BUDGET BASELINES, HISTORICAL DATA, AND ALTERNATIVES FOR THE FUTURE

JANUARY 1993

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1. All years referred to are fiscal years, unless otherwise noted.
2. Detail in the tables, text, and charts of this volume may not add to the totals due to rounding.

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Part One.

INTRODUCTION

1. The President's Transmittal Message

1. THE PRESIDENT'S TRANSMITTAL MESSAGE

> The following is the text of the letter transmitting the budgetary statement: ***Budget Baselines, Historical Data, and Alternatives for the Future.***

To the Congress of the United States:

I am pleased to present the budgetary statement: *Budget Baselines, Historical Data, and Alternatives for the Future.*

The Budget Enforcement Act of 1990 (BEA) changed the date by which the President is required to transmit his Budget from the first Monday after January 3rd to the first Monday in February. It also established January 21, 1993, as the date for the official presentation and determination of the BEA budget deficit adjustment. Accordingly, the full 1994 Budget must be submitted by the new Administration.

In order to provide a perspective from which to evaluate choices and actions, this document provides the following:

- a review of current policies and the implications of their extension into the future;
- near-term and long-term budget projections under alternative economic and technical assumptions;
- assessments of hidden liabilities with associated policy reforms, and assessments of high risk management areas with associated recommendations for systems improvement; and
- updated options and recommendations for spending control.

It is my hope that this will be useful to the Congress and the new Administration in the effort to produce both a responsible budget and strong economic growth.

George Bush

The White House

January 6, 1993

2. Agenda for American Renewal

The following is the text of the President's *Agenda for American Renewal* as originally released in September 1992. It provides the essential economic policy framework for growth—within which the budget is placed, and in support of which budget priorities have been developed.

2. AGENDA FOR AMERICAN RENEWAL

INTRODUCTION: THE CHALLENGE

America stands at the edge of a new era, a new century. Here is my bridge to the other shore: An Agenda for American Renewal—diagnosing the economic problems we face, setting forth the principles to guide our actions, and explaining the approach I am pursuing.

Over past weeks I have been discussing some of the elements of my economic agenda. In coming weeks I will be expanding on my ideas. This document shows how the pieces fit together.

It is important to step back for a moment, to take stock of where we are as a great nation in the broader swee, of history.

The American people have just completed the greatest mission of all, the triumph of democratic capitalism over imperialistic communism. Mission accomplished.

Throughout history, when long wars end, people have been confronted with the problems of converting to peace-time and establishing a new basis for securing peace and prosperity.

In wartime, the costs of Government are always high. Domestic needs are not fully met. In times of conflict, a good nation tries to look after its poor, its sick, its elderly, its less privileged members, but not as completely as it should or would like to.

Today, this year, for the first time since December 1941, the United States is not engaged in a war, hot or cold.

We are a nation at peace. But being at peace with others and being at peace with ourselves are different things. The one we have achieved. The other, we can and will.

The American people recognize this historical watershed. They want and deserve a peacetime freedom from unnecessary intrusion into our lives, a peacetime commitment to sound money, a peacetime dedication to unfinished work and unsolved problems close to home.

At the same time, Americans are aware of epic changes in the world and the economy. They sense the disquiet in many of the industrialized democracies that have been our partners in the long struggle. Our own economy has been going through some profound changes. And I understand how difficult change can be, particularly for those who feel its effects most directly. Americans sense we face an era of great opportunity, but that there are also great risks if we fail to choose wisely.

We must now demonstrate our unique ability to transform anxiety into regeneration. Only in America do we have the people, the resources, the economic strength—and especially the principles and ideals—to pick up the challenge.

For America to be safe and strong we must meet the defining challenge of the '90s: to win the economic competition—to win the peace.

The United States must be a military superpower, an export superpower, *and* an economic superpower.

My approach is to look forward—to open new markets, prepare our people to compete, to strengthen the American family, to save and invest—so we can win.

This future depends on economic growth, but not for the few at the expense of the many, not for the present at the expense of the future.

In this country, we have always preferred an entrepreneurial capitalism that grows from the bottom up, not the top down, a capitalism that begins on Main Street and extends to Wall Street, not the other way around.

Nor have we been taken in by the view my opponent prefers, that Government should accumulate capital—by taxing it and borrowing it from the people, and investing it according to some industrial policy design.

My agenda is for an inclusive America, not an exclusive America—and certainly not a reclusive one. We will challenge the world with an international economic and trade strategy that will promote free trade arrangements east and west, north and south, to strengthen our global economic reach and complement our worldwide security presence. At the same time, we need to foster the capabilities at home that will keep us in the lead.

Developed economies need developing minds. To help prepare all our children for a constantly changing workplace, I want to make radical changes in our education system. Each child should graduate with skills, self-discipline, and self-confidence.

I will sharpen the competitive edge of our businesses by encouraging entrepreneurial capitalism and small business, deploying advances in R&D and technology, and reforming our legal system so it no longer puts us at a global disadvantage.

My agenda promotes economic security for working men and women through job training that will ease adjustments and provide people with new capabilities for work in the face of competition and change. And I will enable families to concentrate on building for the future by giving them the means to protect themselves against today's cost of health care, and by making it easier to build tomorrow's retirement security. I want our efforts to reach out to all our citizens, leaving no one behind, because we will need the work, aspiration, and energy of each and every American.

Finally, since our competitive strength and entrepreneurial spirit must flow from the private sector, I will streamline Government to meet changing needs.

We can empower America to reach a grand goal: a $10 trillion economy by the first years of the 21st Century.

When President Reagan and I assumed office in 1981, the U.S. economy was about $3 trillion. We've almost doubled that over the past 12 years. So I know we can nearly double it again through sustainable real growth over the coming decade.

With a $10 trillion economy, we could provide the resources, private and public, to satisfy our most ambitious social and financial requirements. We could simultaneously renew America and pay down our national debt.

So now let me turn to how we can meet the challenge and reach our goal.

THE CONTEXT: FIVE CHANGES UNDERWAY IN THE ECONOMY

The U.S. economy has been working its way through five profound changes. They establish the context for my agenda.

The first great change in our economy is ironically due to our very success in ending the Cold War. Since our superpower rival of the last half century has dropped out of the race, we are now able to do something we have all hoped for since the close of World War II—lighten the load of the defense burden.

In the short run, this adjustment has meant cutbacks and lay-offs in many industries that have depended on defense spending. We must ease this transition. But in the medium and long run, reductions in defense spending will free up many new resources for our people and economy.

Second, it seems that almost every time you open the business pages you can find a story about a major U.S. corporation that is restructuring itself. Our industries are in the process of transforming themselves from old-style hierarchical organizations to so-called "flattened pyramids." This new industrial organization emphasizes a skills-based workplace, "lean production," a "just in time" inventory, and short product cycles rather than mass production. Our companies are integrating R&D, manufacturing, and marketing into a seamless web of innovation. This is a revolution as dramatic as the one when Henry Ford led the country from craft-based production to mass manufacturing early in this century.

We have to make these adaptations succeed if America's industries are to keep ahead of their international competitors. Strong sales and productivity increases are the prerequisites for creating more jobs, boosting wages, and upgrading benefits. In fact, it is partly because of these changes that our annual growth in manufacturing productivity over the past 10 years was over 50 percent higher than in the Carter years. It's why American firms lead the world in exports.

Nevertheless, these changes also have produced layoffs and relocations among both blue and white collar workers. Middle-aged breadwinners are wondering whether their company will be next to make announcements, and they worry about their jobs, health care, and pension rights. Some are also troubled by the prospect that after sacrificing to send their kids to college—often the first generation to attend—that these children's diplomas may not be golden tickets to security.

Third, the 1980s wiped away the dismal economic performance of the late '70s. We enjoyed the longest peacetime expansion in U.S. history, lasting seven and a half years. We created over 21 million jobs, more than all new jobs in the other major industrial countries and the rest of Western Europe combined. Yet great booms produce excesses, and this time too many companies, too many financial institutions, and too many households took on too much debt.

We have been paying down that debt—and lower interest rates have helped us do it. Millions of people have refinanced homes at lower rates, reducing mortgage payments by as much as $1,200 to $1,500 a year. When companies restructured, they paid down debt, strengthened balance sheets, and positioned themselves to enjoy greater profits when stronger growth resumes. This process will leave our economy leaner and more powerful. Many firms already are. But while that debt was being paid down, people bought fewer goods, and companies put less money into new investments and jobs. The process is largely over, but it has left consumers and companies a little cautious.

Fourth, we entered the '80s with a banking system designed 50 years earlier—an incongruous relic in an era when billions of dollars can be sent around the world in a microsecond. The United States entered the 1980s with some 14,000 commercial banks and 4,600 savings and loans. In comparison, Canada had about 160, and Japan had under 100. The vast majority of those small U.S. banks and S&Ls operated in a heavily controlled environment where their costs of funds were limited by ceilings on your passbook accounts. Other regulations restricted competition by imposing costs and inefficiencies on savers and borrowers.

In the late '70s, this out-of-date system was buffeted by record interest and inflation rates; it was challenged by competition from new financial services. As in any other line of business, the less efficient institutions could not survive. But because our banks and S&Ls held insured deposit accounts for most hard-working Americans, the streamlining process had to be managed in a way that enabled the Government to protect your savings. In effect, the Government picked up these costs so your savings would be safe.

This process, too, is nearing its end. A strong economy must have a good banking and financial system so entrepreneurs can get capital, businesses and farms can get loans, and families can buy homes and cars. We will have a more competitive and efficient financial system that will serve companies and families better. Over the next few years, the Government will actually gain revenues from the sales of billions of dollars of assets that it acquired from banks and S&Ls as it protected savers. But this process has left lenders cautious. Business borrowing rates and mortgage rates are way down, but it's still too hard for small businesses to gain access to capital and credit. We are still taxing capital too much.

The final economic change is perhaps the most far-reaching of all: No nation is an island today. We are part of a global economy. To grow is to trade; to expand is to compete. One manufacturing job out of every six depends directly on our exports. One acre out of every three is sowed for sale abroad.

This international economic interdependence has three implications.

One, when growth slumps abroad, it drags our economy down with it. Both Western Europe (especially Germany) and Japan are going through major readjustments—and that has contributed to our sluggishness.

Two, it means that if America is going to be strong and growing in the 21st Century, we must be ready, able, and willing to compete around the globe. We need to encourage entrepreneurial capitalism and investment at home, and at the same time ensure that our labor force remains the best in the world.

Three, we need to seize opportunities to develop new markets, particularly in areas that have potential for significant growth in the future. One of the other benefits of the end of the Cold War is the extraordinary potential to expand trade and sales to hundreds of millions of potential customers who not long ago were the captives of our enemies.

START WITH STRENGTHS

In developing an agenda for the future, we should take a clear-eyed look at our strengths as well as weaknesses. Not surprisingly, the other side has conveniently sniped over our country's many strengths. Frankly, they want you to believe America is over the hill and past its prime. But they have no more right to convince you the economy is worse than it is for political advantage than I have to understate the problems. So let me just note several key facts.

- The Misery Index—the sum of inflation and unemployment—is down to 10.8 percent today, from 19.6 percent in 1980.
- Inflation has fallen to roughly 3 percent, the lowest in a quarter of a century (except for 1986).
- Interest rates are at a 20 year low. Mortgage rates are now in the 8 percent range, half the rate President Reagan encountered in his first year. Thanks to these low rates, more people can afford to own a home today than at any time since 1973.
- While unemployment is still far too high, the share of the working age population with jobs during my administration has averaged 62.2 percent, the highest in U.S. history.
- The United States has the highest home ownership rate of all major industrialized countries: 66 percent of U.S. households own their own homes, as compared with 59 percent in Japan and 40 percent in Germany.
- The U.S. sends more of its students on to higher education—68 percent—than any other country, well above the 32 percent rate in Germany and 30 percent in Japan. And 52 percent of these U.S. students are women, as compared with 26 percent in Japan and 38 percent in Germany.
- With exports of $622 billion, the U.S. is the world's largest exporting nation. Exports increased by 40 percent during my Administration.
- We produce 25 percent of the world's total output with 5 percent of the world's population.
- The productivity of American workers is approximately 26 percent above those in Germany and 30 percent above those in Japan.

I do not mean to suggest either that everything is well or that we do not need to lead and manage the changes taking place in the world and at home more actively. We do.

But you can't chart the stars if you think the sky is falling. We must know our strengths before we build on them. Over the past 12 years, we increased the U.S. economy by about $2.8 trillion—that's like creating the total size of the German economy twice over. So I know our goal of a $10 trillion economy is attainable.

We're also in a strong position internationally. But we're going to need the national adaptability and capability to keep leading our competitors. And we must have the courage of our convictions to say "no" to the wrong sort of changes for the future—false promises based on false premises—changes we cannot afford at this key moment in the world economic competition.

GUIDING PRINCIPLES

Before outlining the specifics of my agenda, I want to set our four guiding principles. An effective strategy must be dynamic. As new problems or opportunities present themselves, we will need to make adjustments. Guiding principles will ensure we follow a consistent path and help shape our policies into the future.

First, start with the basics: We are a nation of special individuals, not special interests. Individuals gain primary strength, protection, and inspiration from their families and communities, not the legal system or Government social services. People find their friends and their enjoyment in voluntary association with one another, not in some bureaucrat's paint-by-numbers dream.

Individuals, families, communities. That's where we start.

Second, we have to keep to the fundamentals of sound economic growth: lower tax rates, limits on Government spending, greater competition, less economic regulation, sound money, and more open trade that can free tremendous private initiative and growth.

Experience has shown that these are the steps we need to take to create jobs, raise wages, spur entrepreneurs, expand capital and investment, and build businesses.

Third, in the '90s Government can build on these fundamentals by offering opportunity and hope for individuals, families, and communities. There is a conservative agenda for helping people, for responding to their needs. And we've seen that these are approaches that work.

We prefer a hand up to a handout. We want to empower people to make their own choices, to break away from dependency. We want to give individuals and families economic security by giving them the capital, the capabilities, and the confidence to decide for themselves. We want everyone to have a stake in society, to own property, so everyone will build something with it for themselves and our country. Whereas my opponent's approach may place a premium on redistribution and "leveling," our programs will unleash initiative, reward success, and encourage excellence. Our approach is to give people the power to work, save, and be their best.

Finally, all our policies must be brought together effectively if we are to prosper as a people and succeed as a nation. America must have appropriate new approaches for the changes at home—just as we've launched new policies to lead and manage change abroad. We must recognize the interrelationship between domestic and foreign policy—between economic and security policy. At the same time, we must execute our agenda more effectively with a new Congress, state and local governments, and the private sector. Our aim must be to press our policies together, as a package, to make America secure and strong.

Therefore, my Agenda for American Renewal mandates action on six interconnected fronts. Because we face complex problems, no one solution will suffice. The whole of these elements will be a solution greater than the sum of its parts:

- Challenging the World: A Strategic Global Economic and Trade Policy
- Preparing Our Children for the 21st Century Economy
- Sharpening Business' Competitive Edge: Encouraging Entrepreneurial Capitalism
- Promoting Economic Security for Working People
- Leaving No One Behind: Economic Opportunity for Every American
- "Rightsizing" Government

This is how America will create a $10 trillion economy.

CHALLENGING THE WORLD: A STRATEGIC GLOBAL ECONOMIC AND TRADE POLICY

During the Cold War, we built a global security structure to contain and counter the Soviet Union and communist aggression. We forged military alliances across the Atlantic and Pacific that underpinned that structure. In the post-Cold War era, we need a strategic global economic and trade policy that will ensure our position as an economic and export superpower as well.

We are well positioned to achieve this goal. We enjoy the largest fully integrated market in the world; this gives us leverage with other countries that want access to our market. Once the Congress enacts the North American Free Trade Agreement (NAFTA), our position will be further strengthened. NAFTA will open an important market, a Mexican economy whose growth prospects will quickly transform its expanding industries and consumers into excellent American customers. Equally important, the integration of United States, Mexican, and Canadian capabilities will improve our global competitiveness by enabling American firms to purchase inputs at lower costs. This will help U.S. firms to stay in the forefront of high wage, high value-added production.

Our geopolitical position is also advantageous. The United States is both a Pacific and a European power; our political and security ties link us with the largest and most rapidly growing economies across both oceans. Our trans-Pacific trade already exceeds our Atlantic trade; that's one reason why we helped launch an organization for Asia-Pacific Economic Cooperation that will further strengthen our economic ties with that region. Our own neighbors—from Central America to Chile—want to build bridges of trade with us so they can build better economies for their people.

"The ball of liberty," Jefferson once wrote, "is now so well in motion that it will roll around the globe." He was right.

Freedom has rolled through Eastern Europe, the former Soviet Union, and Latin America—and the ball is now in our court. Free people and free markets develop hand in hand. People value American values. People want to buy what we have to sell. English is the language of freedom *and* business.

Our political and economic ties are complemented by the appeal of American culture all around the world. This is a new "soft power" we can employ. Today, our movies, music, and videos are among our top-selling exports.

Finally, as the primary founder and the most significant proponent of the GATT global trading system, we continue to have a strong hand as long as we use it to truly open markets, including our own. The key to America's growth, expansion, and innovation has always been our openness to trade, investment, ideas, and people.

Therefore, the next steps in my strategic trade policy are to secure Congressional agreement to NAFTA and to complete the global trade negotiations—the so called Uruguay Round negotiations in GATT. Our NAFTA agreement will open doors for American businesses, workers, and consumers. It will create good jobs. Nevertheless, I expect a tough fight in the Congress in early 1993 because of those special interests who herd together with a protectionist purpose. The global trade negotiations, in turn, could be very close to a breakthrough if the United States continues to act as a strong world leader. There is a proposed draft text that establishes the outlines of a significant new GATT agreement. Once we assure cuts in the subsidized agricultural trade along the lines of that text—to enable our farmers to secure their competitive advantage—I believe we will be able to complete the Uruguay Round agreement.

An improved global trading system, is, however, only a base for freer trade, for stronger investment ties, for increased global growth. We need to start to develop a strategic network of free trade agreements [FTAs] across the Atlantic and the Pacific and in our own hemisphere. This network will stand in sharp contrast to the backward blocs of economic isolation. If we are to be a true export superpower, we cannot be tied down to one region. Instead, my intent is to use our attractive domestic markets as the basis of a muscular free trade policy that will strengthen America's global economic reach and complement our worldwide security presence.

By focusing on opening markets, I also believe we can reduce structural barriers to competition in North America, Western Europe, Japan, and elsewhere. Competition will encourage entrepreneurial capitalism—at the expense of entrenched interests—spurring even greater global growth.

More specifically, I will need to secure from the Congress additional trade negotiating authority within the first half of 1993. To overcome the special interests and the protectionists, I will need a mandate from the American people. If America is going to be an export and economic superpower, the U.S. President must take a strong stand on the negotiation of trade and economic agreements.

The Congress will read vacillation and equivocation as weakness, and the national interest will lose out to the logrolling tradeoffs of Congressional business as usual. That's one very big issue at stake in this election.

With new negotiating authority, I will pursue new trading and economic opportunities in Latin America under my Enterprise for the Americas Initiative, starting with Chile. I would also like to work towards FTAs with Poland, Hungary, and Czechoslovakia by the end of my second term. And I would explore the possibility of a connection between NAFTA and the ASEAN FTA, or AFTA. It will not take long for other countries to begin to express their interest in new trade and business ties with us. For example, leaders in Australia and Korea have already spoken of their interest in forging closer economic ties.

Some see new threats, others see old enemies. I see new markets, new opportunities, new jobs.

As we develop this economic and trading network for the 21st Century, I will fight hard to promote American trading interests. For example, I am committed to a sizable Export Enhancement Program [EEP] to ensure that our farmers can go head-to-head with the European Community's subsidized agricultural exports. We know from our experience with military security that the key to economic security must be based on "Peace Through Strength"—not unilateral disarmament. That's why I recently announced the largest quantity of wheat ever available under our EEP program—almost 30 million metric tons to 28 customers.

I will ensure that our ExIm Bank and the Overseas Private Investment Corporation (OPIC) work with teams of our ambassadors to develop trade and investment opportunities for U.S. firms. We've already begun this with the six ASEAN countries—and it's working. I will particularly stress helping America's small businesspeople to develop trading opportunities. These companies look small—but they trade big. I know. I started my own. And I have visited small factories all across the United States that first survived and then prospered by taking on the foreign competition. I know Americans can do it.

PREPARING OUR CHILDREN FOR THE 21ST CENTURY ECONOMY

In the 21st Century our greatest national resource will be our people. Materials, machines, and methods will come and go, but the American worker will remain the key to our economic security. Since the workplace of the 21st Century will be constantly changing, we need to prepare the American people to adapt to and direct the process of change. Therefore, our kids must arrive at school ready to grow, and they need schools where they will learn how to keep learning all their lives.

Our New American Schools will help prepare our children to become the contributing citizens of tomorrow. Equally important, we want to enhance children's sense of self-worth, their confidence, their sense of participation in a larger community and society. This is the conservative philosophy of empowerment, helping people to help themselves.

I want to do my best to help all children come into the world as truly "created equal." That's why I am more than doubling funding for a *Healthy Start* initiative that targets communities with high infant mortality rates. We are also increasing prenatal care, nutrition services, and substance abuse treatment for pregnant women. And I want everyone to spread the word that every parent must share the gift of good health with their children.

We need to focus especially on the preschool years, so that children coming to school are healthy and curious. Funding for the Women, Infants and Children Nutrition Assistance program (WIC) has grown 258 percent between 1980 and 1992; my request for an additional $240 million for 1993 brings the annual cost to $2.8 billion.

I have also increased funding for the *Head Start* program by 127 percent—for a total of $2.8 billion in 1993. That includes an additional $600 million increase for next year—an unprecedented 27 percent annual jump—so that a year of *Head Start* will be available for every eligible four-year old whose parents want to participate. (Under my budget, almost 800,000 children will receive a year of *Head Start* before entering elementary school.)

Child immunizations are also vital to safeguard our kids' health. Every year since 1981-82, 95 percent or more of the children entering elementary school have been immunized against the vaccine-preventable diseases. Now we are focusing greater attention on preschool children. My 1993 budget calls for an 18 percent increase in child immunization grants.

I want the United States to offer opportunity and encourage excellence; we must be fully capable of competing in a global economy. Therefore, it is imperative that our educational system prepare and point the way for our children. As in the past, education should be the ladder that the child of modest means can climb to better him or her self.

Our current school system is falling short of these needs—and the poor are hurt most. Only 19 out of 66 public high schools in Chicago graduate more than half their students, and many of the graduates can barely read or write.

Our educational establishment is caught in a sort of time warp, a system created for another age when the needs were not the same, children grew up differently, and adults rarely changed jobs.

Money alone is not the answer—the United States already spends more per pupil than any other country but Switzerland. And funding for the Education Department has increased 41 percent over my term.

The answer is a radical overhaul of our educational system. If we want to change our country, we've got to change our schools. That's what my America 2000 program is all about.

Our kids can't beat world class competition if they can't meet world-class standards. We are moving ahead with the development of these standards in math, science, English, history, geography, arts, and civics.

Second, we need voluntary national achievement tests to measure the progress of our students. That way we can compare the performance of different schools in helping our children achieve the national standards.

Third, we need to give schools the flexibility to become educational entrepreneurs—to figure out the best ways to motivate our children, use technology, include parents, and involve new types of teachers. We will create "Education Enterprise Zones." There is no particular reason why schools have to end at 3 p.m. so that students can sit in front of the TV for five hours a day. We need to free school administrators and teachers from rules, regulations, and reports that have become a poor substitute for student achievement; we can do away with red tape once we institute a new testing system that evaluates schools not on the basis of how many forms they complete, but of how many minds they prepare.

Finally, we must take school choice off the administrator's desk and put it back on the kitchen table. Choice is critical to the success of the whole, integrated overhaul of our educational system. Competition, the underlying principle for this radical reform, will not work unless we give consumers the ability to choose.

Wealthy families already have this choice for their children. Many of the people that you saw at the Democratic National Convention have this choice for their children. Why shouldn't you have this choice for your children?

Chicago's public school teachers—46 percent of them—send their kids to private schools. But my opponent and his special interest supporters don't think you should have the same choice unless you are privileged enough to afford it.

One of the greatest educational innovations in this country was the passage of the GI Bill after World War II. No one told my generation that a vet couldn't go to Notre Dame or Brigham Young or Baylor or Howard or Yeshiva.

So I want a "GI Bill for Children" to help give lower and middle income families the means to select any school: public, private, or religious. I also want scholarships available to be spent on afterschool, Saturday and summer academic programs.

For those who argue that my approach will weaken the public system, I would remind them that the first GI Bill was a tremendous boon for public universities. Or listen to Starr Parker, a small business owner actively promoting choice in the Black community, who put it this way: "The rich have choice now. When I was on welfare, there was no way I could put my child in school. It's time we stop condemning the poor to a monopoly education system."

We've already made significant progress in starting this radical reform agenda. Some 44 states, and over 1700 communities, have already adopted my new national education strategy—America 2000. Indeed, this progress offers a good example of my commitment to pursue my agenda whether or not Congress dawdles. If Congress balks, I will work with governors, state legislators, community officials, and the private sector.

I hope the new Congress will not remain an apple polisher for the educational establishment and special interests that want to resist this revolution. A new system of education in this country is probably the most important ingredient over time in making America the winning economic and export superpower in the post-Cold War era.

This must not only be my agenda, but yours, too. I will fight to give parents in America the right to choose the school their children will attend, but you need to help, too. After you check out of work, check into your child's homework. Talk to your child's teacher. Join your local PTA. My approach—America 2000—relies on parental, business, and community involvement in creating new schools that break the mold.

I put the family at the center of our society. Government must try to help families—not replace them. When it comes to choices for our children, parents really do know best. We should increase the range of choices available to parents, and Government assistance should be targeted to those families most in need.

The other side may talk about similar problems, but they are approaching them with a fundamentally different ideology. You can see the contrast not only in education, but in health care, or in the debate that took place over my child care proposal, which we fought for and managed to enact into law. The opposition prefers uniformity to variety and choice. Because they place a higher value on "leveling" society, they will tend to rely on Government bureaucracies to offer "standard service." My approach to education, child care, health care, and other topics is to rely on a diverse private sector to supply the service and to empower families to make their own choices. I don't want to pull everyone down to make them equal. I want to give everyone the tools to climb as high as they can dream.

SHARPENING BUSINESS' COMPETITIVE EDGE: ENCOURAGING ENTREPRENEURIAL CAPITALISM

Our ultimate success as an economic superpower is dependent on encouraging the entrepreneurial spirit of our private businesses. I call it entrepreneurial capitalism, and I saw it work when I started a small business in Texas. I also call it common sense.

You allow people to keep most of what they produce, and they will produce more than they can use, the rest being capital. You invite people to risk failure by allowing them to keep the rewards of success, and they will keep trying until they succeed.

When capital is taxed lightly, it becomes abundant. When it is taxed heavily, as it is now, it becomes scarce, available only to those at the top, who need it least of all. That's not what I want. Even Jesse Jackson put it this way: "Subtract capital from capitalism and all that's left is the "ism"." If capital were abundant, labor would become scarcer. And the unemployment lines would shrink. That's what I want.

So I want to cut the capital gains tax and index it for inflation. I want to create enterprise zones in inner city and rural areas. I want to make the R&D tax credit permanent. I want to provide an additional first-year depreciation allowance for purchases of property.

Those are fundamentals. In addition, there are three other ways we need to sharpen the competitive edge of American business:

- strengthen small business;

- support civilian R&D linked to a research extension network; and
- reform our costly legal system.

Strengthen Small Business

Small business is the backbone of a growing economy. Small businesses create two thirds of our new jobs; they account for 39 percent of our GNP.

I am seeking to aid small businesses by reducing costly tax and regulatory burdens, increasing access to credit, and removing barriers to competition.

I have taken steps designed specifically to ease the tax burden on small businesses. For example, the IRS has proposed regulations to allow small businesses to deposit payroll taxes on a monthly basis. And it has released a ruling allowing over 16 million sole proprietors to deduct tax preparation fees as a business expense rather than as a limited itemized deduction.

I want to build on these actions. For example, we are working on a Single Wage Reporting System that would permit businesses to report state and federal wage information through a single entity, thereby consolidating tax reporting requirements and reducing the burden.

In coming weeks I will talk more about ways we can encourage small businesspeople and the jobs they create.

On the regulatory front, I have extended for one year the freeze on paperwork and unnecessary federal regulation that I imposed last winter; the federal regulatory weight hits small businesses particularly hard. I have also instructed federal agencies to look for ways to modify existing regulations that impose a special economic burden on small business. For example, to increase access to capital for small businesses, the SEC has announced proposals to reduce and in some cases eliminate the public disclosure requirement for small companies issuing stock.

Since small businesses are particularly vulnerable when credit is tight, we have to help them as our financial system is restructuring. That's why we have authorized over $6 billion in general business loan guarantees through SBA in 1992—an increase of more than 50 percent above 1991.

SBA's New England Lending and Recovery Project is a pilot effort that extends credit to viable small firms when access is limited because banks are having difficulty. If it works well and is needed, I'll expand the project to other regions. We also have worked with bank regulators to base real estate values on income earning potential rather than liquidation value. We have taken steps to restructure the small business investment program, the only venture capital program in the Government. And we are developing ways to offer special financing to exporting entrepreneurs.

Through its procurement assistance program, SBA helped small businesses secure federal contracts worth over $35 billion in FY 90—almost 20 percent of all prime contracts let during that year.

To ensure that small businesses can help their communities overcome disasters, we will be pressing forward with approximately $1.7 billion in low-interest loans to small businesses in Florida, Louisiana, California, and elsewhere.

Finally, we need to help small business by removing burdens to competition. My health care reforms would reduce costs for small businesses without costly Government mandates or higher taxes. Enactment of my legislation to establish uniform federal law on product liability would relieve a major competitive handicap that is keeping new products from the market, boosting insurance costs sky high, and killing jobs.

Support Civilian R&D

To be the world's economic leader tomorrow, we clearly have to invest in R&D and new technologies today. Given the pace of change, we have to both come up with new inventions and organize ourselves to deploy new technology without delay.

The changes in industrial organization that I described earlier have three major implications for technology development. First, the more rapid product development cycle places a premium on bringing an idea quickly from the lab to the marketplace. Second, we need to put new technologies to work in all applications in order to reap the full competitive and economic benefits from our R&D. While Americans invented VCR technology and the FAX machine, we did not capitalize on their explosive popularity. Third, we need to rely increasingly on flexible, agile manufacturing, rather than old style mass production. We should have the capability to make a variety of products quickly and economically—a process characterized by short product cycles, but also high quality output.

Taken together, these developments emphasize decentralization—an approach exactly opposite to my opponent's "national industrial policies" led by Government bureaucrats. We need to get technology development, production, and marketing closer to the consumer, not further away. Moreover, my opponent's call for a cut in support for university-based research will hurt the development of cutting edge technology.

My agenda will increase funding for basic research and complement that work with a focus on applied research and development. Despite cuts by Congress, we have managed to increase funding for basic research by 26 percent since 1989—to a record level. We are supporting applied R&D through a series of new, high pay-off investments in critical technologies:

- a High Performance Computing and Communications Initiative that will enable the development of a thousand-fold increase in computing capability by 1996 and one hundred-fold increase in communications speed.
- an initiative to improve the manufacturing and performance of materials—improvements that will enable advances in a wide range of other technologies.
- an expanded program in biotechnology research with applications in health, agriculture, and environmental protection.
- the establishment of the U.S. Advanced Battery consortium, a jointly-funded four-year effort to develop an advanced battery for an emissions-free electric car.
- a significant increase in our aeronautics research budget, underscoring the importance we place on the U.S. aeronautics industry in an increasingly competitive global market place.
- the establishment of seven regional manufacturing technology centers for the distribution of modern manufacturing tools, such as computer-aided design, numerically-controlled machines, and robotics.

These efforts to develop and apply new technologies need to be complemented by the identification and removal of barriers to the private sector's ability to bring new products and services to the market. That's why my regulatory reform efforts—including a process that subjects regulations to a competitiveness analysis while still protecting health and safety, and a proposal to "sunset" regulations—are critical to supporting our enhanced technology development.

Just take one example: my opponent has proposed a major new Federal Government investment in the field of national telecommunications networks at the exact time that our private sector is seeking to develop such a network on its own, but has been stopped from doing so by federal regulations.

Reform Our Legal System

Our competitive edge will be dulled if businesses are continually handicapped by a legal system that serves lawyers but frightens people. Therefore, another component of my agenda is a reform of the American civil justice system.

America has suffered a civil litigation explosion. Over the past 30 years, federal lawsuits have almost tripled. Instead of being fast, fair, and affordable, our civil justice system is slow, expensive, and putting us at a global disadvantage.

Long delays in dispute resolution waste valuable judicial resources, force early settlement by those who cannot afford to wait, discourage those who have meritorious suits, and encourage frivolous suits by those who hope to leverage unjust settlements. High punitive damage awards are passed on to consumers through higher prices, job cuts, higher insurance, and fewer new products.

According to a soon-to-be released study by the National Association of Manufacturers, Americans spend up to $200 billion a year just on direct costs to lawyers. That does not even count lawyers on payrolls or the money spent on court settlements.

Our legal system is killing our international competitiveness. Other nations do not face high domestic litigation costs. Foreign companies only need 6 percent of the product liability insurance our firms must carry because we do not have uniform state standards for product liability and punitive damages.

The litigation explosion affects everyone. High liability costs have closed playgrounds and pools, forcing kids on to the street with nothing to do. Some companies are afraid to offer products at home that are available overseas because they fear the liability.

My product liability reform legislation confronts the trial lawyers head on. I want to stop wide variation among states' product liability rules; stop important products from being kept off the market; stop excessive litigation costs with more money going to lawyers than to injured consumers; cut excessive insurance rates; and end excessive consumer costs.

My "Access to Justice Act of 1992" is intended to restore fairness and efficiency to the nation's civil justice system through: alternatives to federal civil trials such as alternative dispute resolution; incentives for pre-litigation settlement, including pre-complaint notification; and a "loser pays" rule requiring the loser to pay the winner's legal fees in suits involving federal diversity jurisdiction.

We also need to continue our work with the states to encourage fundamental change at the state and local level.

Lawyers, especially trial lawyers, are a powerful vested interest in our society. They are well represented in Congress and high on the lists of political contributors. My opponent knows them very well. But this is a problem too important to leave to the lawyers and their friends in high places. We must sue each other less and care for each other more.

PROMOTING ECONOMIC SECURITY FOR WORKING PEOPLE

The American businesses of the 21st Century will need workers who will bring them to life and keep them ahead of our competition. To be able to contribute and concentrate, working men and women will want to know that they can enjoy economic opportunity and security. We can only achieve true security by developing people's capability, not dependency. And we can best supply security through the private sector, not Government bureaucracies.

It will be Government's role to expedite workers' adjustments in a fast-changing marketplace, provide people the means to work and take care of their families, and arm people to face the future by empowering them to make their own choices. In particular, we can enable families to focus on building a future by alleviating their fears about one of the single biggest costs and problems that can knock them back: health care. And we can help foster retirement security through encouraging portable pension savings.

Job Training

Given the rapidity of change in the international and domestic marketplace, we have to prepare people for the prospect of changing jobs and learning new skills many times throughout the course of a productive life. Therefore, we need a range of job training and placement services—for young people, factory workers, white collar employees, and particularly during this period, defense industry workers.

That's why one important portion of my recently-announced workforce adjustment initiative is designed to shift the Government away from the old narrowly defined, expensive, and less effective trade adjustment assistance that paid people off without giving them real help to get back the work.

Work means more than income to Americans. It is also fundamental to people's self-esteem, their self-confidence, and the respect of others. These are attitudes, values, that I want to encourage. I want all Americans to be builders—

for their families, their communities, their country. To encourage the work ethic, we need to make every effort to match people with the jobs created by our entrepreneurial capitalism.

The three key features of my job training proposal are: (1) universal coverage, so all dislocated workers will have access to basic transition assistance and training support; (2) skill grant vouchers of up to $3,000 to help meet the costs of adding new skills and training; and (3) a tripling of the resources currently devoted to training and worker adjustment, an allocation of $10 billion over five years.

This proposal builds on my January plan to streamline the federal job training system through "one-stop shopping" in every community. Experience has demonstrated that the most effective training and placement services are those closely developed with local employers through private industry councils. That way the training is designed to develop skills that employers know they will need.

My expanded job training efforts will also be specially designed to help those who may need to change jobs or careers as a result of NAFTA or other trade agreements and the downsizing of our defense-related industries. But we will ensure that we offer training and placement to all workers.

These dislocated workers would be eligible to receive three types of assistance: (1) transition-assistance that includes skills assessment, counseling, job-search assistance, and job referral; (2) training assistance in the form of skill grants; and (3) transition income support where necessary for workers completing retraining.

I've also proposed a specially-targeted Youth Skills Initiative.

A new Youth Training Corps will provide economically and socially disadvantaged young people with intensive vocational training through 55 residential YTC centers nationwide; these centers will be located primarily in rural areas and will seek to utilize converted defense facilities, putting them to good use. The YTC will draw from the military's high level of leadership and training expertise by giving a hiring preference to individuals leaving our armed forces. The discipline that triumphed in Desert Strom can win at home, too.

I will also complement the YTC with a "Treat and Train" program to strengthen existing youth drug training programs.

To help meet the needs of young people not planning to go on to college, I will expand the National Youth Apprenticeship Program that I began in January. This program offers high school juniors and seniors a combination of classroom instruction and a structured, paid, work-experience program. I want student apprentices to receive both a high school diploma and a widely recognized certificate of skill competency. Students will also have the opportunity to continue training at the post-secondary level.

I started my Apprenticeship Program as a demonstration program in 6 states; in my second term, I will expand it to all 50.

Finally, I will more than double the size of the present JROTC program, a very successful and popular partnership between the military and schools. JROTC emphasizes self-discipline, values, citizenship, personal responsibility, and staying in school—it's a first class alternative to drugs and gangs. My goal is to establish 2,900 JROTC units by 1994. Initially, we will expand this program in inner-city high schools, but I want to make JROTC available to every high school across the country that requests it. This program is another way in which we can relate the successful experience of America's veterans to the next generation.

Affordable Health Care for All Americans

The economic security of men and women requires a major reform of the U.S. health care system. The present system provides high quality, high-tech medicine, but at an unacceptable price: spending has increased at a rate two to three times the rest of the economy; thirty-four million Americans have no health insurance; and millions more are afraid to change jobs for fear of losing their health insurance.

My program will build on the strengths of the system—consumer choice, innovation, and state of the art medicine—while controlling costs and expanding access.

I want to guarantee access to health insurance for all poor families through tax credits (or vouchers for those who don't pay taxes) sufficient to pay for a basic health insurance plan ($3,750 for a family). Other low and middle income families would get tax relief to partially offset the cost of their health insurance. In total, some 95 million Americans will benefit.

My program also includes:

- provisions that encourage small businesses to develop less costly health care insurance networks for their employees by combining resources to achieve broader risk sharing, economies of scale, and purchasing power;
- "job lock" protection for employees and their families so that they will not lose coverage if and when a person changes jobs;
- guaranteed insurability so that people with "preexisting" illnesses cannot be denied a job or health coverage on the job;
- 100 percent tax deductibility of health care premiums paid by self-employed, as compared to the present 25 percent deductibility;
- malpractice reforms that will reduce the number of unnecessary procedures performed on patients and thereby reduce the cost of medical care; and
- reforms to encourage widespread use of electronic billing to save an estimated $11 billion a year in paper costs.

Taken together, my program would cut health care costs by $394 billion over five years through preventive care, malpractice reform, reducing defensive medicine, encouraging enrollment in cost-effective health plans, arming consumers with information about cost and quality, and eliminating administrative waste and unnecessary paperwork.

I believe we can provide access to affordable health care for all Americans, while preserving choice for patients and their families in selecting doctors, hospitals, health care programs, and employment. My approach, in contrast with my opposition, relies on the private sector to deliver health care services. But I would make the market work for us by enhancing competition, which will cut costs. My malpractice reforms would cut costs further by removing the fear of lawsuits that leads to wasteful procedures.

I firmly believe that a move to national health insurance, as some of my opponents want, would be a major, irretrievable mistake. That course would turn over the health care sector—a full 13 percent of our economy—to the Government. The result would be more bureaucracy, rationed care, inefficiency, and, in the end, even higher costs.

My opponent's "play or pay" approach winds up in the same place as nationalized, bureaucratic health insurance—but through a different route. And it is likely to kill a lot of jobs along the way, especially in small businesses. Increasing the costs of labor—the "play" in his approach—will lead businesses to hire fewer workers. Offering the alternative of Government-sponsored health care paid for with new taxes on payrolls—the "pay"—will dump the problem in the lap of a Government bureaucracy with costs paid for by businesses and workers.

Pension Portability

I have also been concerned about the ability of workers to preserve their retirement pensions as they change jobs. This is a growing need because of the increased likelihood that most workers will have more than one employer over the course of their working years.

I proposed an initiative last year to increase pension portability, expand pension coverage, and simplify the law governing pension plans. And I am pleased that I was able to sign a law this summer that incorporated my portability proposal. The new law enhances retirement security by permitting workers to transfer accrued pension benefits directly to an IRA or to their new employer's pension plan.

Despite this improvement, I believe we must continue to look for ways to make it easier for workers who change jobs to take pensions with them. We need to eliminate incentives to "cash out" benefits and increase incentives to save for the future.

Job training, affordable health care, retirement security—when combined with a new system of education and entrepreneurial, competitive business, we can offer working men and women real economic security in the 21st Century.

LEAVING NO ONE BEHIND: ECONOMIC OPPORTUNITY FOR EVERY AMERICAN

For over 200 years, the most exceptional aspect of American society has been the belief, the hope, that this is a land where people can make a better life for themselves and their children. It's this spirit, the commitment to the American Dream, that has made our country and our society the most dynamic in the world.

If we are going to use that energy to drive us forward into the 21st Century, we will need to tap the aspirations of each and every one of our citizens. No one should be left behind for want of opportunity.

