b>	<b>1,218</b>	<b>1,244</b>				
	O	879	1,105	1,158	917	415	164	66
Aircraft procurement, Air Force:								
Appropriation, discretionary .....	051 BA	<b>8,795</b>	<b>10,279</b>	<b>10,495</b>				
Spending authority from offsetting collections, discretionary .....	BA	<b>104</b>	<b>50</b>	<b>50</b>				
Outlays .....	O	9,076	8,132	9,322	6,633	3,529	2,034	1,039
Aircraft procurement, Air Force (gross) .....	BA	<b>8,899</b>	<b>10,329</b>	<b>10,545</b>				
	O	9,076	8,132	9,322	6,633	3,529	2,034	1,039
Change in uncollected customer payments from Federal sources .....	BA	<b>12</b>						
Adjustment to uncollected customer payments from Federal sources .....	BA	<b>-19</b>						
Total, offsetting collections (cash) .....		-97	-50	-50				
Total Aircraft procurement, Air Force (net) .....	BA	<b>8,795</b>	<b>10,279</b>	<b>10,495</b>				
	O	8,979	8,082	9,272	6,633	3,529	2,034	1,039

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Missile procurement, Air Force:</b>								
Appropriation, discretionary	051 BA	2,018	2,796	2,855				
Spending authority from offsetting collections, discretionary	BA	9	75	75				
Outlays	O	2,260	2,545	2,713				
Missile procurement, Air Force (gross)	BA	2,027	2,871	2,930				
	O	2,260	2,545	2,713				
Change in uncollected customer payments from Federal sources	BA	30						
Adjustment to uncollected customer payments from Federal sources	BA	-22						
Total, offsetting collections (cash)		-17	-75	-75				
Total Missile procurement, Air Force (net)	BA	2,018	2,796	2,855				
	O	2,243	2,470	2,638				
<b>Procurement of ammunition, Air Force:</b>								
Appropriation, discretionary	051 BA	581	641	654				
Spending authority from offsetting collections, discretionary	BA	-3	13	13				
Outlays	O	390	484	570	561	347	90	31
Procurement of ammunition, Air Force (gross)	BA	578	654	667				
	O	390	484	570	561	347	90	31
Change in uncollected customer payments from Federal sources	BA	-2						
Adjustment to uncollected customer payments from Federal sources	BA	-2						
Total, offsetting collections (cash)		7	-13	-13				
Total Procurement of ammunition, Air Force (net)	BA	581	641	654				
	O	397	471	557	561	347	90	31
<b>Other procurement, Air Force:</b>								
Appropriation, discretionary	051 BA	7,360	7,645	7,806				
Spending authority from offsetting collections, discretionary	BA	134	301	301				
Outlays	O	7,212	7,779	8,004				
Other procurement, Air Force (gross)	BA	7,494	7,946	8,107				
	O	7,212	7,779	8,004				
Change in uncollected customer payments from Federal sources	BA	-57						
Adjustment to uncollected customer payments from Federal sources	BA	-4						
Total, offsetting collections (cash)		-73	-301	-301				
Total Other procurement, Air Force (net)	BA	7,360	7,645	7,806				
	O	7,139	7,478	7,703				
<b>Procurement, Defense-wide:</b>								
Appropriation, discretionary	051 BA	2,417	2,298	2,346				
Spending authority from offsetting collections, discretionary	BA	59	102	110				
Outlays	O	2,407	2,322	2,139	1,506	870	391	177
Procurement, Defense-wide (gross)	BA	2,476	2,400	2,456				
	O	2,407	2,322	2,139	1,506	870	391	177
Change in uncollected customer payments from Federal sources	BA	-19						
Adjustment to uncollected customer payments from Federal sources	BA	1						
Total, offsetting collections (cash)		-41	-102	-110				
Total Procurement, Defense-wide (net)	BA	2,417	2,298	2,346				
	O	2,366	2,220	2,029	1,506	870	391	177
<b>National guard and reserve equipment:</b>								
Appropriation, discretionary	051 BA	149	99	101				
Spending authority from offsetting collections, discretionary	BA	1						
Outlays	O	395	394	220	114	65	28	7
National guard and reserve equipment (gross)	BA	150	99	101				
	O	395	394	220	114	65	28	7
Total, offsetting collections (cash)		-1						
Total National guard and reserve equipment (net)	BA	149	99	101				
	O	394	394	220	114	65	28	7
<b>Defense production act purchases:</b>								
Appropriation, discretionary	051 BA	3	3	3				

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	15	15	13	10	9		
Chemical agents and munitions destruction, Army:								
Appropriation, discretionary .....	051 BA	1,022	977	998				
Spending authority from offsetting collections, discretionary .....	BA	3	5	5				
Outlays .....	O	1,103	1,009	931	398	141	85	43
Chemical agents and munitions destruction, Army (gross) .....	BA	1,025	982	1,003				
	O	1,103	1,009	931	398	141	85	43
Total, offsetting collections (cash) .....		-3	-5	-5				
Total Chemical agents and munitions destruction, Army (net) .....	BA	1,022	977	998				
	O	1,100	1,004	926	398	141	85	43
Total Federal funds Procurement .....	BA	54,972	62,111	59,493				
	O	51,696	52,734	56,131	35,899	20,439	9,888	5,345

**Research, Development, Test, and Evaluation**

*Federal funds*

**General and Special Funds:**

Research, development, test, and evaluation, Army:								
Appropriation, discretionary .....	051 BA	5,330	6,242	6,415				
Spending authority from offsetting collections, discretionary .....	BA	1,695	1,320	1,320				
Outlays .....	O	6,422	6,705	7,920	2,743	777	322	86
Research, development, test, and evaluation, Army (gross) .....	BA	7,025	7,562	7,735				
	O	6,422	6,705	7,920	2,743	777	322	86
Change in uncollected customer payments from Federal sources .....	BA	-42						
Adjustment to uncollected customer payments from Federal sources .....	BA	-8						
Total, offsetting collections (cash) .....		-1,645	-1,320	-1,320				
Total Research, development, test, and evaluation, Army (net) .....	BA	5,330	6,242	6,415				
	O	4,777	5,385	6,600	2,743	777	322	86
Research, development, test, and evaluation, Navy:								
Appropriation, discretionary .....	051 BA	9,044	9,427	9,666				
Spending authority from offsetting collections, discretionary .....	BA	187	195	195				
Outlays .....	O	9,065	8,919	9,859	3,847	851	383	63
Research, development, test, and evaluation, Navy (gross) .....	BA	9,231	9,622	9,861				
	O	9,065	8,919	9,859	3,847	851	383	63
Change in uncollected customer payments from Federal sources .....	BA	23						
Adjustment to uncollected customer payments from Federal sources .....	BA	-2						
Total, offsetting collections (cash) .....		-208	-195	-195				
Total Research, development, test, and evaluation, Navy (net) .....	BA	9,044	9,427	9,666				
	O	8,857	8,724	9,664	3,847	851	383	63
Research, development, test, and evaluation, Air Force:								
Appropriation, discretionary .....	051 BA	14,511	13,914	14,225				
Spending authority from offsetting collections, discretionary .....	BA	1,624	2,050	2,050				
Outlays .....	O	15,547	15,792	15,872				
Research, development, test, and evaluation, Air Force (gross) .....	BA	16,135	15,964	16,275				
	O	15,547	15,792	15,872				
Change in uncollected customer payments from Federal sources .....	BA	142						
Adjustment to uncollected customer payments from Federal sources .....	BA	-58						
Total, offsetting collections (cash) .....		-1,708	-2,050	-2,050				
Total Research, development, test, and evaluation, Air Force (net) .....	BA	14,511	13,914	14,225				
	O	13,839	13,742	13,822				
Research, development, test, and evaluation, Defense-wide:								
Appropriation, discretionary .....	051 BA	9,525	11,021	11,260				
Spending authority from offsetting collections, discretionary .....	BA	451	516	564				

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	10,216	10,357	11,452	6,033	1,332	385	223
Research, development, test, and evaluation, Defense-wide (gross) .....	BA	<b>9,976</b>	<b>11,537</b>	<b>11,824</b>				
	O	10,216	10,357	11,452	6,033	1,332	385	223
Change in uncollected customer payments from Federal sources .....	BA	<b>-47</b>						
Adjustment to uncollected customer payments from Federal sources .....	BA	<b>-28</b>						
Total, offsetting collections (cash) .....		<b>-376</b>	<b>-516</b>	<b>-564</b>				
Total Research, development, test, and evaluation, Defense-wide (net) .....	BA	<b>9,525</b>	<b>11,021</b>	<b>11,260</b>				
	O	9,840	9,841	10,888	6,033	1,332	385	223
Developmental test and evaluation:								
Appropriation, discretionary .....	051 BA	<b>265</b>						
Spending authority from offsetting collections, discretionary .....	BA	<b>1</b>						
Outlays .....	O	258	154	34	11	5	2	1
Developmental test and evaluation (gross) .....	BA	<b>266</b>						
	O	258	154	34	11	5	2	1
Change in uncollected customer payments from Federal sources .....	BA	<b>6</b>						
Total, offsetting collections (cash) .....		<b>-6</b>						
Total Developmental test and evaluation (net) .....	BA	<b>266</b>						
	O	252	154	34	11	5	2	1
Operational test and evaluation:								
Appropriation, discretionary .....	051 BA	<b>31</b>	<b>225</b>	<b>230</b>				
Outlays .....	O	41	116	203	115	18	5	2
Research and development initiative transfer account:								
Appropriation, discretionary .....	051 BA			<b>2,600</b>				
Outlays .....	O			1,445	887	159	52	20
Total Federal funds Research, Development, Test, and Evaluation .....	BA	<b>38,707</b>	<b>40,829</b>	<b>44,396</b>				
	O	37,606	37,962	42,656	13,636	3,142	1,149	395

**Military Construction**

*Federal funds*

**General and Special Funds:**

Military construction, Army:								
Appropriation, discretionary .....	051 BA	<b>1,118</b>	<b>934</b>	<b>964</b>				
Spending authority from offsetting collections, discretionary .....	BA	<b>2,240</b>	<b>2,000</b>	<b>2,000</b>				
Outlays .....	O	3,555	3,080	2,921	867	474	235	114
Military construction, Army (gross) .....	BA	<b>3,358</b>	<b>2,934</b>	<b>2,964</b>				
	O	3,555	3,080	2,921	867	474	235	114
Change in uncollected customer payments from Federal sources .....	BA	<b>529</b>						
Adjustment to uncollected customer payments from Federal sources .....	BA	<b>-12</b>						
Total, offsetting collections (cash) .....		<b>-2,757</b>	<b>-2,000</b>	<b>-2,000</b>				
Total Military construction, Army (net) .....	BA	<b>1,118</b>	<b>934</b>	<b>964</b>				
	O	798	1,080	921	867	474	235	114
Military construction, Navy:								
Appropriation, discretionary .....	051 BA	<b>954</b>	<b>926</b>	<b>952</b>				
Spending authority from offsetting collections, discretionary .....	BA	<b>464</b>	<b>354</b>	<b>354</b>				
Outlays .....	O	1,025	1,183	1,085	880	362	99	64
Military construction, Navy (gross) .....	BA	<b>1,418</b>	<b>1,280</b>	<b>1,306</b>				
	O	1,025	1,183	1,085	880	362	99	64
Change in uncollected customer payments from Federal sources .....	BA	<b>-242</b>						
Adjustment to uncollected customer payments from Federal sources .....	BA	<b>16</b>						
Total, offsetting collections (cash) .....		<b>-238</b>	<b>-354</b>	<b>-354</b>				
Total Military construction, Navy (net) .....	BA	<b>954</b>	<b>926</b>	<b>952</b>				
	O	787	829	731	880	362	99	64
Military construction, Air Force:								
Appropriation, discretionary .....	051 BA	<b>855</b>	<b>880</b>	<b>898</b>				
Outlays .....	O	685	801	861	750	335	66	33

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Military construction, Defense-wide:								
Appropriation, discretionary	051 BA	695	813	830				
Outlays	O	674	725	718	662	333	178	78
North Atlantic Treaty Organization security investment program:								
Appropriation, discretionary	051 BA	81	172	176				
Spending authority from offsetting collections, discretionary	BA	6	11	11				
Outlays	O	183	42	94	129	131	44	
North Atlantic Treaty Organization security investment program (gross)	BA	87	183	187				
	O	183	42	94	129	131	44	
Total, offsetting collections (cash)		-6	-11	-11				
Total North Atlantic Treaty Organization security investment program (net)	BA	81	172	176				
	O	177	31	83	129	131	44	
Military construction, Army National Guard:								
Appropriation, discretionary	051 BA	230	286	292				
Outlays	O	138	186	222	244	145	94	46
Military construction, Air National Guard:								
Appropriation, discretionary	051 BA	256	204	208				
Outlays	O	175	210	227	190	84	40	18
Military construction, Army Reserve:								
Appropriation, discretionary	051 BA	120	108	110				
Outlays	O	96	99	102	95	54	25	12
Military construction, Naval Reserve:								
Appropriation, discretionary	051 BA	25	62	63				
Outlays	O	67	18	36	36	24	16	10
Military construction, Air Force Reserve:								
Appropriation, discretionary	051 BA	63	37	38				
Outlays	O	34	51	42	35	14	4	1
Base realignment and closure account:								
Appropriation, discretionary	051 BA	663	997	1,018				
Spending authority from offsetting collections, discretionary	BA	69	23					
Outlays	O	1,557	1,191	849	559	326	79	26
Base realignment and closure account (gross)	BA	732	1,020	1,018				
	O	1,557	1,191	849	559	326	79	26
Change in uncollected customer payments from Federal sources	BA	31						
Adjustment to uncollected customer payments from Federal sources	BA	-21						
Total, offsetting collections (cash)		-79	-23					
Total Base realignment and closure account (net)	BA	663	997	1,018				
	O	1,478	1,168	849	559	326	79	26
Foreign currency fluctuations, construction:								
Appropriation, discretionary	051 BA		-83					
Reappropriation, discretionary	BA	47						
Total Foreign currency fluctuations, construction	BA	47	-83					
Total Federal funds Military Construction	BA	5,107	5,336	5,549				
	O	5,109	5,198	4,792	4,447	2,282	880	402

**Family Housing**  
*Federal funds*

**General and Special Funds:**

Family housing, Army:								
Appropriation, discretionary	051 BA	1,160	1,174	1,200				
Spending authority from offsetting collections, discretionary	BA	16	22	22				
Outlays	O	1,185	1,230	1,158	459	194	61	14
Family housing, Army (gross)	BA	1,176	1,196	1,222				
	O	1,185	1,230	1,158	459	194	61	14
Total, offsetting collections (cash)		-16	-22	-22				
Total Family housing, Army (net)	BA	1,160	1,174	1,200				
	O	1,169	1,208	1,136	459	194	61	14

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Family housing, Navy and Marine Corps:</b>								
Appropriation, discretionary	051 BA	1,177	1,292	1,319				
Spending authority from offsetting collections, discretionary	BA	22	21	21				
Outlays	O	1,206	1,305	1,256	715	337	180	86
Family housing, Navy and Marine Corps (gross)	BA	1,199	1,313	1,340				
	O	1,206	1,305	1,256	715	337	180	86
Adjustment to uncollected customer payments from Federal sources	BA	1						
Total, offsetting collections (cash)		-23	-30	-21				
Total Family housing, Navy and Marine Corps (net)	BA	1,177	1,283	1,319				
	O	1,183	1,275	1,235	715	337	180	86
<b>Family housing, Air Force:</b>								
Appropriation, discretionary	051 BA	1,158	1,071	1,093				
Spending authority from offsetting collections, discretionary	BA	10	11	11				
Outlays	O	1,010	1,118	1,091	496	177	93	40
Family housing, Air Force (gross)	BA	1,168	1,082	1,104				
	O	1,010	1,118	1,091	496	177	93	40
Total, offsetting collections (cash)		-10	-11	-11				
Total Family housing, Air Force (net)	BA	1,158	1,071	1,093				
	O	1,000	1,107	1,080	496	177	93	40
<b>Family housing, Defense-wide:</b>								
Appropriation, discretionary	051 BA	41	45	46				
Spending authority from offsetting collections, discretionary	BA	2	3	3				
Outlays	O	35	46	45	12	9	6	2
Family housing, Defense-wide (gross)	BA	43	48	49				
	O	35	46	45	12	9	6	2
Total, offsetting collections (cash)		-2	-3	-3				
Total Family housing, Defense-wide (net)	BA	41	45	46				
	O	33	43	42	12	9	6	2
<b>Housing initiative transfer account:</b>								
Appropriation, discretionary	051 BA			400				
Outlays	O			240	76	38	17	9
<b>Public Enterprise Funds:</b>								
<b>Homeowners assistance fund:</b>								
Appropriation, discretionary	051 BA	5	25	26				
Spending authority from offsetting collections, discretionary	BA	22	19	14				
Outlays	O	49	34	28	15	10	6	3
Homeowners assistance fund (gross)	BA	27	44	40				
	O	49	34	28	15	10	6	3
Change in uncollected customer payments from Federal sources	BA	1						
Total, offsetting collections (cash)		-23	-19	-14				
Total Homeowners assistance fund (net)	BA	5	25	26				
	O	26	15	14	15	10	6	3
<b>Credit Accounts:</b>								
<b>Family housing improvement fund:</b>								
Appropriation, discretionary	051 BA	2	16	16				
Spending authority from offsetting collections, discretionary	BA	1	9					
Outlays	O	2	35	68	9	4	3	1
Total Family housing improvement fund	BA	3	25	16				
	O	2	35	68	9	4	3	1
Total Federal funds Family Housing	BA	3,544	3,623	4,100				
	O	3,413	3,683	3,815	1,782	769	366	155

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Revolving and Management Funds</b>								
<i>Federal funds</i>								
<b>Public Enterprise Funds:</b>								
National defense stockpile transaction fund:								
Spending authority from offsetting collections, discretionary	051 BA	386	377	377				
Outlays	O	68	456	325				
National defense stockpile transaction fund (gross)	BA	386	377	377				
	O	68	456	325				
Total, offsetting collections (cash)		-575	-581	-581				
Total National defense stockpile transaction fund (net)	BA	-189	-204	-204				
	O	-507	-125	-256				
Reserve mobilization income insurance fund:								
Appropriation, discretionary	051 BA		-13					
Spending authority from offsetting collections, discretionary	BA	1						
Outlays	O	1						
Reserve mobilization income insurance fund (gross)	BA	1	-13					
	O	1						
Total, offsetting collections (cash)		-1						
Total Reserve mobilization income insurance fund (net)	BA		-13					
	O							
<b>Intragovernmental Funds:</b>								
Pentagon reservation maintenance revolving fund:								
Spending authority from offsetting collections, mandatory	051 BA	378	385	334	317	385	385	385
Outlays	O	415	451	329	313	366	366	366
Pentagon reservation maintenance revolving fund (gross)	BA	378	385	334	317	385	385	385
	O	415	451	329	313	366	366	366
Change in uncollected customer payments from Federal sources	BA	-9	-19	-5	-4	-19	-19	-19
Total, offsetting collections (cash)		-369	-366	-329	-313	-366	-366	-366
Total Pentagon reservation maintenance revolving fund (net)	BA							
	O	46	85					
National defense sealift fund:								
Appropriation, discretionary	051 BA	713	400	507				
Spending authority from offsetting collections, discretionary	BA	669	805	805				
Outlays	O	2,140	1,382	1,361	295	131	50	32
National defense sealift fund (gross)	BA	1,382	1,205	1,312				
	O	2,140	1,382	1,361	295	131	50	32
Change in uncollected customer payments from Federal sources	BA	64						
Total, offsetting collections (cash)		-733	-805	-805				
Total National defense sealift fund (net)	BA	713	400	507				
	O	1,407	577	556	295	131	50	32
Working capital fund, Army:								
Appropriation, discretionary	051 BA	62						
Contract authority, mandatory	BA	266						
Spending authority from offsetting collections, discretionary	BA	8,387	7,268	6,692				
Outlays	O	8,569	8,826	6,692				
Working capital fund, Army (gross)	BA	8,715	7,268	6,692				
	O	8,569	8,826	6,692				
Change in uncollected customer payments from Federal sources	BA	240	1,359					
Total, offsetting collections (cash)		-8,627	-8,627	-6,692				
Total Working capital fund, Army (net)	BA	328						
	O	-58	199					
Working capital fund, Navy:								
Contract authority, mandatory	051 BA	563						

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Spending authority from offsetting collections, discretionary .....	BA	20,653	21,196	21,413				
Outlays .....	O	20,555	20,893	21,716				
Working capital fund, Navy (gross) .....	BA	21,216	21,196	21,413				
	O	20,555	20,893	21,716				
Change in uncollected customer payments from Federal sources .....	BA	222	-303	303				
Total, offsetting collections (cash) .....		-20,875	-20,893	-21,716				
Total Working capital fund, Navy (net) .....	BA	563						
	O	-320						
Working capital fund, Air Force:								
Appropriation, discretionary .....	051 BA	28						
Contract authority, mandatory .....	BA	406						
Spending authority from offsetting collections, discretionary .....	BA	19,164	21,200	18,948				
Outlays .....	O	19,490	20,243	20,069				
Working capital fund, Air Force (gross) .....	BA	19,598	21,200	18,948				
	O	19,490	20,243	20,069				
Change in uncollected customer payments from Federal sources .....	BA	103	-1,121	1,121				
Total, offsetting collections (cash) .....		-19,267	-20,079	-20,069				
Total Working capital fund, Air Force (net) .....	BA	434						
	O	223	164					
Working capital fund, Defense wide:								
Appropriation, discretionary .....	051 BA	1,556						
Contract authority, mandatory .....	BA	2,813						
Spending authority from offsetting collections, discretionary .....	BA	19,441	24,028	23,618				
Outlays .....	O	20,859	22,395	26,304				
Working capital fund, Defense wide (gross) .....	BA	23,810	24,028	23,618				
	O	20,859	22,395	26,304				
Change in uncollected customer payments from Federal sources .....	BA	200	-2,686	1,686				
Total, offsetting collections (cash) .....		-19,641	-21,342	-25,304				
Total Working capital fund, Defense wide (net) .....	BA	4,369						
	O	1,218	1,053	1,000				
Working capital fund, Defense Commissary Agency:								
Appropriation, discretionary .....	051 BA	1,009	914	933				
Spending authority from offsetting collections, discretionary .....	BA	5,112	5,310	5,243				
Outlays .....	O	6,112	6,299	6,178				
Working capital fund, Defense Commissary Agency (gross) .....	BA	6,121	6,224	6,176				
	O	6,112	6,299	6,178				
Change in uncollected customer payments from Federal sources .....	BA	-2						
Total, offsetting collections (cash) .....		-5,110	-5,310	-5,243				
Total Working capital fund, Defense Commissary Agency (net) .....	BA	1,009	914	933				
	O	1,002	989	935				
Buildings maintenance fund:								
Spending authority from offsetting collections, mandatory .....	051 BA	26	33	28	36	36	36	36
Outlays .....	O	25	41	28	36	36	36	36
Buildings maintenance fund (gross) .....	BA	26	33	28	36	36	36	36
	O	25	41	28	36	36	36	36
Change in uncollected customer payments from Federal sources .....	BA	-3						
Total, offsetting collections (cash) .....		-23	-33	-28	-36	-36	-36	-36
Total Buildings maintenance fund (net) .....	BA							
	O	2	8					
Army conventional ammunition working capital fund:								
Appropriation, mandatory .....	051 BA	46						
Spending authority from offsetting collections, mandatory .....	BA	50	83	88	88			



**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	256	154	131	128	10	10	10
Army conventional ammunition working capital fund (gross) .....	BA	<b>96</b>	<b>83</b>	<b>88</b>	<b>88</b>			
	O	256	154	131	128	10	10	10
Change in uncollected customer payments from Federal sources .....	BA	<b>23</b>	<b>37</b>	<b>-11</b>	<b>13</b>	<b>10</b>	<b>10</b>	<b>10</b>
Total, offsetting collections (cash) .....		-73	-120	-77	-13	-10	-10	-10
Total Army conventional ammunition working capital fund (net) .....	BA	<b>46</b>			<b>88</b>			
	O	183	34	54	115			
Total Federal funds Revolving and Management Funds .....	BA	<b>7,273</b>	<b>1,097</b>	<b>1,236</b>	<b>88</b>			
	O	3,196	2,984	2,289	410	131	50	32

**Allowances**

*Federal funds*

**General and Special Funds:**

General transfer authority outlay allowance:

Outlays .....	051 O		280	290	155	65	30	15
Department of Defense Closed Accounts:								
Outlays .....	051 O	31						
Discretionary out-year profile:								
Appropriation, discretionary .....	051 BA				<b>318,991</b>	<b>327,917</b>	<b>337,085</b>	<b>346,547</b>
Spending authority from offsetting collections, discretionary .....	BA				<b>7,155</b>	<b>7,155</b>	<b>7,155</b>	<b>7,155</b>
Outlays .....	O		2,253	224,396	291,161	323,885	338,224	
Discretionary out-year profile (gross) .....	BA				<b>326,146</b>	<b>335,072</b>	<b>344,240</b>	<b>353,702</b>
	O		2,253	224,396	291,161	323,885	338,224	
Total, offsetting collections (cash) .....					-7,155	-7,155	-7,155	-7,155
Total Discretionary out-year profile (net) .....	BA				<b>318,991</b>	<b>327,917</b>	<b>337,085</b>	<b>346,547</b>
	O		2,253	217,241	284,006	316,730	331,069	
Total Federal funds Allowances .....	BA				<b>318,991</b>	<b>327,917</b>	<b>337,085</b>	<b>346,547</b>
	O	31	280	2,543	217,396	284,071	316,760	331,084

**Trust Funds**

*Trust funds*

Voluntary separation incentive fund:

Appropriation, mandatory .....	051 BA	<b>150</b>	<b>77</b>	<b>143</b>	<b>155</b>	<b>157</b>	<b>157</b>	<b>156</b>
Outlays .....	O	153	157	157	157	157	191	156
Host nation support fund for relocation:								
Appropriation, mandatory .....	051 BA	<b>12</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Outlays .....	O	8	6	6	6	6	6	6
Other DOD trust funds:								
Appropriation, mandatory .....	051 BA	<b>51</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>
Outlays .....	O	41	40	40	40	40	40	40
National security education trust fund:								
Appropriation, discretionary .....	051 BA	<b>8</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>8</b>	<b>8</b>
Outlays .....	O	6	7	13	10	8	8	8
Foreign national employees separation pay:								
Appropriation, mandatory .....	051 BA	<b>9</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Outlays .....	O	12	10	10	10	10	10	10
Other DOD trust revolving funds:								
Spending authority from offsetting collections, mandatory .....	051 BA	<b>10</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
Outlays .....	O	10	15	15	15	15	15	15
Other DOD trust revolving funds (gross) .....	BA	<b>10</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
	O	10	15	15	15	15	15	15
Total, offsetting collections (cash) .....		-10	-15	-15	-15	-15	-15	-15
Total Other DOD trust revolving funds (net) .....	BA							
	O							
Surcharge collections, sales of commissary stores, Defense:								
Contract authority, mandatory .....	051 BA	<b>25</b>						
Spending authority from offsetting collections, mandatory .....	BA	<b>269</b>	<b>262</b>	<b>268</b>	<b>278</b>	<b>262</b>	<b>262</b>	<b>262</b>

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	349	293	259	269	253	253	253
Surcharge collections, sales of commissary stores, Defense (gross) .....	BA	<b>294</b>	<b>262</b>	<b>268</b>	<b>278</b>	<b>262</b>	<b>262</b>	<b>262</b>
	O	349	293	259	269	253	253	253
Change in uncollected customer payments from Federal sources .....	BA	<b>-29</b>						
Total, offsetting collections (cash) .....		-240	-262	-268	-278	-262	-262	-262
Total Surcharge collections, sales of commissary stores, Defense (net) .....	BA	<b>25</b>						
	O	109	31	-9	-9	-9	-9	-9
Total Trust funds Trust Funds .....	BA	<b>255</b>	<b>140</b>	<b>206</b>	<b>218</b>	<b>220</b>	<b>221</b>	<b>220</b>
	O	329	251	217	214	212	246	211

**Summary**

Federal funds:								
(As shown in detail above) .....	BA	<b>292,218</b>	<b>296,601</b>	<b>310,725</b>	<b>319,319</b>	<b>328,157</b>	<b>337,325</b>	<b>346,787</b>
	O	282,871	285,345	304,806	307,537	318,494	332,316	339,039
Deductions for offsetting receipts:								
Intrafund transactions .....	051 BA/O	-35	-60	-25				
Proprietary receipts from the public .....	051 BA/O	-1,822	-1,562	-1,421	-1,413	-1,372	-1,401	-1,359
Offsetting governmental receipts .....	051 BA/O	-5	-6	-6	-6	-6	-6	-6
Total Federal funds .....	BA	<b>290,356</b>	<b>294,973</b>	<b>309,273</b>	<b>317,900</b>	<b>326,779</b>	<b>335,918</b>	<b>345,422</b>
	O	281,009	283,717	303,354	306,118	317,116	330,909	337,674
Trust funds:								
(As shown in detail above) .....	BA	<b>255</b>	<b>140</b>	<b>206</b>	<b>218</b>	<b>220</b>	<b>221</b>	<b>220</b>
	O	329	251	217	214	212	246	211
Interfund transactions .....	051 BA/O	-115	-53	-122	-135	-139	-140	-141
Total Department of Defense—Military .....	BA	<b>290,496</b>	<b>295,060</b>	<b>309,357</b>	<b>317,983</b>	<b>326,860</b>	<b>335,999</b>	<b>345,501</b>
	O	281,223	283,915	303,449	306,197	317,189	331,015	337,744

**DEPARTMENT OF EDUCATION**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Office of Elementary and Secondary Education</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Education for the disadvantaged:								
Appropriation, discretionary .....	501 BA	<b>2,496</b>	<b>2,774</b>	<b>30</b>	<b>31</b>	<b>31</b>	<b>32</b>	<b>33</b>
				✓10,981	✓11,226	✓11,476	✓11,732	✓11,994
Advance appropriation, discretionary .....	BA	<b>6,205</b>	<b>6,205</b>					
Advance appropriation, mandatory .....	BA			<b>6,758</b>				
Outlays .....	O	8,529	8,471	8,847	1,912	220	32	32
				✓549	✓8,797	✓10,970	✓11,434	✓11,689
Total Education for the disadvantaged .....	BA	<b>8,701</b>	<b>8,979</b>	<b>17,769</b>	<b>11,257</b>	<b>11,507</b>	<b>11,764</b>	<b>12,027</b>
	O	8,529	8,471	9,396	10,709	11,190	11,466	11,721
Impact aid:								
Appropriation, discretionary .....	501 BA	<b>906</b>	<b>993</b>	<b>1,130</b>	<b>1,155</b>	<b>1,181</b>	<b>1,208</b>	<b>1,234</b>
Outlays .....	O	877	1,140	1,114	1,154	1,177	1,204	1,231
School improvement programs:								
Appropriation, discretionary .....	501 BA	<b>1,492</b>	<b>3,104</b>	<b>229</b>	<b>234</b>	<b>239</b>	<b>245</b>	<b>250</b>
				✓6,160	✓6,297	✓6,438	✓6,581	✓6,728
Advance appropriation, discretionary .....	BA		<b>1,515</b>					
Advance appropriation, mandatory .....	BA			<b>1,765</b>				
Spending authority from offsetting collections, discretionary .....	BA	<b>57</b>						

**DEPARTMENT OF EDUCATION—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	2,578	3,098	3,611	1,882	572	238	244
				✓308	✓4,319	✓5,955	✓6,396	✓6,538
School improvement programs (gross) .....	BA	<b>1,549</b>	<b>4,619</b>	<b>8,154</b>	<b>6,531</b>	<b>6,677</b>	<b>6,826</b>	<b>6,978</b>
	O	2,578	3,098	3,919	6,201	6,527	6,634	6,782
Total, offsetting collections (cash) .....		-57						
Total School improvement programs (net) .....	BA	<b>1,492</b>	<b>4,619</b>	<b>8,154</b>	<b>6,531</b>	<b>6,677</b>	<b>6,826</b>	<b>6,978</b>
	O	2,521	3,098	3,919	6,201	6,527	6,634	6,782
Reading excellence:								
Appropriation, discretionary .....	501 BA	<b>65</b>	<b>91</b>					
Advance appropriation, discretionary .....	BA		<b>195</b>					
Advance appropriation, mandatory .....	BA			<b>195</b>				
Outlays .....	O	27	186	233	247	84	29	
Total Reading excellence .....	BA	<b>65</b>	<b>286</b>	<b>195</b>				
	O	27	186	233	247	84	29	
Education reform:								
Appropriation, discretionary .....	501 BA	<b>1,765</b>	<b>1,881</b>					
Outlays .....	O	1,243	1,963	1,627	652	94		
Chicago litigation settlement:								
Outlays .....	501 O	2	2	1				
Indian education:								
Appropriation, discretionary .....	501 BA	<b>77</b>	<b>116</b>					
Outlays .....	O	65	85	✓116	✓119	✓121	✓124	✓127
				✓6	✓93	✓116	✓121	✓123
Total Indian education .....	BA	<b>77</b>	<b>116</b>	<b>116</b>	<b>119</b>	<b>121</b>	<b>124</b>	<b>127</b>
	O	65	85	108	115	118	121	123
Total Federal funds Office of Elementary and Secondary Education .....	BA	<b>13,006</b>	<b>16,874</b>	<b>27,364</b>	<b>19,062</b>	<b>19,486</b>	<b>19,922</b>	<b>20,366</b>
	O	13,264	14,945	16,398	19,078	19,190	19,454	19,857

**Office of Bilingual Education and Minority Languages Affairs**

Federal funds

General and Special Funds:

Bilingual and immigrant education:

Appropriation, discretionary .....	501 BA	<b>406</b>	<b>460</b>					
Outlays .....	O	363	448	✓460	✓470	✓481	✓491	✓502
				✓23	✓323	✓445	✓478	✓488
Total Bilingual and immigrant education .....	BA	<b>406</b>	<b>460</b>	<b>460</b>	<b>470</b>	<b>481</b>	<b>491</b>	<b>502</b>
	O	363	448	442	458	468	478	488

**Office of Special Education and Rehabilitative Services**

Federal funds

General and Special Funds:

Special education:

Appropriation, discretionary .....	501 BA	<b>2,294</b>	<b>2,368</b>	<b>8,426</b>	<b>8,614</b>	<b>8,806</b>	<b>9,002</b>	<b>9,203</b>
Advance appropriation, discretionary .....	BA		<b>3,742</b>					
Advance appropriation, mandatory .....	BA			<b>5,072</b>				
Spending authority from offsetting collections, discretionary .....	BA	<b>1</b>						
Outlays .....	O	4,950	5,815	6,934	8,013	8,503	8,733	8,928
Special education (gross) .....	BA	<b>2,295</b>	<b>6,110</b>	<b>13,498</b>	<b>8,614</b>	<b>8,806</b>	<b>9,002</b>	<b>9,203</b>
	O	4,950	5,815	6,934	8,013	8,503	8,733	8,928
Total, offsetting collections (cash) .....		-1						
Total Special education (net) .....	BA	<b>2,294</b>	<b>6,110</b>	<b>13,498</b>	<b>8,614</b>	<b>8,806</b>	<b>9,002</b>	<b>9,203</b>
	O	4,949	5,815	6,934	8,013	8,503	8,733	8,928
Rehabilitation services and disability research:								
Appropriation, discretionary .....	506 BA	<b>368</b>	<b>406</b>	<b>449</b>	<b>459</b>	<b>469</b>	<b>480</b>	<b>490</b>
Appropriation, mandatory .....	BA	<b>2,339</b>	<b>2,400</b>	<b>2,481</b>	<b>2,541</b>	<b>2,607</b>	<b>2,675</b>	<b>2,742</b>

**DEPARTMENT OF EDUCATION—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Spending authority from offsetting collections, discretionary	BA	2	2	2	2	2	3	3
Outlays	O	2,758	2,861	2,892	2,977	3,052	3,131	3,209
Rehabilitation services and disability research (gross)	BA	2,709	2,808	2,932	3,002	3,078	3,158	3,235
	O	2,758	2,861	2,892	2,977	3,052	3,131	3,209
Total, offsetting collections (cash)		-2	-2	-2	-2	-2	-3	-3
Total Rehabilitation services and disability research (net)	BA	2,707	2,806	2,930	3,000	3,076	3,155	3,232
	O	2,756	2,859	2,890	2,975	3,050	3,128	3,206
American Printing House for the Blind:								
Appropriation, discretionary	501 BA	10	12	12	12	13	13	13
Outlays	O	10	15	12	13	13	13	13
National Technical Institute for the Deaf:								
Appropriation, discretionary	502 BA	48	53	53	54	55	56	57
Outlays	O	44	49	51	54	55	57	58
Gallaudet University:								
Appropriation, discretionary	502 BA	86	89	89	91	93	95	97
Outlays	O	81	92	89	91	92	95	97
Total Federal funds Office of Special Education and Rehabilitative Services	BA	5,145	9,070	16,582	11,771	12,043	12,321	12,602
	O	7,840	8,830	9,976	11,146	11,713	12,026	12,302

**Office of Vocational and Adult Education**

Federal funds

**General and Special Funds:**

Vocational and adult education:

Appropriation, discretionary	501 BA	891	1,035	1,802	1,842	1,883	1,925	1,968
Advance appropriation, discretionary	BA		791					
Advance appropriation, mandatory	BA			791				
Spending authority from offsetting collections, discretionary	BA	2						
Outlays	O	1,464	1,723	1,775	1,804	1,833	1,871	1,912
Vocational and adult education (gross)	BA	893	1,826	2,593	1,842	1,883	1,925	1,968
	O	1,464	1,723	1,775	1,804	1,833	1,871	1,912
Total, offsetting collections (cash)		-2						
Total Vocational and adult education (net)	BA	891	1,826	2,593	1,842	1,883	1,925	1,968
	O	1,462	1,723	1,775	1,804	1,833	1,871	1,912

**Office of Postsecondary Education**

Federal funds

**General and Special Funds:**

Higher education:

Appropriation, discretionary	502 BA	1,530	1,912	1,723	1,757	2,076	2,159	2,207
Spending authority from offsetting collections, discretionary	BA	8						
Outlays	O	1,099	1,559	1,777	1,740	1,781	1,992	2,111
Higher education (gross)	BA	1,538	1,912	1,723	1,757	2,076	2,159	2,207
	O	1,099	1,559	1,777	1,740	1,781	1,992	2,111
Total, offsetting collections (cash)		-8						
Total Higher education (net)	BA	1,530	1,912	1,723	1,757	2,076	2,159	2,207
	O	1,091	1,559	1,777	1,740	1,781	1,992	2,111

Howard University:

Appropriation, discretionary	502 BA	219	232	232	237	242	248	253
Outlays	O	210	232	232	237	242	248	253

**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:

Appropriation, mandatory	502 BA		7	2	2	1	1	1
Spending authority from offsetting collections, mandatory	BA	59	53	48	46	43	35	15

**DEPARTMENT OF EDUCATION—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	17	20	15	14	13	12	12
College housing and academic facilities loans liquidating account (gross) .....	BA	59	60	50	48	44	36	16
	O	17	20	15	14	13	12	12
Total, offsetting collections (cash) .....		-63	-55	-50	-48	-44	-41	-39
Total College housing and academic facilities loans liquidating account (net) .....	BA	-4	5				-5	-23
	O	-46	-35	-35	-34	-31	-29	-27
Total Federal funds Office of Postsecondary Education .....	BA	1,746	2,150	1,956	1,995	2,319	2,403	2,438
	O	1,256	1,757	1,975	1,944	1,993	2,212	2,338

**Office of Student Financial Assistance**

*Federal funds*

**General and Special Funds:**

Student financial assistance:

Appropriation, discretionary .....	502 BA	9,375	10,674	11,674	11,934	12,343	12,618	12,900
Outlays .....	O	9,060	10,061	11,158	11,728	12,030	12,401	12,681

**Public Enterprise Funds:**

Federal student loan reserve fund:

Spending authority from offsetting collections, mandatory .....	502 BA	2,092	3,657	3,962	4,264	4,652	4,967	5,280
Outlays .....	O	1,953	3,560	3,903	4,253	4,624	4,984	5,305

Federal student loan reserve fund (gross) .....	BA	2,092	3,657	3,962	4,264	4,652	4,967	5,280
	O	1,953	3,560	3,903	4,253	4,624	4,984	5,305

Total, offsetting collections (cash) .....		-2,092	-3,657	-3,962	-4,264	-4,652	-4,967	-5,280
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Total Federal student loan reserve fund (net) .....	BA							
	O	-139	-97	-59	-11	-28	17	25

**Credit Accounts:**

Federal direct student loan program account:

Appropriation, mandatory .....	502 BA	735	1,929	780	794	795	795	796
				<i>B 3</i>				
Outlays .....	O	649	1,879	777	829	796	797	797
				<i>B 3</i>				

Federal direct student loan program account (gross) .....	BA	735	1,929	783	794	795	795	796
	O	649	1,879	780	829	796	797	797

Total, offsetting collections (cash) .....		-3,511	-2,321	-1,416	-1,278	-861	-893	-990
				<i>B 1</i>	<i>B 2</i>	<i>B 2</i>	<i>B 2</i>	<i>B 2</i>

Total Federal direct student loan program account (net) .....	BA	-2,776	-392	-632	-482	-64	-96	-192
	O	-2,862	-442	-635	-447	-63	-94	-191

Federal family education loan program account:

Appropriation, discretionary .....	502 BA	48	48	50	51	52	53	55
Appropriation, mandatory .....	BA	4,576	3,852	4,218	3,701	3,027	3,177	3,332
				<i>B 8</i>	<i>B 4</i>	<i>B 4</i>	<i>B 4</i>	<i>B 4</i>
Outlays .....	O	4,345	3,639	3,708	3,448	2,902	2,825	2,961
				<i>B 7</i>	<i>B 3</i>	<i>B 3</i>	<i>B 3</i>	<i>B 4</i>

Federal family education loan program account (gross) .....	BA	4,624	3,900	4,276	3,756	3,083	3,234	3,391
	O	4,345	3,639	3,715	3,451	2,905	2,828	2,965

Total, offsetting collections (cash) .....			-4,728					
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Total Federal family education loan program account (net) .....	BA	4,624	-828	4,276	3,756	3,083	3,234	3,391
	O	4,345	-1,089	3,715	3,451	2,905	2,828	2,965

Federal family education loan liquidating account:

Appropriation, mandatory .....	502 BA	96						
Spending authority from offsetting collections, mandatory .....	BA	734	248	158	101	62	35	14
Outlays .....	O	383	290	158	101	62	35	14

Federal family education loan liquidating account (gross) .....	BA	830	248	158	101	62	35	14
	O	383	290	158	101	62	35	14

**DEPARTMENT OF EDUCATION—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash) .....		-2,018	-990	-762	-567	-402	-274	-181
Total Federal family education loan liquidating account (net) .....	BA	-1,188	-742	-604	-466	-340	-239	-167
	O	-1,635	-700	-604	-466	-340	-239	-167
Total Federal funds Office of Student Financial Assistance .....	BA	10,035	8,712	14,714	14,742	15,022	15,517	15,932
	O	8,769	7,733	13,575	14,255	14,504	14,913	15,313

**Office of Educational Research and Improvement**

Federal funds

**General and Special Funds:**

Education research, statistics, and assessment:

Appropriation, discretionary .....	503	BA	591	722	273	279	285	292	298
Spending authority from offsetting collections, discretionary .....		BA	6	6	6	6	6	6	6
Outlays .....		O	563	725	644	368	294	294	300
					29	90	112	115	118
Education research, statistics, and assessment (gross) .....		BA	597	728	389	397	406	415	424
		O	563	725	673	458	406	409	418
Total, offsetting collections (cash) .....			-6	-6	-6	-6	-6	-6	-6
					1	1	1	1	1
Total Education research, statistics, and assessment (net) .....		BA	591	722	382	390	399	408	417
		O	557	719	666	451	399	402	411

**Departmental Management**

Federal funds

**General and Special Funds:**

Program administration:

Appropriation, discretionary .....	503	BA	384	412	424	434	443	453	463
Spending authority from offsetting collections, discretionary .....		BA	10	1	1	1	1	1	1
Outlays .....		O	367	434	415	431	441	442	452
Program administration (gross) .....		BA	394	413	425	435	444	454	464
		O	367	434	415	431	441	442	452
Total, offsetting collections (cash) .....			-10	-1	-1	-1	-1	-1	-1
Total Program administration (net) .....		BA	384	412	424	434	443	453	463
		O	357	433	414	430	440	441	451

Office for Civil Rights:

Appropriation, discretionary .....	751	BA	71	76	80	81	84	85	88
Outlays .....		O	68	83	79	80	83	86	87

Office of the Inspector General:

Appropriation, discretionary .....	751	BA	34	36	39	40	41	42	42
Outlays .....		O	33	37	39	39	40	42	43

Headquarters renovation:

Outlays .....	503	O		3					
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Total Federal funds Departmental Management .....		BA	489	524	543	555	568	580	593
		O	458	556	532	549	563	569	581

**Summary**

Federal funds:

(As shown in detail above) .....		BA	32,309	40,338	64,594	50,827	52,201	53,567	54,818
		O	33,969	36,711	45,339	49,685	50,663	51,925	53,202
Deductions for offsetting receipts:									
Proprietary receipts from the public .....	502	BA/O	-69	-59	-109	-62	-78	-34	143
Total Department of Education .....		BA	32,240	40,279	64,485	50,765	52,123	53,533	54,961
		O	33,900	36,652	45,230	49,623	50,585	51,891	53,345

## DEPARTMENT OF ENERGY

(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>National Nuclear Security Administration</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Office of the Administrator:								
Appropriation, discretionary	053 BA		10	15	15	16	16	16
Outlays	O		8	14	16	16	16	17
Naval Reactors:								
Appropriation, discretionary	053 BA		688	688	703	719	735	751
Outlays	O		685	688	701	716	732	748
Weapons activities:								
Appropriation, discretionary	053 BA	4,525	5,004	5,300	5,418	5,539	5,663	5,789
Spending authority from offsetting collections, discretionary	BA	1,351	1,131	1,231	1,350	1,350	1,350	1,350
Outlays	O	5,553	6,061	6,403	6,712	6,840	6,964	7,089
Weapons activities (gross)	BA	5,876	6,135	6,531	6,768	6,889	7,013	7,139
	O	5,553	6,061	6,403	6,712	6,840	6,964	7,089
Change in uncollected customer payments from Federal sources	BA	-251	100					
Total, offsetting collections (cash)		-1,100	-1,231	-1,231	-1,350	-1,350	-1,350	-1,350
Total Weapons activities (net)	BA	4,525	5,004	5,300	5,418	5,539	5,663	5,789
	O	4,453	4,830	5,172	5,362	5,490	5,614	5,739
Defense nuclear nonproliferation:								
Appropriation, discretionary	053 BA	36	872	774	791	809	827	845
Outlays	O	26	837	800	798	798	816	834
Cerro Grande Fire Activities:								
Appropriation, discretionary	053 BA	138	203					
Outlays	O	51	161	74	11			
Total Federal funds National Nuclear Security Administration	BA	4,699	6,777	6,777	6,927	7,083	7,241	7,401
	O	4,530	6,521	6,748	6,888	7,020	7,178	7,338
<b>Environmental and Other Defense Activities</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Defense environmental restoration and waste management:								
Appropriation, discretionary	053 BA	4,463	4,963	4,549	4,650	4,754	4,860	4,969
Spending authority from offsetting collections, discretionary	BA	9	50					
Outlays	O	4,435	4,801	4,680	4,640	4,718	4,823	4,931
Defense environmental restoration and waste management (gross)	BA	4,472	5,013	4,549	4,650	4,754	4,860	4,969
	O	4,435	4,801	4,680	4,640	4,718	4,823	4,931
Total, offsetting collections (cash)		-9	-50					
Total Defense environmental restoration and waste management (net)	BA	4,463	4,963	4,549	4,650	4,754	4,860	4,969
	O	4,426	4,751	4,680	4,640	4,718	4,823	4,931
Defense facilities closure projects:								
Appropriation, discretionary	053 BA	1,060	1,081	1,051	1,074	1,098	1,123	1,148
Outlays	O	1,092	1,004	1,055	1,069	1,090	1,114	1,140
Defense environmental management privatization:								
Appropriation, discretionary	053 BA	188	-32	142	145	148	152	155
Outlays	O	108	250	134	77	101	123	102
Other defense activities:								
Appropriation, discretionary	053 BA	1,748	585	528	540	552	564	577
Outlays	O	1,769	521	542	619	631	643	574
Defense nuclear waste disposal:								
Appropriation, discretionary	053 BA	112	125	310	317	324	331	339
Outlays	O	106	159	283	316	322	329	337
Total Federal funds Environmental and Other Defense Activities	BA	7,571	6,722	6,580	6,726	6,876	7,030	7,188
	O	7,501	6,685	6,694	6,721	6,862	7,032	7,084

**DEPARTMENT OF ENERGY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Energy Programs</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Science:								
Appropriation, discretionary	251 BA	2,813	3,179	3,160	3,230	3,303	3,376	3,451
Outlays	O	2,778	2,993	3,160	3,203	3,265	3,339	3,413
Energy supply:								
Appropriation, discretionary	271 BA	639	660	505	516	528	540	552
Appropriation, mandatory	BA	5						
Spending authority from offsetting collections, discretionary	BA	822	1,352	1,350	1,350	1,350	1,350	1,350
Outlays	O	1,491	2,007	1,969	1,883	1,869	1,882	1,893
Energy supply (gross)	BA	1,466	2,012	1,855	1,866	1,878	1,890	1,902
	O	1,491	2,007	1,969	1,883	1,869	1,882	1,893
Change in uncollected customer payments from Federal sources	BA	-23						
Total, offsetting collections (cash)		-799	-1,352	-1,350	-1,350	-1,350	-1,350	-1,350
Total Energy supply (net)	BA	644	660	505	516	528	540	552
	O	692	655	619	533	519	532	543
Non-defense environmental management:								
Appropriation, discretionary	271 BA	332	277	229	234	239	245	250
Outlays	O	354	299	245	235	238	243	248
Uranium Facilities Maintenance and Remediation:								
Appropriation, discretionary	271 BA		392	363	371	379	388	396
Outlays	O		408	350	360	375	383	394
Fossil energy research and development:								
Appropriation, discretionary	271 BA	409	447	449	459	469	480	490
Outlays	O	360	419	478	528	498	472	482
Naval petroleum and oil shale reserves:								
Appropriation, discretionary	271 BA		2	17	17	18	18	19
Outlays	O	27	28	17	16	18	18	19
Energy conservation:								
Appropriation, discretionary	272 BA	737	815	795	923	948	972	997
Spending authority from offsetting collections, discretionary	BA	1						
Outlays	O	667	743	798	837	911	952	976
Energy conservation (gross)	BA	738	815	795	923	948	972	997
	O	667	743	798	837	911	952	976
Total, offsetting collections (cash)		-1						
Total Energy conservation (net)	BA	737	815	795	923	948	972	997
	O	666	743	798	837	911	952	976
Strategic petroleum reserve:								
Appropriation, discretionary	274 BA	158	165	169	173	177	181	185
Outlays	O	162	162	167	171	174	178	183
SPR petroleum account:								
Appropriation, discretionary	274 BA		-16					
Energy information administration:								
Appropriation, discretionary	276 BA	72	76	75	77	78	80	82
Outlays	O	68	74	75	77	78	79	81
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	175	175	181	183	187	191	198
Outlays	O	167	175	180	183	186	190	197
Federal Energy Regulatory Commission (gross)	BA	175	175	181	183	187	191	198
	O	167	175	180	183	186	190	197
Total, offsetting collections (cash)		-175	-175	-181	-183	-187	-191	-198
Total Federal Energy Regulatory Commission (net)	BA							
	O	-8		-1		-1	-1	-1
Geothermal resources development fund:								
Appropriation, discretionary	271 BA	-1						



**DEPARTMENT OF ENERGY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Clean coal technology:</b>								
Appropriation, discretionary	271 BA	-156	-67					
Advance appropriation, discretionary	BA	10	171	82				
Outlays	O	52	75	75	135	100	100	65
<b>Total Clean coal technology</b>	<b>BA</b>	<b>-146</b>	<b>104</b>	<b>82</b>				
	<b>O</b>	<b>52</b>	<b>75</b>	<b>75</b>	<b>135</b>	<b>100</b>	<b>100</b>	<b>65</b>
<b>Alternative fuels production:</b>								
Appropriation, discretionary	271 BA		-1	-8				
<b>Elk Hills school lands fund:</b>								
Appropriation, discretionary	271 BA			36	37	38	38	39
Advance appropriation, discretionary	BA		36					
Advance appropriation, mandatory	BA			36				
Outlays	O		36	72	37	38	38	39
<b>Total Elk Hills school lands fund</b>	<b>BA</b>		<b>36</b>	<b>72</b>	<b>37</b>	<b>38</b>	<b>38</b>	<b>39</b>
	<b>O</b>		<b>36</b>	<b>72</b>	<b>37</b>	<b>38</b>	<b>38</b>	<b>39</b>
<b>Arctic National Wildlife Refuge, alternative energy:</b>								
Appropriation, discretionary	271 BA					150	170	200
Outlays	O					68	137	181
<b>Payments to States under Federal Power Act:</b>								
Appropriation, mandatory	806 BA	3	3	3	3	3	3	3
Outlays	O	3	3	3	3	3	3	3
<b>Nuclear waste disposal:</b>								
Appropriation, discretionary	271 BA	236	191	135	138	141	144	147
Outlays	O	268	173	164	137	140	143	146
<b>Uranium enrichment decontamination and decommissioning fund:</b>								
Appropriation, discretionary	271 BA	307						
Outlays	O	243						
<b>Public Enterprise Funds:</b>								
<b>Isotope production and distribution program fund:</b>								
Spending authority from offsetting collections, discretionary	271 BA	27	27	27	27	27	27	27
Outlays	O	27	27	27	27	27	27	27
<b>Isotope production and distribution program fund (gross)</b>	<b>BA</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>
	<b>O</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>
<b>Total, offsetting collections (cash)</b>		<b>-27</b>	<b>-27</b>	<b>-27</b>	<b>-27</b>	<b>-27</b>	<b>-27</b>	<b>-27</b>
<b>Total Isotope production and distribution program fund (net)</b>	<b>BA</b>							
	<b>O</b>							
<i>Trust funds</i>								
<b>Advances for cooperative work:</b>								
Outlays	271 O	1						
<b>Total Federal funds Energy Programs</b>	<b>BA</b>	<b>5,566</b>	<b>6,332</b>	<b>6,048</b>	<b>6,180</b>	<b>6,473</b>	<b>6,637</b>	<b>6,813</b>
	<b>O</b>	<b>5,667</b>	<b>6,070</b>	<b>6,224</b>	<b>6,274</b>	<b>6,426</b>	<b>6,618</b>	<b>6,774</b>
<b>Total Trust funds Energy Programs</b>	<b>O</b>	<b>1</b>						

**Power Marketing Administration**

*Federal funds*

**General and Special Funds:**

**Operation and maintenance, Southeastern Power Administration:**

Appropriation, discretionary	271 BA	8	4	5	5	5	5	5
Spending authority from offsetting collections, discretionary	BA	28	34	34	20	15		
Outlays	O	38	39	39	25	20	5	5
<b>Operation and maintenance, Southeastern Power Administration (gross)</b>	<b>BA</b>	<b>36</b>	<b>38</b>	<b>39</b>	<b>25</b>	<b>20</b>	<b>5</b>	<b>5</b>
	<b>O</b>	<b>38</b>	<b>39</b>	<b>39</b>	<b>25</b>	<b>20</b>	<b>5</b>	<b>5</b>
<b>Total, offsetting collections (cash)</b>		<b>-28</b>	<b>-34</b>	<b>-34</b>	<b>-20</b>	<b>-15</b>		
<b>Total Operation and maintenance, Southeastern Power Administration (net)</b>	<b>BA</b>	<b>8</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
	<b>O</b>	<b>10</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>

**Operation and maintenance, Southwestern Power Administration:**

Appropriation, discretionary	271 BA	29	28	28	29	29	30	31
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**DEPARTMENT OF ENERGY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
Spending authority from offsetting collections, discretionary .....	BA	9	12	15	12	12	12	12
Outlays .....	O	36	40	43	41	41	42	42
Operation and maintenance, Southwestern Power Administration (gross) .....	BA	38	40	43	41	41	42	43
	O	36	40	43	41	41	42	42
Total, offsetting collections (cash) .....		-9	-12	-15	-12	-12	-12	-12
Total Operation and maintenance, Southwestern Power Administration (net) .....	BA	29	28	28	29	29	30	31
	O	27	28	28	29	29	30	30
Continuing fund, Southeastern Power Administration:								
Appropriation, mandatory .....	271 BA	9						
Outlays .....	O	6	5					
Construction, rehabilitation, operation and maintenance, Western Area Power Administration:								
Appropriation, discretionary .....	271 BA	193	166	169	173	177	181	185
Spending authority from offsetting collections, discretionary .....	BA	132	216	600	181	171	151	151
Outlays .....	O	332	417	767	352	345	329	333
Construction, rehabilitation, operation and maintenance, Western Area Power Administration (gross) .....	BA	325	382	769	354	348	332	336
	O	332	417	767	352	345	329	333
Change in uncollected customer payments from Federal sources .....	BA	9						
Total, offsetting collections (cash) .....		-141	-216	-600	-181	-171	-151	-151
Total Construction, rehabilitation, operation and maintenance, Western Area Power Administration (net) .....	BA	193	166	169	173	177	181	185
	O	191	201	167	171	174	178	182
Falcon and Amistad operating and maintenance fund:								
Appropriation, discretionary .....	271 BA	1	3	3	3	3	3	3
Outlays .....	O	1	2	3	3	3	3	3
<b>Public Enterprise Funds:</b>								
Bonneville Power Administration fund:								
Authority to borrow, mandatory .....	271 BA	193	-29	167	130	41	112	88
Spending authority from offsetting collections, mandatory .....	BA	2,781	2,683	2,780	2,918	2,877	2,823	2,892
Outlays .....	O	2,772	2,487	2,875	3,048	2,918	2,935	2,980
Bonneville Power Administration fund (gross) .....	BA	2,974	2,654	2,947	3,048	2,918	2,935	2,980
	O	2,772	2,487	2,875	3,048	2,918	2,935	2,980
Total, offsetting collections (cash) .....		-3,072	-2,822	-3,019	-3,133	-3,115	-3,123	-3,176
Total Bonneville Power Administration fund (net) .....	BA	-98	-168	-72	-85	-197	-188	-196
	O	-300	-335	-144	-85	-197	-188	-196
Colorado river basins power marketing fund, Western Area Power Administration:								
Spending authority from offsetting collections, discretionary .....	271 BA	148	115	276	102	102	102	102
Outlays .....	O	168	115	276	102	102	102	102
Colorado river basins power marketing fund, Western Area Power Administration (gross) .....	BA	148	115	276	102	102	102	102
	O	168	115	276	102	102	102	102
Total, offsetting collections (cash) .....		-148	-136	-302	-123	-123	-123	-123
Total Colorado river basins power marketing fund, Western Area Power Administration (net) .....	BA		-21	-26	-21	-21	-21	-21
	O	20	-21	-26	-21	-21	-21	-21
Total Federal funds Power Marketing Administration .....	BA	142	12	107	104	-4	10	7
	O	-45	-115	33	102	-7	7	3

**Departmental Administration**

*Federal funds*

**General and Special Funds:**

Departmental administration:								
Appropriation, discretionary .....	276 BA	116	75	84	86	88	90	92
Spending authority from offsetting collections, discretionary .....	BA	90	151	138	138	151	151	151

**DEPARTMENT OF ENERGY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	220	213	222	256	236	240	243
Departmental administration (gross) .....	BA	<b>206</b>	<b>226</b>	<b>222</b>	<b>224</b>	<b>239</b>	<b>241</b>	<b>243</b>
	O	220	213	222	256	236	240	243
Total, offsetting collections (cash) .....		-90	-151	-138	-143	-151	-151	-151
Total Departmental administration (net) .....	BA	<b>116</b>	<b>75</b>	<b>84</b>	<b>81</b>	<b>88</b>	<b>90</b>	<b>92</b>
	O	130	62	84	113	85	89	92
Office of the Inspector General:								
Appropriation, discretionary .....	276 BA	30	32	31	32	32	33	34
Outlays .....	O	30	31	31	32	33	33	34
<b>Intragovernmental Funds:</b>								
Working capital fund:								
Spending authority from offsetting collections, discretionary .....	276 BA	86	83	86	86	88	90	92
Outlays .....	O	82	83	86	86	87	90	92
Working capital fund (gross) .....	BA	<b>86</b>	<b>83</b>	<b>86</b>	<b>86</b>	<b>88</b>	<b>90</b>	<b>92</b>
	O	82	83	86	86	87	90	92
Total, offsetting collections (cash) .....		-86	-83	-86	-86	-88	-90	-92
Total Working capital fund (net) .....	BA							
	O	-4				-1		
Total Federal funds Departmental Administration .....	BA	<b>146</b>	<b>107</b>	<b>115</b>	<b>113</b>	<b>120</b>	<b>123</b>	<b>126</b>
	O	156	93	115	145	117	122	126

**Summary**

Federal funds:								
(As shown in detail above) .....	BA	<b>18,124</b>	<b>19,950</b>	<b>19,627</b>	<b>20,050</b>	<b>20,548</b>	<b>21,041</b>	<b>21,535</b>
	O	17,809	19,254	19,814	20,130	20,418	20,957	21,325
Deductions for offsetting receipts:								
Intrafund transactions .....	271 BA/O	-420	-419	-420	-442	-454	-466	-478
	908 BA/O	-1,007	-771	-855	-938	-1,018	-1,098	-1,176
Proprietary receipts from the public .....	271 BA/O	-1,352	-1,300	-1,268	-1,255	-1,216	-1,218	-1,224
	276 BA/O	-3						
Offsetting governmental receipts .....	276 BA/O	-18	-25	-26	-27	-27	-28	-29
Total Federal funds .....	BA	<b>15,324</b>	<b>17,435</b>	<b>17,058</b>	<b>17,388</b>	<b>17,833</b>	<b>18,231</b>	<b>18,628</b>
	O	15,009	16,739	17,245	17,468	17,703	18,147	18,418
Trust funds:								
(As shown in detail above) .....	O	1						
Total Department of Energy .....	BA	<b>15,324</b>	<b>17,435</b>	<b>17,058</b>	<b>17,388</b>	<b>17,833</b>	<b>18,231</b>	<b>18,628</b>
	O	15,010	16,739	17,245	17,468	17,703	18,147	18,418

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Health Programs</b>								
<b>Public Health Service</b>								
<i>Food and Drug Administration</i>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Salaries and expenses:								
Appropriation, discretionary .....	554 BA	1,049	1,121	1,211	1,238	1,265	1,294	1,322
Appropriation, mandatory .....	BA	1	1	1	1	1	1	1
Spending authority from offsetting collections, discretionary .....	BA	179	196	218	227	236	245	254
				20	21	22	23	24