Many of the programs that I have discussed above—health care for all Americans, child care, job training, pension portability, a new competitive school system based on community involvement and choice for all American families—support my plan to empower all Americans to make their own choices and better their lives. But I believe we need to do more for certain citizens who have fallen too far behind.

My philosophy for enabling all Americans to share the American Dream is simple: it's based on property and work. Our urban and welfare programs must be designed to enable people to break the cycle of poverty, get back on their feet, get back to work, and take responsibility for their own choices and their own lives.

I disagree with the failed logic of "welfare rights" and its emphasis on entitlement. I disagree with "income maintenance" strategies—strategies that merely maintain poverty and contain potential.

Our goal should not be more dependence—but rather a new Declaration of Independence—to help people develop the human and financial capital to share the American Dream. We have taken the first step with our implementation of the welfare-to-work logic of the Family Support Act of 1988. We have been encouraging flexible and innovative implementation through waivers that enable states to develop new programs to enhance parental and family responsibility and to insist on education and job training for those on welfare. Welfare policies won't work unless people do.

In our inner cities, we need to restore hope by clearing away the handicap of crime, building a core of property owners, creating business incentives, restoring infrastructure, and focusing our programs on work and discipline.

Enterprise zones can create solid economic foundations in distressed communities. Our "Weed and Seed" effort can help reclaim and revitalize impoverished and embattled communities by eliminating the fear of drugs and violence, targeting coordinated human services programs, and improving the housing stock and infrastructure.

We also need to extend opportunity by enabling lower income families to build assets—for example, by allowing aid recipients to accumulate higher savings without losing their eligibility.

And we need to expand homeowner opportunities for lower and middle income families. For example, HOPE grants enable more inner-city people to own their own homes. Our $5,000 tax credit for first-time home buyers would help; so would permitting voucher recipients to apply their rental subsidies toward the purchase of a home.

We can enhance the choice, quality, and availability of housing through affordable rent subsidies in the form of housing vouchers, and through our "Perestroika in Public Housing" program that widens opportunities for public housing tenants to change the management of troubled projects.

This property and work-based approach need not be more expensive than the traditional welfare bureaucracy. For example, over the past 12 years, federal spending for low income assistance doubled even after inflation—from $9.1 billion in 1980 to $18.3 billion this year (both in 1992 dollars). This year, HUD is providing housing assistance to 4.6 million low-income families, up from 3.1 million in

1980. I have tried to rechannel some of this funding to vouchers because they are more cost-effective than constructing new public housing units. Furthermore, families wouldn't have to wait five years for the units to be built, and the vouchers give families more choice.

For too long, Congress has stubbornly refused to discard failed programs that perpetuate welfare dependency. No doubt, many of these programs were well intentioned. But now we know better. Give us a chance to try a different approach that will empower people to help themselves, to build some capital for their families, to make choices that develop self-respect and discipline. That's the real way to offer economic opportunity for every American, to leave no one behind.

"RIGHTSIZING" GOVERNMENT

My blueprint envisages an important Government role to make a secure and strong America. But it is also important that Government not siphon off more private resources than are absolutely necessary to perform the functions that will help us win the economic competition. Because an overweight Government—serving itself seconds rather than serving the people first—will weigh us down in the race of a new era.

Much of my agenda can be accomplished simply be redirecting current funding away from bureaucracies and towards people. My agenda empowers people with the means to work, own property, build capital, raise families, and be effective contributors within our private market economy. Some of my ideas—legal and health care reforms, for example—should even help us save money.

Contrary to the assertions of some politicians and special interest groups, spending as a percentage of the nation's GDP has been going up, not down. In 1991, the Federal Government spent 23.5 percent of what our nation produced. That compares with 17.6 percent in 1965, 19.9 percent in 1970, 22.0 percent in 1975, and 22.3 percent in 1980. So not only has Government grown as the economy has grown, but Government is taking a bigger share. The American people are not taxed too little. The American Government spends too much.

In my acceptance speech I noted some of the efforts I will make to hold down spending. I have proposed capping the growth of mandatory spending, other than social security. That would still permit spending at present levels plus an adjustment for inflation and population growth. Yet this cap would save $294 billion over five years.

To start to implement this cap, I have proposed over $72 billion in specific spending cuts for "mandatory" programs (FY93-97). If you add these proposed cuts to others I have previously called for but which Congress has not yet enacted, my specific cuts would total about $132 billion over five years. I have also proposed the outright elimination of 246 specific discretionary programs.

By way of comparison, my opponent has specifically proposed less than $5 billion in cuts in mandatory programs. And he has singled out only one program for elimination—the honeybee subsidy program, which his running mate voted four times to retain.

Furthermore, I proposed freezing all other spending, and I will enforce this freeze by vetoing any bill Congress sends me that spends more than I asked for in my budget.

I've asked Congress for the line item veto, a disciplinary tool used effectively by the governors of 43 states. This veto authority is important not only to help cut, but to increase a President's leverage with a Congress that seeks to tax more and spend more.

Government should be subject to the discipline of a balanced budget amendment. State governments operate that way. Businesses operate that way. Families operate that way. And given the breakdown of Congressional discipline, we need an amendment to ensure that the Federal Government operates that way, too. If we had had such an amendment years ago, we wouldn't be paying almost $200 billion dollars a year now on interest for the debt left us by earlier Congresses.

I also believe taxpayers should have the right to direct 10 percent of their tax payments to reduce debt and spending through a "check-off" on their tax forms. If all taxpayers took the full 10 percent, the cut would be about $50 billion. That's only 3 percent of the Federal budget of about $1.5 trillion. Since federal spending has been growing at a rate of about 8 percent per year, even this proposed cut would still enable spending to grow; it would just grow more slowly.

Some editorialists dismiss my checkoff proposal, but the American people seem to like it, and I think I know why. My proposal traces its roots to an American tradition. At the turn of this century, many people were concerned that the Government establishment was slipping away from the people it was supposed to serve. This movement led to such venerable "gimmicks" as referenda, the right of recall, and the direct election of U.S. Senators. The idea of term limits for Senators and Congressmen, which I fully support, is another reform of this type. At the time each was proposed, the conventional thinkers chuckled at the changes. The same is true today. Given the complete breakdown in spending discipline in Congress, it's time that we insist on compensating reforms that give the people a bigger say in the direction of Federal Government spending. I say it's time to give the people the power to cut the deficit.

The size and structure of the Government also needs to be slimmed down and changed. The organization of the Federal Government reflects ways of doing business that are now 30 to 50 years old. Companies all across America have been restructuring, cutting costs, becoming more efficient—preparing to be more competitive in a fast-changing marketplace. I believe the Federal Government can and should do the same thing. I believe a streamlining of the Federal Government should include three elements.

First, I will cut the operating budget of the Executive Office of the President by 33 percent if Congress agrees to subject its operations to a cut of the same size. With fewer Congressional staffers badgering the Executive Branch, I know we can cut costs by that amount. Second, I believe all federal employees earning above $75,000 a year should be subject to a 5 percent pay cut; other Americans have tightened their belts, and so should the better-paid federal workers. Finally, I believe we can restructure and reduce the size of the Executive Branch through a consolidation of agencies and bureaus that will enable us to do our job better. Why should the Federal Government be the only large organization in America that continually adds size and offices, and never gets rid of anything? Therefore, I will submit a streamlined reorganization plan for the Executive Branch to the new Congress—and I hope they take the hint, too.

Let me give you an example. In many respects, the Arms Control and Disarmament Agency, or ACDA, is a creature of the Cold War. It needs to adapt to the times. Its highly trained scientists and engineers are a valuable resource. Some of them can support our efforts to stem and reverse the proliferation of weapons of mass destruction. But others may be well suited to work at weapons destruction and defense conversion—transforming the genius of modern day swords into 21st Century plowshares.

Multiply this idea by a hundred, or even a thousand, others. We can get rid of some tasks, conduct others more efficiently, and add new ones where appropriate to support my agenda.

I also am committed to reducing the tax burden on the American people. I have said that I will propose to further reduce taxes across-the-board, provided we pay for those cuts with specific spending reductions that I consider appropriate, so that we do not increase the deficit.

To illustrate the kinds of tax cuts we could achieve if we discipline spending: just consider what we could do if Congress acted on the $132 billion in specific spending reductions that I have already proposed. These savings alone could finance an across-the-board rate cut of 1 percent, a reduction of the small business tax rate from 15 percent to 10 percent, an increase in small business expensing of investment in equipment, and a reduction of the capital gains tax.

In sum, my direction is clear—I want to spend less and tax less. My opponent wants to spend more and tax more.

I believe the Federal Government can reallocate its almost $1.5 trillion in spending more effectively if we implement my agenda. The reductions in defense spending that we have already begun will provide some of these funds, and I don't want them wasted in a torrent of new spending programs designed by a horde of special interests.

I honestly believe that this is the only way to get the size and spending of Government under control. I know that serious-minded people believe we need to increase revenues to close the deficit. But it won't work. I have seen too many times that efforts to close the deficit by increasing taxes have only turned out to give Congress a license to spend more money. There's a reason for this. Spending is power for Congressmen. That's how they show influence, and placate their friends, the interest groups. If you give Congressmen more tax money, they will spend it.

A STRATEGY FOR IMPLEMENTATION

This year is an important turning point for the United States. We are entering a new era, and for the first time in many years, it appears that Congress will have 150 new faces for the President to work with. That's why I'm asking for a mandate for my program. That's way I have promised that I will meet with all new members—all 150 or more—before they are besieged by the special interests and permanent staffs.

I also believe we need to take another step to ensure that the new Congress does not become like the old one. The root of the present problem is political contributions from organized special interests through political action committees, or PACS. In the run up to the 1980 elections, PACs raised and contributed $55 million to political candidates. In the same time period before the '90 elections, PACs spent about $160 million. The other party doesn't want to do anything about it, because they are the biggest recipients. I want to put them to the test. I want a new Congress to stay clean. So an important part of my new legislative agenda will be a simple bill to abolish PACs subsidized by corporations, unions, and trade associations.

I am committed to making my program work with Congress. Between the election and the convening of a new Congress, I will lay out an implementation plan for my agenda. I intend to be ready to present the new Congress a first-year plan to carry out the legislative proposals described in this agenda:

- A radical overhaul of American education to emphasize excellence, standards, competition, entrepreneurial schools, and a "G.I. Bill for Kids" that will give parents a choice of schools
- My job training programs
- My health care reforms
- A package to cut sending, including a cap on the growth of mandatory spending, a taxpayers' "checkoff" to reduce the debt, a line-item veto, and a balanced budget amendment
- Tax cuts paid for through spending reductions and growth, including reductions to spur entrepreneurial capitalism and small business
- NAFTA
- New trade negotiating authority so we can conclude new Free Trade Agreements across the Atlantic, the Pacific, and in our own hemisphere
- A Government reorganization plan to streamline the structure, ensure functions fit new needs, and cut salaries at higher levels
- Reform of our legal system
- A package to clear away crime, build business, and put people to work in our inner cities
- An expansion of Civilian R&D linked to new applications
- Ban on PAC contributions
- Limits on Congressional terms

Now I know I may not be able to get everything I want in the exact way I want it. But your support for a mandate to get it done would give me momentum. I intend to fight for this agenda, fight as hard as I can to get as much as I can, and then come back again to get more.

If Congress hesitates on some fronts, I intend to keep moving forward. You have seen that we can implement back-to-work welfare reform by granting waivers that enable the states to do the job more effectively. Similarly, 44 states and more than 1700 communities have started to implement my educational reforms while Congress has stalled. We can get a great deal done at the state and local levels.

I will work with governors, state legislatures, local governments, and the private sector to pursue my agenda. While I want a Congress that can help me do the job, I'm committed to getting the job done one way or the other.

This is my Agenda for American Renewal. With the end of the long Cold War, we can target peace, prosperity, and promise at home. The American people want that. The American people deserve that.

At the same time, Americans recognize that the great events of recent years have shaken the world, and it will never be the same. If we are to succeed as a nation and as a people, if we are to hold true to all that has made America "the last, best hope of earth," then our renewal at home must at the same time enable us to make the 21st Century another American Century.

My Agenda draws together our people and our Government to take on this challenge. We will create a $10 trillion economy. We will renew America. We will win the peace.

My approach to this challenge is fundamentally different from my opponent's. I want to stimulate entrepreneurial capitalism. I want to help people by enabling them to make their own decisions about health, education, job training, and child care from a variety of competing alternatives. I want to supply services through the private sector. I believe people should sue each other less and care for each other more. I want Government to spend less and tax less. I will fight without hesitation for a free and fair flow of trade, capital, and ideas around the world. I believe America should compete, not retreat.

I know times have been difficult for too many Americans. I have sought to explain the causes of these problems and what I will do about them. Of course you will have change. The question is what kind of change. You face a serious choice. And I ask, when you step into that voting booth, please consider carefully which candidate's agenda for change fits best with your beliefs, America's experience, and our hopes for lasting peace and prosperity.

3. Director's Introduction

3. DIRECTOR'S INTRODUCTION

This year's Introduction is presented in a context of political and economic transition. The Presidency will change hands on January 20th. The changes ahead for the budget and the economy are less precisely known. They will depend on decisions to be made by the new Administration, and events that involve an element of uncertainty.

In this context, it seems useful to try to help frame a perspective on the future. That is what this document is intended to do. It shows:

- recent budgetary trends;
- the future implications of current policies;
- the effects of alternative economic and technical assumptions;
- the future implications of built-in financial liabilities and management risks; and
- selected options for deficit reduction and reform.

It is, thus, a forward-looking "baseline". With this baseline clearly in view, future actions may be better planned and evaluated.

The table of contents provides a guide to this presentation of *Budget Baselines, Historical Data, and Alternatives for the Future.* This brief introduction offers only a bit of additional perspective with regard to three topics: investing in the future; reducing the deficit (emphasizing the importance of both increased economic growth and reduced mandatory spending growth); and forecasting.

INVESTING IN THE FUTURE

In recent months, the phrase "investing in the future" has become fashionable. In some respects, this is welcome.

"Investing In America's Future" happens to have been a principal theme of President Bush's first budget submission, and of every subsequent Budget. Indeed, several of the areas of investment that have been the focus of recent attention have received increased emphasis throughout the Bush term.

- Annual Federal investment in research and development has reached a record level of \$73 billion—less than President Bush requested, but still up 13 percent.
- Annual Federal investment in infrastructure has reached a record level of \$36 billion—up 34 percent.
- Annual Federal investment in prevention has reached a record level of \$28 billion—up 86 percent.
- Annual Federal investment in children has reached a record level of \$98 billion—up 67 percent.

The budgetary implications of continued emphasis on these (and other) areas of priority investment are outlined in Chapter 5.

But while it is important to continue to expand investment in these areas, it is important also to note the following additional points with respect to "investment":

(1) Increasing spending for discretionary programs such as the foregoing is, in a sense, *the easy part.* It is generally popular. The harder parts of the "investment" issue are reflected in points (2) through (6).

(2) It is often not enough to increase spending in popular program areas. To gain a satisfactory return on investment, many programs or program areas require *fundamental reform.* This is most clearly the case in areas such as education and housing. For these, increased funding alone will not solve the basic problems. Major conceptual changes are required in the underlying policies if returns on investment are to improve. (The Bush Administration's approaches to policy reform in these areas are summarized in Chapter 5.)

(3) To fund increased investment, and to increase the rate of return on investment, programs with low return must be *cut* or *eliminated.* That is why the Bush Administration introduced the concept of program life cycles; and why the Administration published specific recommendations for program and

project reduction. (An updated selection of recommended cuts and terminations is provided in Chapter 14.)

(4) Beyond discretionary program areas (such as those mentioned above), there is a more basic budgetary issue involving investment. The issue involves non-discretionary ("mandatory") programs. Excluding interest, these are almost 50 percent of the Federal budget. (That is double the percentage in President Kennedy's day.) Yet mandatory programs go overwhelmingly to support income transfers for current consumption. A serious budgetary concern with investment would have to *slow the growth of the consumption portion of the Federal budget*—that is, limit the growth of mandatory spending. This is definitely not popular. As a result, efforts to control the growth of mandatory spending have been generally less successful than is necessary. The only significant success in slowing the growth of mandatory spending came with the 1990 Budget Agreement. It reformed several existing mandatory programs and established a "pay-as-you-go" system for new ones. Still, additional reform of the old mandatory programs continues to require attention. (For an updated list of options to control the growth of mandatory spending, see Chapter 15.)

(5) There is a tendency among those interested in public investment to wish to examine accounts of public assets. This is entirely reasonable. However, it often leads to arguments for additional expenditures based on "unmet needs." At this point the issue of comparative returns on investment (and how these are calculated) must be joined. If this additional analysis is undertaken responsibly—it often is not—the process can be healthy. But in the same context, it is also important to examine and *attend to future liabilities*. This is especially true of hidden liabilities, masked beneath seemingly attractive loan programs, insurance programs, and other implied-but-unfunded future commitments. A concern for investment in assets without commensurate attention to the need to limit future liabilities would be a misguided focus on only one side of the balance sheet. Yet that, of course, is what the political system naturally tends toward. (For an updated analysis of "Hidden Liabilities Requiring Policy Correction," see Chapter 11. For a display and discussion of alternative budget presentations—to complement the present cash-budgeting system with systems that better attend to issues of investment—see Appendix One.)

(6) Last but definitely not least, a constructive interest in investment for a market-oriented economy must attend to the importance of *private investment*. This, in turn, must lead to strengthened tax incentives for long-term private investment (as, for example, through a capital gains preference, an R&D tax credit, and an investment tax allowance). It also requires that a reasonable limit be set on the share of GDP that goes to total public expenditure (the ultimate determinant of taxation and public borrowing).

There should be little doubt that America's long-term economic growth requires serious attention to the important issues of "investment." But there should be equally little doubt about this: If attention were confined to the easy part (increased spending on popular programs)—without corresponding attention to the more difficult issues noted above—America's long-term budgetary and economic problems could not be addressed satisfactorily.

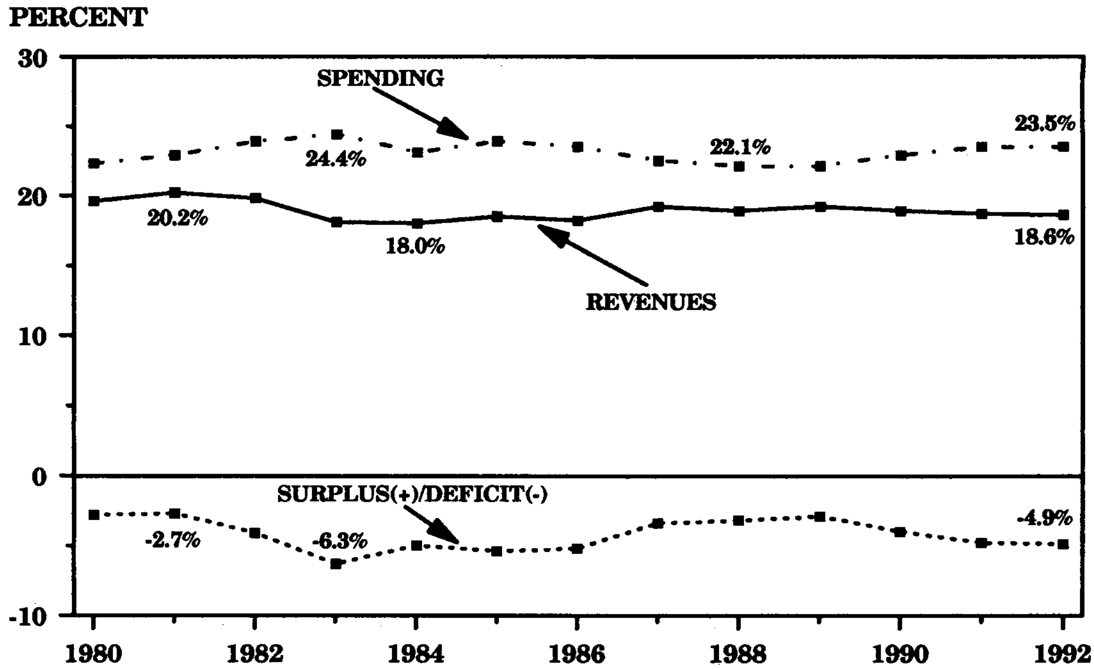
REDUCING THE DEFICIT

One of those problems is the persistently high Federal budget deficit. It is, of course, not the only problem. And it is arguable just how important the deficit is relative to some other problems. But it is clearly a problem important enough to require continued serious attention. It is both a cause and an effect of undesirably slow growth. And it is increasing the burden of debt service, while financing current consumption at the expense of the future.

The deficit for fiscal year 1992 (the last full Bush Administration budget year) has turned out to be less than was feared and forecast, $290 billion. That is 4.9 percent of GDP—substantially less than the 6.3 percent level reached in the aftermath of the 1981–2 recession. But it is still too high. It is part of a pattern that has been regrettably consistent. (See Chart 3–1.)

Under current law, the old Gramm-Rudman-Hollings sequester system becomes enforceable again in fiscal year 1994. If it is fully enforced,

Chart 3-1. DEFICITS, SPENDING & REVENUES AS A PERCENT OF GDP: 1980-1992



and the current Maximum Deficit Amounts are in effect, the deficit will decline as in Chart 3–2. If, however, the maximum deficit constraints are relaxed and no other changes are made in current law, the baseline deficits will improve modestly with economic growth, but will still remain near current levels. (See Chart 3–2.)

The President-elect has stated his intention to cut the deficit in half by 1996. Depending upon one's interpretation of this commitment, that would mean a 1996 deficit target of from 130 to 160 billion dollars.

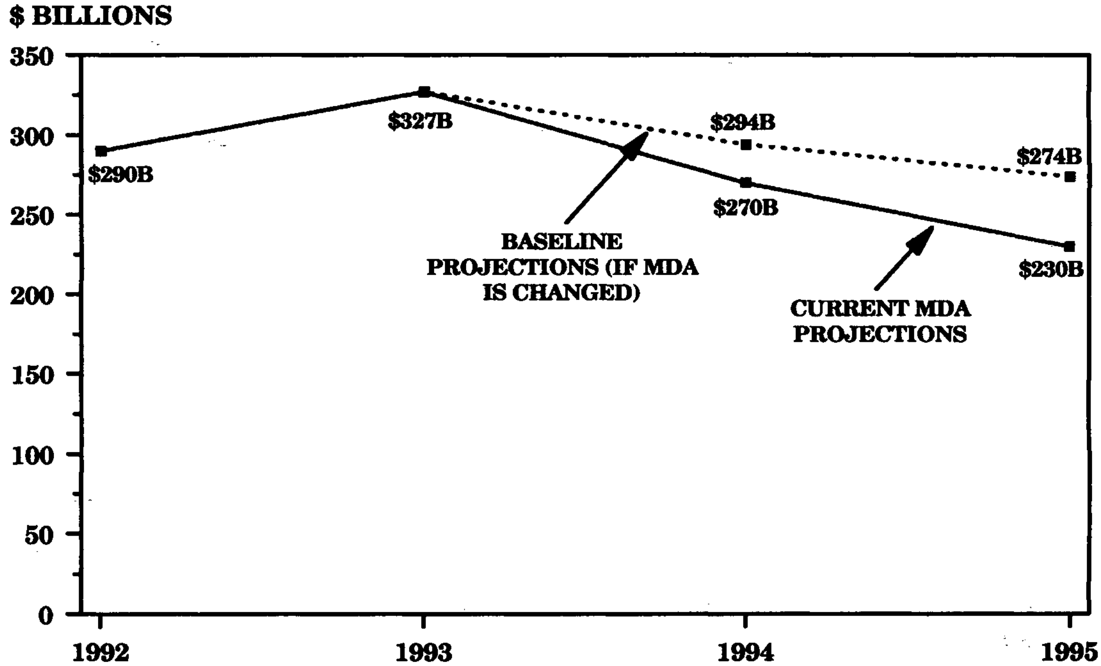
It has also been suggested that this target might be achieved through the favorable growth effects of a self-financing near-term stimulus program. One might ask: what level of real GDP growth would be necessary to bring the unconstrained baseline down to the stated deficit target? The answer should give pause. It would require four consecutive years of real growth averaging 4.4 to 4.8 percent per year. Not a single one of the fifty-one Blue Chip economists forecasts such growth. Post-World War II America has never had four consecutive years of such growth (although the four-year average was achieved twice, in the early fifties and the mid-sixties). So, consistent real growth of over 4.4 percent would seem to be a rather heroic assumption.

Some have suggested two further policy constraints: that taxes will not be increased for those earning less than $200,000; and that comprehensive health care coverage will be provided universally, financed entirely by savings from reduced health cost growth. This last constraint means that health cost savings would not be available for deficit reduction. And the combination of these constraints creates a circle that cannot be squared. The math does not work.

As a matter of practical fact, if middle class taxes are not to be raised, serious deficit reduction will require both of the following:

- a strong and effective program for economic growth (See Chapter 2); and
- a cap on the growth of mandatory spending—with most of the savings allocated to deficit reduction (See Chapters 13 and 15).

Chart 3-2. DEFICIT PROJECTIONS UNDER CURRENT LAW ASSUMING ENFORCEMENT OF MAXIMUM DEFICIT AMOUNT (MDA)



For those who may be tempted to think that deficit reduction can be achieved without limiting mandatory spending, Chart 3–3 may be instructive. It shows savings relative to the baseline from two different approaches: (a) freezing total discretionary spending at current levels plus CPI (inflation) vs. (b) limiting mandatory growth to growth in the eligible population plus CPI (inflation). The limit on discretionary spending actually would increase the deficit (because the current-law baseline grows at less than the inflation rate). By sharp contrast, the limit on mandatory spending growth would save hundreds of billions—and eventually trillions—of dollars.

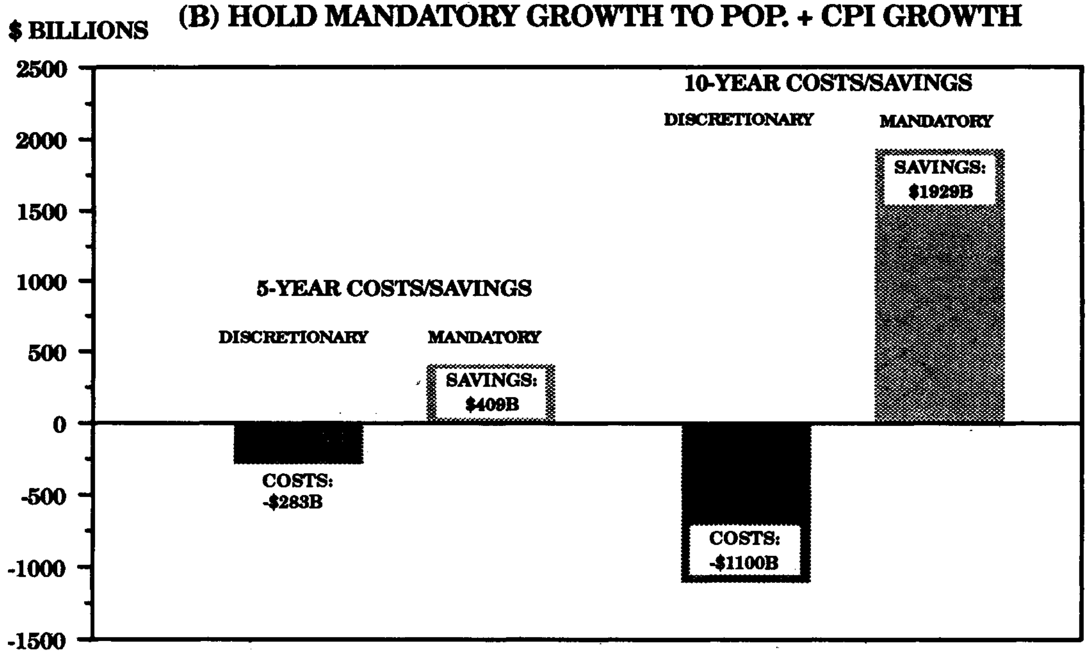
It is for this reason that the President has consistently recommended the combination of both an agenda for economic growth and a cap on mandatory spending growth. Unfortunately, Congress has enacted neither of these (even as it has talked of balancing the budget). It nonetheless remains clear—as Chart 3–4 suggests—that both are required to balance the budget within the decade.

FORECASTING

At this writing (December 1992), the economy shows clear signs of recovery from the negative growth experienced in the last two quarters of 1990 and the first quarter of 1991. Growth has not been as strong as one would have wished, and longer-term growth issues continue to require serious attention. But it is important to be clear: the problem is slow growth, not no growth, and not recession (in the conventional sense).

Indeed, as 1992 comes to a close, the economy has experienced seven straight quarters of positive real GDP growth. In the last quarter for which an official estimate is available (the third quarter of 1992), real GDP grew at an annual rate of 3.4 percent. Unemployment has declined for five straight months. Recent data for payroll employment, retail sales, industrial production, personal income, consumer confidence, and the purchasing managers' index are all up. Further, the basis for continued growth in the near term is generally viewed with confidence. The index of leading indicators is up. The broad-based

Chart 3-3. SAVINGS RELATIVE TO BASELINE IF:
(A) HOLD DISCRETIONARY TO CPI GROWTH vs.
(B) HOLD MANDATORY GROWTH TO POP. + CPI GROWTH



NOTE: Savings are relative to OMB Baseline.

stock market indices are at record highs. And fifty-one out of fifty-one private "Blue Chip" economic forecasters project real GDP growth of at least 2 percent for 1993 (with an average growth estimate of 2.8 percent).

Only a few months ago, in the midst of the election campaign, some politicians saw the economy as "mired in a deep recession" or in a "slow-motion depression." Clearly they were wrong. But they were not the only ones wrong.

Throughout the 1980's and early '90's, economic and budgetary forecasting has been consistently fallible and understandably frustrating. When forecasts are unreliable, it is difficult to plan and make policy intelligently. So it is encouraging to think that, with partisan conflict having temporarily subsided, it may be possible to gain a more clear perspective on forecasts and forecasting.

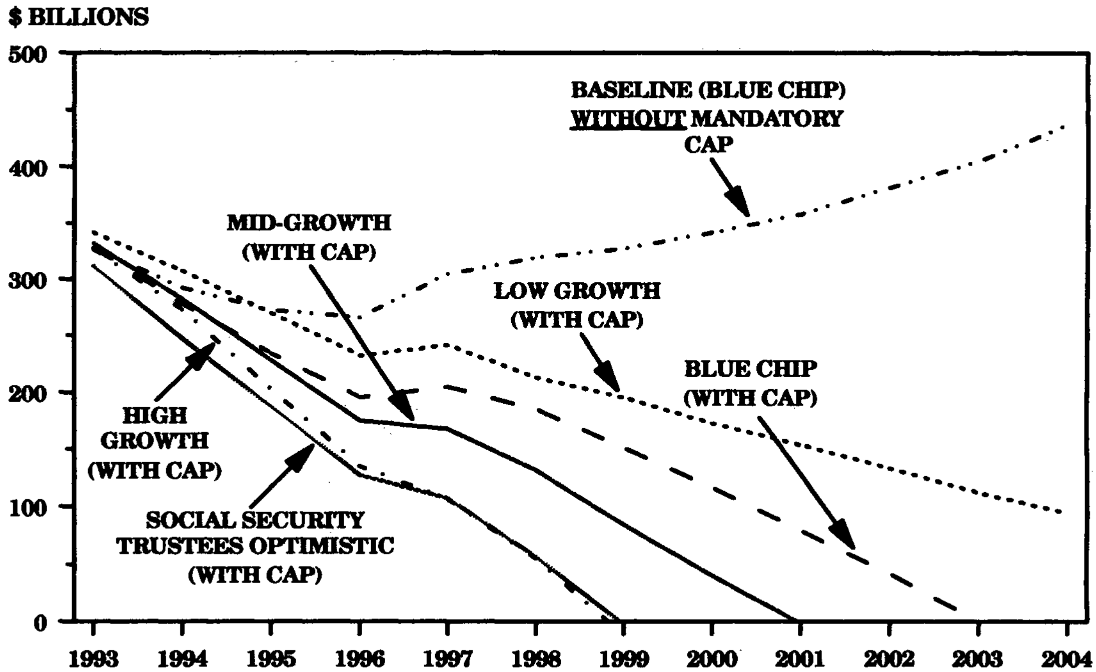
It is important to be clear about what are and what are not the problems with forecasting.

In the past decade, it became fashionable to suggest that one of the problems was a "rosy" bias within the Administration. There was some validity to this suggestion in the '80s. (Among other things, the old Gramm-Rudman sequester system created an incentive in this direction.) But it is neither an accurate nor a constructive diagnosis for the 1990's.

Since 1989, the Administration's estimates have been remarkably close to those of the "non-partisan" Congressional Budget Office (CBO):

- In 1990, 1991, and 1992, the revenue estimates of the Administration and CBO differed by less than $7 billion per year—about one-tenth of one percent of a multi-trillion dollar economy.
- In 1990, 1991, and 1992, the outlay estimates of the Administration and CBO (excluding deposit insurance) differed by 0.1, 8.2, and 5.6 billion dollars respectively. Again, the differences average about one-tenth of one percent of a multi-trillion dollar economy.
- And most significantly: in both 1991 and 1992, the Administration's forecasts for real

Chart 3-4. DEFICIT PROJECTIONS TO 2004 WITH AND WITHOUT MANDATORY SPENDING CAP



economic growth were more pessimistic (not more optimistic) than those of CBO.

If one were to continue to assert that recent forecasts were off because of an allegedly rosy bias, one would be historically inaccurate. But further, one's mistaken diagnosis might lead to a perpetuation of error.

Notwithstanding the fact that the unbiased estimates of the Administration and CBO have been very close to each other, both have been off the mark. The reasons are of three kinds.

One kind has to do with the state of macroeconomic forecasting generally. It is again appropriate to note, as previous Introductions have noted: "Macroeconomics is a highly fallible 'science'; macroeconomists are often closer to each other than to reality." The weakness of the "science" is not likely to change soon.

But this criticism of macroeconomics is especially apt when there are shocks to the system. In the early '80s, such shocks included the 1981 budget and tax acts and the sharp shifts in monetary policy. In the early '90s, they included the Iraqi invasion of Kuwait, the persistence of both a credit crunch and slow money growth, and the extended work-out of the S&L and banking sector's restructuring. There is reason to believe that these shocks are now largely past. And if the future is relatively shock-free, the macroeconomic herd may be closer to correct.

However, for those who have less confidence in a shock-free environment, the prudent thing to do is to examine the effects of alternative macro-economic assumptions. These are discussed below and in Chapter 4.

A second reason for forecasting errors involves technical misjudgments about the assumptions or dynamics affecting particular spending programs or revenue estimates (independent of macro-economic assumptions). The largest of these misjudgments in recent years has involved assumptions regarding deposit insurance; and the second-largest has involved revenue estimates. With both of these, the Administration and CBO have been closer to each other than to actual results.

Fortunately, much (not all) of the deposit insurance problem has been resolved. The room for continued estimating difficulty has been reduced—although important issues of timing remain. To help assess and address the problems that inhere in these and other such technical assumptions, this document includes an explicit display and discussion of a wide range of relevant technical assumptions. These are presented in Chapter 4, "Baseline Projections and Alternative Assumptions."

A third reason for forecasting error is arguably the most important. Administration forecasts have frequently been misunderstood to be unconditional predictions. In fact, they are highly conditional. By law, the Administration is obliged to produce a set of projections which assume that the President's policies will be fully adopted, that his legislative program will be fully and promptly enacted. With a partisan split between the Executive and Congressional branches, such an assumption is risky at best. And in recent years, extremely important elements of the President's agenda have not, in fact, been enacted. This has had a significant adverse effect on forecast accuracy. (The record with respect to enactment and non-enactment of legislative proposals is summarized in Chapter 8.)

With a single party about to control both the Legislative and Executive branches, the forecasting risk associated with the assumed enactment of a President's program should be substantially reduced.

A WORD OF ACKNOWLEDGEMENT

This is the last Introduction to the Budget by the current OMB Director. In the context of transition, a word of special acknowledgement is in order.

The Office of Management and Budget is staffed principally by career officials. They are dedicated, non-partisan, and thoroughly professional. In the past two decades, their burden has grown as OMB's role and responsibilities have increased enormously. This has resulted from a combination of the following three developments. There has been a substantial increase in OMB's statutory responsibilities—in management oversight, regulatory analysis, financial control, Budget Act enforcement, etc. There has been a general increase in awareness of the fact that problem-solving in a complex society involves the interaction of many agencies, and the need for OMB's coordinative role is correspondingly higher. And, with higher deficits, attention to resource constraints and trade-offs has become inescapably relevant. Throughout this period of growing responsibility, OMB has remained relatively small. And an overworked staff has preformed admirably, unfailingly, without complaint.

In managing transition, the burden on OMB staff is increased the more. So it seems an especially appropriate point at which to note: The outgoing Director of OMB has the deepest appreciation and respect for the OMB career staff; and the incoming Director will soon have the same sense of appreciation and respect. Notwithstanding the common and understandable criticism of government, Americans should be pleased to know that a cadre of dedicated and capable public servants remains here to serve.

RICHARD DARMAN

DIRECTOR

Part Two.

RECENT PATTERNS AND NEAR-TERM PROJECTIONS

4. Baseline Projections and Alternative Assumptions

4. BASELINE PROJECTIONS AND ALTERNATIVE ASSUMPTIONS

Baseline projections are designed to show what receipts, outlays, deficits, and budget authority will be if no changes are made to laws already enacted. The baseline is not a prediction of the final outcome of the annual budget process, nor is it a proposed budget. Instead it is largely a mechanical application of estimating models to existing laws. The baseline commits no one to any particular policy, and by itself it does not constrain the policy choices available. The commitments or constraints reflected in the baseline are inherent in the tax and spending policies contained in current law.

Baseline information can be useful for several reasons:

- It warns of future problems, either for Government fiscal policy as a whole or for individual tax and spending programs.
- It provides a starting point for formulating the annual budget.
- It is a "policy-neutral" benchmark against which the President's budget and other budget proposals can be compared to see the magnitude of the proposed changes.
- It is the basis, under the Budget Enforcement Act (BEA), for determining the amount that would be sequestered from each mandatory account and the level of funding that would be available after sequestration.

Table 4–1 shows baseline estimates of receipts, outlays, and deficits for 1992 through 1998. They are based on the Blue Chip economic assumptions described later in this chapter. The estimates are shown on a consolidated 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 consolidated budget totals.

Baseline estimates are influenced greatly by assumptions about the course of the economy and the technical operations of Federal programs. For example, faster economic growth will generate additional tax receipts and, thus, lower deficits. The bottom of Table 4–1 displays baseline estimates of the deficit for different sets of economic assumptions. It also displays estimates of what se 4–4the deficits would be if the cap on mandatory programs proposed by the Administration were implemented. The various economic paths and the mandatory cap proposal are discussed in detail in Chapter 9.

Conceptual Basis for Estimates

Receipts and outlays are divided into two categories that are important for calculating the baseline 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.—The rules for calculating the baseline for direct spending and receipts are specified in the BEA. Direct spending includes the major entitlement programs, such as social security, medicare, medicaid, Federal employee retirement, unemployment compensation, and food stamps and other means-tested entitlements. It also includes such programs as deposit insurance and farm price supports, where the Government is legally obligated under certain conditions to make payments. Receipts and direct spending programs are alike in that they involve ongoing activities that generally operate under permanent authority (they do not require annual authorization), and the underlying statutes generally specify the level of receipts or benefits that must be collected or paid, and who must pay or who is eligible to receive benefits.

The baseline assumes that receipts and direct spending programs continue in the future as specified by current law. This is exactly 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 currently scheduled. However, the baseline assumes extension of two types of authority that, in fact, normally are ex-

Table 4–1. BASELINE ESTIMATES UNDER ALTERNATIVE ASSUMPTIONS, 1992–1998

(In billions of dollars)

	1992 Actual	Estimate 1993	1994	1995	1996	1997	1998
Receipts	1,091.6	1,147.6	1,230.3	1,305.6	1,378.5	1,439.7	1,523.4
Outlays:							
Discretionary	534.3	548.1	537.4	539.1	539.1	539.1	539.1
Mandatory:							
Deposit insurance	2.6	15.5	16.2	−7.1	−14.9	−11.3	−6.9
Medicaid	67.8	80.5	92.9	107.8	122.7	138.8	156.4
Federal retirement	74.9	77.4	81.5	83.9	88.6	94.1	98.2
Means—tested entitlements	75.0	83.4	89.8	95.6	98.5	106.2	112.4
Medicare	116.2	129.9	147.8	166.3	188.5	211.4	235.8
Social security	285.1	302.2	318.7	336.2	355.1	374.8	395.6
Unemployment compensation	37.0	32.7	24.7	24.4	25.5	26.3	27.4
Undistributed offsetting receipts	−39.3	−37.2	−39.0	−40.3	−41.5	−43.5	−46.0
Other	28.7	39.6	32.7	27.9	20.7	22.9	22.9
Subtotal, mandatory	648.0	724.1	765.2	794.9	843.2	919.6	995.7
Net interest	199.4	202.8	220.1	244.1	262.5	286.0	308.4
Total outlays	1,381.8	1,474.9	1,522.7	1,578.0	1,644.8	1,744.7	1,843.2
Deficit (−) excluding MDA sequester	−290.2	−327.3	−292.4	−272.4	−266.4	−305.0	−319.8
MDA sequester savings (includes PAYGO and debt service savings of $1.7 billion in 1994 and $1.8 billion in 1995)	NA	NA	22.4	42.8	NA	NA	NA
Deficit (−) including MDA sequester	−290.2	−327.3	−269.9	−229.6	−266.4	−305.0	−319.8
Memorandum							
Surplus or deficit (−) (excluding MDA sequester savings):							
On-budget	−340.3	−379.9	−354.8	−342.6	−348.5	−395.6	−422.9
Off-budget	50.1	52.6	62.5	70.3	82.1	90.7	103.1

Note: The following estimates exclude an MDA sequester. If existing MDAs are not adjusted, the 1994 deficit would be lower by between $23.2 billion and $50.0 billion, and the 1995 deficit would be lower by between $21.8 billion and $71.4 billion.

	1992 Actual	1993	1994	1995	1996	1997	1998
Deficit assuming Blue Chip economics:							
Without deposit insurance	−287.6	−311.9	−276.2	−279.5	−281.2	−316.3	−326.7
With mandatory cap	−290.2	−327.3	−277.7	−234.3	−196.1	−205.8	−184.2
Without mandatory cap	−290.2	−327.3	−292.4	−272.4	−266.4	−305.0	−319.8
Deficit assuming Mid-Growth economics:							
With mandatory cap	−290.2	−331.8	−282.7	−227.5	−175.2	−168.4	−132.3
Without mandatory cap	−290.2	−331.8	−297.3	−265.2	−241.4	−265.6	−264.5
Deficit assuming High-Growth economics:							
With mandatory cap	−290.2	−328.5	−271.8	−202.1	−133.5	−106.9	−54.8*
Without mandatory cap	−290.2	−328.5	−286.5	−240.3	−201.1	−207.4	−193.8
Deficit assuming Low-Growth economics:							
With mandatory cap	−290.2	−340.4	−307.5	−269.6	−233.9	−241.7	−214.0
Without mandatory cap	−290.2	−340.4	−322.0	−307.1	−299.5	−337.5	−343.8

*NOTE: With high growth and cap, surplus is achieved in 1999.

tended in some form by Congress. Expiring provisions affecting excise taxes dedicated to a trust fund, such as airport and airway taxes, are assumed to be extended at current rates. In addition, direct spending programs that will expire under current law are assumed to be extended if their 1993 outlays exceed $50 million. The budgetary impact of anticipated regulations and administrative actions that are permissible under current law are also reflected in the estimates.

Discretionary spending.—Discretionary programs differ in one important aspect from direct spending programs—Congress usually provides spending authority for discretionary programs one year at a time. The spending authority is normally provided in the form of annual appropriations. Absent appropriations of additional funds in the future, discretionary programs would cease to exist after existing balances were spent. For this reason, any baseline for discretionary programs is somewhat arbitrary.

For 1993 the baseline estimates for discretionary programs are equal to the enacted 1993 appropriations. For 1994 and 1995, the baseline estimates, in total, equal the adjusted discretionary spending limits set by the BEA. Each year these limits are adjusted by OMB as required by the BEA. The discretionary caps assumed in the baseline estimates used for this presentation are the ones published in OMB's final sequestration report for 1993, updated for changes in inflation, credit reestimates, and changes in concepts and definitions. In subsequent years, the discretionary baseline assumes a constant level of outlays at the 1995 levels.

Baseline Receipts and Outlays

Receipts.—Table 4–2 shows baseline receipts by major source. Total receipts are projected to increase by $82.7 billion from 1993 to 1994 and by $293.0 billion from 1994 to 1998, largely due to assumed increases in incomes resulting from both real economic growth and inflation.

Individual income taxes are estimated to increase by $39.7 billion from 1993 to 1994 under current law. This growth of 7.8 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 6.1 percent between 1994 and 1998. These estimates reflect expiration of the current law limitations on itemized deductions and personal exemptions on December 31, 1995 and December 31, 1996, respectively. The estimates also reflect the expiration of the accelerated estimated tax payment rules, which were enacted under the Emergency Unemployment Compensation Act of 1991, and are scheduled to expire on December 31, 1996.

Corporation income taxes under current law are estimated to grow by $5.8 billion or 5.5 percent from 1993 to 1994, in large part due to higher corporate profits. Corporation income taxes are projected to increase at an annual rate of 4.6 percent from 1994 to 1998. These estimates reflect expiration of the accelerated tax payment rules for large corporations, which were modified under the Tax Extension Act of 1991 and the Unemployment Compensation Amendments of 1992, and are scheduled to expire on December 31, 1996. The environmental tax on corporate taxable income, which is deposited in the Hazardous Substance Response Superfund, is assumed to expire on its scheduled expiration date of December 31, 1995.

Table 4–2. BASELINE RECEIPTS BY SOURCE
(In billions of dollars)

	1992 Actual	Estimate					
		1993	1994	1995	1996	1997	1998
Individual income taxes	476.5	510.4	550.1	586.7	625.6	656.4	696.1
Corporation income taxes	100.3	105.5	111.3	118.6	124.1	125.2	133.3
Social insurance taxes and contributions	413.7	435.8	467.6	493.6	523.0	549.1	581.0
On-budget	(111.3)	(116.4)	(125.7)	(132.3)	(138.7)	(143.6)	(150.4)
Off-budget	(302.4)	(319.4)	(341.9)	(361.3)	(384.3)	(405.5)	(430.6)
Excise taxes	45.6	47.5	48.7	49.8	46.3	47.0	48.1
Other	55.6	48.3	52.6	57.0	59.4	62.0	64.8
Total	1,091.6	1,147.6	1,230.3	1,305.6	1,378.5	1,439.7	1,523.4
On-budget	(789.2)	(828.2)	(888.4)	(944.3)	(994.2)	(1,034.2)	(1,092.7)
Off-budget	(302.4)	(319.4)	(341.9)	(361.3)	(384.3)	(405.5)	(430.6)

Social insurance taxes and contributions are estimated to increase by $31.8 billion between 1993 and 1994, and by an additional $113.4 billion between 1994 and 1998. The estimates reflect assumed increases in total wages and salaries paid, scheduled increases in the social security taxable earnings base from $57,600 in 1993 to $72,600 in 1998, and increases in the medicare taxable earnings base from $135,000 in 1993 to $170,400 in 1998. The estimates also reflect expiration of the temporary unemployment surtax of 0.2 percent imposed on employers, which expires on December 31, 1996.

Excise taxes are estimated to increase by $1.2 billion from 1993 to 1994, in large part due to increased economic activity. They are estimated to decrease by $0.6 billion from 1994 to 1998, however, in large part due to the expiration of the taxes on vaccines used to prevent certain diseases that expired on December 31, 1992, the 5 cents per barrel tax on domestic and imported crude oil during the summer of 1993, and the 2.5 cents per gallon tax on gasoline and special motor boat fuels that is deposited in the General Fund of the Treasury on September 30, 1995. Excise taxes deposited in the Airport and Airway Trust Fund, the Hazardous Substance Response Superfund, and the Leaking Underground Storage Tank Trust Fund, which are all scheduled to expire on December 31, 1995, are assumed to be extended.

Other baseline receipts (estate and gift taxes, customs duties, and miscellaneous receipts) are projected to increase by $16.5 billion from 1993 to 1998. The estimates of estate and gift taxes reflect the decline in the top estate and gift tax rate from 55 percent to 50 percent, effective for transfers occurring after December 31, 1992.

Outlays.—Baseline outlays are estimated to be $1,474.9 billion in 1993 and $1,522.7 billion in 1994, a 3.2 percent increase. Between 1994 and 1998, they are projected to increase at an average annual rate of 4.9 percent. These increases occur mainly in entitlement and other mandatory programs, such as social security, medicare and medicaid, Federal employee retirement, and deposit insurance. Most of the changes in spending for these programs are due to changes in the number of beneficiaries, to automatic cost-of-living adjustments and other adjustments for inflation, and to the assumed pattern of spending to resolve insolvent commercial banks and savings and loan associations. Net interest payments to the public also increase substantially, mainly as a result of the increased borrowing by the Government that is estimated to occur over this period.

Table 4–3 shows the baseline estimates of outlays for direct spending (mandatory) and related programs. Social security is by far the largest program, and it is expected to increase by a large amount over the projection period. From 1992 to 1998, social security outlays are expected to grow by $110 billion, or 40 percent. However, this increase is eclipsed by the growth in expenditures for medicare, medicaid, and other Federal health programs. These are expected to increase by a combined $211 billion from 1992 to 1998, a 112 percent increase. In fact, the increase in mandatory health care spending accounts for 61 percent of the total change in direct spending over the period. Outlays for net interest also grow substantially. Between 1992 and 1998 they are expected to grow by $109 billion, a 55 percent increase.

Deposit insurance is the only major category that is expected to decline. Initially, these outlays are large as the Government continues to resolve insolvent thrifts and banks. Eventually this spending turns negative as the number of insolvent institutions requiring assistance declines and assets accumulated by earlier resolutions are sold.

Table 4-3. OUTLAYS FOR DIRECT SPENDING AND RELATED PROGRAMS

(In billions of dollars)

	1992 Actual	Estimate 1993	1994	1995	1996	1997	1998
Human resources programs:							
Social Security	285.1	302.2	318.7	336.2	355.1	374.8	395.6
Medicare:							
Hospital insurance	80.8	90.4	102.4	114.6	128.3	141.2	154.3
Supplementary medical insurance	48.6	54.6	62.7	71.5	81.4	92.5	104.9
Medicare premiums and collections	−13.2	−15.1	−17.4	−19.8	−21.2	−22.3	−23.4
Subtotal, medicare	116.2	129.9	147.8	166.3	188.5	211.4	235.8
Health:							
Medicaid	67.8	80.5	92.9	107.8	122.7	138.8	156.4
FEHB and other	3.8	4.7	5.0	5.2	5.2	6.1	6.7
Subtotal, health	71.6	85.2	97.9	113.1	127.9	144.8	163.1
Income security:							
General retirement and disability:							
Railroad retirement	4.1	4.1	4.1	4.1	4.1	4.1	4.2
Other	0.9	0.8	0.9	0.9	0.9	0.9	0.9
Subtotal, general retirement and disability	5.0	4.9	4.9	5.0	5.0	5.0	5.1
Federal employee retirement and disability:							
Civilian retirement and disability	33.9	34.9	36.4	38.0	41.9	44.6	46.9
Military retirement	24.5	25.6	26.8	28.1	29.5	30.9	32.3
Other	−0.9	−0.8	−0.8	−0.7	−0.7	−0.6	−0.6
Subtotal, Federal employee retirement and disability	57.5	59.7	62.5	65.5	70.7	74.9	78.6
Unemployment compensation	37.0	32.7	24.7	24.4	25.5	26.3	27.4
Food and nutrition assistance:							
Food stamps	21.8	24.0	25.0	25.6	26.4	27.2	28.1
Child nutrition	6.1	6.8	7.5	8.2	8.9	9.7	10.6
Other	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Subtotal, food and nutrition assistance	29.5	32.4	34.1	35.4	36.9	38.5	40.2
Other:							
Supplemental security income	17.9	21.9	25.4	26.3	26.6	31.2	33.7
Family support payments	15.1	15.9	16.0	16.5	17.1	17.7	18.4
Earned income tax credit	7.8	8.4	9.3	12.6	13.2	13.9	14.7
Other	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Subtotal, income security	169.9	276.0	177.1	185.6	195.1	207.5	218.1
Veterans benefits and services:							
Compensation	12.6	13.1	14.5	14.1	13.6	14.9	15.4
Pensions	3.7	3.5	3.6	3.3	3.0	3.2	3.6
Other	2.2	2.3	2.4	2.5	2.5	2.7	2.8
Subtotal, veterans benefits and services	18.5	18.9	20.5	19.9	19.2	20.8	21.8
Education, training, employment, and social services:							
Foster care and adoption assistance	2.5	2.9	3.0	3.3	3.7	4.1	4.5
Guaranteed student loans	3.2	4.9	4.0	3.3	−1.6	1.8	1.9
Rehabilitation services	2.0	2.2	2.2	2.3	2.3	2.4	2.5
Social services block grant	2.7	2.8	2.8	2.8	2.8	2.8	2.8
Other	1.1	1.3	1.5	1.2	1.0	1.1	1.1
Subtotal, education, training, employment, and social services	11.5	14.2	13.6	12.8	8.3	12.2	12.8
Subtotal, human resources programs	672.8	726.5	775.5	834.0	894.0	971.6	1,047.2

Table 4–3. OUTLAYS FOR DIRECT SPENDING AND RELATED PROGRAMS—Continued

(In billions of dollars)

	1992 Actual	Estimate					
		1993	1994	1995	1996	1997	1998
Other mandatory programs:							
Agriculture:							
Farm price supports (CCC)	9.7	17.1	12.3	10.7	10.6	10.0	10.3
Other	1.3	0.3	−0.1	−0.6	−1.0	−1.0	−0.8
Subtotal, agriculture	11.0	17.4	12.2	10.1	9.6	9.1	9.6
Commerce and housing credit:							
Deposit insurance	2.6	15.5	16.2	−7.1	−14.9	−11.3	−6.9
Other	4.3	3.2	3.1	1.1	−1.4	−2.7	−3.7
Subtotal, commerce and housing credit	6.9	18.7	19.3	−5.9	−16.2	−14.0	−10.6
Other functions	−3.5	−1.3	−2.8	−3.0	−2.5	−3.5	−4.4
Subtotal, other mandatory programs	14.5	34.8	28.7	1.1	−9.2	−8.5	−5.5
Undistributed offsetting receipts:							
Employer share, employee retirement	−36.8	−35.1	−36.4	−38.0	−39.3	−41.2	−43.7
Rents and royalties on the Outer Continental Shelf	−2.5	−2.1	−2.7	−2.2	−2.3	−2.3	−2.4
Subtotal, undistributed offsetting receipts	−39.3	−37.2	−39.0	−40.3	−41.5	−43.5	−46.0
Subtotal, mandatory programs	648.0	724.1	765.2	794.9	843.2	919.6	995.7
Net interest:							
Interest on the public debt	292.3	296.5	320.6	350.2	374.0	403.1	431.9
Interest received by trust funds	−77.8	−82.0	−87.7	−94.3	−101.4	−108.3	−115.9
Other interest	−15.1	−11.7	−12.8	−11.7	−10.1	−8.8	−7.6
Subtotal, net interest	199.4	202.8	220.1	244.1	262.5	286.0	308.4
Total, outlays for direct spending and related programs	847.4	926.8	985.9	1,039.0	1,105.7	1,209.6	1,304.1

Table 4–4 shows baseline estimates of discretionary budget authority and outlays through 1994. The display is intended to provide the incoming Administration and Congress with a starting point for consideration of the 1994 appropriations requests. Total discretionary budget authority and outlays are allocated to the appropriations subcommittee of jurisdiction in 1993, the most recent year for which appropriations have been provided. For 1994, only outlays resulting from budget authority provided in 1993 and prior years are allocated by subcommittee. No attempt has been made to distribute the new 1994 spending permitted under the discretionary caps. That allocation will be determined in the 1994 appropriations process.

Discretionary budget authority and outlays are distributed among three categories: defense, international, and domestic spending categories. The baseline estimates are consistent with OMB's categorization of 1993 appropriations for BEA purposes for all programs except two. Spending totalling $496 million in 1993 for the Department of Education impact aid program was classified as defense to reflect temporary conditions related to the extraordinary dislocation of military dependents resulting from troop reductions in Europe. For the purpose of the baseline data, all of the funding for this program has been classified as domestic. In addition, $26 million for the Department of Energy Office of Nuclear Safety is reclassified from domestic to defense. A careful review of the purposes for which the funds will be spent makes it clear that the Office of Nuclear Safety has increasingly filled defense purposes. OMB's scoring of 1993 appropriations for Budget Enforcement Act purposes is not affected by these reclassifications.

Several other category changes totalling $2.3 billion were considered but not made because the distinction between defense and nondefense purposes was less clear. Of that amount, OMB originally scored $0.2 billion as domestic spending. The remainder were scored as defense

Table 4–4. 1994 DISCRETIONARY "OUTLAYS PRIOR"
(Carry-Forward From Previous Years' Obligations)
(In billions of dollars)

Appropriations Subcommittee	1993 Budget authority	1993 Outlays	1994 "Outlays prior"[1]
Agriculture, Rural Development	14.1	13.9	3.7
Commerce, Justice, State, and the Judiciary	22.6	23.6	6.6
Defense	252.7	269.2	93.8
District of Columbia	0.7	0.7	—
Energy and Water Development	22.2	21.6	8.1
Foreign Operations	25.8	14.2	8.5
Interior	12.7	13.1	4.9
Labor, HHS, Education	63.6	65.4	36.8
Legislative Branch	2.3	2.4	0.2
Military Construction	8.4	8.8	6.3
Transportation	12.6	34.5	23.3
Treasury, Postal Service, and General Government	11.4	12.2	2.9
Veterans Affairs, HUD, Independent Agencies	67.0	68.5	40.3
Total, discretionary	516.1	548.1	235.3

[1] Includes only outlays from budget authority provided in prior years.

spending. These include funding for economic conversion as the Department of Defense downsizes, university medical research projects, and the Coast Guard. They are arguably domestic activities.

Economic Assumptions

The economic assumptions used to develop the detailed baseline estimates discussed in this chapter are based on the Blue Chip consensus, an average of about 50 private sector forecasts. This forecast anticipates real growth of 3.0 percent in 1993 (fourth quarter-to-fourth quarter) and 2.9 percent in 1994, followed by annual growth of 2.5 percent during 1995–1998 (see Table 4–5). Inflation, as measured by the GDP deflator, is expected to be 2.9 percent in 1993 and 3.3 percent for 1994 and subsequent years. The unemployment rate is projected to decline from its current level of about 7.2 percent to 5.7 percent by 1998. Long-term interest rates are projected to remain near their current levels, while short-term rates are projected to increase by about two percentage points over the next few years.

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. Table 4–6 shows caseload projections for the major benefit programs and other selected programmatic assumptions.

Many other important assumptions must be made in order to calculate the baseline estimates. These include assumptions about the timing and substance of regulations that will be issued over the projection period, which programs that expire under current law are extended and which are allowed to expire, the use of administrative discretion provided under current law, and other assumptions about the way programs operate.

Table 4–7 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.

Options

In many cases, the baseline could incorporate other assumptions. Many plausible alternative assumptions and their potential impact on the baseline are shown in table 4–8. Some are discussed following the table.

Table 4–5. ECONOMIC PROJECTIONS—BLUE CHIP CONSENSUS [1]

(Calendar years; dollar amounts in billions)

	1991 Actual	Projections						
		1992	1993	1994	1995	1996	1997	1998
Gross Domestic Product (GDP):								
Levels, dollar amounts in billions:								
Current dollars	5,678	5,936	6,254	6,647	7,050	7,467	7,911	8,380
Constant (1987) dollars	4,821	4,910	5,037	5,189	5,324	5,457	5,594	5,734
Implicit price deflator (1987 = 100), annual average	117.8	120.9	124.2	128.1	132.4	136.8	141.4	146.2
Percent change, fourth quarter over fourth quarter:								
Current dollars	3.5	4.9	6.0	6.3	6.0	5.9	6.0	5.9
Constant (1987) dollars	0.1	2.3	3.0	2.9	2.5	2.5	2.5	2.5
Implicit price deflator (1987 = 100)	3.3	2.6	2.9	3.3	3.4	3.3	3.4	3.3
Percent change, year over year:								
Current dollars	2.8	4.6	5.4	6.3	6.1	5.9	5.9	5.9
Constant (1987) dollars	−1.2	1.8	2.6	3.0	2.6	2.5	2.5	2.5
Implicit price deflator (1987 = 100)	4.0	2.7	2.7	3.2	3.4	3.3	3.4	3.3
Incomes, billions of current dollars:								
Personal income	4,828	5,056	5,369	5,693	6,012	6,359	6,730	7,126
Wages and salaries	2,812	2,920	3,101	3,297	3,497	3,704	3,924	4,156
Corporate profits before tax	335	367	403	449	485	516	548	582
Consumer Price Index (all urban): [2]								
Level (1982–84 = 100), annual average	136.2	140.3	144.7	149.8	155.3	160.9	166.7	172.6
Percent change, Q4/Q4	3.0	3.0	3.3	3.6	3.7	3.6	3.6	3.5
Percent change, year/year	4.2	3.0	3.2	3.5	3.7	3.6	3.6	3.5
Unemployment rate, civilian, percent: [3]								
Fourth quarter level	6.9	7.6	7.0	6.1	6.0	5.8	5.8	5.7
Annual average	6.7	7.5	7.2	6.4	6.1	5.9	5.8	5.7
Federal pay raises, January, percent	4.1	4.2	3.7	2.2	2.5	2.9	3.2	3.2
Interest rates, percent:								
91-day Treasury bills [4]	5.4	3.4	3.4	4.6	5.0	5.1	5.2	5.1
10-year Treasury notes	7.9	7.0	7.0	7.2	7.3	7.3	7.3	7.2

[1] Based on the Blue Chip Consensus of 51 private sector forecasters; data are for the months of October and November. These assumptions were used to prepare the detailed budget baseline estimates.

[2] CPI for all urban consumers. Two versions of the CPI are now published. The index shown here is that currently used, as required by law, in calculating automatic adjustments to individual income tax brackets.

[3] Percent of civilian labor force, excluding armed forces residing in the U.S.

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

Table 4–6. PROGRAMMATIC ASSUMPTIONS, 1993–1998

	1993	1994	1995	1996	1997	1998
Beneficiaries (annual average, in thousands):						
Social security (OASDI):.						
Old age and survivors insurance	36,635	37,034	37,376	37,678	37,965	38,238
Disability insurance	4,963	5,237	5,478	5,696	5,920	6,153
Railroad retirement	845	826	806	784	762	739
Federal civil service retirement	2,212	2,249	2,272	2,296	2,322	2,351
Military retirement	1,739	1,766	1,789	1,809	1,828	1,845
Veterans compensation	2,500	2,503	2,502	2,495	2,482	2,469
Veterans pensions	917	871	831	796	766	747
Supplemental security income	5,865	6,310	6,630	6,920	7,180	7,415
Maintenance assistance (AFDC) [1]	13,974	13,981	14,074	14,203	14,401	14,903
Food stamps	27,948	27,774	27,393	26,974	26,615	26,355
Medicaid	32,765	34,064	35,107	36,356	37,639	38,989
Medicare:						
Hospital insurance	35,322	36,008	36,645	37,214	37,725	38,177
Supplementary medical insurance	34,175	34,762	35,296	35,772	36,185	36,655
Automatic benefit increases (percent):						
Social security and veterans pensions (January)	3.0	3.2	3.6	3.7	3.6	3.6
Federal employee retirement (January)	3.0	3.2	3.6	3.7	3.6	3.6
Food stamps (October)	3.4	3.5	3.7	3.6	3.7	3.5
Unemployment rate (percent, annual average):						
Total (civilian and military)	7.2	6.5	6.0	5.9	5.7	5.7
Insured [2]	3.0	2.8	2.6	2.6	2.5	2.5

[1] Average number of monthly cases.

[2] This measures unemployment under State regular unemployment insurance as a percentage of covered employment under that program. It does not include recipients of extended benefits under that program.

Table 4–7. OUTLAY IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE

(In millions of dollars)

	1993	1994	1995	1996	1997	1998
Regulations						
Medicare, HI:						
Changes to the 1993 inpatient hospital payment system (e.g., refinements to DRG, etc.)	—	–50	–50	–50	–50	–50
Require uniform payment mechanism for paying hospitals under Part A of Medicare	–7	–10	–10	–10	–10	–10
Medicare, SMI:						
Implement OBRA 1990 changes to the DME fee schedule [1]	–440	–500	–560	–620	—	—
Implement OBRA 1990 limits on clinical laboratory payments	–270	–330	–370	–420	—	—
Set payments for EPO	–17	–81	–98	–98	–104	–104
Revise Medicare economic index	110	—	–25	—	—	—
Medicaid: Issue disproportionate share hospital regulation	–30	–150	–180	–220	–270	–320
Child Support Enforcement: Fees for use of Parent Locator Service	–*	–*	–*	–1	–1	–1
Federal Disability Insurance (DI)/Supplemental Security Income (SSI):						
Refine medical criteria for disability:						
DI	–20	–60	–100	–140	–190	–190

Table 4-7. OUTLAY IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued

(In millions of dollars)

	1993	1994	1995	1996	1997	1998
SSI	-10	-25	-45	-65	-85	-85
Report SSI entrance into nursing facilities	-10	-10	-10	-10	-10	-10
Commodity programs: Public Law 102-552 Temporary assistance	43	—	—	—	—	—
Railroad Retirement: Income tax diversion	2	—	—	—	—	—
Environmental Protection Agency:						
Radon Proficiency Certification: a user fee for an EPA certification program of Radon testing devices and research necessary for the program	1	4	4	4	4	4
Water Discharge Permits: a user fee for EPA-issued permits for hazardous waste treatment, storage and disposal facilities	3	10	10	10	10	10
Hazardous Waste Permits: a user fee for EPA-issued permits for hazardous waste treatment, storage and disposal facilities	—	15	15	15	15	15
Expiring Authorizations						
Medicare, HI: Case management demonstration [2]	*	1	1	—	—	—
Medicare, SMI:						
Demonstrations: [2]						
Alzheimer's (OBRA 86)	13	1	—	—	—	—
Home dialysis (OBRA 90)	1	1	*	—	—	—
Municipal health (OBRA 89)	42	12	—	—	—	—
Medicare, HI and SMI: Community nursing demonstration (OBRA 87) [2]	8	42	80	80	20	—
Medicaid:						
Home and community care [2]	130	160	180	—	—	—
Community supported living arrangements [2]	20	30	35	—	—	—
Minnesota voucher demonstration (OBRA 90) [2]	81	89	97	80	—	—
Uninsured low income demonstration (OBRA 90) [2]	12	4	—	—	—	—
Medicaid and Medicare:						
Social HMO demonstration (OBRA 90): [2]						
Medicaid	1	2	2	1	—	—
Medicare	101	116	134	154	—	—
Food stamps: Nutrition assistance for Puerto Rico	1,051	1,091	1,133	1,133	1,133	1,133
Federal Disability Insurance (DI)/Supplemental Security Income (SSI):						
Research and demonstration projects	12	—	—	—	—	—
Railroad Retirement: Maintain the repayment tax, authorization	-107	-107	-54	—	—	—
Treasury:						
U.S. Customs Service-User Fees:						
Passenger Processing Fee	—	—	—	226	243	261
Merchandise Processing Fee	—	—	—	564	579	597
Veterans: Veterans Medical Care Cost Recovery: authority to collect from health insurers of service-connected veterans for care of non-service-connected conditions expires 8/94	—	-38	-255	-274	-280	-295
Labor:						
Federal Unemployment Benefits and Allowances: Trade Adjustment Assistance expires Sept. 30, 1993; TAA training and benefits included in the baseline	179	213	214	212	209	215
Education: Rehabilitation Services Account—Technology Related Assistance: Program is scheduled to expire in 1993 under current law, but is subject to a one year automatic extension through 1994	—	—	28	36	39	40

Table 4–7. OUTLAY IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued

(In millions of dollars)

	1993	1994	1995	1996	1997	1998
Other Important Program Assumptions						
Medicare, HI:						
New authorization of regional payment floor	—	-80	-100	-110	-120	-130
Medicare dependent small rural hospitals	-70	-80	-85	-90	-95	-100
Extend MSP for disabled	—	—	—	-600	-780	-900
Extend MSP requirements for ESRD	—	—	—	-15	-21	-29
Ventilators demonstration (Public Law 100-360)[2]	9	5	—	—	—	—
Highland Hospital demonstration[2]	*	—	—	—	—	—
Heart Bypass (CABG) demonstration[2]	60	76	78	79	—	—
Cataract demonstration[2]	9	12	12	3	—	—
Texas nursing facility case-mix demonstration[2]	1	*	—	—	—	—
Montana rural health (MAF) demonstration[2]	1	*	—	—	—	—
Monroe county LTC demonstration[2]	1	*	—	—	—	—
Medicare, SMI:						
Home health prospective payment demonstration (OBRA 87)[2]	139	230	274	319	197	—
Renal disease demonstration[2]	1	—	—	—	—	—
United mine workers capitation demonstration	134	—	—	—	—	—
Medicare, HI and SMI:						
Recover Health Care Services Corp. administration costs	-1	—	—	—	—	—
Review Florida MSP activities	-12	—	—	—	—	—
Review Aetna MSP compliance	-9	—	—	—	—	—
Department of Justice, Provident, Qui Tam and other recoveries for MSP	-200	-200	-200	-200	-200	-200
Credit Medicare for its Share of intermediary excess assets	-3	—	—	—	—	—
Recover erroneous FEHB payments	-33	—	—	—	—	—
Recoveries, uniform services treatment facilities	-8	-12	-14	—	—	—
Recover erroneous pension assets	-18	—	—	—	—	—
Payments by first payer rather than Medicare	-5,700	-6,000	-6,400	-6,600	-6,700	-6,800
IRS/SSA/HCFA Data match for MSP (OBRA 90)	-600	-500	-400	-415	-538	-671
Medicare insured groups demonstration (OBRA 87)[2]	90	125	150	175	175	200
Medicaid:						
Financial management recoveries	-282	-310	-341	-375	-413	-455
Personal care as a mandatory service	—	—	1,190	1,355	1,540	1,760
Arizona AHCCCS demonstration (waiver is scheduled to end in 1993)[2]	927	1,070	1,241	1,412	1,598	1,800
Drug utilization review demonstration[2]	2	4	4	4	1	—
Florida low birth weight infants demonstration[2]	—	*	*	*	*	—
Pregnant substance abusers demonstration[2]	6	6	3	1	—	—
Welfare reform demonstrations:[2]						
Michigan	60	120	138	160	182	—
New Jersey	—	1	3	5	6	—
Medicaid and Medicare:						
Nursing facility case-mix payment demonstration:[2]						
Medicaid	100	142	150	200	—	—
Medicare	200	283	350	400	200	—
On Lok demonstration (COBRA):[2]						
Medicaid	5	6	6	7	9	10
Medicare	4	4	5	6	6	7
PACE demonstration (OBRA 86):[2]						
Medicaid	18	25	33	18	—	—
Medicare	22	31	39	22	—	—
AFDC:						
QC recoveries	—	-69	-58	-43	-43	-43
Recoveries expected to be collected	-46	-48	-49	-50	-50	-50
Child Support Enforcement: Audit recoveries	-5	-5	-5	-5	-5	-5

Table 4-7. OUTLAY IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued

(In millions of dollars)

	1993	1994	1995	1996	1997	1998
Foster care/adoption assistance: Disallowances	−146	−116	−122	−129	−137	−144
Section 32: sunflower seed and cottonseed	50	50	—	—	—	—
Food Stamps:						
Food Stamp QC	—	−1	—	−19	−38	−48
Food Stamp recovery—general	−52	−52	−52	−52	−52	−52
Food Stamp recovery—tax offset	−7	−15	−22	−27	−28	−26
State repayments	−30	—	—	—	—	—
Automobile exclusion demonstration	*	*	*	—	—	—
Federal Old Age Survivors and Disability Insurance/Supplemental Security Income/Medicare Hospital Insurance:						
Performing continuing disability reviews: under current workload policy:						
DI/Medicare	−25	−75	−150	−210	−270	−330
SSI	−5	−15	−25	−35	−45	−55
Deferred employer deposit of OASDHI payroll taxes	83	−330	308	−297	6	648
Collections:						
OASI	−781	−798	−825	−867	−889	−911
DI	−138	−152	−164	−176	−190	−204
Debts written off:						
OASI	75	78	81	85	87	89
DI	85	93	101	108	117	126
SSI benefits:						
Payments for state supplemental benefits	3,605	4,090	3,930	3,830	4,330	4,515
Payments from states for state supplemental benefits	−3,605	−4,090	−3,930	−3,830	−4,330	−4,515
Interest paid to General Fund from DI trust fund for advance tax transfers	—	—	—	40	110	117
Health and Human Services:						
Timely grant awards and recoveries	—	—	39	45	48	43
IG and other recoveries	−170	−170	−170	−170	−170	−170
Railroad Retirement: Debt waived	4	4	4	3	3	2
Veterans: Home Loan Guaranty: Revision of costs related to foreclosed properties [3]	1,095	845	768	714	695	687
Bureau of Land Management:						
Hardrock Mining Holding Fee: $100 per claim fee (less small miner exemption) per Public Law 102-381 for 1993 and 1994 only collected by 8/31/93	−80	—	—	—	—	—
Abandoned Mine Land (AML) Fund Transfer: Beginning in 1996, the AML Fund will transfer up to $70 million annually to a Combined Benefit Fund for retired coal miners	—	—	—	70	70	70
Federal Employees Group Life Insurance (FEGLI): Reduced FEGLI premiums (administrative discretion under current law)	−105	−140	−140	−140	−140	−140
Federal Employees Health Benefits Program (FEHBP): Statutory expiration of "phantom big 6" government premium contribution formula	—	−688	−1,007	−1,138	−1,286	−1,453

* $500,000 or less.

[1] Estimate reflects effects of "savings" portion of the regulation only.

[2] Estimate reflects gross benefit costs.

[3] Amounts reflect total program funding which includes resale losses as well as changes in economic and technical assumptions.

NOTES:

OBRA refers to the Omnibus Budget Reconciliation Act enacted in the year indicated.

The listing of expiring authorizations does not include demonstrations that ended in 1992 (e.g., Medicare influenza and therapeutic shoes).

Other Factors.—Many other factors are implicitly taken into account when developing baseline estimates. Projections based on prior year spending reflect resources used net of recoveries, the effects of one-time demonstration projects and waivers, and the testing of new procedures. Some of these other factors that might be implemented during the period 1993 to 1998 follow.

Medicare:

- Update payment of MRI and other equipment to reflect advanced technology.
- Define criteria and procedures for medical service coverage decisions.
- Refine separately billable drugs under ESRD program.
- Implement monitored anesthesia care coverage instructions by carriers.

Medicare, HI and SMI:

- Discontinue separate RRB claims processing.
- Prioritize MSP data collections, including spousal information.
- Set coverage criteria and payment methodology for partial hospitalization services in community mental health centers.

Medicaid:

- Issue payment standards.
- Define "new drugs" for Medicaid.
- Focus EPSDT on medical services.

Table 4–8. OUTLAY IMPACT OF SIGNIFICANT OPTIONS FOR BASELINE ASSUMPTIONS

(In millions of dollars)

	1993	1994	1995	1996	1997	1998
Regulations						
Medicare, HI:						
Review admissions for 1 to 3 day hospital stays for specific DRGs (OIG)	−30	−121	−121	−121	−121	−121
Expand DRG window to include preadmission services	−25	−110	−120	−130	−140	−150
Uniform payment levels for home health agencies (GAO)	−20	−20	−20	−20	−20	−20
Refine payment methodology for medical education	−70	−77	−85	−93	−102	−113
Improve medical resident indentification and bed counts between Medicare, DOD, and VA (GAO)	−9	−10	−11	−11	−12	−13
Clarify accrual accounting for certain hospital post-retirement expenses (OIG draft)	−2	−7	−7	−7	−7	−7
Medicare, SMI:						
Expand mandatory prepayment screens (OIG)	−2	−9	−9	−9	−9	−9
Ensure appropriate coding of procedure services by physicians (OIG)	−2	−8	−8	−8	−8	−8
Adjust payments for laboratory tests	−23	−200	−340	−390	−580	−815
Adjust ASC Update	—	−15	−20	−25	−30	−35
Modify intraocular lens payments (CBO)	−80	−125	−132	−132	−132	−132
Improve PRO review of upper GI endoscopies and colonoscopies (OIG)	−36	−36	−36	−36	−36	−36
Reduce unnecessary and poor quality cataract surgeries (OIG)	−46	−46	−46	−46	−46	−46
Adjust DME home blood glucose monitor payments (OIG draft)	−2	−7	−7	−10	−10	−10
Update DME by −1 percent as required in OBRA 90	—	−160	−165	−170	−175	−180
Pay for medically necessary ambulance services (OIG)	−8	−8	−8	−8	−8	−8
Medicare, HI and SMI:						
Deny Medicare reimbursement for patients who receive substandard medical care (OIG)	−18	−73	−73	−73	−73	−73
Extend the time limit on MSP recoveries (OIG)	−33	−132	−132	−132	−132	−132
Enhance Medicare contractor coordination (OIG)	−4	−17	−17	−17	−17	−17

Table 4-8. OUTLAY IMPACT OF SIGNIFICANT OPTIONS FOR BASELINE ASSUMPTIONS—Continued

(In millions of dollars)

	1993	1994	1995	1996	1997	1998
Medicaid:						
Strengthen drug rebate reporting and collection	-39	-175	-200	-225	-255	-290
Prohibit manipulation of procedure codes by physicians to maximize reimbursements (OIG)	-*	-*	-*	-*	-*	-*
AFDC: Revise welfare hotel regulations to comply with statute (GAO)	-27	—	—	—	—	—
Foster care/adoption assistance:						
Independent living program (new authorization)	—	70	70	70	70	70
States to file IV-E Foster Care claims within 1 year (OIG)	-9	-14	-14	-14	-14	-14
Modify definition of allowable "replacement" IV-E foster care administrative costs (OIG)	-67	-100	-100	-100	-100	-100
Child Support Enforcement:						
Obtain health insurance for children of absent parents (GAO)	-33	-67	-67	-67	-67	-67
W-4 reporting of child support orders	-44	-44	-44	-44	-44	-44
Federal Disability Insurance/Supplemental Security Income: Improve disability determination accuracy and processes—DI and SSI	16	18	23	25	29	29
Railroad Retirement: Retroactive payments for women with children ages 18 and under	38	—	—	—	—	—
Expiring Authorizations						
Vaccine Compensation Trust Fund: Post-1988 Claims Payment Limited to Injuries/Death from vaccine administered before 10/1/92	—	—	—	—	26	92
Health Education Assistance Loans: Authorization expires in 1995	—	—	10	17	26	43
Program Assumptions						
Food and Drug Administration: Fully fund the FDA through user fees	—	-816	-851	-886	-924	-964
Indian Health Service: Recovery of third-party reimbursements	-65	-70	-75	-82	-88	-95
Earned Income Credit: Improved program coordination (adminstrative action)	-30	-50	-50	-50	-50	-50
Crosscutting Agency Option: More equitable cost allocation between ACF, HCFA and FNS for MIS systems	-5	-5	-5	-5	-3	-1
Food Stamps: Food Stamp QC	-301	-55	-56	-37	-18	-8
Federal Disability Insurance/Supplemental Security Income/Medicare Hospital Insurance:						
Performing continuing disability reviews at scheduled diary rates:						
DI/Medicare	-20	-95	-125	-200	-275	-325
SSI	-5	-15	-25	-35	-45	-65
HHS, other benefit paying agencies: State death data exchange	5	7	3	3	3	3
Railroad Retirement:						
Remove 95 percent safe haven rule	-*	-*	-*	-*	-*	-*
Improved debt collection	-55	-53	-49	-38	-37	-37
Reclassified debt	-*	-*	-*	-*	-*	-*
Audit recoveries	-1	-2	-2	-2	-2	-2
Financial interchange correction (RRB OIG)[1]	-61	-6	-6	-6	-6	-6
International Credit Subsidies: Paris Club	—	100	100	100	100	100
Farm Price Supports (CCC): Increased commodity exports	-300	-300	-300	-300	-300	-300

Table 4–8. OUTLAY IMPACT OF SIGNIFICANT OPTIONS FOR BASELINE ASSUMPTIONS—Continued

(In millions of dollars)

	1993	1994	1995	1996	1997	1998
Deposit Insurance:						
Timing of RTC funding:[2]						
Early March 1993	5,700	−8,300	1,300	−100	400	−100
October 1993	−21,600	23,200	400	−200	200	400
Volume of failed assets:						
Higher volume	3,900	4,300	11,000	10,300	200	−1,200
Lower volume	−6,000	−20,200	−3,400	900	900	−1,100
Loss rates:						
Higher loss rates	2,400	4,400	3,000	1,900	1,700	1,100
Lower loss rates	−1,400	−1,800	−2,400	−1,700	−1,600	−1,100

* $500,000 or less

[1] Includes one-time savings in 1993.

[2] Baseline assumes late Spring funding.

NOTE: CBO refers to the Congressional Budget Office as the source of the option. GAO refers to the General Accounting Office as the source of the option. OIG refers to the HHS Office of the Inspector General as the source of the option.

Deposit insurance alternatives.—Estimating deposit insurance outlays is an imprecise art. They are highly volatile. They depend on the number and cost of bank and thrift failures and on when funds are made available to the Resolution Trust Corporation (RTC) to resolve such failures. The forecast is likely to be off the mark in any particular year, because a single large failure or sudden change in the course of the economy that affects many banks can cause a large swing in costs. At best, the projections can capture the overall trend and magnitude of Federal spending over a multiyear planning period.

The current forecast for 1993 through 1998 differs sharply from the forecast made for the Midsession Review that was published in July 1992. The current forecast assumes that:

- Congress will provide the RTC by late spring with the additional funding needed to resolve failed savings and loans;
- the currently favorable interest rate environment and substantially improved earnings by banks and thrifts have reduced the total number and size of institutions that will fail and require their losses to be covered by the RTC and the Federal Deposit Insurance Corporation (FDIC); and
- the amount of losses per dollar of loans and other assets acquired from failed institutions will be slightly lower than in recent experience.

As shown in Table 4–9, these assumptions result in lower projections of deposit insurance spending for the next two years.

The RTC has been without funding to pay for thrift resolutions since April 1992. Additional funding is urgently needed. The baseline forecast assumes such funding will be available by late Spring 1993, allowing the RTC to resolve cases involving $34 billion in assets. If funding is provided by early March—soon after Congress returns—the RTC might be able to handle about 50 percent more in assets. As shown in Table 4–10 this would increase outlays relative to the baseline by $6 billion in 1993 and decrease

Table 4–9. DEPOSIT INSURANCE OUTLAYS, 1993–1998

(In billions of dollars)

	1993	1994	1995	1996	1997	1998
1993 Midsession Review (July 1992)	59.4	26.7	−28.1	−22.6	−21.9	—
Current Baseline	15.5	16.2	−7.1	−14.9	−11.3	−6.9

1994 outlays by $8 billion. On the other hand, if no new resources are made available until October 1993, RTC will not be able to spend any significant amount of loss funds in 1993 to resolve cases. Relative to the baseline estimates, outlays would decline by $22 billion in 1993 (producing net receipts), but they would soar by $23 billion in 1994.

Another important assumption is the number of failed institutions that will need to be resolved in the next few years and the size (amount of assets) of those institutions. Among the key factors which determine the volume of failed assets in the thrift and banking industries are economic conditions in various regions of the country, the condition of the real estate industry in those regions, and the impact of changing Federal bank regulation and bank closure policies.