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	1,205	1,294	1,392 /20	1,448 /21	1,491 /22	1,529 /23	1,563 /24
Salaries and expenses (gross) .....	BA	<b>1,229</b>	<b>1,318</b>	<b>1,450</b>	<b>1,487</b>	<b>1,524</b>	<b>1,563</b>	<b>1,601</b>
	O	1,205	1,294	1,412	1,469	1,513	1,552	1,587
Change in uncollected customer payments from Federal sources .....	BA	-2			-3	-3	-3	-3
Adjustment to uncollected customer payments from Federal sources .....	BA	5						
Total, offsetting collections (cash) .....		-182	-196	-218 /20	-227 /21	-236 /22	-245 /23	-254 /24
Total Salaries and expenses (net) .....	BA	<b>1,050</b>	<b>1,122</b>	<b>1,212</b>	<b>1,236</b>	<b>1,263</b>	<b>1,292</b>	<b>1,320</b>
	O	1,023	1,098	1,174	1,221	1,255	1,284	1,309
<b>Public Enterprise Funds:</b>								
Revolving fund for certification and other services:								
Spending authority from offsetting collections, mandatory .....	554 BA	4	4	5	4	4	4	4
Outlays .....	O	4	4	5	4	4	4	4
Revolving fund for certification and other services (gross) .....	BA	4	4	5	4	4	4	4
	O	4	4	5	4	4	4	4
Total, offsetting collections (cash) .....		-4	-4	-5	-4	-4	-4	-4
Total Revolving fund for certification and other services (net) .....	BA							
	O							
Total Federal funds Food and Drug Administration .....	BA	<b>1,050</b>	<b>1,122</b>	<b>1,212</b>	<b>1,236</b>	<b>1,263</b>	<b>1,292</b>	<b>1,320</b>
	O	1,023	1,098	1,174	1,221	1,255	1,284	1,309

*Health Resources and Services Administration*

*Federal funds*

**General and Special Funds:**

Vaccine injury compensation:								
Outlays .....	551 O	75	33					
Payment to the Ricky Ray hemophilia relief fund:								
Appropriation, mandatory .....	551 BA		<b>580</b>					
Outlays .....	O		580					

**Public Enterprise Funds:**

Medical facilities guarantee and loan fund:								
Appropriation, mandatory .....	551 BA	1						
Spending authority from offsetting collections, mandatory .....	BA	5	5	4				
Outlays .....	O	1						
Medical facilities guarantee and loan fund (gross) .....	BA	<b>6</b>	<b>5</b>	<b>4</b>				
	O	1						
Total, offsetting collections (cash) .....		-5	-5	-4				
Total Medical facilities guarantee and loan fund (net) .....	BA	<b>1</b>						
	O	-4	-5	-4				

**Credit Accounts:**

Health resources and services								
(Health care services):								
(Appropriation, discretionary) .....	551 BA	4,225	4,961	4,642	4,820	5,045	5,302	5,561
(Appropriation, mandatory) .....	BA	54	50	50				
(Advance appropriation, discretionary) .....	BA		20	30				
(Spending authority from offsetting collections, discretionary) .....	BA	105	120	108	108	108	108	108
(Spending authority from offsetting collections, mandatory) .....	BA	1	4	8	8	8	8	8
(Outlays) .....	O	3,978	4,383	4,799	4,854	5,006	5,235	5,467
(Limitation on loan guarantee commitments) .....		(5)	(32)	(21)	(21)	(22)	(22)	(23)
Health resources and services (gross) .....	BA	<b>4,385</b>	<b>5,155</b>	<b>4,838</b>	<b>4,936</b>	<b>5,161</b>	<b>5,418</b>	<b>5,677</b>
	O	3,978	4,383	4,799	4,854	5,006	5,235	5,467
(Change in uncollected customer payments from Federal sources) .....	BA	31	53					
(Adjustment to uncollected customer payments from Federal sources) .....	BA	-41	-53					

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
Total, offsetting collections (cash) .....		-94	-124	-116	-116	-116	-116	-116
Total (Health care services) (net) .....	BA	<b>4,281</b>	<b>5,031</b>	<b>4,722</b>	<b>4,820</b>	<b>5,045</b>	<b>5,302</b>	<b>5,561</b>
	O	3,884	4,259	4,683	4,738	4,890	5,119	5,351
<i>(Health research and training):</i>								
(Appropriation, discretionary) .....	552 BA	343	589	341	349	356	364	372
(Spending authority from offsetting collections, discretionary) .....	BA	23	25	25	25	25	25	25
(Outlays) .....	O	353	447	480	392	384	388	391
Health resources and services (gross) .....	BA	<b>4,647</b>	<b>5,645</b>	<b>5,088</b>	<b>5,194</b>	<b>5,426</b>	<b>5,691</b>	<b>5,958</b>
	O	4,237	4,706	5,163	5,130	5,274	5,507	5,742
Total, offsetting collections (cash) .....		-25	-25	-25	-25	-25	-25	-25
Total (Health research and training) (net) .....	BA	<b>341</b>	<b>589</b>	<b>341</b>	<b>349</b>	<b>356</b>	<b>364</b>	<b>372</b>
	O	328	422	455	367	359	363	366
Total Health resources and services .....	BA	<b>4,622</b>	<b>5,620</b>	<b>5,063</b>	<b>5,169</b>	<b>5,401</b>	<b>5,666</b>	<b>5,933</b>
	O	4,212	4,681	5,138	5,105	5,249	5,482	5,717
<i>Health education assistance loans program account:</i>								
Appropriation, discretionary .....	552 BA	4	4	4	4	4	4	4
Appropriation, mandatory .....	BA	.....	9	.....	.....	.....	.....	.....
Outlays .....	O	4	14	4	4	4	4	4
Total Health education assistance loans program account .....	BA	<b>4</b>	<b>13</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
	O	4	14	4	4	4	4	4
<i>Health education assistance loans liquidating account:</i>								
Appropriation, mandatory .....	552 BA	32	10	10	9	7	5	4
Spending authority from offsetting collections, mandatory .....	BA	20	20	20	20	20	20	20
Outlays .....	O	18	52	30	29	27	25	24
Health education assistance loans liquidating account (gross) .....	BA	<b>52</b>	<b>30</b>	<b>30</b>	<b>29</b>	<b>27</b>	<b>25</b>	<b>24</b>
	O	18	52	30	29	27	25	24
Total, offsetting collections (cash) .....		-20	-20	-20	-20	-20	-20	-20
Total Health education assistance loans liquidating account (net) .....	BA	<b>32</b>	<b>10</b>	<b>10</b>	<b>9</b>	<b>7</b>	<b>5</b>	<b>4</b>
	O	-2	32	10	9	7	5	4
<i>Trust funds</i>								
<i>Vaccine injury compensation program trust fund:</i>								
Appropriation, discretionary .....	551 BA	10	10	10	10	10	11	11
Appropriation, mandatory .....	BA	58	114	115	115	115	115	115
Outlays .....	O	68	124	125	125	125	126	126
Total Vaccine injury compensation program trust fund .....	BA	<b>68</b>	<b>124</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>126</b>	<b>126</b>
	O	68	124	125	125	125	126	126
<i>Ricky Ray hemophilia relief fund:</i>								
Appropriation, discretionary .....	551 BA	75	.....	.....	.....	.....	.....	.....
Appropriation, mandatory .....	BA	.....	580	.....	.....	.....	.....	.....
Outlays .....	O	33	375	244	3	.....	.....	.....
Total Ricky Ray hemophilia relief fund .....	BA	<b>75</b>	<b>580</b>	.....	.....	.....	.....	.....
	O	33	375	244	3	.....	.....	.....
Total Federal funds Health Resources and Services Administration .....	BA	<b>4,659</b>	<b>6,223</b>	<b>5,077</b>	<b>5,182</b>	<b>5,412</b>	<b>5,675</b>	<b>5,941</b>
	O	4,285	5,335	5,148	5,118	5,260	5,491	5,725
Total Trust funds Health Resources and Services Administration .....	BA	<b>143</b>	<b>704</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>126</b>	<b>126</b>
	O	101	499	369	128	125	126	126

*Indian Health Services*  
*Federal funds*

**General and Special Funds:**

<i>Indian Health Services:</i>								
Appropriation, discretionary .....	551 BA	2,074	2,266	2,387	2,440	2,495	2,550	2,607
Appropriation, mandatory .....	BA	30	100	100	100	.....	.....	.....
Spending authority from offsetting collections, discretionary .....	BA	639	707	736	736	736	736	736

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	2,701	2,937	3,230	3,252	3,251	3,280	3,335
Indian Health Services (gross) .....	BA	<b>2,743</b>	<b>3,073</b>	<b>3,223</b>	<b>3,276</b>	<b>3,231</b>	<b>3,286</b>	<b>3,343</b>
	O	2,701	2,937	3,230	3,252	3,251	3,280	3,335
Total, offsetting collections (cash) .....		-639	-707	-736	-736	-736	-736	-736
Total Indian Health Services (net) .....	BA	<b>2,104</b>	<b>2,366</b>	<b>2,487</b>	<b>2,540</b>	<b>2,495</b>	<b>2,550</b>	<b>2,607</b>
	O	2,062	2,230	2,494	2,516	2,515	2,544	2,599
Indian health facilities:								
Appropriation, discretionary .....	551 BA	317	363	320	327	334	342	350
Appropriation, mandatory .....	BA	5	5	5	5	5	5	5
Spending authority from offsetting collections, discretionary .....	BA	9	4	4	4	4	4	4
Outlays .....	O	326	302	343	360	347	348	353
Indian health facilities (gross) .....	BA	<b>331</b>	<b>372</b>	<b>329</b>	<b>336</b>	<b>343</b>	<b>351</b>	<b>359</b>
	O	326	302	343	360	347	348	353
Total, offsetting collections (cash) .....		-9	-4	-4	-4	-4	-4	-4
Total Indian health facilities (net) .....	BA	<b>322</b>	<b>368</b>	<b>325</b>	<b>332</b>	<b>339</b>	<b>347</b>	<b>355</b>
	O	317	298	339	356	343	344	349
Total Federal funds Indian Health Services .....	BA	<b>2,426</b>	<b>2,734</b>	<b>2,812</b>	<b>2,872</b>	<b>2,834</b>	<b>2,897</b>	<b>2,962</b>
	O	2,379	2,528	2,833	2,872	2,858	2,888	2,948

*Centers for Disease Control and Prevention*

*Federal funds*

**General and Special Funds:**

Disease control, research, and training

(Health care services):

(Appropriation, discretionary) .....	551 BA	2,729	3,571	3,611	3,692	3,774	3,858	3,944
(Appropriation, mandatory) .....	BA	3	13	3				
(Spending authority from offsetting collections, discretionary) .....	BA	113	116	148	105	109	112	116
(Outlays) .....	O	2,394	3,024	3,537	3,695	3,795	3,893	3,979
Disease control, research, and training (gross) .....	BA	<b>2,845</b>	<b>3,700</b>	<b>3,762</b>	<b>3,797</b>	<b>3,883</b>	<b>3,970</b>	<b>4,060</b>
	O	2,394	3,024	3,537	3,695	3,795	3,893	3,979
(Change in uncollected customer payments from Federal sources) .....	BA	-29						
(Adjustment to uncollected customer payments from Federal sources) .....	BA	-12						
Total, offsetting collections (cash) .....		-73	-116	-148	-105	-109	-112	-116
Total (Health care services) (net) .....	BA	<b>2,731</b>	<b>3,584</b>	<b>3,614</b>	<b>3,692</b>	<b>3,774</b>	<b>3,858</b>	<b>3,944</b>
	O	2,321	2,908	3,389	3,590	3,686	3,781	3,863

(Health research and training):

(Appropriation, discretionary) .....	552 BA	248	295	268	274	280	286	293
(Appropriation, mandatory) .....	BA	1	1	1	1	1	1	1
(Spending authority from offsetting collections, discretionary) .....	BA	89	89	92	95	99	102	106
(Outlays) .....	O	268	353	370	370	375	384	393
Disease control, research, and training (gross) .....	BA	<b>3,069</b>	<b>3,969</b>	<b>3,975</b>	<b>4,062</b>	<b>4,154</b>	<b>4,247</b>	<b>4,344</b>
	O	2,589	3,261	3,759	3,960	4,061	4,165	4,256
(Change in uncollected customer payments from Federal sources) .....	BA	-22						
(Adjustment to uncollected customer payments from Federal sources) .....	BA	-9						
Total, offsetting collections (cash) .....		-57	-89	-92	-95	-99	-102	-106
Total (Health research and training) (net) .....	BA	<b>250</b>	<b>296</b>	<b>269</b>	<b>275</b>	<b>281</b>	<b>287</b>	<b>294</b>
	O	211	264	278	275	276	282	287
Total Disease control, research, and training .....	BA	<b>2,981</b>	<b>3,880</b>	<b>3,883</b>	<b>3,967</b>	<b>4,055</b>	<b>4,145</b>	<b>4,238</b>
	O	2,532	3,172	3,667	3,865	3,962	4,063	4,150

*Trust funds*

Salaries and expenses, Agency for Toxic Substance and Disease Registry:

Appropriation, discretionary .....	551 BA		75	78	80	82	83	85
Spending authority from offsetting collections, discretionary .....	BA		25	26	27	28	29	30

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O		51	85	101	107	110	114
Salaries and expenses, Agency for Toxic Substance and Disease Registry (gross) ..	BA		100	104	107	110	112	115
	O		51	85	101	107	110	114
Total, offsetting collections (cash) .....			-25	-26	-27	-28	-29	-30
Total Salaries and expenses, Agency for Toxic Substance and Disease Registry (net) .....	BA		75	78	80	82	83	85
	O		26	59	74	79	81	84
Total Federal funds Centers for Disease Control and Prevention .....	BA	2,981	3,880	3,883	3,967	4,055	4,145	4,238
	O	2,532	3,172	3,667	3,865	3,962	4,063	4,150
Total Trust funds Centers for Disease Control and Prevention .....	BA		75	78	80	82	83	85
	O		26	59	74	79	81	84

*National Institutes of Health*

*Federal funds*

**General and Special Funds:**

National Institutes of Health:

Appropriation, discretionary .....	552 BA	17,800	20,361	23,112	27,244	27,852	28,473	29,108
Appropriation, mandatory .....	BA	37	107	107	110	10	10	10
Spending authority from offsetting collections, discretionary .....	BA	1,179	1,339	1,453	1,453	1,453	1,453	1,453
Outlays .....	O	16,783	19,193	22,135	25,159	27,971	29,076	29,755
National Institutes of Health (gross) .....	BA	19,016	21,807	24,672	28,807	29,315	29,936	30,571
	O	16,783	19,193	22,135	25,159	27,971	29,076	29,755
Change in uncollected customer payments from Federal sources .....	BA	246						
Adjustment to uncollected customer payments from Federal sources .....	BA	-57						
Total, offsetting collections (cash) .....		-1,368	-1,339	-1,453	-1,453	-1,453	-1,453	-1,453
Total National Institutes of Health (net) .....	BA	17,837	20,468	23,219	27,354	27,862	28,483	29,118
	O	15,415	17,854	20,682	23,706	26,518	27,623	28,302

*Substance Abuse and Mental Health Services Administration*

*Federal funds*

**General and Special Funds:**

Substance abuse and mental health services:

Appropriation, discretionary .....	551 BA	2,651	2,957	3,029	3,181	3,337	3,468	3,599
Spending authority from offsetting collections, discretionary .....	BA	33	40	69	69	69	69	69
Outlays .....	O	2,532	2,706	2,951	3,120	3,272	3,422	3,559
Substance abuse and mental health services (gross) .....	BA	2,684	2,997	3,098	3,250	3,406	3,537	3,668
	O	2,532	2,706	2,951	3,120	3,272	3,422	3,559
Total, offsetting collections (cash) .....		-33	-40	-69	-69	-69	-69	-69
Total Substance abuse and mental health services (net) .....	BA	2,651	2,957	3,029	3,181	3,337	3,468	3,599
	O	2,499	2,666	2,882	3,051	3,203	3,353	3,490

*Agency for Healthcare Research and Quality*

*Federal funds*

**General and Special Funds:**

Health care policy and research:

Appropriation, discretionary .....	552 BA	110	105					
Spending authority from offsetting collections, discretionary .....	BA	106	177	318	318	318	318	318
Outlays .....	O	161	285	409	348	330	322	318
Health care policy and research (gross) .....	BA	216	282	318	318	318	318	318
	O	161	285	409	348	330	322	318
Change in uncollected customer payments from Federal sources .....	BA	14						
Adjustment to uncollected customer payments from Federal sources .....	BA	-10						

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash) .....		-110	-177	-318	-318	-318	-318	-318
Total Health care policy and research (net) .....	BA	<b>110</b>	<b>105</b>					
	O	51	108	91	30	12	4	
Total Federal funds Public Health Service .....	BA	<b>31,714</b>	<b>37,489</b>	<b>39,232</b>	<b>43,792</b>	<b>44,763</b>	<b>45,960</b>	<b>47,178</b>
	O	28,184	32,761	36,477	39,863	43,068	44,706	45,924
Total Trust funds Public Health Service .....	BA	<b>143</b>	<b>779</b>	<b>203</b>	<b>205</b>	<b>207</b>	<b>209</b>	<b>211</b>
	O	101	525	428	202	204	207	210

**Other Health Programs**

*Health Care Financing Administration*  
*Federal funds*

**General and Special Funds:**

Grants to States for medicaid:									
Appropriation, mandatory .....	551 BA	<b>89,010</b>	<b>98,264</b>	<b>106,822</b>	<b>107,184</b>	<b>116,680</b>	<b>127,114</b>	<b>138,178</b>	
				<i>B -606</i>	<i>B -1,071</i>	<i>B -1,450</i>	<i>B -1,844</i>	<i>B -1,906</i>	
Advance appropriation, mandatory .....	BA	<b>28,734</b>	<b>30,589</b>	<b>36,207</b>	<b>46,602</b>	<b>50,730</b>	<b>55,267</b>	<b>60,078</b>	
Spending authority from offsetting collections, mandatory .....	BA	<b>50</b>	<b>1,299</b>	<b>70</b>					
Outlays .....	O	117,921	130,262	143,099	153,786	167,410	182,381	198,256	
				<i>B -606</i>	<i>B -1,071</i>	<i>B -1,450</i>	<i>B -1,844</i>	<i>B -1,906</i>	
Grants to States for medicaid (gross) .....	BA	<b>117,794</b>	<b>130,152</b>	<b>142,493</b>	<b>152,715</b>	<b>165,960</b>	<b>180,537</b>	<b>196,350</b>	
	O	117,921	130,262	142,493	152,715	165,960	180,537	196,350	
Change in uncollected customer payments from Federal sources .....	BA	<b>-50</b>	<b>110</b>						
Total, offsetting collections (cash) .....			-1,409	-70					
Total Grants to States for medicaid (net) .....	BA	<b>117,744</b>	<b>128,853</b>	<b>142,423</b>	<b>152,715</b>	<b>165,960</b>	<b>180,537</b>	<b>196,350</b>	
	O	117,921	128,853	142,423	152,715	165,960	180,537	196,350	
State grants and demonstrations:									
Appropriation, mandatory .....	551 BA		<b>62</b>	<b>67</b>	<b>72</b>	<b>77</b>	<b>81</b>	<b>82</b>	
Outlays .....	O		16	29	41	50	58	65	
Payments to health care trust funds:									
Appropriation, mandatory .....	571 BA	<b>78,213</b>	<b>77,874</b>	<b>90,002</b>	<b>97,967</b>	<b>102,469</b>	<b>112,683</b>	<b>121,819</b>	
				<i>J -176</i>	<i>J -379</i>	<i>J -531</i>	<i>J -732</i>	<i>J -891</i>	
Outlays .....	O	75,071	77,874	90,002	97,967	102,469	112,683	121,819	
				<i>J -176</i>	<i>J -379</i>	<i>J -531</i>	<i>J -732</i>	<i>J -891</i>	
Total Payments to health care trust funds .....	BA	<b>78,213</b>	<b>77,874</b>	<b>89,826</b>	<b>97,588</b>	<b>101,938</b>	<b>111,951</b>	<b>120,928</b>	
	O	75,071	77,874	89,826	97,588	101,938	111,951	120,928	
Program management									
(Health care services):									
(Appropriation, discretionary) .....	551 BA	<b>3</b>							
(Spending authority from offsetting collections, discretionary) .....	BA	<b>2,020</b>	<b>2,166</b>	<b>2,358</b>	<b>2,441</b>	<b>2,531</b>	<b>2,627</b>	<b>2,731</b>	
(Outlays) .....	O	1,969	2,166	2,358	2,441	2,531	2,627	2,731	
Program management (gross) .....	BA	<b>2,023</b>	<b>2,166</b>	<b>2,358</b>	<b>2,441</b>	<b>2,531</b>	<b>2,627</b>	<b>2,731</b>	
	O	1,969	2,166	2,358	2,441	2,531	2,627	2,731	
(Change in uncollected customer payments from Federal sources) .....	BA	<b>-111</b>							
(Adjustment to uncollected customer payments from Federal sources) .....	BA	<b>154</b>							
Total, offsetting collections (cash) .....		-2,064	-2,166	-2,358	-2,441	-2,531	-2,627	-2,731	
Total (Health care services) (net) .....	BA	<b>2</b>							
	O	-95							
(Health research and training):									
(Spending authority from offsetting collections, discretionary) .....	552 BA	<b>62</b>	<b>138</b>	<b>55</b>	<b>57</b>	<b>59</b>	<b>61</b>	<b>63</b>	
(Outlays) .....	O	45	138	55	57	59	61	63	
Program management (gross) .....	BA	<b>64</b>	<b>138</b>	<b>55</b>	<b>57</b>	<b>59</b>	<b>61</b>	<b>63</b>	
	O	-50	138	55	57	59	61	63	



**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
Total, offsetting collections (cash) .....		-62	-138	-55	-57	-59	-61	-63
Total (Health research and training) (net) .....	BA							
	O	-17						
Total Program management .....	BA	2						
	O	-112						
State children's health insurance fund:								
Appropriation, mandatory .....	551 BA	4,259	4,249	3,115	3,175	3,175	4,082	4,082
Outlays .....	O	1,220	4,032	3,355	4,072	4,260	4,290	4,370
Immediate helping hand prescription drug plan:								
Appropriation, mandatory .....	551 BA		<i>B</i> 2,500	<i>B</i> 11,200	<i>B</i> 12,900	<i>B</i> 14,800	<i>B</i> 4,200	
Outlays .....	O		<i>B</i> 2,500	<i>B</i> 11,200	<i>B</i> 12,900	<i>B</i> 14,800	<i>B</i> 4,200	
<b>Public Enterprise Funds:</b>								
Health maintenance organization loan and loan guarantee fund:								
Spending authority from offsetting collections, mandatory .....	551 BA	1						
Health maintenance organization loan and loan guarantee fund (gross) .....	BA	1						
Total, offsetting collections (cash) .....		-1						
Total Health maintenance organization loan and loan guarantee fund (net) .....	BA							
	O	-1						
<i>Trust funds</i>								
Federal hospital insurance trust fund:								
Appropriation, discretionary .....	571 BA	1,222	1,504	1,547	1,581	1,617	1,653	1,689
				<i>J</i> -20	<i>J</i> -20	<i>J</i> -20	<i>J</i> -20	<i>J</i> -20
Appropriation, mandatory .....	BA	128,144	140,068	144,650	150,564	157,224	168,734	174,257
Outlays .....	O	129,195	141,818	146,221	151,981	159,077	170,321	175,763
				<i>J</i> -20	<i>J</i> -20	<i>J</i> -20	<i>J</i> -20	<i>J</i> -20
Total Federal hospital insurance trust fund .....	BA	129,366	141,572	146,177	152,125	158,821	170,367	175,926
	O	129,195	141,818	146,201	151,961	159,057	170,301	175,743
Health care fraud and abuse control account:								
Appropriation, mandatory .....	571 BA	864	950	1,010	1,075	1,075	1,075	1,075
Spending authority from offsetting collections, mandatory .....	BA	5						
Outlays .....	O	840	950	1,010	1,075	1,075	1,075	1,075
Health care fraud and abuse control account (gross) .....	BA	869	950	1,010	1,075	1,075	1,075	1,075
	O	840	950	1,010	1,075	1,075	1,075	1,075
Total, offsetting collections (cash) .....		-5						
Total Health care fraud and abuse control account (net) .....	BA	864	950	1,010	1,075	1,075	1,075	1,075
	O	835	950	1,010	1,075	1,075	1,075	1,075
Federal supplementary medical insurance trust fund:								
Appropriation, discretionary .....	571 BA	1,776	1,848	2,014	2,058	2,104	2,151	2,201
				<i>J</i> -95	<i>J</i> -95	<i>J</i> -95	<i>J</i> -95	<i>J</i> -95
Appropriation, mandatory .....	BA	87,349	99,379	107,821	117,046	125,132	136,079	142,268
Spending authority from offsetting collections, mandatory .....	BA	1,706	3,515	2,455	817			
Outlays .....	O	90,698	104,794	112,288	119,871	127,285	138,203	144,410
				<i>J</i> -95	<i>J</i> -95	<i>J</i> -95	<i>J</i> -95	<i>J</i> -95
Federal supplementary medical insurance trust fund (gross) .....	BA	90,831	104,742	112,195	119,826	127,141	138,135	144,374
	O	90,698	104,794	112,193	119,776	127,190	138,108	144,315
Total, offsetting collections (cash) .....		-1,706	-3,515	-2,455	-817			
Total Federal supplementary medical insurance trust fund (net) .....	BA	89,125	101,227	109,740	119,009	127,141	138,135	144,374
	O	88,992	101,279	109,738	118,959	127,190	138,108	144,315
Allowance for medicare modernization:								
Appropriation, mandatory .....	571 BA						<i>B</i> 8,300	<i>B</i> 12,800

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O						<sup>B</sup> 8,300	<sup>B</sup> 12,800
Total Federal funds Health Care Financing Administration .....	BA	<b>200,218</b>	<b>213,538</b>	<b>246,631</b>	<b>266,450</b>	<b>285,950</b>	<b>300,851</b>	<b>321,442</b>
	O	194,099	213,275	246,833	267,316	287,008	301,036	321,713
Total Trust funds Health Care Financing Administration .....	BA	<b>219,355</b>	<b>243,749</b>	<b>256,927</b>	<b>272,209</b>	<b>287,037</b>	<b>317,877</b>	<b>334,175</b>
	O	219,022	244,047	256,949	271,995	287,322	317,784	333,933
Total Federal funds Health Programs .....	BA	<b>231,932</b>	<b>251,027</b>	<b>285,863</b>	<b>310,242</b>	<b>330,713</b>	<b>346,811</b>	<b>368,620</b>
	O	222,283	246,036	283,310	307,179	330,076	345,742	367,637
Total Trust funds Health Programs .....	BA	<b>219,498</b>	<b>244,528</b>	<b>257,130</b>	<b>272,414</b>	<b>287,244</b>	<b>318,086</b>	<b>334,386</b>
	O	219,123	244,572	257,377	272,197	287,526	317,991	334,143

**Administration for Children and Families**

Federal funds

General and Special Funds:

Temporary assistance for needy families:

Appropriation, mandatory .....	609 BA	<b>16,689</b>	<b>16,689</b>	<b>16,679</b>	<b>16,679</b>	<b>17,679</b>	<b>16,679</b>	<b>16,679</b>
Outlays .....	O	15,464	17,080	17,260	17,360	17,750	18,020	18,170
					<sup>B</sup> 400	<sup>B</sup> 300	<sup>B</sup> 150	
Total Temporary assistance for needy families .....	BA	<b>16,689</b>	<b>16,689</b>	<b>16,679</b>	<b>16,679</b>	<b>17,679</b>	<b>16,679</b>	<b>16,679</b>
	O	15,464	17,080	17,260	17,760	18,050	18,170	18,170

Payments to States for child support enforcement and family support programs:

Appropriation, mandatory .....	609 BA	<b>260</b>	<b>2,671</b>	<b>2,448</b>	<b>2,701</b>	<b>2,966</b>	<b>3,201</b>	<b>3,386</b>
Advance appropriation, mandatory .....	BA	<b>750</b>	<b>650</b>	<b>1,000</b>	<b>1,100</b>	<b>1,200</b>	<b>1,250</b>	<b>1,300</b>
Spending authority from offsetting collections, mandatory .....	BA	<b>406</b>	<b>426</b>	<b>460</b>	<b>461</b>	<b>454</b>	<b>446</b>	<b>458</b>
Outlays .....	O	3,312	3,865	3,913	4,203	4,564	4,851	5,107

Payments to States for child support enforcement and family support programs

(gross) .....	BA	<b>1,416</b>	<b>3,747</b>	<b>3,908</b>	<b>4,262</b>	<b>4,620</b>	<b>4,897</b>	<b>5,144</b>
	O	3,312	3,865	3,913	4,203	4,564	4,851	5,107

Change in uncollected customer payments from Federal sources .....

	BA	<b>-54</b>						
Adjustment to uncollected customer payments from Federal sources .....	BA	<b>54</b>						
Total, offsetting collections (cash) .....		-406	-426	-460	-461	-454	-446	-458

Total Payments to States for child support enforcement and family support programs (net) .....

	BA	<b>1,010</b>	<b>3,321</b>	<b>3,448</b>	<b>3,801</b>	<b>4,166</b>	<b>4,451</b>	<b>4,686</b>
	O	2,906	3,439	3,453	3,742	4,110	4,405	4,649

Low income home energy assistance:

Appropriation, discretionary .....	609 BA	<b>900</b>	<b>600</b>	<b>1,700</b>	<b>1,707</b>	<b>1,745</b>	<b>1,784</b>	<b>1,824</b>
Advance appropriation, discretionary .....	BA	<b>1,100</b>	<b>1,100</b>					
Outlays .....	O	1,495	2,241	1,525	1,560	1,585	1,623	1,659
Total Low income home energy assistance .....	BA	<b>2,000</b>	<b>1,700</b>	<b>1,700</b>	<b>1,707</b>	<b>1,745</b>	<b>1,784</b>	<b>1,824</b>
	O	1,495	2,241	1,525	1,560	1,585	1,623	1,659

Refugee and entrant assistance:

Appropriation, discretionary .....	609 BA	<b>426</b>	<b>433</b>	<b>445</b>	<b>455</b>	<b>465</b>	<b>475</b>	<b>486</b>
Reappropriation, discretionary .....	BA	<b>72</b>	<b>12</b>					
Outlays .....	O	383	451	445	449	455	463	473
Total Refugee and entrant assistance .....	BA	<b>498</b>	<b>445</b>	<b>445</b>	<b>455</b>	<b>465</b>	<b>475</b>	<b>486</b>
	O	383	451	445	449	455	463	473

Promoting safe and stable families:

Appropriation, discretionary .....	506 BA			<b>67</b>	<b>68</b>	<b>70</b>	<b>72</b>	<b>73</b>
Appropriation, mandatory .....	BA	<b>295</b>	<b>305</b>	<b>305</b>	<b>305</b>	<b>305</b>	<b>305</b>	<b>305</b>
				<sup>B</sup> 200	<sup>B</sup> 200	<sup>B</sup> 200	<sup>B</sup> 200	<sup>B</sup> 200
Outlays .....	O	245	276	303	357	371	374	376
				<sup>B</sup> 30	<sup>B</sup> 158	<sup>B</sup> 192	<sup>B</sup> 196	<sup>B</sup> 200
Total Promoting safe and stable families .....	BA	<b>295</b>	<b>305</b>	<b>572</b>	<b>573</b>	<b>575</b>	<b>577</b>	<b>578</b>
	O	245	276	333	515	563	570	576

Job opportunities and basic skills training program:

Outlays .....	504 O	15	9	3				
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**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Child care entitlement to States:								
Appropriation, mandatory	609 BA	2,367	2,567	2,717	2,717	2,717	2,717	2,717
Outlays	O	2,237	2,423	2,555	2,658	2,749	2,806	2,841
Payments to States for the child care and development block grant:								
Appropriation, discretionary	609 BA		817	2,200	2,249	2,299	2,350	2,403
Advance appropriation, discretionary	BA	1,183	1,183					
Outlays	O	1,070	1,686	2,069	2,209	2,275	2,328	2,380
Total Payments to States for the child care and development block grant	BA	1,183	2,000	2,200	2,249	2,299	2,350	2,403
	O	1,070	1,686	2,069	2,209	2,275	2,328	2,380
Social services block grant:								
Appropriation, mandatory	506 BA	1,775	1,725	1,700	1,700	1,700	1,700	1,700
Outlays	O	1,827	1,907	1,809	1,804	1,804	1,804	1,729
Children and families services programs:								
Appropriation, discretionary	506 BA	5,327	6,556	8,117	8,307	8,502	8,703	8,909
Advance appropriation, discretionary	BA		1,400					
Advance appropriation, mandatory	BA			1,400				
Spending authority from offsetting collections, discretionary	BA	17	15	15	15	16	16	16
Outlays	O	6,166	6,657	7,809	8,140	8,357	8,553	8,753
				3	35	58	66	67
Children and families services programs (gross)	BA	5,344	7,971	9,596	8,387	8,585	8,787	8,995
	O	6,166	6,657	7,812	8,175	8,415	8,619	8,820
Change in uncollected customer payments from Federal sources	BA	-2						
Total, offsetting collections (cash)		-15	-15	-15	-15	-16	-16	-16
Total Children and families services programs (net)	BA	5,327	7,956	9,581	8,372	8,569	8,771	8,979
	O	6,151	6,642	7,797	8,160	8,399	8,603	8,804
Violent crime reduction programs:								
Appropriation, discretionary	754 BA	101						
Outlays	O	101	84	29	4			
Children's research and technical assistance:								
Appropriation, mandatory	609 BA	39	40	62	56	56	57	57
Spending authority from offsetting collections, mandatory	BA	4	9	9	10	10	11	11
Outlays	O	75	54	52	60	69	68	68
Children's research and technical assistance (gross)	BA	43	49	71	66	66	68	68
	O	75	54	52	60	69	68	68
Total, offsetting collections (cash)		-4	-9	-9	-10	-10	-11	-11
Total Children's research and technical assistance (net)	BA	39	40	62	56	56	57	57
	O	71	45	43	50	59	57	57
Payments to States for foster care and adoption assistance:								
Appropriation, mandatory	506 BA	4,342	4,863	4,886	5,261	5,612	6,081	6,581
				60	60	60	60	60
Advance appropriation, mandatory	BA	1,355	1,538	1,736	1,754	1,871	2,027	2,194
Outlays	O	5,453	6,055	6,540	6,959	7,415	8,018	8,677
				69	46	58	60	60
Total Payments to States for foster care and adoption assistance	BA	5,697	6,401	6,682	7,075	7,543	8,168	8,835
	O	5,453	6,055	6,549	7,005	7,473	8,078	8,737
Total Federal funds Administration for Children and Families	BA	36,981	43,149	45,786	45,384	47,514	47,729	48,944
	O	37,418	42,338	43,870	45,916	47,522	48,907	50,075

**Administration on Aging**

*Federal funds*

**General and Special Funds:**

Aging services programs:

Appropriation, discretionary	506 BA	933	1,103	1,098	1,122	1,148	1,173	1,199
Outlays	O	885	1,017	1,086	1,119	1,138	1,162	1,189

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate						
			2001	2002	2003	2004	2005	2006	
<b>Departmental Management</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
General departmental management:									
Appropriation, discretionary .....	551 BA	819	573	447	457	467	478	488	
Spending authority from offsetting collections, discretionary .....	BA	81	124	139	139	139	139	139	
Outlays .....	O	843	648	749	629	599	609	619	
General departmental management (gross) .....		BA	900	697	586	596	606	617	627
		O	843	648	749	629	599	609	619
Change in uncollected customer payments from Federal sources .....		BA	30						
Total, offsetting collections (cash) .....		-111	-124	-139	-139	-139	-139	-139	
Total General departmental management (net) .....		BA	819	573	447	457	467	478	488
		O	732	524	610	490	460	470	480
<b>Program Support Center</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Retirement pay and medical benefits for commissioned officers:									
Appropriation, mandatory .....	551 BA	215	220	242	258	275	293	311	
Outlays .....	O	217	207	239	257	274	291	310	
<b>Intragovernmental Funds:</b>									
HHS service and supply fund:									
Spending authority from offsetting collections, mandatory .....	551 BA	314	416	431	431	431	431	431	
Outlays .....	O	357	416	431	431	431	431	431	
HHS service and supply fund (gross) .....		BA	314	416	431	431	431	431	
		O	357	416	431	431	431	431	
Change in uncollected customer payments from Federal sources .....		BA	108						
Adjustment to uncollected customer payments from Federal sources .....	BA	25							
Total, offsetting collections (cash) .....		-447	-416	-431	-431	-431	-431	-431	
Total HHS service and supply fund (net) .....		BA							
		O	-90						
<i>Trust funds</i>									
Miscellaneous trust funds:									
Appropriation, mandatory .....	551 BA	72	71	71	71	71	71	71	
Outlays .....	O	54	83	69	71	71	71	71	
Total Federal funds Program Support Center .....		BA	215	220	242	258	275	293	311
		O	127	207	239	257	274	291	310
Total Trust funds Program Support Center .....		BA	72	71	71	71	71	71	
		O	54	83	69	71	71	71	
<b>Office of the Inspector General</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Office of the Inspector General:									
Appropriation, discretionary .....	551 BA	31	34	36	37	38	38	39	
Spending authority from offsetting collections, discretionary .....	BA	20	19	17	17	23	23	23	
Outlays .....	O	49	43	53	53	60	62	63	
Office of the Inspector General (gross) .....		BA	51	53	53	54	61	62	
		O	49	43	53	53	60	62	
Change in uncollected customer payments from Federal sources .....		BA	-18						
Adjustment to uncollected customer payments from Federal sources .....	BA	11							
Total, offsetting collections (cash) .....		-13	-19	-17	-17	-23	-23	-23	
Total Office of the Inspector General (net) .....		BA	31	34	36	37	38	39	
		O	36	24	36	36	37	39	

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Summary</b>								
Federal funds:								
(As shown in detail above)	BA	<b>270,911</b>	<b>296,106</b>	<b>333,472</b>	<b>357,500</b>	<b>380,155</b>	<b>396,522</b>	<b>419,601</b>
	O	261,481	290,146	329,151	354,997	379,507	396,611	419,731
Deductions for offsetting receipts:								
Proprietary receipts from the public	551 BA/O	-5	-5	-5	-5	-5	-5	-5
	552 BA/O	-11	-147	-11	-11	-11	-11	-11
	554 BA/O	-1	-1	-1	-1	-1	-1	-1
	609 BA/O	-913	-896	-878	-887	-899	-927	-972
Total Federal funds	BA	<b>269,981</b>	<b>295,057</b>	<b>332,577</b>	<b>356,596</b>	<b>379,239</b>	<b>395,578</b>	<b>418,612</b>
	O	260,551	289,097	328,256	354,093	378,591	395,667	418,742
Trust funds:								
(As shown in detail above)	BA	<b>219,570</b>	<b>244,599</b>	<b>257,201</b>	<b>272,485</b>	<b>287,315</b>	<b>318,157</b>	<b>334,457</b>
	O	219,177	244,655	257,446	272,268	287,597	318,062	334,214
Deductions for offsetting receipts:								
Proprietary receipts from the public	551 BA/O	-42	-43	-43	-43	-43	-43	-43
	571 BA/O	-21,907	-23,433	-27,034	-29,896	-31,494	-35,020	-37,942
				120	125	125	125	125
	908 BA/O	-5						
Total Trust funds	BA	<b>197,616</b>	<b>221,123</b>	<b>230,144</b>	<b>242,571</b>	<b>255,803</b>	<b>283,119</b>	<b>296,497</b>
	O	197,223	221,179	230,389	242,354	256,085	283,024	296,254
Interfund transactions	551 BA/O	-75	-580					
	571 BA/O	-75,073	-79,230	-90,034	-97,977	-102,471	-112,685	-121,821
				176	179	151	172	189
Total Department of Health and Human Services	BA	<b>392,449</b>	<b>436,370</b>	<b>472,863</b>	<b>501,569</b>	<b>533,102</b>	<b>566,744</b>	<b>594,179</b>
	O	382,626	430,466	468,787	498,849	532,736	566,738	594,066

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Public and Indian Housing Programs</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Housing certificate fund:								
Appropriation, discretionary	604 BA	<b>4,852</b>	<b>7,891</b>	<b>15,717</b>	<b>17,363</b>	<b>18,311</b>	<b>19,308</b>	<b>19,942</b>
Advance appropriation, discretionary	BA		<b>4,191</b>					
Advance appropriation, mandatory	BA			<b>4,200</b>				
Outlays	O	15,972	16,655	17,676	18,358	18,869	19,402	19,917
Total Housing certificate fund	BA	<b>4,852</b>	<b>12,082</b>	<b>19,917</b>	<b>17,363</b>	<b>18,311</b>	<b>19,308</b>	<b>19,942</b>
	O	15,972	16,655	17,676	18,358	18,869	19,402	19,917
Annual contributions for assisted housing:								
Appropriation, discretionary	604 BA	-16						
Moving to work:								
Appropriation, discretionary	451 BA	5						
Outlays	O		3					
Public housing capital fund:								
Appropriation, discretionary	604 BA	<b>2,884</b>	<b>2,993</b>	<b>2,293</b>	<b>2,343</b>	<b>2,396</b>	<b>2,450</b>	<b>2,504</b>
Outlays	O	3,690	3,718	3,583	3,446	3,235	3,094	2,990
Public housing operating fund:								
Appropriation, discretionary	604 BA	<b>3,138</b>	<b>3,235</b>	<b>3,385</b>	<b>3,460</b>	<b>3,537</b>	<b>3,617</b>	<b>3,697</b>
Outlays	O	2,836	3,217	3,336	3,421	3,497	3,575	3,655
Drug elimination grants for low-income housing:								
Appropriation, discretionary	604 BA	<b>310</b>	<b>309</b>					
Outlays	O	288	317	313	247	93		
Revitalization of severely distressed public housing (HOPE VI):								
Appropriation, discretionary	604 BA	<b>575</b>	<b>574</b>	<b>574</b>	<b>587</b>	<b>600</b>	<b>613</b>	<b>626</b>
Outlays	O	379	460	552	530	559	584	577
Native American housing block grant:								
Appropriation, discretionary	604 BA	<b>620</b>	<b>649</b>	<b>649</b>	<b>663</b>	<b>678</b>	<b>692</b>	<b>709</b>

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	643	707	669	693	680	635	663
Limitation on loan guarantee commitments .....		(55)	(55)	(53)	(54)	(55)	(57)	(58)
<b>Public Enterprise Funds:</b>								
Low-rent public housing—loans and other expenses:								
Authority to borrow, mandatory .....	604 BA	25	40	40	40	40	40	40
Spending authority from offsetting collections, mandatory .....	BA	79	70	84	84	84	84	84
Outlays .....	O	103	110	124	124	124	124	124
Low-rent public housing—loans and other expenses (gross) .....	BA	104	110	124	124	124	124	124
	O	103	110	124	124	124	124	124
Total, offsetting collections (cash) .....		-79	-70	-84	-84	-84	-84	-84
Total Low-rent public housing—loans and other expenses (net) .....	BA	25	40	40	40	40	40	40
	O	24	40	40	40	40	40	40
<b>Credit Accounts:</b>								
Indian housing loan guarantee fund program account:								
Appropriation, discretionary .....	371 BA	6	6	6	6	6	6	7
Outlays .....	O	2	3	7	9	9	10	6
Limitation on loan guarantee commitments .....		(135)	(72)	(234)	(239)	(245)	(250)	(256)
Total Federal funds Public and Indian Housing Programs .....	BA	12,399	19,888	26,864	24,462	25,568	26,726	27,525
	O	23,834	25,120	26,176	26,744	26,982	27,340	27,848

**Community Planning and Development**

*Federal funds*

**General and Special Funds:**

Housing opportunities for persons with AIDS:

Appropriation, discretionary .....	604 BA	232	257	277	283	289	296	303
Outlays .....	O	215	216	219	234	265	278	287

Community development block grants:

Appropriation, discretionary .....	451 BA	4,809	5,113	4,702	4,807	4,914	5,024	5,136
				✓ 100	✓ 102	✓ 105	✓ 106	✓ 109
Outlays .....	O	4,955	4,940	5,034	4,914	4,817	4,840	4,936
				✓ 10	✓ 65	✓ 96	✓ 104	✓ 106

Total Community development block grants .....	BA	4,809	5,113	4,802	4,909	5,019	5,130	5,245
	O	4,955	4,940	5,044	4,979	4,913	4,944	5,042

Empowerment zones/enterprise communities:

Appropriation, discretionary .....	451 BA	55	185	150	153	157	160	164
Outlays .....	O	7	49	92	140	149	152	158

Brownfields redevelopment:

Appropriation, discretionary .....	451 BA	25	25	25	26	26	27	27
Outlays .....	O	4	25	30	33	33	29	27

Youthbuild program:

Outlays .....	604 O	1	1					
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Home investment partnership program:

Appropriation, discretionary .....	604 BA	1,636	1,796	1,796	1,836	1,877	1,919	1,962
Outlays .....	O	1,479	1,736	1,857	1,843	1,797	1,827	1,862

Homeless assistance grants:

Appropriation, discretionary .....	604 BA	1,020	1,023	1,023	1,046	1,069	1,093	1,117
Outlays .....	O	885	1,000	1,200	1,296	1,291	1,185	1,128

Rural housing and economic development:

Appropriation, discretionary .....	604 BA	25	25					
Outlays .....	O	8	24	25	17	6	2	1

Urban development action grants:

Outlays .....	451 O	10	10	10	10	10	10	10
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Capacity building for community development and affordable housing:

Outlays .....	451 O	12	7					
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Shelter Plus Care Renewals:

Appropriation, discretionary .....	604 BA		100	100	102	105	107	109
Outlays .....	O		11	57	100	101	104	106

National cities in schools community development program:

Appropriation, discretionary .....	451 BA	5						
Outlays .....	O	5						

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Public Enterprise Funds:</b>								
Revolving fund (liquidating programs):								
Spending authority from offsetting collections, mandatory	451 BA	36	42	37	28	19	15	10
Outlays	O	7	13	9	6	5	4	1
Revolving fund (liquidating programs) (gross)	BA	36	42	37	28	19	15	10
	O	7	13	9	6	5	4	1
Total, offsetting collections (cash)		-36	-42	-37	-28	-19	-15	-10
Total Revolving fund (liquidating programs) (net)	BA							
	O	-29	-29	-28	-22	-14	-11	-9
<b>Credit Accounts:</b>								
Community development loan guarantees program account:								
Appropriation, discretionary	451 BA	30	30	15	15	16	16	16
Outlays	O	7	20	20	18	18	15	16
Limitation on loan guarantee commitments		(1,261)	(1,258)	(609)	(623)	(636)	(651)	(665)
Community development loan guarantees liquidating account:								
Spending authority from offsetting collections, mandatory	451 BA	4			1	1	1	1
Community development loan guarantees liquidating account (gross)	BA	4			1	1	1	1
Total, offsetting collections (cash)		-7	-4	-4	-1	-1	-1	-1
Total Community development loan guarantees liquidating account (net)	BA	-3	-4	-4				
	O	-7	-4	-4	-1	-1	-1	-1
America's private investment companies program account:								
Limitation on loan guarantee commitments	451	(541)						
Total Federal funds Community Planning and Development	BA	7,834	8,550	8,184	8,370	8,558	8,748	8,943
	O	7,552	8,006	8,522	8,647	8,568	8,534	8,627

**Housing Programs**  
*Federal funds*

<b>General and Special Funds:</b>								
Housing for special populations:								
Appropriation, discretionary	604 BA	911	994	1,001	1,023	1,046	1,069	1,093
Outlays	O	720	988	1,025	1,011	1,013	1,136	1,218
Other assisted housing programs (Housing assistance):								
(Contract authority, discretionary)	604 BA	818						
(Outlays)	O	682	698	712	723	723	723	723
Total Other assisted housing programs	BA	818						
	O	682	698	712	723	723	723	723
Homeownership and opportunity for people everywhere grants (HOPE grants):								
Appropriation, discretionary	604 BA	-19						
Outlays	O	25	25	25				
Congregate services:								
Outlays	604 O	1						
Manufactured home inspection and monitoring:								
Appropriation, mandatory	376 BA	11						
Outlays	O	14	5	2				
<b>Public Enterprise Funds:</b>								
Rental housing assistance fund:								
Spending authority from offsetting collections, mandatory	604 BA	19	17	16	15	14	14	13
Outlays	O	7	17	16	15	14	14	13
Rental housing assistance fund (gross)	BA	19	17	16	15	14	14	13
	O	7	17	16	15	14	14	13
Total, offsetting collections (cash)		-19	-17	-16	-15	-14	-14	-13
Total Rental housing assistance fund (net)	BA							
	O	-12						

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Flexible subsidy fund:								
Spending authority from offsetting collections, discretionary .....	604 BA	15	8	24	23	22	21	20
Outlays .....	O	17	40	12				
Flexible subsidy fund (gross) .....	BA	15	8	24	23	22	21	20
	O	17	40	12				
Total, offsetting collections (cash) .....		-15	-8	-24	-23	-22	-21	-20
Total Flexible subsidy fund (net) .....	BA	2	32	-12	-23	-22	-21	-20
	O							
Nehemiah housing opportunity fund:								
Outlays .....	604 O	6	8	8				
<b>Credit Accounts:</b>								
FHA-mutual mortgage insurance program account:								
Appropriation, discretionary .....	371 BA	491	490	497	508	519	531	543
Appropriation, mandatory .....	BA		4,027					
Outlays .....	O	341	4,605	496	508	518	530	542
Limitation on direct loan activity .....		(100)	(250)	(250)	(256)	(261)	(267)	(273)
Limitation on loan guarantee commitments .....		(140,000)	(160,000)	(160,000)	(163,568)	(167,216)	(170,944)	(174,757)
Total FHA-mutual mortgage insurance program account .....	BA	491	4,517	497	508	519	531	543
	O	341	4,605	496	508	518	530	542
FHA-mutual mortgage and cooperative housing insurance funds liquidating account:								
Spending authority from offsetting collections, mandatory .....	371 BA	3,926	4,896	4,274	1,633	1,623	1,698	1,790
Outlays .....	O	885	5,382	617	319	171	134	86
FHA-mutual mortgage and cooperative housing insurance funds liquidating account (gross) .....	BA	3,926	4,896	4,274	1,633	1,623	1,698	1,790
	O	885	5,382	617	319	171	134	86
Change in uncollected customer payments from Federal sources .....	BA	-321						
Total, offsetting collections (cash) .....		-3,605	-4,896	-4,274	-1,633	-1,623	-1,698	-1,790
Total FHA-mutual mortgage and cooperative housing insurance funds liquidating account (net) .....	BA	-2,720	486	-3,657	-1,314	-1,452	-1,564	-1,704
	O							
FHA-general and special risk program account:								
Appropriation, discretionary .....	371 BA	231	495	375	384	392	401	410
Appropriation, mandatory .....	BA		46					
Outlays .....	O	395	538	406	383	391	400	408
Limitation on direct loan activity .....		(50)	(50)	(50)	(51)	(52)	(53)	(55)
Limitation on loan guarantee commitments .....		(18,100)	(21,000)	(21,000)	(21,468)	(21,947)	(22,436)	(22,937)
Total FHA-general and special risk program account .....	BA	231	541	375	384	392	401	410
	O	395	538	406	383	391	400	408
FHA-general and special risk insurance funds liquidating account:								
Appropriation, mandatory .....	371 BA	1,194	1,092	1,904	2,164	1,390	1,104	738
Authority to borrow, mandatory .....	BA	112	46	46	46	46	46	46
Spending authority from offsetting collections, mandatory .....	BA	861	933	684	494	714	613	521
Outlays .....	O	1,259	2,533	2,634	2,210	1,436	1,150	784
FHA-general and special risk insurance funds liquidating account (gross) .....	BA	2,167	2,071	2,634	2,704	2,150	1,763	1,305
	O	1,259	2,533	2,634	2,210	1,436	1,150	784
Change in uncollected customer payments from Federal sources .....	BA	-45						
Total, offsetting collections (cash) .....		-816	-933	-684	-494	-714	-613	-521
Total FHA-general and special risk insurance funds liquidating account (net) .....	BA	1,306	1,138	1,950	2,210	1,436	1,150	784
	O	443	1,600	1,950	1,716	722	537	263
Housing for the elderly or handicapped fund liquidating account:								
Appropriation, mandatory .....	371 BA		87	87	87	87	87	87
Spending authority from offsetting collections, mandatory .....	BA	808	201	201	201	201	201	201
Outlays .....	O	380	317	317	317	317	317	317
Housing for the elderly or handicapped fund liquidating account (gross) .....	BA	808	288	288	288	288	288	288
	O	380	317	317	317	317	317	317



**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash) .....		-808	-751	-751	-751	-751	-751	-751
Total Housing for the elderly or handicapped fund liquidating account (net) .....	BA	-463	-463	-463	-463	-463	-463	-463
	O	-428	-434	-434	-434	-434	-434	-434
Nonprofit sponsor assistance liquidating account:								
Appropriation, mandatory .....	604 BA	-6						
<i>Trust funds</i>								
Manufactured housing fees trust fund:								
Appropriation, discretionary .....	376 BA		17	17	18	18	19	19
Outlays .....	O		14	17	17	19	19	19
Total Federal funds Housing Programs .....	BA	3,743	6,727	3,360	3,662	2,930	2,688	2,367
	O	-531	8,551	521	2,570	1,459	1,307	996
Total Trust funds Housing Programs .....	BA		17	17	18	18	19	19
	O		14	17	17	19	19	19

**Government National Mortgage Association**

*Federal funds*

**Credit Accounts:**

Guarantees of mortgage-backed securities loan guarantee program account:								
Appropriation, discretionary .....	371 BA	9	9	9	9	9	10	10
Outlays .....	O	9	9	9	9	9	10	10
Limitation on loan guarantee commitments .....		(200,000)	(200,000)	(200,000)	(204,460)	(209,019)	(213,681)	(218,446)
Guarantees of mortgage-backed securities liquidating account:								
Spending authority from offsetting collections, mandatory .....	371 BA	456	414	58				
Outlays .....	O	67	6,630	58				
Guarantees of mortgage-backed securities liquidating account (gross) .....	BA	456	414	58				
	O	67	6,630	58				
Total, offsetting collections (cash) .....		-456	-414	-58				
Total Guarantees of mortgage-backed securities liquidating account (net) .....	BA							
	O	-389	6,216					
Total Federal funds Government National Mortgage Association .....	BA	9	9	9	9	9	10	10
	O	-380	6,225	9	9	9	10	10

**Policy Development and Research**

*Federal funds*

**General and Special Funds:**

Research and technology:								
Appropriation, discretionary .....	451 BA	45	54	43	44	45	46	47
Outlays .....	O	43	58	60	52	45	45	46

**Fair Housing and Equal Opportunity**

*Federal funds*

**General and Special Funds:**

Fair housing activities:								
Appropriation, discretionary .....	751 BA	44	46	46	47	48	49	50
Outlays .....	O	33	37	37	51	46	47	48

**Office of Lead Hazard Control and Healthy Homes**

*Federal funds*

**General and Special Funds:**

Lead hazard reduction:								
Appropriation, discretionary .....	451 BA	80	100	110	112	115	118	120
Outlays .....	O	95	95	95	98	92	107	112

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued**  
(In millions of dollars)

Account		2000 actual	estimate						
			2001	2002	2003	2004	2005	2006	
<b>Management and Administration</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Salaries and expenses									
(Community development):									
(Appropriation, discretionary) .....	451	BA	65	76	78	80	82	83	85
(Spending authority from offsetting collections, discretionary) .....		BA	1	1	1	1	1	1	1
(Outlays) .....		O	60	77	78	80	82	84	86
Salaries and expenses (gross) .....		BA	66	77	79	81	83	84	86
		O	60	77	78	80	82	84	86
Total, offsetting collections (cash) .....			-1	-1	-1	-1	-1	-1	-1
Total (Community development) (net) .....		BA	65	76	78	80	82	83	85
		O	59	76	77	79	81	83	85
(Housing assistance):									
(Appropriation, discretionary) .....	604	BA	349	394	404	413	422	432	441
(Spending authority from offsetting collections, discretionary) .....		BA	534	527	540	540	540	540	540
(Outlays) .....		O	850	922	942	951	960	969	979
Salaries and expenses (gross) .....		BA	948	997	1,022	1,033	1,044	1,055	1,066
		O	909	998	1,019	1,030	1,041	1,052	1,064
Total, offsetting collections (cash) .....			-534	-527	-540	-540	-540	-540	-540
Total (Housing assistance) (net) .....		BA	349	394	404	413	422	432	441
		O	316	395	402	411	420	429	439
(Federal law enforcement activities):									
(Appropriation, discretionary) .....	751	BA	63	72	74	76	77	79	81
(Outlays) .....		O	58	71	74	75	77	79	80
Total Salaries and expenses .....		BA	477	542	556	569	581	594	607
		O	433	542	553	565	578	591	604
Office of Inspector General:									
Appropriation, discretionary .....	451	BA	51	53	62	63	65	66	68
Spending authority from offsetting collections, discretionary .....		BA	33	33	32	32	32	32	32
Outlays .....		O	113	90	92	95	97	98	99
Office of Inspector General (gross) .....		BA	84	86	94	95	97	98	100
		O	113	90	92	95	97	98	99
Total, offsetting collections (cash) .....			-33	-33	-32	-32	-32	-32	-32
Total Office of Inspector General (net) .....		BA	51	53	62	63	65	66	68
		O	80	57	60	63	65	66	67
Consolidated fee fund:									
Appropriation, discretionary .....	604	BA			-7				
Appropriation, mandatory .....		BA	16						
Outlays .....		O		1					
Total Consolidated fee fund .....		BA	16		-7				
		O		1					
Office of Federal Housing Enterprise Oversight:									
Appropriation, discretionary .....	371	BA	19	22	27	27	28	29	29
Outlays .....		O	18	22	26	27	29	29	30
<b>Intragovernmental Funds:</b>									
Working capital fund:									
Spending authority from offsetting collections, mandatory .....	451	BA	265	327	362	370	379	388	398
Outlays .....		O	299	327	362	370	379	388	398
Working capital fund (gross) .....		BA	265	327	362	370	379	388	398
		O	299	327	362	370	379	388	398
Change in uncollected customer payments from Federal sources .....		BA	-10	-13					

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash) .....		-255	-314	-362	-370	-379	-388	-398
Total Working capital fund (net) .....	BA O	44	13					
Total Federal funds Management and Administration .....	BA O	<b>563</b> 575	<b>617</b> 635	<b>638</b> 639	<b>659</b> 655	<b>674</b> 672	<b>689</b> 686	<b>704</b> 701
<b>Summary</b>								
Federal funds:								
(As shown in detail above) .....	BA O	<b>24,717</b> 31,221	<b>35,991</b> 48,727	<b>39,254</b> 36,059	<b>37,365</b> 38,826	<b>37,947</b> 37,873	<b>39,074</b> 38,076	<b>39,766</b> 38,388
Deductions for offsetting receipts:								
Intrafund transactions .....	371 BA/O		-10,637	-439	-482	-667	-861	-1,059
Proprietary receipts from the public .....	371 BA/O		-374	-769	-799	-3,434	-3,706	-3,737
Offsetting governmental receipts .....	371 BA/O		-19	-22	-27	-27	-29	-29
Total Federal funds .....	BA O	<b>24,324</b> 30,828	<b>24,563</b> 37,299	<b>37,989</b> 34,794	<b>33,422</b> 34,883	<b>33,547</b> 33,473	<b>34,447</b> 33,449	<b>35,002</b> 33,624
Trust funds:								
(As shown in detail above) .....	BA O			17	17	18	18	19
Deductions for offsetting receipts:								
Offsetting governmental receipts .....	376 BA/O			-17	-17	-17	-18	-18
Total Trust funds .....	BA O					1		1
Total Department of Housing and Urban Development .....	BA O	<b>24,324</b> 30,828	<b>24,563</b> 37,299	<b>37,989</b> 34,791	<b>33,422</b> 34,883	<b>33,548</b> 33,473	<b>34,447</b> 33,450	<b>35,003</b> 33,625

**DEPARTMENT OF THE INTERIOR**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Land and Minerals Management</b>								
<i>Bureau of Land Management</i>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Management of lands and resources:								
Appropriation, discretionary .....	302 BA	670	753	760	782	799	818	836
Outlays .....	O	692	772	808	859	848	868	886
					/-5	/-5	/-6	/-6
Spending authority from offsetting collections, discretionary .....	BA	32	54	54	54	54	54	54
Total Management of lands and resources (gross) .....	BA O	<b>702</b> 692	<b>807</b> 772	<b>814</b> 808	<b>831</b> 855	<b>848</b> 843	<b>866</b> 863	<b>884</b> 880
Total, offsetting collections (cash) .....		-32	-54	-54	-54	-54	-54	-54
Total Management of lands and resources (net) .....	BA O	<b>670</b> 660	<b>753</b> 718	<b>760</b> 754	<b>777</b> 801	<b>794</b> 789	<b>812</b> 809	<b>830</b> 826
Construction:								
Appropriation, discretionary .....	302 BA	11	17	11	11	11	12	12
Outlays .....	O	7	10	12	19	14	12	12
Payments in lieu of taxes:								
Appropriation, discretionary .....	806 BA	133	200	150	153	157	160	164
Outlays .....	O	133	200	150	153	157	160	164
Oregon and California grant lands:								
Appropriation, discretionary .....	302 BA	99	104	105	107	110	112	115
Outlays .....	O	99	99	106	111	108	111	114
Wildland fire management:								
Appropriation, discretionary .....	302 BA	490	978	658	673	688	703	719

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Spending authority from offsetting collections, discretionary .....	BA	55	16	16	37	37	37	37
Outlays .....	O	602	690	870	806	720	735	751
Wildland fire management (gross) .....	BA	545	994	674	710	725	740	756
Outlays .....	O	602	690	870	806	720	735	751
Change in uncollected customer payments from Federal sources .....	BA	-18	21	21				
Total, offsetting collections (cash) .....		-37	-37	-37	-37	-37	-37	-37
Total Wildland fire management (net) .....	BA	490	978	658	673	688	703	719
	O	565	653	833	769	683	698	714
Central hazardous materials fund:								
Appropriation, discretionary .....	304 BA	10	10	10	10	10	11	11
Outlays .....	O	9	13	10	13	17	10	11
Land acquisition:								
Appropriation, discretionary .....	302 BA	18	56	48	48	48	48	48
Spending authority from offsetting collections, discretionary .....	BA	31						
Outlays .....	O	53	32	46	65	48	48	48
Land acquisition (gross) .....	BA	49	56	48	48	48	48	48
Outlays .....	O	53	32	46	65	48	48	48
Change in uncollected customer payments from Federal sources .....	BA	-1	1					
Total, offsetting collections (cash) .....		-30	-1					
Total Land acquisition (net) .....	BA	18	56	48	48	48	48	48
	O	23	31	46	65	48	48	48
Range improvements:								
Appropriation, mandatory .....	302 BA	10	10	10	10	10	10	10
Outlays .....	O	9	9	10	10	10	10	10
Service charges, deposits, and forfeitures:								
Appropriation, discretionary .....	302 BA	13	8	7	7	7	7	8
Outlays .....	O	13	11	12	8	8	8	8
Permanent operating funds:								
Appropriation, mandatory .....	302 BA	37	77	93	72	72	72	71
					<sup>B</sup> 8	<sup>B</sup> 8	<sup>B</sup> 8	<sup>B</sup> 8
Outlays .....	O	28	78	93	72	72	72	71
					<sup>B</sup> 6	<sup>B</sup> 8	<sup>B</sup> 8	<sup>B</sup> 8
Total Permanent operating funds .....	BA	37	77	93	80	80	80	79
	O	28	78	93	78	80	80	79
Miscellaneous permanent payment accounts								
(Conservation and land management):								
(Appropriation, mandatory) .....	302 BA	7	13	13	12	12	12	12
(Outlays) .....	O	2	11	13	12	12	12	12
(General purpose fiscal assistance):								
(Appropriation, mandatory) .....	806 BA	104	8	120	120	120	129	124
(Outlays) .....	O	104	8	114	120	120	129	124
Total Miscellaneous permanent payment accounts .....	BA	111	21	133	132	132	141	136
	O	106	19	127	132	132	141	136
Payment to Alaska, Arctic National Wildlife Refuge:								
Appropriation, mandatory .....	806 BA					<sup>B</sup> 1,201	<sup>B</sup> 1	<sup>B</sup> 1
Outlays .....	O					<sup>B</sup> 1,201	<sup>B</sup> 1	<sup>B</sup> 1
<b>Public Enterprise Funds:</b>								
Helium fund:								
Spending authority from offsetting collections, mandatory .....	306 BA	21	14	15	15	15	15	15
Outlays .....	O	6	11	8	12	15	15	15
Helium fund (gross) .....	BA	21	14	15	15	15	15	15
Outlays .....	O	6	11	8	12	15	15	15
Change in uncollected customer payments from Federal sources .....	BA	-2	1					
Total, offsetting collections (cash) .....		-19	-15	-15	-15	-15	-15	-15
Total Helium fund (net) .....	BA							
	O	-13	-4	-7	-3			

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Intragovernmental Funds:</b>								
Working capital fund:								
Spending authority from offsetting collections, discretionary .....	302 BA	29	33	31	24	24	24	24
Outlays .....	O	18	36	36	29	29	29	29
Working capital fund (gross) .....	BA	29	33	31	24	24	24	24
	O	18	36	36	29	29	29	29
Total, offsetting collections (cash) .....		-29	-33	-31	-24	-24	-24	-24
Total Working capital fund (net) .....	BA							
	O	-11	3	5	5	5	5	5
<i>Trust funds</i>								
Miscellaneous trust funds:								
Appropriation, mandatory .....	302 BA	14	14	14	14	14	14	14
Outlays .....	O	10	12	14	14	14	14	14
Total Federal funds Bureau of Land Management .....	BA	1,602	2,234	1,985	2,008	3,248	2,097	2,133
	O	1,628	1,840	2,151	2,161	3,252	2,093	2,128
Total Trust funds Bureau of Land Management .....	BA	14	14	14	14	14	14	14
	O	10	12	14	14	14	14	14
<i>Minerals Management Service</i>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Royalty and offshore minerals management:								
Appropriation, discretionary .....	302 BA	110	133	149	152	156	159	163
Spending authority from offsetting collections, discretionary .....	BA	124	107	103	103	103	103	103
Spending authority from offsetting collections, mandatory .....	BA	185	198	217	217	217	217	217
Outlays .....	O	412	430	462	467	472	480	482
Royalty and offshore minerals management (gross) .....	BA	419	438	469	472	476	479	483
	O	412	430	462	467	472	480	482
Total, offsetting collections (cash) .....		-309	-305	-320	-320	-320	-320	-320
Total Royalty and offshore minerals management (net) .....	BA	110	133	149	152	156	159	163
	O	103	125	142	147	152	160	162
Mineral leasing and associated payments (General purpose fiscal assistance):								
(Appropriation, mandatory) .....	806 BA	691	1,094	983	977	987	988	987
(Outlays) .....	O	691	1,094	983	977	987	988	987
Total Mineral leasing and associated payments .....	BA	691	1,094	983	977	987	988	987
	O	691	1,094	983	977	987	988	987
National forests fund, Payment to States:								
Appropriation, mandatory .....	302 BA	3	5	5	5	5	6	5
Outlays .....	O	3	5	5	5	5	6	5
Leases of lands acquired for flood control, navigation, and allied purposes:								
Appropriation, mandatory .....	302 BA	1	2	2	1	2	2	2
Outlays .....	O	1	2	2	1	2	2	2
<i>Trust funds</i>								
Oil spill research:								
Appropriation, discretionary .....	302 BA	6	6	6	6	6	6	7
Outlays .....	O	6	6	8	9	7	7	7
Total Federal funds Minerals Management Service .....	BA	805	1,234	1,139	1,135	1,150	1,155	1,157
	O	798	1,226	1,132	1,130	1,146	1,156	1,156
Total Trust funds Minerals Management Service .....	BA	6	6	6	6	6	6	7
	O	6	6	8	9	7	7	7

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<i>Office of Surface Mining Reclamation and Enforcement</i>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Regulation and technology:								
Appropriation, discretionary .....	302 BA	106	101	102	104	107	109	111
Spending authority from offsetting collections, discretionary .....	BA	2	2	1	1	1	1	1
Outlays .....	O	99	98	110	108	107	109	111
Regulation and technology (gross) .....	BA	108	103	103	105	108	110	112
	O	99	98	110	108	107	109	111
Total, offsetting collections (cash) .....		-2	-2	-1	-1	-1	-1	-1
Total Regulation and technology (net) .....	BA	106	101	102	104	107	109	111
	O	97	96	109	107	106	108	110
Abandoned mine reclamation fund								
(Conservation and land management):								
(Appropriation, discretionary) .....	302 BA	196	214	167	171	175	178	182
(Outlays) .....	O	184	177	133	128	151	179	176
(Health care services):								
(Appropriation, discretionary) .....	551 BA	68	97					
(Appropriation, mandatory) .....	BA	41	103	92	52	49	46	43
(Outlays) .....	O	109	200	92	52	49	46	43
Total (Health care services) .....	BA	109	200	92	52	49	46	43
	O	109	200	92	52	49	46	43
Total Abandoned mine reclamation fund .....	BA	305	414	259	223	224	224	225
	O	293	377	225	180	200	225	219
Total Federal funds Office of Surface Mining Reclamation and Enforcement .....	BA	411	515	361	327	331	333	336
	O	390	473	334	287	306	333	329
Total Federal funds Land and Minerals Management .....	BA	2,818	3,983	3,485	3,470	4,729	3,585	3,626
	O	2,816	3,539	3,617	3,578	4,704	3,582	3,613
Total Trust funds Land and Minerals Management .....	BA	20	20	20	20	20	20	21
	O	16	18	22	23	21	21	21

**Water and Science**

*Bureau of Reclamation*

*Federal funds*

<b>General and Special Funds:</b>								
Water and related resources:								
Appropriation, discretionary .....	301 BA	587	638	605	618	632	646	661
Spending authority from offsetting collections, discretionary .....	BA	166	176	177	179	179	179	179
Outlays .....	O	785	834	794	791	805	820	834
Water and related resources (gross) .....	BA	753	814	782	797	811	825	840
	O	785	834	794	791	805	820	834
Change in uncollected customer payments from Federal sources .....	BA	-15						
Total, offsetting collections (cash) .....		-151	-176	-177	-179	-179	-179	-179
Total Water and related resources (net) .....	BA	587	638	605	618	632	646	661
	O	634	658	617	612	626	641	655
California Bay-Delta restoration:								
Appropriation, discretionary .....	301 BA	60		20	20	21	21	22
Outlays .....	O	39	154	7	20	20	21	22
Policy and administration:								
Appropriation, discretionary .....	301 BA	47	50	53	54	55	57	58
Outlays .....	O	47	54	53	54	55	57	58
Central Valley project restoration fund:								
Appropriation, discretionary .....	301 BA	42	38	55	56	57	59	60
Outlays .....	O	34	69	52	56	57	58	60
Colorado River dam fund, Boulder Canyon project:								
Appropriation, mandatory .....	301 BA	66	66	80	81	80	80	80
Outlays .....	O	62	52	71	79	79	79	78

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Dutch John community assistance:								
Appropriation, mandatory .....	806 BA	1						
Outlays .....	O	1						
<b>Public Enterprise Funds:</b>								
Lower Colorado River Basin development fund:								
Appropriation, discretionary .....	301 BA	20	39	32	33	33	34	35
Spending authority from offsetting collections, mandatory .....	BA	54	160	159	156	157	156	155
Outlays .....	O	119	138	173	169	167	168	168
Lower Colorado River Basin development fund (gross) .....	BA	74	199	191	189	190	190	190
	O	119	138	173	169	167	168	168
Change in uncollected customer payments from Federal sources .....	BA	87						
Total, offsetting collections (cash) .....		-141	-160	-159	-156	-157	-156	-155
Total Lower Colorado River Basin development fund (net) .....	BA	20	39	32	33	33	34	35
	O	-22	-22	14	13	10	12	13
Upper Colorado River Basin fund:								
Appropriation, discretionary .....	301 BA	1	2	11	11	11	12	12
Spending authority from offsetting collections, mandatory .....	BA	67	60	129	60	60	60	60
Outlays .....	O	60	70	40	98	70	71	71
Upper Colorado River Basin fund (gross) .....	BA	68	62	140	71	71	72	72
	O	60	70	40	98	70	71	71
Total, offsetting collections (cash) .....		-67	-60	-129	-60	-60	-60	-60
Total Upper Colorado River Basin fund (net) .....	BA	1	2	11	11	11	12	12
	O	-7	10	-89	38	10	11	11
<b>Intragovernmental Funds:</b>								
Working capital fund:								
Spending authority from offsetting collections, discretionary .....	301 BA	270	290	292	298	304	311	317
Outlays .....	O	277	261	293	296	303	310	316
Working capital fund (gross) .....	BA	270	290	292	298	304	311	317
	O	277	261	293	296	303	310	316
Change in uncollected customer payments from Federal sources .....	BA	-3						
Total, offsetting collections (cash) .....		-267	-290	-292	-298	-304	-311	-317
Total Working capital fund (net) .....	BA							
	O	10	-29	1	-2	-1	-1	-1
<b>Credit Accounts:</b>								
Bureau of Reclamation loan program account:								
Appropriation, discretionary .....	301 BA	11	9	7	7	7	7	8
Appropriation, mandatory .....	BA	1	3					
Outlays .....	O	10	17	7	7	8	8	8
Limitations on direct loan activity .....		(43)	(27)	(26)	(27)	(27)	(28)	(28)
Total Bureau of Reclamation loan program account .....	BA	12	12	7	7	7	7	8
	O	10	17	7	7	8	8	8
Bureau of Reclamation loan liquidating account:								
Total, offsetting collections (cash) .....	301		-4	-4	-4	-4	-3	-3
<i>Trust funds</i>								
Reclamation trust funds:								
Appropriation, mandatory .....	301 BA	12						
Outlays .....	O	14	39					
Total Federal funds Bureau of Reclamation .....	BA	836	841	859	876	892	913	933
	O	808	959	729	873	860	883	901
Total Trust funds Bureau of Reclamation .....	BA	12						
	O	14	39					

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<i>Central Utah Project</i>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Central Utah Project completion account:								
Appropriation, discretionary .....	301 BA	29	26	25	26	26	27	27
Outlays .....	O	28	31	25	25	26	26	27
Utah reclamation mitigation and conservation account:								
Appropriation, discretionary .....	301 BA	16	21	12	12	12	13	13
Outlays .....	O	24	23	18	12	13	13	13
Total Federal funds Central Utah Project .....	BA	45	47	37	38	38	40	40
	O	52	54	43	37	39	39	40
<i>United States Geological Survey</i>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Surveys, investigations, and research:								
Appropriation, discretionary .....	306 BA	815	883	813	831	850	869	888
Spending authority from offsetting collections, discretionary .....	BA	369	360	360	360	360	360	360
Outlays .....	O	1,180	1,276	1,217	1,230	1,232	1,225	1,245
Surveys, investigations, and research (gross) .....	BA	1,184	1,243	1,173	1,191	1,210	1,229	1,248
	O	1,180	1,276	1,217	1,230	1,232	1,225	1,245
Change in uncollected customer payments from Federal sources .....	BA	5						
Total, offsetting collections (cash) .....		-374	-360	-360	-360	-360	-360	-360
Total Surveys, investigations, and research (net) .....	BA	815	883	813	831	850	869	888
	O	806	916	857	870	872	865	885
<b>Intragovernmental Funds:</b>								
Working capital fund:								
Spending authority from offsetting collections, mandatory .....	306 BA	38	33	37	36	36	38	40
Outlays .....	O	35	41	25	30	34	37	38
Working capital fund (gross) .....	BA	38	33	37	36	36	38	40
	O	35	41	25	30	34	37	38
Change in uncollected customer payments from Federal sources .....	BA	8	-1					
Total, offsetting collections (cash) .....		-46	-32	-37	-36	-36	-38	-40
Total Working capital fund (net) .....	BA							
	O	-11	9	-12	-6	-2	-1	-2
<i>Trust funds</i>								
Contributed funds:								
Appropriation, mandatory .....	306 BA	1	1	1	1	1	1	1
Outlays .....	O	2	1	1	1	1	1	1
Total Federal funds United States Geological Survey .....	BA	815	883	813	831	850	869	888
	O	795	925	845	864	870	864	883
Total Trust funds United States Geological Survey .....	BA	1	1	1	1	1	1	1
	O	2	1	1	1	1	1	1
<i>Bureau of Mines</i>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Mines and minerals:								
Outlays .....	306 O	2	2					
Total Federal funds Water and Science .....	BA	1,696	1,771	1,709	1,745	1,780	1,822	1,861
	O	1,657	1,940	1,617	1,774	1,769	1,786	1,824
Total Trust funds Water and Science .....	BA	13	1	1	1	1	1	1
	O	16	40	1	1	1	1	1



**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Fish and Wildlife and Parks</b>								
<i>United States Fish and Wildlife Service</i>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Resource management:								
Appropriation, discretionary .....	303 BA	715	807	807	825	843	862	881
Spending authority from offsetting collections, discretionary .....	BA	96	106	106	106	106	106	106
Outlays .....	O	788	895	1,021	1,002	945	964	984
Resource management (gross) .....	BA	811	913	913	931	949	968	987
	O	788	895	1,021	1,002	945	964	984
Change in uncollected customer payments from Federal sources .....	BA	30						
Adjustment to uncollected customer payments from Federal sources .....	BA	-29						
Total, offsetting collections (cash) .....		-97	-106	-106	-111	-111	-111	-111
Total Resource management (net) .....	BA	715	807	807	820	838	857	876
	O	691	789	915	891	834	853	873
Construction:								
Appropriation, discretionary .....	303 BA	54	72	36	37	38	38	39
Spending authority from offsetting collections, discretionary .....	BA	2	2	2	2	2	2	2
Outlays .....	O	81	151	89	47	39	40	41
Construction (gross) .....	BA	56	74	38	39	40	40	41
	O	81	151	89	47	39	40	41
Total, offsetting collections (cash) .....		-2	-2	-2	-2	-2	-2	-2
Total Construction (net) .....	BA	54	72	36	37	38	38	39
	O	79	149	87	45	37	38	39
Multinational species conservation fund:								
Appropriation, discretionary .....	303 BA	2	3	3	3	3	3	3
Outlays .....	O	3	3	4	3	3	3	3
Commercial salmon fishery capacity reduction:								
Appropriation, discretionary .....	302 BA	5						
Outlays .....	O		5					
State wildlife grants:								
Appropriation, discretionary .....	302 BA		50					
Outlays .....	O		8	10	18	15		
Land acquisition:								
Appropriation, discretionary .....	303 BA	52	121	164	164	164	164	164
Spending authority from offsetting collections, discretionary .....	BA	11	2					
Outlays .....	O	79	97	127	176	164	164	164
Land acquisition (gross) .....	BA	63	123	164	164	164	164	164
	O	79	97	127	176	164	164	164
Change in uncollected customer payments from Federal sources .....	BA	5						
Total, offsetting collections (cash) .....		-16	-2					
Total Land acquisition (net) .....	BA	52	121	164	164	164	164	164
	O	63	95	127	176	164	164	164
Wildlife conservation and appreciation fund:								
Appropriation, discretionary .....	303 BA	1	1					
Outlays .....	O	1	1					
Migratory bird conservation account:								
Appropriation, mandatory .....	303 BA	44	44	44	44	44	44	44
Outlays .....	O	51	44	44	44	44	44	44
North American wetlands conservation fund:								
Appropriation, discretionary .....	303 BA	15	40	15	15	16	16	16
Appropriation, mandatory .....	BA	1	1	1	1	1	1	1
Outlays .....	O	17	34	24	17	17	17	17
Total North American wetlands conservation fund .....	BA	16	41	16	16	17	17	17
	O	17	34	24	17	17	17	17
Cooperative endangered species conservation fund:								
Appropriation, discretionary .....	303 BA	23	105	55	56	57	59	60

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Appropriation, mandatory .....	BA	33	33	36	37	38	40	41
Outlays .....	O	46	61	100	115	94	97	99
<b>Total Cooperative endangered species conservation fund .....</b>	<b>BA</b>	<b>56</b>	<b>138</b>	<b>91</b>	<b>93</b>	<b>95</b>	<b>99</b>	<b>101</b>
	O	46	61	100	115	94	97	99
<b>National wildlife refuge fund:</b>								
Appropriation, discretionary .....	806 BA	11	11	11	11	11	12	12
Appropriation, mandatory .....	BA	7	7	7	7	8	8	8
Outlays .....	O	19	17	17	18	18	20	20
<b>Total National wildlife refuge fund .....</b>	<b>BA</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>19</b>	<b>20</b>	<b>20</b>
	O	19	17	17	18	18	20	20
<b>Recreational fee demonstration program:</b>								
Appropriation, mandatory .....	303 BA	3	4	5				
					B 5	B 5	B 5	B 5
Outlays .....	O	3	4	6	2			
					B 2	B 2	B 3	B 3
<b>Total Recreational fee demonstration program .....</b>	<b>BA</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
	O	3	4	6	4	2	3	3
<b>Federal aid in wildlife restoration:</b>								
Appropriation, discretionary .....	303 BA		50					
Appropriation, mandatory .....	BA	226	238	240	241	251	257	265
Outlays .....	O	232	216	233	253	316	246	252
<b>Total Federal aid in wildlife restoration .....</b>	<b>BA</b>	<b>226</b>	<b>288</b>	<b>240</b>	<b>241</b>	<b>251</b>	<b>257</b>	<b>265</b>
	O	232	216	233	253	316	246	252
<b>Miscellaneous permanent appropriations:</b>								
Appropriation, mandatory .....	303 BA	2	3	3	3	3	3	3
Outlays .....	O	2	3	5	3	3	3	3
<i>Trust funds</i>								
<b>Sport fish restoration:</b>								
Appropriation, mandatory .....	303 BA	303	301	352	378	387	407	418
Outlays .....	O	285	295	311	341	404	386	402
<b>Contributed funds:</b>								
Appropriation, mandatory .....	303 BA	1	4	4	4	4	4	4
Outlays .....	O	4	2	5	4	4	4	4
<b>Total Federal funds United States Fish and Wildlife Service .....</b>	<b>BA</b>	<b>1,194</b>	<b>1,590</b>	<b>1,427</b>	<b>1,444</b>	<b>1,477</b>	<b>1,507</b>	<b>1,537</b>
	O	1,207	1,429	1,572	1,587	1,547	1,488	1,517
<b>Total Trust funds United States Fish and Wildlife Service .....</b>	<b>BA</b>	<b>304</b>	<b>305</b>	<b>356</b>	<b>382</b>	<b>391</b>	<b>411</b>	<b>422</b>
	O	289	297	316	345	408	390	406

*National Park Service*  
*Federal funds*

**General and Special Funds:**

<b>Operation of the national park system:</b>								
Appropriation, discretionary .....	303 BA	1,364	1,391	1,470	1,579	1,612	1,646	1,682
					J-76	J-76	J-76	J-77
Spending authority from offsetting collections, discretionary .....	BA	24	14	14	14	14	14	14
Outlays .....	O	1,366	1,374	1,453	1,558	1,618	1,651	1,688
					J-57	J-76	J-76	J-77
<b>Operation of the national park system (gross) .....</b>	<b>BA</b>	<b>1,388</b>	<b>1,405</b>	<b>1,484</b>	<b>1,517</b>	<b>1,550</b>	<b>1,584</b>	<b>1,619</b>
	O	1,366	1,374	1,453	1,501	1,542	1,575	1,611
Change in uncollected customer payments from Federal sources .....	BA	2	1					
Total, offsetting collections (cash) .....		-26	-15	-14	-14	-14	-14	-14
<b>Total Operation of the national park system (net) .....</b>	<b>BA</b>	<b>1,364</b>	<b>1,391</b>	<b>1,470</b>	<b>1,503</b>	<b>1,536</b>	<b>1,570</b>	<b>1,605</b>
	O	1,340	1,359	1,439	1,487	1,528	1,561	1,597
<b>United States park police:</b>								
Appropriation, discretionary .....	303 BA		78	65	66	68	69	71
Outlays .....	O		59	69	66	68	69	70

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
National recreation and preservation:								
Appropriation, discretionary	303 BA	53	60	48	49	50	51	52
Spending authority from offsetting collections, discretionary	BA	1	1	1				
Outlays	O	45	59	52	55	50	50	52
National recreation and preservation (gross)	BA	54	61	49	49	50	51	52
	O	45	59	52	55	50	50	52
Total, offsetting collections (cash)		-1	-1	-1				
Total National recreation and preservation (net)	BA	53	60	48	49	50	51	52
	O	44	58	51	55	50	50	52
Urban park and recreation fund:								
Appropriation, discretionary	303 BA		30					
Outlays	O	1	3	6	15	8		
Construction and major maintenance:								
Appropriation, discretionary	303 BA	226	315	340	347	355	363	372
Spending authority from offsetting collections, discretionary	BA	89	118	118	80	80	80	80
Outlays	O	321	408	422	404	422	444	437
Construction and major maintenance (gross)	BA	315	433	458	427	435	443	452
	O	321	408	422	404	422	444	437
Change in uncollected customer payments from Federal sources	BA	-16						
Adjustment to uncollected customer payments from Federal sources	BA	16						
Total, offsetting collections (cash)		-89	-118	-118	-80	-80	-80	-80
Total Construction and major maintenance (net)	BA	226	315	340	347	355	363	372
	O	232	290	304	324	342	364	357
Land acquisition and State assistance:								
Appropriation, discretionary	303 BA	121	215	557	557	557	557	557
Contract authority, discretionary	BA	-30	-30	-30	-31	-31	-32	-33
Contract authority, mandatory	BA	30	30	30	30	30	30	30
Spending authority from offsetting collections, discretionary	BA	61						
Outlays	O	126	206	173	195	333	465	557
Land acquisition and State assistance (gross)	BA	182	215	557	556	556	555	554
	O	126	206	173	195	333	465	557
Change in uncollected customer payments from Federal sources	BA	-61	61					
Total, offsetting collections (cash)			-61					
Total Land acquisition and State assistance (net)	BA	121	215	557	556	556	555	554
	O	126	145	173	195	333	465	557
Recreation fee permanent appropriations:								
Appropriation, mandatory	303 BA	152	161	162	34	34	34	34
					<sup>B</sup> 145	<sup>B</sup> 146	<sup>B</sup> 147	<sup>B</sup> 148
Outlays	O	90	164	170	155	111	75	48
					<sup>B</sup> 28	<sup>B</sup> 64	<sup>B</sup> 112	<sup>B</sup> 144
Total Recreation fee permanent appropriations	BA	152	161	162	179	180	181	182
	O	90	164	170	183	175	187	192
Historic preservation fund:								
Appropriation, discretionary	303 BA	75	94	37	37	39	40	40
Outlays	O	52	106	74	55	38	39	40
Other permanent appropriations:								
Appropriation, mandatory	303 BA	62	67	73	76	77	79	80
Outlays	O	38	69	59	63	70	71	74
<i>Trust funds</i>								
Construction (trust fund):								
Outlays	401 O	1	3	4	1			
Miscellaneous trust funds:								
Appropriation, mandatory	303 BA	18	18	18	18	18	18	18

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	15	18	18	18	18	18	18
Total Federal funds National Park Service .....	BA	<b>2,053</b>	<b>2,411</b>	<b>2,752</b>	<b>2,813</b>	<b>2,861</b>	<b>2,908</b>	<b>2,956</b>
	O	1,923	2,253	2,345	2,443	2,612	2,806	2,939
Total Trust funds National Park Service .....	BA	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>
	O	16	21	22	19	18	18	18
Total Federal funds Fish and Wildlife and Parks .....	BA	<b>3,247</b>	<b>4,001</b>	<b>4,179</b>	<b>4,257</b>	<b>4,338</b>	<b>4,415</b>	<b>4,493</b>
	O	3,130	3,682	3,917	4,030	4,159	4,294	4,456
Total Trust funds Fish and Wildlife and Parks .....	BA	<b>322</b>	<b>323</b>	<b>374</b>	<b>400</b>	<b>409</b>	<b>429</b>	<b>440</b>
	O	305	318	338	364	426	408	424

**Indian Affairs**

*Bureau of Indian Affairs*

*Federal funds*

**General and Special Funds:**

Operation of Indian programs								
(Conservation and land management):								
(Appropriation, discretionary) .....	302 BA	<b>143</b>	<b>135</b>	<b>139</b>	<b>142</b>	<b>145</b>	<b>149</b>	<b>152</b>
(Spending authority from offsetting collections, discretionary) .....	BA	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
(Outlays) .....	O	133	138	136	142	145	148	151
Operation of Indian programs (gross) .....	BA	<b>144</b>	<b>136</b>	<b>141</b>	<b>143</b>	<b>146</b>	<b>150</b>	<b>153</b>
	O	133	138	136	142	145	148	151
Total, offsetting collections (cash) .....		-1	-1	-4	-1	-1	-1	-1
Total (Conservation and land management) (net) .....	BA	<b>143</b>	<b>135</b>	<b>137</b>	<b>142</b>	<b>145</b>	<b>149</b>	<b>152</b>
	O	132	137	132	141	144	147	150
(Area and regional development):								
(Appropriation, discretionary) .....	452 BA	<b>934</b>	<b>1,007</b>	<b>1,027</b>	<b>1,050</b>	<b>1,074</b>	<b>1,097</b>	<b>1,121</b>
(Spending authority from offsetting collections, discretionary) .....	BA	<b>1</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
(Outlays) .....	O	904	900	1,009	1,051	1,074	1,093	1,117
Operation of Indian programs (gross) .....	BA	<b>1,078</b>	<b>1,147</b>	<b>1,169</b>	<b>1,197</b>	<b>1,224</b>	<b>1,251</b>	<b>1,278</b>
	O	1,036	1,037	1,141	1,192	1,218	1,240	1,267
(Change in uncollected customer payments from Federal sources) .....	BA	<b>47</b>						
Total, offsetting collections (cash) .....		-6	-5	-5	-5	-5	-5	-5
Total (Area and regional development) (net) .....	BA	<b>976</b>	<b>1,007</b>	<b>1,027</b>	<b>1,050</b>	<b>1,074</b>	<b>1,097</b>	<b>1,121</b>
	O	898	895	1,004	1,046	1,069	1,088	1,112
(Elementary, secondary, and vocational education):								
(Appropriation, discretionary) .....	501 BA	<b>571</b>	<b>596</b>	<b>614</b>	<b>627</b>	<b>642</b>	<b>656</b>	<b>670</b>
(Spending authority from offsetting collections, discretionary) .....	BA	<b>79</b>	<b>140</b>	<b>174</b>	<b>134</b>	<b>134</b>	<b>134</b>	<b>134</b>
(Outlays) .....	O	651	722	764	767	783	790	799
Operation of Indian programs (gross) .....	BA	<b>1,769</b>	<b>1,878</b>	<b>1,952</b>	<b>1,953</b>	<b>1,995</b>	<b>2,036</b>	<b>2,077</b>
	O	1,681	1,754	1,900	1,954	1,996	2,025	2,061
(Change in uncollected customer payments from Federal sources) .....	BA		<b>20</b>	<b>2</b>				
Total, offsetting collections (cash) .....		-121	-160	-174	-134	-134	-134	-134
Total (Elementary, secondary, and vocational education) (net) .....	BA	<b>529</b>	<b>596</b>	<b>616</b>	<b>627</b>	<b>642</b>	<b>656</b>	<b>670</b>
	O	530	562	590	633	649	656	665
Total Operation of Indian programs .....	BA	<b>1,648</b>	<b>1,738</b>	<b>1,780</b>	<b>1,819</b>	<b>1,861</b>	<b>1,902</b>	<b>1,943</b>
	O	1,560	1,594	1,726	1,820	1,862	1,891	1,927
Construction:								
Appropriation, discretionary .....	452 BA	<b>198</b>	<b>356</b>	<b>357</b>	<b>358</b>	<b>360</b>	<b>361</b>	<b>363</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>15</b>	<b>21</b>	<b>21</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Outlays .....	O	177	218	287	281	371	361	362
Construction (gross) .....	BA	<b>213</b>	<b>377</b>	<b>378</b>	<b>360</b>	<b>362</b>	<b>363</b>	<b>365</b>
	O	177	218	287	281	371	361	362

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
Total, offsetting collections (cash) .....		-15	-21	-21	-2	-2	-2	-2
Total Construction (net) .....	BA	<b>198</b>	<b>356</b>	<b>357</b>	<b>358</b>	<b>360</b>	<b>361</b>	<b>363</b>
	O	162	197	266	279	369	359	360
White Earth settlement fund:								
Appropriation, mandatory .....	452 BA	1	2	2	2	2	2	1
Outlays .....	O	1	2	2	2	2	2	1
Indian land and water claim settlements and miscellaneous payments to Indians:								
Appropriation, discretionary .....	452 BA	27	38	61	62	64	65	67
Outlays .....	O	28	37	65	62	63	65	67
Operation and maintenance of quarters:								
Appropriation, mandatory .....	452 BA	5	5	5	5	5	5	5
Outlays .....	O	5	5	5	5	5	5	5
Miscellaneous permanent appropriations:								
Appropriation, mandatory .....	452 BA	70	72	72	73	74	75	76
Outlays .....	O	81	72	72	73	74	75	76
<b>Credit Accounts:</b>								
Indian direct loan program account:								
Appropriation, mandatory .....	452 BA	6						
Outlays .....	O	6						
Revolving fund for loans liquidating account:								
Spending authority from offsetting collections, mandatory .....	452 BA	6	3	4	3	3	3	3
Revolving fund for loans liquidating account (gross) .....	BA	6	3	4	3	3	3	3
Total, offsetting collections (cash) .....		-6	-3	-4	-3	-3	-3	-3
Total Revolving fund for loans liquidating account (net) .....	BA	-6	-3	-4	-3	-3	-3	-3
	O	-6	-3	-4	-3	-3	-3	-3
Indian guaranteed loan program account:								
Appropriation, discretionary .....	452 BA	5	5	5	5	5	5	5
Outlays .....	O	5	9	5	5	5	5	5
Limitation on loan guarantee commitments .....		(60)	(60)	(75)	(77)	(78)	(80)	(82)
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	1	1	1	2	2	2	2
Outlays .....	O	-1	2	2	3	3	3	3
Indian loan guaranty and insurance fund liquidating account (gross) .....	BA	2	2	2	3	3	3	3
	O	-1	2	2	3	3	3	3
Total, offsetting collections (cash) .....		-1	-1	-1	-2	-2	-2	-2
Total Indian loan guaranty and insurance fund liquidating account (net) .....	BA	1	1	1	1	1	1	1
	O	-2	1	1	1	1	1	1
Total Federal funds Bureau of Indian Affairs .....	BA	<b>1,961</b>	<b>2,217</b>	<b>2,283</b>	<b>2,325</b>	<b>2,372</b>	<b>2,416</b>	<b>2,461</b>
	O	1,840	1,914	2,138	2,244	2,378	2,400	2,439

**Departmental Offices**

*Departmental Management*

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, discretionary .....	306 BA	63	64	64	65	67	68	70
Spending authority from offsetting collections, discretionary .....	BA	40	52	52	53	55	56	57
Outlays .....	O	109	117	122	118	122	124	126
Salaries and expenses (gross) .....	BA	103	116	116	118	122	124	127
	O	109	117	122	118	122	124	126
Change in uncollected customer payments from Federal sources .....	BA	-2	1					
Total, offsetting collections (cash) .....		-38	-53	-52	-53	-55	-56	-57
Total Salaries and expenses (net) .....	BA	63	64	64	65	67	68	70
	O	71	64	70	65	67	68	69

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Management of Federal lands for subsistence uses:								
Outlays	302 O	1	5	2				
Everglades watershed protection:								
Outlays	303 O	25	17					
Everglades restoration account:								
Appropriation, mandatory	303 BA	1	2					
Outlays	O	1	2	2	2			
Priority Federal land acquisitions and exchanges:								
Appropriation, discretionary	303 BA	117						
Outlays	O	40	47	29				
<b>Intragovernmental Funds:</b>								
Working capital fund:								
Appropriation, discretionary	306 BA	3						
Spending authority from offsetting collections, mandatory	BA	279	259	280	280	280	280	280
Outlays	O	355	263	287	280	280	280	280
Working capital fund (gross)	BA	282	259	280	280	280	280	280
O	O	355	263	287	280	280	280	280
Change in uncollected customer payments from Federal sources	BA	6						
Total, offsetting collections (cash)		-285	-259	-280	-280	-280	-280	-280
Total Working capital fund (net)	BA	3						
O	O	70	4	7				
Interior Franchise Fund:								
Spending authority from offsetting collections, mandatory	306 BA	203	260	395	395	395	395	395
Outlays	O	112	273	278	374	395	395	395
Interior Franchise Fund (gross)	BA	203	260	395	395	395	395	395
O	O	112	273	278	374	395	395	395
Change in uncollected customer payments from Federal sources	BA	-21		-35				
Total, offsetting collections (cash)		-182	-260	-360	-395	-395	-395	-395
Total Interior Franchise Fund (net)	BA							
O	O	-70	13	-82	-21			
Total Federal funds Departmental Management	BA	184	66	64	65	67	68	70
O	O	138	152	28	46	67	68	69
<b>Insular Affairs</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Assistance to territories:								
Appropriation, discretionary	808 BA	42	48	41	42	43	44	45
Appropriation, mandatory	BA	28	28	28	28	28	28	28
Spending authority from offsetting collections, discretionary	BA	38	1	1	1	1	1	1
Outlays	O	105	73	78	81	82	82	83
Limitation on direct loan activity			(19)					
Assistance to territories (gross)	BA	108	77	70	71	72	73	74
O	O	105	73	78	81	82	82	83
Change in uncollected customer payments from Federal sources	BA	-7	7					
Total, offsetting collections (cash)		-31	-8	-1	-1	-1	-1	-1
Total Assistance to territories (net)	BA	70	76	69	70	71	72	73
O	O	74	65	77	80	81	81	82
Trust Territory of the Pacific Islands:								
Outlays	808 O	2	2	2	2	2	2	2
Compact of free association:								
Appropriation, discretionary	808 BA	8	9	9	9	9	10	10
Appropriation, mandatory	BA	134	134	159	158	159	157	157
Outlays	O	162	169	192	191	192	190	166
Total Compact of free association	BA	142	143	168	167	168	167	167
O	O	162	169	192	191	192	190	166

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Payments to the United States territories, fiscal assistance:								
Appropriation, mandatory .....	806 BA	148	104	104	104	104	104	104
Spending authority from offsetting collections, mandatory .....	BA	3						
Outlays .....	O	150	104	104	104	104	104	104
<hr/>								
Payments to the United States territories, fiscal assistance (gross) .....	BA	151	104	104	104	104	104	104
	O	150	104	104	104	104	104	104
<hr/>								
Total, offsetting collections (cash) .....		-3						
<hr/>								
Total Payments to the United States territories, fiscal assistance (net) .....	BA	148	104	104	104	104	104	104
	O	147	104	104	104	104	104	104
<hr/>								
Total Federal funds Insular Affairs .....	BA	360	323	341	341	343	343	344
	O	385	340	375	377	379	377	354

*Office of the Solicitor*  
Federal funds

**General and Special Funds:**

Office of the Solicitor:								
Appropriation, discretionary .....	306 BA	40	40	42	43	44	45	46
Spending authority from offsetting collections, discretionary .....	BA	4	5	5	5	5	5	5
Outlays .....	O	44	43	47	48	49	52	51
<hr/>								
Office of the Solicitor (gross) .....	BA	44	45	47	48	49	50	51
	O	44	43	47	48	49	52	51
<hr/>								
Total, offsetting collections (cash) .....		-4	-5	-5	-5	-5	-5	-5
<hr/>								
Total Office of the Solicitor (net) .....	BA	40	40	42	43	44	45	46
	O	40	38	42	43	44	47	46

*Office of Inspector General*  
Federal funds

**General and Special Funds:**

Office of Inspector General:								
Appropriation, discretionary .....	306 BA	26	28	30	31	31	32	33
Spending authority from offsetting collections, discretionary .....	BA	2	3	2	2	2	2	2
Outlays .....	O	28	28	32	33	33	34	34
<hr/>								
Office of Inspector General (gross) .....	BA	28	31	32	33	33	34	35
	O	28	28	32	33	33	34	34
<hr/>								
Total, offsetting collections (cash) .....		-2	-3	-2	-2	-2	-2	-2
<hr/>								
Total Office of Inspector General (net) .....	BA	26	28	30	31	31	32	33
	O	26	25	30	31	31	32	32

*Natural Resources Damage Assessment and Restoration*  
Federal funds

**General and Special Funds:**

Natural resource damage assessment fund:								
Appropriation, discretionary .....	303 BA	5	5	5	5	5	5	5
Appropriation, mandatory .....	BA	23	56	34	34	34	29	29
Outlays .....	O	16	36	42	41	47	41	45
<hr/>								
Total Natural resource damage assessment fund .....	BA	28	61	39	39	39	34	34
	O	16	36	42	41	47	41	45

*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	90	110	99	101	103	106	108
Outlays .....	O	66	126	116	108	102	105	108

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Payments for trust accounting deficiencies:								
Appropriation, mandatory	808 BA				77			
Outlays	O				77			
Indian land consolidation pilot:								
Appropriation, discretionary	452 BA	5	9	11	11	11	12	12
Outlays	O	4	13	11	11	11	12	12
Tribal special fund:								
Appropriation, mandatory	452 BA	55	57	62	65	69	73	77
Outlays	O	7	57	62	65	69	73	77
<i>Trust funds</i>								
Tribal trust fund:								
Appropriation, mandatory	452 BA	15	25	27	28	30	31	33
Outlays	O	19	28	27	28	30	31	33
Cooperative fund (Papago):								
Outlays	452 O	31						
Miscellaneous trust funds:								
Outlays	452 O	3						
<hr/>								
Total Federal funds Office of Special Trustee for American Indians	BA	150	176	179	177	183	191	197
	O	77	196	196	184	182	190	197
<hr/>								
Total Trust funds Office of Special Trustee for American Indians	BA	15	25	27	28	30	31	33
	O	53	28	27	28	30	31	33

*National Indian Gaming Commission*

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Spending authority from offsetting collections, discretionary	806 BA	1	1	1	1	1	1	1
Outlays	O	2	1	1	1	1	1	1
<hr/>								
Salaries and expenses (gross)	BA	1	1	1	1	1	1	1
	O	2	1	1	1	1	1	1
<hr/>								
Total, offsetting collections (cash)		-1	-1	-1	-1	-1	-1	-1
<hr/>								
Total Salaries and expenses (net)	BA							
	O	1						

National Indian Gaming Commission, Gaming activity fees:

Appropriation, mandatory	806 BA	9	8	8	7	7	7	7
Outlays	O	8	8	10	7	7	7	7
<hr/>								
Total Federal funds National Indian Gaming Commission	BA	9	8	8	7	7	7	7
	O	9	8	10	7	7	7	7
<hr/>								
Total Federal funds Departmental Offices	BA	797	702	703	703	714	720	731
	O	691	795	723	729	757	762	750
<hr/>								
Total Trust funds Departmental Offices	BA	15	25	27	28	30	31	33
	O	53	28	27	28	30	31	33

**Summary**

Federal funds:								
(As shown in detail above)	BA	10,519	12,674	12,359	12,500	13,933	12,958	13,172
	O	10,134	11,870	12,012	12,355	13,767	12,824	13,082
<hr/>								
Deductions for offsetting receipts:								
Intrafund transactions	301 BA/O	-10	-11	-1	-6	-6	-7	-7
	303 BA/O	-33	-83	-36	-37	-38	-40	-41
	908 BA/O	-143	-181	-170	-182	-192	-188	-174



**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Proprietary receipts from the public	301 BA/O	-255	-311	-261	-260	-254	-274	-278
	302 BA/O	-1,616	-2,376	-2,180	-2,184	-2,202	-2,222	-2,203
					<sup>B 5</sup>	<sup>B 5</sup>	<sup>B 6</sup>	<sup>B 6</sup>
	303 BA/O	-259	-310	-295	-229	-231	-230	-231
					<sup>B -80</sup>	<sup>B -81</sup>	<sup>B -80</sup>	<sup>B -81</sup>
	306 BA/O		-1			-1		
	452 BA/O	-119	-142	-127	-131	-137	-141	-144
	806 BA/O	-1						
	908 BA/O	-16	-128	-10	-9	-9	-9	-9
Total Federal funds	BA	<b>8,067</b>	<b>9,131</b>	<b>9,279</b>	<b>9,387</b>	<b>10,787</b>	<b>9,773</b>	<b>10,010</b>
	O	7,682	8,327	8,932	9,242	10,621	9,639	9,920
Trust funds: (As shown in detail above)	BA	<b>370</b>	<b>369</b>	<b>422</b>	<b>449</b>	<b>460</b>	<b>481</b>	<b>495</b>
	O	390	404	388	416	478	461	479
Deductions for offsetting receipts:								
Proprietary receipts from the public	301 BA/O	-12						
	302 BA/O	-14	-14	-14	-14	-14	-14	-14
	303 BA/O	-1	-4	-4	-4	-4	-4	-4
	306 BA/O	-1	-1	-1				
	452 BA/O	-8	-9	-9	-10	-11	-11	-11
	908 BA/O	-7	-8	-8	-8	-9	-9	-10
Total Trust funds	BA	<b>327</b>	<b>333</b>	<b>386</b>	<b>413</b>	<b>422</b>	<b>443</b>	<b>456</b>
	O	347	368	352	380	440	423	440
Interfund transactions	452 BA/O		-8	-9	-9	-10	-11	-11
Total Department of the Interior	BA	<b>8,394</b>	<b>9,456</b>	<b>9,656</b>	<b>9,791</b>	<b>11,199</b>	<b>10,205</b>	<b>10,455</b>
	O	8,029	8,687	9,275	9,613	11,051	10,051	10,349

**DEPARTMENT OF JUSTICE**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>General Administration</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Salaries and expenses								
(Defense-related activities):								
(Appropriation, discretionary)	054 BA	27	34	27	28	28	29	29
(Outlays)	O	24	32	28	28	28	29	29
(Federal law enforcement activities):								
(Appropriation, discretionary)	751 BA	80	105	109	111	114	116	119
(Reappropriation, discretionary)	BA	1						
(Spending authority from offsetting collections, discretionary)	BA	140	140	147	147	147	147	147
(Outlays)	O	237	321	260	258	260	264	266
Salaries and expenses (gross)	BA	<b>248</b>	<b>279</b>	<b>283</b>	<b>286</b>	<b>289</b>	<b>292</b>	<b>295</b>
	O	261	353	288	286	288	293	295
(Change in uncollected customer payments from Federal sources)	BA		64					
Total, offsetting collections (cash)		-140	-204	-147	-147	-147	-147	-147
Total (Federal law enforcement activities) (net)	BA	<b>81</b>	<b>105</b>	<b>109</b>	<b>111</b>	<b>114</b>	<b>116</b>	<b>119</b>
	O	97	117	113	111	113	117	119
Total Salaries and expenses	BA	<b>108</b>	<b>139</b>	<b>136</b>	<b>139</b>	<b>142</b>	<b>145</b>	<b>148</b>
	O	121	149	141	139	141	146	148
Narrowband communications:								
Appropriation, discretionary	751 BA	104	205	105	107	110	112	115
Spending authority from offsetting collections, discretionary	BA	11						
Outlays	O	35	199	158	107	109	112	114
Narrowband communications (gross)	BA	<b>115</b>	<b>205</b>	<b>105</b>	<b>107</b>	<b>110</b>	<b>112</b>	<b>115</b>
	O	35	199	158	107	109	112	114

**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash) .....		-11						
Total Narrowband communications (net) .....	BA	<b>104</b>	<b>205</b>	<b>105</b>	<b>107</b>	<b>110</b>	<b>112</b>	<b>115</b>
	O	24	199	158	107	109	112	114
Counterterrorism fund:								
Appropriation, discretionary .....	751 BA	<b>10</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Outlays .....	O	8	24	18	12	12	12	5
Telecommunications carrier compliance fund								
(Defense-related activities):								
(Appropriation, discretionary) .....	054 BA	<b>8</b>	<b>101</b>					
(Outlays) .....	O	8	101					
(Federal law enforcement activities):								
(Appropriation, discretionary) .....	751 BA	<b>188</b>	<b>100</b>					
(Spending authority from offsetting collections, discretionary) .....	BA	<b>40</b>						
(Outlays) .....	O	68	246	62				
Telecommunications carrier compliance fund (gross) .....	BA	<b>236</b>	<b>201</b>					
	O	76	347	62				
Total, offsetting collections (cash) .....		-40						
Total (Federal law enforcement activities) (net) .....	BA	<b>188</b>	<b>100</b>					
	O	28	246	62				
Total Telecommunications carrier compliance fund .....	BA	<b>196</b>	<b>201</b>					
	O	36	347	62				
Administrative review and appeals:								
Appropriation, discretionary .....	751 BA	<b>148</b>	<b>161</b>	<b>178</b>	<b>182</b>	<b>186</b>	<b>190</b>	<b>194</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Outlays .....	O	141	170	180	183	187	190	195
Administrative review and appeals (gross) .....	BA	<b>149</b>	<b>162</b>	<b>179</b>	<b>183</b>	<b>187</b>	<b>191</b>	<b>195</b>
	O	141	170	180	183	187	190	195
Total, offsetting collections (cash) .....		-1	-1	-1	-1	-1	-1	-1
Total Administrative review and appeals (net) .....	BA	<b>148</b>	<b>161</b>	<b>178</b>	<b>182</b>	<b>186</b>	<b>190</b>	<b>194</b>
	O	140	169	179	182	186	189	194
Detention trustee:								
Appropriation, discretionary .....	753 BA		<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Outlays .....	O		1	2	2	2	2	2
Office of Inspector General:								
Appropriation, discretionary .....	751 BA	<b>40</b>	<b>41</b>	<b>45</b>	<b>46</b>	<b>47</b>	<b>48</b>	<b>49</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>15</b>	<b>15</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>
Outlays .....	O	57	55	60	62	63	64	65
Office of Inspector General (gross) .....	BA	<b>55</b>	<b>56</b>	<b>61</b>	<b>62</b>	<b>63</b>	<b>64</b>	<b>65</b>
	O	57	55	60	62	63	64	65
Total, offsetting collections (cash) .....		-15	-15	-16	-16	-16	-16	-16
Total Office of Inspector General (net) .....	BA	<b>40</b>	<b>41</b>	<b>45</b>	<b>46</b>	<b>47</b>	<b>48</b>	<b>49</b>
	O	42	40	44	46	47	48	49
<b>Intragovernmental Funds:</b>								
Working capital fund:								
Appropriation, discretionary .....	751 BA	<b>116</b>						
Spending authority from offsetting collections, mandatory .....	BA	<b>711</b>	<b>750</b>	<b>739</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>750</b>
Outlays .....	O	803	750	739	750	750	750	750
Working capital fund (gross) .....	BA	<b>827</b>	<b>750</b>	<b>739</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>750</b>
	O	803	750	739	750	750	750	750
Change in uncollected customer payments from Federal sources .....	BA	<b>-4</b>						

**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash) .....		-707	-750	-739	-750	-750	-750	-750
Total Working capital fund (net) .....	BA	116						
	O	96						
Total Federal funds General Administration .....	BA	722	753	471	481	492	502	513
	O	467	929	604	488	497	509	512

**United States Parole Commission**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:								
Appropriation, discretionary .....	751 BA	9	9	11	11	11	12	12
Outlays .....	O	8	8	10	12	12	12	12

**Legal Activities and U.S. Marshals**

*Federal funds*

**General and Special Funds:**

Salaries and expenses, General Legal Activities:								
Appropriation, discretionary .....	752 BA	508	535	567	580	593	606	619
Spending authority from offsetting collections, discretionary .....	BA	224	262	246	246	246	246	246
Outlays .....	O	721	783	798	823	837	850	863
Salaries and expenses, General Legal Activities (gross) .....	BA	732	797	813	826	839	852	865
	O	721	783	798	823	837	850	863
Total, offsetting collections (cash) .....		-224	-262	-246	-246	-246	-246	-246
Total Salaries and expenses, General Legal Activities (net) .....	BA	508	535	567	580	593	606	619
	O	497	521	552	577	591	604	617
Salaries and expenses, Antitrust Division:								
Spending authority from offsetting collections, discretionary .....	752 BA	104	121	141	115	126	138	150
Outlays .....	O	102	126	145	122	126	135	147
Salaries and expenses, Antitrust Division (gross) .....	BA	104	121	141	115	126	138	150
	O	102	126	145	122	126	135	147
Change in uncollected customer payments from Federal sources .....	BA	30						
Total, offsetting collections (cash) .....		-134	-160	-207	-207	-207	-207	-207
Total Salaries and expenses, Antitrust Division (net) .....	BA		-39	-66	-92	-81	-69	-57
	O		-32	-34	-62	-81	-72	-60
Salaries and expenses, United States Attorneys:								
Appropriation, discretionary .....	752 BA	1,175	1,263	1,346	1,376	1,407	1,438	1,470
Reappropriation, discretionary .....	BA	3						
Spending authority from offsetting collections, discretionary .....	BA	143	137	139	140	140	140	140
Outlays .....	O	1,301	1,418	1,453	1,518	1,542	1,574	1,606
Salaries and expenses, United States Attorneys (gross) .....	BA	1,321	1,400	1,485	1,516	1,547	1,578	1,610
	O	1,301	1,418	1,453	1,518	1,542	1,574	1,606
Change in uncollected customer payments from Federal sources .....	BA	-14	48					
Total, offsetting collections (cash) .....		-129	-185	-139	-140	-140	-140	-140
Total Salaries and expenses, United States Attorneys (net) .....	BA	1,178	1,263	1,346	1,376	1,407	1,438	1,470
	O	1,172	1,233	1,314	1,378	1,402	1,434	1,466
Salaries and expenses, Foreign Claims Settlement Commission:								
Appropriation, discretionary .....	153 BA	1	1	1	1	1	1	1
Reappropriation, discretionary .....	BA	1						
Outlays .....	O	1	1	1	1	1	1	1
Total Salaries and expenses, Foreign Claims Settlement Commission .....	BA	2	1	1	1	1	1	1
	O	1	1	1	1	1	1	1
Salaries and expenses, United States Marshals Service:								
Appropriation, discretionary .....	752 BA	532	574	620	634	648	662	677
Spending authority from offsetting collections, discretionary .....	BA	44	35	33	48	48	48	48

**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	564	647	658	680	694	709	723
Salaries and expenses, United States Marshals Service (gross) .....	BA	<b>576</b>	<b>609</b>	<b>653</b>	<b>682</b>	<b>696</b>	<b>710</b>	<b>725</b>
	O	564	647	658	680	694	709	723
Change in uncollected customer payments from Federal sources .....	BA	<b>-11</b>						
Total, offsetting collections (cash) .....		-32	-35	-33	-48	-48	-48	-48
Total Salaries and expenses, United States Marshals Service (net) .....	BA	<b>533</b>	<b>574</b>	<b>620</b>	<b>634</b>	<b>648</b>	<b>662</b>	<b>677</b>
	O	532	612	625	632	646	661	675
Construction:								
Appropriation, discretionary .....	751 BA	<b>6</b>	<b>18</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>8</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>3</b>						
Outlays .....	O	2	4	13	17	8	7	8
Construction (gross) .....	BA	<b>9</b>	<b>18</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>8</b>
	O	2	4	13	17	8	7	8
Total, offsetting collections (cash) .....		-3						
Total Construction (net) .....	BA	<b>6</b>	<b>18</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>8</b>
	O	-1	4	13	17	8	7	8
Federal prisoner detention:								
Appropriation, discretionary .....	752 BA	<b>533</b>	<b>596</b>	<b>725</b>	<b>741</b>	<b>758</b>	<b>775</b>	<b>792</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>21</b>	<b>58</b>	<b>39</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>
Outlays .....	O	523	501	700	739	771	791	808
Federal prisoner detention (gross) .....	BA	<b>554</b>	<b>654</b>	<b>764</b>	<b>766</b>	<b>783</b>	<b>800</b>	<b>817</b>
	O	523	501	700	739	771	791	808
Total, offsetting collections (cash) .....		-21	-58	-39	-25	-25	-25	-25
Total Federal prisoner detention (net) .....	BA	<b>533</b>	<b>596</b>	<b>725</b>	<b>741</b>	<b>758</b>	<b>775</b>	<b>792</b>
	O	502	443	661	714	746	766	783
Fees and expenses of witnesses:								
Appropriation, mandatory .....	752 BA	<b>95</b>	<b>126</b>	<b>156</b>	<b>159</b>	<b>162</b>	<b>165</b>	<b>168</b>
Outlays .....	O	103	148	173	158	161	165	168
Salaries and expenses, Community Relations Service:								
Appropriation, discretionary .....	752 BA	<b>7</b>	<b>8</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>10</b>
Outlays .....	O	7	7	9	9	9	9	9
Independent counsel:								
Appropriation, mandatory .....	752 BA	<b>34</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Outlays .....	O	25	15	10	10	10	10	10
United States trustee system fund:								
Spending authority from offsetting collections, discretionary .....	752 BA	<b>124</b>	<b>120</b>	<b>147</b>	<b>147</b>	<b>147</b>	<b>147</b>	<b>147</b>
Spending authority from offsetting collections, mandatory .....	BA		<b>6</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
Outlays .....	O	116	116	137	149	153	153	153
United States trustee system fund (gross) .....	BA	<b>124</b>	<b>126</b>	<b>154</b>	<b>154</b>	<b>154</b>	<b>154</b>	<b>154</b>
	O	116	116	137	149	153	153	153
Change in uncollected customer payments from Federal sources .....	BA	<b>1</b>	<b>7</b>					
Total, offsetting collections (cash) .....		-125	-133	-156	-156	-156	-156	-156
Total United States trustee system fund (net) .....	BA			<b>-2</b>	<b>-2</b>	<b>-2</b>	<b>-2</b>	<b>-2</b>
	O	-9	-17	-19	-7	-3	-3	-3
Assets forfeiture fund:								
Appropriation, discretionary .....	752 BA	<b>23</b>	<b>23</b>	<b>23</b>	<b>24</b>	<b>24</b>	<b>25</b>	<b>25</b>
Appropriation, mandatory .....	BA	<b>480</b>	<b>377</b>	<b>337</b>	<b>344</b>	<b>351</b>	<b>359</b>	<b>366</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Outlays .....	O	524	550	450	521	374	381	390
Assets forfeiture fund (gross) .....	BA	<b>507</b>	<b>403</b>	<b>363</b>	<b>371</b>	<b>378</b>	<b>387</b>	<b>394</b>
	O	524	550	450	521	374	381	390
Change in uncollected customer payments from Federal sources .....	BA	<b>-1</b>	<b>1</b>					

**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
Total, offsetting collections (cash) .....		-3	-4	-3	-3	-3	-3	-3
Total Assets forfeiture fund (net) .....	BA	503	400	360	368	375	384	391
	O	521	546	447	518	371	378	387
<b>Intragovernmental Funds:</b>								
Justice prisoner and alien transportation system, U.S. Marshals Service:								
Appropriation, discretionary .....	752 BA		14					
Spending authority from offsetting collections, discretionary .....	BA	72	83	88	78	78	78	78
Outlays .....	O	53	98	89	79	78	78	78
Justice prisoner and alien transportation system, U.S. Marshals Service (gross) .....	BA	72	97	88	78	78	78	78
	O	53	98	89	79	78	78	78
Total, offsetting collections (cash) .....		-72	-83	-88	-78	-78	-78	-78
Total Justice prisoner and alien transportation system, U.S. Marshals Service (net)	BA		14					
	O	-19	15	1	1			
Total Federal funds Legal Activities and U.S. Marshals .....	BA	3,399	3,506	3,733	3,791	3,887	3,987	4,087
	O	3,299	3,494	3,725	3,923	3,861	3,960	4,061

**Radiation Exposure Compensation**

*Federal funds*

**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	11	11	11	11	12	12
				<i>J-11</i>	<i>J-11</i>	<i>J-11</i>	<i>J-12</i>	<i>J-12</i>
Appropriation, mandatory .....	BA			<i>B 162</i>	<i>B 150</i>	<i>B 150</i>	<i>B 80</i>	<i>B 60</i>
Outlays .....	O	3	11	11	11	11	12	12
				<i>B 97</i>	<i>B 155</i>	<i>B 150</i>	<i>B 108</i>	<i>B 68</i>
				<i>J-11</i>	<i>J-11</i>	<i>J-11</i>	<i>J-12</i>	<i>J-12</i>
Total Payment to radiation exposure compensation trust fund .....	BA	3	11	162	150	150	80	60
	O	3	11	97	155	150	108	68

*Trust funds*

Radiation exposure compensation trust fund:								
Appropriation, discretionary .....	054 BA	3	11	11	11	11	12	12
				<i>J-11</i>	<i>J-11</i>	<i>J-11</i>	<i>J-12</i>	<i>J-12</i>
Outlays .....	O	12	7	11	12	11	12	12
				<i>J-7</i>	<i>J-11</i>	<i>J-11</i>	<i>J-12</i>	<i>J-12</i>
Total Radiation exposure compensation trust fund .....	BA	3	11					
	O	12	7	4	1			
Total Federal funds Radiation Exposure Compensation .....	BA	5	13	164	152	152	82	62
	O	5	13	99	157	152	110	70
Total Trust funds Radiation Exposure Compensation .....	BA	3	11					
	O	12	7	4	1			

**Interagency Law Enforcement**

*Federal funds*

**General and Special Funds:**

Interagency crime and drug enforcement:

Appropriation, discretionary .....	751 BA	317	325	338	346	353	361	369
Outlays .....	O	352	322	335	344	351	359	367

**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate						
			2001	2002	2003	2004	2005	2006	
<b>Federal Bureau of Investigation</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Salaries and expenses:									
(Defense-related activities):									
(Appropriation, discretionary) .....	054	BA	292	438	456	466	477	487	498
(Outlays) .....		O	229	380	428	459	472	483	495
(Federal law enforcement activities):									
(Appropriation, discretionary) .....	751	BA	2,715	2,796	3,050	3,118	3,188	3,259	3,331
(Reappropriation, discretionary) .....		BA	39						
(Spending authority from offsetting collections, discretionary) .....		BA	521	580	598	529	529	529	529
(Outlays) .....		O	3,350	3,254	3,411	3,610	3,705	3,762	3,833
Salaries and expenses (gross) .....		BA	3,567	3,814	4,104	4,113	4,194	4,275	4,358
		O	3,579	3,634	3,839	4,069	4,177	4,245	4,328
(Change in uncollected customer payments from Federal sources) .....		BA	-2	209					
(Adjustment to uncollected customer payments from Federal sources) .....		BA		-209					
Total, offsetting collections (cash) .....			-519	-580	-598	-529	-529	-529	-529
Total (Federal law enforcement activities) (net) .....		BA	2,754	2,796	3,050	3,118	3,188	3,259	3,331
		O	2,831	2,674	2,813	3,081	3,176	3,233	3,304
Total Salaries and expenses .....		BA	3,046	3,234	3,506	3,584	3,665	3,746	3,829
		O	3,060	3,054	3,241	3,540	3,648	3,716	3,799
Construction:									
Appropriation, discretionary .....	751	BA	1	17	1	1	1	1	1
Outlays .....		O	31	13	51	58	7	1	1
Total Federal funds Federal Bureau of Investigation .....		BA	3,047	3,251	3,507	3,585	3,666	3,747	3,830
		O	3,091	3,067	3,292	3,598	3,655	3,717	3,800
<b>Drug Enforcement Administration</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Salaries and expenses:									
Appropriation, discretionary .....	751	BA	1,256	1,376	1,481	1,514	1,548	1,582	1,618
Reappropriation, discretionary .....		BA	16						
Spending authority from offsetting collections, discretionary .....		BA	228	238	245	245	238	238	238
Outlays .....		O	1,469	1,641	1,636	1,790	1,774	1,809	1,843
Salaries and expenses (gross) .....		BA	1,500	1,614	1,726	1,759	1,786	1,820	1,856
		O	1,469	1,641	1,636	1,790	1,774	1,809	1,843
Change in uncollected customer payments from Federal sources .....		BA	-10	87					
Total, offsetting collections (cash) .....			-209	-325	-245	-245	-238	-238	-238
Total Salaries and expenses (net) .....		BA	1,281	1,376	1,481	1,514	1,548	1,582	1,618
		O	1,260	1,316	1,391	1,545	1,536	1,571	1,605
Construction:									
Appropriation, discretionary .....	751	BA	6						
Outlays .....		O	3	8	9				
Diversion control fee account:									
Appropriation, discretionary .....	751	BA	-35	-8					
Appropriation, mandatory .....		BA	60	92	67	92	95	99	102
Outlays .....		O	74	89	74	88	92	97	101
Total Diversion control fee account .....		BA	25	84	67	92	95	99	102
		O	74	89	74	88	92	97	101
Total Federal funds Drug Enforcement Administration .....		BA	1,312	1,460	1,548	1,606	1,643	1,681	1,720
		O	1,337	1,413	1,474	1,633	1,628	1,668	1,706