The baseline assumes that, in aggregate, banks with assets of about $300 billion will fail in the 1993–98 time period. This projection is not based on the forecast failure of any specific bank. Some forecasters have argued recently that weaker earnings prospects than now forecast could cause a much larger number of failures to occur. As shown in Table 4–10, a larger number of thrift and bank failures could increase outlays by $4 billion in 1993 and another $4 billion in 1994. On the other hand, if the current favorable interest rate environment and resulting earnings continue at their present level, Federal outlays for deposit insurance would fall sharply. The impact of new capital requirements, which took effect December 19, 1992, is unclear, but they could cause more bank and thrift assets to be taken over by Federal regulators in the next 6 to 12 months. This should reduce the Federal government's costs in the long run.

One final assumption is the estimated cost of failure cases. Given the current economic and real estate market downturns, the baseline assumes slightly higher bank loss rates than those experienced by the FDIC in the past. If loss rates on thrift failures increase to the rates experienced in 1988 by the previous thrift deposit insurance fund, the FSLIC, and if bank loss rates increase by a similar percentage, then outlays would increase by over $2 billion in 1993 and by $4 billion in 1994. Alternatively, if loss rates for thrift cases fall to those experienced in recent bank failures, and if the bank loss rate were to drop to the FDIC's historical level, outlays could be $1–$2 billion lower per year over the forecast period.

International credit subsidies.—The methodology used to develop estimates for the 1993 budget and the 1994 baseline is responsible. However, actions in other countries and in negotiations among countries are particularly hard to predict reliably. If the baseline estimate is off, it is likely off on the low side. It may understate the subsidy costs for short-term loans to risky countires, Paris Club agreements, and receipts for old loans subject to rescheduling. Depending on the countries involved, the frequency of rescheduling, and other variables,

Table 4–10. ALTERNATIVE ESTIMATES OF DEPOSIT INSURANCE OUTLAYS, 1993–1998

(In billions of dollars)

	1993	1994	1995	1996	1997	1998
Current Baseline	15.5	16.2	−7.1	−14.9	−11.3	−6.9
Timing of RTC funding:[1]						
Early March 1993	21.2	7.9	−5.8	−15.0	−10.9	−7.0
October 1993	−6.1	39.4	−6.7	−15.1	−11.1	−6.5
Volume of failed assets:						
Higher volume	19.4	20.5	3.9	−4.6	−11.1	−8.1
Lower volume	9.5	−4.0	−10.5	−14.0	−10.4	−8.0
Loss rates:						
Higher loss rates	17.9	20.6	−4.1	−13.0	−9.6	−5.8
Lower loss rates	14.1	14.4	−9.5	−16.6	−12.9	−8.0

[1] Current baseline assumes late spring funding.

subsidy budget authority could increase by as much as $300 to $400 million.

Pell Grants.—Pell grants assist students with the costs of post-secondary education. The Pell grant baseline budget authority is the 1993 enacted level, adjusted for inflation. Under current law, $1.4 billion of the 1994 budget authority would be required to fund awards for 1993 and prior years, for which enacted budget authority was not sufficient. The remaining 1994 baseline budget authority would be insufficient to fund 1994 awards.

Maximum Deficit Amounts

The Budget Enforcement Act includes a deficit control mechanism that requires sequestration (across-the-board spending reductions) in the event the deficit exceeds a maximum deficit amount (MDA). The deficit subject to control is defined as the on-budget deficit plus the administrative expenses of the off-budget social security trust funds.

This enforcement mechanism had no practical consequence in 1992 and 1993 because the MDAs were automatically adjusted for changes in receipts and outlays due to economic and technical reestimates. On January 21, 1993, the incoming Administration can decide to put teeth into this enforcement mechanism. On that date, the incoming Administration must decide whether to adjust the MDAs for economic and technical reestimates since the 1993 budget was transmitted. If the MDAs are revised, the deficit enforcement mechanism continues to have no operational impact. If, instead, the MDAs are not adjusted, they would remain at the levels published in OMB's final sequestration report for 1993, adjusted for subsequent reestimates to the discretionary limits and to deposit insurance. The adjusted MDA for 1994 exceeds the unadjusted MDA by $24.1 billion (see Table 4-11). The BEA provides a $15 billion cushion when determining the need for a sequester.

Means of Financing

Table 4-12 summarizes the baseline estimates of Federal borrowing and debt from 1992 through 1998.

Table 4-11. MAXIMUM DEFICIT AMOUNTS
(In billions of dollars)

	1994	1995
Maximum deficit amount as of October 23, 1992	307.8	302.5
Adjustments:		
Discretionary caps and related debt service	−2.6	−3.5
Deposit insurance reestimates and related interest costs since February 1992	29.7	3.6
Current maximum deficit amount	334.9	302.6
Other economic and technical assumptions	24.1	44.5
Potential maximum deficit amounts	359.0	347.1
Memorandum: Potential maximum deficit on a consolidated budget basis (includes mandatory off-budget receipts and outlays)	294.1	274.1

Table 4–12. FEDERAL GOVERNMENT FINANCING AND DEBT[1]

(In billions of dollars)

	1992 actual	Estimate					
		1993	1994	1995	1996	1997	1998
FINANCING							
Surplus or deficit (–)	–290.2	–327.3	–292.4	–272.4	–266.4	–305.0	–319.8
(On-budget)	(–340.3)	(–379.9)	(–354.8)	(–342.6)	(–348.5)	(–395.6)	(–422.9)
(Off-budget)	(50.1)	(52.6)	(62.5)	(70.3)	(82.1)	(90.7)	(103.1)
Means of financing other than borrowing from the public:							
Decrease or increase (–) in Treasury operating cash balance	–17.3	18.8	—	—	—	—	—
Increase or decrease (–) in:							
Checks outstanding, etc.[2]	–1.7	–0.2	–2.3	—	—	—	—
Deposit fund balances	–0.4	*	–1.3	—	—	—	—
Seigniorage on coins	0.3	0.3	0.5	0.5	0.5	0.5	0.5
Deduct (–): Net financing disbursements:							
Direct loan financing accounts	–2.9	–5.7	–6.1	–5.9	–5.5	–5.4	–5.4
Guaranteed loan financing accounts	1.6	4.3	4.1	2.9	2.4	2.1	1.6
Total, means of financing other than borrowing from the public	–20.5	17.5	–5.1	–2.5	–2.6	–2.8	–3.4
Total, requirement for borrowing from the public	–310.7	–309.8	–297.4	–274.9	–269.0	–307.8	–323.2
Reclassification of debt[3]	—	–1.3	—	—	—	—	—
Change in debt held by the public	**310.7**	**311.1**	**297.4**	**274.9**	**269.0**	**307.8**	**323.2**
DEBT, END OF YEAR							
Gross Federal debt:							
Debt issued by Treasury	3,984.6	4,390.0	4,792.0	5,176.2	5,553.3	5,970.3	6,408.2
Debt issued by other agencies	18.1	20.4	21.4	21.4	22.5	23.3	24.2
Total, gross Federal debt	4,002.7	4,410.5	4,813.5	5,197.6	5,575.8	5,993.6	6,432.4
Held by:							
Government accounts	1,004.0	1,100.8	1,206.3	1,315.5	1,424.7	1,534.7	1,650.3
The public	2,998.6	3,309.7	3,607.2	3,882.1	4,151.1	4,458.9	4,782.1
(Federal Reserve Banks)	(296.4)	—	—	—	—	—	—
(Other)	(2,702.2)	—	—	—	—	—	—
DEBT SUBJECT TO STATUTORY LIMITATION, END OF YEAR							
Debt issued by Treasury	3,984.6	4,390.0	4,792.0	5,176.2	5,553.3	5,970.3	6,408.2
Deduct (–): Treasury debt not subject to limitation[4]	–15.6	–15.6	–15.6	–15.6	–15.6	–15.6	–15.6
Agency debt subject to limitation	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Unamortized discount (less premium) on Treasury notes and bonds other than zero-coupon bonds	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Total, debt subject to statutory limitation[5]	**3,972.6**	**4,378.0**	**4,780.0**	**5,164.2**	**5,541.3**	**5,958.3**	**6,396.2**

* $0.05 billion or less.

[1] Treasury securities held by the public are almost entirely measured at sales price plus amortized discount or less amortized premium. Agency debt and Treasury securities held by Government accounts are almost entirely measured at face value.

[2] Besides checks outstanding, includes accrued interest payable on Treasury debt, miscellaneous liability accounts, allocations of special drawing rights, and, as an offset, cash and monetary assets other than the Treasury operating cash balance, miscellaneous asset accounts, and profit on sale of gold.

[3] The Farm Credit System Financial Assistance Corporation was reclassified from a Government-sponsored enterprise to a Federal agency as of October 1, 1992, and its debt has accordingly been reclassified as Federal agency debt as of that date.

[4] Consists primarily of Federal Financing Bank debt.

[5] The statutory debt limit is $4,145 billion.

5. High Priority Investments

5. HIGH PRIORITY INVESTMENTS

INTRODUCTION

Chapters 5A through 5H discuss various investments in the future which have been recommended by the Bush Administration and which would require increases in 1994 if the policies guiding these increases were to be continued. These recommended investments are unified by a single characteristic: making them will contribute to the improvement of U.S. productivity, and thereby to the enhancement of long-term U.S. economic performance.

Since passage of the Budget Enforcement Act (BEA) in 1990, the Administration has proposed to accommodate these recommended increases in investment within the constraints of caps on discretionary spending imposed by the Act. Thus, the Administration has introduced the notion of a "program life cycle", and has recommended substantial reductions in and, in some cases, termination of, various programs that provide low returns to the taxpayers. As a result of this policy, discretionary spending has grown in 1992 and 1993 by less than the inflation rate.

The Administration would again recommend making the investments described in the pages which follow within the context of the overall discretionary cap imposed for 1994 by the BEA. Therefore, the following chapter should be read in conjunction with Chapter 14, "Reductions in Low-Return Discretionary Programs."

5A. ENHANCING RESEARCH AND DEVELOPMENT AND EXPANDING THE HUMAN FRONTIER

The Bush Administration's strong support for increased investments in research and development (R&D) has resulted in a record investment of $73 billion in 1993, a 13 percent increase over 1989. The Administration had proposed $76 billion in 1993, an 18 percent increase over the 1989 level, but the Congress cut nearly $3 billion out of civilian basic and applied R&D. The growth in Federal R&D spending over this period of budgetary constraint reflects aggressive investment in both basic and applied R&D. These investments have generated new scientific knowledge, helped train the future U.S. workforce, contributed to the nation's security, improved the transfer of technology to the private sector, and laid the groundwork for long-term economic growth.

Administration Policy

Five activities have highlighted the Administration's R&D policy:

- *Basic Research.*—Promoting the creation of new knowledge and training that will lead to a better understanding of the world around us and become the foundation for future technological advances. Investment in civilian basic research has increased 29 percent since 1989.
- *Applied Research and Development.*—Maintaining investments in activities that will satisfy Federal technological needs and help spur innovation and the movement of new products and processes from the laboratory to the marketplace. Investment in applied civilian R&D has increased 33 percent since 1989.
- *National Security.*—Maintaining a strong defense R&D program as a key element of the nation's security strategy.
- *Technology Transfer.*—Expanding the pace of technology transfer activities through direct Federal technology transfer investments, increased private-public partnerships, and stimulating private sector R&D investments.
- *Expanding the Geographical Frontier: Space.*—Continuing to improve the access to and exploration of space and to conduct important research in the space environment.

Accomplishments

Basic Research.—The Administration's 1993 investment of $14 billion in basic research represents a 30 percent increase over the 1989 level. The lion's share of this investment has been in civilian basic research, which increased 29 percent since 1989. This increase would have been 36 percent had the Congress enacted the Administration's request in 1993. The products of this research create the foundation for technological advances and support a broad range of policy decisions. For example, the interagency U.S. Global Change Research Program (climate research) has been a central ingredient in the development of America's National Climate Change Strategy. Funds have also been increased for large projects, like the Superconducting Super Collidor, as well as for individual and small groups of researchers, primarily at academic institutions. The Administration's continued commitment to double the National Science Foundation budget, the Human Genome Project, and the Department of Agriculture's National Research Initiative have significantly increased support for these researchers. Overall, support for individual investigators has been increased by 28 percent since 1989.

Applied Research and Development.—The Administration's 1993 investment of $55 billion in these activities represents an eight percent increase over 1989—but its investment in applied civilian R&D has increased 33 percent in the last four years. These increases would have been 14 and 49 percent, respectively, had the Congress enacted the Administration's request in 1993. Defense applied R&D has remained relatively flat. Where these activities led to technologies that may have commercial application, the Administration has supported technology development at the generic or pre-competitive stage. This approach has been demonstrated through the Administration's investments in biomedical research (Protecting the Public Health) and applied research initiatives in High Performance Computing and Communications (HPCC), Advanced Materials and Processing, Advanced Manufacturing, and Biotechnology Research. Conducted with advice from industry, these programs are developing fundamental computational, materials, and biotechnology tools to support both industry and Federal government needs. The HPCC's National Research and Education Network computer network has been likened to the "highways of tomorrow" by linking researchers, students, and others without them ever leaving their offices, laboratories, or even their homes.

Maintaining National Security.—The Federal Government has a fundamental requirement for advanced technology to meet our national security needs. This was demonstrated in Operation Desert Storm when the deployment of advanced weapons and technology both saved lives and led to a decisive victory. DOD and DOE defense R&D programs have also led to many civilian or "dual use" applications.

Improving Technology Transfer and Stimulating Private Sector R&D Investments.—The Administration has also initiated a broad range of public-private partnerships, accelerated technology transfer from government laboratories, and proposed tax credits and joint venture incentives to encourage greater private sector R&D investments. The 1992 National Technology Initiative, in particular, reflected the President's desire to "get the great ideas generated by public funds out into the private sector, off the drawing board and onto the store shelves."

Expanding the Geographical Frontier.—The Administration's investment in these activities has increased 29 percent since 1989 and includes support for the Space Shuttle, Space Station Freedom, and investments in the next generation of launch vehicles.

Funding and Actions Required to Continue Policy

A 1994 R&D budget of approximately $80 billion, a 10 percent increase over 1993, would be required to continue the Administration's current research and technology activities. Federal R&D efforts must continue to focus on improving our domestic economy and international competitiveness. This requires coordination within the Federal government and with the private sector. The Administration's recommendation for a strong program of investment in civilian R&D has another vitally important benefit. It can help utilize the important technological and human resource assets of the declining defense/aerospace industry.

New Balance Between Defense and Civilian R&D.—In the post-Cold War era, changing national security requirements have allowed the Administration to make significant reductions in defense spending. In response to these changes, the Administration has emphasized civilian needs as a major driver for Federally-supported technology development. As a result, spending on non-defense R&D increased from 34 to 40 percent of total Federal R&D between 1989 and 1993, while the share spent on defense declined correspondingly from 66 to 60 percent. The share of non-defense R&D would have been 42 percent had the Congress enacted the Administration's 1993 request.

Improving the Coordination of Federal R&D Activities.—The Administration has improved the coordination and effective use of Federal R&D resources through the Federal Coordinating Council for Science, Engineering, and Technology (FCCSET). Interagency research and education efforts brought together under the FCCSET umbrella include High Performance Computing and Communications, Advanced Materials and Processing, Biotechnology Research, Advanced Manufacturing R&D, the U.S. Global Change Research Program, and the Math and Science Education Initiative. While FCCSET was successful within the Executive Branch, its effectiveness is limited by the lack of a comparable integrated R&D review process in the Congress.

Stimulating Economic Growth through Partnerships and More Relevant R&D.—Industry continues to be both the largest supporter (50 percent) and performer (70 percent) of R&D within the total national R&D effort. Largely as a result of Federal funding, U.S. academic institutions are the primary performers of basic research and have achieved world preeminence in research and training. Federal laboratories provide a third element of this strong national R&D effort.

In the post-Cold War era, all three groups of R&D performers will have to forgo stronger partnerships to support the ability of America to compete successfully in a global economy. The Administration has put a major emphasis on establishing such partnerships. Currently, roughly $32 billion or 43 percent of the R&D spending is for collaborative research. One form of partnership, the Cooperative Research and Development Agreement (CRADA), has proven to be particularly successful. The number of CRADAs throughout the Federal government has grown from fewer than 100 at the beginning of the Bush Administration to roughly 1,400 today. It is estimated that the dollar value of active CRADAs is over $300 million and is expected to grow significantly over the next several years. Cost-sharing, a primary criterion of these partnerships, increases the likelihood of relevant and useful R&D that can contribute to our Nation's productivity and competitive edge. The 1992 Council on Competitiveness report entitled *Industry as a Customer of the Federal Laboratories* outlines many recommendations to make sure that the national investments in the Federal laboratories continue to yield benefits to the nation. A key recommendation was to set aside significant percentages of laboratory budgets for joint civilian technology programs with industry. The Administration has made significant strides to support joint technology efforts. For example, currently, roughly 11 percent of DOE defense R&D funds are for joint activities.

In addition to integrating Federal R&D efforts more closely with the private sector, the Administration recently established under the President's Science Advisor a committee that includes Federal R&D representatives and a council that includes State, regional, and local representatives involved in science, engineering, and technology. The primary purpose of these two groups is to improve the synergism between their respective R&D efforts. One of the first "products" from these groups will be a directory of Federally funded R&D efforts that might be responsive to State, regional, and local needs.

The Future of the R&D Enterprise.—Reducing the size or "downsizing" of the Federal, industrial, and academic R&D enterprise is being promoted by some. In the current post-Cold War era, some adjustments in our defense investment

Table A–1. HIGH PRIORITY INVESTMENTS—RESEARCH AND DEVELOPMENT
(Budget authority; dollar amounts in billions)

	1989 Actual	1993 Requested	1993 Enacted	Percent Change: 1989 to 1993 Enacted	1994 Projected Assuming Continuation of President Bush's Policies
Basic Research	11	14	14	+30%	15
Civilian	10	13	12	+29%	14
Defense	1	1	1	+45%	1
Applied Reseach and Development	51	58	55	+8%	61
Civilian	12	17	15	+33%	17
Defense	40	41	40	−1%	44
Subtotal, Conduct of R&D	62	73	69	+12%	76
R&D Facilities	2	3	3	+44%	4
Total, Conduct of R&D and Facilities	64	76	73	+13%	80
Civilian	21	30	28	+31%	31
Defense	41	42	41	+2%	45
Civilian Percent of Total	34%	42%	40%	+17%	41%
Defense Percent of Total	66%	58%	60%	−9%	59%

will undoubtedly be necessary. However, it must be recognized that America's R&D enterprise has demonstrated that it is a valuable national economic and national security asset. It has been nurtured over many decades. Care should be taken to ensure that defense assets be converted wisely and that civilian R&D assets not be allowed to atrophy.

Table A-2. RESEARCH AND DEVELOPMENT HIGHLIGHTS [1]
(Budget authority; dollar amounts in billions)

	1989 Actual	1993 Requested	1993 Enacted	Percent Change: 1989 to 1993 Enacted	1994 Projected Assuming Continuation of President Bush's Policies
Total Civilian R&D	21.3	30.4	27.9	+31%	30.8
Applied Research:					
High Performance Computing and Communications [2]	N/A	0.8	0.8	N/A	1.0
Advanced Materials and Processing [2]	N/A	2.0	1.9	N/A	2.1
Biotechnology Research [2]	N/A	4.0	4.1	N/A	4.2
Energy R&D	3.5	5.3	4.7	+33%	6.4
Moving Fusion Energy from Science to Engineering	0.3	0.4	0.3	-3%	0.4
Advanced Manufacturing R&D [2]	N/A	1.2	1.2	N/A	1.3
Transportation R&D/Space Technology	1.1	1.7	1.7	+64%	1.9
Protecting the Public Health	3.5	4.8	4.6	+32%	4.8
Expanding R&D at the National Institute of Standards Technology	0.2	0.3	0.4	+142%	0.5
Basic Research:					
Doubling the NSF Budget by 1994	1.9	3.0	2.7	+42%	3.3
Support for Individual Investigators (HHS, NSF, DOE)	5.9	7.9	7.5	+28%	N/A
Human Genome Project	N/A	0.2	0.2	N/A	0.2
Superconducting Super Collider	0.1	0.7	0.5	+428%	0.7
U.S. Global Change Research Program [2]	N/A	1.4	1.3	N/A	1.6
Astronomy and Astrophysics	0.6	0.9	0.9	+39%	N/A
National Research Initiative (USDA)	N/A	0.2	0.1	N/A	0.2
Maintaining National Security: Defense R&D					
Defense	38.0	39.7	38.8	+2%	42.5
Energy	2.6	2.7	2.6	-1%	2.7
Expanding the Geographic Frontier:					
Improving Access to Space	4.4	5.4	4.9	+12%	5.4
Space Exploration	1.4	2.8	2.6	+82%	3.0

N/A = Not Available.
[1] Due to overlap among these activities, these numbers cannot be summed to match the R&D totals in Table A-1.
[2] Federal Coordinating Council for Science, Engineering, and Technology Interagency Research Effort.

5B. IMPROVING THE NATION'S INFRASTRUCTURE

Federal outlays for domestic physical capital infrastructure activities will total $54.6 billion in 1993. This is an increase of $15.5 billion or 40 percent over the 1989 level. These outlays reflect Federal support for infrastructure activities provided directly by the Federal government and through Federal grants to States and local governments. (For details, see Table B-2, "Federal Outlays for Major Domestic Public Physical Capital". Also see Appendix One, Section C, "Physical and Other Capital Presentation".)

The Administration's infrastructure investments reflect the following principles:

- **Building for Tomorrow** by maintaining and improving the Nation's transportation and environmental infrastructure to establish a foundation to meet the needs of a growing population and economy.
- **Stimulating Economic Growth** by putting Americans to work and providing the basis for long-term economic growth. It is estimated that more than 2.5 million jobs will be supported through this investment in 1993 alone.
- **Renewing the Infrastructure Partnership** by building strong ties among the Federal government, State and local governments, and the private sector. These ties foster private investment, encourage innovation, and promote more efficient, environmentally sound infrastructure development.

Extending policies pursued by the Bush Administration would require $40.3 billion in 1994 spending authority for key infrastructure investments, an increase of $4.5 billion or 13 percent over 1993 enacted levels. Highlights of this investment are discussed below (see Table B-1, "High Priority Investments—Infrastructure"). For these programs, spending increased by $9 billion or 34 percent from 1989 to 1993.

ENHANCING THE NATION'S SURFACE TRANSPORTATION

Extension of Bush Administration policies into 1994 would require approximately $20.5 billion for highways, an increase of $2.8 billion or 16 percent over the 1993 level. This would fund fully the 1994 authorizations contained in the 1991 Intermodal Surface Transportation Efficiency Act (ISTEA).

Table B-1. HIGH PRIORITY INVESTMENTS—INFRASTRUCTURE
(Budget authority; dollar amounts in billions)

	1989 Actual	1993 Requested	1993 Enacted	Percent Change: 1989 to 1993 Enacted	1994 Projected Assuming Continuation of President Bush's Policies
Federal Aid Highways (Obligations)	13.5	19.2	17.7	+31%	20.5
FAA Modernization	1.4	2.7	2.4	+70%	2.6
Airport Grants	1.4	1.9	1.8	+29%	1.9
Environmental Infrastructure	3.6	4.8	4.8	+32%	4.9
Indian Reservation Facilities	0.1	0.1	0.2	+131%	0.2
Weather Service Modernization	0.4	0.5	0.5	+15%	0.7
NASA Space Transportation	4.4	5.2	4.9	+11%	5.4
Energy and Science Infrastructure	2.0	3.8	3.7	+85%	4.3
Total	26.8	38.3	35.8	+34%	40.3

Under this Administration, Federal-aid highway funding increased from $13.5 billion in 1989 to $17.7 billion in 1993. This is an increase of $4.2 billion or 31 percent. If the Administration's 1993 budget request had been approved, the increase would have been 42 percent.

The 1994 highway funding level would continue bridge rehabilitation, pavement condition improvement, and additional road construction.

Achieving Landmark Surface Transportation Legislation

ISTEA, which authorized over $150 billion in spending over 6 years, includes innovative provisions that:

- concentrate Federal resources on the soon-to-be designated 155,000-mile National Highway System, the roads most critical to interstate commerce and travel;
- permit State and local officials to apply Federal funds flexibly to solve local transportation problems, including support for traditional highway construction or other forms of surface transportation; and
- allow the use of Federal funds for the construction of toll roads, giving States access to an entirely new funding source. Ohio, New York, and Florida already have used this authority.

ISTEA's increased spending levels and lower-than-anticipated receipts will pose future problems for the highway program. A statutory provision, referred to as the Byrd headroom test, signals when new spending authority can not be supported by projected receipts. Specifically, it reduces new contract authority if the total outstanding highway funding commitments during the budget year exceed the sum of the available cash balance and the following two years' projected receipts.

The Highway Account will fail the Byrd headroom test beginning in 1995 under current revenue and spending projections. In addition to warning that the trust fund may be headed toward insolvency, the test also would reduce the $21 billion in annual spending authority provided to the States by ISTEA by approximately $4 billion in both 1995 and 1996.

Improving the Nation's Highways

Between 1989 and 1993, $80 billion in Federal highway funding supported the rehabilitation of over 10,000 bridges and a dramatic improvement in highway conditions. For example, the percent of urban interstate highway miles rated in poor condition in 1991 was less than half the 1983 level. (See Chart B–1.)

Federal highway expenditures can stimulate economic growth and support jobs when they are part of an integrated national transportation system. For example, the Interstate Highway System led to the development of an inter-regional economy and raised the standard of living of all Americans. However, congressionally earmarked "demonstration" projects do not necessarily provide these benefits. They distort transportation priorities if they do not fit into the national system, and they delay needed highway improvements if they are not ready for construction.

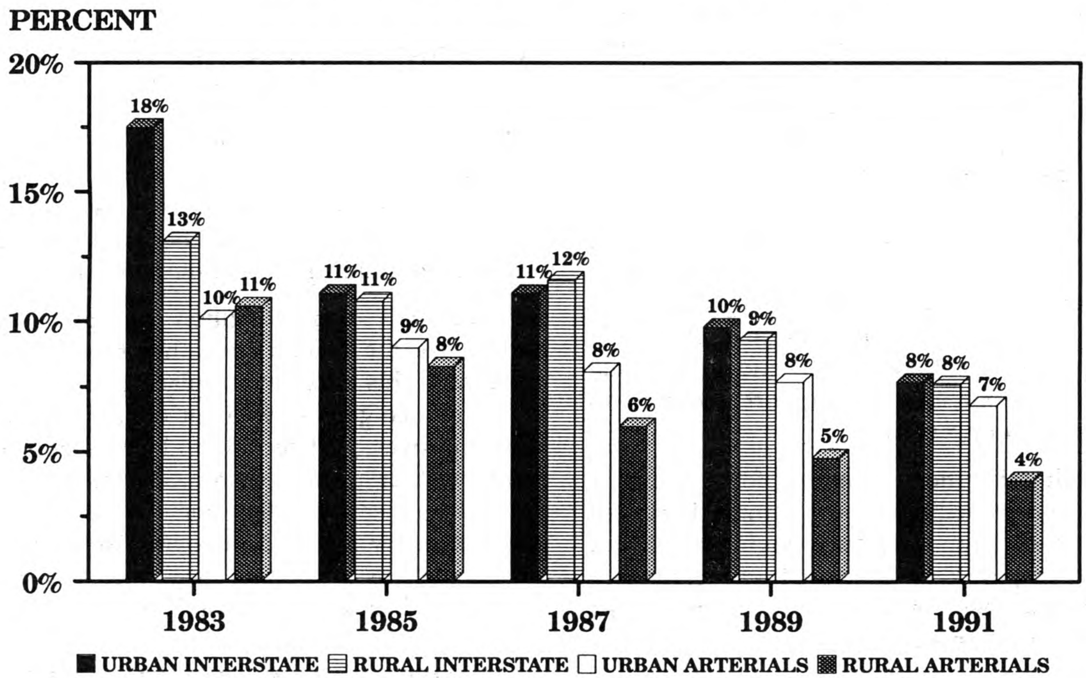
Strengthening Rail Transportation

As a companion and complement to needed highway investment, the Administration has pursued high-speed rail and magnetically levitated ("maglev") train research and development. Resolving the research and development issues associated with maglev could lead to a public/private partnership to construct an experimental system. Also, over $200 million in improvements are underway to reduce travel time in the Northeast corridor. Amtrak has received $579 million since 1989 for capital improvements to assist in its efforts toward becoming a self-sufficient operation. The Administration has provided grants to States to improve safety along five high-speed rail corridors by eliminating highway-rail crossings.

MODERNIZING THE AVIATION SYSTEM

Extension of Bush Administration policies into 1994 would require approximately $4.5 billion to continue the Federal Aviation Administration's (FAA's) modernization effort and increase capacity enhancing construction at airports. This would be a $300 million or 8 percent increase over 1993 enacted levels. This would add new radars, expand computer capacity, improve telecommunications, and increase airport capacity construction.

Chart B-1. THE PERCENTAGE OF HIGHWAY MILEAGE WITH PAVEMENT RATED AS "POOR" CONTINUES TO DECLINE



The Administration has met the demands arising from recent and projected increases in air travel through substantial funding for airport capacity expansion, innovative local airport financing, and a comprehensive aviation system modernization program.

Between 1989 and 1993, Federal airport grants, together with State and local government matching funds, helped construct the following capacity enhancement projects: 272 new runways, 982 runway extensions and related projects, and 233 terminals. Construction has begun on 21 new airports, including the new Denver airport, the first major airport to be built in this country since 1974. Also, airports can now increase their operating capacity, mitigate noise, and enhance safety with revenues collected from passenger facility charges (PFC). Enacted in 1990, a PFC is a charge levied on departing passengers for use of aviation facilities. When fully implemented, PFCs will provide an estimated $1 billion per year for airports to improve facilities and speed air travel.

The aviation system modernization program will address the system's immediate needs and result in greater future operating efficiency and safety. It is estimated the program will generate more than $200 billion in benefits through the year 2025. As part of the effort, approximately 100 advanced radars were installed, 110 airports received windshear hazard sensors, and 160 airports received advanced, automated weather sensors. Also, to prepare for the future aviation system, the Administration has been researching satellite-based aircraft navigation systems. These may someday replace land-based navigation aids and thereby greatly expand flexibility in aircraft routing.

EXPANDING ENVIRONMENTAL INFRASTRUCTURE

Extension of Bush Administration policies into 1994 would require approximately $4.9 billion to continue to fund wastewater treatment facility construction, cleanup of Superfund sites and leaking underground storage tanks, and other environmental facility construction. This is an increase of $0.1 billion or 3 percent over the 1993 level. The wastewater construction program would include capitalization grants to permit States to make low interest loans to communities for treatment plant construction; expedited cleanup of coastal waterways, and cleanup of the severely polluted waters along the Mexican border in support of the North American Free Trade Agreement. As treatment plant funding needs decrease, clean water funding would shift to non-point source programs in the Department of Agriculture and other agencies. The Superfund program would maintain this Administration's current emphasis to require polluters to clean up problems they created and to continue to redirect resources from support activities to actual site clean-up work.

The Administration's support for expanding environmental facilities and cleanup benefited Americans through a cleaner environment and increased employment generated by facility construction and new business creation permitted by increased treatment capacity.

By 1994, the Administration will have supported funding in excess of the $18 billion Congress authorized to help clean up the Nation's waters through construction of wastewater treatment facilities. This funding helped achieve a rate of 90 percent compliance with municipal treatment requirements. The Administration consistently proposed significant funding increases for cleanup of abandoned hazardous waste sites and leaking underground storage tanks. Under the Federal Superfund program, more site cleanups were completed in 1992 than in the previous 11 years of the program.

IMPROVING INDIAN RESERVATIONS

Many Indian reservations are located in economically depressed areas that have little or no infrastructure. To improve conditions, the Administration supported increased funding (from $65 million in 1989 to $150 million in 1993) for construction and rehabilitation of schools, dams, irrigation projects, and housing. In addition, annual funding for road construction and road rehabilitation on Indian reservations more than doubled between 1989 and 1993, from about $80 million to $191 million. These investments improved health and safety and generated employment opportunities for Indians living on or near reservations. Continuing these efforts would require approximately $166 million in 1994, an increase of $16 million or 11 percent over 1993 enacted levels.

MODERNIZING WEATHER FORECASTING CAPABILITIES

Extension of Bush Administration policies into 1994 would require approximately $700 million, a $200 million or 48 percent increase over 1993 enacted levels, to continue the Administration's weather forecasting system modernization effort.

Since 1989, over $2 billion was provided to modernize the Nation's weather forecasting capabilities. This effort will replace obsolete equipment, reduce gaps in weather data observations, and improve the detection and prediction of severe weather events, thereby improving safety for the general public. For example, a new weather radar installed in south Florida was instrumental in providing accurate and timely warnings during passage of Hurricane Andrew.

IMPROVING ACCESS TO SPACE

Extension of Bush Administration policies into 1994 would require approximately $5.4 billion for NASA space transportation, an increase of $0.1 billion or 9 percent over 1993 enacted levels. This would support Space Shuttle operations and several programs to improve Shuttle operations. NASA would purchase more expendable launch vehicle services for unmanned missions and continue developing new technology for future launch systems.

The Nation's space transportation capabilities must continue to meet both near-term and long-term national needs. The Administration's policies to meet these needs are to: (1) enhance the Space Shuttle's efficiency, schedule reliability, and lifespan; (2) develop an operationally improved launch system that also will reduce the long-term burden on the Space Shuttle; and (3) encourage the commercial sector to provide goods and services to increase access to space.

EXPANDING ENERGY AND SCIENCE INVESTMENTS

Extension of Bush Administration policies into 1994 would require nearly $4.3 billion, an increase of $0.6 billion or 15 percent over 1993 enacted levels, for investments in energy and scientific research facilities. Included would be major facilities to investigate the basic properties of matter such as the Superconducting Super Collider, the Fermi Main Injector, and the Stanford Linear Accelerator "B-factory". Funding also is recommended for major research facilities for the Human Genome program, the Relativistic Heavy Ion Collider in New York and the Continuous Electron Beam Facility in Virginia.

This Administration increased spending for investments in energy and science related infrastructure by 48 percent since 1989. One primary energy infrastructure investment is the Superconducting Super Collider (SSC), a 54-mile circular tunnel which will support research to expand fundamental knowledge of matter and energy. The SSC will employ 2,500 scientists, engineers and technicians; and host an additional 500 visiting scientists. Other energy infrastructure investments include the electric power facilities, transmission lines, and dams of the Power Marketing Administrations and the Tennessee Valley Authority.

ENHANCING THE PUBLIC/PRIVATE PARTNERSHIP

The Administration has built a strong public/private partnership to meet shared needs and goals. In addition to enabling airports to collect local revenue to improve facilities and States to build toll roads with the private sector, States and localities now can more easily sell or lease infrastructure obtained with Federal financial assistance, including, for example, wastewater treatment systems. The President signed an Executive Order in April 1992 to facilitate such sales or leases, thereby providing States and localities with access to new infrastructure financing for the future. The existing infrastructure must be retained for its original purpose and the proceeds used for additional infrastructure development, debt reduction, or tax relief.

Table B-2. FEDERAL OUTLAYS FOR MAJOR DOMESTIC PUBLIC PHYSICAL CAPITAL

(Dollar amounts in billions)

	1989 Actual	1993 Estimate	Percent Change: 1989 to 1993
Grants:			
Surface transportation	15.9	19.8	+24%
Air transportation	1.1	2.1	+83%
Pollution control and abatement	2.5	2.6	+5%
Other natural resources and environment	0.1	0.3	+95%
Community and regional development	3.9	4.0	+2%
Housing assistance	0.7	3.1	+346%
Other construction	0.5	0.5	+9%
Other physical assets	0.5	0.7	+38%
Subtotal, grants	25.3	33.1	+31%
Direct Federal Programs:			
Science, space, and technology	0.3	1.3	+372%
Water resource projects	2.5	2.5	+2%
Other natural resources and environment	1.3	2.3	+70%
Energy	1.9	3.4	+77%
Transportation	0.3	0.5	+90%
Veteran hospitals and other health facilities	1.0	1.2	+16%
Postal Service	0.7	0.9	+39%
Federal Prison System	0.2	0.6	+295%
Federal Buildings Fund	0.1	1.1	+1,089%
Other construction	0.5	1.0	+95%
Major equipment	5.2	6.8	+31%
Subtotal, direct Federal programs	13.9	21.6	+55%
Total	39.2	54.6	+40%

NOTE: Table includes minor amounts for defense grants and international direct Federal program activities.

5C. FOCUSING ON PREVENTION AND CHILDREN

President Bush's 1989 through 1993 Budgets focused heavily on investments in preventive health for the Nation and in programs serving children. Since 1989, the Federal Government has spent over $400 billion on programs serving children (See Table C-1), and in 1993 alone, spending on children will top $97 billion. This section identifies accomplishments in these areas and the funding needed to sustain these programs under current policies. (See also Chapter 5D, "Ending the Scourge of Drugs and Crime," for information regarding drug abuse prevention activities.)

Table C-1. SPENDING ON SELECTED CHILDREN'S PROGRAMS
(Obligations; dollar amounts in millions)

	1989 Actual	1993 Requested	1993 Enacted	Percent Change: 1989 to 1993 Enacted	1994 Projected Assuming Continuation of President Bush's Policies
Nutrition:					
WIC	1,929	2,840	2,860	+48%	3,146
Child Nutrition	4,673	6,490	6,827	+46%	[1]7,330
Other Nutrition[2]	6,863	11,874	12,831	+87%	13,054
Health:					
Maternal/Child Health	554	674	665	+20%	698
Medicaid	7,020	17,780	17,100	+144%	19,700
Community/Migrant Health	180	265	213	+18%	223
Immunizations	141	349	342	+143%	410
Healthy Start	—	143	79	—	98
Other Health	193	298	300	+56%	360
Education and Social Services:					
Head Start	1,235	2,802	2,776	+125%	3,474
Handicapped Education	1,961	2,943	2,966	+51%	3,346
Compensatory Education	4,580	6,828	6,710	+47%	7,490
Educational Excellence Act	—	768	—	—	768
Eisenhower Math and Science Education Programs	137	316	275	+101%	344
Other School Improvement	1,080	1,372	1,285	+19%	1,346
Child Care Block Grant	—	850	893	—	918
Foster Care and Adoption Assistance	1,543	2,835	2,844	+84%	3,005
Social Security	11,262	13,876	14,135	+26%	14,796
Aid to Families with Dependent Children and Child Support	11,166	15,472	15,865	+42%	16,041
Refundable Tax Credits[3]	4,002	8,504	8,909	+123%	9,864
Total Children's Funding	**58,519**	**97,279**	**97,878**	**+67%**	**106,411**

[1] Presumes that President Bush would propose the same reimbursement increases and decreases proposed in the 1993 Budget.

[2] Includes a portion of Food Stamps. Pursuant to the Agricultural, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act of 1993 (Public Law 102-341), the Administration requests the additional $2,500,000,000 in budget authority for 1993.

[3] Outlays only (Earned income tax credit and health earned income tax credit).

There are several important reasons for investing in activities to prevent disease and illness and in activities to improve the health and wellbeing of children:

- *Careful investment in prevention as sound health care policy.* By investing carefully in prevention, the Nation can continue to make progress in averting premature deaths, further extending the average life expectancy of Americans.
- *Prevention to avert acute conditions.* The cost of some preventive health activities is often much less than the cost of treating the condition or disease prevented.
- *Preparing children for a healthy and productive future.* Many of the important risk factors for chronic disease in adults have their roots in behaviors acquired during childhood. Proper diet and exercise habits learned early in life may reduce health problems in the future.

Over the last four years, increasing support for preventive health activities and children's programs has yielded measurable results, including increased numbers of immunizations, diagnostic screenings, and broader access to health services.

SOURCES OF INVESTMENT IN PREVENTION

The current generation of Americans can expect to live over 75 years, longer than any other generation in the country's history. Many of the most dreaded diseases that plagued the U.S. during the 19th and early 20th centuries, such as cholera, typhoid fever, smallpox, and polio, have virtually been eradicated through advances in medical knowledge and technology, public health, and sanitation.

Despite these advances, Americans still face disease, death and disability from preventable illnesses. An estimated half of the 2.2 million deaths which occur annually in the U.S. are potentially preventable, as are many of the illnesses and injuries that affect millions of Americans.

While the Federal contribution to preventive health is sizable, it is only one component of the Nation's overall investment in prevention. States, local governments, employers, and health insurers also invest in prevention and have important roles to play as well.

States spend billions of their own funds on public health activities (an estimated $5.1 billion in 1989), and for the Federal-State financed Medicaid program (an estimated $64 billion in State funds in 1993, up from an estimated $24 billion in 1989).

Local governments also spend billions on prevention activities ($2.3 billion in 1989), and play an essential role in directing resources towards individual problems which may vary by community.

In addition, employers paid an estimated $188 billion for private health insurance premiums in 1991, a portion of which goes toward preventive services. According to the Health Insurance Association of America (HIAA), some screening procedures are already widely available in group policies; 68 percent of employees with job-based health insurance are covered for mammography, and 67 percent are covered for pap smears.

THE FEDERAL INVESTMENT

The Federal Government has made substantial investments in both preventive health activities and in programs serving children (see Table C–2).

More specifically, the Bush Administration has expanded the following programs to improve the health of the Nation:

Childhood Immunizations.—The Centers for Disease Control (CDC) will award $342 million to states through immunization assistance grants in 1993, a 15 percent increase over the 1992 enacted level. Overall, CDC immunization activities have grown a total of $201 million (143 percent) since 1989. In addition to the CDC grants, States and localities also receive Federal assistance through Medicaid/EPSDT, Community and Migrant Health Center Grants, Maternal and Child Health Grants, and the Preventive Health Block Grant, which can be used to finance immunization services.

Healthy Start/Infant Mortality Prevention.—In 1993, the Federal Government will devote over $10 billion for activities to reduce infant mortality, 10 percent above 1992 levels and $4.4 billion more than in 1989 (a 78 percent increase).