**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Immigration and Naturalization Service</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Salaries and expenses:								
Appropriation, discretionary .....	751 BA	2,877	3,121	3,388	3,457	3,533	3,634	3,715
Appropriation, mandatory .....	BA	1	13	16	16			
Reappropriation, discretionary .....	BA	16						
Spending authority from offsetting collections, discretionary .....	BA	1,309	1,803	2,039	1,614	1,614	1,614	1,614
Outlays .....	O	4,167	5,257	5,238	4,984	5,162	5,218	5,301
Salaries and expenses (gross) .....	BA	4,203	4,937	5,443	5,087	5,147	5,248	5,329
	O	4,167	5,257	5,238	4,984	5,162	5,218	5,301
Total, offsetting collections (cash) .....		-1,309	-1,803	-2,039	-1,614	-1,614	-1,614	-1,614
Total Salaries and expenses (net) .....	BA	2,894	3,134	3,404	3,473	3,533	3,634	3,715
	O	2,858	3,454	3,199	3,370	3,548	3,604	3,687
Construction:								
Appropriation, discretionary .....	751 BA	100	133	128	131	134	137	140
Outlays .....	O	63	116	166	124	130	133	135
Immigration emergency fund:								
Outlays .....	751 O	-1						
Immigration support:								
Appropriation, discretionary .....	751 BA			109	111	114	116	119
Appropriation, mandatory .....	BA	1,262	1,742	1,870	1,780	1,648	1,618	1,613
Outlays .....	O	1,243	1,742	1,946	1,891	1,761	1,734	1,731
Total Immigration support .....	BA	1,262	1,742	1,979	1,891	1,762	1,734	1,732
	O	1,243	1,742	1,946	1,891	1,761	1,734	1,731
Total Federal funds Immigration and Naturalization Service .....	BA	4,256	5,009	5,511	5,495	5,429	5,505	5,587
	O	4,163	5,312	5,311	5,385	5,439	5,471	5,553
<b>Federal Prison System</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Salaries and expenses:								
Appropriation, discretionary .....	753 BA	3,070	3,469	3,829	3,832	3,952	4,074	4,165
Reappropriation, discretionary .....	BA	40						
Spending authority from offsetting collections, discretionary .....	BA	28	39	40	24	25	26	27
Outlays .....	O	3,092	3,463	3,725	3,837	3,959	4,076	4,172
Salaries and expenses (gross) .....	BA	3,138	3,508	3,869	3,856	3,977	4,100	4,192
	O	3,092	3,463	3,725	3,837	3,959	4,076	4,172
Total, offsetting collections (cash) .....		-28	-39	-40	-24	-25	-26	-27
Total Salaries and expenses (net) .....	BA	3,110	3,469	3,829	3,832	3,952	4,074	4,165
	O	3,064	3,424	3,685	3,813	3,934	4,050	4,145
Buildings and facilities:								
Appropriation, discretionary .....	753 BA	557	834	833	852	871	890	910
Outlays .....	O	602	813	593	1,005	982	862	881
<b>Intragovernmental Funds:</b>								
Federal Prison Industries, Incorporated:								
Spending authority from offsetting collections, discretionary .....	753 BA	3	3	3	4	4	5	5
Spending authority from offsetting collections, mandatory .....	BA	549	605	639	726	761	798	837
Outlays .....	O	592	608	642	730	765	803	842
Federal Prison Industries, Incorporated (gross) .....	BA	552	608	642	730	765	803	842
	O	592	608	642	730	765	803	842
Total, offsetting collections (cash) .....		-552	-608	-642	-730	-765	-803	-842
Total Federal Prison Industries, Incorporated (net) .....	BA							
	O	40						

**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<i>Trust funds</i>								
Commissary funds, Federal prisons (trust revolving fund):								
Spending authority from offsetting collections, mandatory	753 BA	215	221	227	220	225	229	234
Outlays	O	216	221	227	220	224	229	234
Commissary funds, Federal prisons (trust revolving fund) (gross)	BA	215	221	227	220	225	229	234
	O	216	221	227	220	224	229	234
Total, offsetting collections (cash)		-215	-221	-227	-220	-225	-229	-234
Total Commissary funds, Federal prisons (trust revolving fund) (net)	BA	1				-1		
	O							
Total Federal funds Federal Prison System	BA	3,667	4,303	4,662	4,684	4,823	4,964	5,075
	O	3,706	4,237	4,278	4,818	4,916	4,912	5,026
Total Trust funds Federal Prison System	BA	1				-1		
	O							
<b>Office of Justice Programs</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Justice assistance:								
Appropriation, discretionary	754 BA	316	424	415	424	434	443	453
Spending authority from offsetting collections, discretionary	BA	286	495	485	85	85	85	85
Outlays	O	376	737	995	722	542	517	527
Justice assistance (gross)	BA	602	919	900	509	519	528	538
	O	376	737	995	722	542	517	527
Change in uncollected customer payments from Federal sources	BA	58	22					
Total, offsetting collections (cash)		-344	-517	-485	-85	-85	-85	-85
Total Justice assistance (net)	BA	316	424	415	424	434	443	453
	O	32	220	510	637	457	432	442
State and local law enforcement assistance:								
Appropriation, discretionary	754 BA	1,577	2,852	2,018	2,063	2,109	2,156	2,204
Spending authority from offsetting collections, discretionary	BA	28	44	33	33	33	33	33
Outlays	O	557	1,887	3,388	4,027	2,384	2,131	2,179
State and local law enforcement assistance (gross)	BA	1,605	2,896	2,051	2,096	2,142	2,189	2,237
	O	557	1,887	3,388	4,027	2,384	2,131	2,179
Total, offsetting collections (cash)		-28	-44	-33	-33	-33	-33	-33
Total State and local law enforcement assistance (net)	BA	1,577	2,852	2,018	2,063	2,109	2,156	2,204
	O	529	1,843	3,355	3,994	2,351	2,098	2,146
Violent crime reduction programs, State and local law enforcement assistance:								
Appropriation, discretionary	754 BA	1,184						
Spending authority from offsetting collections, discretionary	BA	36						
Outlays	O	2,087						
Violent crime reduction programs, State and local law enforcement assistance (gross)	BA	1,220						
	O	2,087						
Total, offsetting collections (cash)		-36						
Total Violent crime reduction programs, State and local law enforcement assistance (net)	BA	1,184						
	O	2,051						
Weed and seed program fund:								
Appropriation, discretionary	751 BA	34	34	59	60	62	63	64
Spending authority from offsetting collections, discretionary	BA	7	7					
Outlays	O	42	28	51	70	62	61	63
Weed and seed program fund (gross)	BA	41	41	59	60	62	63	64
	O	42	28	51	70	62	61	63



**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
Change in uncollected customer payments from Federal sources .....	BA	1						
Total, offsetting collections (cash) .....		-8	-7					
<b>Total Weed and seed program fund (net) .....</b>	<b>BA</b>	<b>34</b>	<b>34</b>	<b>59</b>	<b>60</b>	<b>62</b>	<b>63</b>	<b>64</b>
	<b>O</b>	34	21	51	70	62	61	63
<b>Community oriented policing services:</b>								
Appropriation, discretionary .....	754 BA	595	1,037	855	870	889	909	930
Outlays .....	O	1,390	1,210	926	1,247	1,198	881	885
<b>Juvenile justice programs:</b>								
Appropriation, discretionary .....	754 BA	280	292	291	297	304	311	318
Spending authority from offsetting collections, discretionary .....	BA	38	35	35	35	35	35	35
Outlays .....	O	255	232	440	524	361	337	344
<b>Juvenile justice programs (gross) .....</b>	<b>BA</b>	<b>318</b>	<b>327</b>	<b>326</b>	<b>332</b>	<b>339</b>	<b>346</b>	<b>353</b>
	<b>O</b>	255	232	440	524	361	337	344
Change in uncollected customer payments from Federal sources .....	BA	6						
Total, offsetting collections (cash) .....		-44	-35	-35	-35	-35	-35	-35
<b>Total Juvenile justice programs (net) .....</b>	<b>BA</b>	<b>280</b>	<b>292</b>	<b>291</b>	<b>297</b>	<b>304</b>	<b>311</b>	<b>318</b>
	<b>O</b>	211	197	405	489	326	302	309
<b>Public safety officers' benefits:</b>								
Appropriation, discretionary .....	754 BA		2	2	2	2	2	2
Appropriation, mandatory .....	BA	33	33	33	34	35	35	36
Outlays .....	O	29	40	36	36	37	37	38
<b>Public safety officers' benefits (gross) .....</b>	<b>BA</b>	<b>33</b>	<b>35</b>	<b>35</b>	<b>36</b>	<b>37</b>	<b>37</b>	<b>38</b>
	<b>O</b>	29	40	36	36	37	37	38
Change in uncollected customer payments from Federal sources .....	BA	1						
Total, offsetting collections (cash) .....		-1						
<b>Total Public safety officers' benefits (net) .....</b>	<b>BA</b>	<b>33</b>	<b>35</b>	<b>35</b>	<b>36</b>	<b>37</b>	<b>37</b>	<b>38</b>
	<b>O</b>	28	40	36	36	37	37	38
<b>Crime victims fund:</b>								
Appropriation, discretionary .....	754 BA			-1,008	708	300		
Appropriation, mandatory .....	BA	-523	517	1,583	400	400	400	400
Spending authority from offsetting collections, discretionary .....	BA	2						
Outlays .....	O	394	666	498	850	810	561	430
<b>Crime victims fund (gross) .....</b>	<b>BA</b>	<b>-521</b>	<b>517</b>	<b>575</b>	<b>1,108</b>	<b>700</b>	<b>400</b>	<b>400</b>
	<b>O</b>	394	666	498	850	810	561	430
Change in uncollected customer payments from Federal sources .....	BA		1					
Total, offsetting collections (cash) .....		-2	-1					
<b>Total Crime victims fund (net) .....</b>	<b>BA</b>	<b>-523</b>	<b>517</b>	<b>575</b>	<b>1,108</b>	<b>700</b>	<b>400</b>	<b>400</b>
	<b>O</b>	392	665	498	850	810	561	430
<b>Total Federal funds Office of Justice Programs .....</b>	<b>BA</b>	<b>3,496</b>	<b>5,191</b>	<b>4,248</b>	<b>4,858</b>	<b>4,535</b>	<b>4,319</b>	<b>4,407</b>
	<b>O</b>	4,667	4,196	5,781	7,323	5,241	4,372	4,313
<b>Summary</b>								
<b>Federal funds:</b>								
(As shown in detail above) .....	BA	20,230	23,820	24,193	25,009	24,991	25,160	25,662
	O	21,095	22,991	24,909	27,681	25,752	25,090	25,420
<b>Deductions for offsetting receipts:</b>								
Intrafund transactions .....	908 BA/O	-68	-36	-37	-37	-37	-37	-37
Offsetting governmental receipts .....	751 BA/O	-1,483	-2,262	-2,349	-2,285	-1,795	-1,790	-1,785
<b>Total Federal funds .....</b>	<b>BA</b>	<b>18,679</b>	<b>21,522</b>	<b>21,807</b>	<b>22,687</b>	<b>23,159</b>	<b>23,333</b>	<b>23,840</b>
	<b>O</b>	19,544	20,693	22,523	25,359	23,920	23,263	23,598
<b>Trust funds:</b>								
(As shown in detail above) .....	BA	3	11					
	O	13	7	4	1	-1		

**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Interfund transactions	054 BA/O	-3	-11	-11	-11	-12	-12	-12
				11	11	12	12	12
Total Department of Justice	BA	18,679	21,522	21,807	22,687	23,159	23,333	23,840
	O	19,554	20,689	22,527	25,360	23,919	23,263	23,598

**DEPARTMENT OF LABOR**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006

**Employment and Training Administration**  
*Federal funds*

**General and Special Funds:**

Training and employment services:

Appropriation, discretionary	504 BA	2,990	3,207	5,129	5,485	5,607	5,732	5,860
Appropriation, mandatory	BA	76	180	213	213			
Advance appropriation, discretionary	BA		2,463					
Advance appropriation, mandatory	BA			2,463				
Spending authority from offsetting collections, discretionary	BA	2	4	4	4	4	4	4
Outlays	O	4,284	5,270	6,363	6,136	5,671	5,684	5,745
Training and employment services (gross)	BA	3,068	5,854	7,809	5,702	5,611	5,736	5,864
	O	4,284	5,270	6,363	6,136	5,671	5,684	5,745
Total, offsetting collections (cash)		-2	-4	-4	-4	-4	-4	-4
Total Training and employment services (net)	BA	3,066	5,850	7,805	5,698	5,607	5,732	5,860
	O	4,282	5,266	6,359	6,132	5,667	5,680	5,741

Welfare to work jobs:

Appropriation, mandatory	504 BA	-137	-50					
Outlays	O	527	850	690	275	85		

Community service employment for older Americans:

Appropriation, discretionary	504 BA	440	440	440	450	460	470	481
Outlays	O	400	477	440	441	451	461	471

Federal unemployment benefits and allowances

(Training and employment):

(Appropriation, mandatory)	504 BA	132	132					
				132	132	132	132	132
(Outlays)	O	133	141	96	26			
				40	106	132	132	132
Total (Training and employment)	BA	132	132	132	132	132	132	132
	O	133	141	136	132	132	132	132

(Unemployment compensation):

(Appropriation, mandatory)	603 BA	283	275	11				
				273	280	294	306	320
(Spending authority from offsetting collections, mandatory)	BA	18	40	40	40	40	40	40
(Outlays)	O	289	315	51	40	40	40	40
				273	280	294	306	320

Federal unemployment benefits and allowances (gross)	BA	433	447	456	452	466	478	492
	O	422	456	460	452	466	478	492

Total, offsetting collections (cash)		-18	-40	-40	-40	-40	-40	-40
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Total (Unemployment compensation) (net)	BA	283	275	284	280	294	306	320
	O	271	275	284	280	294	306	320

Total Federal unemployment benefits and allowances	BA	415	407	416	412	426	438	452
	O	404	416	420	412	426	438	452

State unemployment insurance and employment service operations

(Training and employment):

(Appropriation, discretionary)	504 BA	163	193	177	181	185	189	193
(Spending authority from offsetting collections, discretionary)	BA	803	800	823	790	842	882	912

**DEPARTMENT OF LABOR—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
(Outlays) .....	O	1,028	965	998	972	1,023	1,065	1,098
State unemployment insurance and employment service operations (gross) .....	BA	<b>966</b>	<b>993</b>	<b>1,000</b>	<b>971</b>	<b>1,027</b>	<b>1,071</b>	<b>1,105</b>
	O	1,028	965	998	972	1,023	1,065	1,098
(Change in uncollected customer payments from Federal sources) .....	BA	<b>92</b>						
(Adjustment to uncollected customer payments from Federal sources) .....	BA	<b>-92</b>						
Total, offsetting collections (cash) .....		-803	-800	-823	-790	-842	-882	-912
Total (Training and employment) (net) .....	BA	<b>163</b>	<b>193</b>	<b>177</b>	<b>181</b>	<b>185</b>	<b>189</b>	<b>193</b>
	O	225	165	175	182	181	183	186
(Unemployment compensation):								
(Spending authority from offsetting collections, discretionary) .....	603 BA	<b>2,272</b>	<b>2,374</b>	<b>2,424</b>	<b>2,420</b>	<b>2,483</b>	<b>2,547</b>	<b>2,613</b>
(Outlays) .....	O	2,272	2,374	2,424	2,420	2,483	2,547	2,613
State unemployment insurance and employment service operations (gross) .....	BA	<b>2,435</b>	<b>2,567</b>	<b>2,601</b>	<b>2,601</b>	<b>2,668</b>	<b>2,736</b>	<b>2,806</b>
	O	2,497	2,539	2,599	2,602	2,664	2,730	2,799
Total, offsetting collections (cash) .....		-2,272	-2,374	-2,424	-2,420	-2,483	-2,547	-2,613
Total (Unemployment compensation) (net) .....	BA							
	O							
Total State unemployment insurance and employment service operations .....	BA	<b>163</b>	<b>193</b>	<b>177</b>	<b>181</b>	<b>185</b>	<b>189</b>	<b>193</b>
	O	225	165	175	182	181	183	186
Program administration:								
Appropriation, discretionary .....	504 BA	<b>101</b>	<b>110</b>	<b>113</b>	<b>116</b>	<b>118</b>	<b>120</b>	<b>123</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>45</b>	<b>49</b>	<b>49</b>	<b>50</b>	<b>52</b>	<b>54</b>	<b>55</b>
Outlays .....	O	146	167	162	165	170	175	178
Program administration (gross) .....	BA	<b>146</b>	<b>159</b>	<b>162</b>	<b>166</b>	<b>170</b>	<b>174</b>	<b>178</b>
	O	146	167	162	165	170	175	178
Total, offsetting collections (cash) .....		-45	-49	-49	-50	-52	-54	-55
Total Program administration (net) .....	BA	<b>101</b>	<b>110</b>	<b>113</b>	<b>116</b>	<b>118</b>	<b>120</b>	<b>123</b>
	O	101	118	113	115	118	121	123
<i>Trust funds</i>								
Unemployment trust fund								
(Training and employment):								
(Appropriation, discretionary) .....	504 BA	<b>1,089</b>	<b>1,126</b>	<b>1,128</b>	<b>1,154</b>	<b>1,178</b>	<b>1,205</b>	<b>1,233</b>
(Outlays) .....	O	1,089	1,102	1,128	1,139	1,164	1,190	1,217
(Unemployment compensation):								
(Appropriation, discretionary) .....	603 BA	<b>2,270</b>	<b>2,369</b>	<b>2,419</b>	<b>2,473</b>	<b>2,528</b>	<b>2,584</b>	<b>2,642</b>
(Appropriation, mandatory) .....	BA	<b>20,790</b>	<b>25,544</b>	<b>28,443</b>	<b>29,136</b>	<b>30,941</b>	<b>32,590</b>	<b>34,375</b>
(Outlays) .....	O	23,060	27,913	30,862	31,609	33,469	35,174	37,017
Total (Unemployment compensation) .....	BA	<b>23,060</b>	<b>27,913</b>	<b>30,862</b>	<b>31,609</b>	<b>33,469</b>	<b>35,174</b>	<b>37,017</b>
	O	23,060	27,913	30,862	31,609	33,469	35,174	37,017
Total Unemployment trust fund .....	BA	<b>24,149</b>	<b>29,039</b>	<b>31,990</b>	<b>32,763</b>	<b>34,647</b>	<b>36,379</b>	<b>38,250</b>
	O	24,149	29,015	31,990	32,748	34,633	36,364	38,234
Total Federal funds Employment and Training Administration .....	BA	<b>4,048</b>	<b>6,950</b>	<b>8,951</b>	<b>6,857</b>	<b>6,796</b>	<b>6,949</b>	<b>7,109</b>
	O	5,939	7,292	8,197	7,557	6,928	6,883	6,973
Total Trust funds Employment and Training Administration .....	BA	<b>24,149</b>	<b>29,039</b>	<b>31,990</b>	<b>32,763</b>	<b>34,647</b>	<b>36,379</b>	<b>38,250</b>
	O	24,149	29,015	31,990	32,748	34,633	36,364	38,234
<b>Pension and welfare benefit administration</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Salaries and expenses:								
Appropriation, discretionary .....	601 BA	<b>99</b>	<b>108</b>	<b>108</b>	<b>110</b>	<b>113</b>	<b>115</b>	<b>118</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>7</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Outlays .....	O	99	116	118	120	122	125	127
Salaries and expenses (gross) .....	BA	<b>106</b>	<b>118</b>	<b>118</b>	<b>120</b>	<b>123</b>	<b>125</b>	<b>128</b>
	O	99	116	118	120	122	125	127

**DEPARTMENT OF LABOR—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash) .....		-7	-10	-10	-10	-10	-10	-10
Total Salaries and expenses (net) .....	BA	<b>99</b>	<b>108</b>	<b>108</b>	<b>110</b>	<b>113</b>	<b>115</b>	<b>118</b>
	O	92	106	108	110	112	115	117
<b>Pension Benefit Guaranty Corporation</b>								
<i>Federal funds</i>								
<b>Public Enterprise Funds:</b>								
Pension benefit guaranty corporation fund:								
Spending authority from offsetting collections, discretionary .....	601 BA	11	12	12	12	12	12	12
Spending authority from offsetting collections, mandatory .....	BA	2,499	2,524	2,891	2,930	3,098	3,244	3,399
Outlays .....	O	1,365	1,336	1,299	1,437	1,442	1,548	1,690
Pension benefit guaranty corporation fund (gross) .....	BA	<b>2,510</b>	<b>2,536</b>	<b>2,903</b>	<b>2,942</b>	<b>3,110</b>	<b>3,256</b>	<b>3,411</b>
	O	1,365	1,336	1,299	1,437	1,442	1,548	1,690
Total, offsetting collections (cash) .....		-2,510	-2,536	-2,903	-2,943	-3,111	-3,257	-3,413
Total Pension benefit guaranty corporation fund (net) .....	BA				-1	-1	-1	-2
	O	-1,145	-1,200	-1,604	-1,506	-1,669	-1,709	-1,723
<b>Employment Standards Administration</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Salaries and expenses:								
Appropriation, discretionary .....	505 BA	337	361	282	288	295	301	308
Appropriation, mandatory .....	BA	8	13	16	16			
Spending authority from offsetting collections, discretionary .....	BA	35	38	119	120	123	127	130
Outlays .....	O	370	413	413	424	417	428	437
Salaries and expenses (gross) .....	BA	<b>380</b>	<b>412</b>	<b>417</b>	<b>424</b>	<b>418</b>	<b>428</b>	<b>438</b>
	O	370	413	413	424	417	428	437
Total, offsetting collections (cash) .....		-35	-38	-39	-40	-41	-42	-43
Total Salaries and expenses (net) .....	BA	<b>345</b>	<b>374</b>	<b>378</b>	<b>384</b>	<b>377</b>	<b>386</b>	<b>395</b>
	O	335	375	374	384	376	386	394
Special benefits								
(General retirement and disability insurance (excluding social se):								
(Appropriation, mandatory) .....	601 BA	4	3	3	3	3	3	3
(Outlays) .....	O	4	3	3	3	3	3	3
(Federal employee retirement and disability):								
(Appropriation, mandatory) .....	602 BA	75	53	118	144	150	160	175
(Spending authority from offsetting collections, mandatory) .....	BA	2,034	2,045	2,082	2,097	2,159	2,210	2,261
(Outlays) .....	O	2,055	2,175	2,222	2,272	2,326	2,381	2,442
Special benefits (gross) .....	BA	<b>2,113</b>	<b>2,101</b>	<b>2,203</b>	<b>2,244</b>	<b>2,312</b>	<b>2,373</b>	<b>2,439</b>
	O	2,059	2,178	2,225	2,275	2,329	2,384	2,445
Total, offsetting collections (cash) .....		-2,034	-2,045	-2,162	-2,177	-2,241	-2,295	-2,348
Total (Federal employee retirement and disability) (net) .....	BA	<b>75</b>	<b>53</b>	<b>38</b>	<b>64</b>	<b>68</b>	<b>75</b>	<b>88</b>
	O	21	130	60	95	85	86	94
Total Special benefits .....	BA	<b>79</b>	<b>56</b>	<b>41</b>	<b>67</b>	<b>71</b>	<b>78</b>	<b>91</b>
	O	25	133	63	98	88	89	97
Energy employees occupational illness compensation fund:								
Appropriation, mandatory .....	053 BA		358	597	477	253	222	149
Outlays .....	O		358	597	477	253	222	149
Administrative expenses, Energy employees occupational illness compensation fund:								
Appropriation, mandatory .....	053 BA		50	136	100	55	50	33
Outlays .....	O		15	120	114	71	54	38
Panama Canal Commission compensation fund:								
Appropriation, mandatory .....	602 BA	5	7	7	7	6	5	5
Outlays .....	O	6	7	7	7	6	5	5
<i>Trust funds</i>								
Black lung disability trust fund:								
Appropriation, mandatory .....	601 BA	518	557	572	585	598	611	620

**DEPARTMENT OF LABOR—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Authority to borrow, mandatory .....	BA	490	471	464	466	468	469	474
Outlays .....	O	1,008	1,028	1,036	1,051	1,066	1,080	1,094
<b>Total Black lung disability trust fund .....</b>	<b>BA</b>	<b>1,008</b>	<b>1,028</b>	<b>1,036</b>	<b>1,051</b>	<b>1,066</b>	<b>1,080</b>	<b>1,094</b>
	O	1,008	1,028	1,036	1,051	1,066	1,080	1,094
Special workers' compensation expenses:								
Appropriation, discretionary .....	601 BA	2	2	2	2	2	2	2
Appropriation, mandatory .....	BA	147	151	149	154	154	154	154
Outlays .....	O	143	148	148	151	152	151	151
<b>Total Special workers' compensation expenses .....</b>	<b>BA</b>	<b>149</b>	<b>153</b>	<b>151</b>	<b>156</b>	<b>156</b>	<b>156</b>	<b>156</b>
	O	143	148	148	151	152	151	151
<b>Total Federal funds Employment Standards Administration .....</b>	<b>BA</b>	<b>429</b>	<b>845</b>	<b>1,159</b>	<b>1,035</b>	<b>762</b>	<b>741</b>	<b>673</b>
	O	366	888	1,161	1,080	794	756	683
<b>Total Trust funds Employment Standards Administration .....</b>	<b>BA</b>	<b>1,157</b>	<b>1,181</b>	<b>1,187</b>	<b>1,207</b>	<b>1,222</b>	<b>1,236</b>	<b>1,250</b>
	O	1,151	1,176	1,184	1,202	1,218	1,231	1,245

**Occupational Safety and Health Administration**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, discretionary .....	554 BA	381	425	426	435	445	455	465
Spending authority from offsetting collections, discretionary .....	BA	3	4	4	4	4	4	4
Outlays .....	O	370	421	429	438	447	457	468
<b>Salaries and expenses (gross) .....</b>	<b>BA</b>	<b>384</b>	<b>429</b>	<b>430</b>	<b>439</b>	<b>449</b>	<b>459</b>	<b>469</b>
	O	370	421	429	438	447	457	468
<b>Total, offsetting collections (cash) .....</b>		<b>-3</b>	<b>-4</b>	<b>-4</b>	<b>-4</b>	<b>-4</b>	<b>-4</b>	<b>-4</b>
<b>Total Salaries and expenses (net) .....</b>	<b>BA</b>	<b>381</b>	<b>425</b>	<b>426</b>	<b>435</b>	<b>445</b>	<b>455</b>	<b>465</b>
	O	367	417	425	434	443	453	464

**Mine Safety and Health Administration**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, discretionary .....	554 BA	228	246	246	251	257	263	269
Spending authority from offsetting collections, discretionary .....	BA	.....	2	2	2	2	2	2
Outlays .....	O	225	246	248	253	259	264	271
<b>Salaries and expenses (gross) .....</b>	<b>BA</b>	<b>228</b>	<b>248</b>	<b>248</b>	<b>253</b>	<b>259</b>	<b>265</b>	<b>271</b>
	O	225	246	248	253	259	264	271
<b>Total, offsetting collections (cash) .....</b>		<b>.....</b>	<b>-2</b>	<b>-2</b>	<b>-2</b>	<b>-2</b>	<b>-2</b>	<b>-2</b>
<b>Total Salaries and expenses (net) .....</b>	<b>BA</b>	<b>228</b>	<b>246</b>	<b>246</b>	<b>251</b>	<b>257</b>	<b>263</b>	<b>269</b>
	O	225	244	246	251	257	262	269

**Bureau of Labor Statistics**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, discretionary .....	505 BA	358	384	407	416	425	435	445
Spending authority from offsetting collections, discretionary .....	BA	72	79	81	81	83	85	87
Outlays .....	O	426	442	469	495	506	518	529
<b>Salaries and expenses (gross) .....</b>	<b>BA</b>	<b>430</b>	<b>463</b>	<b>488</b>	<b>497</b>	<b>508</b>	<b>520</b>	<b>532</b>
	O	426	442	469	495	506	518	529
<b>Total, offsetting collections (cash) .....</b>		<b>-72</b>	<b>-79</b>	<b>-81</b>	<b>-81</b>	<b>-83</b>	<b>-85</b>	<b>-87</b>
<b>Total Salaries and expenses (net) .....</b>	<b>BA</b>	<b>358</b>	<b>384</b>	<b>407</b>	<b>416</b>	<b>425</b>	<b>435</b>	<b>445</b>
	O	354	363	388	414	423	433	442

**DEPARTMENT OF LABOR—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Departmental Management</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Salaries and expenses:								
Appropriation, discretionary .....	505 BA	237	358	329	336	344	352	359
Spending authority from offsetting collections, discretionary .....	BA	35	36	37	35	37	38	39
Outlays .....	O	246	356	369	370	379	387	396
Salaries and expenses (gross) .....	BA	272	394	366	371	381	390	398
	O	246	356	369	370	379	387	396
Total, offsetting collections (cash) .....		-35	-36	-37	-35	-36	-37	-38
Total Salaries and expenses (net) .....	BA	237	358	329	336	345	353	360
	O	211	320	332	335	343	350	358
Office of Disability Employment Policy:								
Appropriation, discretionary .....	505 BA	7	23	43	44	45	46	47
Outlays .....	O	4	18	38	43	45	46	47
Office of the Inspector General:								
Appropriation, discretionary .....	505 BA	48	50	52	53	54	56	57
Spending authority from offsetting collections, discretionary .....	BA	8	17	17	18	18	19	19
Outlays .....	O	52	67	69	71	73	75	76
Office of the Inspector General (gross) .....	BA	56	67	69	71	72	75	76
	O	52	67	69	71	73	75	76
Total, offsetting collections (cash) .....		-8	-17	-17	-18	-18	-19	-19
Total Office of the Inspector General (net) .....	BA	48	50	52	53	54	56	57
	O	44	50	52	53	55	56	57
Veterans employment and training:								
Appropriation, discretionary .....	702 BA		25	25	25	26	26	28
Spending authority from offsetting collections, discretionary .....	BA	184	187	187	192	196	202	207
Outlays .....	O	183	189	204	217	221	228	233
Veterans employment and training (gross) .....	BA	184	212	212	217	222	228	235
	O	183	189	204	217	221	228	233
Total, offsetting collections (cash) .....		-184	-187	-187	-192	-196	-202	-207
Total Veterans employment and training (net) .....	BA		25	25	25	26	26	28
	O	-1	2	17	25	25	26	26
<b>Intragovernmental Funds:</b>								
Working capital fund:								
Spending authority from offsetting collections, discretionary .....	505 BA	125	132	140	132	135	138	141
Outlays .....	O	129	138	142	134	136	138	140
Working capital fund (gross) .....	BA	125	132	140	132	135	138	141
	O	129	138	142	134	136	138	140
Total, offsetting collections (cash) .....		-125	-132	-140	-132	-135	-138	-141
Total Working capital fund (net) .....	BA							
	O	4	6	2	2	1		-1
Total Federal funds Departmental Management .....	BA	292	456	449	458	470	481	492
	O	262	396	441	458	469	478	487
<b>Summary</b>								
Federal funds:								
(As shown in detail above) .....	BA	5,835	9,414	11,746	9,561	9,267	9,438	9,569
	O	6,460	8,506	9,362	8,798	7,757	7,671	7,712
Deductions for offsetting receipts:								
Intrafund transactions .....	908 BA/O	-5	-7	-7	-7	-6	-5	-5
Total Federal funds .....	BA	5,830	9,407	11,739	9,554	9,261	9,433	9,564
	O	6,455	8,499	9,355	8,791	7,751	7,666	7,707

**DEPARTMENT OF LABOR—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Trust funds:								
(As shown in detail above) .....	BA	<b>25,306</b>	<b>30,220</b>	<b>33,177</b>	<b>33,970</b>	<b>35,869</b>	<b>37,615</b>	<b>39,500</b>
	O	25,300	30,191	33,174	33,950	35,851	37,595	39,479
Deductions for offsetting receipts:								
Proprietary receipts from the public .....	908 BA/O	-3	-4	-4	-4	-4	-4	-4
Total Trust funds .....	BA	<b>25,303</b>	<b>30,216</b>	<b>33,173</b>	<b>33,966</b>	<b>35,865</b>	<b>37,611</b>	<b>39,496</b>
	O	25,297	30,187	33,170	33,946	35,847	37,591	39,475
Interfund transactions .....	603 BA/O	-397	-466	-483	-478	-478	-482	-495
Total Department of Labor .....	BA	<b>30,736</b>	<b>39,157</b>	<b>44,429</b>	<b>43,042</b>	<b>44,648</b>	<b>46,562</b>	<b>48,565</b>
	O	31,355	38,220	42,042	42,259	43,120	44,775	46,687

**DEPARTMENT OF STATE**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006

**Administration of Foreign Affairs**

*Federal funds*

**General and Special Funds:**

Diplomatic and consular programs:								
Appropriation, discretionary .....	153 BA	<b>2,826</b>	<b>3,166</b>	<b>3,705</b>	<b>3,788</b>	<b>3,872</b>	<b>3,958</b>	<b>4,047</b>
Reappropriation, discretionary .....	BA	<b>137</b>						
Spending authority from offsetting collections, discretionary .....	BA	<b>1,049</b>	<b>1,080</b>	<b>1,110</b>	<b>1,078</b>	<b>1,078</b>	<b>1,078</b>	<b>1,078</b>
Outlays .....	O	3,556	4,269	5,115	5,015	4,985	5,012	5,100
Diplomatic and consular programs (gross) .....	BA	<b>4,012</b>	<b>4,246</b>	<b>4,815</b>	<b>4,866</b>	<b>4,950</b>	<b>5,036</b>	<b>5,125</b>
	O	3,556	4,269	5,115	5,015	4,985	5,012	5,100
Change in uncollected customer payments from Federal sources .....	BA	<b>-211</b>						
Total, offsetting collections (cash) .....		-849	-1,074	-1,105	-1,086	-1,086	-1,086	-1,086
Total Diplomatic and consular programs (net) .....	BA	<b>2,952</b>	<b>3,172</b>	<b>3,710</b>	<b>3,780</b>	<b>3,864</b>	<b>3,950</b>	<b>4,039</b>
	O	2,707	3,195	4,010	3,929	3,899	3,926	4,014
International information programs:								
Outlays .....	154 O	59	26	5				
Arms control and disarmament activities:								
Outlays .....	153 O	8	3					
Capital investment fund:								
Appropriation, discretionary .....	153 BA	<b>81</b>	<b>97</b>	<b>210</b>	<b>215</b>	<b>219</b>	<b>224</b>	<b>229</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>16</b>						
Outlays .....	O	98	128	180	199	216	221	226
Capital investment fund (gross) .....	BA	<b>97</b>	<b>97</b>	<b>210</b>	<b>215</b>	<b>219</b>	<b>224</b>	<b>229</b>
	O	98	128	180	199	216	221	226
Change in uncollected customer payments from Federal sources .....	BA	<b>-16</b>	<b>16</b>					
Total, offsetting collections (cash) .....			-16					
Total Capital investment fund (net) .....	BA	<b>81</b>	<b>97</b>	<b>210</b>	<b>215</b>	<b>219</b>	<b>224</b>	<b>229</b>
	O	98	112	180	199	216	221	226
Technology fund:								
Outlays .....	154 O	3						
Office of the Inspector General:								
Appropriation, discretionary .....	153 BA	<b>27</b>	<b>28</b>	<b>29</b>	<b>30</b>	<b>30</b>	<b>31</b>	<b>32</b>
Outlays .....	O	26	27	28	30	30	31	31
Office of the Inspector General (gross) .....	BA	<b>27</b>	<b>28</b>	<b>29</b>	<b>30</b>	<b>30</b>	<b>31</b>	<b>32</b>
	O	26	27	28	30	30	31	31
Change in uncollected customer payments from Federal sources .....	BA	<b>1</b>						

**DEPARTMENT OF STATE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Adjustment to uncollected customer payments from Federal sources .....	BA	-1						
Total Office of the Inspector General (net) .....	BA	27	28	29	30	30	31	32
	O	26	27	28	30	30	31	31
Educational and cultural exchange programs:								
Appropriation, discretionary .....	154 BA	306	231	242	247	253	259	264
Spending authority from offsetting collections, discretionary .....	BA	5	3	3	3	3	3	3
Outlays .....	O	306	308	277	282	252	258	264
Educational and cultural exchange programs (gross) .....	BA	311	234	245	250	256	262	267
	O	306	308	277	282	252	258	264
Change in uncollected customer payments from Federal sources .....	BA	-4						
Total, offsetting collections (cash) .....		-3	-3	-3	-3	-3	-3	-3
Total Educational and cultural exchange programs (net) .....	BA	304	231	242	247	253	259	264
	O	303	305	274	279	249	255	261
Embassy security, construction, and maintenance:								
Appropriation, discretionary .....	153 BA	727	1,078	1,291	1,320	1,349	1,379	1,410
Spending authority from offsetting collections, discretionary .....	BA	186	136	139	141	143	145	147
Outlays .....	O	693	798	973	1,134	1,312	1,428	1,487
Embassy security, construction, and maintenance (gross) .....	BA	913	1,214	1,430	1,461	1,492	1,524	1,557
	O	693	798	973	1,134	1,312	1,428	1,487
Change in uncollected customer payments from Federal sources .....	BA	5						
Total, offsetting collections (cash) .....		-191	-136	-139	-141	-143	-145	-147
Total Embassy security, construction, and maintenance (net) .....	BA	727	1,078	1,291	1,320	1,349	1,379	1,410
	O	502	662	834	993	1,169	1,283	1,340
Security and maintenance of United States missions (special foreign currency program):								
Outlays .....	153 O		1	1				
Representation allowances:								
Appropriation, discretionary .....	153 BA	6	6	9	9	9	10	10
Outlays .....	O	5	6	9	9	9	10	10
Protection of foreign missions and officials:								
Appropriation, discretionary .....	153 BA	8	15	10	10	10	11	11
Outlays .....	O	4	10	12	9	9	9	9
Emergencies in the diplomatic and consular service:								
Appropriation, discretionary .....	153 BA	5	5	16	16	17	17	17
Spending authority from offsetting collections, discretionary .....	BA	2						
Outlays .....	O	9	12	16	16	17	17	17
Emergencies in the diplomatic and consular service (gross) .....	BA	7	5	16	16	17	17	17
	O	9	12	16	16	17	17	17
Change in uncollected customer payments from Federal sources .....	BA	-2	2					
Total, offsetting collections (cash) .....			-2					
Total Emergencies in the diplomatic and consular service (net) .....	BA	5	5	16	16	17	17	17
	O	9	10	16	16	17	17	17
Buying power maintenance:								
Appropriation, discretionary .....	153 BA	1						
Payment to the American Institute in Taiwan:								
Appropriation, discretionary .....	153 BA	15	16	17	17	18	18	19
Outlays .....	O	26	15	17	17	17	18	18
Payment to Foreign Service retirement and disability fund:								
Appropriation, mandatory .....	153 BA	162	166	172	176	180	183	188
Outlays .....	O	162	166	172	176	180	183	188
<b>Intragovernmental Funds:</b>								
Working capital fund:								
Spending authority from offsetting collections, mandatory .....	153 BA	933	1,038	1,079	1,095	1,095	1,095	1,095
Outlays .....	O	896	1,039	1,079	1,094	1,096	1,096	1,096
Working capital fund (gross) .....	BA	933	1,038	1,079	1,095	1,095	1,095	1,095
	O	896	1,039	1,079	1,094	1,096	1,096	1,096
Change in uncollected customer payments from Federal sources .....	BA	20						



**DEPARTMENT OF STATE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash) .....		-953	-1,038	-1,079	-1,095	-1,095	-1,095	-1,095
Total Working capital fund (net) .....	BA							
	O	-57	1		-1	1	1	1
<b>Credit Accounts:</b>								
Repatriation loans program account:								
Appropriation, discretionary .....	153 BA	1	1	1	1	1	1	1
Outlays .....	O	1	1	1	1	1	1	1
<i>Trust funds</i>								
Foreign Service retirement and disability fund:								
Appropriation, mandatory .....	602 BA	559	587	611	636	662	689	717
Outlays .....	O	559	587	611	636	662	689	717
Foreign Service national separation liability trust fund:								
Appropriation, mandatory .....	602 BA	8	8	8	8	8	8	8
Outlays .....	O	8	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	9	7	5	5	5	5
Outlays .....	O	2	10	9	8	6	6	6
Miscellaneous trust funds (gross) .....	BA	3	9	7	5	5	5	5
	O	2	10	9	8	6	6	6
Change in uncollected customer payments from Federal sources .....	BA	2						
Total, offsetting collections (cash) .....		-2						
Total Miscellaneous trust funds (net) .....	BA	3	9	7	5	5	5	5
	O		10	9	8	6	6	6
Total Federal funds Administration of Foreign Affairs .....	BA	4,289	4,815	5,707	5,821	5,950	6,083	6,220
	O	3,856	4,540	5,559	5,657	5,797	5,955	6,116
Total Trust funds Administration of Foreign Affairs .....	BA	570	604	626	649	675	702	730
	O	568	605	628	652	676	703	731

**International Organizations and Conferences**

*Federal funds*

**General and Special Funds:**

Contributions to international organizations:								
Appropriation, discretionary .....	153 BA	881	869	879	899	919	939	960
Outlays .....	O	986	882	891	911	918	938	960
Contributions for international peacekeeping activities:								
Appropriation, discretionary .....	153 BA	498	844	844	863	882	902	922
Outlays .....	O	334	1,136	867	863	881	902	921
Arrearage payments:								
Appropriation, discretionary .....	153 BA	351						
Outlays .....	O			244				
			582					
Total Arrearage payments .....	BA	351						
	O		582	244				
Total Federal funds International Organizations and Conferences .....	BA	1,730	1,713	1,723	1,762	1,801	1,841	1,882
	O	1,320	2,600	2,002	1,774	1,799	1,840	1,881

**International Commissions**

**International Boundary and Water Commission, United States and Mexico:**

*Federal funds*

**General and Special Funds:**

Salaries and expenses, IBWC:								
Appropriation, discretionary .....	301 BA	19	7	7	7	7	7	8
Spending authority from offsetting collections, discretionary .....	BA	4						

**DEPARTMENT OF STATE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	22	9	10	8	7	7	7
Salaries and expenses, IBWC (gross) .....	BA	<b>23</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>8</b>
	O	22	9	10	8	7	7	7
Total, offsetting collections (cash) .....		-4						
Total Salaries and expenses, IBWC (net) .....	BA	<b>19</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>8</b>
	O	18	9	10	8	7	7	7
<b>Construction, IBWC:</b>								
Appropriation, discretionary .....	301 BA	<b>6</b>	<b>23</b>	<b>26</b>	<b>27</b>	<b>27</b>	<b>28</b>	<b>28</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>9</b>	<b>20</b>	<b>10</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
Outlays .....	O	11	40	41	40	41	43	43
Construction, IBWC (gross) .....	BA	<b>15</b>	<b>43</b>	<b>36</b>	<b>42</b>	<b>42</b>	<b>43</b>	<b>43</b>
	O	11	40	41	40	41	43	43
Total, offsetting collections (cash) .....		-9	-20	-10	-15	-15	-15	-15
Total Construction, IBWC (net) .....	BA	<b>6</b>	<b>23</b>	<b>26</b>	<b>27</b>	<b>27</b>	<b>28</b>	<b>28</b>
	O	2	20	31	25	26	28	28
Total Federal funds International Boundary and Water Commission, United States and Mexico: .....	BA	<b>25</b>	<b>30</b>	<b>33</b>	<b>34</b>	<b>34</b>	<b>35</b>	<b>36</b>
	O	20	29	41	33	33	35	35
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
American sections, international commissions:								
Appropriation, discretionary .....	301 BA	<b>8</b>	<b>7</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>11</b>
Outlays .....	O	6	7	9	10	10	10	11
International fisheries commissions:								
Appropriation, discretionary .....	302 BA	<b>15</b>	<b>19</b>	<b>20</b>	<b>20</b>	<b>21</b>	<b>21</b>	<b>22</b>
Outlays .....	O	16	19	20	20	21	21	22
Total Federal funds International Commissions .....	BA	<b>48</b>	<b>56</b>	<b>63</b>	<b>64</b>	<b>65</b>	<b>67</b>	<b>69</b>
	O	42	55	70	63	64	66	68
<b>Other</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Migration and refugee assistance:								
Appropriation, discretionary .....	151 BA	<b>623</b>	<b>698</b>	<b>715</b>	<b>731</b>	<b>747</b>	<b>764</b>	<b>781</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Outlays .....	O	793	738	740	732	744	761	778
Migration and refugee assistance (gross) .....	BA	<b>626</b>	<b>700</b>	<b>717</b>	<b>733</b>	<b>749</b>	<b>766</b>	<b>783</b>
	O	793	738	740	732	744	761	778
Change in uncollected customer payments from Federal sources .....	BA	<b>-3</b>	<b>3</b>					
Total, offsetting collections (cash) .....			-5	-2	-2	-2	-2	-2
Total Migration and refugee assistance (net) .....	BA	<b>623</b>	<b>698</b>	<b>715</b>	<b>731</b>	<b>747</b>	<b>764</b>	<b>781</b>
	O	793	733	738	730	742	759	776
United States emergency refugee and migration assistance fund:								
Appropriation, discretionary .....	151 BA	<b>12</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>16</b>	<b>16</b>	<b>16</b>
Outlays .....	O	71	58	57	54	31	16	16
International narcotics control and law enforcement:								
Appropriation, discretionary .....	151 BA	<b>354</b>	<b>324</b>	<b>217</b>	<b>222</b>	<b>227</b>	<b>232</b>	<b>237</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>13</b>		<b>12</b>				
Outlays .....	O	375	422	348	295	234	226	232
International narcotics control and law enforcement (gross) .....	BA	<b>367</b>	<b>324</b>	<b>229</b>	<b>222</b>	<b>227</b>	<b>232</b>	<b>237</b>
	O	375	422	348	295	234	226	232
Change in uncollected customer payments from Federal sources .....	BA	<b>-13</b>						

**DEPARTMENT OF STATE—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash) .....				-12				
Total International narcotics control and law enforcement (net) .....	BA	354	324	217	222	227	232	237
	O	375	422	336	295	234	226	232
Andean counterdrug initiative:								
Appropriation, discretionary .....	151 BA	825		731	747	764	781	798
Outlays .....	O		441	475	632	725	763	780
Payment to the Asia Foundation:								
Appropriation, discretionary .....	154 BA	8	9	9	9	9	10	10
Spending authority from offsetting collections, discretionary .....	BA	1						
Outlays .....	O	9	13	9	9	9	9	9
Payment to the Asia Foundation (gross) .....	BA	9	9	9	9	9	10	10
	O	9	13	9	9	9	9	9
Change in uncollected customer payments from Federal sources .....	BA	-1	1					
Total, offsetting collections (cash) .....			-1					
Total Payment to the Asia Foundation (net) .....	BA	8	9	9	9	9	10	10
	O	9	12	9	9	9	9	9
National Endowment for Democracy:								
Appropriation, discretionary .....	154 BA	34	31	31	32	32	33	34
Spending authority from offsetting collections, discretionary .....	BA	7						
Outlays .....	O	33	45	35	32	32	32	34
National Endowment for Democracy (gross) .....	BA	41	31	31	32	32	33	34
	O	33	45	35	32	32	32	34
Change in uncollected customer payments from Federal sources .....	BA	-7	7					
Total, offsetting collections (cash) .....			-7					
Total National Endowment for Democracy (net) .....	BA	34	31	31	32	32	33	34
	O	33	38	35	32	32	32	34
East-West Center:								
Appropriation, discretionary .....	154 BA	12	14	14	14	15	15	15
Spending authority from offsetting collections, discretionary .....	BA	2						
Outlays .....	O	14	16	14	14	14	15	15
East-West Center (gross) .....	BA	14	14	14	14	15	15	15
	O	14	16	14	14	14	15	15
Change in uncollected customer payments from Federal sources .....	BA	-2	2					
Total, offsetting collections (cash) .....			-2					
Total East-West Center (net) .....	BA	12	14	14	14	15	15	15
	O	14	14	14	14	14	15	15
North-South Center:								
Appropriation, discretionary .....	154 BA	2						
Outlays .....	O	1	1	1				
International litigation fund:								
Appropriation, mandatory .....	153 BA		1	1	1	1	1	1
Spending authority from offsetting collections, mandatory .....	BA	4	3	3	3	3	3	3
Outlays .....	O	1	6	4	4	4	4	4
International litigation fund (gross) .....	BA	4	4	4	4	4	4	4
	O	1	6	4	4	4	4	4
Change in uncollected customer payments from Federal sources .....	BA	-1	1					
Total, offsetting collections (cash) .....		-3	-4	-3	-3	-3	-3	-3
Total International litigation fund (net) .....	BA		1	1	1	1	1	1
	O	-2	2	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	2	2	2	1	1	1	1
International Center, Washington, D.C (gross) .....	BA	1	1	1	1	1	1	1
	O	2	2	2	1	1	1	1



**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays	O	2	3	4	3	3	3	3
Rental payments:								
Outlays	407 O		1					
Transportation planning, research, and development:								
Appropriation, discretionary	407 BA	5	11	5	5	5	5	5
Spending authority from offsetting collections, discretionary	BA	1	3	3				
Outlays	O	8	10	9	6	5	5	5
Transportation planning, research, and development (gross)	BA	6	14	8	5	5	5	5
	O	8	10	9	6	5	5	5
Change in uncollected customer payments from Federal sources	BA	-1						
Total, offsetting collections (cash)			-3	-3				
Total Transportation planning, research, and development (net)	BA	5	11	5	5	5	5	5
	O	8	7	6	6	5	5	5
Essential air service and rural airport improvement fund:								
Appropriation, mandatory	402 BA		50	40	40	40	40	40
Spending authority from offsetting collections, discretionary	BA	50		10	10	10	10	10
Outlays	O	45	50	50	50	50	50	50
Essential air service and rural airport improvement fund (gross)	BA	50	50	50	50	50	50	50
	O	45	50	50	50	50	50	50
Total, offsetting collections (cash)			-50	-10	-10	-10	-10	-10
Total Essential air service and rural airport improvement fund (net)	BA		50	40	40	40	40	40
	O	-5	50	40	40	40	40	40
<b>Intragovernmental Funds:</b>								
Transportation Administrative Service Center:								
Spending authority from offsetting collections, mandatory	407 BA	198	474	472	472	472	472	472
Outlays	O	168	474	472	472	472	472	472
Transportation Administrative Service Center (gross)	BA	198	474	472	472	472	472	472
	O	168	474	472	472	472	472	472
Change in uncollected customer payments from Federal sources	BA	-37						
Total, offsetting collections (cash)			-161	-474	-472	-472	-472	-472
Total Transportation Administrative Service Center (net)	BA		7					
	O							
<b>Credit Accounts:</b>								
Minority business resource center program:								
Appropriation, discretionary	407 BA	2	2	1	1	1	1	1
Outlays	O		2	1	1	1	1	1
Limitation on direct loan activity		(14)						
Limitation on loan guarantee commitments			(14)	(18)	(18)	(19)	(19)	(20)
Total Federal funds Office of the Secretary	BA	75	137	128	130	131	134	135
	O	84	141	129	130	131	133	135

**Coast Guard**  
*Federal funds*

**General and Special Funds:**

Operating expenses								
(Defense-related activities):								
(Appropriation, discretionary)	054 BA	300	340	340	348	355	363	371
(Outlays)	O	300	340	340	346	353	361	369
(Water transportation):								
(Appropriation, discretionary)	403 BA	2,527	2,820	3,018	3,085	3,154	3,224	3,296
(Spending authority from offsetting collections, discretionary)	BA	112	129	130	132	132	132	132
(Outlays)	O	2,814	2,705	3,030	3,188	3,267	3,337	3,408
Operating expenses (gross)	BA	2,939	3,289	3,488	3,565	3,641	3,719	3,799
	O	3,114	3,045	3,370	3,534	3,620	3,698	3,777
(Change in uncollected customer payments from Federal sources)	BA	108						
(Adjustment to uncollected customer payments from Federal sources)	BA	-117						

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
Total, offsetting collections (cash) .....		-103	-129	-130	-132	-132	-132	-132
Total (Water transportation) (net) .....	BA	<b>2,527</b>	<b>2,820</b>	<b>3,018</b>	<b>3,085</b>	<b>3,154</b>	<b>3,224</b>	<b>3,296</b>
	O	2,711	2,576	2,900	3,056	3,135	3,205	3,276
Total Operating expenses .....	BA	<b>2,827</b>	<b>3,160</b>	<b>3,358</b>	<b>3,433</b>	<b>3,509</b>	<b>3,587</b>	<b>3,667</b>
	O	3,011	2,916	3,240	3,402	3,488	3,566	3,645
<b>Acquisition, construction, and improvements:</b>								
Appropriation, discretionary .....	403 BA	<b>980</b>	<b>394</b>	<b>639</b>	<b>653</b>	<b>668</b>	<b>683</b>	<b>698</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>31</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>48</b>
Outlays .....	O	496	708	650	561	634	681	713
Acquisition, construction, and improvements (gross) .....	BA	<b>1,011</b>	<b>442</b>	<b>687</b>	<b>701</b>	<b>716</b>	<b>731</b>	<b>746</b>
	O	496	708	650	561	634	681	713
Change in uncollected customer payments from Federal sources .....	BA	<b>1</b>						
Total, offsetting collections (cash) .....		-32	-48	-48	-48	-48	-48	-48
Total Acquisition, construction, and improvements (net) .....	BA	<b>980</b>	<b>394</b>	<b>639</b>	<b>653</b>	<b>668</b>	<b>683</b>	<b>698</b>
	O	464	660	602	513	586	633	665
<b>Environmental compliance and restoration:</b>								
Appropriation, discretionary .....	304 BA	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>18</b>	<b>18</b>	<b>19</b>
Outlays .....	O	17	13	11	15	17	17	19
<b>Alteration of bridges:</b>								
Appropriation, discretionary .....	403 BA	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>16</b>	<b>16</b>	<b>16</b>
Outlays .....	O	5	49	31	13	16	16	16
<b>Retired pay:</b>								
Appropriation, mandatory .....	403 BA	<b>730</b>	<b>778</b>	<b>876</b>	<b>955</b>	<b>990</b>	<b>1,029</b>	<b>1,069</b>
Outlays .....	O	713	760	861	943	985	1,024	1,063
<b>Reserve training:</b>								
Appropriation, discretionary .....	403 BA	<b>72</b>	<b>80</b>	<b>83</b>	<b>85</b>	<b>87</b>	<b>89</b>	<b>91</b>
Outlays .....	O	71	78	82	85	86	88	91
<b>Research, development, test, and evaluation:</b>								
Appropriation, discretionary .....	403 BA	<b>15</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>19</b>	<b>19</b>	<b>20</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Outlays .....	O	21	23	25	22	23	23	23
Research, development, test, and evaluation (gross) .....	BA	<b>19</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>23</b>	<b>23</b>	<b>24</b>
	O	21	23	25	22	23	23	23
Change in uncollected customer payments from Federal sources .....	BA	<b>1</b>						
Total, offsetting collections (cash) .....		-5	-4	-4	-4	-4	-4	-4
Total Research, development, test, and evaluation (net) .....	BA	<b>15</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>19</b>	<b>19</b>	<b>20</b>
	O	16	19	21	18	19	19	19
<b>Intragovernmental Funds:</b>								
<b>Coast Guard supply fund:</b>								
Spending authority from offsetting collections, discretionary .....	403 BA	<b>65</b>	<b>62</b>	<b>64</b>	<b>63</b>	<b>63</b>	<b>63</b>	<b>63</b>
Outlays .....	O	65	62	64	63	63	63	63
Coast Guard supply fund (gross) .....	BA	<b>65</b>	<b>62</b>	<b>64</b>	<b>63</b>	<b>63</b>	<b>63</b>	<b>63</b>
	O	65	62	64	63	63	63	63
Total, offsetting collections (cash) .....		-65	-62	-64	-63	-63	-63	-63
Total Coast Guard supply fund (net) .....	BA							
	O							
<b>Coast Guard yard fund:</b>								
Spending authority from offsetting collections, discretionary .....	403 BA	<b>76</b>	<b>66</b>	<b>74</b>	<b>74</b>	<b>74</b>	<b>74</b>	<b>74</b>
Outlays .....	O	70	66	74	74	74	74	74
Coast Guard yard fund (gross) .....	BA	<b>76</b>	<b>66</b>	<b>74</b>	<b>74</b>	<b>74</b>	<b>74</b>	<b>74</b>
	O	70	66	74	74	74	74	74
Total, offsetting collections (cash) .....		-76	-66	-74	-74	-74	-74	-74
Total Coast Guard yard fund (net) .....	BA							
	O	-6						

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

Account		2000 actual	estimate						
			2001	2002	2003	2004	2005	2006	
<i>Trust funds</i>									
Boat safety:									
Appropriation, mandatory	403 BA	64	64	64	64	64	64	64	
Outlays	O	54	61	64	64	64	64	64	
Oil spill recovery:									
Appropriation, mandatory	304 BA	62	61	61	61	61	61	61	
Outlays	O	68	61	61	61	61	61	61	
Trust fund share of expenses:									
Appropriation, discretionary	304 BA	49	48	48	49	50	51	52	
Outlays	O	49	48	48	49	50	51	52	
Miscellaneous trust revolving funds:									
Spending authority from offsetting collections, mandatory	403 BA	8	8	8	8	8	8	8	
Outlays	O	8	8	8	8	8	8	8	
Miscellaneous trust revolving funds (gross)									
	BA	8	8	8	8	8	8	8	
	O	8	8	8	8	8	8	8	
Total, offsetting collections (cash)			-8	-8	-8	-8	-8	-8	
Total Miscellaneous trust revolving funds (net)									
Total Federal funds Coast Guard			4,656	4,462	5,006	5,176	5,307	5,441	
	O	4,291	4,495	4,848	4,989	5,197	5,363	5,580	
Total Trust funds Coast Guard			175	173	173	174	175	176	
	O	171	170	173	174	175	176	177	

**Federal Aviation Administration**

*Federal funds*

**General and Special Funds:**

Operations:

Appropriation, discretionary	402 BA	-11	2,124	1,128	1,441	1,473	1,506	1,540
Appropriation, mandatory	BA		-14					
Spending authority from offsetting collections, discretionary	BA	4,511	5,866	6,021	6,190	6,359	6,543	
Outlays	O	524	5,946	6,950	7,405	7,639	7,841	8,056
Operations (gross)			-11	6,621	6,994	7,462	7,663	7,865
	O	524	5,946	6,950	7,405	7,639	7,841	8,056
Total, offsetting collections (cash)			-4,511	-5,866	-6,021	-6,190	-6,359	-6,543
Total Operations (net)			-11	2,110	1,128	1,441	1,473	1,506
	O	524	1,435	1,084	1,384	1,449	1,482	1,513

**Public Enterprise Funds:**

Aviation insurance revolving fund:

Spending authority from offsetting collections, discretionary	402 BA	4	4	4	4	4	4	4
Aviation insurance revolving fund (gross)			4	4	4	4	4	4
Total, offsetting collections (cash)			-4	-4	-4	-4	-4	-4
Total Aviation insurance revolving fund (net)			-4	-4	-4	-4	-4	-4

**Intragovernmental Funds:**

Administrative services franchise fund:

Spending authority from offsetting collections, discretionary	402 BA	31	226	256	256	256	256	256
Outlays	O	30	231	254	255	256	256	256
Administrative services franchise fund (gross)			31	226	256	256	256	256
	O	30	231	254	255	256	256	256
Total, offsetting collections (cash)			-31	-226	-256	-256	-256	-256
Total Administrative services franchise fund (net)			-1	5	-2	-1		

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<i>Trust funds</i>								
<b>Grants-in-aid for airports (Airport and airway trust fund):</b>								
Appropriation, discretionary	402 BA		2					
Contract authority, discretionary	BA			-331				
Contract authority, mandatory	BA	2,799	2,621	3,300	3,400	3,488	3,579	3,672
Outlays	O	1,578	2,172	2,765	3,103	3,312	3,448	3,577
Limitation on program level (obligations)		(1,896)	(3,193)	(3,300)	(3,401)	(3,477)	(3,555)	(3,634)
<b>Total Grants-in-aid for airports (Airport and airway trust fund)</b>	<b>BA</b>	<b>2,799</b>	<b>2,623</b>	<b>2,969</b>	<b>3,400</b>	<b>3,488</b>	<b>3,579</b>	<b>3,672</b>
	<b>O</b>	<b>1,578</b>	<b>2,172</b>	<b>2,765</b>	<b>3,103</b>	<b>3,312</b>	<b>3,448</b>	<b>3,577</b>
<b>Facilities and equipment (Airport and airway trust fund):</b>								
Appropriation, discretionary	402 BA	2,034	2,651	2,914	2,981	3,047	3,115	3,185
Spending authority from offsetting collections, discretionary	BA	64	80	80	75	75	75	75
Outlays	O	2,141	2,146	2,456	2,680	2,866	3,109	3,177
<b>Facilities and equipment (Airport and airway trust fund) (gross)</b>	<b>BA</b>	<b>2,098</b>	<b>2,731</b>	<b>2,994</b>	<b>3,056</b>	<b>3,122</b>	<b>3,190</b>	<b>3,260</b>
	<b>O</b>	<b>2,141</b>	<b>2,146</b>	<b>2,456</b>	<b>2,680</b>	<b>2,866</b>	<b>3,109</b>	<b>3,177</b>
<b>Total, offsetting collections (cash)</b>		<b>-64</b>	<b>-80</b>	<b>-80</b>	<b>-75</b>	<b>-75</b>	<b>-75</b>	<b>-75</b>
<b>Total Facilities and equipment (Airport and airway trust fund) (net)</b>	<b>BA</b>	<b>2,034</b>	<b>2,651</b>	<b>2,914</b>	<b>2,981</b>	<b>3,047</b>	<b>3,115</b>	<b>3,185</b>
	<b>O</b>	<b>2,077</b>	<b>2,066</b>	<b>2,376</b>	<b>2,605</b>	<b>2,791</b>	<b>3,034</b>	<b>3,102</b>
<b>Research, engineering and development (Airport and airway trust fund):</b>								
Appropriation, discretionary	402 BA	156	187	188	192	196	201	205
Spending authority from offsetting collections, discretionary	BA	3	16	16	16	16	16	16
Outlays	O	169	216	227	232	210	214	219
<b>Research, engineering and development (Airport and airway trust fund) (gross)</b>	<b>BA</b>	<b>159</b>	<b>203</b>	<b>204</b>	<b>208</b>	<b>212</b>	<b>217</b>	<b>221</b>
	<b>O</b>	<b>169</b>	<b>216</b>	<b>227</b>	<b>232</b>	<b>210</b>	<b>214</b>	<b>219</b>
<b>Total, offsetting collections (cash)</b>		<b>-3</b>	<b>-16</b>	<b>-16</b>	<b>-16</b>	<b>-16</b>	<b>-16</b>	<b>-16</b>
<b>Total Research, engineering and development (Airport and airway trust fund) (net)</b>	<b>BA</b>	<b>156</b>	<b>187</b>	<b>188</b>	<b>192</b>	<b>196</b>	<b>201</b>	<b>205</b>
	<b>O</b>	<b>166</b>	<b>200</b>	<b>211</b>	<b>216</b>	<b>194</b>	<b>198</b>	<b>203</b>
<b>Trust fund share of FAA operations:</b>								
Appropriation, discretionary	402 BA	5,968	4,405	5,758	5,916	6,048	6,183	6,321
Spending authority from offsetting collections, discretionary	BA	77						
Outlays	O	5,299	5,145	5,758	5,916	6,048	6,183	6,321
<b>Trust fund share of FAA operations (gross)</b>	<b>BA</b>	<b>6,045</b>	<b>4,405</b>	<b>5,758</b>	<b>5,916</b>	<b>6,048</b>	<b>6,183</b>	<b>6,321</b>
	<b>O</b>	<b>5,299</b>	<b>5,145</b>	<b>5,758</b>	<b>5,916</b>	<b>6,048</b>	<b>6,183</b>	<b>6,321</b>
<b>Total, offsetting collections (cash)</b>		<b>-77</b>						
<b>Total Trust fund share of FAA operations (net)</b>	<b>BA</b>	<b>5,968</b>	<b>4,405</b>	<b>5,758</b>	<b>5,916</b>	<b>6,048</b>	<b>6,183</b>	<b>6,321</b>
	<b>O</b>	<b>5,222</b>	<b>5,145</b>	<b>5,758</b>	<b>5,916</b>	<b>6,048</b>	<b>6,183</b>	<b>6,321</b>
<b>Total Federal funds Federal Aviation Administration</b>	<b>BA</b>	<b>-11</b>	<b>2,110</b>	<b>1,128</b>	<b>1,441</b>	<b>1,473</b>	<b>1,506</b>	<b>1,540</b>
	<b>O</b>	<b>519</b>	<b>1,436</b>	<b>1,078</b>	<b>1,379</b>	<b>1,445</b>	<b>1,478</b>	<b>1,509</b>
<b>Total Trust funds Federal Aviation Administration</b>	<b>BA</b>	<b>10,957</b>	<b>9,866</b>	<b>11,829</b>	<b>12,489</b>	<b>12,779</b>	<b>13,078</b>	<b>13,383</b>
	<b>O</b>	<b>9,043</b>	<b>9,583</b>	<b>11,110</b>	<b>11,840</b>	<b>12,345</b>	<b>12,863</b>	<b>13,203</b>

**Federal Highway Administration**  
*Federal funds*

**General and Special Funds:**

<b>Miscellaneous appropriations:</b>								
Appropriation, discretionary	401 BA		605					
Outlays	O	133	254	320	159	90	62	38
<b>Appalachian development highway system:</b>								
Outlays	401 O	101	79	44	23	15	11	6
<b>State infrastructure banks:</b>								
Outlays	401 O	19	8	8	6	5	2	
<b>Ellsworth housing settlement:</b>								
Spending authority from offsetting collections, discretionary	401 BA	3						



**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O		3					
Ellsworth housing settlement (gross) .....	BA	3						
	O		3					
Total, offsetting collections (cash) .....		-3						
Total Ellsworth housing settlement (net) .....	BA							
	O	-3	3					
<i>Trust funds</i>								
Federal-aid highways:								
Appropriation, discretionary .....	401 BA		718					
Appropriation, mandatory .....	BA		19					
Contract authority, mandatory .....	BA	29,964	33,544	35,333	31,453	32,328	33,207	34,161
Spending authority from offsetting collections, discretionary .....	BA	92	92	92	92	92	92	92
Outlays .....	O	25,028	26,767	29,043	30,798	32,061	33,141	34,071
Limitation on program level (obligations) .....		(25,873)	(29,596)	(31,563)	(32,543)	(33,269)	(34,011)	(34,769)
Limitation on direct loan obligations .....		(1,800)	(2,000)	(2,200)	(2,400)	(2,454)	(2,508)	(2,564)
Limitation on program level (obligations) .....			(200)	(200)	(200)	(204)	(209)	(214)
Federal-aid highways (gross) .....	BA	30,056	34,373	35,425	31,545	32,420	33,299	34,253
	O	25,028	26,767	29,043	30,798	32,061	33,141	34,071
Total, offsetting collections (cash) .....		-92	-92	-92	-92	-92	-92	-92
Total Federal-aid highways (net) .....	BA	29,964	34,281	35,333	31,453	32,328	33,207	34,161
	O	24,936	26,675	28,951	30,706	31,969	33,049	33,979
Appalachian development highway system (Highway trust fund):								
Appropriation, discretionary .....	401 BA		254					
Outlays .....	O		69	104	41	13	8	8
Highway-related safety grants:								
Outlays .....	401 O	1	1					
Miscellaneous trust funds								
(Ground transportation):								
(Appropriation, mandatory) .....	401 BA	38	21	21	21	21	21	21
(Outlays) .....	O	27	29	21	21	21	21	21
Total Miscellaneous trust funds .....	BA	38	21	21	21	21	21	21
	O	27	29	21	21	21	21	21
Miscellaneous highway trust funds:								
Appropriation, discretionary .....	401 BA	2	1,182					
Outlays .....	O	42	355	511	211	74	42	38
Right-of-way revolving fund liquidating account:								
Outlays .....	401 O	-3	10	10				
Right-of-way revolving fund liquidating account (gross) .....	O	-3	10	10				
Total, offsetting collections (cash) .....		-46	-24	-24	-24	-24	-24	-19
Total Right-of-way revolving fund liquidating account (net) .....	BA	-46	-24	-24	-24	-24	-24	-19
	O	-49	-14	-14	-24	-24	-24	-19
Total Federal funds Federal Highway Administration .....	BA		605					
	O	250	344	372	188	110	75	44
Total Trust funds Federal Highway Administration .....	BA	29,958	35,714	35,330	31,450	32,325	33,204	34,163
	O	24,957	27,115	29,573	30,955	32,053	33,096	34,027

**Federal Motor Carrier Safety Administration**

*Trust funds*

Motor carrier safety:								
Contract authority, mandatory .....	401 BA	76	91	185	94	97	99	102
Spending authority from offsetting collections, discretionary .....	BA	8	10	10	10	10	10	10
Outlays .....	O	64	113	144	109	105	108	110
Limitation on program level (obligations) .....		(76)	(92)	(139)	(94)	(96)	(98)	(100)
Motor carrier safety (gross) .....	BA	84	101	195	104	107	109	112
	O	64	113	144	109	105	108	110

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash) .....		-8	-10	-10	-10	-10	-10	-10
Total Motor carrier safety (net) .....	BA	76	91	185	94	97	99	102
	O	56	103	134	99	95	98	100
National motor carrier safety program:								
Contract authority, mandatory .....	401 BA	105	177	205	190	195	201	207
Outlays .....	O	99	134	184	201	191	196	200
Limitation on program level (obligations) .....		(105)	(177)	(205)	(190)	(194)	(199)	(203)
Total Trust funds Federal Motor Carrier Safety Administration .....	BA	181	268	390	284	292	300	309
	O	155	237	318	300	286	294	300

**National Highway Traffic Safety Administration**

*Federal funds*

**General and Special Funds:**

Operations and research:

Appropriation, discretionary .....	401 BA	86	117	122	125	128	130	133
Spending authority from offsetting collections, discretionary .....	BA	24	25	25	25	25	25	25
Outlays .....	O	89	142	147	150	153	154	156
Operations and research (gross) .....	BA	110	142	147	150	153	155	158
	O	89	142	147	150	153	154	156
Total, offsetting collections (cash) .....		-24	-25	-25	-25	-25	-25	-25
Total Operations and research (net) .....	BA	86	117	122	125	128	130	133
	O	65	117	122	125	128	129	131

*Trust funds*

Operations and research (Highway trust fund):

Appropriation, discretionary .....	401 BA	2	2	2	2	2	2	2
Contract authority, mandatory .....	BA	72	72	72	72	74	74	74
Spending authority from offsetting collections, discretionary .....	BA	11	12	12	12	12	12	12
Outlays .....	O	84	109	98	91	90	90	92
Limitation on program level (obligations) .....		(72)	(72)	(72)	(74)	(75)	(77)	(79)
Operations and research (Highway trust fund) (gross) .....	BA	85	86	86	86	88	88	88
	O	84	109	98	91	90	90	92
Total, offsetting collections (cash) .....		-11	-12	-12	-12	-12	-12	-12
Total Operations and research (Highway trust fund) (net) .....	BA	74	74	74	74	76	76	76
	O	73	97	86	79	78	78	80

Highway traffic safety grants:

Contract authority, mandatory .....	401 BA	207	213	223	225	231	238	245
Outlays .....	O	191	221	228	225	232	240	250
Limitation on program level (obligations) .....		(207)	(213)	(223)	(225)	(237)	(250)	(263)
Total Federal funds National Highway Traffic Safety Administration .....	BA	86	117	122	125	128	130	133
	O	65	117	122	125	128	129	131
Total Trust funds National Highway Traffic Safety Administration .....	BA	281	287	297	299	307	314	321
	O	264	318	314	304	310	318	330

**Federal Railroad Administration**

*Federal funds*

**General and Special Funds:**

Safety and operations:

Appropriation, discretionary .....	401 BA	94	101	111	113	116	119	121
Spending authority from offsetting collections, discretionary .....	BA	2	2	1	1	1	1	1
Outlays .....	O	94	114	113	114	116	120	122
Safety and operations (gross) .....	BA	96	103	112	114	117	120	122
	O	94	114	113	114	116	120	122

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
Total, offsetting collections (cash) .....		-2	-2	-1	-1	-1	-1	-1
Total Safety and operations (net) .....	BA	94	101	111	113	116	119	121
	O	92	112	112	113	115	119	121
<b>Railroad research and development:</b>								
Appropriation, discretionary .....	401 BA	22	25	28	29	29	30	31
Spending authority from offsetting collections, discretionary .....	BA			1	1	1	1	1
Outlays .....	O	23	36	30	29	33	31	31
Railroad research and development (gross) .....	BA	22	25	29	30	30	31	32
	O	23	36	30	29	33	31	31
Total, offsetting collections (cash) .....				-1	-1	-1	-1	-1
Total Railroad research and development (net) .....	BA	22	25	28	29	29	30	31
	O	23	36	29	28	32	30	30
<b>Rhode Island rail development:</b>								
Appropriation, discretionary .....	401 BA	10	17					
Outlays .....	O	8	24	12	5			
<b>Pennsylvania station redevelopment project:</b>								
Appropriation, discretionary .....	401 BA		20	20	20	21	21	22
Outlays .....	O		2	10	16	19	21	21
<b>Alaska railroad rehabilitation:</b>								
Appropriation, discretionary .....	401 BA	15	30					
Outlays .....	O	11	52	18				
<b>West Virginia rail development:</b>								
Appropriation, discretionary .....	401 BA		15					
Outlays .....	O		3	8	4			
<b>Capital grants to National Railroad Passenger Corporation:</b>								
Appropriation, discretionary .....	401 BA	571	520	521	533	544	557	569
Outlays .....	O	594	554	833	533	544	557	569
<b>AMTRAK reform council:</b>								
Appropriation, discretionary .....	407 BA	1	1	1	1	1	1	1
Outlays .....	O	1	1	1	1	1	1	1
<b>Next generation high-speed rail:</b>								
Appropriation, discretionary .....	401 BA	27	25	25	26	26	27	27
Outlays .....	O	23	24	24	26	27	27	26
<b>Northeast corridor improvement program:</b>								
Outlays .....	401 O		18					
<b>Emergency railroad rehabilitation and repair:</b>								
Outlays .....	401 O	3	4					
<b>Local rail freight assistance:</b>								
Outlays .....	401 O	1	2					
<b>Conrail commuter transition assistance:</b>								
Outlays .....	401 O	3	3					
<b>Public Enterprise Funds:</b>								
<b>Railroad rehabilitation and improvement liquidating account:</b>								
Spending authority from offsetting collections, mandatory .....	401 BA	3	2	2	2	2	1	1
Outlays .....	O	3	2	2	2	2	1	1
Railroad rehabilitation and improvement liquidating account (gross) .....	BA	3	2	2	2	2	1	1
	O	3	2	2	2	2	1	1
Total, offsetting collections (cash) .....		-7	-6	-6	-6	-6	-6	-6
Total Railroad rehabilitation and improvement liquidating account (net) .....	BA	-4	-4	-4	-4	-4	-5	-5
	O	-4	-4	-4	-4	-4	-5	-5
<b>Credit Accounts:</b>								
<b>Amtrak corridor improvement loans liquidating account:</b>								
Total, offsetting collections (cash) .....	401		-1	-1	-1	-1		

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
<i>Trust funds</i>								
Trust fund share of next generation high-speed rail:								
Outlays .....	401 O	3	2					
Total Federal funds Federal Railroad Administration .....	BA	<b>736</b>	<b>749</b>	<b>701</b>	<b>717</b>	<b>732</b>	<b>750</b>	<b>766</b>
	O	755	830	1,042	721	733	750	763
Total Trust funds Federal Railroad Administration .....	O	<b>3</b>	<b>2</b>					
<b>Federal Transit Administration</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Administrative expenses:								
Appropriation, discretionary .....	401 BA	12	13	13	15	15	16	16
Spending authority from offsetting collections, discretionary .....	BA	49	52	55				
Outlays .....	O	57	67	68	21	16	16	16
Administrative expenses (gross) .....	BA	<b>61</b>	<b>65</b>	<b>68</b>	<b>15</b>	<b>15</b>	<b>16</b>	<b>16</b>
	O	57	67	68	21	16	16	16
Change in uncollected customer payments from Federal sources .....	BA	1						
Total, offsetting collections (cash) .....		-50	-52	-55				
Total Administrative expenses (net) .....	BA	<b>12</b>	<b>13</b>	<b>13</b>	<b>15</b>	<b>15</b>	<b>16</b>	<b>16</b>
	O	7	15	13	21	16	16	16
Formula grants:								
Appropriation, discretionary .....	401 BA	570	617	718	768	784	802	820
Spending authority from offsetting collections, discretionary .....	BA	4,071	2,670	2,874				
Outlays .....	O	2,792	3,216	3,192	2,834	2,491	2,017	1,483
Formula grants (gross) .....	BA	<b>4,641</b>	<b>3,287</b>	<b>3,592</b>	<b>768</b>	<b>784</b>	<b>802</b>	<b>820</b>
	O	2,792	3,216	3,192	2,834	2,491	2,017	1,483
Change in uncollected customer payments from Federal sources .....	BA	1						
Adjustment to uncollected customer payments from Federal sources .....	BA	-1						
Total, offsetting collections (cash) .....		-4,071	-2,670	-2,874				
Total Formula grants (net) .....	BA	<b>570</b>	<b>617</b>	<b>718</b>	<b>768</b>	<b>784</b>	<b>802</b>	<b>820</b>
	O	-1,279	546	318	2,834	2,491	2,017	1,483
University transportation research:								
Appropriation, discretionary .....	401 BA	1	1	1	1	1	1	1
Spending authority from offsetting collections, discretionary .....	BA	5	5	5				
Outlays .....	O	9	6	6	6	3	2	2
University transportation research (gross) .....	BA	<b>6</b>	<b>6</b>	<b>6</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
	O	9	6	6	6	3	2	2
Total, offsetting collections (cash) .....		-5	-5	-5				
Total University transportation research (net) .....	BA	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
	O	4	1	1	6	3	2	2
Transit planning and research:								
Appropriation, discretionary .....	401 BA	23	22	23	23	24	24	24
Spending authority from offsetting collections, discretionary .....	BA	155	100	105				
Outlays .....	O	83	129	149	153	69	38	27
Transit planning and research (gross) .....	BA	<b>178</b>	<b>122</b>	<b>128</b>	<b>23</b>	<b>24</b>	<b>24</b>	<b>24</b>
	O	83	129	149	153	69	38	27
Change in uncollected customer payments from Federal sources .....	BA	-10						
Total, offsetting collections (cash) .....		-145	-100	-105				
Total Transit planning and research (net) .....	BA	<b>23</b>	<b>22</b>	<b>23</b>	<b>23</b>	<b>24</b>	<b>24</b>	<b>24</b>
	O	-62	29	44	153	69	38	27
Job access and reverse commute grants:								
Appropriation, discretionary .....	401 BA	15	20	25	30	31	31	32
Spending authority from offsetting collections, discretionary .....	BA	60	80	100				

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	17	45	65	88	85	66	53
Job access and reverse commute grants (gross) .....	BA	75	100	125	30	31	31	32
	O	17	45	65	88	85	66	53
Total, offsetting collections (cash) .....		-60	-80	-100				
Total Job access and reverse commute grants (net) .....	BA	15	20	25	30	31	31	32
	O	-43	-35	-35	88	85	66	53
<b>Capital investment grants:</b>								
Appropriation, discretionary .....	401 BA	538	578	568	607	621	634	649
Spending authority from offsetting collections, discretionary .....	BA	1,954	2,116	2,273				
Outlays .....	O	1,071	961	1,572	2,001	1,900	1,666	1,277
Capital investment grants (gross) .....	BA	2,492	2,694	2,841	607	621	634	649
	O	1,071	961	1,572	2,001	1,900	1,666	1,277
Total, offsetting collections (cash) .....		-1,954	-2,116	-2,273				
Total Capital investment grants (net) .....	BA	538	578	568	607	621	634	649
	O	-883	-1,155	-701	2,001	1,900	1,666	1,277
<b>Research, training, and human resources:</b>								
Outlays .....	401 O		2	1	1			
<b>Interstate transfer grants-transit:</b>								
Outlays .....	401 O	1	5	2	1	1		
<b>Washington Metropolitan Area Transit Authority:</b>								
Outlays .....	401 O	109	107	71	48	11		
<b>Miscellaneous expired accounts:</b>								
Appropriation, discretionary .....	401 BA	-4						
Outlays .....	O	-1						
<i>Trust funds</i>								
<b>Discretionary grants (Highway trust fund, mass transit account):</b>								
Outlays .....	401 O	1,200	983	614	309	107		
<b>Trust fund share of expenses:</b>								
Appropriation, discretionary .....	401 BA	11	4					
Contract authority, mandatory .....	BA	6,285	5,017	5,398	5,781	5,947	6,113	6,293
Outlays .....	O	6,278	5,010	5,398	343	1,626	3,197	4,401
Limitation on program level (obligations) .....		(6,267)	(5,006)	(5,398)	(5,782)	(5,911)	(6,042)	(6,177)
Total Trust fund share of expenses .....	BA	6,296	5,021	5,398	5,781	5,947	6,113	6,293
	O	6,278	5,010	5,398	343	1,626	3,197	4,401
Total Federal funds Federal Transit Administration .....	BA	1,155	1,251	1,348	1,444	1,476	1,508	1,542
	O	-2,147	-485	-286	5,153	4,576	3,805	2,858
Total Trust funds Federal Transit Administration .....	BA	6,296	5,021	5,398	5,781	5,947	6,113	6,293
	O	7,478	5,993	6,012	652	1,733	3,197	4,401

**Saint Lawrence Seaway Development Corporation**

*Federal funds*

**Public Enterprise Funds:**

Saint Lawrence Seaway Development Corporation:

Spending authority from offsetting collections, mandatory .....	403 BA	13	14	14	14	14	14	14
Outlays .....	O	13	14	14	14	14	14	14
Saint Lawrence Seaway Development Corporation (gross) .....	BA	13	14	14	14	14	14	14
	O	13	14	14	14	14	14	14
Total, offsetting collections (cash) .....		-13	-14	-14	-14	-14	-14	-14
Total Saint Lawrence Seaway Development Corporation (net) .....	BA							
	O							

*Trust funds*

<b>Operations and maintenance:</b>								
Appropriation, discretionary .....	403 BA	12	13	13	13	14	14	14
Outlays .....	O	12	13	13	13	14	14	14

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Research and Special Programs Administration</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Research and special programs:								
Appropriation, discretionary .....	407 BA	32	36	42	43	44	45	46
Spending authority from offsetting collections, discretionary .....	BA	58	53	55	55	55	55	55
Outlays .....	O	69	120	95	97	99	100	100
Research and special programs (gross) .....	BA	90	89	97	98	99	100	101
	O	69	120	95	97	99	100	100
Change in uncollected customer payments from Federal sources .....	BA	15						
Total, offsetting collections (cash) .....		-72	-53	-55	-55	-55	-55	-55
Total Research and special programs (net) .....	BA	33	36	42	43	44	45	46
	O	-3	67	40	42	44	45	45
Pipeline safety:								
Appropriation, discretionary .....	407 BA	31	39	46	47	48	49	51
Spending authority from offsetting collections, discretionary .....	BA	6	9	8	8	8	8	8
Outlays .....	O	37	42	51	52	56	56	58
Pipeline safety (gross) .....	BA	37	48	54	55	56	57	59
	O	37	42	51	52	56	56	58
Change in uncollected customer payments from Federal sources .....	BA	1						
Adjustment to uncollected customer payments from Federal sources .....	BA	2						
Total, offsetting collections (cash) .....		-10	-9	-8	-8	-8	-8	-8
Total Pipeline safety (net) .....	BA	30	39	46	47	48	49	51
	O	27	33	43	44	48	48	50
Emergency preparedness grants:								
Appropriation, mandatory .....	407 BA	25	14	14	14	14	14	14
Outlays .....	O	9	13	14	14	14	14	14
<b>Intragovernmental Funds:</b>								
Working capital fund, Volpe National Transportation Systems Center:								
Spending authority from offsetting collections, discretionary .....	407 BA	212	205	208	205	205	205	205
Outlays .....	O	177	205	208	205	205	205	205
Working capital fund, Volpe National Transportation Systems Center (gross) .....	BA	212	205	208	205	205	205	205
	O	177	205	208	205	205	205	205
Change in uncollected customer payments from Federal sources .....	BA	-35						
Total, offsetting collections (cash) .....		-177	-205	-208	-205	-205	-205	-205
Total Working capital fund, Volpe National Transportation Systems Center (net) .....	BA							
	O							
<i>Trust funds</i>								
Trust fund share of pipeline safety:								
Appropriation, discretionary .....	407 BA	5	7	7	7	7	7	8
Outlays .....	O	9	4	7	6	8	8	8
Total Federal funds Research and Special Programs Administration .....	BA	88	89	102	104	106	108	111
	O	33	113	97	100	106	107	109
Total Trust funds Research and Special Programs Administration .....	BA	5	7	7	7	7	7	8
	O	9	4	7	6	8	8	8

**Office of Inspector General**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, discretionary .....	407 BA	44	49	51	52	53	54	56
Spending authority from offsetting collections, discretionary .....	BA	4	4	6	6	6	6	6
Outlays .....	O	48	52	57	58	59	60	61
Salaries and expenses (gross) .....	BA	48	53	57	58	59	60	62
	O	48	52	57	58	59	60	61

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash) .....		-4	-4	-6	-6	-6	-6	-6
Total Salaries and expenses (net) .....	BA	44	49	51	52	53	54	56
	O	44	48	51	52	53	54	55

**Surface Transportation Board**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:								
Appropriation, discretionary .....	401 BA	16	17	18	18	19	19	20
Spending authority from offsetting collections, discretionary .....	BA	1	1	1	1	1	1	1
Outlays .....	O	17	19	19	20	20	20	21
Salaries and expenses (gross) .....	BA	17	18	19	19	20	20	21
	O	17	19	19	20	20	20	21
Total, offsetting collections (cash) .....		-1	-1	-1	-1	-1	-1	-1
Total Salaries and expenses (net) .....	BA	16	17	18	18	19	19	20
	O	16	18	18	19	19	19	20

**Bureau of Transportation Statistics**

*Trust funds*

Office of airline information (Airport and airway trust fund):								
Appropriation, discretionary .....	402 BA			4	4	4	4	4
Outlays .....	O			4	4	4	4	4

**Maritime Administration**

*Federal funds*

**General and Special Funds:**

Operations and training:								
Appropriation, discretionary .....	403 BA	72	87	89	91	93	95	97
Reappropriation, discretionary .....	BA	1						
Spending authority from offsetting collections, discretionary .....	BA	47	57	50	50	57	57	57
Outlays .....	O	120	162	138	140	150	152	154
Operations and training (gross) .....	BA	120	144	139	141	150	152	154
	O	120	162	138	140	150	152	154
Change in uncollected customer payments from Federal sources .....	BA	-5						
Total, offsetting collections (cash) .....		-42	-57	-50	-50	-57	-57	-57
Total Operations and training (net) .....	BA	73	87	89	91	93	95	97
	O	78	105	88	90	93	95	97
Ship disposal:								
Appropriation, discretionary .....	403 BA			10	10	10	11	11
Outlays .....	O			5	10	10	10	10
Maritime security program:								
Appropriation, discretionary .....	054 BA	96	98					
Outlays .....	O	99	99	8				
Ship construction:								
Spending authority from offsetting collections, discretionary .....	403 BA	2	2	2	2	2	2	2
Ship construction (gross) .....	BA	2	2	2	2	2	2	2
Total, offsetting collections (cash) .....		-2	-2	-2	-2	-2	-2	-2
Total Ship construction (net) .....	BA							
	O	-2	-2	-2	-2	-2	-2	-2
Operating-differential subsidies:								
Outlays .....	403 O	10	27	18				
Ocean freight differential:								
Authority to borrow, mandatory .....	403 BA	75	80	48	25	25	25	25
Outlays .....	O	23	80	48	25	25	25	25
Ready reserve force:								
Outlays .....	054 O	3	5	4	1			

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Public Enterprise Funds:</b>								
Vessel operations revolving fund:								
Spending authority from offsetting collections, discretionary	403 BA	311	367	351	361	376	384	384
Outlays	O	288	287	299	359	377	388	390
Vessel operations revolving fund (gross)	BA	311	367	351	361	376	384	384
	O	288	287	299	359	377	388	390
Change in uncollected customer payments from Federal sources	BA	67						
Total, offsetting collections (cash)		-378	-367	-351	-361	-376	-384	-384
Total Vessel operations revolving fund (net)	BA							
	O	-90	-80	-52	-2	1	4	6
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
War risk insurance revolving fund (gross)	BA	2	2	2	2	2	2	2
	O		1	1	1	1	1	1
Total, offsetting collections (cash)		-2	-2	-2	-2	-2	-2	-2
Total War risk insurance revolving fund (net)	BA							
	O	-2	-1	-1	-1	-1	-1	-1
<b>Credit Accounts:</b>								
Federal ship financing fund liquidating account:								
Spending authority from offsetting collections, mandatory	403 BA		3	2	3	3	3	3
Federal ship financing fund liquidating account (gross)	BA		3	2	3	3	3	3
Total, offsetting collections (cash)		-3	-3	-2	-3	-3	-3	-3
Total Federal ship financing fund liquidating account (net)	BA	-3						
	O	-3	-3	-2	-3	-3	-3	-3
Maritime guaranteed loan (title XI) program account:								
Appropriation, discretionary	403 BA	10	26	4	4	4	4	4
Appropriation, mandatory	BA	60	21					
Outlays	O	124	93	14	4	4	4	4
Limitation on loan guarantee commitments		(1,000)						
Total Maritime guaranteed loan (title XI) program account	BA	70	47	4	4	4	4	4
	O	124	93	14	4	4	4	4
Total Federal funds Maritime Administration	BA	311	312	151	130	132	135	137
	O	240	323	128	122	127	132	136
<b>Summary</b>								
Federal funds:								
(As shown in detail above)	BA	7,156	9,898	8,755	9,337	9,557	9,785	10,020
	O	4,150	7,380	7,599	12,978	12,625	12,045	11,278
Deductions for offsetting receipts:								
Proprietary receipts from the public	401 BA/O	-65						
	403 BA/O	-30	-22	-1	-1	-1	-1	-1
	407 BA/O	-25	-14	-14	-14	-14	-14	-14
Offsetting governmental receipts	401 BA/O	-1						
				J-55	J-110	J-113	J-116	J-119
	403 BA/O	-88	-92	-94	-96	-99	-101	-103
	407 BA/O	-31	-38	-48	-49	-50	-52	-53
				J-12	J-22	J-22	J-23	J-24
Total Federal funds	BA	6,916	9,732	8,531	9,045	9,258	9,478	9,706
	O	3,910	7,214	7,375	12,686	12,326	11,738	10,964
Trust funds:								
(As shown in detail above)	BA	47,865	51,349	53,441	50,501	51,850	53,210	54,672
	O	42,092	43,435	47,524	44,248	46,928	49,970	52,464



**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

Account		2000 actual	estimate						
			2001	2002	2003	2004	2005	2006	
Deductions for offsetting receipts:									
Proprietary receipts from the public .....	151 BA/O	-5	-5	-5	-5	-5	-5	-5	-5
	401 BA/O	-29	-28	-28	-28	-28	-28	-28	-28
Total Trust funds .....	BA	<b>47,831</b>	<b>51,316</b>	<b>53,408</b>	<b>50,468</b>	<b>51,817</b>	<b>53,177</b>	<b>54,639</b>	
	O	42,058	43,402	47,491	44,215	46,895	49,937	52,431	
Interfund transactions .....	401 BA/O	-4	-5	-5	-5	-5	-5	-5	-5
Total Department of Transportation .....	BA	<b>54,743</b>	<b>61,043</b>	<b>61,934</b>	<b>59,508</b>	<b>61,070</b>	<b>62,650</b>	<b>64,340</b>	
	O	45,964	50,611	54,861	56,896	59,216	61,670	63,390	

**DEPARTMENT OF THE TREASURY**  
(In millions of dollars)

Account		2000 actual	estimate						
			2001	2002	2003	2004	2005	2006	
<b>Departmental Offices</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Salaries and expenses:									
Appropriation, discretionary .....	803 BA	161	163	182	186	190	194	199	
Spending authority from offsetting collections, discretionary .....	BA	15	17	17	15	15	15	15	
Outlays .....	O	165	214	225	201	204	209	213	
Salaries and expenses (gross) .....	BA	<b>176</b>	<b>180</b>	<b>199</b>	<b>201</b>	<b>205</b>	<b>209</b>	<b>214</b>	
	O	165	214	225	201	204	209	213	
Change in uncollected customer payments from Federal sources .....	BA	-1							
Total, offsetting collections (cash) .....		-14	-17	-17	-15	-15	-15	-15	-15
Total Salaries and expenses (net) .....	BA	<b>161</b>	<b>163</b>	<b>182</b>	<b>186</b>	<b>190</b>	<b>194</b>	<b>199</b>	
	O	151	197	208	186	189	194	198	
Department-wide systems and capital investments programs:									
Appropriation, discretionary .....	803 BA	33	62	71	73	74	76	78	
Outlays .....	O	48	63	54	64	72	74	76	
Office of Inspector General:									
Appropriation, discretionary .....	803 BA	31	33	35	36	37	37	38	
Spending authority from offsetting collections, discretionary .....	BA				1	1	1	1	
Outlays .....	O	29	32	36	36	37	38	39	
Office of Inspector General (gross) .....	BA	<b>31</b>	<b>33</b>	<b>35</b>	<b>37</b>	<b>38</b>	<b>38</b>	<b>39</b>	
	O	29	32	36	36	37	38	39	
Total, offsetting collections (cash) .....					-1	-1	-1	-1	
Total Office of Inspector General (net) .....	BA	<b>31</b>	<b>33</b>	<b>35</b>	<b>36</b>	<b>37</b>	<b>37</b>	<b>38</b>	
	O	29	32	36	35	36	37	38	
Inspector General for Tax Administration:									
Appropriation, discretionary .....	803 BA	112	118	122	125	128	130	133	
Spending authority from offsetting collections, discretionary .....	BA	2	2	2	2	2	2	2	
Outlays .....	O	98	122	124	126	129	132	135	
Inspector General for Tax Administration (gross) .....	BA	<b>114</b>	<b>120</b>	<b>124</b>	<b>127</b>	<b>130</b>	<b>132</b>	<b>135</b>	
	O	98	122	124	126	129	132	135	
Total, offsetting collections (cash) .....		-2	-2	-2	-2	-2	-2	-2	
Total Inspector General for Tax Administration (net) .....	BA	<b>112</b>	<b>118</b>	<b>122</b>	<b>125</b>	<b>128</b>	<b>130</b>	<b>133</b>	
	O	96	120	122	124	127	130	133	
Treasury building and annex repair and restoration:									
Appropriation, discretionary .....	803 BA	23	31	33	34	34	35	36	
Outlays .....	O	25	25	52	56	34	35	36	
Financial crimes enforcement network:									
Appropriation, discretionary .....	751 BA	28	37	45	46	47	48	49	
Spending authority from offsetting collections, discretionary .....	BA	3	1	1	1	1	1	1	

**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	29	34	44	47	48	49	50
Financial crimes enforcement network (gross) .....	BA	31	38	46	47	48	49	50
	O	29	34	44	47	48	49	50
Change in uncollected customer payments from Federal sources .....	BA	-2	2	1				
Total, offsetting collections (cash) .....		-1	-1	-2	-1	-1	-1	-1
Total Financial crimes enforcement network (net) .....	BA	28	39	45	46	47	48	49
	O	28	33	42	46	47	48	49
<b>Expanded access to financial services:</b>								
Appropriation, discretionary .....	808 BA		10					
Outlays .....	O		7	3				
<b>Counterterrorism fund:</b>								
Appropriation, discretionary .....	751 BA		55	45	46	47	48	49
Outlays .....	O	3	55	45	46	47	48	49
<b>United States community adjustment and investment program:</b>								
Appropriation, discretionary .....	451 BA	8		1	1	1	1	1
Outlays .....	O	6	8	1	2	2	2	2
<b>Violent crime reduction program:</b>								
Appropriation, discretionary .....	751 BA	115						
Spending authority from offsetting collections, discretionary .....	BA	1						
Outlays .....	O	98	160	24				
Violent crime reduction program (gross) .....	BA	116						
	O	98	160	24				
Change in uncollected customer payments from Federal sources .....	BA	8	3					
Total, offsetting collections (cash) .....		-9	-3					
Total Violent crime reduction program (net) .....	BA	115						
	O	89	157	24				
<b>Treasury forfeiture fund:</b>								
Appropriation, mandatory .....	751 BA	226	221	221	221	221	221	221
Outlays .....	O	347	249	249	249	249	249	249
<b>Presidential election campaign fund:</b>								
Appropriation, mandatory .....	808 BA	61	61	61	61	61	61	61
Outlays .....	O	211	5		30	218	3	
<b>Sallie Mae assessments:</b>								
Appropriation, discretionary .....	808 BA	1	1	1	1	1	1	1
Outlays .....	O	1	1	1	1	1	1	1
<b>Public Enterprise Funds:</b>								
<b>Exchange stabilization fund:</b>								
Spending authority from offsetting collections, mandatory .....	155 BA	1,160	1,273	1,246	1,357	1,438	1,488	1,513
Exchange stabilization fund (gross) .....	BA	1,160	1,273	1,246	1,357	1,438	1,488	1,513
Total, offsetting collections (cash) .....		-1,160	-1,273	-1,246	-1,357	-1,438	-1,488	-1,513
Total Exchange stabilization fund (net) .....	BA							
	O	-1,160	-1,273	-1,246	-1,357	-1,438	-1,488	-1,513
<b>Intragovernmental Funds:</b>								
<b>Working capital fund:</b>								
Spending authority from offsetting collections, mandatory .....	803 BA	254	297	276	276	282	290	296
Outlays .....	O	218	297	276	276	282	290	296
Working capital fund (gross) .....	BA	254	297	276	276	282	290	296
	O	218	297	276	276	282	290	296
Change in uncollected customer payments from Federal sources .....	BA	-4						
Total, offsetting collections (cash) .....		-250	-297	-276	-276	-282	-290	-296
Total Working capital fund (net) .....	BA							
	O	-32						
<b>Treasury franchise fund:</b>								
Spending authority from offsetting collections, discretionary .....	803 BA	209	172	200	130	135	140	145

**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	152	160	211	125	141	139	144
Treasury franchise fund (gross) .....	BA	<b>209</b>	<b>172</b>	<b>200</b>	<b>130</b>	<b>135</b>	<b>140</b>	<b>145</b>
	O	152	160	211	125	141	139	144
Change in uncollected customer payments from Federal sources .....	BA	<b>-36</b>	<b>25</b>	<b>20</b>	<b>-10</b>	<b>-10</b>	<b>-10</b>	<b>-10</b>
Total, offsetting collections (cash) .....		-173	-197	-220	-120	-125	-130	-135
Total Treasury franchise fund (net) .....	BA							
	O	-21	-37	-9	5	16	9	9
<b>Credit Accounts:</b>								
Community development financial institutions fund program account:								
Appropriation, discretionary .....	451 BA	<b>115</b>	<b>118</b>	<b>68</b>	<b>70</b>	<b>71</b>	<b>73</b>	<b>74</b>
Appropriation, mandatory .....	BA	<b>1</b>						
Outlays .....	O	97	115	114	103	78	72	72
Limitation on direct loan activity .....		(53)	(53)	(15)	(15)	(16)	(16)	(16)
Total Community development financial institutions fund program account .....	BA	<b>116</b>	<b>118</b>	<b>68</b>	<b>70</b>	<b>71</b>	<b>73</b>	<b>74</b>
	O	97	115	114	103	78	72	72
Total Federal funds Departmental Offices .....	BA	<b>915</b>	<b>912</b>	<b>885</b>	<b>900</b>	<b>912</b>	<b>925</b>	<b>940</b>
	O	-82	-243	-304	-410	-322	-586	-601

**Federal Law Enforcement Training Center**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, discretionary .....	751 BA	<b>79</b>	<b>99</b>	<b>101</b>	<b>103</b>	<b>106</b>	<b>108</b>	<b>110</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>21</b>	<b>27</b>	<b>27</b>	<b>36</b>	<b>33</b>	<b>36</b>	<b>36</b>
Outlays .....	O	116	129	134	139	138	144	146
Salaries and expenses (gross) .....	BA	<b>100</b>	<b>126</b>	<b>128</b>	<b>139</b>	<b>139</b>	<b>144</b>	<b>146</b>
	O	116	129	134	139	138	144	146
Change in uncollected customer payments from Federal sources .....	BA	<b>11</b>	<b>10</b>			<b>3</b>		
Total, offsetting collections (cash) .....		-33	-37	-27	-36	-36	-36	-36
Total Salaries and expenses (net) .....	BA	<b>78</b>	<b>99</b>	<b>101</b>	<b>103</b>	<b>106</b>	<b>108</b>	<b>110</b>
	O	83	92	107	103	102	108	110
Acquisition, construction, improvements, and related expenses:								
Appropriation, discretionary .....	751 BA	<b>21</b>	<b>54</b>	<b>22</b>	<b>22</b>	<b>23</b>	<b>24</b>	<b>24</b>
Outlays .....	O	35	40	44	38	23	23	23
Total Federal funds Federal Law Enforcement Training Center .....	BA	<b>99</b>	<b>153</b>	<b>123</b>	<b>125</b>	<b>129</b>	<b>132</b>	<b>134</b>
	O	118	132	151	141	125	131	133

**Interagency Law Enforcement**

*Federal funds*

**General and Special Funds:**

Interagency crime and drug enforcement:

Appropriation, discretionary .....	751 BA	<b>75</b>	<b>103</b>	<b>106</b>	<b>108</b>	<b>111</b>	<b>113</b>	<b>116</b>
Outlays .....	O	50	85	87	106	109	111	114

**Financial Management Service**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, discretionary .....	803 BA	<b>200</b>	<b>206</b>	<b>212</b>	<b>217</b>	<b>222</b>	<b>227</b>	<b>232</b>
Appropriation, mandatory .....	BA	<b>16</b>	<b>19</b>	<b>24</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>26</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>110</b>	<b>110</b>	<b>99</b>	<b>130</b>	<b>135</b>	<b>140</b>	<b>145</b>
Outlays .....	O	327	332	354	398	381	391	402
Salaries and expenses (gross) .....	BA	<b>326</b>	<b>335</b>	<b>335</b>	<b>373</b>	<b>383</b>	<b>393</b>	<b>403</b>
	O	327	332	354	398	381	391	402
Change in uncollected customer payments from Federal sources .....	BA	<b>-12</b>						

**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash) .....		-98	-110	-99	-135	-135	-140	-145
Total Salaries and expenses (net) .....	BA	<b>216</b>	<b>225</b>	<b>236</b>	<b>238</b>	<b>248</b>	<b>253</b>	<b>258</b>
	O	229	222	255	263	246	251	257
Payment to the Resolution Funding Corporation:								
Appropriation, mandatory .....	908 BA	<b>1,164</b>	<b>1,728</b>	<b>1,357</b>	<b>2,124</b>	<b>2,231</b>	<b>2,117</b>	<b>2,188</b>
Outlays .....	O	1,164	1,728	1,357	2,124	2,231	2,117	2,188
Payment to terrestrial wildlife habitat restoration trust fund:								
Appropriation, mandatory .....	306 BA	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Outlays .....	O	5	5	5	5	5	5	5
Federal Reserve Bank reimbursement fund:								
Appropriation, mandatory .....	803 BA	<b>127</b>	<b>129</b>	<b>132</b>	<b>135</b>	<b>139</b>	<b>143</b>	<b>147</b>
Outlays .....	O	83	129	132	135	139	143	147
Interest on uninvested funds:								
Appropriation, mandatory .....	908 BA	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Outlays .....	O	5	5	5	5	5	5	5
Federal interest liabilities to States:								
Appropriation, mandatory .....	908 BA	<b>10</b>	<b>14</b>	<b>13</b>	<b>12</b>	<b>11</b>	<b>10</b>	<b>10</b>
Outlays .....	O	9	14	13	12	11	10	10
Interest paid to credit financing accounts:								
Appropriation, mandatory .....	908 BA	<b>4,287</b>	<b>3,787</b>	<b>3,734</b>	<b>3,731</b>	<b>3,748</b>	<b>3,759</b>	<b>3,787</b>
Outlays .....	O	4,287	3,787	3,734	3,731	3,748	3,759	3,787
Claims, judgments, and relief acts:								
Appropriation, mandatory .....	808 BA	<b>1,831</b>	<b>1,175</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
Outlays .....	O	1,815	1,223	1,000	1,000	1,000	1,000	1,000
Payment of anti-terrorism judgments:								
Appropriation, mandatory .....	808 BA		<b>382</b>					
Outlays .....	O		382					
Biomass energy development:								
Appropriation, discretionary .....	271 BA	<b>-49</b>	<b>-2</b>					
Spending authority from offsetting collections, discretionary .....	BA	<b>4</b>	<b>4</b>	<b>4</b>				
Outlays .....	O							
Biomass energy development (gross) .....	BA	<b>-45</b>	<b>2</b>	<b>4</b>				
	O							
Total, offsetting collections (cash) .....		-4	-4	-4				
Total Biomass energy development (net) .....	BA	<b>-49</b>	<b>-2</b>					
	O	-4	-4	-4				
<b>Public Enterprise Funds:</b>								
Check forgery insurance fund:								
Appropriation, mandatory .....	803 BA	<b>10</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>1</b>
Spending authority from offsetting collections, mandatory .....	BA	<b>25</b>	<b>23</b>	<b>25</b>	<b>17</b>	<b>18</b>	<b>9</b>	<b>9</b>
Outlays .....	O	28	27	28	12	11	10	10
Check forgery insurance fund (gross) .....	BA	<b>35</b>	<b>27</b>	<b>28</b>	<b>20</b>	<b>20</b>	<b>10</b>	<b>10</b>
	O	28	27	28	12	11	10	10
Total, offsetting collections (cash) .....		-25	-23	-25	-17	-18	-9	-9
Total Check forgery insurance fund (net) .....	BA	<b>10</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>1</b>
	O	3	4	3	-5	-7	1	1
Total Federal funds Financial Management Service .....	BA	<b>7,607</b>	<b>7,453</b>	<b>6,486</b>	<b>7,254</b>	<b>7,390</b>	<b>7,294</b>	<b>7,402</b>
	O	7,596	7,495	6,500	7,270	7,378	7,291	7,400

**Federal Financing Bank**

*Federal funds*

**Intragovernmental Funds:**

Federal Financing Bank:

Authority to borrow, mandatory .....	803 BA	<b>5</b>	<b>17</b>	<b>15</b>	<b>18</b>	<b>21</b>	<b>25</b>	<b>28</b>
Spending authority from offsetting collections, mandatory .....	BA	<b>3,280</b>	<b>3,353</b>	<b>3,461</b>	<b>3,152</b>	<b>3,016</b>	<b>2,802</b>	<b>2,510</b>
Outlays .....	O	3,314	3,374	3,476	3,170	3,037	2,827	2,538
Federal Financing Bank (gross) .....	BA	<b>3,285</b>	<b>3,370</b>	<b>3,476</b>	<b>3,170</b>	<b>3,037</b>	<b>2,827</b>	<b>2,538</b>
	O	3,314	3,374	3,476	3,170	3,037	2,827	2,538

**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash)		-3,280	-3,353	-3,461	-3,152	-3,016	-2,802	-2,510
Total Federal Financing Bank (net)	BA	5	17	15	18	21	25	28
	O	34	21	15	18	21	25	28

**Bureau of Alcohol, Tobacco and Firearms**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:								
Appropriation, discretionary	751 BA	562	771	804	822	840	859	878
Reappropriation, discretionary	BA	2						
Spending authority from offsetting collections, discretionary	BA	47	50	47	47	47	47	47
Outlays	O	555	788	850	895	885	904	923
Salaries and expenses (gross)	BA	611	821	851	869	887	906	925
	O	555	788	850	895	885	904	923
Change in uncollected customer payments from Federal sources	BA	-38						
Total, offsetting collections (cash)		-9	-50	-47	-47	-47	-47	-47
Total Salaries and expenses (net)	BA	564	771	804	822	840	859	878
	O	546	738	803	848	838	857	876
Laboratory facilities and headquarters:								
Outlays	751 O	11	30	20				
Internal revenue collections for Puerto Rico:								
Appropriation, mandatory	806 BA	297	315	246	235	235	235	235
Outlays	O	297	315	246	235	235	235	235
Total Federal funds Bureau of Alcohol, Tobacco and Firearms	BA	861	1,086	1,050	1,057	1,075	1,094	1,113
	O	854	1,083	1,069	1,083	1,073	1,092	1,111

**United States Customs Service**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:								
Appropriation, discretionary	751 BA	1,723	1,882	1,962	2,006	2,050	2,096	2,143
Appropriation, mandatory	BA	299	300	320	351	386	424	465
Spending authority from offsetting collections, discretionary	BA	542	448	455	490	529	571	617
Outlays	O	2,608	2,432	2,727	2,839	2,957	3,084	3,217
Salaries and expenses (gross)	BA	2,564	2,630	2,737	2,847	2,965	3,091	3,225
	O	2,608	2,432	2,727	2,839	2,957	3,084	3,217
Change in uncollected customer payments from Federal sources	BA	-11	54	46				
Adjustment to uncollected customer payments from Federal sources	BA	-7						
Total, offsetting collections (cash)		-525	-502	-501	-490	-529	-571	-617
Total Salaries and expenses (net)	BA	2,021	2,182	2,282	2,357	2,436	2,520	2,608
	O	2,083	1,930	2,226	2,349	2,428	2,513	2,600
Operation, maintenance and procurement, air and marine interdiction programs:								
Appropriation, discretionary	751 BA	177	140	163	167	170	174	178
Spending authority from offsetting collections, discretionary	BA	3		1				
Outlays	O	190	180	180	207	211	215	206
Operation, maintenance and procurement, air and marine interdiction programs (gross)	BA	180	140	164	167	170	174	178
	O	190	180	180	207	211	215	206
Change in uncollected customer payments from Federal sources	BA	3						
Total, offsetting collections (cash)		-6		-1				
Total Operation, maintenance and procurement, air and marine interdiction programs (net)	BA	177	140	163	167	170	174	178
	O	184	180	179	207	211	215	206
Automation modernization:								
Appropriation, discretionary	751 BA		258	258	264	270	276	282
Outlays	O		142	214	242	259	272	277

**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Customs facilities, construction, improvements and related expenses:								
Outlays .....	751 O	1	1	5	4	4	1	
Continued dumping and subsidy offset:								
Appropriation, mandatory .....	751 BA			200	200	200	200	200
Outlays .....	O			200	200	200	200	200
Customs services at small airports:								
Appropriation, discretionary .....	751 BA	3	3	3	3	3	3	3
Spending authority from offsetting collections, discretionary .....	BA	1	1	1				
Outlays .....	O	3	5	5	4	4	3	3
Customs services at small airports (gross) .....	BA	4	4	4	3	3	3	3
	O	3	5	5	4	4	3	3
Total, offsetting collections (cash) .....		-1	-1	-1				
Total Customs services at small airports (net) .....	BA	3	3	3	3	3	3	3
	O	2	4	4	4	4	3	3
Refunds, transfers, and expenses of operation, Puerto Rico:								
Appropriation, mandatory .....	806 BA	90	96	101	96	96	96	96
Spending authority from offsetting collections, mandatory .....	BA	4	4	4	4	4	4	4
Outlays .....	O	94	100	105	100	100	100	100
Refunds, transfers, and expenses of operation, Puerto Rico (gross) .....	BA	94	100	105	100	100	100	100
	O	94	100	105	100	100	100	100
Total, offsetting collections (cash) .....		-4	-4	-4	-4	-4	-4	-4
Total Refunds, transfers, and expenses of operation, Puerto Rico (net) .....	BA	90	96	101	96	96	96	96
	O	90	96	101	96	96	96	96
<i>Trust funds</i>								
Harbor maintenance fee collection:								
Appropriation, discretionary .....	751 BA	3	3	3	3	3	3	3
Outlays .....	O	3	3	3	3	3	3	3
Refunds, transfers and expenses, Unclaimed and abandoned goods:								
Appropriation, mandatory .....	751 BA	6	6	6	7	7	7	8
Outlays .....	O	5	5	5	7	7	7	8
Total Federal funds United States Customs Service .....	BA	2,291	2,679	3,007	3,087	3,175	3,269	3,367
	O	2,360	2,353	2,929	3,102	3,202	3,300	3,382
Total Trust funds United States Customs Service .....	BA	9	9	9	10	10	10	11
	O	8	8	8	10	10	10	11

**Bureau of Engraving and Printing**

*Federal funds*

**Intragovernmental Funds:**

Bureau of Engraving and Printing fund:								
Spending authority from offsetting collections, discretionary .....	803 BA	471	417	450	475	499	524	550
Outlays .....	O	411	427	470	475	499	524	550
Bureau of Engraving and Printing fund (gross) .....	BA	471	417	450	475	499	524	550
	O	411	427	470	475	499	524	550
Total, offsetting collections (cash) .....		-471	-417	-450	-475	-499	-524	-550
Total Bureau of Engraving and Printing fund (net) .....	BA							
	O	-60	10	20				

**United States Mint**

*Federal funds*

**Public Enterprise Funds:**

United States Mint public enterprise fund:								
Appropriation, discretionary .....	803 BA		18	18	18	19	19	20
Spending authority from offsetting collections, discretionary .....	BA	1,423	1,152	1,218	1,218	1,218	1,218	1,218

**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	1,266	1,310	1,236	1,236	1,237	1,237	1,238
United States Mint public enterprise fund (gross) .....	BA	<b>1,423</b>	<b>1,170</b>	<b>1,236</b>	<b>1,236</b>	<b>1,237</b>	<b>1,237</b>	<b>1,238</b>
	O	1,266	1,310	1,236	1,236	1,237	1,237	1,238
Total, offsetting collections (cash) .....		-1,423	-1,152	-1,218	-1,218	-1,218	-1,218	-1,218
Total United States Mint public enterprise fund (net) .....	BA		<b>18</b>	<b>18</b>	<b>18</b>	<b>19</b>	<b>19</b>	<b>20</b>
	O	-157	158	18	18	19	19	20

**Bureau of the Public Debt**

*Federal funds*

**General and Special Funds:**

Administering the public debt:

Appropriation, discretionary .....	803 BA	177	183	185	189	193	198	202
Appropriation, mandatory .....	BA	139	162	138	138	138	138	138
Spending authority from offsetting collections, discretionary .....	BA	8	9	9	9	9	9	9
Outlays .....	O	327	385	339	336	341	345	350
Administering the public debt (gross) .....	BA	<b>324</b>	<b>354</b>	<b>332</b>	<b>336</b>	<b>340</b>	<b>345</b>	<b>349</b>
	O	327	385	339	336	341	345	350

Change in uncollected customer payments from Federal sources .....	BA		1					
Total, offsetting collections (cash) .....		-8	-9	-9	-9	-9	-9	-9

Total Administering the public debt (net) .....	BA	<b>316</b>	<b>346</b>	<b>323</b>	<b>327</b>	<b>331</b>	<b>336</b>	<b>340</b>
	O	319	376	330	327	332	336	341

Payment of Government losses in shipment:

Appropriation, mandatory .....	803 BA		1					
Outlays .....	O		1					

Total Federal funds Bureau of the Public Debt .....	BA	<b>316</b>	<b>347</b>	<b>323</b>	<b>327</b>	<b>331</b>	<b>336</b>	<b>340</b>
	O	319	377	330	327	332	336	341

**Internal Revenue Service**

*Federal funds*

**General and Special Funds:**

Processing, assistance, and management:

Appropriation, discretionary .....	803 BA	3,338	3,694	3,783	3,867	3,954	4,042	4,132
Appropriation, mandatory .....	BA	7	7	7	7	7	7	7
Reappropriation, discretionary .....	BA	3						
Spending authority from offsetting collections, discretionary .....	BA	27	26	26	26	26	26	26
Outlays .....	O	3,351	3,694	3,808	3,892	3,979	4,067	4,157

Processing, assistance, and management (gross) .....	BA	<b>3,375</b>	<b>3,727</b>	<b>3,816</b>	<b>3,900</b>	<b>3,987</b>	<b>4,075</b>	<b>4,165</b>
	O	3,351	3,694	3,808	3,892	3,979	4,067	4,157

Total, offsetting collections (cash) .....		-27	-26	-26	-26	-26	-26	-26
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Total Processing, assistance, and management (net) .....	BA	<b>3,348</b>	<b>3,701</b>	<b>3,790</b>	<b>3,874</b>	<b>3,961</b>	<b>4,049</b>	<b>4,139</b>
	O	3,324	3,668	3,782	3,866	3,953	4,041	4,131

Tax law enforcement

(Federal law enforcement activities):

(Appropriation, discretionary) .....	751 BA	379	374	390	399	408	417	426
(Outlays) .....	O	377	374	389	398	407	416	425

(Central fiscal operations):

(Appropriation, discretionary) .....	803 BA	2,857	3,008	3,143	3,213	3,285	3,358	3,433
(Appropriation, mandatory) .....	BA	47	47	47	47	47	47	47
(Reappropriation, discretionary) .....	BA	2						
(Spending authority from offsetting collections, discretionary) .....	BA	62	62	62	62	62	62	62
(Outlays) .....	O	2,889	3,108	3,242	3,316	3,388	3,461	3,536

Tax law enforcement (gross) .....	BA	<b>3,347</b>	<b>3,491</b>	<b>3,642</b>	<b>3,721</b>	<b>3,802</b>	<b>3,884</b>	<b>3,968</b>
	O	3,266	3,482	3,631	3,714	3,795	3,877	3,961

**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
Total, offsetting collections (cash) .....		-62	-62	-62	-62	-62	-62	-62
Total (Central fiscal operations) (net) .....	BA	<b>2,906</b>	<b>3,055</b>	<b>3,190</b>	<b>3,260</b>	<b>3,332</b>	<b>3,405</b>	<b>3,480</b>
	O	2,827	3,046	3,180	3,254	3,326	3,399	3,474
Total Tax law enforcement .....	BA	<b>3,285</b>	<b>3,429</b>	<b>3,580</b>	<b>3,659</b>	<b>3,740</b>	<b>3,822</b>	<b>3,906</b>
	O	3,204	3,420	3,569	3,652	3,733	3,815	3,899
Earned income tax credit compliance initiative:								
Appropriation, discretionary .....	803 BA	142	145	146	149	153	156	159
Reappropriation, discretionary .....	BA	2						
Outlays .....	O	135	145	146	149	152	156	159
Total Earned income tax credit compliance initiative .....	BA	<b>144</b>	<b>145</b>	<b>146</b>	<b>149</b>	<b>153</b>	<b>156</b>	<b>159</b>
	O	135	145	146	149	152	156	159
Information systems:								
Appropriation, discretionary .....	803 BA	1,495	1,550	1,563	1,598	1,633	1,670	1,707
Appropriation, mandatory .....	BA	7	7	7	7	7	7	7
Spending authority from offsetting collections, discretionary .....	BA	9	9	9	9	9	9	9
Outlays .....	O	1,656	1,591	1,481	1,526	1,636	1,671	1,708
Information systems (gross) .....	BA	<b>1,511</b>	<b>1,566</b>	<b>1,579</b>	<b>1,614</b>	<b>1,649</b>	<b>1,686</b>	<b>1,723</b>
	O	1,656	1,591	1,481	1,526	1,636	1,671	1,708
Total, offsetting collections (cash) .....		-9	-9	-9	-9	-9	-9	-9
Total Information systems (net) .....	BA	<b>1,502</b>	<b>1,557</b>	<b>1,570</b>	<b>1,605</b>	<b>1,640</b>	<b>1,677</b>	<b>1,714</b>
	O	1,647	1,582	1,472	1,517	1,627	1,662	1,699
Business systems modernization:								
Appropriation, discretionary .....	803 BA		72	397	406	415	424	434
Outlays .....	O	76	212	412	413	409	418	427
Payment where earned income credit exceeds liability for tax:								
Appropriation, mandatory .....	609 BA	26,099	25,923	26,983	27,875	28,545	29,373	30,165
Outlays .....	O	26,099	25,923	26,983	27,875	28,545	29,373	30,165
Payment where child credit exceeds liability for tax (Other income security):								
(Appropriation, mandatory) .....	609 BA	809	790	760	720	660	630	590
					<sup>B</sup> 215	<sup>B</sup> 453	<sup>B</sup> 710	<sup>B</sup> 960
(Outlays) .....	O	809	790	760	720	660	630	590
					<sup>B</sup> 215	<sup>B</sup> 453	<sup>B</sup> 710	<sup>B</sup> 960
Total (Other income security) .....	BA	<b>809</b>	<b>790</b>	<b>760</b>	<b>935</b>	<b>1,113</b>	<b>1,340</b>	<b>1,550</b>
	O	809	790	760	935	1,113	1,340	1,550
Total Payment where child credit exceeds liability for tax .....	BA	<b>809</b>	<b>790</b>	<b>760</b>	<b>935</b>	<b>1,113</b>	<b>1,340</b>	<b>1,550</b>
	O	809	790	760	935	1,113	1,340	1,550
Payment where health care credit exceeds liability for tax:								
Appropriation, mandatory .....	551 BA			<sup>B</sup> 81	<sup>B</sup> 1,914	<sup>B</sup> 1,221	<sup>B</sup> 1,909	<sup>B</sup> 2,027
Outlays .....	O			<sup>B</sup> 81	<sup>B</sup> 1,914	<sup>B</sup> 1,221	<sup>B</sup> 1,909	<sup>B</sup> 2,027
Refunding internal revenue collections, interest:								
Appropriation, mandatory .....	908 BA	2,684	2,791	2,913	3,025	3,143	3,221	3,297
Outlays .....	O	2,684	2,791	2,913	3,025	3,143	3,221	3,297
Informant payments:								
Appropriation, mandatory .....	803 BA	10	10	8	8	8	8	8
Outlays .....	O	10	10	8	8	8	8	8
<b>Public Enterprise Funds:</b>								
Federal tax lien revolving fund:								
Spending authority from offsetting collections, mandatory .....	803 BA	6	6	6	6	6	6	6
Outlays .....	O	8	8	8	6	6	6	6
Federal tax lien revolving fund (gross) .....	BA	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
	O	8	8	8	6	6	6	6



**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash) .....		-6	-6	-6	-6	-6	-6	-6
Total Federal tax lien revolving fund (net) .....	BA							
	O	2	2	2				
Total Federal funds Internal Revenue Service .....	BA	<b>37,881</b>	<b>38,418</b>	<b>40,228</b>	<b>43,450</b>	<b>43,939</b>	<b>45,979</b>	<b>47,399</b>
	O	37,990	38,543	40,128	43,354	43,904	45,943	47,362

**United States Secret Service**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, discretionary .....	751 BA	707	825	857	876	896	916	936
Reappropriation, discretionary .....	BA	1	7					
Spending authority from offsetting collections, discretionary .....	BA	57	12	4				
Outlays .....	O	753	868	858	874	894	914	934
Salaries and expenses (gross) .....	BA	<b>765</b>	<b>844</b>	<b>861</b>	<b>876</b>	<b>896</b>	<b>916</b>	<b>936</b>
	O	753	868	858	874	894	914	934
Change in uncollected customer payments from Federal sources .....	BA	-20						
Total, offsetting collections (cash) .....		-37	-12	-4				
Total Salaries and expenses (net) .....	BA	<b>708</b>	<b>832</b>	<b>857</b>	<b>876</b>	<b>896</b>	<b>916</b>	<b>936</b>
	O	716	856	854	874	894	914	934

Acquisition, construction, improvements, and related expenses:

Appropriation, discretionary .....	751 BA	4	9	3	3	3	3	3
Spending authority from offsetting collections, discretionary .....	BA	2						
Outlays .....	O	17	5	3	6	3	3	3
Acquisition, construction, improvements, and related expenses (gross) .....	BA	<b>6</b>	<b>9</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
	O	17	5	3	6	3	3	3
Total, offsetting collections (cash) .....		-2						
Total Acquisition, construction, improvements, and related expenses (net) .....	BA	<b>4</b>	<b>9</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
	O	15	5	3	6	3	3	3

Contribution for annuity benefits:

Appropriation, mandatory .....	751 BA	130	200	200	200	200	200	200
Outlays .....	O	120	175	200	200	200	200	200
Total Federal funds United States Secret Service .....	BA	<b>842</b>	<b>1,041</b>	<b>1,060</b>	<b>1,079</b>	<b>1,099</b>	<b>1,119</b>	<b>1,139</b>
	O	851	1,036	1,057	1,080	1,097	1,117	1,137

**Comptroller of the Currency**

*Trust funds*

Assessment funds:

Spending authority from offsetting collections, mandatory .....	373 BA	403	422	439	440	444	456	468
Outlays .....	O	384	401	427	424	434	446	458
Assessment funds (gross) .....	BA	<b>403</b>	<b>422</b>	<b>439</b>	<b>440</b>	<b>444</b>	<b>456</b>	<b>468</b>
	O	384	401	427	424	434	446	458
Change in uncollected customer payments from Federal sources .....	BA	3	3					
Total, offsetting collections (cash) .....		-406	-425	-439	-440	-444	-456	-468
Total Assessment funds (net) .....	BA							
	O	-22	-24	-12	-16	-10	-10	-10

**Office of Thrift Supervision**

*Federal funds*

**Public Enterprise Funds:**

Office of Thrift Supervision:

Spending authority from offsetting collections, mandatory .....	373 BA	144	158	160	167	170	174	174
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**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	159	158	160	166	170	174	174
Office of Thrift Supervision (gross) .....	BA	<b>144</b>	<b>158</b>	<b>160</b>	<b>167</b>	<b>170</b>	<b>174</b>	<b>174</b>
	O	159	158	160	166	170	174	174
Total, offsetting collections (cash) .....		-144	-158	-160	-167	-170	-174	-174
Total Office of Thrift Supervision (net) .....	BA							
	O	15			-1			

**Interest on the Public Debt**

*Federal funds*

**General and Special Funds:**

Restoration of lost interest, Medicare trust funds:

Appropriation, mandatory .....	908 BA	<b>121</b>						
Outlays .....	O	121						
Interest on Treasury debt securities (gross):								
Appropriation, mandatory .....	901 BA	<b>361,998</b>	<b>357,907</b>	<b>350,947</b>	<b>350,572</b>	<b>352,615</b>	<b>352,574</b>	<b>352,981</b>
				J 4	J -55	J -125	J -208	J -291
Outlays .....	O	361,998	357,907	350,947	350,572	352,615	352,574	352,981
				J 4	J -55	J -125	J -208	J -291
Total Interest on Treasury debt securities (gross) .....	BA	<b>361,998</b>	<b>357,907</b>	<b>350,951</b>	<b>350,517</b>	<b>352,490</b>	<b>352,366</b>	<b>352,690</b>
	O	361,998	357,907	350,951	350,517	352,490	352,366	352,690
Total Federal funds Interest on the Public Debt .....	BA	<b>362,119</b>	<b>357,907</b>	<b>350,951</b>	<b>350,517</b>	<b>352,490</b>	<b>352,366</b>	<b>352,690</b>
	O	362,119	357,907	350,951	350,517	352,490	352,366	352,690