Table C–2. INCREASES IN SUPPORT OF PROGRAMS FOCUSED ON PREVENTION

(Obligations; dollar amounts in millions)

	1989 Actual	1993 Requested	1993 Enacted	Percent Change: 1989 to 1993 Enacted	1994 Projected Assuming Continuation of President Bush's Policies
CDC Childhood Immunization	141	349	342	+143%	410
Infant Mortality Reduction	5,681	9,365	10,104	+78%	11,292
(Healthy Start—non-add)	(—)	(143)	(79)	—	(95)
Access to Primary Health Care Services	4,184	7,643	7,914	+89%	9,039
(Community/Migrant Health Centers—non-add)	(482)	(684)	(616)	+28%	(739)
(National Health Service Corps—non-add)	(48)	(120)	(119)	+148%	(142)
Breast and Cervical Cancer Screening	—	200	163	—	183
Family Planning	333	498	664	+99%	793
CDC Lead Poisoning Prevention	—	40	30	—	33
CDC Tuberculosis Control	12	40	79	+558%	87

Healthy Start, which targets Federal resources to 15 areas with exceptionally high infant mortality rates will be funded at $79 million in 1993, a $15 million increase (23 percent) over 1992.

Women, Infants, and Children Nutrition Assistance (WIC).—The Department of Agriculture's WIC program increased by $260 million (10 percent) in 1993, to a total of $2.9 billion. This level of support represents a 48 percent increase in WIC since 1989 and provides sufficient funds for full participation by all eligible pregnant women and infants (See Table C–3).

Head Start.—In 1993, Head Start will be funded at $2.8 billion, a $574 million (26 percent) increase over 1992 (See Table C–4). With this level of funding, Head Start will serve an estimated 100,000 more children in 1993, for a total of 721,400 children served. Funding for Head Start has increased about $1.5 billion (125 percent) from $1.2 billion in 1989.

Child Care.—The child care and development block grant will award $893 million in grants in 1993, a $68 million (8 percent) increase over 1992 levels (See Table C–4). This program coupled with a substantial increase in the Earned Income Tax Credit (EITC), is an example of

Table C–3. NUTRITION ASSISTANCE FOR WOMEN, INFANTS, AND CHILDREN (WIC)

(Obligations; dollar amounts in millions)

	1989 Actual	1993 Requested	1993 Enacted	Percent Change: 1989 to 1993 Enacted	1994 Projected Assuming Continuation of President Bush's Policies
Women, Infants, and Children's Nutrition Assistance (WIC)	1,929	2,840	2,860	+48%	3,146

President Bush's strong commitment to better child care, particularly for low income families. These two programs are not only providing billions of dollars a year in new aid to families, they give the aid directly to parents—letting them choose the best place to care for their children.

Breast and Cervical Cancer.—The Federal Government will spend approximately $163 million in 1993 for breast and cervical screening through the Medicare, Medicaid, and the Public Health Service, a $35 million (27 percent increase) over 1992. Of these funds, CDC will award $72 million in breast and cervical cancer screening grants, a 40 percent increase over 1992 levels, and a 14-fold increase since 1990. (See Table C-5).

HIV/AIDS Funding.—Total HIV/AIDS funding will increase by 14 percent in 1993 to $5 billion. This represents an increase of 122 percent in total HIV/AIDS funding since 1989 (See Table C-6). The Bush Administration has consistently demonstrated a determination to address this disease with additional funding for research, prevention, and treatment.

Lead Poisoning Prevention.—In 1993, the Federal Government will award $30 million, a 40 percent increase, through CDC Lead Poisoning Prevention Grants. These grants will finance about 1.5 million lead poisoning screenings for children in 1993. Overall, this grant has increased $26 million (650 percent) since 1990, the first year of the program.

Table C-4. HEAD START/CHILD CARE

(Budget authority; dollar amounts in millions)

	1989 Actual	1993 Requested	1993 Enacted	Percent Change: 1989 to 1993 Enacted	1994 Projected Assuming Continuation of President Bush's Policies
Head Start	1,235	2,802	2,776	+125%	3,474
Child Care Block Grant	—	850	893	—	918
Total Federal	**1,235**	**3,652**	**3,669**	**+197%**	**4,392**

Table C-5. BREAST AND CERVICAL CANCER SCREENING

(Obligations; dollar amounts in millions)

	1990 Actual[1]	1993 Requested	1993 Enacted	Percent Change: 1990 to 1993 Enacted	1994 Projected Assuming Continuation of President Bush's Policies
HCFA—Medicare/Medicaid:					
Mammograms	—	60	60	—	70
Pap Smears	—	31	31	—	34
Centers for Disease Control Screening Grants	5	70	72	+1,340%	79
Total Federal	**5**	**161**	**163**	**+3,160%**	**183**

[1] Activity not funded prior to 1990.

Table C–6. HIV/AIDS FUNDING
(Obligations; dollar amounts in millions)

	1989 Actual	1993 Requested	1993 Enacted	Percent Change: 1989 to 1993 Enacted	1994 Projected Assuming Continuation of President Bush's Policies
HIV/AIDS:					
Research	892	1,238	1,215	+38%	1,256
Treatment	737	2,507	2,544	+245%	2,877
Prevention	483	621	625	+29%	644
Income Support	153	579	647	+323%	722
Total Federal	**2,265**	**4,945**	**5,031**	**+122%**	**5,499**

Family Planning.—Federal support for Family Planning will total $664 million in 1993, an increase of $104 million (19 percent) for HHS family planning grants and Federal Medicaid payments over 1992 levels. Federal support for Family Planning activities has increased $331 million (99 percent) since 1989.

Tuberculosis Control.—The Federal Government has responded to outbreaks of Tuberculosis by increasing funding for CDC grants to $79 million in 1993, a $58 million increase (280 percent) over 1992. Tuberculosis Control grants have increased $67 million (558 percent) since 1989.

FURTHER SUPPORT FOR CHILDREN

In addition to Federal spending on children, in 1992, the Bush Administration also announced Project KIDS (Keep Irresponsible Dads Supportive) to improve the child support enforcement system. Project KIDS will require medical support in all child support orders; require all States to recognize other States child support orders; deny benefits, federal privileges and licenses to delinquent dads; make interstate non-payment of child support a federal crime; track absent parents better and make the Federal government a model employer.

Significant strides in Child Support Enforcement have been made over the past several years, but the entire system needs major improvement. Only half of all absent parents are under court or administrative order to pay child support. Of those required to pay, only half pay on time, in full. Only one in five absent parents cover their childrens health needs. Over $5 billion in court ordered support and $20 billion in back payments fail to reach custodial parents.

By 1996, Project KIDS aims to require 75 percent of absent parents to pay child support; collect in full, on time 75 percent of all orders; have half of all absent parents provide health insurance to their children; and establish the identity of absent parents for 2 of every 3 children born to single mothers. Better child support enforcement will ensure that both parents, and not the government, will be responsible for the health and well being of their children.

CONTINUING INVESTMENT IN PREVENTION AND CHILDREN

If the Bush Administrations policies for prevention and children were continued in 1994, funding for childrens programs would be over $106 billion. Funding for preventive health activities would include $410 million for childhood immunizations, $11.2 billion for infant mortality reduction, $183 million for breast and cervical cancer screenings, and $87 million for tuberculosis control. Along with continued improvements in healthy behaviors, additional Federal support should help to maintain the declining trends in morbidity and mortality.

5D. ENDING THE SCOURGE OF DRUGS AND CRIME

ENDING THE SCOURGE OF DRUGS

The Administration will spend $11.9 billion for the War On Drugs in 1993, a 79 percent increase in Federal drug control expenditures since 1989. The Administration's drug budget and policies have been governed by four principles:

- **Building Partnerships** with State and local law enforcement, community-based organizations, and public sector businesses. No matter how much money the government commits, government alone cannot solve the problem of illicit drugs. In the end, it is our families, neighborhoods, and communities that must nurture critical values like self-discipline, personal responsibility, and service to others.
- **Attacking Drug Trafficking Organizations, Networks, and Assets** with effective domestic law enforcement, international programs, and border control. Strong local and national law enforcement seeks to cripple trafficking organizations, reduce the availability of illicit drugs, and keep the price of drugs high and its purity low.
- **Deterring New and Casual Users** through drug-free policies in schools and at the workplace and ensuring that the prevention message gets out to everyone regardless of age, sex, or economic circumstance. Today's casual users are the hard-core addicts of tomorrow.
- **Getting Current Users Off Drugs** through expanded and improved treatment and targeting of hard-to-reach populations. Hard-core drug addiction destroys lives, spreads disease, and undermines the viability of our health care system.

To support these principles, Bush Administration policy projections for 1994 (shown in Table D–1) would require a total of about $13.2 billion for drug control programs, an increase of $1.3 billion or 11 percent over 1993.

Successes In The War On Drugs

Drug Law Enforcement Helps Demand Reduction Work. Through the use of joint Federal, State, and local task forces, improved drug intelligence, and expanded Department of Defense interdiction support, drug law enforcement has extracted a high price from traffickers, seizing over 300 metric tons of cocaine in 1991, and arresting more than 1.4 million traffickers between 1989 and 1991. By raising the costs of producing and transporting drugs, increasing the risks to street vendors and thugs, and seizing large quantities of drugs, drug law enforcement reduces availability and helps keep the price of drugs as high as possible. Higher drug

Table D–1. FIGHTING THE WAR ON DRUGS
(Budget authority; dollar amounts in billions)

	1989 Actual	1993 Requested	1993 Enacted	Percent Change: 1989 to 1993 Enacted	1994 Projected Assuming Continuation of President Bush's Policies
Drug Law Enforcement	4.6	8.6	7.8	+70%	8.6
Prevention	0.8	1.8	1.7	+110%	1.8
Treatment	1.3	2.5	2.4	+92%	2.8
Total War On Drugs	6.7	12.9	11.9	+79%	13.2

prices and reduced purity mean fewer new users and a reduction in medical emergencies related to hard-core addiction.

To continue strong support for drug law enforcement and keep the pressure on drug trafficking organizations, Bush Administration policy projections for 1994 would require approximately $8.6 billion for drug law enforcement, an increase of about $800 million or 10 percent above 1993. These resources would provide increases for domestic enforcement, continued international anti-drug operations, and enhancements to our border control operations.

Overall Drug Use Is Down. The War on Drugs is a two-front war. One front is the fight against casual and first-time use—the gateway to hard-core addiction. The second is the fight against hard-core addiction and the crime, violence, and health consequences associated with it. The battle against casual use has been a success. Chart D–1 illustrates that since the enactment of the Anti-Drug Abuse Act of 1988, drug use has declined as follows:

- Current overall drug use is down 12 percent, and current overall adolescent drug use has dropped 27 percent.
- Current cocaine use is down 35 percent and current adolescent cocaine use has dropped 63 percent. Cocaine use, however, did increase between 1990 and 1991 (from 1.6 to 1.9 million users).
- Current marijuana use has dropped 16 percent.

Success in deterring casual use means far fewer lives are disrupted and far fewer users move on to more serious addictions.

To keep drug use down and maintain a strong anti-drug message in 1994, Bush Administration policy projections for 1994 would provide $1.8 billion for drug prevention, about $100 million or 6 percent over 1993. Many of these programs would continue to target populations at risk for drug use and its attendant costs, including programs for youth and pregnant women. By significantly increasing the resources dedicated to preventing gateway drug use, future costs associated with drug use would be reduced, including the costs of health care, lost productivity, and crime.

Continuing Challenges In The War On Drugs

An Aging User Population Taxes The Treatment System. The legacy of flagrant casual drug use in the late sixties and early seventies is a significant drug-using population with a history of long term addiction. These aging, hard-core addicts frequently have serious health problems exacerbated by their drug use, resist opportunities for treatment, and consequently place a heavy burden on our health care system. To treat hard-core use, comprehensive care must be available to address not only drug use, but other associated debilitating disorders such as AIDS, diabetes, mental illness, and alcoholism. Chart D–2 shows recently released Drug Abuse Warning Network (DAWN) data that measures drug-related health emergencies.

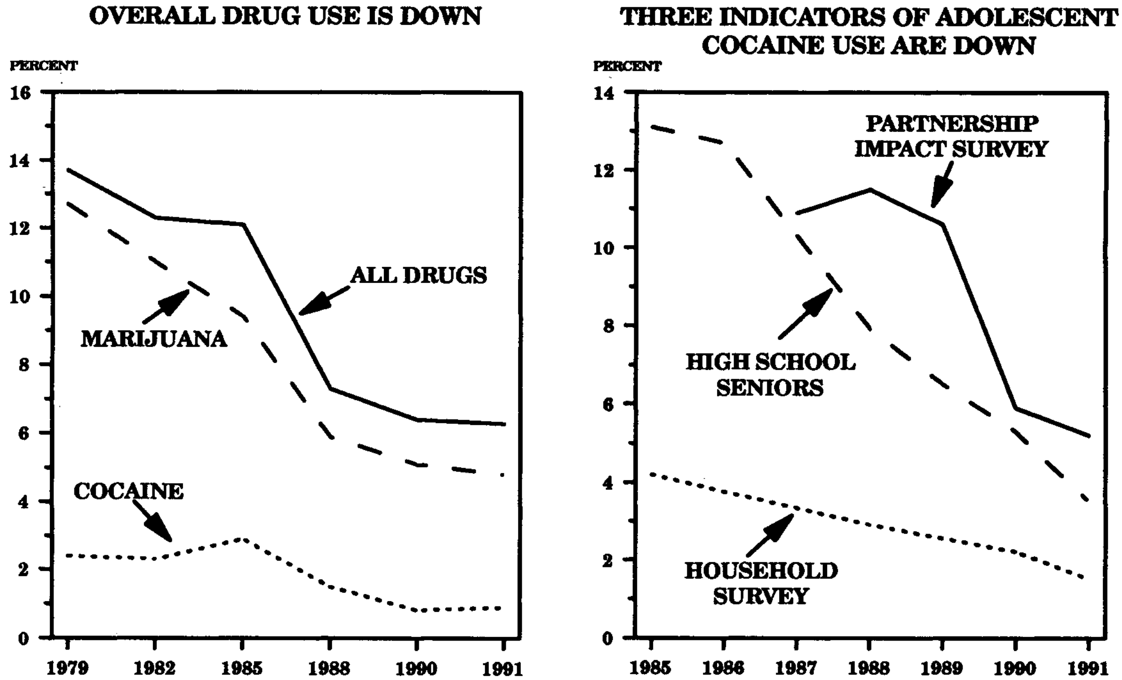
Drug Availability Affects Demand. Continued pressure from drug law enforcement reduces the availability of cheap drugs. As illustrated in Chart D–2, there tends to be an inverse relationship between the street price of drugs and the incidence of drug-related health emergencies. By keeping illicit drug prices up and drug purity down. Federal law enforcement helps hold the line on drug use.

Quality Treatment Programs Are Expensive And In Short Supply. In 1993, Federal efforts to free current users through drug treatment programs will cost over $2.4 billion. These programs provide treatment services to over 300,000 addicts and will address a wide variety of needs, from out-patient care for a few months, to long-term in-patient care for addicts and their families. An additional 1.5 million drug users will receive treatment through State, local, and private care.

Programs Must Target At-Risk Groups and Hard-Core Users. The Bush Administration has created and expanded a large number of special programs that provide treatment and prevention services to specific categories of drug users. Over $1.2 billion is being spent for treatment and prevention services tailored to meet special needs. Specialized programs, such as those for pregnant and post-partum women, not only provide care for young mothers, but also have more than paid for themselves with significant savings in costly post-natal infant care.

To meet the challenges of hard-core addiction, the Administration has proposed to expand and

Chart D-1. SUCCESS IN THE WAR ON DRUGS



SOURCE: National Household Survey on Drug Abuse

SOURCE: NIDA, 1988, 1991 Household Survey; Gordon S. Black Corp. 1991 Partnership Survey.

improve efforts to free current drug users. Continuing Bush Administration policies into 1994 would require approximately $2.8 billion for drug treatment, about $400 million or 17 percent above 1993. These Federal dollars support a wide range of treatment programs, providing a variety of care formats which address the multiple health issues associated with at-risk populations. The explosion of AIDS-related health problems associated with IV drug use continues to require new approaches to treatment. By significantly increasing treatment resources, up to 185,000 more addicts will be able to obtain treatment. This investment in treatment will more than pay for itself by reducing the social and health costs associated with drug use. AIDS-related drug treatment initiatives will exceed $27 million in 1994.

FIGHTING CRIME

Between 1989 and 1993, the Bush Administration directed one of the toughest law enforcement efforts our Nation has seen. During those four years, the funding for Federal law enforcement grew 50 percent, from $10.0 billion to $14.9 billion. The Administration's approach to fighting crime is governed by five principles:

- Seeking the greatest possible impact through cooperative efforts by Federal, State, and local enforcement aimed at organized crime, gangs, felons who use firearms, and other criminals;
- Strengthening local law enforcement;
- Jailing the criminal and helping the victims;
- Integrating law enforcement with social and economic revitalization in targeted neighborhoods; and
- Reforming Federal and state criminal justice systems.

Extending Bush Administration policies into 1994 would require a total of $16.9 billion to fight crime, an increase of about $2 billion. Budget increases needed are shown on Table D–2.

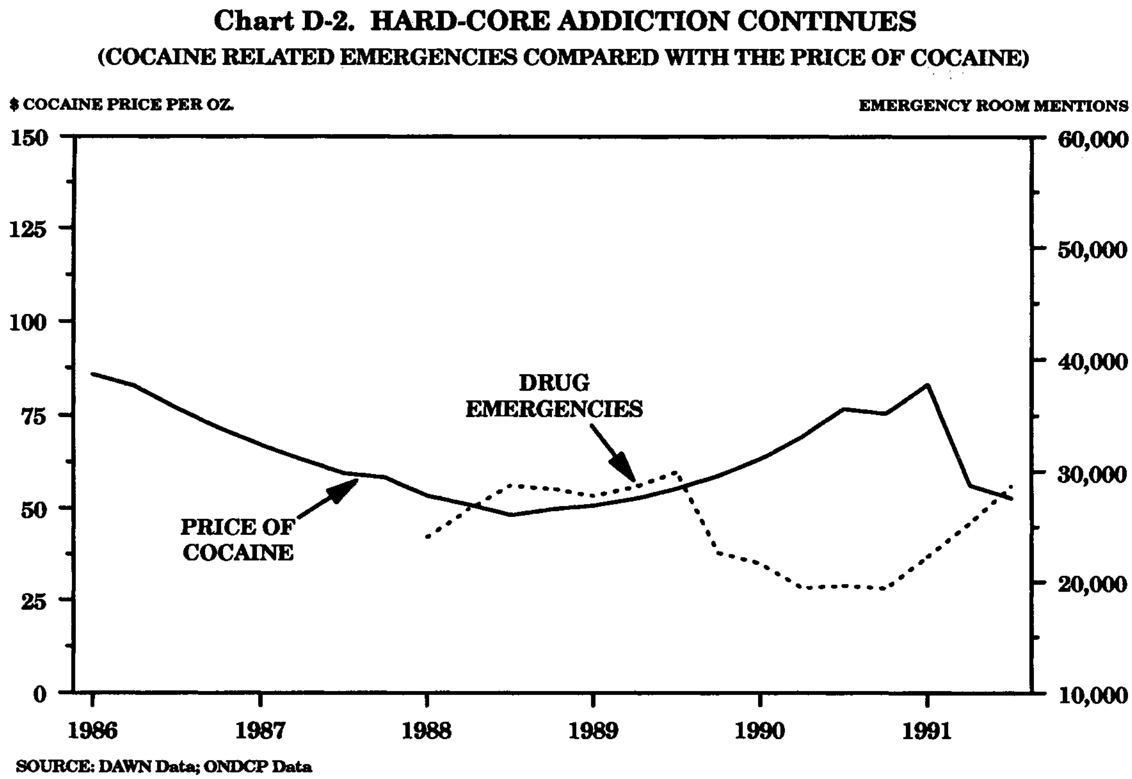


Table D-2. FIGHTING CRIME

(Budget authority; dollar amounts in billions)

	1989 Actual	1993 Requested	1993 Enacted	Percent Change: 1989 to 1993 Enacted	1994 Projected Assuming Continuation of President Bush's Policies
Law Enforcement	4.7	7.1	7.0	+49%	7.7
Litigative and Judicial	3.3	5.7	5.0	+51%	5.9
Corrections	1.6	2.2	2.0	+30%	2.3
State and Local Assistance	0.4	0.8	0.9	+121%	1.0
Total Fighting Crime	10.0	15.8	14.9	+50%	16.9

Seeking Greatest Possible Impact

Crime Remains a Significant Problem. While overall crime has declined, major problems still exist in some areas. For example, violent crimes and motor vehicle theft have increased in recent years. Moreover, the victims of crimes, particularly violent crimes, tend to be disproportionately young, poor, and minority. In 1993, the Federal Government will continue the Administration's efforts to reduce violent crime. For example, the number of FBI and Drug Enforcement Administration agents and Federal prosecutors working on crime will have grown by more than 3,600 from 1989 to 1993, an increase of 24 percent.

Other crimes, such as fraud in the savings and loan and health care industries, also remain a substantial problem. Between October 1988 and October 1992, savings and loan investigations have resulted in almost 1,000 convictions with fines, recoveries, and restitution of more than $550 million. In the last two years alone, FBI investigations into all types of white collar crime have led to more than 9,000 conviction and fines, recoveries, and restitutions totaling approximately $5,000,000.

Launching New Law and Order Initiatives. The Administration has used a variety of approaches to fight violent crime. In 43 cities, joint local-Federal task forces augment the approximately 2,000 Federal agents assigned to fight violent crime. Since their inception in 1991, these task forces have removed thousands of violent criminals from our streets. Project Achilles, which targets armed career criminals, resulted in 3,019 convictions, with average sentences of nine years, between 1989 and 1992. Project Triggerlock, which is also designed to put armed career criminals behind bars, resulted in Federal charges against 7,200 defendants in its first 14 months of operation. Another Federal initiative, Operation Gunsmoke and Gunsmoke II, led to the arrest of more than 3,300 violent fugitives and 1,100 fugitives wanted for violent sex crimes.

To continue the Bush Administration's concerted attack on all forms of crime, an increase of $700 million, or approximately 10 percent over 1993, is needed for 1994. This increase would maintain growth in the budgets of selected Federal law enforcement programs and augment law enforcement infrastructure (support staff, laboratories, and fingerprint identification) of Federal, State, and local law enforcement agencies.

Strengthening Local Law Enforcement

Between 1989 and 1993, Federal funding for State and local law enforcement increased about 120 percent, from $424 million to $938 million. In the last four years, a total of $3.4 billion has been provided to State and local law enforcement agencies.

The Bush Administration has provided substantial training, technical assistance, and investigative support to local law enforcement. The Administration has begun a revitalization of FBI's fingerprint identification program. Since 1989, the Administration has allocated $308 million to the construction of a new facility and the development of a state-of-the-art automated fingerprint identification system. Once operational in 1998, the system will enable law enforcement agencies to identify fugitive murderers, rapists, and other violent criminals more quickly and get them off the streets. The total cost of this effort will exceed $700 million.

Extending Bush Administration policies into 1994 for Federal support for State and local law enforcement efforts would require $1 billion, an increase of $100 million, or approximately 11 percent over 1993. This level of funding would continue support for the Byrne Anti-Drug Abuse Grant Program and provide additional resources for innovative State and local enforcement initiatives.

Jailing The Criminal and Helping The Victim

Since 1989, Federal corrections spending has increased by 20 percent, from $1.6 billion to $2.0 billion. Thirty-six new Federal prisons and detention centers have been opened and, compared with 1989, an additional 21,000 criminals can be incarcerated. Twenty-nine prisons have been funded that will accommodate an additional 37,000 prisoners. By 1997, capacity will be almost 99,000 beds, ensuring that criminals will not be returned to the streets prematurely. In addition, many prisoners will be paying the first-year costs for their incarceration under a new program proposed by the Bush Administration. This program will save taxpayers an estimated $48 million a year.

Jailing the criminals is but one aspect of dealing with the consequences of crime. The traumatic effects of the assaults upon innocent, law abiding citizen must also be addressed. Nearly 6 million persons annually are the victims of violent crimes. Each year, criminal fines are used to help victims overcome the traumas they experience at the hands of criminals. In 1993, $150 million will be used to assist such victims.

To open and staff recently constructed prisons, $2.3 billion would be required in 1994. This is an increase of $300 million, or about 15 percent. This funding would provide the increased capacity that is needed to reduce prison overcrowding and meet the space requirement of an expanded prison population.

Integrating Law Enforcement With Neighborhood Revitalization

The Administration's Weed and Seed program coordinates law enforcement and social services to provide a comprehensive neighborhood level revitalization program. By combining social service programs with community policing, a bond of trust and mutual commitment can be developed between police and local citizens. In 20 cities across the United States, Weed and Seed revitalization is underway, and the quality of life for neighborhood residents is steadily improving.

Reforming Federal and State Criminal Justice Systems

The fifth principle of the Administration's strategy has been to press for stronger criminal laws and sanctions to apply in the fight against crime. In June 1989, the Administration submitted a comprehensive legislative proposal that would have significantly strengthened the hand of law enforcement officials in the fight against crime. The bill included: habeas corpus reform; a "good faith" exception to the exclusionary rule; stiff mandatory sentences for the use of firearms in the commission of a crime; an enforceable Federal death penalty; and other provisions designed to protect the victims of crime rather than the criminal.

This comprehensive legislation, however, was not enacted. Despite this failure, some tough new crime fighting laws were enacted. For example, in October 1992, the President signed the Anti Car Theft Act of 1992, which makes armed carjacking a Federal offense. In 1993, a renewed effort is needed to provide our Nation's law enforcement officers with the authorities and powers they need to combat crime effectively.

5E. REFORMING AMERICAN EDUCATION AND INVESTING IN HUMAN CAPITAL

America's ability to maintain its economic competitiveness and quality of life is linked directly to the knowledge and skills of the American people. This relationship has been brought into sharp focus in recent years. It is the basis for Administration initiatives to raise educational achievement by stimulating change in State and local education practice and reforming Federal education and training programs.

Education Department and Head Start Funding. Federal funding for the Education Department increased $7.6 billion, or 33 percent, from 1989 to 1993. It would have increased by an additional $1 billion, to 41 percent over 1989, had Congress passed the President's proposed budget. Funding for Head Start has increased 125 percent since 1989, rising from $1.2 billion to $2.8 billion, to fund services for over 721,000 children.

Ready to Learn. The first National Education Goal—all children should start school "ready to learn"—has received special attention in the past four years, with new programs, better program strategies, and increased funding. Federal spending on major programs for early childhood development increased $10.3 billion, or 58 percent, from 1989 to 1993.

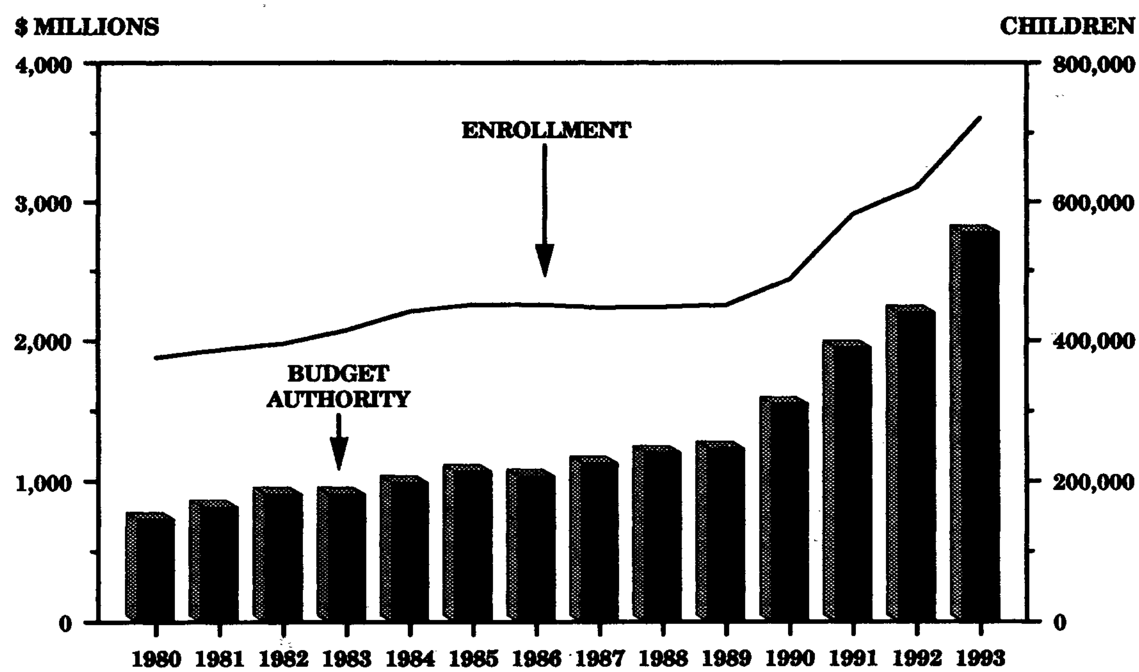
Table E–1. EDUCATION DEPARTMENT AND HEAD START FUNDING GREW 38 PERCENT, 1989 TO 1993

(Budget authority; dollar amounts in millions)

	1989 Actual	1993 Requested	1993 Enacted	Percent Change: 1989 to 1993 Enacted	1994 Projected Assuming Continuation of President Bush's Policies[1]
Education Department:					
Educational excellence	—	768	—	—	768
Compensatory education	4,579	6,828	6,709	+47%	7,489
Federal Pell grants	4,484	6,641	6,001	+34%	6,509
Guaranteed student loans (mandatory)	4,285	6,046	5,125	+20%	4,965
Education for the disabled	1,961	2,943	2,966	+51%	3,346
Vocational rehabilitation (mandatory)	1,889	2,138	2,183	+16%	2,253
Vocational education	918	1,151	1,177	+28%	1,260
State and campus-based student aid	1,330	1,052	1,458	+10%	1,493
Drug-free schools and communities	355	654	598	+68%	700
Impact aid	733	532	750	+2%	754
Disadvantaged student support services	227	417	392	+73%	463
Adult education	162	304	305	+88%	372
Eisenhower math and science education	137	316	275	+101%	344
Research, statistics and assessment	78	243	152	+95%	188
Historically Black colleges	84	122	112	+33%	121
Other programs and activities	1,734	2,184	2,311	+33%	2,503
Total, Education Department	22,956	32,338	30,512	+33%	33,530
Head Start	1,235	2,802	2,776	+125%	3,474
Total, Education Department and Head Start	**24,191**	**35,141**	**33,288**	**+38%**	**37,004**

[1] Average annual increase, 1989–1993, applied to 1993 enacted, except for: Educational excellence, which is the same as the 1993 request; mandatory programs, which equal current services; and Head Start which is a 25 percent increase over 1993.

Chart E-1. HEAD START FUNDING MORE THAN DOUBLED SINCE 1989



SELECTED AMERICA 2000 ACCOMPLISHMENTS THROUGH 1992

- 44 States made AMERICA 2000 commitments.
- Over 2,700 communities made AMERICA 2000 commitments.
- Satellite TV town meetings were held regularly, linking the 2,700 communities in discussions of education reform issues.
- The AMERICA 2000 newsletter shares ideas and experiences among reformers.
- Private industry created the New American Schools Development Corporation, which has raised its first $50 million and funded 11 design teams—selected from nearly 700 bidders—to create "break the mold" schools.
- Consensus on the need for, and projects to devise world-class standards for student achievement and national assessments to measure progress.
- Rising State and local interest in programs of parental choice of schools.

Elementary and secondary education. Improving the educational performance of all students at the elementary and secondary level is a basic task of domestic policy.

- In September 1989, President Bush convened the first *National Education Summit with the Governors.* The President and the Governors agreed to work together on: national education goals; Federal, State and local strategies to achieve them; and ways to measure progress toward them.

- Six *National Education Goals* were promulgated in 1990; a National Education Goals Panel is monitoring progress.

- In 1991, the Administration set out an education reform strategy, *America 2000,* for Federal, State, local, private sector and family actions necessary to achieve the National

Table E-2. MAJOR PROGRAMS FOR EARLY CHILDHOOD DEVELOPMENT INCREASED 58 PERCENT, 1989 TO 1993

(Budget authority except where noted; dollar amounts in millions)

	1989 Actual	1993 Requested	1993 Enacted	Percent Change: 1989 to 1993 Enacted	1994 Projected Assuming Continuation of President Bush's Policies [2]
Head Start	1,235	2,802	2,776	+125%	3,474
WIC	1,929	2,840	2,860	+48%	3,146
Earned Income Tax Credit: Refunded Credits (outlays) (mandatory)	4,002	7,894	8,396	+110%	9,274
Dependent Care Tax Credit: Outlay equivalent	4,875	3,805	3,385	-31%	3,585
Child Care and Development Block Grants	—	850	893	N/A	918
Child Nutrition (mandatory)	4,591	6,480	6,827	+49%	7,330
Disabled Infants and Pre-School	317	501	539	+70%	633
Maternal and Child Health	554	674	665	+20%	698
AFDC JOBS day care (mandatory)	17	371	[1] 371	+2,082%	420
AFDC at-risk day care (mandatory)	—	300	[1] 300	N/A	300
AFDC transitional day care (mandatory)	—	75	[1] 75	N/A	85
Health Earned Income credit (outlays) (mandatory)	—	610	513	N/A	590
Healthy Start	—	143	79	N/A	98
Community and Migrant Health Center	180	265	197	+9%	233
Even Start	15	90	89	+493%	199
Total	**17,715**	**27,700**	**27,965**	**+58%**	**30,983**

N/A = Not Applicable.

[1] Mid-Session Review estimate.

[2] Estimates are average 1989–1993 increase applied to 1993, except: current services for most mandatory programs; Child Care and Development Block grant, same increase as proposed for 1993; Child Nutrition includes savings proposals; WIC, 10 percent increase; Head Start, 25 percent increase.

Education Goals. AMERICA 2000 challenges every State and community to commit publicly to: create a plan for achieving the National Goals; measure and report progress; and design "New American Schools" tailored to respond to local education needs.

- In April 1989, the Administration proposed "*Excellence in Education*" legislation, which was expanded in 1991, to further support AMERICA 2000. It would have financed: programs to demonstrate ways of allowing parents more choice in deciding where their children are educated; a first round of New American Schools; rewards to schools that show continued improvement in educational achievement of all students; flexibility in Federal program administration in return for accountability for increased student performance; incentives for mathematics and science students; and new approaches to teacher and administrator training. Several smaller elements of the proposal were enacted in other bills, but no major education reform legislation was passed.

- Consistent with the fourth National Education Goal, special efforts have been made to raise performance in *mathematics and science education*. An interagency committee has brought policy and program planning at the Education Department, the National Science Foundation and other agencies into a coordinated system. Funding has increased $936 million, or 76 percent, from 1989 to 1993, to a total of $2.2 billion.

Transition from School to Work. As employers expressed rising concern over the education and skills of the entry level work force, new studies, legislation and demonstrations were carried out.

- The Secretary of Labor's *Commission on Achieving Necessary Skills* (SCANS) outlined the competencies and basic skills that underpin success in the workplace.

Table E-3. FEDERAL PROGRAM RESOURCES IN SUPPORT OF THE NATIONAL EDUCATION GOALS INCREASED 42 PERCENT, 1989 TO 1993
(dollar amounts in billions)

	1989 Actual	1993 Proposed	1993 Enacted	Percent Change: 1989 to 1993 Enacted
By Age Category:				
Preschool years	9.3	20.3	21.0	+127%
School years	15.8	22.0	21.0	+33%
Post-high school	30.1	37.5	36.7	+22%
Not age specific	1.2	1.5	1.6	+31%
Total	56.4	81.3	80.3	+42%
By Department/Agency:				
Education	22.4	31.8	30.8	+38%
Health and Human Services	8.0	17.8	18.4	+132%
Defense	12.8	13.8	13.2	+3%
Agriculture	7.4	10.6	10.2	+39%
Labor	3.8	4.2	4.4	+17%
Veterans	0.9	1.2	1.1	+29%
Other	1.2	2.0	2.0	+68%
Total	56.4	81.3	80.3	+42%

- The Administration proposed a "*National Youth Apprenticeship Act*" to help students, through a program that links families, schools, and employers.
- The Departments of Education and Labor jointly funded business, labor and education groups to develop voluntary *education and skill standards* for the workplace, as called for in the America 2000 strategy.

Postsecondary education. Reauthorization of the Higher Education Act was completed in July 1992. The Bush Administration proposed substantial increases in funding for Pell grants, especially for the lowest income students; more aid for the middle-class; tough measures to reduce loan defaults; barring schools that abuse the system; restoration of financial integrity to the guaranteed loan system; State monitoring of schools, lenders and loan guarantors; rewards for low income students (Pell recipients) with high academic achievement; and restructure of pre-college assistance to ensure equity and access.

The bill finally enacted made progress on a few of these goals, but authorized spending far in excess of what Congress then appropriated. The new law established a five-year test of a direct student loan program—use of Federal capital and schools as loan originators, in place of leveraging private capital through banks.

Appropriations for 1993 for discretionary student aid were $7.5 billion, an increase of $1.7 billion or 29 percent over 1989. Outlays for 1993 for the loan programs are estimated to be $5.1 billion, $.8 billion over 1989.

Skill Training. Changes in the economy and the decline in low-skill jobs make several needs imperative: improving the quality and organization of Federal training programs, especially for the disadvantaged and at-risk youth; helping finance education and retraining of workers; retraining displaced workers and easing their adjustment to re-employment; and training those returning to the labor force. The Federal government spends $18 billion a year on these efforts, of which over $11 billion supports more than a dozen programs with overlapping eligible populations, delivery systems, and goals.

- The Administration proposed the "*Job Training 2000 Act*" to coordinate the major programs, improve access to services, and increase accountability for results. It would have given new authority to councils of business, labor and education to provide

Table E-4. ADMINISTRATION PELL GRANT PROPOSALS CALLED FOR 22 PERCENT INCREASE IN FUNDING OVER 1992, A 48 PERCENT INCREASE OVER 1989

	1992 Enacted[1]	1993 Proposed	Percent Change: 1992 to 1993
Pell grants in total:			
Budget authority (in millions of dollars)	5,463	[2]6,641	+22%
Maximum award (in dollars)	2,400	3,700	+54%
Average award per student (in dollars)	1,452	1,846	+27%
Funding by family income category (in millions of dollars):			
Under $10,000	3,398	3,697	+9%
$10,000 to $20,000	1,355	1,601	+18%
$20,000 to $30,000	616	712	+15%
$30,000 to $40,000	165	221	+34%
$40,000 to $50,000	38	47	+24%
$50,000 and above	10	10	—
Average Award by Income Category (in dollars):			
Under $10,000	1,635	2,137	+31%
$10,000 to $20,000	1,466	1,921	+31%
$20,000 to $30,000	1,100	1,305	+19%
$30,000 to $40,000	809	999	+23%
$40,000 to $50,000	649	764	+18%
$50,000 and above	552	752	+36%
Presidential Achievement Scholarships:			
Budget authority (in millions of dollars)	—	170	—
Scholarship awards per recipient (in dollars)	—	500	—

[1] Enacted level as shown in the 1993 Budget.
[2] Includes shortfall funding.

"one-stop shopping" for training services—assuring that Federal funds provide quality services.

- Important features of the Administration's proposals for Labor's job training programs were enacted, including those which will improve training quality, target the most disadvantaged, and strengthen fiscal controls.
- Administration initiatives for improvement of *vocational rehabilitation* for individuals with disabilities were incorporated into the 1992 reauthorization.

Prospects for the Future. Federal funds and policies are significant elements in the nation's education and training systems, but they are not the central elements. The States and the private sector, and students and their families are the more important participants. They look to the Federal government for leadership.

Funding has grown substantially, but funding growth alone is not a sufficient condition for improved educational quality. Increases in education spending in the 1980s by all levels of government did not result in educational performance equal to the nation's needs.

New money does enable some new strategies and improved practices to be implemented and, perhaps as importantly, signals to the nation the commitment of the Federal government's commitment to reform. The Bush Administration advocated increased spending on education, despite the bi-partisan budget agreement's strict overall caps on domestic spending. Education was clearly a major funding priority. Continued spending growth is called for, but must be accompanied, as it was in the Bush Administration, by the other policy changes (e.g., standards, assessments, choice) that are even more important to raising educational achievement.

The most important changes must be made in local communities—restructuring schools and "re-inventing" the way we teach our children. That is why the Administration concentrated efforts on private and public school choice for low and middle income families, most notably in its proposed State and Local "GI Bills" for Children Act. The goal of this and other choice initiatives is not to harm or diminish the role of public education. On the contrary, it is to stimulate change and improvement in the education of all children by stimulating competition.

By allowing the constituency of our public schools—parents and children—to have options for better education, i.e., the power to select schools, we can drive energy back into what are often lethargic and overly bureaucratic local school systems. It is important that the nation maintain a strong public school system—but it is more important that children of families at all income levels receive the best education possible, public or private.

Working with families at all income levels to strengthen and support their commitment to their children's educational achievement is vital. Parents are demanding a stronger voice in the choice of where their children are educated. Parents should be supported in making that choice with public funds.

The Federal Government should continue to provide national leadership and a visible commitment to all six of the National Education Goals. It should continue close cooperation with States and localities on education reform. It should continue to work with Congress to make Federal activities that support school to work transition, skill training and lifelong learning more effective and more closely intergrated with State, local and private sector strategies.

5F. PROTECTING THE ENVIRONMENT AND PROVIDING A MORE SECURE ENERGY FUTURE

Over the last four years, President Bush has increased spending for high-priority environmental investments by $10.7 billion (145 percent) and high-priority energy research and development investments by $1.2 billion (33 percent) (see Tables F-1 and F-2).