**Summary**

Federal funds:								
(As shown in detail above) .....	BA	<b>413,011</b>	<b>410,134</b>	<b>404,252</b>	<b>407,940</b>	<b>410,691</b>	<b>412,671</b>	<b>414,688</b>
	O	412,007	408,957	402,951	406,605	409,428	411,145	413,117
Deductions for offsetting receipts:								
Intrafund transactions .....	803 BA/O	-10	-10	-10	-10	-10	-10	-10
	808 BA/O	-159						
	809 BA/O	-254	-100	-107	-100	-100	-100	-100
	908 BA/O	-3,865	-3,392	-3,678	-3,035	-3,251	-3,415	-3,501
Proprietary receipts from the public .....	151 BA/O	-6	-6	-6	-6	-6	-6	-6
	155 BA/O	-138	-291	-70	-85	-88	-94	-108
	751 BA/O	-3	-3	-3	-3	-3	-3	-3
	803 BA/O	-92	-89	-94	-95	-95	-95	-95
	809 BA/O	-2,224	-1,286	-1,286	-1,286	-1,286	-1,286	-1,286
	901 BA/O	-20						
	908 BA/O	-11,614	-12,746	-13,623	-14,282	-15,171	-15,921	-16,423
Offsetting governmental receipts .....	751 BA/O	-1,279	-1,300	-1,340	-1,392			
Total Federal funds .....	BA	<b>393,347</b>	<b>390,911</b>	<b>384,035</b>	<b>387,646</b>	<b>390,681</b>	<b>391,741</b>	<b>393,156</b>
	O	392,343	389,734	382,734	386,311	389,418	390,215	391,585
Trust funds:								
(As shown in detail above) .....	BA	<b>9</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>11</b>
	O	-14	-16	-4	-6			1
Interfund transactions .....	306 BA/O	-5	-5	-5	-5	-5	-5	-5
	601 BA/O	-759	-789	-810	-837	-862	-890	-920
	803 BA/O	-319	-375	-376	-377	-379	-381	-383
Total Department of the Treasury .....	BA	<b>392,273</b>	<b>389,751</b>	<b>382,853</b>	<b>386,437</b>	<b>389,445</b>	<b>390,475</b>	<b>391,859</b>
	O	391,246	388,549	381,539	385,086	388,172	388,939	390,278

**DEPARTMENT OF VETERANS AFFAIRS**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Veterans Health Administration</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Medical care:								
Appropriation, discretionary .....	703 BA	19,462	20,810	21,600	22,082	22,574	23,077	23,592
Appropriation, mandatory .....	BA			121	250	250	250	250
Spending authority from offsetting collections, discretionary .....	BA	110	119	127	127	127	127	127
Outlays .....	O	19,359	20,726	21,859	22,441	22,950	23,445	23,958
Medical care (gross) .....	BA	19,572	20,929	21,848	22,459	22,951	23,454	23,969
	O	19,359	20,726	21,859	22,441	22,950	23,445	23,958
Total, offsetting collections (cash) .....		-110	-119	-127	-127	-127	-127	-127
Total Medical care (net) .....	BA	19,462	20,810	21,721	22,332	22,824	23,327	23,842
	O	19,249	20,607	21,732	22,314	22,823	23,318	23,831
Medical and prosthetic research:								
Appropriation, discretionary .....	703 BA	321	350	360	368	376	385	393
Spending authority from offsetting collections, discretionary .....	BA	27	33	33	33	33	33	33
Outlays .....	O	357	375	390	415	423	415	423
Medical and prosthetic research (gross) .....	BA	348	383	393	401	409	418	426
	O	357	375	390	415	423	415	423
Total, offsetting collections (cash) .....		-27	-33	-33	-33	-33	-33	-33
Total Medical and prosthetic research (net) .....	BA	321	350	360	368	376	385	393
	O	330	342	357	382	390	382	390
Medical administration and miscellaneous operating expenses:								
Appropriation, discretionary .....	703 BA	60	62	68	70	71	73	74
Spending authority from offsetting collections, discretionary .....	BA	7	7	7	7	7	7	7
Outlays .....	O	65	69	74	77	78	79	81
Medical administration and miscellaneous operating expenses (gross) .....	BA	67	69	75	77	78	80	81
	O	65	69	74	77	78	79	81
Total, offsetting collections (cash) .....		-7	-7	-7	-7	-7	-7	-7
Total Medical administration and miscellaneous operating expenses (net) .....	BA	60	62	68	70	71	73	74
	O	58	62	67	70	71	72	74
<b>Public Enterprise Funds:</b>								
Veterans extended care revolving fund:								
Spending authority from offsetting collections, mandatory .....	703 BA			24	33	33	33	33
Outlays .....	O			22	33	33	33	33
Veterans extended care revolving fund (gross) .....	BA			24	33	33	33	33
	O			22	33	33	33	33
Total, offsetting collections (cash) .....				-24	-33	-33	-33	-33
Total Veterans extended care revolving fund (net) .....	BA							
	O			-2				
Medical facilities revolving fund:								
Spending authority from offsetting collections, mandatory .....	703 BA	1	1	1	1	1	1	1
Outlays .....	O	2	1	1	1	2	2	2
Medical facilities revolving fund (gross) .....	BA	1	1	1	1	1	1	1
	O	2	1	1	1	2	2	2
Total, offsetting collections (cash) .....		-1	-1	-1	-1	-1	-1	-1
Total Medical facilities revolving fund (net) .....	BA							
	O	1				1	1	1
Canteen service revolving fund:								
Spending authority from offsetting collections, mandatory .....	705 BA	220	229	232	235	238	241	244

**DEPARTMENT OF VETERANS AFFAIRS—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	218	231	234	235	238	241	244
Canteen service revolving fund (gross) .....	BA	<b>220</b>	<b>229</b>	<b>232</b>	<b>235</b>	<b>238</b>	<b>241</b>	<b>244</b>
	O	218	231	234	235	238	241	244
Total, offsetting collections (cash) .....		-220	-229	-232	-235	-238	-241	-244
Total Canteen service revolving fund (net) .....	BA							
	O	-2	2	2				
Special therapeutic and rehabilitation activities fund:								
Spending authority from offsetting collections, mandatory .....	703 BA	<b>39</b>	<b>42</b>	<b>41</b>	<b>42</b>	<b>43</b>	<b>44</b>	<b>45</b>
Outlays .....	O	37	40	39	40	41	42	43
Special therapeutic and rehabilitation activities fund (gross) .....	BA	<b>39</b>	<b>42</b>	<b>41</b>	<b>42</b>	<b>43</b>	<b>44</b>	<b>45</b>
	O	37	40	39	40	41	42	43
Total, offsetting collections (cash) .....		-39	-42	-41	-42	-43	-44	-45
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	<b>133</b>	<b>136</b>	<b>140</b>	<b>144</b>	<b>147</b>	<b>151</b>	<b>155</b>
Outlays .....	O	133	136	140	144	147	151	155
Medical center research organizations (gross) .....	BA	<b>133</b>	<b>136</b>	<b>140</b>	<b>144</b>	<b>147</b>	<b>151</b>	<b>155</b>
	O	133	136	140	144	147	151	155
Total, offsetting collections (cash) .....		-133	-136	-140	-144	-147	-151	-155
Total Medical center research organizations (net) .....	BA							
	O							
<i>Trust funds</i>								
General post fund, national homes:								
Appropriation, mandatory .....	705 BA	<b>32</b>	<b>32</b>	<b>34</b>	<b>36</b>	<b>37</b>	<b>38</b>	<b>39</b>
Outlays .....	O	29	28	29	29	31	32	33
Total Federal funds Veterans Health Administration .....	BA	<b>19,843</b>	<b>21,222</b>	<b>22,149</b>	<b>22,770</b>	<b>23,271</b>	<b>23,785</b>	<b>24,309</b>
	O	19,634	21,011	22,154	22,764	23,283	23,771	24,294
Total Trust funds Veterans Health Administration .....	BA	<b>32</b>	<b>32</b>	<b>34</b>	<b>36</b>	<b>37</b>	<b>38</b>	<b>39</b>
	O	29	28	29	29	31	32	33

**Veterans Benefits Administration**

*Federal funds*

**General and Special Funds:**

Compensation and pensions:

Appropriation, mandatory .....	701 BA	<b>21,568</b>	<b>22,766</b>	<b>24,944</b>	<b>26,435</b>	<b>27,875</b>	<b>29,205</b>	<b>30,431</b>
			<sup>1</sup> 589		<sub>B-15</sub>	<sub>B-43</sub>	<sub>B-66</sub>	<sub>B-91</sub>
Spending authority from offsetting collections, mandatory .....	BA		<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Outlays .....	O	23,820	20,653	24,858	26,319	27,806	31,786	30,361
			<sup>1</sup> 589		<sub>B-15</sub>	<sub>B-43</sub>	<sub>B-66</sub>	<sub>B-91</sub>
Compensation and pensions (gross) .....	BA	<b>21,568</b>	<b>23,359</b>	<b>24,947</b>	<b>26,423</b>	<b>27,835</b>	<b>29,142</b>	<b>30,343</b>
	O	23,820	21,242	24,858	26,304	27,763	31,720	30,270
Total, offsetting collections (cash) .....			-4	-3	-3	-3	-3	-3
Total Compensation and pensions (net) .....	BA	<b>21,568</b>	<b>23,355</b>	<b>24,944</b>	<b>26,420</b>	<b>27,832</b>	<b>29,139</b>	<b>30,340</b>
	O	23,820	21,238	24,855	26,301	27,760	31,717	30,267

Readjustment benefits:

Appropriation, mandatory .....	702 BA	<b>1,469</b>	<b>1,634</b>	<b>2,135</b>	<b>2,200</b>	<b>2,282</b>	<b>2,383</b>	<b>2,503</b>
			<sup>1</sup> 347					
Spending authority from offsetting collections, mandatory .....	BA	<b>191</b>	<b>212</b>	<b>228</b>	<b>248</b>	<b>272</b>	<b>299</b>	<b>322</b>

**DEPARTMENT OF VETERANS AFFAIRS—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	1,688	1,898 /284	2,301 /63	2,449	2,555	2,701	2,835
Readjustment benefits (gross) .....	BA	<b>1,660</b>	<b>2,193</b>	<b>2,363</b>	<b>2,448</b>	<b>2,554</b>	<b>2,682</b>	<b>2,825</b>
	O	1,688	2,182	2,364	2,449	2,555	2,701	2,835
Total, offsetting collections (cash) .....		-191	-212	-228	-248	-272	-299	-322
Total Readjustment benefits (net) .....	BA	<b>1,469</b>	<b>1,981</b>	<b>2,135</b>	<b>2,200</b>	<b>2,282</b>	<b>2,383</b>	<b>2,503</b>
	O	1,497	1,970	2,136	2,201	2,283	2,402	2,513
Reinstated entitlement program for survivors under P.L. 97-377:								
Spending authority from offsetting collections, mandatory .....	701 BA	<b>16</b>	<b>15</b>	<b>14</b>	<b>14</b>	<b>13</b>	<b>12</b>	<b>11</b>
Outlays .....	O	16	15	14	14	13	12	11
Reinstated entitlement program for survivors under P.L. 97-377 (gross) .....	BA	<b>16</b>	<b>15</b>	<b>14</b>	<b>14</b>	<b>13</b>	<b>12</b>	<b>11</b>
	O	16	15	14	14	13	12	11
Total, offsetting collections (cash) .....		-16	-15	-14	-14	-13	-12	-11
Total Reinstated entitlement program for survivors under P.L. 97-377 (net) .....	BA							
	O							
Veterans insurance and indemnities:								
Appropriation, mandatory .....	701 BA	<b>29</b>	<b>20</b>	<b>26</b>	<b>37</b>	<b>39</b>	<b>39</b>	<b>40</b>
Spending authority from offsetting collections, mandatory .....	BA	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Outlays .....	O	28	27	28	39	39	41	42
Veterans insurance and indemnities (gross) .....	BA	<b>31</b>	<b>22</b>	<b>28</b>	<b>39</b>	<b>41</b>	<b>41</b>	<b>42</b>
	O	28	27	28	39	39	41	42
Total, offsetting collections (cash) .....		-2	-2	-2	-2	-2	-2	-2
Total Veterans insurance and indemnities (net) .....	BA	<b>29</b>	<b>20</b>	<b>26</b>	<b>37</b>	<b>39</b>	<b>39</b>	<b>40</b>
	O	26	25	26	37	37	39	40
<b>Public Enterprise Funds:</b>								
Service-disabled veterans insurance fund:								
Spending authority from offsetting collections, mandatory .....	701 BA	<b>64</b>	<b>65</b>	<b>68</b>	<b>67</b>	<b>67</b>	<b>68</b>	<b>69</b>
Outlays .....	O	64	67	68	67	67	68	69
Service-disabled veterans insurance fund (gross) .....	BA	<b>64</b>	<b>65</b>	<b>68</b>	<b>67</b>	<b>67</b>	<b>68</b>	<b>69</b>
	O	64	67	68	67	67	68	69
Total, offsetting collections (cash) .....		-57	-56	-55	-68	-67	-68	-69
Total Service-disabled veterans insurance fund (net) .....	BA	<b>7</b>	<b>9</b>	<b>13</b>	<b>-1</b>			
	O	7	11	13	-1			
Veterans reopened insurance fund:								
Spending authority from offsetting collections, mandatory .....	701 BA	<b>70</b>	<b>72</b>	<b>70</b>	<b>69</b>	<b>68</b>	<b>66</b>	<b>65</b>
Outlays .....	O	68	70	69	69	67	66	65
Veterans reopened insurance fund (gross) .....	BA	<b>70</b>	<b>72</b>	<b>70</b>	<b>69</b>	<b>68</b>	<b>66</b>	<b>65</b>
	O	68	70	69	69	67	66	65
Total, offsetting collections (cash) .....		-58	-55	-52	-49	-45	-42	-39
Total Veterans reopened insurance fund (net) .....	BA	<b>12</b>	<b>17</b>	<b>18</b>	<b>20</b>	<b>23</b>	<b>24</b>	<b>26</b>
	O	10	15	17	20	22	24	26
Servicemembers' group life insurance fund:								
Spending authority from offsetting collections, mandatory .....	701 BA	<b>378</b>	<b>442</b>	<b>490</b>	<b>489</b>	<b>488</b>	<b>486</b>	<b>485</b>
Outlays .....	O	378	442	490	490	488	486	485
Servicemembers' group life insurance fund (gross) .....	BA	<b>378</b>	<b>442</b>	<b>490</b>	<b>489</b>	<b>488</b>	<b>486</b>	<b>485</b>
	O	378	442	490	490	488	486	485
Total, offsetting collections (cash) .....		-378	-442	-490	-489	-488	-486	-485
Total Servicemembers' group life insurance fund (net) .....	BA							
	O				1			

**DEPARTMENT OF VETERANS AFFAIRS—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Credit Accounts:</b>								
Veterans housing benefit program fund program account:								
Appropriation, discretionary .....	704 BA	157	162	166	170	173	177	181
				<i>J</i> -1	<i>J</i> -1	<i>J</i> -1	<i>J</i> -1	<i>J</i> -1
Appropriation, mandatory .....	BA	1,503	351	203	235	238	243	245
				<i>B</i> -15	<i>B</i> -38	<i>B</i> -37	<i>B</i> -41	<i>B</i> -42
Outlays .....	O	1,660	513	369	405	411	420	426
				<i>B</i> -15	<i>B</i> -38	<i>B</i> -37	<i>B</i> -41	<i>B</i> -42
				<i>J</i> -1	<i>J</i> -1	<i>J</i> -1	<i>J</i> -1	<i>J</i> -1
Total Veterans housing benefit program fund program account .....	BA	1,660	513	353	366	373	378	383
	O	1,660	513	353	366	373	378	383
Veterans housing benefit program fund liquidating account:								
Appropriation, mandatory .....	704 BA	132						
Spending authority from offsetting collections, mandatory .....	BA	415	433	390	339	293	250	214
				<i>B</i> -34	<i>B</i> -29	<i>B</i> -25	<i>B</i> -20	<i>B</i> -16
Outlays .....	O	160	346	319	278	240	205	172
Veterans housing benefit program fund liquidating account (gross) .....	BA	547	433	356	310	268	230	198
	O	160	346	319	278	240	205	172
Total, offsetting collections (cash) .....		-415	-433	-390	-339	-293	-250	-214
				<i>B</i> 34	<i>B</i> 29	<i>B</i> 25	<i>B</i> 20	<i>B</i> 16
Total Veterans housing benefit program fund liquidating account (net) .....	BA	132						
	O	-255	-87	-37	-32	-28	-25	-26
Miscellaneous veterans housing loans program account:								
Appropriation, discretionary .....	704 BA	1	1	1	1	1	1	1
Appropriation, mandatory .....	BA	45						
Outlays .....	O	1	7	11	11	11	14	1
Total Miscellaneous veterans housing loans program account .....	BA	46	1	1	1	1	1	1
	O	1	7	11	11	11	14	1
Miscellaneous veterans programs loan fund program account:								
Appropriation, discretionary .....	702 BA	1	1					
Outlays .....	O	1	1					
Limitation on direct loan activity .....		(2)	(3)	(3)	(3)	(3)	(3)	(3)
<i>Trust funds</i>								
Post-Vietnam era veterans education account:								
Appropriation, mandatory .....	702 BA	4	2	2	2	2	2	2
Outlays .....	O	13	15	12	12	12	12	12
National service life insurance fund:								
Appropriation, mandatory .....	701 BA	1,090	1,046	996	943	888	828	770
Spending authority from offsetting collections, mandatory .....	BA	643	717	772	812	839	854	871
Outlays .....	O	1,738	1,771	1,776	1,772	1,748	1,704	1,665
National service life insurance fund (gross) .....	BA	1,733	1,763	1,768	1,755	1,727	1,682	1,641
	O	1,738	1,771	1,776	1,772	1,748	1,704	1,665
Total, offsetting collections (cash) .....		-497	-481	-454	-435	-410	-385	-360
Total National service life insurance fund (net) .....	BA	1,236	1,282	1,314	1,320	1,317	1,297	1,281
	O	1,241	1,290	1,322	1,337	1,338	1,319	1,305
United States Government life insurance fund:								
Appropriation, mandatory .....	701 BA	5	5	4	4	3	3	3
Spending authority from offsetting collections, mandatory .....	BA	7	6	7	6	6	5	5
Outlays .....	O	12	12	12	11	10	10	9
United States Government life insurance fund (gross) .....	BA	12	11	11	10	9	8	8
	O	12	12	12	11	10	10	9
Total, offsetting collections (cash) .....		-1	-1	-1	-1	-1	-1	-1
Total United States Government life insurance fund (net) .....	BA	11	10	10	9	8	7	7
	O	11	11	11	10	9	9	8
Veterans special life insurance fund:								
Spending authority from offsetting collections, mandatory .....	701 BA	212	213	214	217	217	215	219



**DEPARTMENT OF VETERANS AFFAIRS—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	43	53	51	52	53	55	56
Office of Inspector General (gross) .....	BA	45	49	51	52	53	54	55
	O	43	53	51	52	53	55	56
Total, offsetting collections (cash) .....		-2	-3	-3	-3	-3	-3	-3
Total Office of Inspector General (net) .....	BA	43	46	48	49	50	51	52
	O	41	50	48	49	50	52	53
National Cemetery Administration:								
Appropriation, discretionary .....	705 BA	97	110	121	124	126	129	132
Outlays .....	O	95	109	120	123	126	129	132
<b>Intragovernmental Funds:</b>								
Supply fund:								
Spending authority from offsetting collections, mandatory .....	705 BA	671	780	840	945	991	1,039	1,089
Outlays .....	O	555	780	840	945	991	1,039	1,089
Supply fund (gross) .....	BA	671	780	840	945	991	1,039	1,089
	O	555	780	840	945	991	1,039	1,089
Change in uncollected customer payments from Federal sources .....	BA	-24						
Total, offsetting collections (cash) .....		-647	-780	-840	-945	-991	-1,039	-1,089
Total Supply fund (net) .....	BA							
	O	-92						
Franchise fund:								
Spending authority from offsetting collections, mandatory .....	705 BA	147	120	158	163	168	173	178
Outlays .....	O	134	120	158	163	168	173	178
Franchise fund (gross) .....	BA	147	120	158	163	168	173	178
	O	134	120	158	163	168	173	178
Total, offsetting collections (cash) .....		-147	-120	-158	-163	-168	-173	-178
Total Franchise fund (net) .....	BA							
	O	-13						
Total Federal funds Departmental Administration .....	BA	1,081	1,236	1,364	1,394	1,425	1,457	1,490
	O	912	1,325	1,352	1,391	1,422	1,455	1,488
<b>Summary</b>								
Federal funds:								
(As shown in detail above) .....	BA	46,188	48,719	51,444	53,658	55,706	57,677	59,574
	O	47,779	46,442	51,272	53,445	55,602	60,219	59,448
Deductions for offsetting receipts:								
Proprietary receipts from the public .....	702 BA/O	-99	-296	-211	-221	-242	-269	-295
	703 BA/O	-574	-609	-742	-882	-892	-903	-913
	704 BA/O	-1,064	-1,420					
Total Federal funds .....	BA	44,451	46,394	50,491	52,555	54,572	56,505	58,366
	O	46,042	44,117	50,319	52,342	54,468	59,047	58,240
Trust funds:								
(As shown in detail above) .....	BA	1,260	1,307	1,346	1,359	1,361	1,343	1,336
	O	1,251	1,311	1,343	1,367	1,375	1,359	1,355
Deductions for offsetting receipts:								
Proprietary receipts from the public .....	701 BA/O	-201	-190	-179	-168	-156	-142	-128
	702 BA/O	-2	-1	-1				
Total Trust funds .....	BA	1,057	1,116	1,166	1,191	1,205	1,201	1,208
	O	1,048	1,120	1,163	1,199	1,219	1,217	1,227
Interfund transactions								
	701 BA/O	-1	-1	-1	-1	-1	-1	-1
	702 BA/O	-2	-1	-1	-2	-2	-2	-2
Total Department of Veterans Affairs .....	BA	45,505	47,508	51,655	53,743	55,774	57,703	59,571
	O	47,087	45,235	51,480	53,538	55,684	60,261	59,464



**CORPS OF ENGINEERS**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
General investigations:								
Appropriation, discretionary	301 BA	165	161	130	133	136	139	142
Spending authority from offsetting collections, discretionary	BA	32	9	9	20	20	20	20
Outlays	O	192	180	151	152	155	157	161
General investigations (gross)	BA	197	170	139	153	156	159	162
	O	192	180	151	152	155	157	161
Change in uncollected customer payments from Federal sources	BA	1						
Total, offsetting collections (cash)		-33	-9	-9	-20	-20	-20	-20
Total General investigations (net)	BA	165	161	130	133	136	139	142
	O	159	171	142	132	135	137	141
Construction, general:								
Appropriation, discretionary	301 BA	1,272	1,591	1,254	1,282	1,311	1,340	1,370
Spending authority from offsetting collections, discretionary	BA	599	549	496	424	424	424	424
Outlays	O	1,827	2,263	2,084	1,895	1,923	1,932	1,782
Construction, general (gross)	BA	1,871	2,140	1,750	1,706	1,735	1,764	1,794
	O	1,827	2,263	2,084	1,895	1,923	1,932	1,782
Change in uncollected customer payments from Federal sources	BA	-180						
Total, offsetting collections (cash)		-419	-549	-496	-424	-424	-424	-424
Total Construction, general (net)	BA	1,272	1,591	1,254	1,282	1,311	1,340	1,370
	O	1,408	1,714	1,588	1,471	1,499	1,508	1,358
Operation and maintenance, general (Water resources):								
(Appropriation, discretionary)	301 BA	1,134	1,144	1,050	1,073	1,097	1,122	1,147
(Appropriation, mandatory)	BA			<i>B</i> 10	<i>B</i> 15	<i>B</i> 20	<i>B</i> 25	<i>B</i> 25
(Spending authority from offsetting collections, discretionary)	BA	775	863	810	724	724	724	724
(Outlays)	O	2,048	1,862	1,884	1,792	1,815	1,839	1,864
				<i>B</i> 10	<i>B</i> 15	<i>B</i> 20	<i>B</i> 25	<i>B</i> 25
Operation and maintenance, general (gross)	BA	1,909	2,007	1,870	1,812	1,841	1,871	1,896
	O	2,048	1,862	1,884	1,802	1,830	1,859	1,889
(Change in uncollected customer payments from Federal sources)	BA	23						
Total, offsetting collections (cash)		-798	-863	-810	-724	-724	-724	-724
Total (Water resources) (net)	BA	1,134	1,144	1,060	1,088	1,117	1,147	1,172
	O	1,250	999	1,074	1,078	1,106	1,135	1,165
(Recreational resources):								
(Appropriation, discretionary)	303 BA	33	29	29	30	30	31	32
(Outlays)	O	33	29	29	30	30	31	32
Total Operation and maintenance, general	BA	1,167	1,173	1,089	1,118	1,147	1,178	1,204
	O	1,283	1,028	1,103	1,108	1,136	1,166	1,197
Regulatory program:								
Appropriation, discretionary	301 BA	117	125	128	131	134	137	140
Spending authority from offsetting collections, discretionary	BA	1			1	1	1	1
Outlays	O	111	134	128	131	135	138	141
Regulatory program (gross)	BA	118	125	128	132	135	138	141
	O	111	134	128	131	135	138	141
Total, offsetting collections (cash)		-1			-1	-1	-1	-1
Total Regulatory program (net)	BA	117	125	128	131	134	137	140
	O	110	134	128	130	134	137	140
Flood control and coastal emergencies:								
Spending authority from offsetting collections, discretionary	301 BA	-273	50	50	100	100	100	100
Outlays	O	119	67	67	117	117	117	118
Flood control and coastal emergencies (gross)	BA	-273	50	50	100	100	100	100
	O	119	67	67	117	117	117	118
Change in uncollected customer payments from Federal sources	BA	396						

**CORPS OF ENGINEERS—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
Total, offsetting collections (cash)		-123	-50	-50	-100	-100	-100	-100
Total Flood control and coastal emergencies (net)	BA O	-4	17	17	17	17	17	18
Formerly utilized sites remedial action program:								
Appropriation, discretionary	053 BA	150	140	140	143	146	150	153
Spending authority from offsetting collections, discretionary	BA	43						
Outlays	O	202	149	140	142	145	149	152
Formerly utilized sites remedial action program (gross)	BA O	193 202	140 149	140 140	143 142	146 145	150 149	153 152
Change in uncollected customer payments from Federal sources	BA	46						
Total, offsetting collections (cash)		-89						
Total Formerly utilized sites remedial action program (net)	BA O	150 113	140 149	140 140	143 142	146 145	150 149	153 152
General expenses:								
Appropriation, discretionary	301 BA	150	152	153	156	160	163	167
Outlays	O	153	167	152	156	159	163	167
Flood control, Mississippi River and tributaries:								
Appropriation, discretionary	301 BA	309	351	280	286	293	299	306
Spending authority from offsetting collections, discretionary	BA	23	32	25	25	25	25	25
Outlays	O	350	343	323	310	316	322	329
Flood control, Mississippi River and tributaries (gross)	BA O	332 350	383 343	305 323	311 310	318 316	324 322	331 329
Change in uncollected customer payments from Federal sources	BA	7						
Total, offsetting collections (cash)		-30	-32	-25	-25	-25	-25	-25
Total Flood control, Mississippi River and tributaries (net)	BA O	309 320	351 311	280 298	286 285	293 291	299 297	306 304
Payment to 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:								
Outlays	301 O	13	29	4				
Washington aqueduct (gross)	O	13	29	4				
Total, offsetting collections (cash)		-17	-9	-4	-4	-4	-4	-4
Total Washington aqueduct (net)	BA O	-17 -4	-9 20	-4	-4	-4	-4	-4
San Gabriel basin restoration fund:								
Appropriation, discretionary	301 BA		23	9	7			
Outlays	O			25	14			
Permanent appropriations								
(Water resources):								
(Appropriation, mandatory)	301 BA	5	8	8	8	9	9	9
(Outlays)	O	5	11	8	8	9	9	9
(General purpose fiscal assistance):								
(Appropriation, mandatory)	806 BA	9	8	8	8	9	9	9
(Outlays)	O	17	8	8	8	9	9	9
Total Permanent appropriations	BA O	14 22	16 19	16 16	16 16	18 18	18 18	18 18
<b>Intragovernmental Funds:</b>								
Revolving fund:								
Spending authority from offsetting collections, mandatory	301 BA	3,352	3,426	3,448	3,547	3,649	3,754	3,962
Outlays	O	3,387	3,426	3,448	3,547	3,649	3,754	3,962
Revolving fund (gross)	BA O	3,352 3,387	3,426 3,426	3,448 3,448	3,547 3,547	3,649 3,649	3,754 3,754	3,962 3,962
Change in uncollected customer payments from Federal sources	BA	37						

**CORPS OF ENGINEERS—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash) .....		-3,389	-3,426	-3,448	-3,547	-3,649	-3,754	-3,962
Total Revolving fund (net) .....	BA O	-2						
<i>Trust funds</i>								
Inland waterways trust fund:								
Appropriation, discretionary .....	301 BA	102	120	61	62	64	65	67
Outlays .....	O	103	118	68	62	63	65	67
Rivers and harbors contributed funds:								
Appropriation, mandatory .....	301 BA	315	280	315	323	331	344	344
Outlays .....	O	313	280	315	323	331	344	344
Harbor maintenance trust fund:								
Appropriation, discretionary .....	301 BA	687	730	675	690	705	721	737
Outlays .....	O	687	730	675	690	705	721	737
Coastal wetlands restoration trust fund:								
Appropriation, mandatory .....	301 BA	53	53	60	66	34	18	18
Outlays .....	O	24	53	60	66	34	18	18
<b>Summary</b>								
Federal funds:								
(As shown in detail above) .....	BA O	3,337 3,568	3,733 3,740	3,205 3,619	3,278 3,477	3,351 3,540	3,430 3,598	3,506 3,501
Deductions for offsetting receipts:								
Intrafund transactions .....	301 BA/O		-23					
	908 BA/O		-1	-1				
Proprietary receipts from the public .....	301 BA/O 303 BA/O	-8 -29	-7 -29	-16 -34	-13 -34	-8 -34	-8 -34	-8 -34
				B -10	B -15	B -20	B -25	B -25
Total Federal funds .....	BA O	3,300 3,531	3,673 3,680	3,144 3,558	3,216 3,415	3,289 3,478	3,363 3,531	3,439 3,434
Trust funds:								
(As shown in detail above) .....	BA O	1,157 1,127	1,183 1,181	1,111 1,118	1,141 1,141	1,134 1,133	1,148 1,148	1,166 1,166
Deductions for offsetting receipts:								
Proprietary receipts from the public .....	301 BA/O	-315	-280	-315	-323	-331	-344	-344
Total Trust funds .....	BA O	842 812	903 901	796 803	818 818	803 802	804 804	822 822
Interfund transactions .....	306 BA/O	-10	-10	-10	-10	-10	-10	-10
Total Corps of Engineers .....	BA O	4,132 4,333	4,566 4,571	3,930 4,351	4,024 4,223	4,082 4,270	4,157 4,325	4,251 4,246

**OTHER DEFENSE CIVIL PROGRAMS**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Military Retirement</b>								
<i>Federal funds</i>								
General and Special Funds:								
Payment to military retirement fund:								
Appropriation, mandatory .....	054 BA	15,302	16,089	16,653	17,235	17,839	18,463	19,110
Outlays .....	O	15,302	16,089	16,653	17,235	17,839	18,463	19,110
<i>Trust funds</i>								
Military retirement fund:								
Appropriation, mandatory .....	602 BA	32,912	34,332	35,377	36,393	37,421	38,430	39,480
Outlays .....	O	32,808	34,223	35,266	36,278	37,302	38,309	39,355

**OTHER DEFENSE CIVIL PROGRAMS—Continued**  
(In millions of dollars)

Account		2000 actual	estimate						
			2001	2002	2003	2004	2005	2006	
<b>Retiree Health Care</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Payment to DoD Medicare-Eligible Retiree Health Care Fund:									
Appropriation, mandatory .....	054	BA			9,036	9,397	9,773	10,164	
Outlays .....		O			9,036	9,397	9,773	10,164	
DoD Medicare-Eligible Retiree Health Care Fund:									
Appropriation, mandatory .....	551	BA			6,117	6,385	6,665	6,958	
Outlays .....		O			4,784	4,994	5,213	5,442	
Total Federal funds Retiree Health Care .....		BA			15,153	15,782	16,438	17,122	
		O			13,820	14,391	14,986	15,606	
<b>Educational Benefits</b>									
<i>Trust funds</i>									
Education benefits fund:									
Appropriation, mandatory .....	702	BA	189	305	235	239	239	241	256
Outlays .....		O	183	305	235	239	239	241	256
<b>American Battle Monuments commission</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Salaries and expenses:									
Appropriation, discretionary .....	705	BA	28	28	28	29	29	30	31
Outlays .....		O	24	24	29	30	30	30	31
<i>Trust funds</i>									
Contributions:									
Appropriation, mandatory .....	705	BA	13	65	12	2	1	1	1
Outlays .....		O	13	65	9				
<b>Armed Forces Retirement Home</b>									
<i>Trust funds</i>									
Armed Forces Retirement Home:									
Appropriation, discretionary .....	602	BA	70	70	71	72	74	76	78
Outlays .....		O	64	64	69	82	85	88	90
<b>Cemeterial Expenses</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Salaries and expenses:									
Appropriation, discretionary .....	705	BA	12	18	18	18	19	19	20
Outlays .....		O	12	14	19	19	19	19	20
<b>Forest and Wildlife Conservation, Military Reservations</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Wildlife conservation:									
Appropriation, mandatory .....	303	BA	4	2	2	2	2	2	2
Outlays .....		O	2	3	2	4	4	4	4
<b>Selective Service System</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Salaries and expenses:									
Appropriation, discretionary .....	054	BA	24	25	25	26	26	27	27
Outlays .....		O	23	24	25	25	26	26	27

**OTHER DEFENSE CIVIL PROGRAMS—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Summary</b>								
Federal funds:								
(As shown in detail above) .....	BA	15,370	16,162	16,726	32,463	33,697	34,979	36,312
	O	15,363	16,154	16,728	31,133	32,309	33,528	34,798
Deductions for offsetting receipts:								
Intrafund transactions .....	054 BA/O				-9,036	-9,397	-9,773	-10,164
Proprietary receipts from the public .....	303 BA/O	-4	-2	-2	-2	-2	-2	-2
Undistributed Federal Intrafund transactions .....	951 BA/O				-2,943	-3,072	-3,211	-3,355
Total Federal funds .....	BA	15,366	16,160	16,724	20,482	21,226	21,993	22,791
	O	15,359	16,152	16,726	19,152	19,838	20,542	21,277
Trust funds:								
(As shown in detail above) .....	BA	33,184	34,772	35,695	36,706	37,735	38,748	39,815
	O	33,068	34,657	35,579	36,599	37,626	38,638	39,701
Deductions for offsetting receipts:								
Proprietary receipts from the public .....	602 BA/O	-13	-15	-15	-16	-16	-16	-16
Total Trust funds .....	BA	33,171	34,757	35,680	36,690	37,719	38,732	39,799
	O	33,055	34,642	35,564	36,583	37,610	38,622	39,685
Interfund transactions .....	054 BA/O	-15,302	-16,089	-16,653	-17,235	-17,839	-18,463	-19,110
	702 BA/O	-248	-305	-235	-239	-239	-241	-273
Total Other Defense Civil Programs .....	BA	32,987	34,523	35,516	39,698	40,867	42,021	43,207
	O	32,864	34,400	35,402	38,261	39,370	40,460	41,579

**ENVIRONMENTAL PROTECTION AGENCY**  
(In millions of dollars)

Account		2000 actual	estimate				
			2001	2002	2003	2004	2005
<i>Federal funds</i>							
<b>General and Special Funds:</b>							
Program and research operations:							
Outlays .....	304 O	3					
Office of the Inspector General:							
Appropriation, discretionary .....	304 BA	32	34	34	35	36	37
Spending authority from offsetting collections, discretionary .....	BA	11	12	12	12	11	15
Outlays .....	O	36	46	47	47	47	52
Office of the Inspector General (gross) .....	BA	43	46	46	47	48	47
	O	36	46	47	47	47	52
Change in uncollected customer payments from Federal sources .....	BA	4					
Total, offsetting collections (cash) .....		-13	-12	-12	-12	-12	-11
Total Office of the Inspector General (net) .....	BA	34	34	34	35	36	37
	O	23	34	35	35	35	37
Science and technology:							
Appropriation, discretionary .....	304 BA	644	695	641	655	670	685
Spending authority from offsetting collections, discretionary .....	BA	48	67	68	67	67	67
Outlays .....	O	677	772	789	797	785	809
Science and technology (gross) .....	BA	692	762	709	722	737	752
	O	677	772	789	797	785	809
Total, offsetting collections (cash) .....		-48	-67	-68	-67	-67	-67
Total Science and technology (net) .....	BA	644	695	641	655	670	685
	O	629	705	721	730	718	742
Environmental programs and management:							
Appropriation, discretionary .....	304 BA	1,897	2,083	1,973	2,017	2,062	2,108
Spending authority from offsetting collections, discretionary .....	BA	50	45	45	45	45	45
Outlays .....	O	1,893	2,058	2,144	2,151	2,132	2,152
Environmental programs and management (gross) .....	BA	1,947	2,128	2,018	2,062	2,107	2,153
	O	1,893	2,058	2,144	2,151	2,132	2,152



**ENVIRONMENTAL PROTECTION AGENCY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Leaking underground storage tank trust fund:</b>								
Appropriation, discretionary .....	304 BA	70	72	72	74	75	77	79
Outlays .....	O	64	70	74	82	82	85	81
<b>Oil spill response:</b>								
Appropriation, discretionary .....	304 BA	15	15	15	15	16	16	16
Spending authority from offsetting collections, discretionary .....	BA	35	34	26	26	26	26	26
Outlays .....	O	38	59	49	45	46	47	47
Oil spill response (gross) .....	BA	50	49	41	41	42	42	42
	O	38	59	49	45	46	47	47
Total, offsetting collections (cash) .....		-35	-34	-26	-26	-26	-26	-26
Total Oil spill response (net) .....	BA	15	15	15	15	16	16	16
	O	3	25	23	19	20	21	21
<b>Summary</b>								
<b>Federal funds:</b>								
(As shown in detail above) .....	BA	6,787	7,095	6,596	6,698	6,824	6,449	5,781
	O	6,512	6,867	7,038	7,081	7,027	7,103	7,056
Deductions for offsetting receipts:								
Offsetting governmental receipts .....	304 BA/O	-13	-13	-13	-13	-13	-13	-13
				-4	-8	-8	-8	-8
Total Federal funds .....	BA	6,774	7,082	6,579	6,677	6,803	6,428	5,760
	O	6,499	6,854	7,021	7,060	7,006	7,082	7,035
<b>Trust funds:</b>								
(As shown in detail above) .....	BA	1,485	1,354	1,355	1,385	1,417	1,448	1,480
	O	1,670	1,475	1,384	1,386	1,387	1,393	1,410
Deductions for offsetting receipts:								
Proprietary receipts from the public .....	304 BA/O	-231	-200	-175	-175	-175	-175	-175
Total Trust funds .....	BA	1,254	1,154	1,180	1,210	1,242	1,273	1,305
	O	1,439	1,275	1,209	1,211	1,212	1,218	1,235
Interfund transactions .....	304 BA/O	-700	-634	-634	-633	-651	-669	-689
Total Environmental Protection Agency .....	BA	7,328	7,602	7,125	7,254	7,394	7,032	6,376
	O	7,238	7,495	7,596	7,638	7,567	7,631	7,581

**EXECUTIVE OFFICE OF THE PRESIDENT**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Compensation of the President and the White House Office</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
<b>Compensation of the President and the White House Office:</b>								
Appropriation, discretionary .....	802 BA	52	54	55	56	57	59	60
Spending authority from offsetting collections, discretionary .....	BA	1	1	1				
Outlays .....	O	52	56	56	56	57	58	60
Compensation of the President and the White House Office (gross) .....	BA	53	55	56	56	57	59	60
	O	52	56	56	56	57	58	60
Change in uncollected customer payments from Federal sources .....	BA	-2	2					
Total, offsetting collections (cash) .....		1	-4	-1				
Total Compensation of the President and the White House Office (net) .....	BA	52	53	55	56	57	59	60
	O	53	52	55	56	57	58	60

**EXECUTIVE OFFICE OF THE PRESIDENT—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Executive Residence at the White House</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Operating expenses:								
Appropriation, discretionary .....	802 BA	9	11	12	12	13	13	13
Spending authority from offsetting collections, discretionary .....	BA	5	4	4	5	5	5	5
Outlays .....	O	14	15	16	17	17	18	19
Operating expenses (gross) .....	BA	14	15	16	17	18	18	18
	O	14	15	16	17	17	18	19
Total, offsetting collections (cash) .....		-5	-4	-4	-5	-5	-5	-5
Total Operating expenses (net) .....	BA	9	11	12	12	13	13	13
	O	9	11	12	12	12	13	14
White House repair and restoration:								
Appropriation, discretionary .....	802 BA	1	1	9	9	9	10	10
Outlays .....	O	.....	1	3	9	9	10	10
Total Federal funds Executive Residence at the White House .....	BA	10	12	21	21	22	23	23
	O	9	12	15	21	21	23	24
<b>Special Assistance to the President and the Official Residence of the Vice President</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
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
<b>Council of Economic Advisers</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Salaries and expenses:								
Appropriation, discretionary .....	802 BA	4	4	4	4	4	4	4
Outlays .....	O	4	3	4	4	4	5	5
<b>Council on Environmental Quality and Office of Environmental Quality</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
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
<b>Intragovernmental Funds:</b>								
Management fund, Office of Environmental Quality:								
Spending authority from offsetting collections, mandatory .....	802 BA	1	1	1	1	1	1	1
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 (cash) .....		-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
<b>Office of Policy Development</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Salaries and expenses:								
Appropriation, discretionary .....	802 BA	4	4	4	4	4	4	4



**EXECUTIVE OFFICE OF THE PRESIDENT—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	5	3	4	5	5	5	5

**National Security Council**  
*Federal funds*

**General and Special Funds:**

Salaries and expenses:									
Appropriation, discretionary .....	802 BA	7	7	7	7	7	7	7	8
Outlays .....	O	7	6	7	7	7	7	8	8

**Office of Administration**  
*Federal funds*

**General and Special Funds:**

Salaries and expenses:									
Appropriation, discretionary .....	802 BA	39	44	46	47	48	49	50	
Spending authority from offsetting collections, discretionary .....	BA	5	6		6	6	6	6	
Outlays .....	O	45	48	45	53	54	55	56	
Salaries and expenses (gross) .....	BA	44	50	46	53	54	55	56	
	O	45	48	45	53	54	55	56	
Change in uncollected customer payments from Federal sources .....	BA	-5	5						
Total, offsetting collections (cash) .....		-1	-11		-6	-6	-9	-6	
Total Salaries and expenses (net) .....	BA	38	44	46	47	48	46	50	
	O	44	37	45	47	48	46	50	

**Armstrong Resolution**  
*Federal funds*

**General and Special Funds:**

Armstrong resolution account:									
Outlays .....	802 O	2	1						

**Office of Management and Budget**  
*Federal funds*

**General and Special Funds:**

Salaries and expenses:									
Appropriation, discretionary .....	802 BA	63	69	71	73	74	76	77	
Outlays .....	O	65	68	71	72	74	75	78	

**Office of National Drug Control Policy**  
*Federal funds*

**General and Special Funds:**

Salaries and expenses									
(Executive direction and management):									
(Appropriation, discretionary) .....	802 BA	23	25	25	26	26	27	27	
(Outlays) .....	O	23	25	25	25	26	26	27	
Total Salaries and expenses .....	BA	23	25	25	26	26	27	27	
	O	23	25	25	25	26	26	27	
Counterdrug Technology Assessment Center:									
Appropriation, discretionary .....	802 BA	32	36	40	41	42	43	44	
Outlays .....	O	32	36	40	41	42	43	44	
Total Federal funds Office of National Drug Control Policy .....	BA	55	61	65	67	68	70	71	
	O	55	61	65	66	68	69	71	

**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	

**EXECUTIVE OFFICE OF THE PRESIDENT—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
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	30	30	31	31	32	33
Outlays .....	O	26	30	30	31	31	32	33

**Unanticipated Needs**

*Federal funds*

**General and Special Funds:**

Unanticipated needs:

Appropriation, discretionary .....	802 BA	1	4	1	1	1	1	1
Outlays .....	O	1	4	1	1	1	1	1

**Summary**

Federal funds:								
Total Executive Office of the President .....	BA	272	300	316	323	328	334	343
	O	283	289	309	322	328	334	347

**FEDERAL EMERGENCY MANAGEMENT AGENCY**

(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Disaster relief:								
Appropriation, discretionary .....	453 BA	2,765	1,593	1,366	1,396	1,428	1,459	1,492
Outlays .....	O	2,628	2,236	2,364	2,496	2,274	2,117	1,780
Disaster assistance for unmet needs:								
Outlays .....	453 O	50	90	54	19	14	3	
Salaries and expenses								
(Defense-related activities):								
(Appropriation, discretionary) .....	054 BA	26	28	30	31	31	32	33
(Spending authority from offsetting collections, discretionary) .....	BA	4	4	4	4	4	4	4
(Outlays) .....	O	30	32	34	35	36	36	37
Salaries and expenses (gross) .....	BA	30	32	34	35	35	36	37
	O	30	32	34	35	36	36	37
Total, offsetting collections (cash) .....		-4	-4	-4	-4	-4	-4	-4
Total (Defense-related activities) (net) .....	BA	26	28	30	31	31	32	33
	O	26	28	30	31	32	32	33
(Disaster relief and insurance):								
(Appropriation, discretionary) .....	453 BA	156	187	204	209	213	218	223
(Spending authority from offsetting collections, discretionary) .....	BA	2	2	2	2	2	2	2
(Outlays) .....	O	162	181	203	210	214	219	224
Salaries and expenses (gross) .....	BA	184	217	236	242	246	252	258
	O	188	209	233	241	246	251	257
Total, offsetting collections (cash) .....		-2	-2	-2	-2	-2	-2	-2
Total (Disaster relief and insurance) (net) .....	BA	156	187	204	209	213	218	223
	O	160	179	201	208	212	217	222
Total Salaries and expenses .....	BA	182	215	234	240	244	250	256
	O	186	207	231	239	244	249	255

**FEDERAL EMERGENCY MANAGEMENT AGENCY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Emergency management planning and assistance</b>								
<b>(Defense-related activities):</b>								
(Appropriation, discretionary) .....	054 BA	20	20	20	20	21	21	22
(Spending authority from offsetting collections, discretionary) .....	BA	87	77	77	77	77	77	77
(Outlays) .....	O	101	96	97	97	97	98	99
Emergency management planning and assistance (gross) .....	BA	107	97	97	97	98	98	99
	O	101	96	97	97	97	98	99
(Change in uncollected customer payments from Federal sources) .....	BA	92						
(Adjustment to uncollected customer payments from Federal sources) .....	BA	-92						
Total, offsetting collections (cash) .....		-87	-77	-77	-77	-77	-77	-77
Total (Defense-related activities) (net) .....	BA	20	20	20	20	21	21	22
	O	14	19	20	20	20	21	22
<b>(Disaster relief and insurance):</b>								
(Appropriation, discretionary) .....	453 BA	250	352	338	346	353	361	369
(Spending authority from offsetting collections, discretionary) .....	BA	3	3	3	3	3	3	3
(Outlays) .....	O	197	300	341	345	351	360	367
Emergency management planning and assistance (gross) .....	BA	273	375	361	369	377	385	394
	O	211	319	361	365	371	381	389
Total, offsetting collections (cash) .....		-3	-3	-3	-3	-3	-3	-3
Total (Disaster relief and insurance) (net) .....	BA	250	352	338	346	353	361	369
	O	194	297	338	342	348	357	364
Total Emergency management planning and assistance .....	BA	270	372	358	366	374	382	391
	O	208	316	358	362	368	378	386
<b>Office of the Inspector General:</b>								
Appropriation, discretionary .....	453 BA	8	10	10	10	10	11	11
Outlays .....	O	6	10	11	11	11	11	11
<b>Emergency food and shelter program:</b>								
Appropriation, discretionary .....	605 BA	110	140	140	143	146	150	153
Outlays .....	O	110	140	140	143	146	150	153
<b>Office of Cerro Grande Fire Claims:</b>								
Appropriation, discretionary .....	453 BA	500						
Outlays .....	O	4	258	199	38	1		
<b>Radiological emergency preparedness fund:</b>								
Spending authority from offsetting collections, discretionary .....	453 BA	13	14	14	15	15	16	16
Outlays .....	O	15	12	14	15	15	16	16
Radiological emergency preparedness fund (gross) .....	BA	13	14	14	15	15	16	16
	O	15	12	14	15	15	16	16
Total, offsetting collections (cash) .....		-14	-14	-15	-15	-16	-16	-17
Total Radiological emergency preparedness fund (net) .....	BA	-1		-1		-1		-1
	O	1	-2	-1		-1		-1
<b>Flood map modernization fund:</b>								
Appropriation, discretionary .....	453 BA	5						
Spending authority from offsetting collections, discretionary .....	BA		18	7				
Outlays .....	O		10	12	7	1		
Total Flood map modernization fund .....	BA	5	18	7				
	O		10	12	7	1		
<b>Public Enterprise Funds:</b>								
<b>National flood insurance fund:</b>								
Spending authority from offsetting collections, discretionary .....	453 BA	83	65	78	87	88	88	88
Spending authority from offsetting collections, mandatory .....	BA	804	1,297	1,346	1,599	1,673	1,752	1,834
				<i>B 7</i>	<i>B 26</i>	<i>B 71</i>	<i>B 167</i>	<i>B 302</i>
Outlays .....	O	1,355	1,416	1,468	1,538	1,605	1,674	1,746
				<i>B -5</i>	<i>B -35</i>	<i>B -52</i>	<i>B -65</i>	<i>B -75</i>
National flood insurance fund (gross) .....	BA	887	1,362	1,431	1,712	1,832	2,007	2,224
	O	1,355	1,416	1,463	1,503	1,553	1,609	1,671

**FEDERAL EMERGENCY MANAGEMENT AGENCY—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash) .....		-1,475	-1,553	-1,633 <i>B-7</i>	-1,782 <i>B-26</i>	-1,865 <i>B-71</i>	-1,951 <i>B-167</i>	-2,041 <i>B-302</i>
Total National flood insurance fund (net) .....	BA	-588	-191	-209	-96	-104	-111	-119
	O	-120	-137	-177	-305	-383	-509	-672
National flood mitigation fund:								
Spending authority from offsetting collections, discretionary .....	453 BA	20	20	20	20	20	20	20
Outlays .....	O	13	23	20	24	22	20	20
<b>Intragovernmental Funds:</b>								
Working capital fund:								
Spending authority from offsetting collections, discretionary .....	803 BA	23	24	24	29	30	31	32
Outlays .....	O	20	25	28	29	30	31	32
Working capital fund (gross) .....	BA	23	24	24	29	30	31	32
	O	20	25	28	29	30	31	32
Change in uncollected customer payments from Federal sources .....	BA	-1						
Total, offsetting collections (cash) .....		-22	-24	-24	-29	-30	-31	-32
Total Working capital fund (net) .....	BA							
	O	-2	1	4				
<b>Credit Accounts:</b>								
Disaster assistance direct loan program account:								
Appropriation, discretionary .....	453 BA	2	2	1	1	1	1	1
Appropriation, mandatory .....	BA	68	45					
Outlays .....	O	68	47	1	1	1	1	1
Limitation on direct loan activity .....		(25)	(25)	(25)	(26)	(26)	(27)	(27)
Total Disaster assistance direct loan program account .....	BA	70	47	1	1	1	1	1
	O	68	47	1	1	1	1	1
Disaster assistance direct loan liquidating account:								
Total, offsetting collections (cash) .....	453	-9	-44					
<b>Summary</b>								
Federal funds:								
(As shown in detail above) .....	BA	3,332	2,180	1,926	2,080	2,118	2,162	2,204
	O	3,143	3,155	3,216	3,035	2,698	2,420	1,933
Deductions for offsetting receipts:								
Proprietary receipts from the public .....	453 BA/O		-10					
Offsetting governmental receipts .....	453 BA/O	-1						
Total Federal Emergency Management Agency .....	BA	3,331	2,170	1,926	2,080	2,118	2,162	2,204
	O	3,142	3,145	3,216	3,035	2,698	2,420	1,933

**GENERAL SERVICES ADMINISTRATION**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Real Property Activities</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Real property relocation:								
Spending authority from offsetting collections, discretionary .....	804 BA	1						
Outlays .....	O	1	12					
Real property relocation (gross) .....	BA	1						
	O	1	12					
Total, offsetting collections (cash) .....		-1						
Total Real property relocation (net) .....	BA							
	O		12					

**GENERAL SERVICES ADMINISTRATION—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Disposal of surplus real and related personal property:								
Appropriation, mandatory	804 BA	6	8	8	8	8	9	9
Outlays	O	5	8	8	8	8	9	9
<b>Intragovernmental Funds:</b>								
Federal buildings fund:								
Appropriation, discretionary	804 BA		477		276	282	288	295
Advance appropriation, discretionary	BA			276				
Spending authority from offsetting collections, discretionary	BA	6,854	6,710	7,118	7,234	7,413	7,598	7,787
Outlays	O	6,626	7,289	6,986	7,275	7,565	7,777	7,897
Limitation on program level (obligations)		(5,471)	(6,132)	(6,384)	(6,478)	(6,671)	(6,856)	(7,033)
Limitation on direct loan activity		(14)						
Federal buildings fund (gross)	BA	6,854	7,187	7,394	7,510	7,695	7,886	8,082
	O	6,626	7,289	6,986	7,275	7,565	7,777	7,897
Change in uncollected customer payments from Federal sources	BA	-355						
Total, offsetting collections (cash)		-6,710	-6,906	-7,087	-7,201	-7,381	-7,563	-7,752
Total Federal buildings fund (net)	BA	-211	281	307	309	314	323	330
	O	-84	383	-101	74	184	214	145
Total Federal funds Real Property Activities	BA	-205	289	315	317	322	332	339
	O	-79	403	-93	82	192	223	154

**Supply and Technology Activities**

*Federal funds*

<b>General and Special Funds:</b>								
Expenses of transportation audit contracts and contract administration:								
Appropriation, mandatory	804 BA	12	13	13	13	14	14	8
Outlays	O	10	13	13	13	14	14	8
<b>Intragovernmental Funds:</b>								
General supply fund:								
Spending authority from offsetting collections, mandatory	804 BA	3,474	3,581	3,623	3,695	3,769	3,845	3,922
Outlays	O	3,340	3,581	3,623	3,695	3,769	3,845	3,922
General supply fund (gross)	BA	3,474	3,581	3,623	3,695	3,769	3,845	3,922
	O	3,340	3,581	3,623	3,695	3,769	3,845	3,922
Change in uncollected customer payments from Federal sources	BA	-93						
Total, offsetting collections (cash)		-3,381	-3,581	-3,623	-3,695	-3,769	-3,845	-3,922
Total General supply fund (net)	BA							
	O	-41						
Information technology fund:								
Spending authority from offsetting collections, discretionary	804 BA	5,414	5,623	6,147	6,276	6,408	6,542	6,680
Outlays	O	4,671	5,689	6,147	6,276	6,408	6,542	6,680
Information technology fund (gross)	BA	5,414	5,623	6,147	6,276	6,408	6,542	6,680
	O	4,671	5,689	6,147	6,276	6,408	6,542	6,680
Change in uncollected customer payments from Federal sources	BA	-706						
Total, offsetting collections (cash)		-4,708	-5,623	-6,147	-6,276	-6,408	-6,542	-6,680
Total Information technology fund (net)	BA							
	O	-37	66					
Total Federal funds Supply and Technology Activities	BA	12	13	13	13	14	14	8
	O	-68	79	13	13	14	14	8

**General Activities**

*Federal funds*

<b>General and Special Funds:</b>								
Policy and operations:								
Appropriation, discretionary	804 BA	139	137	138	141	144	147	151
Spending authority from offsetting collections, discretionary	BA	11	20	21	18	18	18	18

**GENERAL SERVICES ADMINISTRATION—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	165	157	177	173	162	164	168
Policy and operations (gross) .....	BA	<b>150</b>	<b>157</b>	<b>159</b>	<b>159</b>	<b>162</b>	<b>165</b>	<b>169</b>
	O	165	157	177	173	162	164	168
Total, offsetting collections (cash) .....		-11	-20	-21	-18	-18	-18	-18
Total Policy and operations (net) .....	BA	<b>139</b>	<b>137</b>	<b>138</b>	<b>141</b>	<b>144</b>	<b>147</b>	<b>151</b>
	O	154	137	156	155	144	146	150
<b>Office of Inspector General:</b>								
Appropriation, discretionary .....	804 BA	<b>33</b>	<b>34</b>	<b>36</b>	<b>37</b>	<b>38</b>	<b>38</b>	<b>39</b>
Outlays .....	O	33	34	36	37	37	38	39
<b>Electronic government (E-GOV) fund:</b>								
Appropriation, discretionary .....	804 BA			<b>20</b>	<b>45</b>	<b>35</b>		
Outlays .....	O			18	42	36	4	1
<b>Allowances and office staff for former Presidents:</b>								
Appropriation, discretionary .....	802 BA	<b>2</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Outlays .....	O	2	3	4	4	4	4	4
<b>Expenses, Presidential transition:</b>								
Appropriation, discretionary .....	802 BA		<b>7</b>					
Outlays .....	O		7					
<b>Public Enterprise Funds:</b>								
<b>Federal Consumer Information Center fund:</b>								
Appropriation, discretionary .....	376 BA	<b>3</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>8</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Outlays .....	O	6	11	15	11	11	11	12
Federal Consumer Information Center fund (gross) .....	BA	<b>7</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>12</b>
	O	6	11	15	11	11	11	12
Total, offsetting collections (cash) .....		-4	-4	-4	-4	-4	-4	-4
Total Federal Consumer Information Center fund (net) .....	BA	<b>3</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>8</b>
	O	2	7	11	7	7	7	8
<b>Intragovernmental Funds:</b>								
<b>Working capital fund:</b>								
Reappropriation, discretionary .....	804 BA	<b>5</b>						
Spending authority from offsetting collections, discretionary .....	BA	<b>237</b>	<b>289</b>	<b>298</b>	<b>297</b>	<b>297</b>	<b>297</b>	<b>297</b>
Outlays .....	O	245	289	298	297	297	297	297
Working capital fund (gross) .....	BA	<b>242</b>	<b>289</b>	<b>298</b>	<b>297</b>	<b>297</b>	<b>297</b>	<b>297</b>
	O	245	289	298	297	297	297	297
Change in uncollected customer payments from Federal sources .....	BA	<b>3</b>						
Total, offsetting collections (cash) .....		-240	-289	-298	-297	-297	-297	-297
Total Working capital fund (net) .....	BA	<b>5</b>						
	O	5						
Total Federal funds General Activities .....	BA	<b>182</b>	<b>188</b>	<b>205</b>	<b>234</b>	<b>228</b>	<b>196</b>	<b>202</b>
	O	196	188	225	245	228	199	202
<b>Summary</b>								
<b>Federal funds:</b>								
(As shown in detail above) .....	BA	<b>-11</b>	<b>490</b>	<b>533</b>	<b>564</b>	<b>564</b>	<b>542</b>	<b>549</b>
	O	49	670	145	340	434	436	364
<b>Deductions for offsetting receipts:</b>								
Proprietary receipts from the public .....	407 BA/O			<b>-340</b>				
	804 BA/O	<b>-21</b>	<b>-67</b>	<b>-28</b>	<b>-32</b>	<b>-27</b>	<b>-26</b>	<b>-24</b>
Total General Services Administration .....	BA	<b>-32</b>	<b>423</b>	<b>165</b>	<b>532</b>	<b>537</b>	<b>516</b>	<b>525</b>
	O	28	603	-223	308	407	410	340

**INTERNATIONAL ASSISTANCE PROGRAMS**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
<b>International Security Assistance</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Economic support fund:								
Appropriation, discretionary .....	152 BA	2,900	2,315	2,289	2,340	2,392	2,445	2,500
Spending authority from offsetting collections, discretionary .....	BA	1						
Outlays .....	O	2,463	2,286	2,270	2,295	2,327	2,374	2,414
Economic support fund (gross) .....	BA	2,901	2,315	2,289	2,340	2,392	2,445	2,500
	O	2,463	2,286	2,270	2,295	2,327	2,374	2,414
Change in uncollected customer payments from Federal sources .....	BA	-5						
Total Economic support fund (net) .....	BA	2,896	2,315	2,289	2,340	2,392	2,445	2,500
	O	2,463	2,286	2,270	2,295	2,327	2,374	2,414
Economic support fund transfer account:								
Appropriation, discretionary .....	151 BA	6						
Outlays .....	O		2	2	2	1		
Central America and Caribbean emergency disaster recovery fund:								
Outlays .....	151 O	162	228	100	41	12		
Foreign military financing program:								
Appropriation, discretionary .....	152 BA	4,787	3,568	3,674	3,756	3,840	3,925	4,013
Spending authority from offsetting collections, discretionary .....	BA	1						
Outlays .....	O	3,897	4,212	4,270	4,249	4,083	3,906	3,983
Foreign military financing program (gross) .....	BA	4,788	3,568	3,674	3,756	3,840	3,925	4,013
	O	3,897	4,212	4,270	4,249	4,083	3,906	3,983
Total, offsetting collections (cash) .....		-1						
Total Foreign military financing program (net) .....	BA	4,787	3,568	3,674	3,756	3,840	3,925	4,013
	O	3,896	4,212	4,270	4,249	4,083	3,906	3,983
International military education and training:								
Appropriation, discretionary .....	152 BA	50	58	65	66	68	69	71
Outlays .....	O	49	54	62	66	66	69	69
Peacekeeping operations:								
Appropriation, discretionary .....	152 BA	213	127	150	153	157	160	164
Spending authority from offsetting collections, discretionary .....	BA	20	11					
Outlays .....	O	182	165	170	178	176	161	163
Peacekeeping operations (gross) .....	BA	233	138	150	153	157	160	164
	O	182	165	170	178	176	161	163
Change in uncollected customer payments from Federal sources .....	BA	-20						
Total, offsetting collections (cash) .....			-11					
Total Peacekeeping operations (net) .....	BA	213	127	150	153	157	160	164
	O	182	154	170	178	176	161	163
Nonproliferation, antiterrorism, demining, and related programs:								
Appropriation, discretionary .....	152 BA	301	311	332	339	347	355	363
Spending authority from offsetting collections, discretionary .....	BA	16						
Outlays .....	O	245	307	327	346	350	351	359
Nonproliferation, antiterrorism, demining, and related programs (gross) .....	BA	317	311	332	339	347	355	363
	O	245	307	327	346	350	351	359
Change in uncollected customer payments from Federal sources .....	BA	-18						
Total, offsetting collections (cash) .....		2						
Total Nonproliferation, antiterrorism, demining, and related programs (net) .....	BA	301	311	332	339	347	355	363
	O	247	307	327	346	350	351	359
Nonproliferation and disarmament fund:								
Spending authority from offsetting collections, discretionary .....	152 BA	1						
Outlays .....	O	1	1	1				
Nonproliferation and disarmament fund (gross) .....	BA	1						
	O	1	1	1				

**INTERNATIONAL ASSISTANCE PROGRAMS—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Change in uncollected customer payments from Federal sources .....	BA	-1						
Total Nonproliferation and disarmament fund (net) .....	BA O	1	1	1				
<b>Credit Accounts:</b>								
Foreign military financing loan program account:								
Appropriation, mandatory .....	152 BA	186						
Outlays .....	O	218	64	44	4			
Foreign military loan liquidating account:								
Appropriation, mandatory .....	152 BA	38	31	27	25	38	7	6
Spending authority from offsetting collections, mandatory .....	BA	6	10	20	35	36	38	36
Outlays .....	O	44	41	47	60	74	45	42
Foreign military loan liquidating account (gross) .....	BA O	44	41	47	60	74	45	42
Total, offsetting collections (cash) .....		-714	-591	-490	-425	-399	-364	-356
Total Foreign military loan liquidating account (net) .....	BA O	-670	-550	-443	-365	-325	-319	-314
<b>Summary</b>								
Federal funds:								
(As shown in detail above) .....	BA O	7,769	5,829	6,067	6,289	6,479	6,635	6,797
Deductions for offsetting receipts:								
Proprietary receipts from the public .....	152 BA/O		-208					
Total International Security Assistance .....	BA O	7,769	5,621	6,067	6,289	6,479	6,635	6,797
		6,548	6,550	6,803	6,816	6,690	6,542	6,674

**Multilateral Assistance**

*Federal funds*

**General and Special Funds:**

Contribution to the International Bank for Reconstruction and Development:								
Appropriation, discretionary .....	151 BA	36	108	108	110	113	115	118
Outlays .....	O	58	82	96	102	96	101	109
Contribution to the International Development Association:								
Appropriation, discretionary .....	151 BA	771	773	803	821	839	858	877
Outlays .....	O	992	1,250	929	971	1,016	827	845
Contribution to Multilateral Investment Guarantee Agency:								
Appropriation, discretionary .....	151 BA	4	10	10	10	10	11	11
Outlays .....	O	1	5	10	10	10	10	11
Contribution to the Inter-American Development Bank:								
Appropriation, discretionary .....	151 BA	42	25	25	26	26	27	27
Outlays .....	O	45	47	30	30	30	25	26
Contribution to the Asian Development Bank:								
Appropriation, discretionary .....	151 BA	91	72	103	105	108	110	112
Outlays .....	O	132	186	172	156	146	138	102
Contribution to the African Development Bank:								
Appropriation, discretionary .....	151 BA	131	106	105	107	110	112	114
Outlays .....	O	58	78	107	108	107	109	111
Contribution to the European Bank for Reconstruction and Development:								
Appropriation, discretionary .....	151 BA	36	36	36	37	38	38	39
Outlays .....	O	27	32	36	37	37	38	38
North American Development Bank:								
Outlays .....	151 O		11	11	11	17		
Contribution to enterprise for the Americas multilateral investment fund:								
Appropriation, discretionary .....	151 BA		10					
Outlays .....	O	29	29	40	47	45	39	36
Contributions to the International Fund for Agricultural Development:								
Appropriation, discretionary .....	151 BA		5	20	20	21	21	21
Outlays .....	O		5	9	13	17	21	22
International affairs technical assistance program:								
Appropriation, discretionary .....	151 BA	21	6	6	6	6	6	7
Spending authority from offsetting collections, discretionary .....	BA	2						



**INTERNATIONAL ASSISTANCE PROGRAMS—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	6	8	6	5	6	6	7
International affairs technical assistance program (gross) .....	BA	23	6	6	6	6	6	7
	O	6	8	6	5	6	6	7
Total, offsetting collections (cash) .....		-2						
Total International affairs technical assistance program (net) .....	BA	21	6	6	6	6	6	7
	O	4	8	6	5	6	6	7
Contribution for the EBRD small and medium enterprise support fund:								
Appropriation, discretionary .....	151 BA	10						
Outlays .....	O	9	1					
International organizations and programs:								
Appropriation, discretionary .....	151 BA	307	295	296	303	309	316	323
Outlays .....	O	294	299	301	307	311	316	323
<b>Credit Accounts:</b>								
Debt restructuring:								
Appropriation, discretionary .....	151 BA	123	447	224	229	234	239	245
Appropriation, mandatory .....	BA	36						
Outlays .....	O	111	251	244	274	236	233	238
Total Debt restructuring .....	BA	159	447	224	229	234	239	245
	O	111	251	244	274	236	233	238
Total Federal funds Multilateral Assistance .....	BA	1,608	1,893	1,736	1,774	1,814	1,853	1,894
	O	1,760	2,284	1,991	2,071	2,074	1,863	1,868

**International Development Assistance**

*Agency for International Development*

*Federal funds*

**General and Special Funds:**

Sustainable development assistance program:

Appropriation, discretionary .....	151 BA	1,190	1,269	1,272	1,300	1,329	1,359	1,389
Spending authority from offsetting collections, discretionary .....	BA	4						
Outlays .....	O	884	1,084	1,232	1,242	1,249	1,245	1,301
Sustainable development assistance program (gross) .....	BA	1,194	1,269	1,272	1,300	1,329	1,359	1,389
	O	884	1,084	1,232	1,242	1,249	1,245	1,301
Total, offsetting collections (cash) .....		-4						
Total Sustainable development assistance program (net) .....	BA	1,190	1,269	1,272	1,300	1,329	1,359	1,389
	O	880	1,084	1,232	1,242	1,249	1,245	1,301

Child survival and disease programs:

Appropriation, discretionary .....	151 BA	615	851	901	921	942	963	984
Spending authority from offsetting collections, discretionary .....	BA	10						
Outlays .....	O	508	660	768	832	876	907	937
Child survival and disease programs (gross) .....	BA	625	851	901	921	942	963	984
	O	508	660	768	832	876	907	937
Change in uncollected customer payments from Federal sources .....	BA	-2						
Total, offsetting collections (cash) .....		-8						
Total Child survival and disease programs (net) .....	BA	615	851	901	921	942	963	984
	O	500	660	768	832	876	907	937

Development fund for Africa:

Outlays .....	151 O	150	95	57	16			
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Assistance for Eastern Europe and the Baltic States:

Appropriation, discretionary .....	151 BA	425	675	610	624	637	652	666
Outlays .....	O	423	349	442	504	564	635	645

Assistance for the independent states of the former Soviet Union:

Appropriation, discretionary .....	151 BA	531	808	808	826	845	863	882
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**INTERNATIONAL ASSISTANCE PROGRAMS—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
Outlays .....	O	678	448	594	701	760	816	841
Assistance for the independent states of the former Soviet Union (gross) .....	BA	<b>531</b>	<b>808</b>	<b>808</b>	<b>826</b>	<b>845</b>	<b>863</b>	<b>882</b>
	O	678	448	594	701	760	816	841
Change in uncollected customer payments from Federal sources .....	BA	<b>-3</b>						
Total Assistance for the independent states of the former Soviet Union (net) .....	BA	<b>528</b>	<b>808</b>	<b>808</b>	<b>826</b>	<b>845</b>	<b>863</b>	<b>882</b>
	O	678	448	594	701	760	816	841
Sub-Saharan Africa disaster assistance:								
Outlays .....	151 O		3	4	2			
International disaster assistance:								
Appropriation, discretionary .....	151 BA	<b>227</b>	<b>299</b>	<b>200</b>	<b>204</b>	<b>209</b>	<b>214</b>	<b>218</b>
Outlays .....	O	367	225	236	211	208	206	215
Operating expenses of the Agency for International Development:								
Appropriation, discretionary .....	151 BA	<b>523</b>	<b>532</b>	<b>549</b>	<b>561</b>	<b>574</b>	<b>587</b>	<b>600</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>8</b>	<b>7</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Outlays .....	O	545	554	545	557	571	583	598
Operating expenses of the Agency for International Development (gross) .....	BA	<b>531</b>	<b>539</b>	<b>553</b>	<b>565</b>	<b>578</b>	<b>591</b>	<b>604</b>
	O	545	554	545	557	571	583	598
Total, offsetting collections (cash) .....		-8	-7	-4	-4	-4	-4	-4
Total Operating expenses of the Agency for International Development (net) .....	BA	<b>523</b>	<b>532</b>	<b>549</b>	<b>561</b>	<b>574</b>	<b>587</b>	<b>600</b>
	O	537	547	541	553	567	579	594
Transition Initiatives:								
Appropriation, discretionary .....	151 BA		<b>50</b>	<b>50</b>	<b>51</b>	<b>52</b>	<b>53</b>	<b>55</b>
Outlays .....	O		13	31	41	47	50	53
Payment to the Foreign Service retirement and disability fund:								
Appropriation, mandatory .....	153 BA	<b>44</b>	<b>45</b>	<b>45</b>	<b>46</b>	<b>47</b>	<b>48</b>	<b>49</b>
Outlays .....	O	44	45	45	46	47	48	49
Operating expenses, Office of Inspector General:								
Appropriation, discretionary .....	151 BA	<b>25</b>	<b>27</b>	<b>32</b>	<b>33</b>	<b>33</b>	<b>34</b>	<b>35</b>
Outlays .....	O	26	34	31	32	32	34	35
<b>Public Enterprise Funds:</b>								
Property management fund:								
Spending authority from offsetting collections, mandatory .....	151 BA	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Outlays .....	O	2	2	2	2	2	2	2
Property management fund (gross) .....	BA	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
	O	2	2	2	2	2	2	2
Total, offsetting collections (cash) .....		-1	-1	-1	-1	-1	-1	-1
Total Property management fund (net) .....	BA	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
	O							
<b>Intragovernmental Funds:</b>								
Working capital fund:								
Spending authority from offsetting collections, discretionary .....	151 BA		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Outlays .....	O		1	1	1	1	1	1
Working capital fund (gross) .....	BA		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
	O		1	1	1	1	1	1
Total, offsetting collections (cash) .....			-1	-1	-1	-1	-1	-1
Total Working capital fund (net) .....	BA		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
	O							
<b>Credit Accounts:</b>								
Urban and environmental credit program account:								
Appropriation, discretionary .....	151 BA	<b>7</b>						
Appropriation, mandatory .....	BA		<b>10</b>					
Outlays .....	O	9	12	1				
Total Urban and environmental credit program account .....	BA	<b>7</b>	<b>10</b>					
	O	9	12	1				

**INTERNATIONAL ASSISTANCE PROGRAMS—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Housing and other credit guaranty programs liquidating account:								
Appropriation, mandatory .....	151 BA	35	17	40	40	40	40	40
Spending authority from offsetting collections, mandatory .....	BA	72	93	25	71	76	73	70
Outlays .....	O	58	36	44	36	32	31	28
Housing and other credit guaranty programs liquidating account (gross) .....	BA	107	110	65	111	116	113	110
	O	58	36	44	36	32	31	28
Total, offsetting collections (cash) .....		-72	-93	-25	-71	-76	-73	-70
Total Housing and other credit guaranty programs liquidating account (net) .....	BA	35	17	40	40	40	40	40
	O	-14	-57	19	-35	-44	-42	-42
Microenterprise and small enterprise development program account:								
Appropriation, discretionary .....	151 BA	2	2					
Appropriation, mandatory .....	BA	1	1	1	1	1	1	1
Outlays .....	O	3	4	3	1			
Total Microenterprise and small enterprise development program account .....	BA	2	3	1	1	1	1	1
	O	3	4	3	1			
Development credit authority program account:								
Appropriation, discretionary .....	151 BA	1	11	33	34	34	36	36
Outlays .....	O	8	19	28	34	34	36	36
Economic assistance loans liquidating account:								
Spending authority from offsetting collections, mandatory .....	151 BA	102	158	137	4	3	3	3
Outlays .....	O	4	4	3	3	3	3	3
Economic assistance loans liquidating account (gross) .....	BA	102	158	137	4	3	3	3
	O	4	4	3	3	3	3	3
Total, offsetting collections (cash) .....		-894	-959	-901	-740	-707	-659	-619
Total Economic assistance loans liquidating account (net) .....	BA	-792	-801	-764	-736	-704	-656	-616
	O	-894	-955	-897	-737	-704	-656	-616
<i>Trust funds</i>								
Foreign Service national separation liability trust fund:								
Appropriation, mandatory .....	602 BA	1	2	2	2	2	2	2
Outlays .....	O	1	1	1	1	1	1	1
Miscellaneous trust funds, AID:								
Reappropriation, discretionary .....	151 BA	1						
<b>Summary</b>								
Federal funds:								
(As shown in detail above) .....	BA	2,830	3,796	3,777	3,905	4,039	4,194	4,339
	O	2,707	2,515	3,128	3,440	3,638	3,857	4,049
Deductions for offsetting receipts:								
Proprietary receipts from the public .....	151 BA/O	-80	-99					
Total Federal funds .....	BA	2,750	3,697	3,777	3,905	4,039	4,194	4,339
	O	2,627	2,416	3,128	3,440	3,638	3,857	4,049
Trust funds:								
(As shown in detail above) .....	BA	2	2	2	2	2	2	2
	O	1	1	1	1	1	1	1
Interfund transactions .....	602 BA/O	-1	-2	-2	-2	-2	-2	-2
Total Agency for International Development .....	BA	2,751	3,697	3,777	3,905	4,039	4,194	4,339
	O	2,627	2,415	3,127	3,439	3,637	3,856	4,048

*Overseas Private Investment Corporation*

*Federal funds*

**Public Enterprise Funds:**

Overseas Private Investment Corporation noncredit account:

Appropriation, discretionary .....	151 BA	-45	-47	-23	-24	-24	-25	-25
Spending authority from offsetting collections, discretionary .....	BA	270	126	95	95	95	95	95

**INTERNATIONAL ASSISTANCE PROGRAMS—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	257	73	52	63	81	76	76
Overseas Private Investment Corporation noncredit account (gross) .....	BA	<b>225</b>	<b>79</b>	<b>72</b>	<b>71</b>	<b>71</b>	<b>70</b>	<b>70</b>
	O	257	73	52	63	81	76	76
Change in uncollected customer payments from Federal sources .....	BA	<b>-4</b>						
Total, offsetting collections (cash) .....		-316	-326	-346	-355	-380	-390	-401
Total Overseas Private Investment Corporation noncredit account (net) .....	BA	<b>-95</b>	<b>-247</b>	<b>-274</b>	<b>-284</b>	<b>-309</b>	<b>-320</b>	<b>-331</b>
	O	-59	-253	-294	-292	-299	-314	-325
<b>Credit Accounts:</b>								
Overseas Private Investment Corporation program account:								
Appropriation, discretionary .....	151 BA	<b>45</b>	<b>47</b>	<b>23</b>	<b>24</b>	<b>24</b>	<b>25</b>	<b>25</b>
Outlays .....	O	33	55	42	45	43	43	43
Overseas Private Investment Corporation liquidating account:								
Spending authority from offsetting collections, mandatory .....	151 BA	<b>3</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>3</b>
Outlays .....	O	18	8	5	5	4	4	3
Overseas Private Investment Corporation liquidating account (gross) .....	BA	<b>3</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>3</b>
	O	18	8	5	5	4	4	3
Change in uncollected customer payments from Federal sources .....	BA		<b>5</b>					
Total, offsetting collections (cash) .....		-3	-10	-5	-5	-4	-4	-3
Total Overseas Private Investment Corporation liquidating account (net) .....	BA							
	O	15	-2					
Total Federal funds Overseas Private Investment Corporation .....	BA	<b>-50</b>	<b>-200</b>	<b>-251</b>	<b>-260</b>	<b>-285</b>	<b>-295</b>	<b>-306</b>
	O	-11	-200	-252	-247	-256	-271	-282

*Trade and Development Agency*  
Federal funds

**General and Special Funds:**

Trade and Development Agency:

Appropriation, discretionary .....	151 BA	<b>53</b>	<b>50</b>	<b>50</b>	<b>51</b>	<b>52</b>	<b>53</b>	<b>54</b>
Outlays .....	O	57	55	57	56	56	56	58

*Peace Corps*  
Federal funds

**General and Special Funds:**

Peace Corps:

Appropriation, discretionary .....	151 BA	<b>244</b>	<b>264</b>	<b>275</b>	<b>281</b>	<b>287</b>	<b>294</b>	<b>300</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>4</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
Outlays .....	O	250	281	287	285	294	300	307
Peace Corps (gross) .....	BA	<b>248</b>	<b>272</b>	<b>283</b>	<b>289</b>	<b>295</b>	<b>302</b>	<b>308</b>
	O	250	281	287	285	294	300	307
Total, offsetting collections (cash) .....		-4	-8	-8	-8	-8	-8	-8
Total Peace Corps (net) .....	BA	<b>244</b>	<b>264</b>	<b>275</b>	<b>281</b>	<b>287</b>	<b>294</b>	<b>300</b>
	O	246	273	279	277	286	292	299

*Trust funds*

Peace Corps miscellaneous trust fund:

Appropriation, mandatory .....	151 BA	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Outlays .....	O		2	2	1	1	1	1

*Inter-American Foundation*  
Federal funds

**General and Special Funds:**

Inter-American Foundation:

Appropriation, discretionary .....	151 BA	<b>5</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>13</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>3</b>	<b>2</b>					

**INTERNATIONAL ASSISTANCE PROGRAMS—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	25	20	31	11	12	12	13
Inter-American Foundation (gross) .....	BA	<b>8</b>	<b>14</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>13</b>
	O	25	20	31	11	12	12	13
Total, offsetting collections (cash) .....		-3	-2					
Total Inter-American Foundation (net) .....	BA	<b>5</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>13</b>
	O	22	18	31	11	12	12	13

*African Development Foundation*

*Federal funds*

**General and Special Funds:**

African Development Foundation:								
Appropriation, discretionary .....	151 BA	<b>14</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>17</b>	<b>17</b>	<b>17</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>1</b>			<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Outlays .....	O	18	13	15	14	17	18	18
African Development Foundation (gross) .....	BA	<b>15</b>	<b>16</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>18</b>	<b>18</b>
	O	18	13	15	14	17	18	18
Total, offsetting collections (cash) .....		-1			-1	-1	-1	-1
Total African Development Foundation (net) .....	BA	<b>14</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>17</b>	<b>17</b>	<b>17</b>
	O	17	13	15	13	16	17	17
Total Federal funds International Development Assistance .....	BA	<b>3,016</b>	<b>3,839</b>	<b>3,879</b>	<b>4,005</b>	<b>4,122</b>	<b>4,276</b>	<b>4,417</b>
	O	2,958	2,575	3,258	3,550	3,752	3,963	4,154
Total Trust funds International Development Assistance .....	BA	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
	O	1	3	3	2	2	2	2
Interfund transactions .....	602 BA/O	-1	-2	-2	-2	-2	-2	-2
Total International Development Assistance .....	BA	<b>3,018</b>	<b>3,840</b>	<b>3,880</b>	<b>4,006</b>	<b>4,123</b>	<b>4,277</b>	<b>4,418</b>
	O	2,958	2,576	3,259	3,550	3,752	3,963	4,154

**International Monetary Programs**

*Federal funds*

**General and Special Funds:**

United States quota, International Monetary Fund:								
Outlays .....	155 O	1,103						
Contribution to enhanced structural adjustment facility of International Monetary Fund:								
Outlays .....	155 O	17	9					
Total Federal funds International Monetary Programs .....	O	<b>1,120</b>	<b>9</b>					

**Military Sales Program**

*Federal funds*

**Public Enterprise Funds:**

Special defense acquisition fund:								
Outlays .....	155 O	2	7	5				
Special defense acquisition fund (gross) .....	O	2	7	5				
Total, offsetting collections (cash) .....		-7	-7					
Total Special defense acquisition fund (net) .....	BA	<b>-7</b>	<b>-7</b>					
	O	-5		5				

*Trust funds*

Foreign military sales trust fund:								
Contract authority, mandatory .....	155 BA	<b>13,049</b>	<b>11,800</b>	<b>11,620</b>	<b>11,510</b>	<b>10,810</b>	<b>10,650</b>	<b>10,820</b>
Outlays .....	O	11,085	11,340	11,450	11,470	11,230	11,020	10,940

**INTERNATIONAL ASSISTANCE PROGRAMS—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
<b>Summary</b>								
Federal funds:								
(As shown in detail above) .....	BA	-7	-7					
	O	-5		5				
Trust funds:								
(As shown in detail above) .....	BA	13,049	11,800	11,620	11,510	10,810	10,650	10,820
	O	11,085	11,340	11,450	11,470	11,230	11,020	10,940
Deductions for offsetting receipts:								
Proprietary receipts from the public .....	155 BA/O	-11,362	-11,340	-11,450	-11,470	-11,230	-11,020	-10,940
Total Trust funds .....	BA	1,687	460	170	40	-420	-370	-120
	O	-277						
Total Military Sales Program .....	BA	1,680	453	170	40	-420	-370	-120
	O	-282		5				

**Special Assistance for Central America**

*Federal funds*

**General and Special Funds:**

Demobilization and transition fund:

Outlays .....

152 O

1

**International Commodity Agreements**

**Summary**

Federal funds:								
Deductions for offsetting receipts:								
Proprietary receipts from the public .....	155 BA/O	-12	-68					
Total International Commodity Agreements .....	BA	-12	-68					
	O	-12	-68					

**Summary**

Federal funds:								
(As shown in detail above) .....	BA	12,466	11,653	11,682	12,068	12,415	12,764	13,108
	O	12,462	11,725	12,057	12,437	12,516	12,368	12,696
Deductions for offsetting receipts:								
Proprietary receipts from the public .....	151 BA/O	-80	-99					
	152 BA/O		-208					
	155 BA/O	-12	-68					
Total Federal funds .....	BA	12,374	11,278	11,682	12,068	12,415	12,764	13,108
	O	12,370	11,350	12,057	12,437	12,516	12,368	12,696
Trust funds:								
(As shown in detail above) .....	BA	13,052	11,803	11,623	11,513	10,813	10,653	10,823
	O	11,086	11,343	11,453	11,472	11,232	11,022	10,942
Deductions for offsetting receipts:								
Proprietary receipts from the public .....	155 BA/O	-11,362	-11,340	-11,450	-11,470	-11,230	-11,020	-10,940
Total Trust funds .....	BA	1,690	463	173	43	-417	-367	-117
	O	-276	3	3	2	2	2	2
Interfund transactions .....	602 BA/O	-1	-2	-2	-2	-2	-2	-2
Total International Assistance Programs .....	BA	14,063	11,739	11,853	12,109	11,996	12,395	12,989
	O	12,093	11,351	12,058	12,437	12,516	12,368	12,696

**NATIONAL AERONAUTICS AND SPACE ADMINISTRATION**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Human space flight:								
Appropriation, discretionary .....	252 BA	5,488	5,451	7,296	6,881	6,545	6,439	6,494
Spending authority from offsetting collections, discretionary .....	BA	164	163	201	201	201	201	201
Outlays .....	O	5,666	5,584	7,030	7,148	6,845	6,689	6,682
Human space flight (gross) .....	BA	5,652	5,614	7,497	7,082	6,746	6,640	6,695
	O	5,666	5,584	7,030	7,148	6,845	6,689	6,682
Change in uncollected customer payments from Federal sources .....	BA	5						
Total, offsetting collections (cash) .....		-169	-163	-201	-201	-201	-201	-201
Total Human space flight (net) .....	BA	5,488	5,451	7,296	6,881	6,545	6,439	6,494
	O	5,497	5,421	6,829	6,947	6,644	6,488	6,481
Science, Aeronautics and Technology								
(Space flight, research, and supporting activities):								
(Appropriation, discretionary) .....	252 BA	4,964	5,663	6,302	7,249	7,961	8,358	8,701
(Spending authority from offsetting collections, discretionary) .....	BA	397	544	633	633	633	633	633
(Outlays) .....	O	5,355	5,792	6,688	7,305	8,182	8,710	9,108
Science, Aeronautics and Technology (gross) .....	BA	5,361	6,207	6,935	7,882	8,594	8,991	9,334
	O	5,355	5,792	6,688	7,305	8,182	8,710	9,108
(Change in uncollected customer payments from Federal sources) .....	BA	100						
Total, offsetting collections (cash) .....		-497	-544	-633	-633	-633	-633	-633
Total (Space flight, research, and supporting activities) (net) .....	BA	4,964	5,663	6,302	7,249	7,961	8,358	8,701
	O	4,858	5,248	6,055	6,672	7,549	8,077	8,475
(Air transportation):								
(Appropriation, discretionary) .....	402 BA	618	514	890	831	852	836	852
(Spending authority from offsetting collections, discretionary) .....	BA	35	56	47	47	47	47	47
(Outlays) .....	O	662	554	841	995	882	891	891
Science, Aeronautics and Technology (gross) .....	BA	5,617	6,233	7,239	8,127	8,860	9,241	9,600
	O	5,520	5,802	6,896	7,667	8,431	8,968	9,366
(Change in uncollected customer payments from Federal sources) .....	BA	8						
Total, offsetting collections (cash) .....		-43	-56	-47	-47	-47	-47	-47
Total (Air transportation) (net) .....	BA	618	514	890	831	852	836	852
	O	619	498	794	948	835	844	844
Total Science, Aeronautics and Technology .....	BA	5,582	6,177	7,192	8,080	8,813	9,194	9,553
	O	5,477	5,746	6,849	7,620	8,384	8,921	9,319
Mission support								
(Space flight, research, and supporting activities):								
(Appropriation, discretionary) .....	252 BA	2,069	2,191					
(Spending authority from offsetting collections, discretionary) .....	BA	97	70					
(Outlays) .....	O	2,138	2,239	443	64	24	2	
Mission support (gross) .....	BA	2,166	2,261					
	O	2,138	2,239	443	64	24	2	
(Change in uncollected customer payments from Federal sources) .....	BA	20						
Total, offsetting collections (cash) .....		-117	-70					
Total (Space flight, research, and supporting activities) (net) .....	BA	2,069	2,191					
	O	2,021	2,169	443	64	24	2	
(Air transportation):								
(Appropriation, discretionary) .....	402 BA	442	412					
(Spending authority from offsetting collections, discretionary) .....	BA	17	6					
(Outlays) .....	O	415	409	95	17	5		
Mission support (gross) .....	BA	2,528	2,609					
	O	2,436	2,578	538	81	29	2	
(Change in uncollected customer payments from Federal sources) .....	BA	3						

**NATIONAL AERONAUTICS AND SPACE ADMINISTRATION—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
Total, offsetting collections (cash) .....		-20	-6					
Total (Air transportation) (net) .....	BA	<b>442</b>	<b>412</b>					
	O	395	403	95	17	5		
Total Mission support .....	BA	<b>2,511</b>	<b>2,603</b>					
	O	2,416	2,572	538	81	29	2	
Research and development (Space flight, research, and supporting activities):								
(Outlays) .....	252 O	18						
Total Research and development .....	O	18						
Space flight, control, and data communications:								
Outlays .....	252 O	1	1					
Construction of facilities (Space flight, research, and supporting activities):								
(Outlays) .....	252 O	12	12	7				
Total Construction of facilities .....	O	12	12	7				
Office of Inspector General:								
Appropriation, discretionary .....	252 BA	20	23	24	25	25	26	26
Outlays .....	O	20	21	24	24	25	25	26
	<i>Trust funds</i>							
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
National Space Grant Program:								
Appropriation, mandatory .....	252 BA		3					
Outlays .....	O		3					
<b>Summary</b>								
Federal funds:								
(As shown in detail above) .....	BA	<b>13,601</b>	<b>14,254</b>	<b>14,512</b>	<b>14,986</b>	<b>15,383</b>	<b>15,659</b>	<b>16,073</b>
	O	13,441	13,773	14,247	14,672	15,082	15,436	15,826
Trust funds:								
(As shown in detail above) .....	BA	1	4	1	1	1	1	1
	O	1	4	1	1	1	1	1
Total National Aeronautics and Space Administration .....	BA	<b>13,602</b>	<b>14,258</b>	<b>14,513</b>	<b>14,987</b>	<b>15,384</b>	<b>15,660</b>	<b>16,074</b>
	O	13,442	13,777	14,248	14,673	15,083	15,437	15,827

**NATIONAL SCIENCE FOUNDATION**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Research and related activities (Defense-related activities):								
(Appropriation, discretionary) .....	054 BA	<b>63</b>	<b>63</b>	<b>63</b>	<b>64</b>	<b>66</b>	<b>67</b>	<b>69</b>
(Outlays) .....	O	55	109	79	71	71	65	67
(General science and basic research):								
(Appropriation, discretionary) .....	251 BA	<b>2,910</b>	<b>3,280</b>	<b>3,264</b>	<b>3,337</b>	<b>3,411</b>	<b>3,487</b>	<b>3,565</b>
(Spending authority from offsetting collections, discretionary) .....	BA	70	100	100				
(Outlays) .....	O	2,686	2,869	3,189	3,202	3,372	3,399	3,470
Research and related activities (gross) .....	BA	<b>3,043</b>	<b>3,443</b>	<b>3,427</b>	<b>3,401</b>	<b>3,477</b>	<b>3,554</b>	<b>3,634</b>
	O	2,741	2,978	3,268	3,273	3,443	3,464	3,537
(Change in uncollected customer payments from Federal sources) .....	BA	8						



**NATIONAL SCIENCE FOUNDATION—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash)		-77	-100	-100				
Total (General science and basic research) (net)	BA	<b>2,911</b>	<b>3,280</b>	<b>3,264</b>	<b>3,337</b>	<b>3,411</b>	<b>3,487</b>	<b>3,565</b>
	O	2,609	2,769	3,089	3,202	3,372	3,399	3,470
Total Research and related activities	BA	<b>2,974</b>	<b>3,343</b>	<b>3,327</b>	<b>3,401</b>	<b>3,477</b>	<b>3,554</b>	<b>3,634</b>
	O	2,664	2,878	3,168	3,273	3,443	3,464	3,537
Academic research infrastructure:								
Outlays	251 O	20	7	4	2			
Major research equipment:								
Appropriation, discretionary	251 BA	<b>93</b>	<b>122</b>	<b>96</b>	<b>98</b>	<b>100</b>	<b>103</b>	<b>105</b>
Outlays	O	33	115	119	95	93	101	102
Salaries and expenses:								
Appropriation, discretionary	251 BA	<b>149</b>	<b>161</b>	<b>170</b>	<b>174</b>	<b>178</b>	<b>182</b>	<b>186</b>
Spending authority from offsetting collections, discretionary	BA	<b>4</b>	<b>5</b>	<b>5</b>				
Outlays	O	150	173	174	174	177	182	185
Salaries and expenses (gross)	BA	<b>153</b>	<b>166</b>	<b>175</b>	<b>174</b>	<b>178</b>	<b>182</b>	<b>186</b>
	O	150	173	174	174	177	182	185
Total, offsetting collections (cash)		-4	-5	-5				
Total Salaries and expenses (net)	BA	<b>149</b>	<b>161</b>	<b>170</b>	<b>174</b>	<b>178</b>	<b>182</b>	<b>186</b>
	O	146	168	169	174	177	182	185
Office of the Inspector General:								
Appropriation, discretionary	251 BA	<b>5</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>8</b>
Outlays	O	5	7	7	7	7	7	7
Education and human resources:								
Appropriation, discretionary	251 BA	<b>691</b>	<b>785</b>	<b>872</b>	<b>891</b>	<b>911</b>	<b>932</b>	<b>952</b>
Appropriation, mandatory	BA	<b>49</b>	<b>121</b>	<b>144</b>	<b>144</b>			
Spending authority from offsetting collections, discretionary	BA	<b>12</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
Outlays	O	595	775	876	970	1,001	972	956
Education and human resources (gross)	BA	<b>752</b>	<b>921</b>	<b>1,031</b>	<b>1,050</b>	<b>926</b>	<b>947</b>	<b>967</b>
	O	595	775	876	970	1,001	972	956
Total, offsetting collections (cash)		-12	-15	-15	-15	-15	-15	-15
Total Education and human resources (net)	BA	<b>740</b>	<b>906</b>	<b>1,016</b>	<b>1,035</b>	<b>911</b>	<b>932</b>	<b>952</b>
	O	583	760	861	955	986	957	941
<i>Trust funds</i>								
Donations:								
Appropriation, mandatory	251 BA	<b>39</b>	<b>32</b>	<b>31</b>	<b>32</b>	<b>32</b>	<b>33</b>	<b>34</b>
Outlays	O	36	32	31	32	32	33	34
<b>Summary</b>								
Federal funds:								
(As shown in detail above)	BA	<b>3,961</b>	<b>4,538</b>	<b>4,616</b>	<b>4,715</b>	<b>4,673</b>	<b>4,778</b>	<b>4,885</b>
	O	3,451	3,935	4,328	4,506	4,706	4,711	4,772
Trust funds:								
(As shown in detail above)	BA	<b>39</b>	<b>32</b>	<b>31</b>	<b>32</b>	<b>32</b>	<b>33</b>	<b>34</b>
	O	36	32	31	32	32	33	34
Total National Science Foundation	BA	<b>4,000</b>	<b>4,570</b>	<b>4,647</b>	<b>4,747</b>	<b>4,705</b>	<b>4,811</b>	<b>4,919</b>
	O	3,487	3,967	4,359	4,538	4,738	4,744	4,806

**OFFICE OF PERSONNEL MANAGEMENT**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Salaries and expenses:								
Appropriation, discretionary	805 BA	<b>90</b>	<b>94</b>	<b>99</b>	<b>101</b>	<b>103</b>	<b>106</b>	<b>108</b>

**OFFICE OF PERSONNEL MANAGEMENT—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Spending authority from offsetting collections, discretionary	BA	121	161	186	186	192	198	204
Outlays	O	211	255	280	287	295	303	312
Salaries and expenses (gross)	BA	211	255	285	287	295	304	312
	O	211	255	280	287	295	303	312
Change in uncollected customer payments from Federal sources	BA	-12						
Total, offsetting collections (cash)		-109	-161	-186	-186	-192	-198	-204
Total Salaries and expenses (net)	BA	90	94	99	101	103	106	108
	O	102	94	94	101	103	105	108
<b>Office of Inspector General:</b>								
Appropriation, discretionary	805 BA	1	1	1	1	1	1	1
Spending authority from offsetting collections, discretionary	BA	11	10	10	11	12	12	13
Outlays	O	12	11	11	12	13	13	14
Office of Inspector General (gross)	BA	12	11	11	12	13	13	14
	O	12	11	11	12	13	13	14
Total, offsetting collections (cash)		-11	-10	-10	-11	-12	-12	-13
Total Office of Inspector General (net)	BA	1	1	1	1	1	1	1
	O	1	1	1	1	1	1	1
<b>Government payment for annuitants, employees health benefits:</b>								
Appropriation, mandatory	551 BA	5,049	5,572	6,102	6,646	7,247	7,908	8,624
Outlays	O	5,003	5,537	6,078	6,617	7,213	7,869	8,581
<b>Government payment for annuitants, employee life insurance:</b>								
Appropriation, mandatory	602 BA	27	32	33	33	34	35	36
Outlays	O	27	32	33	33	34	35	36
<b>Payment to civil service retirement and disability fund:</b>								
Appropriation, mandatory	805 BA	21,557	21,804	22,465	22,918	23,597	24,285	24,756
Outlays	O	21,557	21,804	22,465	22,918	23,597	24,285	24,756
<b>Intragovernmental Funds:</b>								
<b>Revolving fund:</b>								
Spending authority from offsetting collections, discretionary	805 BA	256	302	300	241	244	250	256
Outlays	O	315	302	300	241	244	250	256
Revolving fund (gross)	BA	256	302	300	241	244	250	256
	O	315	302	300	241	244	250	256
Change in uncollected customer payments from Federal sources	BA	48						
Total, offsetting collections (cash)		-304	-302	-300	-241	-244	-250	-256
Total Revolving fund (net)	BA							
	O	11						
<b>Trust funds</b>								
<b>Civil service retirement and disability fund:</b>								
Appropriation, discretionary	602 BA	83	90	103	105	107	110	112
Appropriation, mandatory	BA	45,257	47,538	49,728	52,121	54,460	56,887	59,350
Outlays	O	45,194	47,417	49,640	52,028	54,372	56,792	59,256
Total Civil service retirement and disability fund	BA	45,340	47,628	49,831	52,226	54,567	56,997	59,462
	O	45,194	47,417	49,640	52,028	54,372	56,792	59,256
<b>Employees life insurance fund:</b>								
Spending authority from offsetting collections, discretionary	602 BA	2	2	2	2	2	2	2
Spending authority from offsetting collections, mandatory	BA	3,270	3,348	3,456	3,538	3,681	3,791	3,904
Outlays	O	1,778	1,986	2,149	2,269	2,418	2,579	2,749
Employees life insurance fund (gross)	BA	3,272	3,350	3,458	3,540	3,683	3,793	3,906
	O	1,778	1,986	2,149	2,269	2,418	2,579	2,749
Change in uncollected customer payments from Federal sources	BA	-18	-38	-12	-7	-18	-15	-14
Total, offsetting collections (cash)		-3,254	-3,312	-3,446	-3,533	-3,665	-3,778	-3,892
Total Employees life insurance fund (net)	BA							
	O	-1,476	-1,326	-1,297	-1,264	-1,247	-1,199	-1,143
<b>Employees and retired employees health benefits funds:</b>								
Spending authority from offsetting collections, discretionary	551 BA	22	23	24	24	24	24	24
Spending authority from offsetting collections, mandatory	BA	19,669	21,984	24,249	26,207	28,372	30,529	32,797

**OFFICE OF PERSONNEL MANAGEMENT—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
Outlays .....	O	19,574	21,158	23,001	24,959	27,302	29,676	31,951
Employees and retired employees health benefits funds (gross) .....	BA	<b>19,691</b>	<b>22,007</b>	<b>24,273</b>	<b>26,231</b>	<b>28,396</b>	<b>30,553</b>	<b>32,821</b>
	O	19,574	21,158	23,001	24,959	27,302	29,676	31,951
Change in uncollected customer payments from Federal sources .....	BA	<b>46</b>	<b>-96</b>	<b>-98</b>	<b>-85</b>	<b>-93</b>	<b>-93</b>	<b>-98</b>
Total, offsetting collections (cash) .....		-19,737	-21,911	-24,174	-26,145	-28,302	-30,458	-32,722
Total Employees and retired employees health benefits funds (net) .....	BA	.....	.....	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>
	O	-163	-753	-1,173	-1,186	-1,000	-782	-771

		Summary						
Federal funds:								
(As shown in detail above) .....	BA	<b>26,724</b>	<b>27,503</b>	<b>28,700</b>	<b>29,699</b>	<b>30,982</b>	<b>32,335</b>	<b>33,525</b>
	O	26,701	27,468	28,671	29,670	30,948	32,295	33,482
Trust funds:								
(As shown in detail above) .....	BA	<b>45,340</b>	<b>47,628</b>	<b>49,832</b>	<b>52,227</b>	<b>54,568</b>	<b>56,999</b>	<b>59,463</b>
	O	43,555	45,338	47,170	49,578	52,125	54,811	57,342
Interfund transactions .....	602 BA/O	-39	-24	-25	-25	-25	-25	-25
	805 BA/O	-21,557	-21,804	-22,465	-22,918	-23,597	-24,285	-24,756
Total Office of Personnel Management .....	BA	<b>50,468</b>	<b>53,303</b>	<b>56,042</b>	<b>58,983</b>	<b>61,928</b>	<b>65,024</b>	<b>68,207</b>
	O	48,660	50,978	53,351	56,305	59,451	62,796	66,043

**SMALL BUSINESS ADMINISTRATION**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Salaries and expenses:								
Appropriation, discretionary .....	376 BA	<b>305</b>	<b>410</b>	<b>321</b>	<b>328</b>	<b>335</b>	<b>343</b>	<b>351</b>
Spending authority from offsetting collections, discretionary .....	BA	<b>280</b>	<b>270</b>	<b>213</b>	<b>290</b>	<b>290</b>	<b>290</b>	<b>290</b>
Outlays .....	O	535	636	610	656	622	629	636
Salaries and expenses (gross) .....	BA	<b>585</b>	<b>680</b>	<b>534</b>	<b>618</b>	<b>625</b>	<b>633</b>	<b>641</b>
	O	535	636	610	656	622	629	636
Total, offsetting collections (cash) .....		-280	-270	-213	-290	-290	-290	-290
Total Salaries and expenses (net) .....	BA	<b>305</b>	<b>410</b>	<b>321</b>	<b>328</b>	<b>335</b>	<b>343</b>	<b>351</b>
	O	255	366	397	366	332	339	346
Office of Inspector General:								
Appropriation, discretionary .....	376 BA	<b>11</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>13</b>	<b>13</b>
Spending authority from offsetting collections, discretionary .....	BA	.....	.....	<b>1</b>	.....	.....	.....	.....
Outlays .....	O	10	11	13	12	12	13	13
Office of Inspector General (gross) .....	BA	<b>11</b>	<b>12</b>	<b>13</b>	<b>12</b>	<b>13</b>	<b>13</b>	<b>13</b>
	O	10	11	13	12	12	13	13
Total, offsetting collections (cash) .....		.....	.....	-1	.....	.....	.....	.....
Total Office of Inspector General (net) .....	BA	<b>11</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>13</b>	<b>13</b>
	O	10	11	12	12	12	13	13
<b>Public Enterprise Funds:</b>								
Surety bond guarantees revolving fund:								
Spending authority from offsetting collections, discretionary .....	376 BA	<b>6</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Outlays .....	O	13	5	4	4	4	4	4
Surety bond guarantees revolving fund (gross) .....	BA	<b>6</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
	O	13	5	4	4	4	4	4

**SMALL BUSINESS ADMINISTRATION—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
Total, offsetting collections (cash) .....		-6	-2	-3	-3	-3	-3	-3
Total Surety bond guarantees revolving fund (net) .....	BA							
	O	7	3	1	1	1	1	1
<b>Credit Accounts:</b>								
Business loan program account:								
Appropriation, discretionary .....	376 BA	259	293	131	134	137	140	143
Appropriation, mandatory .....	BA	5	35					
Outlays .....	O	283	310	192	132	136	139	142
Limitation on loan guarantee commitments .....		(14,874)	(16,187)	(17,575)	(17,967)	(18,368)	(18,777)	(19,196)
Total Business loan program account .....	BA	264	328	131	134	137	140	143
	O	283	310	192	132	136	139	142
Business loan fund liquidating account:								
Spending authority from offsetting collections, mandatory .....	376 BA	199	617	327	245	184	150	115
Outlays .....	O	-48	475	262	196	147	120	92
Business loan fund liquidating account (gross) .....	BA	199	617	327	245	184	150	115
	O	-48	475	262	196	147	120	92
Total, offsetting collections (cash) .....		-199	-617	-327	-245	-184	-150	-115
Total Business loan fund liquidating account (net) .....	BA							
	O	-247	-142	-65	-49	-37	-30	-23
Disaster loans program account:								
Appropriation, discretionary .....	453 BA	317	184	75	77	78	80	82
Spending authority from offsetting collections, discretionary .....	BA		3	3				
Outlays .....	O	306	269	113	93	78	80	81
Disaster loans program account (gross) .....	BA	317	187	78	77	78	80	82
	O	306	269	113	93	78	80	81
Total, offsetting collections (cash) .....			-3	-3				
Total Disaster loans program account (net) .....	BA	317	184	75	77	78	80	82
	O	306	266	110	93	78	80	81
Disaster loan fund liquidating account:								
Spending authority from offsetting collections, mandatory .....	453 BA	290	333	125	58	1	1	1
Outlays .....	O	52	273	163	71	11	1	1
Disaster loan fund liquidating account (gross) .....	BA	290	333	125	58	1	1	1
	O	52	273	163	71	11	1	1
Total, offsetting collections (cash) .....		-290	-333	-125	-58	-1	-1	-1
Total Disaster loan fund liquidating account (net) .....	BA							
	O	-238	-60	38	13	10		
Pollution control equipment fund liquidating account:								
Authority to borrow, mandatory .....	376 BA	3	3	2	1	1	1	1
Outlays .....	O	3	3	2	1	1	1	1
<b>Summary</b>								
Federal funds:								
(As shown in detail above) .....	BA	900	937	541	552	564	577	590
	O	379	757	687	569	533	543	561
Deductions for offsetting receipts:								
Proprietary receipts from the public .....	376 BA/O	-284	-749					
	453 BA/O	-516	-979					
Total Small Business Administration .....	BA	100	-791	541	552	564	577	590
	O	-421	-971	687	569	533	543	561

**SOCIAL SECURITY ADMINISTRATION**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Social Security Administration</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Payments to social security trust funds:								
Appropriation, mandatory .....	651 BA	13,262	12,541	14,148	14,876	16,076	17,230	18,428
				J-140	J-418	J-645	J-921	J-1,169
Outlays .....	O	13,254	12,541	14,148	14,876	16,076	17,230	18,428
				J-140	J-418	J-645	J-921	J-1,169
Total Payments to social security trust funds .....	BA	13,262	12,541	14,008	14,458	15,431	16,309	17,259
	O	13,254	12,541	14,008	14,458	15,431	16,309	17,259
Special benefits for disabled coal miners:								
Appropriation, mandatory .....	601 BA	384	366	333	314	292	271	250
Advance appropriation, mandatory .....	BA	141	124	114	108	99	91	84
Outlays .....	O	521	492	458	425	395	365	337
Total Special benefits for disabled coal miners .....	BA	525	490	447	422	391	362	334
	O	521	492	458	425	395	365	337
Supplemental security income program:								
Appropriation, discretionary .....	609 BA	2,440	2,673	2,956	3,029	3,101	3,178	3,253
Appropriation, mandatory .....	BA	21,478	20,671	18,620	22,083	23,042	25,782	27,263
Advance appropriation, mandatory .....	BA	9,550	9,890	10,470	10,790	11,260	12,590	10,040
Spending authority from offsetting collections, mandatory .....	BA	3,399	3,570	3,665	3,791	3,923	4,078	4,167
Outlays .....	O	36,888	34,102	38,096	39,674	41,306	45,611	44,709
Supplemental security income program (gross) .....	BA	36,867	36,804	35,711	39,693	41,326	45,628	44,723
	O	36,888	34,102	38,096	39,674	41,306	45,611	44,709
Total, offsetting collections (cash) .....		-3,399	-3,570	-3,665	-3,791	-3,923	-4,078	-4,167
Total Supplemental security income program (net) .....	BA	33,468	33,234	32,046	35,902	37,403	41,550	40,556
	O	33,489	30,532	34,431	35,883	37,383	41,533	40,542
Special benefits for certain World War II veterans:								
Appropriation, discretionary .....	701 BA	3	2	2	2	2	2	2
Appropriation, mandatory .....	BA	1	9	8	8	7	6	5
Outlays .....	O	2	11	10	10	9	8	7
Total Special benefits for certain World War II veterans .....	BA	4	11	10	10	9	8	7
	O	2	11	10	10	9	8	7
Office of the Inspector General:								
Appropriation, discretionary .....	651 BA	15	17	19	19	20	20	21
Spending authority from offsetting collections, discretionary .....	BA	51	52	56	56	58	58	60
Outlays .....	O	59	76	75	77	78	78	80
Office of the Inspector General (gross) .....	BA	66	69	75	75	78	78	81
	O	59	76	75	77	78	78	80
Change in uncollected customer payments from Federal sources .....	BA	-5	7					
Total, offsetting collections (cash) .....		-46	-59	-56	-56	-58	-58	-60
Total Office of the Inspector General (net) .....	BA	15	17	19	19	20	20	21
	O	13	17	19	21	20	20	20
<i>Trust funds</i>								
Federal old-age and survivors insurance trust fund:								
Appropriation, discretionary .....	651 BA	1,782	1,898	1,895	1,937	1,981	2,024	2,070
Appropriation, mandatory .....	BA	353,626	373,211	389,513	406,692	425,063	444,729	466,089
Spending authority from offsetting collections, mandatory .....	BA	2,343	2,598	2,689	2,780	2,875	2,975	3,080
Outlays .....	O	355,770	376,373	392,749	409,961	428,330	448,046	469,392
Federal old-age and survivors insurance trust fund (gross) .....	BA	357,751	377,707	394,097	411,409	429,919	449,728	471,239
	O	355,770	376,373	392,749	409,961	428,330	448,046	469,392
Total, offsetting collections (cash) .....		-2,343	-2,598	-2,689	-2,780	-2,875	-2,975	-3,080
Total Federal old-age and survivors insurance trust fund (net) .....	BA	355,408	375,109	391,408	408,629	427,044	446,753	468,159
	O	353,427	373,775	390,060	407,181	425,455	445,071	466,312

**SOCIAL SECURITY ADMINISTRATION—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Federal disability insurance trust fund:</b>								
Appropriation, discretionary .....	651 BA	1,413	1,532	1,606	1,641	1,679	1,715	1,754
Appropriation, mandatory .....	BA	55,253	59,611	63,481	68,865	75,116	81,939	89,437
Outlays .....	O	56,046	60,751	64,710	70,022	76,256	83,070	90,553
<b>Total Federal disability insurance trust fund .....</b>	<b>BA</b>	<b>56,666</b>	<b>61,143</b>	<b>65,087</b>	<b>70,506</b>	<b>76,795</b>	<b>83,654</b>	<b>91,191</b>
	O	56,046	60,751	64,710	70,022	76,256	83,070	90,553
<b>Total Federal funds Social Security Administration .....</b>	<b>BA</b>	<b>47,274</b>	<b>46,293</b>	<b>46,530</b>	<b>50,811</b>	<b>53,254</b>	<b>58,249</b>	<b>58,177</b>
	O	47,279	43,593	48,926	50,797	53,238	58,235	58,165
<b>Total Trust funds Social Security Administration .....</b>	<b>BA</b>	<b>412,074</b>	<b>436,252</b>	<b>456,495</b>	<b>479,135</b>	<b>503,839</b>	<b>530,407</b>	<b>559,350</b>
	O	409,473	434,526	454,770	477,203	501,711	528,141	556,865
<b>Summary</b>								
<b>On-Budget</b>								
<b>Federal funds:</b>								
(As shown in detail above) .....	BA	47,274	46,293	46,530	50,811	53,254	58,249	58,177
	O	47,279	43,593	48,926	50,797	53,238	58,235	58,165
<b>Deductions for offsetting receipts:</b>								
Proprietary receipts from the public .....	609 BA/O	-1,637	-1,652	-1,836	-1,916	-2,017	-2,232	-2,182
<b>Total Federal funds .....</b>	<b>BA</b>	<b>45,637</b>	<b>44,641</b>	<b>44,694</b>	<b>48,895</b>	<b>51,237</b>	<b>56,017</b>	<b>55,995</b>
	O	45,642	41,941	47,090	48,881	51,221	56,003	55,983
<b>Interfund transactions .....</b>	<b>651 BA/O</b>	<b>-836</b>	<b>-836</b>	<b>-836</b>	<b>-836</b>	<b>-836</b>	<b>-836</b>	<b>-836</b>
<b>Total Social Security Administration (on-budget) .....</b>	<b>BA</b>	<b>45,637</b>	<b>43,805</b>	<b>44,694</b>	<b>48,895</b>	<b>51,237</b>	<b>56,017</b>	<b>55,995</b>
	O	45,642	41,105	47,090	48,881	51,221	56,003	55,983
<b>Off-Budget</b>								
<b>Trust funds:</b>								
(As shown in detail above) .....	BA	412,074	436,252	456,495	479,135	503,839	530,407	559,350
	O	409,473	434,526	454,770	477,203	501,711	528,141	556,865
<b>Deductions for offsetting receipts:</b>								
Proprietary receipts from the public .....	651 BA/O	-52	-84	-84	-87	-90	-94	-97
<b>Total Trust funds .....</b>	<b>BA</b>	<b>412,022</b>	<b>436,168</b>	<b>456,411</b>	<b>479,048</b>	<b>503,749</b>	<b>530,313</b>	<b>559,253</b>
	O	409,421	434,442	454,686	477,116	501,621	528,047	556,768
<b>Interfund transactions .....</b>	<b>651 BA/O</b>	<b>-13,252</b>	<b>-12,541</b>	<b>-13,734</b>	<b>-14,876</b>	<b>-16,076</b>	<b>-17,230</b>	<b>-18,428</b>
				140	418	645	921	1,169
<b>Total Social Security Administration (off-budget) .....</b>	<b>BA</b>	<b>398,770</b>	<b>423,627</b>	<b>442,817</b>	<b>464,590</b>	<b>488,318</b>	<b>514,004</b>	<b>541,994</b>
	O	396,169	421,901	441,092	462,658	486,190	511,738	539,509
<b>Total Social Security Administration .....</b>	<b>BA</b>	<b>444,407</b>	<b>467,432</b>	<b>487,511</b>	<b>513,485</b>	<b>539,555</b>	<b>570,021</b>	<b>597,989</b>
	O	441,811	463,006	488,182	511,539	537,411	567,741	595,492

**OTHER INDEPENDENT AGENCIES**

(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Advisory Council on Historic Preservation</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Salaries and expenses:								
Appropriation, discretionary .....	303 BA	3	3	3	3	3	3	3
Outlays .....	O	3	3	3	3	3	3	3
<b>Appalachian Regional Commission</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Appalachian Regional Commission:								
Appropriation, discretionary .....	452 BA	66	77	66	67	69	71	72

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	132	115	107	72	72	83	82
<i>Trust funds</i>								
Miscellaneous trust funds:								
Appropriation, mandatory .....	452 BA	6	6	6	6	6	6	6
Outlays .....	O	6	6	6	5	5	5	5
<b>Summary</b>								
Federal funds:								
(As shown in detail above) .....	BA	66	77	66	67	69	71	72
	O	132	115	107	72	72	83	82
Trust funds:								
(As shown in detail above) .....	BA	6	6	6	6	6	6	6
	O	6	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	3	3	3	2	2	2	2
Interfund transactions .....	452 BA/O	-3	-3	-3	-3	-3	-3	-3
Total Appalachian Regional Commission .....	BA	66	77	66	67	69	71	72
	O	132	115	107	71	71	82	81

**Architectural and Transportation Barriers Compliance Board**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:								
Appropriation, discretionary .....	751 BA	5	5	5	5	5	5	5
Outlays .....	O	4	5	6	6	6	6	6

**Barry Goldwater Scholarship and Excellence in Education Foundation**

*Trust funds*

Barry Goldwater Scholarship and Excellence in Education Foundation:								
Appropriation, mandatory .....	502 BA	4	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	374	408	428	438	447	457	467
Spending authority from offsetting collections, discretionary .....	BA	1	1	1	1	1	1	1
Outlays .....	O	346	423	430	442	447	456	467
International broadcasting operations (gross) .....	BA	375	409	429	439	448	458	468
	O	346	423	430	442	447	456	467
Total, offsetting collections (cash) .....		-1	-1	-1	-1	-1	-1	-1
Total International broadcasting operations (net) .....	BA	374	408	428	438	447	457	467
	O	345	422	429	441	446	455	466
Broadcasting capital improvements:								
Appropriation, discretionary .....	154 BA	10	20	17	17	18	18	19
Outlays .....	O	25	16	26	29	20	17	19
Broadcasting to Cuba:								
Appropriation, discretionary .....	154 BA	22	22	25	26	26	27	27
Outlays .....	O	21	28	25	26	26	27	27
<i>Trust funds</i>								
Foreign Service national separation liability trust fund:								
Appropriation, mandatory .....	602 BA		1					
Total Federal funds Broadcasting Board of Governors .....	BA	406	450	470	481	491	502	513
	O	391	466	480	496	492	499	512
Total Trust funds Broadcasting Board of Governors .....	BA		1					

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

Account	2000 actual	estimate							
		2001	2002	2003	2004	2005	2006		
<b>Central Intelligence Agency</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Payment to Central Intelligence Agency retirement and disability system fund:									
Appropriation, mandatory .....	054 BA	209	216	212	222	232	238	246	
Outlays .....	O	209	216	212	222	232	238	246	
<b>Chemical Safety and Hazard Investigation Board</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Chemical Safety and Hazard Investigation Board:									
Appropriation, discretionary .....	304 BA	8	8	8	8	8	9	9	
Outlays .....	O	8	10	9	8	8	9	9	
<b>Christopher Columbus Fellowship Foundation</b>									
<i>Trust funds</i>									
Christopher Columbus Fellowship Foundation:									
Appropriation, mandatory .....	502 BA	1	1	1	1	1	1	1	
Outlays .....	O	2	1	1	1				
<b>Commission of Fine Arts</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
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	8	
Outlays .....	O	7	7	7	7	7	7	8	
Total Federal funds Commission of Fine Arts .....	BA	8	8	8	8	8	8	9	
	O	8	8	8	8	8	8	9	
<b>Commission on Civil Rights</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Salaries and expenses:									
Appropriation, discretionary .....	751 BA	9	9	9	9	9	10	10	
Outlays .....	O	8	8	9	9	9	9	10	
<b>Commission on Ocean Policy</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Salaries and expenses:									
Appropriation, discretionary .....	306 BA		1						
Outlays .....	O		1	2					
<b>Committee for Purchase from People who are Blind or Severely Disabled, activities</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Salaries and expenses:									
Appropriation, discretionary .....	505 BA	3	4	4	4	4	4	4	
Outlays .....	O	4	4	4	4	4	5	5	
<b>Commodity Futures Trading Commission</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Commodity Futures Trading Commission:									
Appropriation, discretionary .....	376 BA	63	68	70	72	73	75	76	



**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	62	67	70	72	73	74	76

**Consumer Product Safety Commission**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, discretionary .....	554	BA	49	52	54	55	56	58	59
Spending authority from offsetting collections, discretionary .....		BA	3	3	3	3	3	3	3
Outlays .....		O	51	56	57	58	60	61	62
Salaries and expenses (gross) .....		BA	52	55	57	58	59	61	62
		O	51	56	57	58	60	61	62
Total, offsetting collections (cash) .....			-3	-3	-3	-3	-3	-3	-3
Total Salaries and expenses (net) .....		BA	49	52	54	55	56	58	59
		O	48	53	54	55	57	58	59

**Corporation for National and Community Service**

*Federal funds*

**General and Special Funds:**

National and community service programs, operating expenses:

Appropriation, discretionary .....	506	BA	433	457	411	420	430	439	449
Outlays .....		O	386	498	436	373	416	429	437
Domestic volunteer service programs, operating expenses:									
Appropriation, discretionary .....	506	BA	295	304	317	324	386	418	449
Spending authority from offsetting collections, discretionary .....		BA	6	7	7	7	7	7	7
Outlays .....		O	299	307	319	300	363	410	442
Domestic volunteer service programs, operating expenses (gross) .....		BA	301	311	324	331	393	425	456
		O	299	307	319	300	363	410	442
Total, offsetting collections (cash) .....			-6	-7	-7	-7	-7	-7	-7
Total Domestic volunteer service programs, operating expenses (net) .....		BA	295	304	317	324	386	418	449
		O	293	300	312	293	356	403	435

Inspector general:

Appropriation, discretionary .....	506	BA	5	5	5	5	5	5	5
Outlays .....		O	3	5	6	5	5	5	5

*Trust funds*

Gifts and contributions:

Appropriation, discretionary .....	506	BA	-11	40	10	10	10	11	11
Appropriation, mandatory .....		BA	24	25	20	13	9	6	4
Outlays .....		O	72	84	78	109	99	31	19
Total Gifts and contributions .....		BA	13	65	30	23	19	17	15
		O	72	84	78	109	99	31	19

**Summary**

Federal funds:									
(As shown in detail above) .....		BA	733	766	733	749	821	862	903
		O	682	803	754	671	777	837	877
Trust funds:									
(As shown in detail above) .....		BA	13	65	30	23	19	17	15
		O	72	84	78	109	99	31	19
Interfund transactions .....	506	BA/O	-70	-70	-10	-70	-70	-70	-70
Total Corporation for National and Community Service .....		BA	676	761	753	702	770	809	848
		O	684	817	822	710	806	798	826

**Corporation for Public Broadcasting**

*Federal funds*

**General and Special Funds:**

Corporation for Public Broadcasting:

Appropriation, discretionary .....	503	BA		20	20	20	396	404	414
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**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Advance appropriation, discretionary .....	BA	316	340	350	365	394	403	413
Outlays .....	O	316	342	357	378	394	403	413
Total Corporation for Public Broadcasting .....	BA	316	360	370	385	396	404	414
	O	316	342	357	378	394	403	413

**Court of Appeals for Veterans Claims**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:								
Appropriation, discretionary .....	705 BA	11	12	13	13	14	14	14
Outlays .....	O	11	12	13	13	13	14	14

**Court Services and Offender Supervision Agency for the District of Columbia**

*Federal funds*

**General and Special Funds:**

Federal payment to Court Services and Offender Supervision Agency for the District of Columbia:								
Appropriation, discretionary .....	752 BA	93	112	147	150	154	157	161
Outlays .....	O	66	118	140	149	153	157	159

**Defense Nuclear Facilities Safety Board**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:								
Appropriation, discretionary .....	053 BA	17	18	19	19	20	20	21
Outlays .....	O	17	18	18	20	20	20	20

**Delta Regional Authority**

*Federal funds*

**General and Special Funds:**

Delta regional authority:								
Appropriation, discretionary .....	452 BA	20	20	20	21	21	22	22
Outlays .....	O	2	6	12	15	18	21	21

**Denali Commission**

*Federal funds*

**General and Special Funds:**

Denali Commission:								
Appropriation, discretionary .....	452 BA	20	30	30	31	31	32	33
Spending authority from offsetting collections, discretionary .....	BA	25	25	25	25	25	25	25
Outlays .....	O	38	37	38	31	31	31	33
Denali Commission (gross) .....	BA	20	55	30	31	31	32	33
	O	38	37	38	31	31	31	33
Total, offsetting collections (cash) .....			-25					
Total Denali Commission (net) .....	BA	20	30	30	31	31	32	33
	O	38	12	38	31	31	31	33

*Trust funds*

Denali Commission trust fund:								
Appropriation, discretionary .....	452 BA	5	11	11	11	11	12	12
Outlays .....	O	5	11	11	11	11	12	12

**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	100	105	111	113	116	119	121
Outlays .....	O	86	107	114	113	115	119	121

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Defender services in District of Columbia courts:</b>								
Appropriation, discretionary	806 BA	34	34	34	35	36	36	37
Outlays	O	26	39	34	34	35	37	37
<b>Crime victims compensation fund:</b>								
Appropriation, discretionary	806 BA		18					
Outlays	O		18					
<b>Federal payment to the District of Columbia judicial retirement and survivors annuity fund:</b>								
Appropriation, mandatory	752 BA	5	5	5	5	5	6	6
Outlays	O	5	5	5	5	5	6	6
<i>Trust funds</i>								
<b>District of Columbia judicial retirement and survivors annuity fund:</b>								
Appropriation, mandatory	602 BA	10	10	11	11	11	12	12
Outlays	O	6	7	7	7	7	7	7
<b>Summary</b>								
<b>Federal funds:</b>								
(As shown in detail above)	BA	139	162	150	153	157	161	164
	O	117	169	153	152	155	162	164
<b>Trust funds:</b>								
(As shown in detail above)	BA	10	10	11	11	11	12	12
	O	6	7	7	7	7	7	7
Interfund transactions	752 BA/O	-5	-5	-5	-5	-5	-6	-6
<b>Total District of Columbia Courts</b>								
	BA	144	167	156	159	163	167	170
	O	118	171	155	154	157	163	165