Table F-1. CONTINUING PRESIDENT BUSH'S POLICIES WOULD REQUIRE A $4.4 BILLION (+24%) 1994 INCREASE FOR ENVIRONMENTAL PROTECTION INITIATIVES

(Budget authority; dollar amounts in millions)

	1989 Actual	1993 Requested	1993 Enacted	Percent Change: 1989 to 1993 Enacted	1994 Projected Assuming Continuation of President Bush's Policies
America the Beautiful	863	1,653	1,531	+77%	1,770
Reforestation	12	139	69	+475%	140
State LWCF: Partnership with States for Parks and Outdoor Recreation	17	60	28	+65%	60
Forests for the Future Initiative (USFS/EPA)	—	—	—	—	150
Federal Facility Cleanup:					
Department of Energy [1]	1,762	5,729	5,758	+227%	7,170
Department of Defense [2]	1,155	4,020	3,885	+236%	5,130
Other Agencies	102	290	257	+152%	315
Border Pollution: Pollution Control Along the U.S.-Mexico Border in Support of NAFTA	34	241	221	+550%	330
Providing Clean Waters for America's Cities:					
Boston	25	100	100	+300%	100
New York	—	70	70	—	70
Baltimore	—	40	40	—	40
Los Angeles	—	55	55	—	55
San Diego	—	40	45	—	45
Seattle	—	35	35	—	35
EPA Operating Budget	1,752	2,698	2,694	+54%	2,825
Superfund	1,410	1,750	1,574	+12%	1,750
Protecting America's Wetlands	295	616	576	+95%	690
Wetlands Reserve Program	—	161	—	—	375
Army Corps of Engineers: Protection and Restoration of Environmental Resources	196	413	396	+102%	430
Global Change Research	—	1,372	1,327	—	1,580
OCS Lease Buy-Back (FL) [3]	—	—	—	—	(200)
Net Total [4]	**7,388**	**18,815**	**18,092**	**+145%**	**22,445**

[1] 1994 Projected Level includes $261 million for Waste Management activities at Hanford, WA. These monies would be used for accelerated construction of the Hanford Waste Vitrification Project and for grout disposal facilities.

[2] 1993 President's Request reflects an increase of $300 million for the February 1992 submission to Congress for environmental compliance work to be accomplished in the revolving funds.

[3] 1994 funding could be offset by projected receipts from environmentally sound leasing of the Arctic National Wildlife Refuge.

[4] Total has been adjusted to eliminate double counting, including federal facility cleanup and DOI wetlands already included in America the Beautiful; and border pollution, wetlands activities, and global change research included in EPA's operating budget and the Army Corps of Engineers.

Table F-2. DEPARTMENT OF ENERGY: BUDGET POLICY HIGHLIGHTS
(Budget authority; dollar amounts in millions)

	1989 Actual	1993 Requested	1993 Enacted	Percent Change: 1989 to 1993 Enacted	1994 Projected Assuming Continuation of President Bush's Policies
Defense: Weapons and Materials	6,651	7,863	7,823	+18%	7,194
Energy Research and Development	3,507	5,311	4,656	+33%	6,394
Basic Energy Research	1,271	1,718	1,666	+31%	2,297
Solar and Renewable Energy	149	247	257	+73%	353
Energy Conservation	159	366	349	+120%	560
Fossil Energy R&D and Clean Coal	565	811	431	−23%	615
Superconducting Supercollider	(1)	650	517	N/A	859
Other General Science (accelerators)	914	1,003	931	+2%	1,086
Nuclear Energy	357	349	345	−2%	455
Environment, Safety, and Health	91	167	160	+75%	170
Environmental Clean-up (net)	1,762	5,729	5,758	+227%	7,169
Defense sites	1,447	4,805	4,831	+234%	6,231
Civilian sites	255	707	710	+179%	786
Uranium Enrichment Clean-up	60	217	217	+262%	152

[1] This account showed small negative BA (−$2 million) in 1989.

Administration Policy

Energy policy and environmental policy are inextricably linked, and this linkage has been recognized and respected in the development of Administration policies and budget priorities. Policies the Administration has pursued include:

- Protecting and expanding America's national parks, forests, wildlife refuges and other public lands through additional funding for high-priority land protection, natural resource conservation, and visitor use.
- Improving the quality of the Nation's coastal waters, accelerating the cleanup of Superfund hazardous waste sites, and upgrading pollution control and resource protection along the U.S.-Mexico Border.
- Working to improve air quality in America by passing a new Clean Air Act and by giving EPA the resources to implement it fully.
- Promoting environmental protection, while encouraging economic growth and development, through the use of innovative market-based approaches.
- Forming partnerships with State and local governments and the private sector to cost share environmental protection and recreation investments.
- Cleaning up Federal facilities, both nuclear and non-nuclear, to ensure that the Federal government meets the requirements of various signed agreements, court decrees, statutes, and regulations.
- Fully implementing the President's strategy to protect and enhance the Nation's wetlands and taking a leadership role in the preservation of the Nation's and the World's forests.
- Bringing more efficiency and competition to the energy sector through the implementation of a National Energy Strategy (NES) that will expand fuel and technology choices available to the Nation, thereby creating a more secure and environmentally sustainable energy future.
- Encouraging the private sector and universities to be partners in carrying out the research and development activities associated with the protection of the environment and the improvement of our energy security.

Accomplishments

Protecting The Environment

America the Beautiful (ATB) is a major, multi-year natural resource conservation and recreation initiative launched by President Bush to protect and enhance America's national treasury of parks, forests, wildlife refuges, and other public lands. This initiative has already secured over a billion dollars to expand national parks, forests, refuges, wetlands, campgrounds, and scenic rivers. It has also secured an additional billion dollars for improved maintenance of these special areas.

The Administration's reforestation initiative, part of the ATB program, was proposed in January 1990 in the President's 1991 budget and was highlighted at the 1992 United Nations Rio Conference on Environment and Development (UNCED). The goal of this program is to achieve the planting or improvement of one billion trees a year in America. Additional funding, included under ATB in 1994, would expand tree planting and care on privately-owned rural lands (including Indian trust lands), and in over 40,000 cities and towns across the Nation. Complementing this effort is the Administration's policy to end clear-cutting as a standard practice on Federal lands.

The President's commitment to ensure that Federal facilities meet the same environmental standards that apply to private facilities is well underway and supported by previous budgets. Funding for these activities has grown 225 percent from 1989 to 1993.

President Bush's policies have been designed to protect America's oceans and coastal areas by ending ocean dumping of sewage sludge, proposing and signing a tough oil spill prevention bill, and imposing a 10-year moratorium on oil and gas leasing over major areas of ecologically sensitive coast. Further, the President has targeted sewage treatment grants to six of the Nation's cities with the largest unmet secondary treatment needs. Boston and the other targeted cities are located in coastal areas with significant recreational and ecological resources where expedited construction can have a significant impact on water quality. In addition, the President has dramatically increased funding over the last four years for the Great Lakes, Chesapeake Bay, and the Gulf of Mexico.

Significant increases in EPA's operating program since 1989 have been made in order to fulfill EPA's statutory mandates and improve the environment. In implementing the 1990 Clean Air Act Amendments, which the President pushed through Congress after 10 years of congressional gridlock, EPA has already proposed or finalized rules that will achieve 85 percent of the pollution reduction required by the law. Further, the Act's acid rain emissions trading system is the most sophisticated application yet of market-based approaches to environmental protection. On the enforcement front, the Administration has broken new ground and old records, filing more cases, collecting more penalties, and putting more polluters behind bars than every previous Administration in history combined. In total, EPA's enforcement resources have been increased by 37 percent since 1989.

The U.S. Global Change Research Program (USGCRP) is designed to understand more fully the Earth's climate system, in order to support national and international policy-making activities associated with global and regional environmental issues, such as ozone depletion and global warming. The USGCRP has made the U.S. the world's leader in this area, providing over one-half of worldwide support for climate change research.

Providing a More Secure Energy Future

In July 1989, the President called for a balanced approach to energy policy that encouraged both energy conservation and energy production whenever either could be shown to be effective and efficient in the marketplace. The development of the National Energy Strategy continued over a 20 month period under the leadership of the Department of Energy (DOE) and the resulting National Energy Strategy was released on February 20, 1991. The Energy Policy Act of 1992, signed into law in Octobr 1992 by President Bush, embodies virtually all of the Administration's initiatives. More specifically:

- The Act changes incentives in the Nation's electricity markets, removing impediments to competition and increasing the rewards for innovative ways of generating electric power. This can enhance U.S. international competitiveness, reduce consumer costs and, over time, result in important technological advances.

- The Act contains licensing reforms that will help preserve the option of using nuclear power—which now accounts for twenty percent of our electricity supply—in the future.
- The Act reforms the alternative minimum tax and will enable the Nation's independent oil and gas producers to retain more of their income for reinvestment in domestic oil and gas production.
- The Act also includes provisions for increasing research and development on a wide range of promising new technologies.

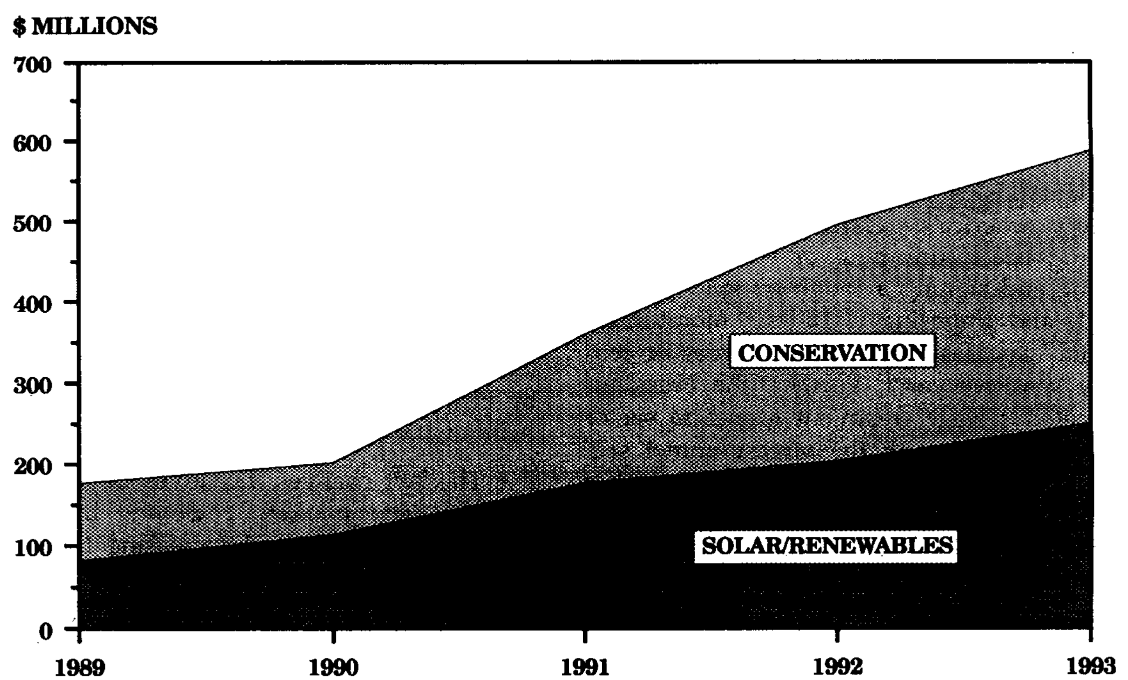
Energy Conservation.—President Bush also has significantly increased budget requests for key research programs in Conservation and Renewable Energy. Funding for Energy Conservation R&D has been increased by 120 percent during the Bush Administration, and investment in Solar and Renewables has been increased by 73 percent. On April 17, 1991, the President issued Executive Order No. 12759 on Federal Energy Management. This Order directs all Federal agencies to reduce overall energy consumption in Federal buildings and facilities by 20 percent by the year 2000 and fuel consumption in Federal vehicles by 10 percent by 1995. The Order also directs Federal agencies to procure the maximum number of alternative fueled vehicles by the end of 1995. It will save American taxpayers as much as $800 million annually by the year 2000 and cut Federal energy consumption by the equivalent of 100,000 barrels of oil per day.

In September 1991, the Solar Energy Research Institute (SERI) was elevated to National Laboratory status as the National Renewable Energy Laboratory. This redesignation, along with the increased support for the laboratory, will provide a permanent focus and assure technical leadership in conservation and renewable energy technologies.

This technical leadership is beginning to pay off. Solar energy is increasingly economically competitive. The cost of producing biofuels has been reduced by 50 percent since the mid-1980's.

Energy Production.—In energy production, the Administration undertook a series of administra-

Chart F-1. INCREASED INVESTMENT DURING THE PAST FOUR YEARS IN CONSERVATION AND SOLAR/RENEWABLES R&D



tive and budget actions aimed at getting the U.S. to produce more of the energy that it uses. These actions included:

- regulatory reforms for oil pipelines and natural gas transportation systems;
- allowing the export of California heavy oil;
- proposing and getting enacted in Congress over 2 billion dollars in targeted tax credits aimed at revitalizing oil and gas producing sectors;
- launching a major new Government-industry cooperative R&D program focused on increasing production from domestic oil fields;
- reducing Federal royalty rates on stripper wells in order to delay abandonment of domestic oil fields; and
- providing substantial financial assistance to alcohol and other alternative fuels in order to hasten their commercial introduction.

Perhaps the most important change in the operation of our energy research is the successful introduction of policies aimed at increasing private sector involvement and cooperation with the Government in developing new technologies. In signing the Energy Policy Act into law, President Bush pointed out that "in all of these important endeavors, the government will serve as a partner of private enterprise, not as its master." For example, the President's 1990 budget proposed a four year, $260 million U.S. Advanced Battery development program, cost-shared 50–50 with a consortium formed by the Nation's three largest automobile manufacturers and the electric utility industry. The President's proposal was accepted and today the U.S. Advanced Battery Consortium, which represents a new approach to government-industry cooperation, is a reality. The goal of this partnership is to develop battery technologies that will allow electric vehicles to become commercially competitive. This effort is only one small piece of the President's National Technology Initiative, which is discussed more fully in Chapter 5A, "Enhancing Research and Development and Expanding the Human Frontier."

Funding and Actions Required to Continue Policy

Within the context of the Budget Enforcement Act's cap on discretionary spending, a continuation of the Bush Administration's environmental investment policy would increase the 1994 environmental budget by $4.4 billion (see Table F–1). In order to continue the energy investment strategy of the Bush Administration and to implement the provisions of the Energy Policy Act, the 1994 energy budget should increase by $1.8 billion (see Table F–2).

Protecting The Environment

President Bush's America the Beautiful initiative would require $2 billion in 1994. One ATB component, Land and Water Conservation Fund (LWCF) grants to the States, provides continued matching funding for the acquisition of non-Federal parks and open spaces, and for the development of outdoor recreation resources. $60 million is recommended for LWCF grants.

The President's reforestation goal to plant, maintain, and conduct timber stand improvements affecting one billion trees per year will require $140 million in 1994. The U.S. proposed at the "Earth Summit" in Rio de Janeiro to double international forest assistance from $1.35 billion to $2.7 billion, to help conserve the Earth's forests. The President's Forests for the Future Initiative would provide $150 million in new U.S. bilateral forest aid in 1994, doubling the 1993 level, to begin this initiative.

Significant resources will be required in 1994 to ensure that the Departments of Energy and Defense and other Federal agencies meet milestones for environmental cleanup and compliance established in agreements, consent orders, and other commitments. Funding of $12.6 billion is required for Federal facilities cleanup in all Federal agencies.

The North American Free Trade Agreement (NAFTA) is unprecedented in its sensitivity to environmental issues. In support of NAFTA, substantial increases in resources are recommended in 1994 to carry out commitments under the U.S.-Mexico Environmental Border Plan for the protection of human health and natural ecosystems along the border between the two countries.

The 1994 budget for Superfund should maintain the Administration's enforcement emphasis on requiring polluters to clean up the problems they created, and on redirecting resources from support activities to actual site cleanup work. Extension of current policy would require $1.75 billion.

A special priority on wetlands protection should be continued to ensure Wetlands Reserve Program funding for enrollment of an additional 450,000 acres in 1994, towards meeting the target of 1 million acres by the end of 1995.

A key component of the U.S. Global Change Research Program that warrants increased funding is NASA's Earth Observing System satellite platforms, which will contribute to long-term monitoring and modeling of the Earth's complex processes.

In an October 1992 letter to the Governor of Florida, the President stated that a "down payment" for a buy-back of certain OCS leases off southwestern Florida near the Everglades would be proposed in the 1994 budget. The Administration also has proposed since 1989 environmentally sound oil and gas leasing and exploration in a portion of the Arctic National Wildlife Refuge (ANWR). Part of the expected Federal share of revenues from ANWR leasing could be used to reimburse the Treasury for projected costs of any OCS lease buy-backs.

Providing a More Secure Energy Future

For the future, the Administration believes that implementation of the NES must continue and that the Energy Policy Act of 1992 must be implemented in a balanced way in order to avoid imposing unnecessary costs on the economy. Implementation of the NES for 1994 will require $1.2 billion with over $500 million for the implementation of the activities of the Energy Policy Act of 1992.

The recommended increase for Energy R&D in 1994 is $1.7 billion, or 37 percent, as shown in Table F–2. Within this total, basic energy research increases by over $550 million. The increase is driven by two factors: 1) FCCSET national research initiatives in materials, biotechnology, and high-performance computing; and 2) construction of research facilities and purchase of instrumentation, including new instrumention for academic institutions. These programs include for example, Advanced Light Source, Advanced Photon Source, Computational Biology, the Human Genome Project, and the Mammalian Genetic Center.

Funding increases are also recommended for the Superconducting Super Collider (up 66 percent), and for other accelerator facilities (up 17 percent), including construction of the B-Factory at the Stanford Linear Accelerator Center, the main injector at Fermilab, and restoration of the original construction schedule for the Relativistic Heavy Ion Collider. The recommended increase in 1994 for Nuclear Energy is largely for reactor safety projects in the former Soviet Union.

The use of clean burning natural gas should increase through the continuation and adoption of critical Administration policy initiatives, which include:

- introducing more competition into the gas market through implementation of Federal Energy Regulatory Commission Order 636;
- increasing supply and demand for natural gas through expanded cooperative R&D programs;
- increasing availability of non-sensitive Federal lands for exploration and production of natural gas; and
- reducing regulatory disincentives to expanded gas use.

Over the next two decades the U.S. must continue its successful efforts to develop new energy technologies and to become more energy efficient while producing more of its energy needs domestically. It must balance production and conservation to enhance U.S. world competitiveness without resorting to heavy-handed regulations, punitive energy taxes and import fees that harm consumers and cost Americans jobs. The result will be the utilization of more environmentally acceptable technologies and forms of energy that do not conflict with the long term goal of building an internationally competitive economy.

5G. EXPANDING CHOICE AND OPPORTUNITY IN HOUSING AND THE INNER CITIES

INTRODUCTION

The Administration considers the most critical problems affecting housing and the inner cities to be:

- the affordability of safe and decent housing, which most severely impacts very low-income families (i.e., families earning less than half the median income);
- the difficulties faced by low-income families (i.e., families earning less than 80 percent of the median income) and other first-time home buyers in trying to buy a home;
- the continuing tragedy of homelessness, particularly of chronic homelessness; and
- the dearth of private-sector investment in the nation's most blighted and crime-ridden urban areas.

To address these problems, the Administration has adopted policies that:

- have increased the number of families receiving housing assistance from 5.6 million in 1989 to 5.8 million in 1993, primarily by providing housing vouchers and other choice-based subsidies to low- and very low-income families paying more than 30 percent of income for rent or living in inadequate housing;
- would expand homeownership opportunities through tax incentives, such as a $5,000 tax credit for first-time home buyers, and direct grants, such as the HOPE program for low-income renters who aspire to become homeowners;
- have helped families and individuals overcome problems that perpetuate homelessness by combining supportive services with long-term housing, as in the Department of Housing and Urban Development's Shelter Plus Care program; and
- would encourage private investment in the inner cities through Enterprise Zones offering tax incentives to workers, investors and entrepreneurs for new job creation, and the new Weed and Seed initiative.

TABLE G-1. HIGH PRIORITY INVESTMENTS—HOUSING AND THE INNER CITIES

(Dollar amounts in millions)

	1989 Actual	1993 Requested	1993 Enacted	Percent Change: 1989 to 1993 Enacted	1994 Projected Assuming Continuation of President Bush's Policies
HUD Agency Total:					
Budget authority	14,347	24,323	25,921	+81%	24,097
Outlays	19,705	28,116	28,213	+43%	28,678
FmHA Housing Programs:					
Budget authority	782	864	1,082	+38%	1,015
Outlays	725	923	997	+38%	968
Total Subsidized Units	5,598,467	5,858,314	5,833,195	+4%	5,971,340

CHOICE IN AFFORDABLE HOUSING

For many years, the Federal Government met the housing needs of low- and very low-income renters by financing the construction or rehabilitation of public and other forms of assisted housing. This policy is widely acknowledged to have failed because it often compelled assisted families to live in densely populated and poorly maintained housing projects, and in neighborhoods with high concentrations of poverty and few chances for betterment.

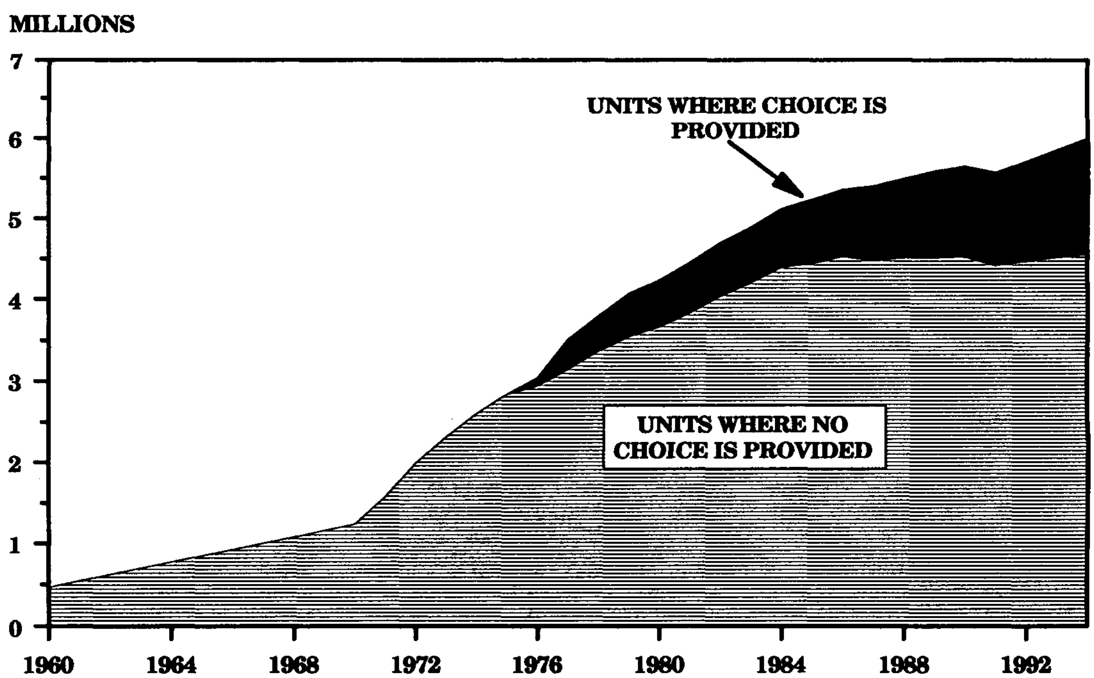
Very low-income renters (those at or below 50 percent of median income), like all renters generally, are better able than the Federal Government to determine the housing and neighborhoods in which they want to live. The Bush Administration has emphasized the principle of choice through housing vouchers and other tenant-based subsidies. As Chart G-1 indicates, about 235 thousand net additional households have received rental or other housing subsidies from the Department of Housing and Urban Development (HUD) and the Farmer's Home Administration (FmHA) between 1989 and 1993. Almost all of these additional subsidies have provided families or individuals with the ability to choose where they live. Since 1980, the number of assisted housing units has grown from 4.2 million to 5.8 million.

By funding housing vouchers, rather than the construction of additional housing, the Administration's housing policy has focused on the most critical housing problem facing very low-income families—excessive rent burden, or paying more than 50 percent of income for rent. The number of very low-income families with priority housing problems (experiencing excessive rent burden and/or occupying severely inadequate or overcrowded housing) has grown from 2.5 million in 1974 (the first year such data are available) to 3.8 million in 1983, but has declined slightly since then to 3.6 million in 1989.

This decline in housing problems has occurred mainly because the quality of housing has improved. As a result, the number of very low-income renters living in severely inadequate or overcrowded housing has been cut by one-half, from 0.8 million in 1974 to 0.4 million in 1989.

In contrast, excessive rent-burden problems for very low-income renters have continued to

Chart G-1. GROWTH IN TENANT CHOICE
(UNITS OF HUD AND FmHA ASSISTED HOUSING)



increase. The percent of all very low-income families paying more than 50 percent of their income for rent as their only housing problem increased from 19 percent to 26 percent between 1974 and 1989. The number of very low-income families with excessive rent burden alone has risen from 1.4 million in 1974 to 2.7 million in 1989, a 90-percent increase. Vouchers are the most effective approach to addressing the largest and growing housing problem facing very low-income families—excessive rent burden.

Choice-based subsidies, like vouchers, offer another advantage—they enable the Government to assist more needy families with each tax dollar. By funding mostly vouchers rather than new construction, as the Administration has proposed, the Federal Government would meet the housing needs of almost 500 thousand additional tenants over the next six years, about 25 percent more than under Congress' current policy mix, which favors the construction of new housing units built with Federal funds over vouchers for use in any rental unit. Chart G–2 illustrates this potential gain in the number of tenants assisted by HUD at current (1993) spending levels from 1993 to 1998.

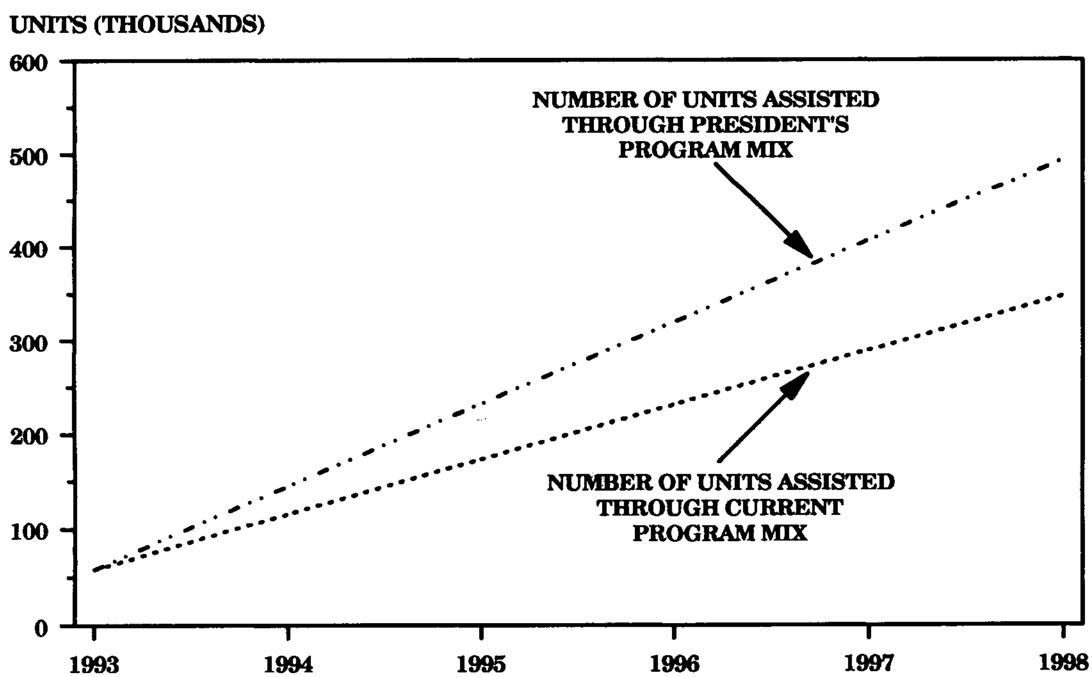
The policy implication is clear: with limited resources, additional rental housing subsidies should be choice-based, like vouchers, and targeted at meeting the worst housing need, the excessive rent burdens of very low-income families.

HOMEOWNERSHIP OPPORTUNITIES FOR LOW-INCOME AND FIRST-TIME HOME BUYERS

In addition to expanding opportunity and choice in housing for very low-income tenants, the Administration has sought to broaden homeownership opportunities for low-income and first-time home buyers. Homeownership gives people a stake in their own future and in the future of their neighborhoods. This opportunity to grow and prosper is just as critical, if not more critical, for low-income than for upper-income families and neighborhoods.

This fundamental premise underlies the HOPE (Homeownership Opportunities for People Everywhere) initiative advanced by the Administration and enacted in the National Affordable Housing Act (NAHA) of 1990. Table G–2 dis-

Chart G-2. NEW HUD ASSISTED HOUSING UNITS
(PRESIDENT'S PROGRAM VS. CURRENT PROGRAM)



plays the Administration's requested investment in homeownership for low-income families through HOPE grants and the actual levels enacted by Congress. (HOPE grants includes HOPE I, II, and III, and HOPE for Elderly Independence.)

By fighting inflation, the Administration's economic policies have achieved the lowest mortgage rates in over 20 years. These low rates have played a significant role in making homeownership opportunities available for many home buyers.

As shown in Chart G–3, the rate of homeownership among all Americans has held relatively constant, varying between 64 and 66 percent since the early 1970s. However, the rate has declined among young families. By 1991, only 32.8 percent of 25–29 year-olds and 51.3 percent of 30–34 year-olds were homeowners, down from 43.3 percent and 61.1 percent, respectively, in 1980.

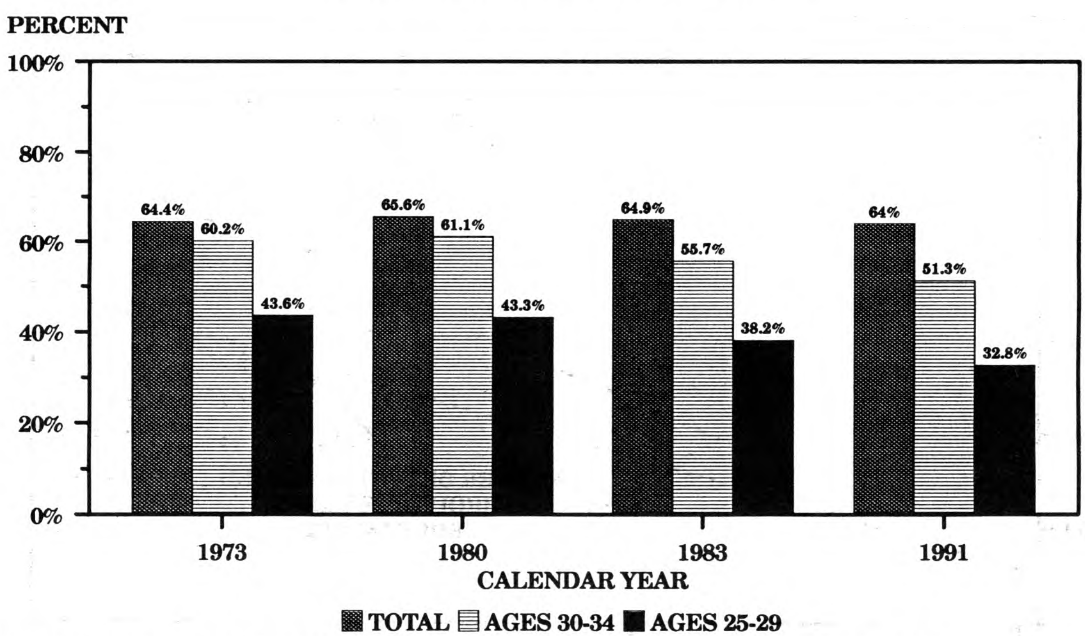
To expand homeownership opportunities for relatively under-served groups, like low-income

TABLE G–2. HIGH PRIORITY INVESTMENTS—HOPE GRANTS FOR HOMEOWNERSHIP

(Budget authority; dollar amounts in millions)

Fiscal Year	President Requested	Congress Enacted	Difference: Enacted to Requested	
			Dollars	Percent
1991	165	—	–165	–100%
1992	865	361	–504	–58%
1993	1,010	361	–649	–64%

Chart G-3. HOMEOWNERSHIP RATES
(TOTAL AND FOR YOUNG HOUSEHOLDS)



SOURCE: "The State of The Nation's Housing, 1992." Joint Center for Housing Studies.

families and first-time home buyers, the Administration has, in addition to HOPE, proposed:

- a $5,000 tax credit and penalty-free withdrawal from IRAs (Individual Retirement Accounts) for first-time home buyers;
- the use of housing vouchers by low-income families for homeownership; and
- reforms to restore the financial soundness of the Federal Housing Administration's (FHA's) single-family mortgage insurance program and assure that FHA mortgage insurance remains available primarily for low-income families and first-time home buyers.

Congressional support for these Administration efforts to increase homeownership has been mixed. On the one hand, Congress:

- in 1990, created HOPE and instituted critical FHA reforms similar to those proposed by the Administration; and
- in 1992, authorized the use of vouchers for homeownership.

On the other hand, Congress has:

- consistently funded HOPE grants at less than half the requested level (see Table G–2);
- not acted on or undermined the tax credit and IRA proposals for first-time home buyers; and
- partially rolled back the 1990 FHA reforms in the 1993 HUD-VA Appropriations Act and the 1992 Housing and Community Development Act.

If the Nation is to achieve the full benefits of homeownership, the Federal Government must focus greater efforts on increasing homeownership opportunities for low-income families and first-time home buyers.

LONG-TERM SUPPORT FOR THE HOMELESS

In its commitment to end the tragedy of homelessness, the Administration has significantly increased Federal support for programs that serve the homeless. As Table G–3 indicates, Federal spending on homeless programs increased by 95 percent between 1989 and 1993, from $603 million to $1,179 million.

The Administration has concentrated funding on programs, like HUD's Shelter Plus Care, that meet the needs of the chronically homeless. Many of the chronically homeless suffer from drug or alcohol abuse, or mental illness. To overcome the special problems of these hard-to-reach individuals, the Administration has supported programs that combine longer-term housing with supportive services for substance abusers and the mentally ill. As Table G–3 indicates, spending on homeless programs that address these longer-term problems has almost tripled, increasing from $295 million in 1989 to $845 million in 1993.

Future Federal funding for homeless assistance should continue to emphasize programs di-

TABLE G–3. HIGH PRIORITY INVESTMENTS—HOMELESS ASSISTANCE

(Dollar amounts in millions)

Funding Categories	1989 Actual		1992 Actual		1993 Enacted		Percent Change in BA: 1989 to 1993
	BA	Outlays	BA	Outlays	BA	Outlays	
Emergency Food and Shelter Programs	308	314	357	360	334	355	+8%
Longer-Term Housing and Supportive Services Programs	295	151	685	338	845	405	+187%
Total Homeless Assistance Programs	603	465	1,043	698	1,179	761	+95%

Note: Totals may not add due to rounding.

rected at solving the problems of the chronically homeless.

ENCOURAGING ENTERPRISE IN THE INNER CITIES

Parts of America's inner cities are caught in a downward spiral of decay and decline. In the most distressed communities, prolonged joblessness is breeding poverty and contributing to crime and other forms of social disorder, which deter investment and lead back to increasing joblessness.

To help the Nation's inner cities break out of this vicious circle, the Administration has proposed:

- creating Enterprise Zones to stimulate business growth in these distressed communities; and
- launching a frontal assault on crime and other social problems through an interagency initiative known as Weed and Seed.

Enterprise Zones would attack the roots of poverty—the lack of entrepreneurship and private investment to produce economic opportunity—by:

- lowering to zero the capital gains tax rate on long-term investments in the zones;
- offering wage tax credits for each job filled by a low-income worker who is not covered by the Earned Income Tax Credit—mainly young workers looking for their first job; and
- deferring income taxes for small investors who invest in businesses in the zones.

The Weed and Seed proposal, which is currently being implemented on a pilot basis, will help embattled cities cope with the worst manifestations of poverty and hopelessness—violent crime and social breakdown—by:

- combining increased Federal initiatives with State and local law enforcement efforts to weed out crime; and
- coordinating the provision of comprehensive social services to sow the seeds of regrowth.

Only through a comprehensive strategy melding Federal assistance with private investment will these economically distressed inner-city neighborhoods be able to reverse their long-term decline.

5H. PRESERVING NATIONAL SECURITY AND ADVANCING AMERICA'S INTERESTS ABROAD

The purpose of national defense and international affairs programs is to increase the nation's security and economic prosperity and to advance the causes of democracy, human rights, international cooperation and the rule of law through political, diplomatic, economic and military means.

The end of the Cold War and the break-up of the Soviet Union have led to a change in defense strategy. The focus of this strategy has shifted from global war to regional conflicts. This has permitted a reduction and restructuring of U.S. military forces and programs and provides the opportunity to realize significant savings in defense.

The focus of international affairs programs also has changed with the ending of the Cold War. Assistance to Eastern Europe and the new states of the former Soviet Union to help them establish democratic governments and market-oriented economies has become a pressing objective. Support to the Middle East peace process and UN peacekeeping activities in other parts of the world have also become of highest priority. This Administration has also promoted free and fair trade throughout the world and open markets, particularly in the Western Hemisphere. Assistance to developing countries has emphasized economic partnership and mutual prosperity—as reflected in such programs as the Enterprise for the Americas Initiative.

NATIONAL DEFENSE

Administration Policy

The Administration's defense policies are to:

- Maintain well-equipped and highly-trained military forces that can ensure strategic deterrence, exercise forward presence in key areas and respond effectively in regional crises, and retain the capacity to reconstitute larger forces should they be required.
- Stem the spread of weapons of mass destruction and missiles to deliver them.
- Restructure U.S. military forces by 1995 to a base force oriented toward regional threats. This restructuring will result in a force about 25 percent smaller than the 1989 force. Forces in Europe by 1995 will be reduced to 150,000, a 50-percent reduction. Total active duty military personnel by 1995 would be reduced to 1.6 million compared to 2.1 million at the end of 1989. Guard and Reserve forces, military bases and civilian personnel would also be reduced.
- Ensure that a technological edge is maintained by emphasizing research and development.
- Develop and deploy strategic and theater defenses against ballistic missile attack in order to protect against limited strikes from accidental or unauthorized launches or the threat posed by increased ballistic missile proliferation. Improved theater defenses should be available for deployment in the mid-1990s and strategic defenses by the late 1990s.
- Continue improvements in defense management to eliminate unnecessary duplication and reduce overhead.

Accomplishments

In the 1980's, our military capabilities were significantly improved. The hollow forces of the 1970's were transformed into well-equipped, highly-trained and combat-ready forces. This renewed capability was essential to the winning of the Cold War. It was also essential to our decisive victory, with minimal American casualties, in Operation Desert Storm and to the responsiveness of our armed forces to a number of contingencies around the world.

The end of the Cold War provides the opportunity to realize significant savings in defense. At the same time, it offers the challenges of how to make these savings in an orderly manner that preserves essential military capabilities and eases temporary adverse effects of defense reductions.

TABLE H-1. FUNDING SUMMARY FOR NATIONAL DEFENSE AND INTERNATIONAL AFFAIRS

Discretionary Funding (In billions of dollars)
(excludes Operation Desert Shield/Desert Storm)

	1989 Actual	1993 Requested	1993 Enacted	1994 Projected Assuming Continuation of President Bush's Policies
Department of Defense Military (051):				
Outlays	295.6	273.6	270.6	265.9
Budget Authority	291.5	268.4	260.5	266.8
Atomic Energy Defense Activities (053):				
Outlays	8.1	11.9	11.7	12.4
Budget Authority	8.1	12.1	12.1	12.6
Other Defense Related Activities (054):				
Outlays	0.4	1.0	1.5	1.4
Budget Authority	0.5	1.0	1.6	1.1
Total National Defense (050):				
Outlays	304.1	286.5	283.8	279.7
Budget Authority	300.1	281.6	274.2	280.5
International Affairs (150):[1]				
Outlays	16.6	20.6	21.6	21.8
Budget Authority	18.5	22.1	21.1	21.8
Total National Defense and International Affairs:				
Outlays	320.7	307.1	305.4	301.5
Budget Authority	318.6	303.7	295.3	302.3
MEMORANDUM				
Operation Desert Shield/Desert Storm:				
Outlays	—	5.5	7.2	2.8
Budget Authority	—	—	0.6	—

[1] Not including the 1993 appropriation for the IMF.

Our planned restructuring of defense meets both this opportunity and these challenges.

Essential capabilities have been protected:

- Combat readiness has been protected through emphasis on training.
- Critical modernization programs have been continued, including the F-22 fighter, and the C-17 transport aircraft. New sealift ships will also be procured.
- Important technical advances in the Strategic Defense Initiative have been achieved, making near-term deployment of theater and strategic missile defenses technically feasible.
- Investment in high priority technology programs has been emphasized. The level of technology programs has increased from $5.7 billion in 1989 to $8.4 billion in 1993 for the Department of Defense and from $0.4 billion in 1989 to $0.9 billion in 1993 for the Department of Energy. These increases have been made, notwithstanding reductions in the overall defense level.
- Intelligence programs have been restructured to focus on weapons proliferation, narcotics trafficking, support to the military, and regional problems.

Individuals and communities affected by defense reductions have been helped:

- The 1992 and 1993 budgets included more than $7 billion for programs to assist in a smooth transition to the civilian economy for individuals leaving military employment, supporting contractors and affected communities.
- A broad series of initiatives to promote civilian investment in technology have been proposed that would also use the talent of defense personnel.
- Environmental Restoration and Waste Management Activities of Department of Energy Defense programs have been increased from $1.4 billion in 1989 to $4.8 billion in 1993.

Savings in defense have been large:

- By the end of 1993, military forces will have been reduced from 1989 levels as follows: active Army divisions from 18 to 14, active Air force tactical fighter wings from 25 to 15, Navy ships from 566 to 447 and active duty military personnel from 2.1 million to 1.7 million. Personnel in Europe will be 171,000, compared to 322,000 at the end of 1989.
- The United States is no longer producing any nuclear weapons. The START Treaty was completed and agreement was reached for further reductions in strategic weapons, reducing the need for several acquisition programs. Compared to 1980 levels, these agreements will result in 75 percent fewer warheads shortly after the year 2000. The United States and Russia are eliminating ground-launched theater nuclear weapons and ending deployment of sea-based theater nuclear weapons.
- Over 100 weapons systems (e.g., Peacekeeper missiles, Trident submarines, A-12 and F-14 aircraft, and a new production reactor) have been canceled and others, such as the B-2 Bomber, have been scaled back.
- Substantial management improvements have been made, including reduced overhead, elimination of duplication, consolidation of support activities, and procurement reforms that cut red tape. Civilian personnel will have declined from 1,117,000 at end 1989 to about 957,000 in 1993. Hundreds of installations worldwide have been designated for closure or returned to host nations.
- The Defense budget is down in real terms by 29 percent in 1993 from the 1985 level; down as percent of GDP from 6.3 percent in 1985 to 4.6 percent in 1993; down as percent of Federal spending from 26.7 percent in 1985 to 19.2 percent in 1993.