*District of Columbia Corrections*  
*Federal funds*

**General and Special Funds:**

<b>Payment to the District of Columbia corrections trustee, operations:</b>								
Appropriation, discretionary	806 BA	175	134	33	34	34	35	36
Outlays	O	158	144	43	33	34	35	36

*District of Columbia General and Special Payments*  
*Federal funds*

**General and Special Funds:**

<b>Federal payment for resident tuition support:</b>								
Appropriation, discretionary	502 BA	17	17	17	17	18	18	19
Outlays	O	17	17	17	17	18	18	19
<b>Federal support for economic development and management reforms in the District:</b>								
Appropriation, discretionary	806 BA	33	43					
Reappropriation, discretionary	BA	1						
Outlays	O	83	43					
<b>Total Federal support for economic development and management reforms in the District</b>								
	BA	34	43					
	O	83	43					
<b>Federal supplemental District of Columbia pension fund:</b>								
Total, offsetting collections (cash)	601	-37	-52	-68	-84	-102	-120	-140
<b>Intragovernmental Funds:</b>								
<b>Federal payment for water and sewer services:</b>								
Spending authority from offsetting collections, mandatory	806 BA	10	10	10	10	10	10	10
Outlays	O	18	10	10	10	10	10	10
<b>Federal payment for water and sewer services (gross)</b>								
	BA	10	10	10	10	10	10	10
	O	18	10	10	10	10	10	10
<b>Total, offsetting collections (cash)</b>								
		-10	-10	-10	-10	-10	-10	-10
<b>Total Federal payment for water and sewer services (net)</b>								
	BA							
	O	8						

*Trust funds*

<b>District of Columbia Federal pension liability trust fund:</b>								
Appropriation, mandatory	601 BA	181	437	451	461	470	479	487

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	414	437	451	461	470	479	487
<b>Summary</b>								
Federal funds:								
(As shown in detail above) .....	BA	14	8	-51	-67	-84	-102	-121
	O	71	8	-51	-67	-84	-102	-121
Trust funds:								
(As shown in detail above) .....	BA	181	437	451	461	470	479	487
	O	414	437	451	461	470	479	487
Deductions for offsetting receipts:								
Proprietary receipts from the public .....	601 BA/O	-180	-172	-156	-138	-118	-97	-74
Total Trust funds .....	BA	1	265	295	323	352	382	413
	O	234	265	295	323	352	382	413
Total District of Columbia General and Special Payments .....	BA	15	273	244	256	268	280	292
	O	305	273	244	256	268	280	292
Total Federal funds District of Columbia .....	BA	328	304	132	120	107	94	79
	O	346	321	145	118	105	95	79
Total Trust funds District of Columbia .....	BA	11	275	306	334	363	394	425
	O	240	272	302	330	359	389	420
Interfund transactions .....	752 BA/O	-5	-5	-5	-5	-5	-6	-6
Total District of Columbia .....	BA	334	574	433	449	465	482	498
	O	581	588	442	443	459	478	493

**Equal Employment Opportunity Commission**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, discretionary .....	751 BA	281	303	310	317	324	331	339
Outlays .....	O	290	306	315	316	323	330	338

**Intragovernmental Funds:**

Education, technical assistance and training revolving fund:

Spending authority from offsetting collections, mandatory .....	751 BA	3	3	3	3	3	3	3
Outlays .....	O	3	3	3	3	3	3	3

Education, technical assistance and training revolving fund (gross) .....	BA	3	3	3	3	3	3	3
	O	3	3	3	3	3	3	3

Total, offsetting collections (cash) .....		-3	-3	-3	-3	-3	-3	-3
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Total Education, technical assistance and training revolving fund (net) .....	BA							
	O							

Total Federal funds Equal Employment Opportunity Commission .....	BA	281	303	310	317	324	331	339
	O	290	306	315	316	323	330	338

**Export-Import Bank of the United States**

*Federal funds*

**Credit Accounts:**

Export-Import Bank loans program account:

Appropriation, discretionary .....	155 BA	811	925	698	713	730	745	762
Appropriation, mandatory .....	BA	1,663	919					
Outlays .....	O	2,539	1,695	766	737	734	741	775

Total Export-Import Bank loans program account .....	BA	2,474	1,844	698	713	730	745	762
	O	2,539	1,695	766	737	734	741	775

Export-Import Bank of the United States liquidating account:

Spending authority from offsetting collections, mandatory .....	155 BA	1,082	662	397	355	358	340	304
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**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	48	32					
Export-Import Bank of the United States liquidating account (gross) .....	BA	1,082	662	397	355	358	340	304
	O	48	32					
Total, offsetting collections (cash) .....		-1,082	-662	-397	-355	-358	-340	-304
Total Export-Import Bank of the United States liquidating account (net) .....	BA							
	O	-1,034	-630	-397	-355	-358	-340	-304
<b>Summary</b>								
Federal funds:								
(As shown in detail above) .....	BA	2,474	1,844	698	713	730	745	762
	O	1,505	1,065	369	382	376	401	471
Deductions for offsetting receipts:								
Proprietary receipts from the public .....	155 BA/O	-2,248	-2,909	-11	-7	-3	-4	-2
Total Export-Import Bank of the United States .....	BA	226	-1,065	687	706	727	741	760
	O	-743	-1,844	358	375	373	397	469

**Farm Credit Administration**

*Federal funds*

**Public Enterprise Funds:**

Revolving fund for administrative expenses:

Spending authority from offsetting collections, mandatory .....	351 BA	36	37	38	39	40	41	42
Outlays .....	O	32	37	38	39	40	41	42
Limitation on administrative expenses .....			(37)	(38)	(39)	(40)	(41)	(42)
Revolving fund for administrative expenses (gross) .....	BA	36	37	38	39	40	41	42
	O	32	37	38	39	40	41	42
Total, offsetting collections (cash) .....		-36	-37	-38	-39	-40	-41	-42
Total Revolving fund for administrative expenses (net) .....	BA							
	O	-4						

**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	275	137	143	166	74	64	
Outlays .....	O	79	71	71	71	29	29	
Financial Assistance Corporation assistance fund liquidating account (gross) .....	BA	275	137	143	166	74	64	
	O	79	71	71	71	29	29	
Total, offsetting collections (cash) .....		-275	-137	-143	-166	-74	-64	
Total Financial Assistance Corporation assistance fund liquidating account (net) .....	BA							
	O	-196	-66	-72	-95	-45	-35	

*Trust funds*

Financial assistance corporation trust fund:

Appropriation, mandatory .....	351 BA	7	6	6	6	6	7	
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**Farm Credit System Insurance Corporation**

*Federal funds*

**Public Enterprise Funds:**

Farm credit system insurance fund:

Spending authority from offsetting collections, mandatory .....	351 BA	83	118	126	134	143	153	150
Outlays .....	O	2	2	2	2	2	2	2
Farm credit system insurance fund (gross) .....	BA	83	118	126	134	143	153	150
	O	2	2	2	2	2	2	2

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash) .....		-83	-118	-126	-134	-143	-153	-150
Total Farm credit system insurance fund (net) .....	BA							
	O	-81	-116	-124	-132	-141	-151	-148

**Federal Communications Commission**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, discretionary .....	376	BA	24	30	30	31	31	32	33
Appropriation, mandatory .....		BA			<i>B 2</i>				
Spending authority from offsetting collections, discretionary .....		BA	244	259	279	261	261	261	261
Outlays .....		O	269	301	320	302	302	303	304
					<i>B 2</i>				
Salaries and expenses (gross) .....		BA	268	289	311	292	292	293	294
		O	269	301	322	302	302	303	304
Total, offsetting collections (cash) .....			-244	-259	-279	-261	-261	-261	-261
Total Salaries and expenses (net) .....		BA	24	30	32	31	31	32	33
		O	25	42	43	41	41	42	43

Pioneer's preference settlement:

Authority to borrow, mandatory .....	376	BA	125						
Outlays .....		O	125						

Universal service fund:

Appropriation, mandatory .....	376	BA	4,547	5,599	5,638	6,171	6,730	7,309	7,906
Outlays .....		O	4,074	6,483	5,468	6,487	6,730	7,309	7,906

**Credit Accounts:**

Spectrum auction program account:

Appropriation, mandatory .....	376	BA			8	8	8	8	8
Spending authority from offsetting collections, mandatory .....		BA	1,855						
Outlays .....		O	34	18	8	8	8	8	8
Spectrum auction program account (gross) .....		BA	1,855		8	8	8	8	8
		O	34	18	8	8	8	8	8
Total, offsetting collections (cash) .....			-1,855	-12,219					
Total Spectrum auction program account (net) .....		BA		-12,219	8	8	8	8	8
		O	-1,821	-12,201	8	8	8	8	8

**Summary**

Federal funds:

(As shown in detail above) .....		BA	4,696	-6,590	5,678	6,210	6,769	7,349	7,947
		O	2,403	-5,676	5,519	6,536	6,779	7,359	7,957
Deductions for offsetting receipts:									
Proprietary receipts from the public .....	376	BA/O	-28	-28	-28	-28	-28	-28	-28
Total Federal Communications Commission .....		BA	4,668	-6,618	5,650	6,182	6,741	7,321	7,919
		O	2,375	-5,704	5,491	6,508	6,751	7,331	7,929

**Federal Deposit Insurance Corporation**

*Bank Insurance*

*Federal funds*

**Credit Accounts:**

Bank insurance fund:

Spending authority from offsetting collections, mandatory .....	373	BA	2,605	2,230	2,612	3,410	4,166	5,049	6,969
Outlays .....		O	1,721	1,500	2,443	4,108	5,189	6,714	7,900
Bank insurance fund (gross) .....		BA	2,605	2,230	2,612	3,410	4,166	5,049	6,969
		O	1,721	1,500	2,443	4,108	5,189	6,714	7,900

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
Total, offsetting collections (cash) .....		-2,630	-2,256	-2,638 <i>B-92</i> <i>J-5</i>	-3,436 <i>B-97</i> <i>J-11</i>	-4,192 <i>B-101</i> <i>J-18</i>	-5,076 <i>B-106</i> <i>J-24</i>	-6,996 <i>B-112</i> <i>J-31</i>
Total Bank insurance fund (net) .....	BA O	-25 -909	-26 -756	-123 -292	-134 564	-145 878	-157 1,508	-170 761
<b>Public Enterprise Funds:</b>								
Savings association insurance fund:								
Spending authority from offsetting collections, mandatory .....	373 BA	735	666	903	1,153	1,434	1,615	1,730
Outlays .....	O	177	558	659	1,038	1,471	1,675	1,832
Savings association insurance fund (gross) .....	BA O	735 177	666 558	903 659	1,153 1,038	1,434 1,471	1,615 1,675	1,730 1,832
Total, offsetting collections (cash) .....		-739	-670	-907	-1,157	-1,437	-1,619	-1,734
Total Savings association insurance fund (net) .....	BA O	-4 -562	-4 -112	-4 -248	-4 -119	-3 34	-4 56	-4 98
FSLIC resolution fund:								
Spending authority from offsetting collections, mandatory .....	373 BA	2,770	1,798	1,236	398	247	160	389
Outlays .....	O	1,378	1,918	1,502	342	266	67	330
FSLIC resolution fund (gross) .....	BA O	2,770 1,378	1,798 1,918	1,236 1,502	398 342	247 266	160 67	389 330
Total, offsetting collections (cash) .....		-2,774	-1,802	-1,240	-402	-251	-164	-393
Total FSLIC resolution fund (net) .....	BA O	-4 -1,396	-4 116	-4 262	-4 -60	-4 15	-4 -97	-4 -63
<b>Intragovernmental Funds:</b>								
Office of Inspector General:								
Spending authority from offsetting collections, mandatory .....	373 BA	34	34	34	36	37	38	39
Outlays .....	O	30	34	34	36	37	38	39
Total Federal funds Bank Insurance .....	BA O	1 -2,837	..... -718	-97 -244	-106 421	-115 964	-127 1,505	-139 835

**Federal Drug Control Programs**  
*Federal funds*

<b>General and Special Funds:</b>								
High-intensity drug trafficking areas program:								
Appropriation, discretionary .....	802 BA	157	172	206	211	215	220	225
Outlays .....	O	143	161	223	207	212	216	222
Special forfeiture fund:								
Appropriation, discretionary .....	802 BA	206	233	248	258	268	275	289
Outlays .....	O	203	222	294	283	263	271	282
Total Federal funds Federal Drug Control Programs .....	BA O	363 346	405 383	454 517	469 490	483 475	495 487	514 504

**Federal Election Commission**  
*Federal funds*

<b>General and Special Funds:</b>								
Salaries and expenses:								
Appropriation, discretionary .....	808 BA	38	40	41	42	43	44	45
Outlays .....	O	38	41	42	42	43	44	45

**Federal Financial Institutions Examination Council Appraisal Subcommittee**  
*Federal funds*

<b>General and Special Funds:</b>								
Registry fees:								
Appropriation, mandatory .....	376 BA	2	2	2	2	2	2	2
Outlays .....	O	3	2	2	2	2	2	2

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate						
			2001	2002	2003	2004	2005	2006	
<b>Federal Housing Finance Board</b>									
<i>Federal funds</i>									
<b>Public Enterprise Funds:</b>									
Federal housing finance board:									
Spending authority from offsetting collections, mandatory .....	371	BA	19	23	25	25	26	27	28
Outlays .....		O	18	23	25	25	26	27	28
Federal housing finance board (gross) .....		BA	19	23	25	25	26	27	28
		O	18	23	25	25	26	27	28
Total, offsetting collections (cash) .....			-19	-23	-25	-25	-26	-27	-28
Total Federal housing finance board (net) .....		BA							
		O	-1						
<b>Federal Labor Relations Authority</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Salaries and expenses:									
Appropriation, discretionary .....	805	BA	24	25	26	27	27	28	28
Outlays .....		O	24	25	26	26	27	28	28
<b>Federal Maritime Commission</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Salaries and expenses:									
Appropriation, discretionary .....	403	BA	15	16	16	16	17	17	17
Outlays .....		O	16	15	16	16	17	17	17
<b>Federal Mediation and Conciliation Service</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Salaries and expenses:									
Appropriation, discretionary .....	505	BA	37	38	39	40	41	42	43
Spending authority from offsetting collections, discretionary .....		BA	2	2	2	2	2	2	2
Outlays .....		O	38	40	43	41	43	44	45
Salaries and expenses (gross) .....		BA	39	40	41	42	43	44	45
		O	38	40	43	41	43	44	45
Total, offsetting collections (cash) .....			-2	-2	-2	-2	-2	-2	-2
Total Salaries and expenses (net) .....		BA	37	38	39	40	41	42	43
		O	36	38	41	39	41	42	43
<b>Federal Mine Safety and Health Review Commission</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Salaries and expenses:									
Appropriation, discretionary .....	554	BA	6	6	7	7	7	7	8
Outlays .....		O	7	6	7	7	7	7	8
<b>Federal Retirement Thrift Investment Board</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Program expenses:									
Appropriation, mandatory .....	602	BA	102	106	83	86	90	93	97
Outlays .....		O	83	143	87	86	89	92	96



**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

Account	2000 actual	estimate						
		2001	2002	2003	2004	2005	2006	
<b>Summary</b>								
Federal funds:								
(As shown in detail above) .....	BA	102	106	83	86	90	93	97
	O	83	143	87	86	89	92	96
Deductions for offsetting receipts:								
Proprietary receipts from the public .....	602 BA/O	-102	-106	-83	-86	-90	-93	-97
Total Federal Retirement Thrift Investment Board .....	BA							
	O	-19	37	4		-1	-1	-1

**Federal Trade Commission**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Spending authority from offsetting collections, discretionary .....	376 BA	126	148	157	157	157	157	157
Outlays .....	O	125	153	156	157	157	157	157
Salaries and expenses (gross) .....	BA	126	148	157	157	157	157	157
	O	125	153	156	157	157	157	157
Total, offsetting collections (cash) .....		-107	-160	-208	-208	-208	-208	-208
Total Salaries and expenses (net) .....	BA	19	-12	-51	-51	-51	-51	-51
	O	18	-7	-52	-51	-51	-51	-51

**Harry S. Truman Scholarship Foundation**

*Trust funds*

Harry S. Truman memorial scholarship trust fund:

Appropriation, mandatory .....	502 BA	4	4	4	4	4	4	4
Outlays .....	O	3	4	4	3	3	3	3

**Institute of American Indian and Alaska Native Culture and Arts Development**

*Federal funds*

**General and Special Funds:**

Payment to the institute:

Appropriation, discretionary .....	502 BA	2	4	4	4	4	4	4
Outlays .....	O	2	4	4	4	4	4	4

**Intelligence Community Management Account**

*Federal funds*

**General and Special Funds:**

Intelligence community management account:

Appropriation, discretionary .....	054 BA	131	115	126	129	132	135	138
Outlays .....	O	104	107	143	144	131	133	136

**International Trade Commission**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, discretionary .....	153 BA	44	48	51	52	53	54	56
Outlays .....	O	47	50	51	52	53	54	55

**James Madison Memorial Fellowship Foundation**

*Trust funds*

James Madison Memorial Fellowship trust fund:

Appropriation, mandatory .....	502 BA	3	3	3	3	3	3	3
Outlays .....	O	7	2	2	2	2	2	2

**Japan-United States Friendship Commission**

*Trust funds*

Japan-United States Friendship trust fund:

Appropriation, mandatory .....	154 BA	3	3	3	3	3	3	3
Outlays .....	O	3	3	3	3	3	3	3

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate						
			2001	2002	2003	2004	2005	2006	
<b>Legal Services Corporation</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Payment to Legal Services Corporation:									
Appropriation, discretionary .....	752	BA	304	329	329	336	344	352	359
Spending authority from offsetting collections, discretionary .....		BA	1						
Outlays .....		O	304	327	329	336	344	351	359
Payment to Legal Services Corporation (gross) .....		BA	305	329	329	336	344	352	359
		O	304	327	329	336	344	351	359
Total, offsetting collections (cash) .....			-1						
Total Payment to Legal Services Corporation (net) .....		BA	304	329	329	336	344	352	359
		O	303	327	329	336	344	351	359
<b>Marine Mammal Commission</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Salaries and expenses:									
Appropriation, discretionary .....	302	BA	1	2	2	2	2	2	2
Outlays .....		O	1	2	2	2	2	2	2
<b>Merit Systems Protection Board</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Salaries and expenses:									
Appropriation, discretionary .....	805	BA	27	29	30	31	31	32	33
Spending authority from offsetting collections, discretionary .....		BA	2	2	3	3	3	3	3
Outlays .....		O	29	31	34	34	34	35	36
Salaries and expenses (gross) .....		BA	29	31	33	34	34	35	36
		O	29	31	34	34	34	35	36
Total, offsetting collections (cash) .....			-2	-2	-3	-3	-3	-3	-3
Total Salaries and expenses (net) .....		BA	27	29	30	31	31	32	33
		O	27	29	31	31	31	32	33
<b>Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation</b>									
<i>Federal funds</i>									
<b>General and Special Funds:</b>									
Federal payment to Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation:									
Appropriation, discretionary .....	502	BA	2	2	2	2	2	2	2
Outlays .....		O	2	2	2	2	2	2	2
Environmental dispute resolution fund:									
Appropriation, discretionary .....	306	BA	1	1	1	1	1	1	1
Appropriation, mandatory .....		BA		1	2	2	2	2	2
Outlays .....		O	2	3	2	2	2	2	2
Total Environmental dispute resolution fund .....		BA	1	2	3	3	3	3	3
		O	2	3	2	2	2	2	2
<i>Trust funds</i>									
Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation:									
Appropriation, mandatory .....	502	BA	1	2	2	2	2	2	2
Outlays .....		O	1	2	2	2	2	2	2
<b>Summary</b>									
Federal funds:									
(As shown in detail above) .....		BA	3	4	5	5	5	5	5
		O	4	5	4	4	4	4	4

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Deductions for offsetting receipts:								
Proprietary receipts from the public	306 BA/O		-1	-2	-2	-2	-2	-2
Total Federal funds	BA O	3 4	3 4	3 2	3 2	3 2	3 2	3 2
Trust funds:								
(As shown in detail above)	BA O	1 1	2 2	2 2	2 2	2 2	2 2	2 2
Interfund transactions								
Total Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation	502 BA O	-2 3	-2 4	-2 2	-2 2	-2 2	-2 2	-2 2

**National Archives and Records Administration**

*Federal funds*

**General and Special Funds:**

Operating expenses:								
Appropriation, discretionary	804 BA	174	203	238	243	249	254	260
Spending authority from offsetting collections, discretionary	BA	6	3	3	3	3	3	3
Outlays	O	185	245	237	246	252	257	262
Operating expenses (gross)	BA O	180 185	206 245	241 237	246 246	252 252	257 257	263 262
Change in uncollected customer payments from Federal sources	BA	7	2					
Total, offsetting collections (cash)		-13	-5	-3	-3	-3	-3	-3
Total Operating expenses (net)	BA O	174 172	203 240	238 234	243 243	249 249	254 254	260 259

Repairs and restoration:

Appropriation, discretionary	804 BA	22	102	11	11	11	12	12
Outlays	O	14	50	70	37	11	11	11

National Historical Publications and Records Commission:

Appropriation, discretionary	804 BA	4	6	4	4	4	4	4
Outlays	O	6	11	9	4	4	4	4

**Intragovernmental Funds:**

Records center revolving fund:

Appropriation, discretionary	804 BA	22						
Spending authority from offsetting collections, discretionary	BA	95	98	102	102	104	106	108
Outlays	O	81	103	107	102	104	105	108
Records center revolving fund (gross)	BA O	117 81	98 103	102 107	102 102	104 104	106 105	108 108
Change in uncollected customer payments from Federal sources	BA	-21	5	5				
Total, offsetting collections (cash)		-74	-103	-107	-102	-104	-106	-108
Total Records center revolving fund (net)	BA O	22 7						-1

*Trust funds*

National archives gift fund:

Appropriation, mandatory	804 BA	3	1	1	1	1	1	1
Outlays	O	1	2	2				

National archives trust fund:

Spending authority from offsetting collections, mandatory	804 BA	15	14	14	18	18	19	19
Outlays	O	16	27	14	18	18	19	19

National archives trust fund (gross)	BA O	15 16	14 27	14 14	18 18	18 18	19 19	19 19
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Change in uncollected customer payments from Federal sources	BA	1						
Adjustment to uncollected customer payments from Federal sources	BA	-1						

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
Total, offsetting collections (cash) .....		-15	-14	-14	-18	-18	-19	-19
Total National archives trust fund (net) .....	BA							
	O	1	13					
Total Federal funds National Archives and Records Administration .....	BA	222	311	253	258	264	270	276
	O	199	301	313	284	264	268	274
Total Trust funds National Archives and Records Administration .....	BA	3	1	1	1	1	1	1
	O	2	15	2				

**National Capital Planning Commission**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, discretionary .....	451	BA	6	6	7	7	7	7	8
Spending authority from offsetting collections, discretionary .....		BA		1	1				
Outlays .....		O	6	7	8	7	7	7	8
Salaries and expenses (gross) .....		BA	6	7	8	7	7	7	8
		O	6	7	8	7	7	7	8
Total, offsetting collections (cash) .....				-1	-1				
Total Salaries and expenses (net) .....		BA	6	6	7	7	7	7	8
		O	6	6	7	7	7	7	8

**National Commission on Libraries and Information Science**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, discretionary .....	503	BA	1	1					
Outlays .....		O	2	2					

**National Council on Disability**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, discretionary .....	506	BA	2	3	3	3	3	3	3
Outlays .....		O	3	3	3	3	3	3	3

**National Credit Union Administration**

*Federal funds*

**Public Enterprise Funds:**

Operating fund:

Spending authority from offsetting collections, mandatory .....	373	BA	111	139	146	150	155	160	165
Outlays .....		O	111	139	146	150	155	160	165
Operating fund (gross) .....		BA	111	139	146	150	155	160	165
		O	111	139	146	150	155	160	165
Total, offsetting collections (cash) .....			-111	-139	-146	-150	-155	-160	-165
Total Operating fund (net) .....		BA							
		O							
Credit union share insurance fund:									
Spending authority from offsetting collections, mandatory .....	373	BA	519	442	564	658	677	748	774
Outlays .....		O	311	199	170	313	317	368	373
Credit union share insurance fund (gross) .....		BA	519	442	564	658	677	748	774
		O	311	199	170	313	317	368	373

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
Total, offsetting collections (cash) .....		-519	-442	-564	-658	-677	-748	-774
Total Credit union share insurance fund (net) .....	BA							
	O	-208	-243	-394	-345	-360	-380	-401
Central liquidity facility:								
Appropriation, discretionary .....	373 BA	1	1	1	1	1	1	1
Spending authority from offsetting collections, discretionary .....	BA	189	212	242	257	266	278	291
Outlays .....	O	190	213	242	257	266	278	291
Limitation on direct loan activity .....		(18,600)	(1,500)	(1,500)	(1,533)	(1,568)	(1,603)	(1,638)
Central liquidity facility (gross) .....	BA	190	213	243	258	267	279	292
	O	190	213	242	257	266	278	291
Total, offsetting collections (cash) .....		-189	-212	-242	-257	-266	-278	-291
Total Central liquidity facility (net) .....	BA	1	1	1	1	1	1	1
	O	1	1					
Community development credit union revolving loan fund:								
Spending authority from offsetting collections, discretionary .....	373 BA	1	1	1	1	1	1	1
Spending authority from offsetting collections, mandatory .....	BA	2	3	3	3	3	3	3
Outlays .....	O	3	2	2	4	4	4	4
Community development credit union revolving loan fund (gross) .....	BA	3	4	4	4	4	4	4
	O	3	2	2	4	4	4	4
Total, offsetting collections (cash) .....		-3	-4	-4	-4	-4	-4	-4
Total Community development credit union revolving loan fund (net) .....	BA							
	O		-2	-2				
Total Federal funds National Credit Union Administration .....	BA	1	1	1	1	1	1	1
	O	-207	-244	-396	-345	-360	-380	-401

**National Education Goals Panel**

Federal funds

General and Special Funds:

National Education Goals Panel:

Appropriation, discretionary .....	503 BA	2	2	2	2	2	2	2
Outlays .....	O	2	2	2	1	2	3	3

**National Endowment for the Arts**

Federal funds

General and Special Funds:

National Endowment for the Arts: grants and administration:

Appropriation, discretionary .....	503 BA	98	98	98	100	102	105	107
Appropriation, mandatory .....	BA	1	1	1	1	1	1	1
Spending authority from offsetting collections, discretionary .....	BA	3	5	1	1	1	1	1
Outlays .....	O	109	111	106	96	103	105	107

National Endowment for the Arts (gross) .....	BA	102	104	100	102	104	107	109
	O	109	111	106	96	103	105	107

Total, offsetting collections (cash) .....		-3	-5	-1	-1	-1	-1	-1
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Total National Endowment for the Arts (net) .....	BA	99	99	99	101	103	106	108
	O	106	106	105	95	102	104	106

Challenge America arts fund:

Appropriation, discretionary .....	503 BA		7	7	7	7	7	8
Outlays .....	O		3	7	7	7	7	8

Total Federal funds National Endowment for the Arts .....	BA	99	106	106	108	110	113	116
	O	106	109	112	102	109	111	114

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate							
			2001	2002	2003	2004	2005	2006		
<b>National Endowment for the Humanities</b>										
<i>Federal funds</i>										
<b>General and Special Funds:</b>										
National Endowment for the Humanities: grants and administration:										
Appropriation, discretionary .....	503	BA	115	120	121	124	126	129	132	
Appropriation, mandatory .....		BA	1	6	6	6	6	6	1	
Spending authority from offsetting collections, discretionary .....		BA	2	2	2	2	2	2	2	
Outlays .....		O	115	148	121	137	135	138	137	
National Endowment for the Humanities (gross) .....			BA	118	128	129	132	134	137	135
			O	115	148	121	137	135	138	137
Total, offsetting collections (cash) .....				-2	-2	-2	-2	-2	-2	-2
Total National Endowment for the Humanities (net) .....			BA	116	126	127	130	132	135	133
			O	113	146	119	135	133	136	135
<b>Institute of Museum and Library Services</b>										
<i>Federal funds</i>										
<b>General and Special Funds:</b>										
Office of Museum Services: grants and administration:										
Appropriation, discretionary .....	503	BA	24	25	25	26	26	27	27	
Outlays .....		O	23	26	35	38	32	27	27	
Office of Library Services: grants and administration:										
Appropriation, discretionary .....	503	BA	166	207	168	172	176	179	183	
Outlays .....		O	166	165	231	183	184	179	181	
Total Federal funds Institute of Museum and Library Services .....			BA	190	232	193	198	202	206	210
			O	189	191	266	221	216	206	208
<b>National Labor Relations Board</b>										
<i>Federal funds</i>										
<b>General and Special Funds:</b>										
Salaries and expenses:										
Appropriation, discretionary .....	505	BA	205	216	221	226	231	236	241	
Outlays .....		O	198	221	219	225	231	236	240	
<b>National Mediation Board</b>										
<i>Federal funds</i>										
<b>General and Special Funds:</b>										
Salaries and expenses:										
Appropriation, discretionary .....	505	BA	10	10	11	11	11	12	12	
Outlays .....		O	9	10	11	12	12	12	12	
<b>National Transportation Safety Board</b>										
<i>Federal funds</i>										
<b>General and Special Funds:</b>										
Salaries and expenses:										
Appropriation, discretionary .....	407	BA	77	63	64	65	67	68	70	
Spending authority from offsetting collections, discretionary .....		BA	5							
Outlays .....		O	77	89	64	65	66	69	70	
Salaries and expenses (gross) .....			BA	82	63	64	65	67	68	70
			O	77	89	64	65	66	69	70
Total, offsetting collections (cash) .....				-5						
Total Salaries and expenses (net) .....			BA	77	63	64	65	67	68	70
			O	72	89	64	65	66	69	70

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

Account	2000 actual	estimate					
		2001	2002	2003	2004	2005	2006
<b>National Veterans Business Development Corporation</b>							
<i>Federal funds</i>							
<b>General and Special Funds:</b>							
National Veterans Business Development Corporation:							
Appropriation, discretionary .....	705 BA	4	4	4	4	4	4
Outlays .....	O	4	4	4	4	4	4
<b>Neighborhood Reinvestment Corporation</b>							
<i>Federal funds</i>							
<b>General and Special Funds:</b>							
Payment to Neighborhood Reinvestment Corporation:							
Appropriation, discretionary .....	451 BA	75	90	95	97	99	101
Outlays .....	O	75	90	95	97	99	101
<b>Nuclear Regulatory Commission</b>							
<i>Federal funds</i>							
<b>General and Special Funds:</b>							
Salaries and expenses:							
Appropriation, discretionary .....	276 BA	465	481	507	525	543	562
Spending authority from offsetting collections, discretionary .....	BA	5	9	9	4	4	4
Outlays .....	O	480	497	513	527	545	564
Salaries and expenses (gross) .....	BA	470	490	516	529	547	566
	O	480	497	513	527	545	564
Total, offsetting collections (cash) .....		-5	-9	-9	-4	-4	-4
Total Salaries and expenses (net) .....	BA	465	481	507	525	543	562
	O	475	488	504	523	541	560
Office of Inspector General:							
Appropriation, discretionary .....	276 BA	6	6	6	6	6	7
Outlays .....	O	5	5	6	6	6	6
<b>Summary</b>							
Federal funds:							
(As shown in detail above) .....	BA	471	487	513	531	549	568
	O	480	493	510	529	547	566
Deductions for offsetting receipts:							
Offsetting governmental receipts .....	276 BA/O	-447	-453	-469	-475	-482	-488
Total Nuclear Regulatory Commission .....	BA	24	34	44	56	67	80
	O	33	40	41	54	65	78
<b>Nuclear Waste Technical Review Board</b>							
<i>Federal funds</i>							
<b>General and Special Funds:</b>							
Salaries and expenses:							
Appropriation, discretionary .....	271 BA	3	3	3	3	3	3
Outlays .....	O	3	3	3	3	3	3
<b>Occupational Safety and Health Review Commission</b>							
<i>Federal funds</i>							
<b>General and Special Funds:</b>							
Salaries and expenses:							
Appropriation, discretionary .....	554 BA	8	9	9	9	9	10
Outlays .....	O	8	9	9	9	9	10
<b>Office of Government Ethics</b>							
<i>Federal funds</i>							
<b>General and Special Funds:</b>							
Salaries and expenses:							
Appropriation, discretionary .....	805 BA	9	10	10	10	10	11

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	9	10	10	10	10	10	11

**Office of Navajo and Hopi Indian Relocation**  
*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, discretionary .....	808 BA	8	15	15	15	16	16	16
Outlays .....	O	14	19	17	15	15	16	16

**Office of Special Counsel**  
*Federal funds*

**General and Special Funds:**

Salaries and expenses:

Appropriation, discretionary .....	805 BA	10	11	12	12	13	13	13
Outlays .....	O	10	12	12	12	12	13	13

**Oklahoma City National Memorial Trust**  
*Federal funds*

**Public Enterprise Funds:**

Oklahoma City National Memorial Trust:

Appropriation, discretionary .....	303 BA	1						
Spending authority from offsetting collections, discretionary .....	BA		6					
Outlays .....	O	3	6	1				
Oklahoma City National Memorial Trust (gross) .....	BA	1	6					
	O	3	6	1				
Total, offsetting collections (cash) .....			-6					
Total Oklahoma City National Memorial Trust (net) .....	BA	1						
	O	3	1					

**Other Commissions and Boards**  
*Federal funds*

**General and Special Funds:**

Other commissions and boards:

Appropriation, discretionary .....	808 BA	3	1					
Outlays .....	O	3	2					

**Panama Canal Commission**  
*Federal funds*

**Public Enterprise Funds:**

Panama Canal revolving fund:

Spending authority from offsetting collections, discretionary .....	403 BA	220						
Outlays .....	O	537	15	11				
Panama Canal revolving fund (gross) .....	BA	220						
	O	537	15	11				
Total, offsetting collections (cash) .....			-220					
Total Panama Canal revolving fund (net) .....	BA							
	O	317	15	11				
Panama Canal Commission dissolution fund:								
Outlays .....	403 O	1	6					
Total Federal funds Panama Canal Commission .....	BA							
	O	318	21	11				



**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
<b>Postal Service—Payments to the Postal Service</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Payment to Postal Service fund:								
Appropriation, discretionary .....	372 BA	29	29	77	79	80	82	84
Advance appropriation, discretionary .....	BA	71	64					
Advance appropriation, mandatory .....	BA			67				
Outlays .....	O	100	93	144	79	80	82	84
Total Payment to Postal Service fund .....	BA	100	93	144	79	80	82	84
	O	100	93	144	79	80	82	84
<b>Postal Service</b>								
<i>Federal funds</i>								
<b>Public Enterprise Funds:</b>								
Postal Service fund:								
Authority to borrow, mandatory .....	372 BA	3,712	4,840	2,519	1,944	916	879	1,006
Spending authority from offsetting collections, mandatory .....	BA	64,581	66,431	68,195	70,500	72,700	74,600	76,400
Outlays .....	O	66,610	69,027	71,256	69,998	71,981	73,282	74,588
Postal Service fund (gross) .....	BA	68,293	71,271	70,714	72,444	73,616	75,479	77,406
	O	66,610	69,027	71,256	69,998	71,981	73,282	74,588
Total, offsetting collections (cash) .....		-64,581	-66,431	-68,195	-70,500	-72,700	-74,600	-76,400
Total Postal Service fund (net) .....	BA	3,712	4,840	2,519	1,944	916	879	1,006
	O	2,029	2,596	3,061	-502	-719	-1,318	-1,812
<b>Presidio Trust</b>								
<i>Federal funds</i>								
<b>Intragovernmental Funds:</b>								
Presidio Trust:								
Appropriation, discretionary .....	303 BA	24	23	22	22	23	24	24
Authority to borrow, discretionary .....	BA	20	10					
Spending authority from offsetting collections, discretionary .....	BA	59	75	78	64	66	66	66
Outlays .....	O	54	66	92	98	95	91	90
Limitation on Loan Guarantee Commitments .....		(200)	(200)	(200)	(100)			
Presidio Trust (gross) .....	BA	103	108	100	86	89	90	90
	O	54	66	92	98	95	91	90
Change in uncollected customer payments from Federal sources .....	BA	-1	-1	-1	-1			
Total, offsetting collections (cash) .....		-58	-74	-77	-64	-66	-66	-66
Total Presidio Trust (net) .....	BA	44	33	22	21	23	24	24
	O	-4	-8	15	34	29	25	24
<b>Railroad Retirement Board</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Federal windfall subsidy:								
Appropriation, discretionary .....	601 BA	173	160	146	149	153	156	159
Outlays .....	O	171	160	146	149	153	156	159
Federal payments to the railroad retirement accounts:								
Appropriation, mandatory .....	601 BA	459	335	347	365	381	399	414
				J-6	J-15	J-21	J-31	J-38
Outlays .....	O	459	335	347	365	381	399	414
				J-6	J-15	J-21	J-31	J-38
Total Federal payments to the railroad retirement accounts .....	BA	459	335	341	350	360	368	376
	O	459	335	341	350	360	368	376
<i>Trust funds</i>								
Railroad unemployment insurance trust fund:								
Appropriation, mandatory .....	603 BA	77	87	86	86	87	89	90
Spending authority from offsetting collections, mandatory .....	BA	24	26	26	27	28	29	29

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Outlays .....	O	102	112	112	113	115	118	119
Railroad unemployment insurance trust fund (gross) .....	BA	101	113	112	113	115	118	119
	O	102	112	112	113	115	118	119
Total, offsetting collections (cash) .....		-24	-26	-26	-27	-28	-29	-29
Total Railroad unemployment insurance trust fund (net) .....	BA	77	87	86	86	87	89	90
	O	78	86	86	86	87	89	90
<b>Rail industry pension fund:</b>								
Appropriation, discretionary .....	601 BA	96	101	104	106	108	111	114
Appropriation, mandatory .....	BA	2,962	3,007	3,083	3,159	3,241	3,330	3,435
Spending authority from offsetting collections, discretionary .....	BA	4	4	4	4	4	4	4
Outlays .....	O	3,061	3,109	3,186	3,265	3,350	3,439	3,547
Rail industry pension fund (gross) .....	BA	3,062	3,112	3,191	3,269	3,353	3,445	3,553
	O	3,061	3,109	3,186	3,265	3,350	3,439	3,547
Total, offsetting collections (cash) .....		-4	-4	-4	-4	-4	-4	-4
Total Rail industry pension fund (net) .....	BA	3,058	3,108	3,187	3,265	3,349	3,441	3,549
	O	3,057	3,105	3,182	3,261	3,346	3,435	3,543
<b>Supplemental annuity pension fund:</b>								
Appropriation, mandatory .....	601 BA	72	69	67	64	62	61	59
Outlays .....	O	73	69	67	64	62	61	59
<b>Railroad social security equivalent benefit account:</b>								
Appropriation, mandatory .....	601 BA	2,313	2,338	2,373	2,447	2,506	2,570	2,624
Authority to borrow, mandatory .....	BA	3,005	3,141	3,152	3,150	3,161	3,179	3,211
Outlays .....	O	5,310	5,474	5,515	5,588	5,659	5,739	5,826
Total Railroad social security equivalent benefit account .....	BA	5,318	5,479	5,525	5,597	5,667	5,749	5,835
	O	5,310	5,474	5,515	5,588	5,659	5,739	5,826
<b>Summary</b>								
<b>Federal funds:</b>								
(As shown in detail above) .....	BA	632	495	487	499	513	524	535
	O	630	495	487	499	513	524	535
<b>Trust funds:</b>								
(As shown in detail above) .....	BA	8,525	8,743	8,865	9,012	9,165	9,340	9,533
	O	8,518	8,734	8,850	8,999	9,154	9,324	9,518
<b>Deductions for offsetting receipts:</b>								
Intrafund transactions .....	601 BA/O	-3,697	-3,215	-3,812	-3,838	-3,838	-3,853	-3,679
Total Trust funds .....	BA	4,828	5,528	5,053	5,174	5,327	5,487	5,854
	O	4,821	5,519	5,038	5,161	5,316	5,471	5,839
Interfund transactions .....	601 BA/O	-459	-335	-347	-365	-381	-399	-414
				16	15	21	31	38
Total Railroad Retirement Board .....	BA	5,001	5,688	5,199	5,323	5,480	5,643	6,013
	O	4,992	5,679	5,184	5,310	5,469	5,627	5,998

**Securities and Exchange Commission**

*Federal funds*

**General and Special Funds:**

<b>Salaries and expenses:</b>								
Spending authority from offsetting collections, discretionary .....	376 BA	378	424	439	452	465	478	491
Outlays .....	O	357	411	433	450	463	476	489
Salaries and expenses (gross) .....	BA	378	424	439	452	465	478	491
	O	357	411	433	450	463	476	489
Total, offsetting collections (cash) .....		-863	-975	-984	-1,055	-1,080	-1,201	-1,338
Total Salaries and expenses (net) .....	BA	-485	-551	-545	-603	-615	-723	-847
	O	-506	-564	-551	-605	-617	-725	-849

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate							
			2001	2002	2003	2004	2005	2006		
<b>Smithsonian Institution</b>										
<i>Federal funds</i>										
<b>General and Special Funds:</b>										
Salaries and expenses:										
Appropriation, discretionary .....	503 BA	371	387	396	405	414	423	433		
Outlays .....	O	354	432	395	404	412	422	431		
Museum programs and related research (special foreign currency program):										
Outlays .....	503 O	1								
Repair, restoration and alteration of facilities:										
Appropriation, discretionary .....	503 BA	48	58	68	88	101	103	106		
Outlays .....	O	55	55	60	49	73	88	97		
Construction:										
Appropriation, discretionary .....	503 BA	19	10	30	10					
Outlays .....	O	9	22	48	20	5				
Operations and maintenance, JFK Center for the Performing Arts:										
Appropriation, discretionary .....	503 BA	14	14	15	15	16	16	16		
Outlays .....	O	13	14	17	15	16	16	16		
Construction, JFK Center for the Performing Arts:										
Appropriation, discretionary .....	503 BA	20	20	19	17	17	15	15		
Outlays .....	O	12	30	32	20	17	16	15		
Salaries and expenses, National Gallery of Art:										
Appropriation, discretionary .....	503 BA	61	65	66	67	69	71	72		
Outlays .....	O	60	64	67	68	69	70	72		
Repair, restoration, and renovation of buildings, National Gallery of Art:										
Appropriation, discretionary .....	503 BA	6	11	14	14	15	15	15		
Outlays .....	O	6	7	11	13	14	14	15		
Salaries and expenses, Woodrow Wilson International Center for Scholars:										
Appropriation, discretionary .....	503 BA	7	7	8	8	8	9	9		
Outlays .....	O	7	7	8	9	9	9	9		
Payment to endowment fund, Woodrow Wilson international center for scholars:										
Appropriation, discretionary .....	503 BA		5							
Outlays .....	O		5							
Total Federal funds Smithsonian Institution .....			BA	546	577	616	624	640	652	666
			O	517	636	638	598	615	635	655
<b>State Justice Institute</b>										
<i>Federal funds</i>										
<b>General and Special Funds:</b>										
State Justice Institute: salaries and expenses:										
Appropriation, discretionary .....	752 BA	7	7	7	7	7	7	8		
Outlays .....	O	8	5	8	7	7	7	7		
<b>Tennessee Valley Authority</b>										
<i>Federal funds</i>										
<b>Public Enterprise Funds:</b>										
Tennessee Valley Authority fund										
(Energy supply):										
(Spending authority from offsetting collections, mandatory) .....	271 BA	6,558	6,326	6,927	6,950	6,530	6,725	6,793		
(Outlays) .....	O	6,657	6,371	6,949	6,972	6,553	6,747	6,815		
Tennessee Valley Authority fund (gross) .....			BA	6,558	6,326	6,927	6,950	6,530	6,725	6,793
			O	6,657	6,371	6,949	6,972	6,553	6,747	6,815
Total, offsetting collections (cash) .....				-7,004	-6,876	-7,209	-7,423	-7,506	-7,757	-7,893
Total (Energy supply) (net) .....			BA	-446	-550	-282	-473	-976	-1,032	-1,100
			O	-347	-505	-260	-451	-953	-1,010	-1,078
(Area and regional development):										
(Spending authority from offsetting collections, discretionary) .....	452 BA	4								
(Outlays) .....	O	44	7	2	1	1	1	1		
Tennessee Valley Authority fund (gross) .....			BA	-442	-550	-282	-473	-976	-1,032	-1,100
			O	-303	-498	-258	-450	-952	-1,009	-1,077

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					
			2001	2002	2003	2004	2005	2006
Total, offsetting collections (cash) .....		-4						
Total (Area and regional development) (net) .....	BA							
	O	40	7	2	1	1	1	1
Total Tennessee Valley Authority fund .....	BA	-446	-550	-282	-473	-976	-1,032	-1,100
	O	-307	-498	-258	-450	-952	-1,009	-1,077
Total Federal funds Tennessee Valley Authority .....	BA	-446	-550	-282	-473	-976	-1,032	-1,100
	O	-307	-498	-258	-450	-952	-1,009	-1,077

**United Mine Workers of America Benefit Funds**

*Trust funds*

United Mine Workers of America combined benefit fund:									
Appropriation, mandatory .....	551	BA	235	319	205	156	147	139	131
Outlays .....		O	235	319	205	156	147	139	131
United Mine Workers of America 1992 benefit plan:									
Appropriation, mandatory .....	551	BA	29	30	30	31	31	32	33
Outlays .....		O	29	30	30	31	31	32	33

**Summary**

Trust funds:									
(As shown in detail above) .....		BA	264	349	235	187	178	171	164
		O	264	349	235	187	178	171	164
Interfund transactions .....	551	BA/O	-109	-200	-92	-52	-49	-46	-43
Total United Mine Workers of America Benefit Funds .....		BA	155	149	143	135	129	125	121
		O	155	149	143	135	129	125	121

**United States Enrichment Corporation Fund**

*Federal funds*

**Public Enterprise Funds:**

United States Enrichment Corporation Fund:									
Appropriation, mandatory .....	271	BA	-5						
Spending authority from offsetting collections, mandatory .....		BA		64	67	71	75	79	83
Outlays .....		O	-5						
United States Enrichment Corporation Fund (gross) .....		BA	-5	64	67	71	75	79	83
		O	-5						
Total, offsetting collections (cash) .....				-64	-67	-71	-75	-79	-83
Total United States Enrichment Corporation Fund (net) .....		BA	-5						
		O	-5	-64	-67	-71	-75	-79	-83

**United States Holocaust Memorial Museum**

*Federal funds*

**General and Special Funds:**

Holocaust Memorial Museum:									
Appropriation, discretionary .....	808	BA	33	34	36	37	38	38	39
Outlays .....		O	35	34	34	36	37	38	39

**United States Institute of Peace**

*Federal funds*

**General and Special Funds:**

Operating expenses:									
Appropriation, discretionary .....	153	BA	13	15	15	15	16	16	16
Outlays .....		O	13	15	15	16	16	16	17

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

Account	2000 actual	estimate						
		2001	2002	2003	2004	2005	2006	
<b>Vietnam Education Foundation</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
Vietnam debt repayment fund:								
Advance appropriation, discretionary .....	154 BA		5	5	5	5	5	
Outlays .....	O		2	4	5	5	5	
<b>White House Commission on the National Moment of Remembrance</b>								
<i>Federal funds</i>								
<b>General and Special Funds:</b>								
White House commission on the national moment of remembrance:								
Appropriation, mandatory .....	705 BA		1	1	1	1	1	
Outlays .....	O		1	1	1	1	1	
<b>Summary</b>								
<b>On-Budget</b>								
Federal funds:								
(As shown in detail above) .....	BA	12,875	1,097	12,281	12,654	12,925	13,519	14,115
	O	6,587	192	11,308	12,542	12,988	14,137	14,139
Deductions for offsetting receipts:								
Intrafund transactions .....	154 BA/O		-6	-6	-5	-5	-5	-5
	705 BA/O		-4					
Proprietary receipts from the public .....	155 BA/O	-2,248	-2,909	-11	-7	-3	-4	-2
	306 BA/O		-1	-2	-2	-2	-2	-2
	376 BA/O		-28	-28	-28	-28	-28	-28
	602 BA/O		-102	-83	-86	-90	-93	-97
Offsetting governmental receipts .....	276 BA/O	-447	-453	-469	-475	-482	-488	-506
Total Federal funds .....	BA	10,050	-2,410	11,682	12,051	12,315	12,899	13,475
	O	3,762	-3,315	10,709	11,939	12,378	13,517	13,499
Trust funds:								
(As shown in detail above) .....	BA	9,030	9,646	9,633	9,735	9,884	10,062	10,247
	O	9,306	9,658	9,655	9,793	9,937	10,042	10,225
Deductions for offsetting receipts:								
Intrafund transactions .....	601 BA/O	-3,697	-3,215	-3,812	-3,838	-3,838	-3,853	-3,679
Proprietary receipts from the public .....	452 BA/O	-3	-3	-3	-3	-3	-3	-3
	601 BA/O	-180	-172	-156	-138	-118	-97	-74
Total Trust funds .....	BA	5,150	6,256	5,662	5,756	5,925	6,109	6,491
	O	5,426	6,268	5,684	5,814	5,978	6,089	6,469
Interfund transactions .....								
	452 BA/O	-3	-3	-3	-3	-3	-3	-3
	502 BA/O	-2	-2	-2	-2	-2	-2	-2
	506 BA/O	-70	-70	-10	-70	-70	-70	-70
	551 BA/O	-109	-200	-92	-52	-49	-46	-43
	601 BA/O	-459	-335	-347	-365	-381	-399	-414
			16	15	21	31	31	38
	602 BA/O		-1	-1	-1	-1	-1	-1
	752 BA/O		-5	-5	-5	-5	-6	-6
Total Other Independent Agencies (on-budget) .....	BA	14,552	3,230	16,890	17,324	17,750	18,512	19,465
	O	8,540	2,337	15,939	17,270	17,866	19,110	19,467
<b>Off-Budget</b>								
Federal funds:								
(As shown in detail above) .....	BA	3,712	4,840	2,519	1,944	916	879	1,006
	O	2,029	2,596	3,061	-502	-719	-1,318	-1,812
Total Other Independent Agencies (off-budget) .....	BA	3,712	4,840	2,519	1,944	916	879	1,006
	O	2,029	2,596	3,061	-502	-719	-1,318	-1,812
Total Other Independent Agencies .....	BA	18,264	8,070	19,409	19,268	18,666	19,391	20,471
	O	10,569	4,933	19,000	16,768	17,147	17,792	17,655

**ALLOWANCES**  
(In millions of dollars)

Account	2000 actual	estimate					
		2001	2002	2003	2004	2005	2006
<b>Allowances</b>							
<i>Federal funds</i>							
<b>General and Special Funds:</b>							
Adjustments to certain accounts:							
Appropriation, discretionary .....	BA .....		-270	-276	-282	-288	-295
Outlays .....	O .....		-249	-273	-282	-288	-295
National emergency reserve:							
Appropriation, discretionary .....	BA .....		5,591	5,716	5,843	5,973	6,107
Outlays .....	O .....		2,600	4,214	4,970	5,642	5,963
Contingencies for:							
Relatively uncontrollable programs:							
Appropriation, discretionary .....	BA .....		0				
Outlays .....	O .....		0				
Other requirements:							
Appropriation, discretionary .....	BA .....		0				
Outlays .....	O .....		0				
<b>Total Federal funds Allowances .....</b>	<b>BA .....</b>		<b>5,321</b>	<b>5,440</b>	<b>5,561</b>	<b>5,685</b>	<b>5,812</b>
	<b>O .....</b>		<b>2,351</b>	<b>3,941</b>	<b>4,688</b>	<b>5,354</b>	<b>5,668</b>
<b>Summary</b>							
Federal funds:							
Total Allowances .....	BA .....		5,321	5,440	5,561	5,685	5,812
	O .....		2,351	3,941	4,688	5,354	5,668

**Totals**  
(In millions of dollars)

Account	2000 actual	estimate						
		2001	2002	2003	2004	2005	2006	
<b>Budget Totals</b>								
Federal funds:								
(As shown in detail above) .....	BA	1,388,389	1,434,250	1,517,627	1,564,826	1,613,254	1,656,754	1,702,954
	O	1,366,170	1,411,568	1,483,474	1,552,830	1,598,799	1,647,589	1,685,916
Deductions for offsetting receipts:								
(As shown in detail above):								
Intrafund transactions .....	BA/O	-6,224	-15,985	-6,087	-14,612	-15,480	-16,311	-17,068
Proprietary receipts from the public .....	BA/O	-28,536	-32,977	-26,268	-29,340	-30,593	-31,691	-31,953
				<sup>B</sup> -10	<sup>B</sup> -128	<sup>B</sup> -136	<sup>B</sup> -141	<sup>B</sup> -144
Offsetting governmental receipts .....	BA/O	-3,385	-4,211	-4,372	-4,370	-2,499	-2,507	-2,524
				<sup>J</sup> -71	<sup>J</sup> -140	<sup>J</sup> -143	<sup>J</sup> -147	<sup>J</sup> -151
Undistributed Federal Intrafund transactions .....	BA/O				-2,943	-3,072	-3,211	-3,355
(Undistributed by agency):								
Offsetting governmental receipts:								
Other undistributed offsetting receipts .....	959 BA/O	-150	-1,572	-4,360	-9,665	-9,670	-1,275	-680
	BA/O			<sup>B</sup> 2,400	<sup>B</sup> 800	<sup>B</sup> -5,300	<sup>B</sup> -2,200	<sup>B</sup> -4,200
Proprietary receipts from the public:								
Other interest .....	908 BA/O	-1,352						
Rents and royalties on the Outer Continental Shelf .....	953 BA/O	-4,580	-6,931	-5,884	-5,358	-5,185	-4,971	-4,836
Sale of major assets .....	954 BA/O				-323			
Other undistributed offsetting receipts .....	959 BA/O					<sup>B</sup> -2,402	<sup>B</sup> -2	<sup>B</sup> -2
<b>Total deductions .....</b>	<b>BA/O</b>	<b>-44,227</b>	<b>-61,676</b>	<b>-44,652</b>	<b>-66,079</b>	<b>-74,480</b>	<b>-62,456</b>	<b>-64,913</b>
<b>Federal fund totals .....</b>	<b>BA</b>	<b>1,344,162</b>	<b>1,372,574</b>	<b>1,472,975</b>	<b>1,498,747</b>	<b>1,538,774</b>	<b>1,594,298</b>	<b>1,638,041</b>
	<b>O</b>	<b>1,321,943</b>	<b>1,349,892</b>	<b>1,438,822</b>	<b>1,486,751</b>	<b>1,524,319</b>	<b>1,585,133</b>	<b>1,621,003</b>
Trust funds:								
(As shown in detail above) .....	BA	398,951	435,606	456,184	472,869	493,832	531,324	554,948
	O	389,323	424,983	447,533	463,539	487,006	525,895	550,167
Deductions for offsetting receipts:								
(As shown in detail above):								
Intrafund transactions .....	BA/O	-3,698	-3,216	-3,813	-3,839	-3,839	-3,854	-3,680
Proprietary receipts from the public .....	BA/O	-34,651	-36,115	-39,760	-42,619	-43,953	-47,248	-50,054
				<sup>J</sup> 20	<sup>J</sup> 25	<sup>J</sup> 25	<sup>J</sup> 25	<sup>J</sup> 25

**Totals—Continued**  
(In millions of dollars)

Account		2000 actual	estimate					2006
			2001	2002	2003	2004	2005	
Offsetting governmental receipts .....	BA/O			-17	-17	-17	-18	-18
Total deductions .....	BA/O	-38,349	-39,331	-43,570	-46,450	-47,784	-51,095	-53,727
Trust fund totals .....	BA	360,602	396,275	412,614	426,419	446,048	480,229	501,221
	O	350,974	385,652	403,963	417,089	439,222	474,800	496,440
Interfund transactions (-):								
Interest received by on-budget trust funds .....	902 BA/O	-69,113	-73,662	-76,317	-80,272	-84,695	-88,974	-93,634
				1	76	162	261	359
Employer share, employee retirement (on-budget) .....	951 BA/O	-30,214	-31,276	-32,642	-33,260	-34,604	-36,050	-37,447
				469	482	449	415	
Applied by agency above .....	BA/O	-115,529	-122,102	-132,413	-141,263	-146,952	-158,342	-168,547
Total interfund transactions .....	BA/O	-214,856	-227,040	-241,371	-255,188	-266,571	-283,554	-299,684
<b>Budget totals</b> Δ .....	BA	1,489,908	1,541,809	1,644,218	1,669,978	1,718,251	1,790,973	1,839,578
	O	1,458,061	1,508,504	1,601,414	1,648,652	1,696,970	1,776,379	1,817,759

**Off-Budget Totals**

Federal funds:								
(As shown in detail above) .....	BA	3,712	4,840	2,519	1,944	916	879	1,006
	O	2,029	2,596	3,061	-502	-719	-1,318	-1,812
Trust funds:								
(As shown in detail above) .....	BA	412,074	436,252	456,495	479,135	503,839	530,407	559,350
	O	409,473	434,526	454,770	477,203	501,711	528,141	556,865
Deductions for offsetting receipts:								
(As shown in detail above):								
Proprietary receipts from the public .....	BA/O	-52	-84	-84	-87	-90	-94	-97
Trust fund totals .....	BA	412,022	436,168	456,411	479,048	503,749	530,313	559,253
	O	409,421	434,442	454,686	477,116	501,621	528,047	556,768
Interfund transactions (-):								
Interest received by off-budget trust funds .....	903 BA/O	-59,796	-68,886	-76,086	-85,421	-95,855	-107,348	-120,111
Employer share, employee retirement (off-budget) .....	952 BA/O	-7,637	-7,877	-8,917	-9,161	-9,868	-10,706	-11,443
Applied by agency above .....	BA/O	-13,252	-12,541	-13,594	-14,458	-15,431	-16,309	-17,259
Total interfund transactions .....	BA/O	-80,685	-89,304	-98,597	-109,040	-121,154	-134,363	-148,813
<b>Off-Budget totals</b> Δ .....	BA	335,049	351,704	360,333	371,952	383,511	396,829	411,446
	O	330,765	347,734	359,150	367,574	379,748	392,366	406,143
<b>Federal Government totals</b> Δ .....	BA	1,824,957	1,893,513	2,004,551	2,041,930	2,101,762	2,187,802	2,251,024
	O	1,788,826	1,856,238	1,960,564	2,016,226	2,076,718	2,168,745	2,223,902

**Federal Government Totals**  
(In millions of dollars)

	2001		2002		2003	
	BA	Outlays	BA	Outlays	BA	Outlays
<b>Federal funds:</b>						
Enacted, pending and initial requests:						
Appropriations .....	1,435,651	1,410,206	1,491,163	1,474,837	1,534,513	1,524,591
Proposed in this budget:						
Supplemental proposal <sup>(A)</sup> .....	3	3				
To be proposed separately:						
Legislative Proposals:						
Subject to PAYGO <sup>(B)</sup> .....	2,500	2,500	11,014	10,739	14,435	14,599
Not subject to PAYGO <sup>(J)</sup> .....		582	17,969	896	17,822	13,138
Supplemental, later transmittal <sup>(J)</sup> .....	936	873		63		
Deductions for offsetting receipts .....	-61,676	-61,676	-46,971	-46,971	-66,611	-66,611
Subject to PAYGO <sup>(B)</sup> .....			2,390	2,390	672	672
Not subject to PAYGO <sup>(J)</sup> .....			-71	-71	-140	-140
Total Federal funds .....	1,377,414	1,352,488	1,475,494	1,441,883	1,500,691	1,486,249
<b>Trust funds:</b>						
Enacted, pending and initial requests:						
Appropriations .....	871,858	859,509	912,805	902,425	952,130	940,868
Proposed in this budget:						
To be proposed separately:						
Legislative Proposals:						
Not subject to PAYGO <sup>(J)</sup> .....			-126	-122	-126	-126
Deductions for offsetting receipts .....	-39,415	-39,415	-43,674	-43,674	-46,562	-46,562
Not subject to PAYGO <sup>(J)</sup> .....			20	20	25	25
Total Trust funds .....	832,443	820,094	869,025	858,649	905,467	894,205
Interfund transactions (-) .....	-316,344	-316,344	-339,968	-339,968	-364,228	-364,228
Federal Government totals .....	1,893,513	1,856,238	2,004,551	1,960,564	2,041,930	2,016,226



**Federal Government Totals—Continued**  
(In millions of dollars)

	2004		2005		2006	
	BA	Outlays	BA	Outlays	BA	Outlays
<b>Federal funds:</b>						
Enacted, pending and initial requests:						
Appropriations .....	1,579,555	1,564,518	1,634,491	1,623,752	1,684,791	1,665,839
To be proposed separately:						
Legislative Proposals:						
Subject to PAYGO <sup>(B)</sup> .....	16,679	16,767	5,336	5,253	1,393	1,032
Not subject to PAYGO <sup>(J)</sup> .....	17,936	16,795	17,806	17,266	17,776	17,233
Deductions for offsetting receipts .....	-66,499	-66,499	-59,966	-59,966	-60,416	-60,416
Subject to PAYGO <sup>(B)</sup> .....	-7,838	-7,838	-2,343	-2,343	-4,346	-4,346
Not subject to PAYGO <sup>(J)</sup> .....	-143	-143	-147	-147	-151	-151
Total Federal funds .....	1,539,690	1,523,600	1,595,177	1,583,815	1,639,047	1,619,191
<b>Trust funds:</b>						
Enacted, pending and initial requests:						
Appropriations .....	997,797	988,843	1,053,558	1,045,863	1,101,625	1,094,359
To be proposed separately:						
Legislative Proposals:						
Subject to PAYGO <sup>(B)</sup> .....			8,300	8,300	12,800	12,800
Not subject to PAYGO <sup>(J)</sup> .....	-126	-126	-127	-127	-127	-127
Deductions for offsetting receipts .....	-47,899	-47,899	-51,214	-51,214	-53,849	-53,849
Not subject to PAYGO <sup>(J)</sup> .....	25	25	25	25	25	25
Total Trust funds .....	949,797	940,843	1,010,542	1,002,847	1,060,474	1,053,208
Interfund transactions (-) .....	-387,725	-387,725	-417,917	-417,917	-448,497	-448,497
Federal Government totals .....	2,101,762	2,076,718	2,187,802	2,168,745	2,251,024	2,223,902

<sup>A</sup> Supplemental proposal.

<sup>B</sup> Legislative proposal, subject to PAYGO.

<sup>I</sup> Supplemental, later transmittal.

<sup>J</sup> Legislative proposal, not subject to PAYGO.

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