Despite these accomplishments, problems remain:

- Congressional cuts in 1993 of requested programs and the addition by Congress of unrequested funding for weapons systems and Guard and Reserve programs put at risk the preservation of needed military capabilities.

Funding Required to Continue Policy

- Continuing current policies will require budget authority estimated at $280.5 billion in 1994.
- The 1994 level assumes continuation of planned military force reductions and reductions of base structure and overhead. It would maintain high combat-readiness levels and continue key modernization programs. It also assumes continued strong support of the defense technology base and the Strategic Defense Initiative.

INTERNATIONAL AFFAIRS

Administration Policy

The Administration's foreign policy has focused on five major objectives:

- Promoting and consolidating democratic values in light of worldwide rejection of totalitarianism.
- Promoting market economies and free trade in order to promote prosperity in both the United States and the rest of the world and reinforce the spread of democratic values.
- Promoting peace by placing primary reliance on collective action such as in the Persian Gulf and other United Nations peacekeeping operations.

- Protecting against transnational threats such as terrorism, the proliferation of weapons of mass destruction, ballistic missiles, illegal drugs and environmental degradation.
- Meeting urgent humanitarian needs, reflecting the longstanding concern of the American people for people of other nations, particularly for the victims of man-made and natural disasters.

Accomplishments

- The United States helped achieve the dramatic changes in Eastern Europe and the former Soviet Union by maintaining its own military strength, exercising patient and creative diplomacy, and by providing critical economic support to countries in transition.
- The United States successfully arranged for peace negotiations between Israel and the Palestinians and between Israel and other Middle Eastern countries. U.S. diplomacy was facilitated both by defeat of Iraq and by our steadfast support of the governments of Egypt and Israel.
- The United States is playing a key role in the support of UN peacekeeping operations, including operations in Cambodia, Central America and Africa. We are leading the peacemaking Operation Restore Hope to provide humanitarian aid to Somalia.
- The United States provided the initiative and leadership in the multinational negotiations that have resulted in a treaty to ban chemical weapons entirely.
- The United States has concluded a number of market opening agreements, such as those with Japan and Korea. In addition, the United States played a primary role in undertaking the Asia Pacific Economic Cooperation initiative.
- The multinational trade negotiations under the Uruguay Round have been brought close to fruition, and an historic North American Free Trade Agreement was concluded with Mexico and Canada. Funds totalling $405 million are provided in 1993 for environmental, labor and other activities in support of the latter agreement. The Andean Trade Preference Initiative has been concluded as well.
- Along with other member nations, the United States increased its quota resources in the International Monetary Fund by 50 percent ($12.0 billion), enhancing the Fund's capacity to support economic reform, particularly in former communist countries.
- The Enterprise for the Americas Initiative, announced in 1990, will encourage economic reform and strengthen democracy throughout the hemisphere. This initiative will have a significant positive effect on U.S. exports and employment.
- American hostages in Lebanon were released without a shot being fired.

Funding Required to Continue Policy

- Continuing current policies will require budget authority estimated at $21.8 billion in 1994.
- Within total 1994 budget authority, it is assumed that strong support for the United Nations will be provided, including expanded funding for peacekeeping, an emergency reserve fund, and continued payment of arrears. In addition, it is assumed that the United States will provide $1.25 billion as the first of three equal payments to the tenth replenishment of the resources of the World Bank's International Development Association affiliate, which makes development loans to the world's poorest countries.

6. Regulatory Reform and Program for 1993

6. REGULATORY REFORM AND PROGRAM FOR 1993

Except for government spending programs and taxation, regulation directs a greater amount of the nation's resources toward public purposes than any other policy instrument.[1] Regulation provides a wide range of societal benefits such as a cleaner and safer environment, access for the disabled to public buildings and businesses, and the protection of dolphins from fishermen's nets. However these public benefits do not come free of charge. The aggregate costs of existing Federal regulation has been recently estimated to be $542 billion per year for 1991, increasing to $662 billion per year by the year 2000.[2]

The added annualized private sector costs of the major final regulations reviewed by the Office of Management and Budget (OMB) over the last four years is about $24 billion (See Table 6–1). Put another way, the aggregate costs of major final regulations have added only 5 percent to the estimated total cost of regulations in 1988. This estimate and the $44 billion estimate of additional costs of proposed regulations does not include costs of regulations issued by independent agencies. The estimates also do not include the costs of regulations whose estimated annual costs were under $100 million. There are no similar estimates of the benefits of Federal regulation.[3] Persuasive estimates of benefits are generally harder to figure than cost estimates. Nevertheless, benefits like costs, are large and growing.

[1] Regulation is used in this chapter to refer to Federal requirements imposed on non-Federal parties such as consumers, businesses and state and local governments. Regulations that impose requirements on the Federal government such as setting program eligibility requirements have fiscal budget impacts and are not included in this chapter.

[2] These estimates (in 1991 dollars) are from a new study by Thomas Hopkins of the Rochester Institute of Technology entitled "Cost of Regulation: Filling the Gaps," Report prepared for the Regulatory Information Service Center (August 1992). The estimates include the costs of social, economic and process regulation. Almost 75 percent of the increase to the year 2000 is expected to be additional social regulation (health, safety, and environmental regulation).

[3] Agencies have devoted fewer resources to estimating benefits than costs. Similarly, in the budget, the emphasis is on outlays rather than the benefits expected to result from government expenditures.

Table 6–1. INCREMENTAL REGULATORY COSTS OF MAJOR RULES—1987 TO 1992

(Annual Cost[1]; In millions of dollars)

	1987	1988	1989	1990	1991	1992	Total
EPA:							
Final	2,000	8,400	970	1,748	4,340	9,350	26,808
Proposed	7,200	2,100	1,500	6,918	9,267	3,239	30,224
DOT:							
Final	None	50	550	920	1,042	350	2,912
Proposed	None	85	400	849	878	120	2,332
DOL:							
Final	270	30	1,270	80	821	1,078	3,549
Proposed	280	1,200	1,080	1,320	131	163	4,174
Other Agencies:[2]							
Final	104	78	147	41	1,300	2,205	3,875
Proposed	None	None	None	6,092	1,695	100	7,887
Total:							
Final	2,374	8,558	2,937	2,789	7,503	12,983	37,144
Proposed	7,480	3,385	2,980	15,179	11,971	3,622	44,617

[1] Cost estimates are based upon Regulatory Impact Analyses prepared by the agencies. The total costs of regulation are understated because not all major rules have quantified cost estimates and the costs of non-major rules are not included.
[2] Other agencies with major rules include HHS, HUD, DOJ and Agriculture.

A major problem with the statutory and regulatory process that directs non-Federal resources to public purposes is that, unlike the budget process, there is no formal budgeting process. Regulations are issued as a perceived need arises, one at a time, without the limits imposed by a budget or the forcing of tradeoffs with other regulations being developed at the same time. Regulations that provide social benefits are also often issued without consumers fully realizing that they must collectively pay for them—as customers, workers, or stakeholders. On the other hand, most people know that when government spending increases, they or their children will eventually have to pay through higher taxes, either now or in the future. The result is greater potential than in the budgetary process for waste and misallocation of resources and many regulations with costs greater than benefits or greater than necessary.

As regulation of American life has grown, particularly since 1970, each successive administration has taken steps to improve Presidential oversight of the regulatory process. In 1971 President Nixon established by OMB Memorandum a "Quality of Life" review to coordinate the promulgation of health, safety, and environmental regulations among Federal agencies.[4] Beginning in 1974, Presidents Ford, Carter, and Reagan each issued Executive Orders that required agencies to prepare regulatory analyses of major proposed rules and OMB to review them.[5]

REGULATORY REFORM 1989 TO 1992

President Bush continued in his term Administration support for Executive Order Nos. 12291 and 12498, which were issued on February 17, 1981 and January 4, 1985, respectively. These orders established the Presidential regulatory review and coordination process managed by the Office of Information and Regulatory Affairs (OIRA) in OMB. On February 9, 1989, he asked the Vice President to chair a cabinet-level group, designated the Council on Competitiveness, with the responsibility of reviewing regulatory issues bearing on competitiveness. The Council was also to serve as an appeal board for agencies that had disagreements among themselves or with OMB over regulatory policies.

The Moratorium

Because of the slow growth of the economy, President Bush in his 1992 State of the Union Address initiated a 90-day moratorium (subsequently extended until January 20, 1993) on new regulations. The purpose was to give the agencies time to review the appropriateness and efficacy of existing regulations and modify them as needed. New growth-promoting regulations were also to be expedited. Agency heads were directed to review existing regulations to ensure that their benefits to society outweighed their costs and that they were fashioned to maximize net benefits to society. Additional guidance emphasized the importance of performance standards and market mechanisms, and directed that regulations be designed to provide clarity and certainty to the regulated community, and to avoid needless litigation. The President asked independent agencies not subject to Executive Order Nos. 12291 and 12498 to participate in this comprehensive review.

The Council of Economic Advisers estimated that the total annual savings to the economy from actions taken during the review would range from $20 billion to $30 billion. The most important reforms completed or initiated during the moratorium include:

- The President's Council on Competitiveness assisted agencies in developing new policies whereby oversight of the development of biotechnology products would only take place when it posed unreasonable risks.
- The Securities and Exchange Commission streamlined securities registration procedures, making it easier for small firms to raise capital.
- The Interstate Commerce Commission initiated a proceeding to eliminate unnecessary regulation of small trucking companies.

[4] October 5, 1971 memorandum for the Heads of Departments and agencies entitled "Agency regulations, standards, and guidelines pertaining to environmental quality, consumer protection, and occupational and public health and safety," from OMB Director George P. Schultz.

[5] The Executive Order were, respectively, Executive Order No. 11821 (November 29, 1974) extended by Executive Order No. 11949 (January 5, 1977); Executive Order No. 12044 (March 24, 1978); and Executive Order No. 12298 (February 17, 1981). The Executive Orders changed the name of the required analyses as follows: Inflation Impact Statement, Economic Impact Statement, Regulatory Analysis, and Regulatory Impact Analysis. On January 4, 1985, President Reagan signed Executive Order No. 12498, which established the regulatory planning and coordination process managed by OMB.

- The Federal Communications Commission took steps to allow greater competition among international communication satellite systems, leading to lower prices for consumers.

Improving the Cost-effectiveness of Health and Safety Regulation

Chapter IX.C. of the President's *Fiscal Year 1992 Budget,* "Reforming Regulation and Managing Risk-Reduction Sensibly", showed that many regulations aimed at reducing health and safety risks over the previous two decades had not been very cost-effective.[6] Regulations that reduced disease and prolonged lives at very high costs had been issued instead of regulations that would have provided the same or a greater level of benefits at much lower costs. The chapter also described an initiative to improve risk analysis techniques and use cost-effectiveness analysis in allocating resources to reduce health and safety risks.

Objective Risk Assessment.—A necessary condition of cost-effective regulations that reduce health and safety risks is objective risk assessment analysis consistently performed across agencies. OIRA has pointed out to agencies some of the problems in risk assessment methodologies—both in general forums and in specific regulatory proceedings. For example, a chapter in the *Regulatory Program of the United States Government (April 1, 1990–March 31, 1991)* was devoted to identifying current problems with risk assessment methods and suggesting improvements. The chapter sparked considerable debate and reassessment of the ways risk assessment was being carried out.

The Center for Risk Analysis of the Harvard School of Public Health sponsored a workshop to discuss the Regulatory Program chapter. The Harvard conference report generally concurred with the chapter's basic findings:

- Scientific uncertainties in risk assessment used to justify regulatory decisions are not adequately communicated.
- Risk assessments frequently contain hidden and non-uniform margins of safety.
- Deficiencies in risk assessments may distort regulatory priorities.[7]

OIRA has also sought to improve risk assessment practices by placing specific suggestions for improvement in the public record of selected regulatory proceedings.

A Focus on Key Costly Regulations.—OIRA has in recent years focused analytical resources on a set of identified regulatory initiatives under development that pose substantial resource requirements as well as potential for improving health and safety. Two successes in this area include the regulations implementing the Clinical Laboratory Improvement Act of 1988 and the Occupational Safety and Health Administration's cadmium standards. By allowing greater flexibility in attaining the standards, the cost-effectiveness of both regulations was substantially improved between the proposal and final stage.

Regulatory Impact Analysis Guidance.—OIRA has attempted to improve the cost-effectiveness of regulation by providing guidance on how to perform regulatory impact analyses. Each edition of the *Regulatory Program of the United States Government* published since 1989 includes updates of the Regulatory Impact Analysis Guidance under Executive Order No. 12291. The Regulatory Programs also suggest ways to improve regulatory analyses and ask for suggestions about how to improve OMB's Guidance Document. The goal is to assist agencies in using up-to-date analytical techniques in the assessment of regulatory priorities and options. For example, the 1990 Regulatory Program discussed agency comments on the Guidance Document and clarified concepts such as market failure, the valuation of nonmarket goods, distributional effects, and discounting.

The 1991 Regulatory Program presented evidence that concentrating greater effort on safety regulations would on average be more cost-effective than the present emphasis on reducing low level exposures to suspected carcinogens. The 1992 Regulatory Program proposes a new analytical method for reviewing health and safety regulations that attempts to determine whether specific regulations actually produce the intended net reduction in mortality and morbidity.

[6] See Table C-2, Part Two, page 370 of the *FY 1992 Budget.*

[7] See *OMB vs. the Agencies; The Future of Cancer Risk Assessment,* Center for Risk Analysis, Harvard School of Public Health (June 1991).

The chapter compares this approach (called health-health analysis) to benefit-cost analysis and asks for comments.

Promoting the Use of Market Incentives

Just as markets are the most efficient way of providing consumers with conventional goods and services, markets and market-like incentives are also generally thought to be the most cost-effective way of providing goods and services that give rise to externalities. Externalities, such as pollution or basic scientific discoveries, are "spillovers" from market transactions that affect third parties. A key difference between conventional goods and goods that give rise to externalities is that the former can normally be supplied efficiently by private markets without government intervention, while the latter normally requires government intervention.[8]

However, once the government has intervened, whether efficiently or not, the use of market mechanisms to administer the intervention will generally be the most cost effective alternative. Market mechanisms have the further advantage of being able to adapt to changing conditions more rapidly than government commands and controls. The last three Administrations have advocated that regulations make use of market mechanisms to the maximum extent possible.[9] President Bush most recently reiterated this principle when he announced the 90-day Moratorium.

The 1992 Regulatory Program contains a section on the market-incentive approach to regulation. It describes the advantages of this approach compared to the traditional command-and-control method and discusses the most significant uses of market incentives implemented by the Bush Administration.[10]

A particularly good example is the acid rain trading allowance program for sulfur dioxide emissions. The Clean Air Act Amendments of 1990 set a cap of 8.95 tons of sulfur dioxide emissions per year that the Nation's power plants must meet by the year 2010, with intermediate caps at earlier dates. The Environmental Protection Agency will allocate annual allowances to emissions sources for use in meeting individual source caps that are based on reductions from historical averages. These allowances may be banked for use in future years or sold to other emission sources that have higher compliance costs. This system will save an estimated $660 million to $950 million per year over the conventional system (not permitting allowance trading) in which each facility would have to reduce sulfur dioxide emissions by the same amount. The conventional system would have cost about $4 billion per year. Cost savings arise because the market in allowances provides economic incentives for the least-cost emission sources to reduce emissions first.

Implementing the Regulatory Budget Concept

The possibility of a regulatory budget—i.e., limiting regulation so that compliance costs do not exceed a specified amount—was first discussed in the Carter Administration by economists at OMB, the Council of Economic Advisers and the Commerce Department. In 1979, Senator Lloyd Bentsen and Congressman Clarence Brown of the Joint Economic Committee introduced legislation to establish a regulatory budget.[11]

The Reagan Administration decided to study the concept while it implemented the formal regulatory review program required by Executive Order No. 12291. The Executive Order regulatory review program examines each regulation as it is developed for compliance with the principles listed in the Order. The Bush Administration viewed the regulatory budget as a potentially useful complement to the existing regulatory review program. It should be noted that program evaluation is to the fiscal budget what regulatory review is to the regulatory budget. The difference is that the fiscal budget is well established and program evaluation weak, whereas in the regulatory area, regulatory review is established and there is currently no regulatory budget. The Administration has taken several steps to test the regulatory budget concept and develop the data and methodology necessary for its implementation.

[8] Since poorly defined property rights and transactions costs may be viewed as giving rise to the externality, defining property rights and reducing transaction costs may eliminate the externality and the need for further government intervention.

[9] For example see, *Regulatory Reform: President Carter's Program*, The White House, August 1980, pp. 8–10 and *Regulatory Program of the United States Government*, April 1, 1986–March 31, 1987, pp. xxvi–xxxi.

[10] See *Regulatory Program of the United States Government, April 1, 1992-March 31, 1993.*

[11] For an early history of the regulatory budget see Chris DeMuth, "The Regulatory Budget," *Regulation*, March/April, 1980.

The justification for a regulatory budget is that Federally mandated expenditures for public purposes—whether by private parties for environmental cleanup or state and local governments for access for the disabled—should be subject to Federal management and control. The reasons are similar to those underlying the fiscal budget process. The output, employment, and price effects of diverting resources from the private sector to the public sector are similar whether the diversion is accomplished through taxing or borrowing and spending or by requiring private parties to spend their own resources for specific purposes. Both types of government intervention must be managed effectively if the goals of satisfactory economic growth, full employment, and price stability are to be met.

There are, however, two major differences between mandating regulatory spending and authorizing fiscal program spending. First, regulatory spending does not increase the Federal deficit while fiscal spending does. Private parties must finance their own spending. There is thus a tendency for greater reliance on regulations to fulfill public needs when worries about the size of the deficit increase. Second, it is more difficult to estimate what private parties plan to spend to comply with regulations than it is to estimate what government agencies plan to spend to meet program obligations. Both budgets are planning documents, however, and they both have utility even if their estimates are not always accurate.

The usefulness of both documents can be improved with better spending estimates. The Bush Administration has undertaken several initiatives to improve the quality of the estimates needed to implement a regulatory budget.[12] Starting with the 1991 Regulatory Program, agencies were required to provide better cost and benefit estimates of proposed regulations and to provide them for all significant regulations, not just for "major" regulations as required by Executive Order No. 12291. On April 29, 1992, President Bush directed agencies to estimate and to provide to OMB the likely benefits and costs of legislative proposals under active consideration by Congress or to be proposed by the agency. OMB, in consultation with the Council of Economic Advisers, has developed technical guidance to implement this directive and to integrate it with OMB's legislative coordination and clearance process.[13]

Finally, the regulatory budget concept has been tested informally by the Administration and Congress in connection with negotiations over the passage of the Clean Air Act Amendments of 1990. The provisions of the legislation were debated and negotiated by the various parties with a target ceiling for costs in mind. EPA, CEA, and OMB are now working in the implementing stage to establish regulatory budget procedures and a budget cap for a set of technology-based standards for certain industrial categories. Experience with this effort has led to calls for further development of this approach.

Examples of Specific Regulatory Reforms

Between 1989 and 1992, almost 9,000 regulations were reviewed by OMB under Executive Order No. 12291 and issued by the agencies. The Executive Order review process improved the overall quality of these rules in several ways, even though in almost three fourths of the cases, review was concluded by OMB without change.

- The review process stimulated and encouraged agencies to improve their analytic capabilities in developing rules.
- Interagency coordination helped the development of rules that take into account the complexity and overlapping authorities of federal activity.
- The review process has ensured that difficult issues were decided at appropriate levels of authority within the Executive Branch.

Since the discussions between the agencies and OMB are often candid, complex, and a learning experience for both, it is impossible and even inappropriate to attribute improvements to one agency or the other. The law is clear that the agency head named by the authorizing statute is the one legally responsible for issuing agency regulations. Any suggestions adopted by the issuing agency that may have been made by OMB or any other agency are the decisions

[12] Improving the quality of cost and benefit estimates of proposed regulations and legislation is of course an important goal in its own right independent of implementing a regulatory budget.

[13] On October 29, 1992 OMB also issued a revised Circular No. A-94, Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs. The guidelines apply to legislative proposals, regulatory impact analysis, and program and policy evaluation.

of the agency officials legally responsible for the regulation.

The following is a sampling of significant regulations that have been improved by the regulatory review process.

- The Department of Housing and Urban Development issued regulations pursuant to the Real Estate Settlement Practices Act that opened up competition between providers of settlement services. More time-saving computerized loan originations and efficient "one-stop shopping" are also likely to result.
- The Department of Labor issued regulations that will protect health care and other workers exposed to bloodborne pathogens from contracting AIDS and Hepatitis B. One particularly cost-effective provision that will likely save hundreds of lives and that was added to the final rule is a requirement that employers have their at risk employees either accept free hepatitis B vaccine or sign a declination stating that they refuse it.
- The Environmental Protection Agency has proposed that States be allowed to use an innovative "cash for clunkers" program as a method of pollution abatement. This program would allow industrial emission sources to pay owners of pre-1980 automobiles to get them off the streets and reduce hydrocarbon emissions—an important component of smog—in return for not having to reduce their own emissions. Unocal, which has implemented a pilot program in the Los Angeles area, recently reported that the program is far less expensive than traditional emission control efforts for the same amount of emission reductions.
- The Environmental Protection Agency recently proposed the first of the standards for controlling hazardous air pollutants, as required by the Clean Air Act Amendments of 1990. This proposal for the synthetic organic chemicals industry includes innovative provisions which could permit facility-wide averaging and banking of pollutant emissions, thereby enabling firms to achieve statutory objectives ahead of schedule and at substantially less total cost.
- The National Marine Fisheries Service has recently implemented individual transferable quotas (ITQs) in several fisheries. In the past, catches had been limited by such methods as restricting the number of fishing days, the number of boats, or net sizes. This has often had little effect on the size of the total catch because of other inputs to the fish catching process. Larger and more efficient boats, for example, allowed the Alaskan halibut fishing fleet to catch as many fish in two days as used to be caught in four months. The result was higher cost for lower quality fish (because they had to be frozen) with the same danger to the fishing stock. The use of ITQs allows fish to be caught in the most efficient manner with more precise specification of the sustainable yield, and has the added advantage that it is usually easier to enforce than restrictions on inputs. This approach is being tried for New England and Mid-Atlantic quahogs and surf clams and has been suggested for Alaskan halibut.
- The Food and Drug Administration has announced a series of regulatory reforms that should reduce the time it takes to develop new breakthrough drugs by as much as four years, saving millions of lives and possibly billions of dollars.

THE REGULATORY PROGRAM FOR 1993

Table 6–2 lists the major regulations that are required by statute or judicial deadline to be issued in final form during 1993. As such, it represents only a minimum regulatory program for 1993. The Regulatory Program for 1992 has descriptions of 383 significant rules that 25 agencies were working on.

Table 6-2. MAJOR REGULATIONS WITH STATUTORY OR JUDICIAL DEADLINES EXPECTED TO BECOME FINAL IN 1993

Regulation	Description	Proposal Date	Statutory or Judicial Deadline
DOC:			
Implementation of Fastener Quality Act.	Requires inspection, testing, certification, traceability and marking of certain fasteners sold in commerce; provides for laboratory accreditation.	8/17/92 (57 FR 37032)	Statutory 5/15/91
HHS:			
Mammography Accreditation Rules.	Rules implementing the Mammography Quality Standards Act of 1992. The rules for recognition of accrediting bodies subsume the rules setting out quality standards.	N.A.	Statutory 7/27/93
DOT:			
Alcohol Testing for Transportation Workers.	Establishes standards regarding alcohol testing of 6 million transportation workers.	11/02/89 (54 FR 46326)	Statutory 11/03/92
EPA:			
Effluent Guidelines and Standards for Offshore Extraction.	Defines acceptable technologies for offshore oil and gas extraction point sources.	3/13/91 (56 FR 10664)	Judicial 1/15/93
Hazardous Organic National Emissions Standards for Hazardous Air Pollutants.	Sets technology standards for synthetic organic chemical manufacturers.	N.A.	Statutory 11/92
Reformulated Gasoline.	Implements CAA requirement to adopt new gasoline formulas for fuel sold in nine worst ozone nonattainment areas.	7/9/91 (56 FR 31176)	Statutory 11/15/91
Oxygenated Fuels.	Implements CAA amendments requiring areas that fail carbon monoxide (CO) standards to require wintertime fuel reformulation to at least 2.7% oxygen.	7/9/91 (56 FR 31148)	Statutory 11/15/91
On-Board Diagnostics.	Requires on-board pollution monitoring devices for all light-duty trucks and vehicles after 1994.	9/24/91 (56 FR 48272)	Statutory 5/15/92
Standards for Hazardous Waste Treatment, Storage, and Disposal Facilities.	Regulates emissions of volatile organic compounds and particulates from hazardous waste tanks and impoundments.	7/22/91 (56 FR 33490)	Statutory 5/87
Coastal Non-Point Source Water Pollution Program.	Specifies measures States must implement to control non-point source pollution of coastal waters, from farms, forests, and urban areas.	6/14/91 (56 FR 27618)	Statutory 5/92
Vehicle Evaporative Emission.	Regulates volatile organic compound emissions from vehicles during their operation.	8/19/87 (52 FR 31162)	Statutory 11/15/91
Municipal Waste Combustors (MWCs).	Establishes acid gas, particulate matter, NOx, and toxics emissions standards for MWCs larger than 35 Mg/day.	N.A.	Judicial 11/15/91
Nitrogen Oxide (NOx) Limits for Electric Utilities.	Establishes NOx emissions limits for electric utility boilers in order to reduce NOx by 2 million tons per year from 1980 levels.	N.A.	Statutory 5/15/92 (Group I Boilers)
Stratospheric Ozone Protection: National Recycling and Emissions Reduction Program—(Excluding Venting Prohibition.).	Requires use of approved equipment and procedures for recovery, recycling and reclamation of ozone depleting substances from refrigeration and air conditioning appliances and commercial equipment.	12/10/92 (57 FR 58644)	Statutory 1/1/92

Table 6-2. MAJOR REGULATIONS WITH STATUTORY OR JUDICIAL DEADLINES EXPECTED TO BECOME FINAL IN 1993—Continued

Regulation	Description	Proposal Date	Statutory or Judicial Deadline
Municipal Waste Combustion II/III Emissions Guidelines and NSPS.	Sets standards for new and existing combustors for emissions of acid gases metals and NOx.	N.A.	Statutory 11/91 and 11/92
Treatment Standards for Toxicity Characteristic Wastes.	Establishes treatment standards for wastes identified as hazardous under RCRA by the Toxicity Characteristic.	N.A.	Judicial 4/30/93

7. Management Reform and Required Systems Improvements

7. MANAGEMENT REFORM AND REQUIRED SYSTEMS IMPROVEMENTS

In February 1989, President Bush made improved Federal management one of four broad Administration objectives. The Administration has made substantial progress. Highlights include:

- *Defense management reform.* The Administration's Defense Management Reform initiative saved $17.9 billion in 1991 through 1993 and will save $53 billion more in the period 1993–1997,
- *Savings and loan reform.* The Administration has closed approximately three-quarters of the savings and loans now expected to fail, and protected 22 million accounts owned by America's citizens and corporations. It has also charged and convicted 976 individuals of S&L related crimes (as of July 1992).
- *Nuclear weapons facility compliance with environmental and safety regulations.* Since 1989, the Administration has almost tripled the annual budget for environmental restoration and waste management at these facilities. In addition, it has begun the process of bringing the facilities into compliance with Federal and State environmental and safety regulations.
- *Air traffic control system modernization.* The Administration has obtained $10 billion in appropriations to improve efficiency and safety. Airline delays are already less than 5 years ago, despite increased takeoffs and landings.
- *Reform of the Department of Housing and Urban Development.* The Administration has established new ethical standards and reformed management practices at HUD. These efforts include strict limits on the use of discretionary funds and new penalties for abuses by HUD personnel.
- *Disclosure for the first time, and reform, of the Executive Branch's hidden liabilities and high risk areas.*
  - —$6.3 trillion (face value) in 1992 for Federal credit and insurance programs. The Administration proposed and Congress enacted Federal credit reform in 1990, requiring appropriations for the subsidies in both guaranty and direct loan programs.
  - —*104 high risk areas.* Of the 135 high risk areas identified since 1989, the Administration has resolved 33 and made significant progress with respect to 20 more. The President's 1993 Budget requested over $2 billion to address High Risk areas.

The progress, as well as the challenges that remain, are discussed in the remainder of this chapter, which is organized into nine topic areas:

- Using SWAT and Review Teams
- Emphasizing Results
- Streamlining Government
- Maintaining a Quality Workforce
- Improving Financial Management
- Ensuring Integrity and Efficiency
- Improving Information Management
- Strengthening Federal Statistics
- Reforming Federal Procurement

USING SWAT AND REVIEW TEAMS

The Bush Administration has initiated 35 joint agency-OMB SWAT and review teams since 1989. The purpose of these teams is to "fix" specific Federal management problems. SWAT teams are short term efforts which normally complete action in 2–3 months. Review teams work on a longer term basis.

Twenty of these teams have completed their work and the resulting recommendations are in various stages of implementation. Fifteen teams are still underway.

Descriptions of the results and next steps of the 30 SWAT and review teams that had significant activity follow.

SWAT TEAM RESULTS

Agency and Topic	Problem	Team Results
Agency for International Development (AID): Management Control Deficiencies.	Serious deficiencies in management control systems and evaluation of foreign aid programs.	AID–OMB report in July 1992 recommends improvements in personnel accountability, management systems, and program evaluation. AID implementation plan transmitted to OMB in August 1992. AID implementation, depending on any overall prospective organizational changes, will move forward, in part in the context of 1994 budget process.
Department of Agriculture (USDA): Field Office Structure.	USDA field office administration fragmented and inefficient. Central information and control systems inadequate.	In May 1992, Secretary Madigan and Director Darman announced formation of SWAT team. The "County-based" and "All Other Agencies" teams have ranked each of the program delivery offices within each agency by measures of efficiency. The Forest Service team completed its analysis and presented various consolidation options. Policy and implementation decisions will be made in the 1994 budget process.
Department of Education: Guaranteed Student Loan (GSL) Guarantor Insolvency.	Higher Education Assistance Foundation (HEAF), largest GSL guarantor, faced insolvency due to large number of defaults (1990).	Following review, the Department of Education ended HEAF's authority to guarantee new loans and reached agreement with the Student Loan Marketing Association (Sallie Mae) to assume management responsibility for HEAF's portfolio (1990).
Department of Education: Student Financial Aid Program Management ($66 billion in loans outstanding).	Escalating student loan defaults ($2.8 billion expected for 1992) disproportionately involving students attending proprietary schools of dubious quality. Inadequate expertise in Office of Postsecondary Education in running credit programs.	14 point plan announced by Director Darman and Secretary Alexander in April 1991. (It proposed improved oversight over guarantee agencies and lenders, consolidation of student aid operations under a single official, and improved information management.) Reauthorization of the Higher Education Act (July 1992) included Administration proposals to reduce the default rates and eliminate eligibility for schools abusing the system.
Federal Emergency Management Agency (FEMA): Management of $650 million/year disaster assistance program inadequate.	$800 million budget shortfall resulting from lack of FEMA central system for identifying and estimating costs. Congressional shortfunding of disaster relief led to routine emergency supplementals (circumventing caps).	FEMA's budget and accounting methodology and procedures for determining disaster assistance eligibility and managing declared disasters have been improved. Appropriations language signed by the President in December 1991 required Congress to fund FEMA's disaster assistance program at a historical average obligation level before any amounts are designated as "emergency requirements."

SWAT TEAM RESULTS—Continued

Agency and Topic	Problem	Team Results
Department of Health and Human Services (HHS), Health Care Financing Administration (HCFA): Management of $83 billion Federal-State Medicaid Program.	Medicaid estimates (for 1992) escalated, on average, $1 billion each month from January 1990 to January 1992. HCFA's budget forecasting system lacked a formal structure for tracking State-level factors affecting Medicaid growth. This resulted in substantial unforeseen growth in Federal Medicaid spending.	Joint HHS–OMB management initiative to strengthen the Federal system that collects, analyzes and uses State-based Medicaid program spending estimates and forecasts Federal program spending. Specific improvements included providing Medicaid Bureau with full accountability and responsibility for managing the Medicaid program, improved Federal and State Medicaid information and estimates, a new Medicaid management partnership with the States, and an enhanced Medicaid budget forecasting system.
Departments of Health and Human Services (HHS) and Justice (DOJ): Health Care Fraud and Waste (estimate $25–80 billion at risk nationally).	Health care costs in the United States continue to grow at a rate far in excess of inflation and are expected to exceed $800 billion this year. Of this amount, between 3 and 10 percent is estimated to represent fraud and abuse.	An HHS–DOJ–OMB team was formed to build on Federal health care enforcement efforts and work with States and private sector insurers to find improved ways to reduce the national problem of health care fraud and abuse. The Attorney General, the Secretary of HHS and the OMB Director announced the team's report. The report recommended legislation (to prevent kickbacks and inappropriate self-referrals and improve the exchange of fraud related information). These recommendations should be considered as part of the 1994 budget/legislative process.
Department of Housing and Urban Development (HUD): Section-8 Housing Subsidy Budget Estimates.	$1.25 billion in unanticipated additional requirements was identified due to lack of central system for identifying and estimating in a timely fashion Section-8 contract renewals.	Revised estimate of 1992 requirements provided to Congress in October 1991. New automated system expected to become operational during 1993.
Department of the Interior, Bureau of Indian Affairs (BIA): Accounting Systems.	Two Inspector General audits of possible BIA Anti-Deficiency Act violations in three years ($95 million in accounting discrepancies in 1990). BIA accounting system accessible to over 12,000 individuals allowing an average 10 adjustments for each transaction (500,000 adjustments in 1990).	New accounting system (with stringent accounting controls over obligations and disbursements) installed in October 1991. Uncontrolled adjustments to accounting system limited to appropriate accounting personnel. $425 million in cash disbursements assigned and entered into the system for the first time. Thousands of previously undiscovered deposit tickets brought under accounting control.

SWAT TEAM RESULTS—Continued

Agency and Topic	Problem	Team Results
Department of the Interior, Bureau of Indian Affairs (BIA): Trust Fund Accounting.	Inability to account and report on $2 billion in Indian trust funds.	Agreement reached among Executive Branch, representatives of Indian communities and Senate Select Committee on Indian Affairs regarding initial plan of action (November 1992). Reconciliation of tribal accounts (valued at $1.2 billion) restarted in October 1992 for completion in mid-1994. BIA/tribal working groups established to address problems in (1) land records management and (2) individual Indian money accounts and fractionated heirship. BIA draft Indian Trust Funds Strategic Plan prepared in August 1992.
Department of Justice (DOJ): Debt Collection.	Departmental debt collection systems inadequate to support management of litigation and collection activity on an estimated $13 billion inventory.	Litigation Information Action Team recommended development of a centralized Justice financial litigation information system (July 1992). The request for proposals (RFP) for the systems development work was issued in August 1992. Congressional action, however, poses 1993 budget problems.
Railroad Retirement Board (RRB): Management Weaknesses.	Major claims backlogs (80,000 cases), significant error rates, widespread beneficiary fraud, underpayment by railroads of employment taxes, and inadequate systems.	Agreement (1991) on a five-year plan to correct 104 deficiencies identified by the SWAT team. Congress has supported (1992 and 1993) the Administration's proposed $13.9 million 5-year investment to assist RRB in achieving its improvement plan. All of the quantitative improvement goals (to be achieved by funding the improvement plan) are being met or exceeded.
Small Business Administration (SBA): Disaster Loan Program.	Unanticipated surge in disaster assistance costs would have exhausted disaster loan program four months before the end of the fiscal year.	Supplemental appropriations enacted in 1992 ensure continued funding for this program. Contingency fund enacted to meet loan demand in years with abnormally high disaster levels. Improved system adopted for reporting and tracking loan obligations and funding needed in any one fiscal year.
Twelve Major Civilian Agencies: Contracting Procedures.	Abuses and inadequacies surrounding the identification and payment of contract costs have resulted in payment of unallowable costs as a result of inadequate procurement procedures.	SWAT team formed (June 1992) to review Federal regulations and practices governing $54 billion in contracts, involving 12 civilian departments and agencies. The final report (December 1992) includes over 200 recommendations for improvements in legislation, Government-wide regulations and agency-specific procedures. Implementing actions are underway.

REVIEW TEAM RESULTS

Agency and Topic	Problem	Team Results
Department of Agriculture (USDA), Farmers Home Administration (FmHA) and Rural Development Administration (RDA): Loan Delinquencies.	High total delinquencies ($10.1 billion) and delinquency rates (18.3 percent) in 1992.	Enhanced internal controls (i) incorporating a second level review during new loan underwriting, (ii) expanding use of contract appraisals, and (iii) studying use of centralized servicing of single family housing loans. Strategic business plan completed (June 1992), and comprehensive financial analysis and accounting training program developed and implemented.
Department of Agriculture (USDA): Food Stamp Program.	Excessive illegal food stamp coupon trafficking—benefits worth over $100 million per year being exchanged for cash and drugs.	Final recommendations for reducing food stamp fraud issued (July 1991). Final Federal regulations to enable States to use electronic benefit transfers approved (April 1992).
Alaska Natural Gas Transportation System: Unnecessary Office of the Federal Inspector.	Alaskan portion of Alaska Natural Gas Transportation System pipeline never built, but Office of the Federal Inspector to facilitate construction remains in existence since 1979.	Federal Inspector and staff resigned (April 1992) and the President signed associated rescission legislation (June 1992). The President signed the Energy Policy Act which permanently eliminated the Office of the Federal Inspector (October 1992).
Department of Defense (DoD): Use of Contracted Advisory and Assistance Services (CAAS).	Inadequate management controls over the use of Contracted Advisory and Assistance Services (CAAS), including tracking and reporting deficiencies. DoD Inspector General report indicates that, under some definitions, CAAS may be underreported by several billion dollars.	Draft OFPP policy letter, mandating greater management control over service contracts, was published in the Federal Register for comment (December 1991).
Department of Defense (DoD): Utilization of Resolution Trust Corporation (RTC) Properties.	Inadequate information for screening existing RTC properties as substitutes for new DoD construction.	System completed in June 1992 for DoD to receive and screen RTC properties as potential substitutes for new construction.
Environmental Protection Agency (EPA): Spatial Data Sharing.	21 Federal bureaus were not sharing cartographic and remote sensing data with EPA to support environmental remediation programs.	Federal Geographic Data Committee has announced policies for data sharing among Federal agencies. This will facilitate data exchange between EPA and source agencies. Memorandum of understanding signed by EPA and NASA (October 1992) and EPA and DOI (December 1992).
Department of Energy (DOE): Environmental Cleanup.	DOE's $5.5 billion annual cleanup activities were not prioritized based on risk to public health, safety and the environment, and cost-effectiveness. DOE unable to measure cleanup progress versus expenditures through time.	Progress Tracking System has been developed to report on the progress of DOE installations in meeting scheduled milestones. Efforts to improve reporting continue.

REVIEW TEAM RESULTS—Continued

Agency and Topic	Problem	Team Results
Department of Health and Human Services (HHS), Administration for Children and Families (ACF): Oversight of States' Spending on Information Systems.	ACF has had difficulty controlling payouts and accounting for benefits to States for child support and welfare information systems ($1.3 billion in projected payments, 1993-98). Outlays have increased from $76 million in 1990 to an estimated $262 million in 1993.	An HHS/OMB team was formed in May 1992 to review these spending increases. Recommendations are being prepared to minimize the risk of providing 90% Federal matching funds for unreasonable or unnecessary systems development activities.
Department of Health and Human Services (HHS), Health Care Financing Administration (HCFA): Medicare Durable Medical Equipment (DME) Costs ($2.6 billion estimated in 1993).	Existing law and previous regulation enabled suppliers to receive excessive Medicare reimbursement for DME purchases.	Secretary Sullivan announced an Action Plan expected to save $1 billion over next five years. Regulations were issued to consolidate oversight and claims' payments and close reimbursement loopholes exploited by Medicare providers. Legislation was submitted to establish stricter eligibility requirements for suppliers, update pricing schedules, initiate competitive bidding, and increase pricing discretion to reflect market forces.
Departments of Health and Human Services (HHS), Veterans Affairs (VA) and Defense (DOD), and the Office of Personnel Management (OPM): Third Party Liability (TPL).	Federal and State taxpayers are making payments of $1-3 billion annually for health care that should be paid by others.	Uniform policy for Federal coordination of benefits (which policy pays first, second, etc.) agreed by HHS, VA, DOD and OPM. A single Federal contract to use private firms to conduct TPL activities is being prepared. Policy for expanded interchange of Federal health coverage data developed. Quality control policies and guidelines for Federal TPL in development.
Department of Labor: Job Training Partnership Act (JTPA) Controls.	Inadequate controls over some contractors participating in this former block grant program ($1.9 billion in procurements) led to administrative cost overruns, unallowable costs, and inappropriate program activities.	Legislation to enhance States' responsibility to establish and monitor improved accounting and procurement practices was signed by the President in September 1992. The Job Training Reform Amendments incorporated many of the Administration's proposals.
National Aeronautics and Space Administration (NASA): Contractor Oversight.	Administrative oversight of contractors and subcontractors inadequate (total contract expenditures are projected at $13.5 billion in 1993).	NASA reassigned 45 FTEs for contractor oversight functions and developed training program to alert key procurement personnel and program managers to contract management issues. NASA's acquisition regulations and directives revised to include priorities for contractor oversight. OFPP guidance on contract management issued.
National Labor Relations Board (NLRB): Accounting System and Inventory.	Conversion to a new accounting system in 1990 failed due to poor testing procedures and inappropriate controls over data conversion.	NLRB's new accounting system implemented (August 1991). OMB-led review team examined NLRB's accounting system and concluded that it was adequate to meet NLRB's financial management needs subject to certain OMB recommendations.

REVIEW TEAM RESULTS—Continued

Agency and Topic	Problem	Team Results
Pension Benefit Guaranty Corporation (PBGC): Financial Systems and Statements.	Financial systems in disarray and financial statements unauditable.	Request for proposal (RFP) issued to procure an accounting and billing system for premiums. In the interim, billings are being issued manually to plan sponsors with large balances due. Improvements in insurance system database will provide audit trails for actuarial information included in financial statements.
Department of the Treasury, Internal Revenue Service (IRS): Accounts Receivable and Tax Systems Modernization.	Strategy and systems for collecting accounts receivable ($70 billion, 1991) and setting allowance for doubtful debt is inadequate. Outmoded computer and telecommunications systems undermine the effectiveness of tax administration.	Performance targets were set to limit the growth in accounts receivables and boost collections. Allowance for doubtful accounts developed to determine the collectibility of accounts receivable. Design Master Plan (DMP) for IRS systems modernization activities reviewed by OMB ($8 billion, 1990–2000).
Department of Veterans Affairs (VA): Home Loan Guaranty Program.	Inadequate risk exposure and default trend data for $158 billion in guaranteed loans.	New methodology for predicting defaults and calculating the implicit credit subsidy in new housing loan guarantees has been in use since May 1991. Subsequently, this problem area was removed from the high risk list.

EMPHASIZING RESULTS

The Federal Government has limited capacity to assess what works and why, and to compare actual results with goals and objectives. Most Federal programs are planned and executed on an annual basis, rather than based on a long-term strategy and evaluation of results. Policy analysis is virtually always a prerequisite for new initiatives but rarely is used to strengthen, change, or eliminate base programs (which constitute the overwhelming majority of Federal expenditures). Budget constraints require targeting of scarce resources; this targeting should be based on analysis.

Accomplishments (1989–92)

- Over two-thirds of Federal installations surveyed by the General Accounting Office (GAO) now have Total Quality Management (TQM) programs; half of these were initiated in the last two years. A Federal Quality Institute has been established in the Office of Personnel Management that annually educates, trains, and assists Federal agencies, and tens of thousands of officials, in the principles and implementation of TQM.
- The President's 1993 budget initiated a dozen quality improvement demonstration projects at the Internal Revenue Service, the Social Security Administration, and the Department of Veterans Affairs. These agencies are currently measuring baseline performance, and will do so again at the end of the demonstrations in 18 to 36 months.
- Using provisions of the Chief Financial Officers Act of 1990, OMB is requiring agencies to measure and report on program performance in their annual financial statements. Inter-agency agreement has been achieved on common performance measures for 14 functions. Agencies are identifying the measures they will include in their 1992 financial statements.
- OMB worked with the Congress on drafting S. 20 (the Government Performance and Results Act of 1992) which passed the Senate last session but was not voted on by the House. If appropriately amended, S. 20

would substantially enhance the amount and type of performance measurement done by the Federal Government.

- A renewed emphasis has been placed on using program evaluation as a necessary analytic tool. Sections on program evaluation were included in the President's 1992 and 1993 budgets.

- Pursuant to a 1993 budget initiative, nine states have received waivers to undertake multi-year welfare reform demonstrations. Evaluations will test the effect of these reforms, which include use of control groups for comparison purposes in six of the States.

Improvements Needed in the Future

- Much work is needed to improve the number and significance of program performance measures and to tie more of the measures to agency mission statements. The development of satisfactory measures is an evolutionary process, although several agencies—such as the Environmental Protection Agency, the Social Security Administration, and the Nuclear Regulatory Commission—are nearing the point where their linkage of measures to mission statements might be used as a model.

- The GAO report on quality management indicated that installations whose quality effort had existed for four or more years reported improvements in performance and internal operating conditions, as well as reduced barriers to their quality efforts. This growing commitment to quality needs to be sustained. Pilot projects testing the exchange of greater flexibility for more accountability should be considered. OMB will evaluate changes in performance resulting from a dozen quality improvement demonstration projects at the Internal Revenue Service, Social Security Administration, and Department of Veterans Affairs.

- Utilizing program evaluation and cost-benefit analysis as integral parts of policy-making remains more the exception than the rule. The Departments of Defense, Education, and Health and Human Services have substantial evaluation staffs. Elsewhere, evaluation capability remains weak and the linkage between evaluation and decision-making is uneven across the Federal Government.

  Options for assuring rigorous program evaluation include: (i) encouraging agencies to utilize and evaluate materials in developing programmatic recommendations for legislative reauthorization and budget proposals; and (ii) requiring agencies to develop multi-year evaluation plans.

STREAMLINING GOVERNMENT

Americans are demanding more performance for less money. Tax revenues are no longer rising as they did in the past. The public has little confidence in Government programs. Part of the solution lies in streamlining Government organization and management—to achieve effectiveness as well as efficiency.

Many Federal agencies fail to reflect current needs, demographics, and technology (particularly communications technology) in their staffing, organization and service to clients. Others are laden with unnecessary management layers, making them top-heavy and inefficient.

More rational policy-making and service delivery would make Government more effective over the longer term. Organizational improvements also can reduce costs, although they are likely to increase costs in the short term. While each agency's situation is different, there are significant opportunities to streamline Federal organizations.

Two recent initiatives illustrate some of the opportunities available.

Department of Agriculture (USDA)

- USDA has the most extensive field organization in the civilian Government. It has:

  —Offices in 2,977 (or 94 percent) of the 3,158 counties in the U.S.
  —Nearly 100,000 staff in 14,000 field offices (costing $4 billion annually).

  Despite this profusion of resources, farmers must in many instances travel to different USDA offices to get service.

- A joint USDA–OMB review in 1992 examined USDA county-based agencies, the Forest Service, and other USDA agencies.

—*County-based agencies (Agricultural Stabilization and Conservation Service, Extension Service, Farmers Home Administration, Federal Crop Insurance Corporation, and Soil Conservation Service).* USDA plans to propose reductions in the number of county offices, which predominantly serve farmers directly. These plans are based on analysis of six criteria (including workloads, clients served and delivery cost). County offices of different agencies could also be co-located, share overhead and support functions, and provide one-stop shopping, to provide better service to farm clientele.

A more fundamental change would be to create one farm service agency for all USDA programs directly serving farmers. This would reduce time and paperwork, but more importantly, improve policy and program coordination with a view to maximizing the effectiveness of Federal resources and client services.

—*Forest Service.* The Forest Service employs more individuals than any other USDA agency. Its field structure involves offices at the regional, forest, and ranger district levels. Streamlining options include: (i) consolidating the current 9 regional offices into 5–7 offices; and (ii) consolidating 20–25 percent of Forest Service offices at the National Forest level, and up to 10 percent at the ranger district level.

—*Other USDA Agencies.* The remaining USDA agencies represent very different missions, field structures and clientele—ranging from meat and plant inspection to agricultural research. Streamlining options include: (i) consolidating inefficient field offices and low-priority research facilities; (ii) consolidating regional offices, both within and across agencies, to produce savings in overhead and support costs; and (iii) creating a single inspection agency (which could also include food inspection functions of the Food and Drug Administration).

- USDA consolidations should make its programs more effective in helping American farmers and farm communities and reducing the perception in many farm and urban communities of a bloated, ineffective Federal bureaucracy.

Army Corps of Engineers (Corps)

- On November 19, 1992, the Army announced a plan to reduce Corps division offices from 11 to 6; modify headquarters and division operations; and restructure district offices. The purpose is to improve service to the Corps' diverse military and domestic clientele, and to reduce costs to taxpayers and local water resource project sponsors.
- The plan would add a new district office to the 39 existing district offices. Districts would continue to be responsible for regulatory functions and project operations, management, and construction.
- Planning, design, real estate, and project review capability would be concentrated in new technical centers associated with 15 existing civil works districts.
- Administrative services would be consolidated in five locations and all Corps military construction responsibility in the continental U.S. would be consolidated into ten districts.
- Corps headquarters personnel would be reduced by five percent and reorganized.
- Net annual savings from this reorganization are estimated at $115 million by 1995, due to reductions of about 2,600 positions and reduced overhead expenses.

MAINTAINING A QUALITY WORKFORCE

To provide efficient and effective delivery of services, the Federal Government must attract and retain high-quality, motivated employees. This requires a competitive pay and benefits package and sound management of human resources. Attention must be paid to total compensation, to assure that the balance between active employee compensation and retirement benefits is optimal.

Accomplishments (1989–92)

- A competitive pay system is now in place. The Ethics Reform Act of 1989 raised Congressional and senior executive pay by up to 25 percent. The Federal Employees Pay Comparability Act of 1990 provided additional flexibility and a locality-based pay system, to achieve comparability with the non-Federal sector.

- The Federal Employees Health Benefits Program continued to provide a wide choice of comprehensive coverage for nine million beneficiaries. Premium increases were held below those for private sector plans, partly through increased use of managed care and changes enacted in the Omnibus Budget and Reconciliation Act (OBRA) of 1990. Preventive care benefits were also enhanced.
- The U.S. Postal Service assumed a greater responsibility for retiree pension and health costs under OBRA 1990.
- A database was established to measure and track the quality of the Federal workforce.

Improvements Needed in the Future

- Continued reform of the Federal pay system is needed. This includes greater attention to over-grading, pay-for-performance, revised blue collar pay, and separate pay systems for selected occupations.
- While growing less than private sector plans, the Federal Employees Health Benefits (FEHB) program's cost growth remains unacceptably high, in part because of richer coverage for retirees than that which prevails in the private sector. Options for controlling FEHB costs include: (1) improving cost containment incentives within the current program; (2) moving to competitive selection of regional managed care plans offering standard benefits; and (3) providing the same dollar amount of Government contribution for each plan combined with a health risk pooling system. Consideration should also be given to increasing the responsibility of retirees for their health care costs, particularly Medicare-eligible and early retirees.
- The Civil Service Retirement and Disability System continues to be underfunded. This problem could be addressed by conforming Federal civilian retirement benefits more to those of the private sector. For example, the retirement age could be raised for new retirees to be more consistent with the social security system and cost-of-living adjustments modified for early and new retirees.
- A unique opportunity to inject "new blood" from outside the Government and to increase representation of minorities and women in the Senior Executive Service, and perhaps to reduce its size, will occur in the 1993–1994 period when large numbers of senior executives are expected to retire. Agencies need to think through the management qualities required by different programs as they evolve to meet 21st century needs. They also need to initiate vigorous efforts to locate highly qualified individuals for the most critical senior jobs.

IMPROVING FINANCIAL MANAGEMENT

Federal financial management has for decades been inadequate to manage what is now a $2.6 trillion cash flow. Few agencywide automated financial management systems are reliable. Audited financial statements are rare. Insufficient attention is paid to managing the Government's receivables and other assets. Appreciation of the magnitude of the Government's liabilities is inadequate. Over a third of the Government's High Risk areas are associated with poor financial management.

Accomplishments (1989–92)

- The Chief Financial Officers (CFOs) Act of 1990 established a Government-wide chief financial management official, a Controller, and CFOs in 23 departments and agencies. The Federal Credit Reform Act of 1990 required budget and appropriation processes to recognize the full cost of loans and loan guarantees each year. The Federal Debt Collection Procedures Act of 1990 established uniform procedures for recovering judgments and obtaining pre-judgement remedies on debts owed the Government. The Cash Management Improvement Act of 1990 provided incentives for the efficient distribution of cash to State Governments. The expired accounts provisions in the National Defense Authorization Act of 1990 ended the practice of using expired accounts for indefinite periods. The Cash Management Improvement Act Amendments of 1992 enhanced the Government's program for offsetting tax refunds of those delinquent on Federal debts.

- New financial management organizational structures have been established in OMB and the 23 agencies. CFOs and Deputy CFOs have been appointed and a CFO Council and Council Operations Group established.

- OMB prepared and submitted to Congress the first Government-wide report on the status of Federal financial management and a five-year plan for its improvement. The plan identified initiatives in eight areas: organization, personnel, accounting standards, financial systems, internal controls, asset management, communications with State and local Governments and private contractors, and audited financial statements.

- OMB issued a directive defining the form and content for financial statements. The traditional financial statement format has been expanded to include an overview of the reporting entity, funded and unfunded liabilities, funds required to finance unfunded liabilities, and a comparison of actual expenses for each program with the budget authority for the program.

- A Federal Accounting Standards Advisory Board has been established, with the former Comptroller General as Chairman, to recommend accounting standards for Federal agencies. This settled a five-year impasse on who sets accounting standards for the Federal Government.

- Financial systems functional standards have been updated for core financial systems, and established for the payroll/personnel, travel and seized assets systems. The U.S. Standard General Ledger has been established as a minimum standard for capturing financial information within agencies.

- The OMB budget execution data base has been automated by providing for monthly electronic reporting.

- $604 million was provided in 1992 and $625 million in 1993 for improved agency financial systems, and a data base was established containing essential information about the status of Government financial systems. OMB and Treasury have reviewed detailed agency financial systems plans.

- The Federal Credit Policy Working Group has:
  - —Instituted quarterly "Early Warning Reports" to show significant trends in the performance of the portfolios of the five major credit agencies.
  - —Established a Credit Training Institute for agency credit staff.
  - —Developed standard lender agreements that define the terms and conditions for lenders participating in the Government's loan guarantee programs.
  - —Initiated an automated credit screening process to improve the loan origination process.
  - —Initiated an automated capability to track delinquent debts referred to the Department of Justice for litigation and collection.

- The Internal Revenue Service has established targets for the collection of delinquent taxes and initiated quarterly reviews of collection performance.

- The Departments of Agriculture and Health and Human Services and the State of Maryland have initiated a State-wide program to test electronic payment mechanisms for benefit transfers.

- OMB has organized 14 inter-agency teams to develop and agree upon common program performance measures in areas such as loans and loan guarantees, health care, regulation and enforcement, and insurance programs.

- OMB has issued directives involving the audit of agency financial statements to require a significant expansion of audit effort (beyond the traditional audit process) in order to assess the quality of agencies' internal controls. OMB worked closely with the President's Council on Integrity and Efficiency, the General Accounting Office, and the American Institute of Certified Public Accountants to develop this guidance and initiate training in financial statement auditing for Inspectors General and other auditors.

- Sixty-seven Government entities and 24 Government corporations have completed audited financial statements containing program performance information for 1991 activities. Approximately 120 Government entities (plus 24 Government corporations) are preparing in 1993 financial statements, which will be subject to audit, for 1992 activities.

- OMB has issued new indirect cost regulations for colleges and universities, to eliminate abuses in the charging of indirect costs and to assure a more equitable sharing of the costs of overhead between the academic community and the Federal Government.

Improvements Needed in the Future

- Coordinated efforts are needed to define financial management personnel needs and target critical areas for recruitment and retention.
- Additional functional and information requirements need to be standardized. Use of the off-the-shelf software program and cross-servicing arrangements need to be expanded, to reduce costs and improve the efficiency of processing and quality of management information.
- Financial managers need to assure that the information in financial statements is useful and used. This can be done through the use of performance measures and accelerating the preparation and audit of financial statements, in order that they might be available for the appropriations process.
- Since debt collection is often not a high priority at individual agencies and consolidated collection activities have evidenced improved performance at lower cost, further consolidation of debt collection activities and the feasibility of establishing a central debt collection agency should be explored. Also, policy officials need to be made more aware of their ability, under credit reform, to reduce credit subsidies and increase funds available for lending, through improved debt collection (including contracting out for private collection services).

ENSURING INTEGRITY AND EFFICIENCY

Since the days of the first Inspector General for the Continental Army in 1789, public confidence in the integrity and efficiency of the Federal Government has waxed and waned. Scandals have come and gone; progress has been made; problems have continued; and new problems have emerged.

The Bush Administration committed itself early on to (i) force early disclosure of major problems; (ii) identify their root causes; and (iii) deal with the root causes.

Accomplishments (1989–92)

- OMB initiated substantive review of the reports under the Federal Managers' Financial Integrity Act (FMFIA). OMB required Deputy Secretaries (and their equivalents) personally to review the reports in 1989, and established a High Risk List in 1990 to disclose the Government's most significant vulnerabilities to fraud, waste, and mismanagement.
- Publication of the High Risk List in the President's 1992 and 1993 budgets—together with specific proposed funding for corrective actions and OMB's assessment of progress to date—has proved effective in assuring political level attention (Congress as well as the Executive Branch) to bringing these vulnerabilities under control. Of the 135 high risk areas identified since 1989, the Administration has resolved 33 and made significant progress with another 20.
- The Administration has aggressively supported the statutory Inspectors General (IGs)—requesting $888 million for IGs in 25 departments and agencies in 1993, 29 percent more than the $629 million requested in 1990. The payback has been enormous. In 1990 and 1991, the work of these IGs yielded $3.8 billion in management decisions to disallow costs based on IG findings and $31.2 billion in management decisions to implement IG recommendations for better use of funds.
- When the HUD scandal broke, the Administration proposed, and Congress enacted, new ethical standards and reformed management practices. These include putting strict limits on the use of discretionary funds and establishing new penalties for abuses by HUD personnel.
- The President's Defense Management Reform package (1989) targeted major savings through such initiatives as supply system efficiencies, consolidation of finance and ac-

counting operations, and corporate information management. Reported savings of $17.9 billion were achieved through 1993; additional savings of $53 billion are expected for the period 1994–97.

- Federal expenditures ($5.8 billion in 1993) for the Department of Energy's Environmental Restoration and Waste Management program have more than tripled since 1989, to bring nuclear weapons facilities into compliance with Federal and State environmental regulations. A joint OMB/DOE task force implemented a management system that provides monthly reports on a project-by-project basis and allows DOE to set priorities and relate cleanup progress to expenditures over time.
- The Administration initiated 35 joint OMB/agency SWAT and review teams to achieve specific "fixes." See Using SWAT and Review Teams (above).

Improvements Needed in the Future

The Government needs to concentrate on three important vehicles for improving its integrity and efficiency: audit follow-up, FMFIA, and the High Risk List.

- Agency audit follow-up systems need to provide policy level attention to ensuring that audit recommendations result in real and substantive improvements. Studies in 1992 by OMB, General Accounting Office, and Senate Governmental Affairs staff have revealed major problems in this area.
- FMFIA implementation needs to be made into a useful process for identifying and correcting all significant management deficiencies throughout Government. Intended to force accountability for the adequacy of agency management controls, in some agencies, FMFIA has become a huge paperwork process.
- OMB needs to obtain sufficient resources to fix vulnerabilities listed on the High Risk List. Corrective action implementation plans need to be agreed upon, needed resources provided, monthly-quarterly tracking undertaken, and progress or lack of progress raised to the head of agency/OMB Director level. Presidentially appointed program heads need to understand, as a condition of their appointment and confirmation, that they will be held personally accountable for resolving these High Risk areas.

IMPROVING INFORMATION MANAGEMENT

Information technology management is critical to the Government's knowing what it is doing and to doing it well. The Federal Government spends $1.5 trillion a year in 900 million payment transactions. It works through 50 States and thousands of local Governments and private entities. It deals regularly with 42 million social security beneficiaries and 125 million taxpayers, and provides the system which permits safe air travel by 500 million passengers a year.

Accomplishments (1989–92)

- The Federal Government invested over $17.8 billion to improve automated systems during the period 1989–92. These investments have improved the way the Government issues checks, processes claims, controls air traffic, and performs its many other missions.
- Through the Program for Priority Systems, the Bush Administration has brought the higher cost, more complex, and sensitive systems initiatives to the close attention of senior policy officials at OMB and the agencies. This has resulted in:
  - —DOD's use of its Corporate Information Management (CIM) concept to review military functions, redesign areas for increased efficiency, and eliminate unnecessary redundancy.
  - —Increased interagency sharing of information and telecommunications services through the General Services Administration's FTS 2000 system. FTS 2000 has reduced overall Government costs and provided managers with detailed billing information (increasing their ability to control costs).
- Federal agencies have improved the security of their automated information systems by implementing the Computer Security Act of 1987.
- In over 100 locations across the country, the Government is beginning to do business electronically. Paper tax returns, regulatory

Table 7-1. PROGRAM FOR PRIORITY SYSTEMS
(Dollar amounts in millions)

System	1989 Actual	1993 Requested	1993 Enacted	Percent Change: 1989 to 1993 Enacted
SSA	260	260	260	—
IRS Tax System Modernization	86	612	565	+560%
FAA Advanced Automation System/VSCS	263	806	646	+145%
SEC EDGAR	10	11	11	+10%
FDA SMART	—	3	3	—
FBI Fingerprint Identification (IAFIS)	—	100	75	—
Customs/INS Border Computer System	10	14	14	+40%
Government-wide Financial Management Service (FMS)	—	659	625	—
FTS 2000 Telecommunications	—	10	10	—
DOD Corporate Information Management (CIM)	—	199	199	—

reports, customs declarations, purchase orders, and Government checks are being eliminated, cutting transaction costs and errors in half. The Commerce and Justice Departments made this progress possible by issuing (i) a Government-wide standard for electronic transactions and (ii) guidance affirming the legal admissability of electronic documents.

- OMB has issued guidelines which allow agencies to implement the Computer Matching and Privacy Protection Amendments of 1988. This Act protects the privacy and due process rights of applicants for, and participants in, Federal benefit programs, while allowing agencies to use computerized eligibility checks to reduce fraud and abuse. Agencies conducted over 100 matching programs in 1992 under the Act's procedures.

Improvements Needed in the Future

- 1994 spending for the PPS (assuming a continuation of the Administration's policies) for the should be $2.7–3.0 billion.
- The information technology management portion of OMB Circular No. A-130, "Management of Federal Information Resources," needs to be updated (i) to emphasize the crucial role of effective planning to the success of information technology initiatives and (ii) to provide Federal agencies with better guidance on the components of effective information technology planning.
- Seamless communications "backbones" are needed to facilitate data transfer and exchange, while optimizing systems efficiencies. For example, the Interagency Interim National Research and Education Network, part of the President's High Performance Computing and Communications Initiative, is increasing the productivity of both scientific researchers and Federal sponsors.
- Increased and more systematic dissemination of lessons learned among Federal agencies is needed to ensure the widest use of sound information technology management processes and planning principles.
- Technical and management attention is needed to provide for the confidentiality, availability and integrity of Government information (particularly as use of electronic information increases).
- Federal agencies need to take advantage of increasing competition for providing local telephone services. In some cases, providers other than the local telephone company offer business customers lower rates.

STRENGTHENING FEDERAL STATISTICS

Federal statistics provide the flow of unbiased and timely information about the state of the economy, environment, health, and society that is essential for a democracy. The Administration continues to support improvements to provide accurate, relevant, and timely information. In particular, high quality economic indicators are essential to policy makers that wish to understand and respond to changes occurring in the economy and population of the United States.

Accomplishments (1989–92)

- The Administration launched a major effort in 1989 to improve the quality of the Nation's most vital measures of domestic and international economic performance. The Administration's Economic Statistics Initiative has (i) begun modernizing the National Income and Product Accounts to improve their accuracy, breadth, and international comparability; (ii) improved the coverage and detail of international flows of funds; (iii) begun separating quality and inflation changes in price data; and (iv) expanded coverage of the service sector.
- The establishment of a Center for Survey Methods will upgrade the Government's statistical work force by providing specialized graduate-level programs to develop the skills needed in the conduct of Federal statistical surveys.
- The Administration has increased coordination with international statistical offices (including those of Canada, Mexico, the European Community, the International Monetary Fund, the United Nations, and the World Bank). The results have been greater international data comparability, more accurate export statistics, and more focused statistical training for the emerging market economies of Eastern Europe and the former Soviet Union.

Improvements Needed in the Future

- The statistical data sharing legislative proposal, which provides a standardized mechanism for limited sharing of confidential statistical information solely for statistical purposes between statistical agencies, needs to be finalized and transmitted to Congress.
- Parts of the Economic Statistics Initiative were not funded by Congress in the appropriations process, and some regular statistical activities had to absorb reductions. Further improvement of statistics will require more resources. Congress needs to be convinced of the importance of this vital Federal service.
- Better use of private sector survey expertise is needed. In part because it collects confidential decennial census data, the Bureau of the Census conducts most major household surveys for itself and other agencies. While Federal statistical agencies continue to maintain high quality standards, additional reliance on competitive private sector expertise could provide better service to agencies with survey requirements.

REFORMING FEDERAL PROCUREMENT

Federal procurement expenditures amounted to $210 billion in 1991. They involve over 70,000 contract actions each working day, approximately 150,000 Federal employees, 2,500 buying offices and some 250,000 firms. Much has been done during the past several years to refine and simplify the process, to make it more efficient and responsive, and to protect it from fraud and abuse.

Accomplishments (1989–92)

- The Office of Federal Procurement Policy (OFPP) tightened controls over service contracting, and improved contracting methods in this area, the fastest growing area of Government contracting ($103 billion). What cannot be performed by contractors (the "inherently Governmental") has been clearly defined, and specific guidance has been issued to ensure that contracts are properly structured, awarded and administered.
- OFPP issued a new comprehensive policy to foster environmentally sound, energy conserving procurements, and helped sponsor the 1992 "Buy Recycled Products" Trade Fair.
- Two new OFPP policies help small businesses make sales to the Government by (i) allowing them to provide letters of credit in lieu of surety bonds when performing construction work, and (ii) expanding the use of electronic commerce techniques and capabilities.
- OFPP has (i) issued new consultant conflict of interest policies and lobbying restrictions, (ii) issued regulations to clarify procurement ethics laws, (iii) established a new Government-wide system for identifying defective parts, and (iv) established a new Govern-

ment-wide list that identifies contractors or grantees that have been suspended or debarred from performing Government work.

- OFPP worked with other agencies and the Organization for Economic Cooperation and Development to foster Western style procurement systems in Central and Eastern Europe, opening these markets to U.S. firms.
- The percentage of Federal contract dollars awarded competitively has increased from 60 percent in 1988 to 68 percent in 1991, continuing a trend beginning in 1983 when the competition rate was only 40 percent. Competitively awarded contracts generally save 20–25 percent over noncompetitive awards.
- The Administration now classifies contracting officers as "professional" rather than "administrative" employees in order to recruit and retain the best people. In addition, OFPP has established Government-wide standards and policies for training contracting and purchasing personnel.
- The Administration has re-established the Cost Accounting Standards Board (CASB) which has re-issued all existing cost accounting standards and applied these standards for the first time to civilian agency contractors.

Improvements Needed in the Future

- Procurement processes must be further streamlined and simplified. It takes too long to acquire items (several years for large computer systems, for example) and frequently the items bought do not represent "best value" or incorporate the latest technologies.
- Greater emphasis needs to be placed—especially in the civilian agencies—on the administration and oversight of contracts. Contracting officials must be held accountable for the effectiveness of their post-award activities.
- Confusing statutory requirements need to be resolved with respect to procurement integrity. A unified look at how these requirements—and those affecting small businesses and consultants—collectively affect Government missions and the private sector is needed.
- Continuing improvements in the procurement workforce are needed.

8. Legislative Action and Pending Agenda

8. LEGISLATIVE ACTION AND PENDING AGENDA

Although hundreds of bills have been enacted over the past four years, dozens of the President's legislative initiatives still await congressional action. This chapter lists some of the major legislation signed into law by President Bush since 1989. It also lists some of the most prominent Presidential initiatives which Congress failed to enact.

I. ENHANCING AMERICA'S GLOBAL ECONOMIC COMPETITIVENESS

The Bush Administration has supported efforts to enhance U.S. economic competitiveness by increasing investments in infrastructure improvements and civilian research and development, reforming the civil justice system, using market-based incentives to influence investment and production decisions, and opening foreign markets to U.S. products.

Enacted Legislation

The *Intermodal Surface Transportation Efficiency Act of 1991* authorized over $150 billion in spending for federally assisted highway and transit programs through 1997. It established the surface transportation framework for the post-Interstate era by creating a new National Highway System. The Act encouraged private-sector financing of transportation projects (e.g., through toll roads). The Act also provided unprecedented flexibility for State and local governments to use funding to best meet local needs, and recognized the needs of—and the relationship among—all modes of transportation.

The *Aviation Safety and Capacity Expansion Act of 1990* authorized airports to impose user fees on departing passengers. The revenues from these fees (roughly $1 billion per year) are to be used to expand airport capacity, enhance safety, and mitigate noise, in addition to creating jobs. The law requires U.S. airlines to make a transition to quieter aircraft by the year 2000.

The *Energy Policy Act of 1992* enhanced the Nation's energy security by increasing energy efficiency, removing regulatory barriers to production, and promoting the use of renewable resources and alternative fuels. By promoting the diversification of energy sources through market-based incentives, the Act effectively reduces the economic consequences of disruptions in world energy markets. It will also provide energy consumers with the most economical, environmentally acceptable alternatives for their needs. This increased competition will help lower prices while ensuring adequate supplies (see also subsection VII—Energy and the Environment).

The *1990 Farm Bill* authorized a variety of agricultural programs, including commodities, food stamps, resource conservation, rural development, and agricultural research and extension activities. The Act emphasized a market-oriented approach to farm policy rather than reliance on the government for making production decisions (see also subsection VII—Energy and the Environment).

As part of the effort to open foreign markets to U.S. products, the President supported and won extension of *fast track trade agreement authority*. Subsequently, the President signed the North American Free Trade Agreement (NAFTA) in December 1992. The extension of fast track authority will ensure an up or down vote on the implementing legislation for NAFTA within 90 legislative days of its submission to Congress.

Presidential Initiatives Congress Failed to Enact

The Administration supported permanent extension of the *research and experimentation tax credit*. The tax credit expired on June 30, 1992 (see also subsection II—Economic Growth Incentives).

The President's *Capital Gains* proposal would have helped reduce the cost of capital in the United States to levels more competitive with our major trading partners. Canada, France, Germany, Japan, the Netherlands, and the United Kingdom, among others, all treat capital gains preferentially (see also subsection II—Economic Growth Incentives).

The *Access to Justice Act of 1992* would have reformed the civil justice system to encourage voluntary dispute resolution and improve the use of litigation resources. The bill would allow certain prevailing parties, including those in some cases involving the United States, to recover attorney's fees. In most cases, prior notice would be a prerequisite to bringing suit in Federal court. Uniform Federal standards for product liability lawsuits would be set by the *Product Liability Fairness Act.*

The *Cooperative Production Acts,* proposed in 1990 and 1991, would have provided incentives for joint production ventures.

The *Emerging Telecommunications Technologies Acts of 1991 and 1992* would have transferred radio spectrum currently reserved for the Federal Government to the Federal Communications Commission (FCC) and allowed the FCC to assign vacated spectrum to private users through competitive bidding. In addition to making more spectrum available and generating more than $2.5 billion per year, the Act would clear the way for the introduction of new technologies currently sidetracked by the scarcity of unused spectrum under the FCC's control.

The *Interstate Commerce Commission (ICC) Sunset Act of 1992* would have deregulated the interstate trucking industry and other ground transportation industries, terminated the ICC, and transferred certain ICC functions to the Federal Trade Commission and the Departments of Justice and Transportation. Enactment of this proposal would have saved consumers an estimated $3 billion annually.

The *Credit Availability and Regulatory Relief Act of 1992* would have helped ease the flow of credit. The Act would eliminate the requirement that banking agencies develop regulations in certain areas unrelated to the safety and soundness of the industry; and would require uniformity among the regulations issued by the various Federal banking agencies.

The *Maritime Reform Act of 1992* would have created a new program to revitalize the U.S. merchant marine and enhance national security. Over a seven-year period, it would have subsidized the operation of up to 74 militarily useful, U.S.-flag, commercial vessels.

II. ECONOMIC GROWTH INCENTIVES

Over the past four years, the Bush Administration proposed a series of initiatives to strengthen small business, promote entrepreneurial capitalism and job creation, and provide incentives for homeownership.

Enacted Legislation

The *Small Business Credit and Business Opportunity Enhancement Act of 1992* increased Small Business Administration lending by $2 billion to a total of $6 billion in loans and loan guarantees in 1992. It also authorized an increase in credit availability to small businesses by creating a new program to finance Small Business Investment Companies.

The *Small Business Research and Development Enhancement Act of 1992* doubled the percentage of research budgets which certain Federal agencies must set aside for small businesses. Research funds to small businesses are expected to increase from $0.5 billion in 1992 to approximately $1.2 billion in 1997.

Presidential Initiatives Congress Failed to Enact

The *Economic Growth Act of 1992* contained most of the Administration's major unenacted tax proposals. Its most salient provisions would (1) provide preferential tax treatment for long-term capital gains (detailed below); (2) provide an investment tax allowance; (3) extend first-time homebuyers a $5,000 tax credit; (4) increase the personal exemption by $500 for children under age 18; (5) exempt from tax the interest on earnings kept in Individual Retirement Accounts (IRAs) for seven years; (6) allow penalty-free withdrawals from IRAs for first-time homebuyers and for medical care and education; (7) make permanent the research and experimentation tax credit; and (8) extend various other expiring tax credits (see also subsection I—Enhancing America's Global Economic Competitiveness). Congress failed to produce growth legislation in a form acceptable to the President.

The President's *Capital Gains* proposal would have excluded up to 45 percent of the capital gain realized upon the disposition of a qualified asset. The proposal linked the amount of the exclusion to the length of time the asset was held. Providing preferential tax treatment for long-term capital gains would free up capital for new ventures and encourage business investment patterns that favor both innovation and future growth potential over short-term profitability (see also subsection I—Enhancing America's Global Economic Competitiveness). The Enterprise Zone proposal discussed below is linked to this proposal.

The President's *Enterprise Zone* proposal would have allowed all communities meeting objectively defined criteria to qualify for certain targeted Federal income tax employment and investment incentives. These would include: (1) a zero capital gains tax rate on tangible and intangible property and investments used for the last two years in job-creating enterprise zone businesses; (2) deferral of certain personal income taxes for small investors who purchase stock in businesses located in enterprise zones; and (3) a five percent refundable credit on personal income taxes for the first $10,500 of wages of enterprise zone employees earning less than $20,000. Congress failed to produce Enterprise Zone legislation in a form acceptable to the President (see also subsection V—Hope for Distressed Communities).

III. IMPROVED ACCESS TO ECONOMIC OPPORTUNITY

The Bush Administration has endorsed the following proposals to remove barriers to economic opportunity:

Enacted Legislation

The *Americans with Disabilities Act of 1990* extended the framework of Federal civil rights laws that applied to women and minorities to Americans with disabilities. It prohibited discrimination in employment, public services, public accommodations, and transportation, and provided for telecommunications relay services.

The Administration's *Working Family Child Care Assistance Act of 1989* provided tax credits for families and established a voucher program to provide parents greater choice in the selection of child care. This legislation will increase the income of low-income families by $31 billion in payments and lower taxes.

The *Civil Rights Act of 1991* increased protections against employment discrimination by overturning certain Supreme Court decisions and authorizing compensatory and punitive damages for intentional discrimination.

The *Immigration Act of 1990* increased the number of authorized permanent immigrants from 510,000 in 1990 to 700,000 in each of 1992–1994. Within these levels, the number of visas granted on the basis of occupational skills increased from 54,000 to 140,000 per year.

Presidential Initiatives Congress Failed to Enact

Under the Administration's *Perestroika for Troubled Public Housing* proposal, residents within the jurisdiction of troubled public housing agencies would have been given the option of choosing alternative management or ownership of their project (see also subsection V—Hope for Distressed Communities).

The Administration's *Lifelong Learning Act of 1992* would have extended Federal grant and loan programs to part-time students, older workers reentering the work force, and those needing retraining or skill upgrading (see also subsection IV—Investing in Education and Job Training).

IV. INVESTING IN EDUCATION AND JOB TRAINING

President Bush offered the following proposals to reinvigorate America's educational system to better prepare students and workers for the challenge of the 21st century:

Enacted Legislation

The *Excellence in Mathematics, Science, and Engineering Education Act of 1990* established new scholarships and traineeships to promote excellence in mathematics, science, and engineering education. Improving science and math achievement is a National Education Goal and crucial to developing a more competitive work force. In addition, the *Higher Education Act Amendments of 1992* reauthorized postsecondary education student aid grant and loan programs. It changed award amounts and eligibility, established new loan programs, and enhanced program integrity.

Presidential Initiatives Congress Failed to Enact

The Administration also proposed a number of job training initiatives. For example, the *Job*

Training 2000 Act would have established (1) local skill centers to serve as one-stop entry points to Federal vocational training programs; (2) a certification system to ensure that only high quality vocational training programs receive Federal funds; and (3) a voucher system for vocational training. In addition, the *National Youth Apprenticeship Act* would have created a national framework for comprehensive youth apprenticeship programs. States would have been able to use the framework to structure youth apprenticeship programs of academic instruction, job training, and work experience.

The *Educational Excellence Act of 1989* would have promoted excellence in American education by recognizing and rewarding schools, teachers, and students for outstanding achievements and enhancing parental choice of schools. The *AMERICA 2000 Excellence in Education Act of 1991*, an expanded version of the prior bill, would have provided a more comprehensive set of legislative initiatives, supported the National Education Goals through activities to promote education reform, and improved educational achievement. A key element in the Administration's excellence in education proposals was the *Federal Grants for State and Local "GI Bills" for Children*. This legislation would have authorized a demonstration program of Federal assistance for States and communities to provide scholarships to middle- and low-income children to use at schools of their choice—public, private, or religious.

The Administration's *Lifelong Learning Act of 1992* would have extended Federal grant and loan programs to part-time students, older workers reentering the work force, and those needing retraining or skill upgrading. A "Lifelong Learning Line of Credit" would have been extended to all Americans who wished to borrow and repay student loans and have their repayment level tied to income (see also subsection III—Improved Access to Economic Opportunity).

V. HOPE FOR DISTRESSED COMMUNITIES

The Bush Administration has supported efforts to encourage private investment in distressed areas to create jobs and opportunity, strengthen law enforcement, control drug use, provide targeted assistance to the needy, and break the cycle of welfare dependency.

Enacted Legislation

Legislation implementing the President's *anti-drug abuse proposals* (1) required States to assess their efforts to reduce drug and alcohol abuse and to prepare State-wide treatment and prevention plans; (2) required educational institutions receiving Federal assistance to certify that they have adopted and implemented drug-free campus plans; and (3) provided waivers necessary to implement the Andean Initiative to assist certain Latin American nations in combatting drug trafficking.

The *National Affordable Housing Act of 1990* provided greater housing opportunities for low-income families. It included the *Homeownership and Opportunity for People Everywhere (HOPE) Act*, which empowered low-income renters, including public housing tenants, to become homeowners and property managers. Broadening ownership of private property will improve maintenance and upkeep of housing, increase pride of ownership, and provide a stronger incentive for low-income families to save, invest, and plan for the future. The Act restored the financial soundness of the Federal Housing Administration fund and assured its ability to meet the mortgage finance needs of low- and moderate-income homebuyers (see also subsection X—Improving Government Management and Accountability). The *Housing and Community Development Act of 1992* further expanded homeownership by permitting the use of housing vouchers toward the purchase of a home. In addition, families will receive assistance to relocate away from areas with high concentrations of poverty under the Moving to Opportunity program.

Presidential Initiatives Congress Failed to Enact

The President's *Enterprise Zone* proposal (see subsection II—Economic Growth Incentives) would help attract private capital to America's distressed inner cities. These investments would create jobs and help revitalize local economies. The Weed and Seed proposal described below is linked to this proposal. Congress failed to produce Enterprise Zone legislation in a form acceptable to the President.

The Administration's *Weed and Seed Implementation Act of 1992* linked stronger law enforcement to improvements in job training, education, health care, day care, and drug treatment. The proposal would authorize $500 million in 1993 Federal spending to be coordinated with State, local, and private resources for these purposes. These funds were to be used principally in proposed Enterprise Zones (discussed above). The program was designed to "weed out" criminals and drug dealers from the streets and "seed" designated urban areas with coordinated social programs and assistance. Congress failed to produce Weed and Seed legislation in a form acceptable to the President.

Comprehensive Violent Crime Control Acts proposed by the President in 1989, 1991, and 1992 would have made Federal law tougher on criminals. The legislation would establish an enforceable Federal death penalty, provide procedures to limit appeals of death sentences, establish an exception to the exclusionary rule to allow evidence obtained in good faith to be used in courts, and increase penalties for crimes against women and children and for the criminal use of firearms. In addition, the *Drug Supply Reduction Act of 1991* would have strengthened certain Coast Guard and Customs Service enforcement authorities.

The Administration's *Welfare Reform Initiative* would have provided States with the flexibility to try innovative approaches in administering public assistance payments, the food stamp program, and public housing programs. The proposal would establish a pilot program authorizing a limited number of communities to integrate Federal resources from many programs into a locally designed effort to assist low-income individuals.

VI. COMPREHENSIVE HEALTH CARE REFORM

The Bush Administration supported proposals that would build on the strengths of the U.S. health care system—consumer choice and high quality care—while controlling costs and improving access to care. Congress failed to enact any of the Bush Administration's health care reform initiatives.

Presidential Initiatives Congress Failed to Enact

The *President's Comprehensive Health Reform Program* would have expanded access to health care through health insurance credits and tax deductions for moderate and low-income families. The Program would reform the health insurance market by (1) requiring health insurers to insure all groups that want to buy health insurance, (2) creating Health Insurance Networks that would enable small firms to purchase low cost, high quality health insurance, and (3) allowing States to develop basic health insurance benefit packages that would be affordable for low-income families to purchase. Self-employed individuals would be able to deduct the full cost of their health insurance premiums.

The Program would contain health care costs by (1) creating incentives to reduce malpractice litigation and "defensive" medical practices undertaken principally to avoid such litigation, (2) improving consumer information about the average cost of services and the quality of care provided by physicians, hospitals, and other health care providers, (3) reducing administrative costs through electronic billing and standardizing claims procedures, and (4) expanding the use of coordinated care.

VII. ENERGY AND THE ENVIRONMENT

President Bush has supported innovative, market-oriented incentives to encourage environmentally sensitive development and utilization of America's domestic natural resources.

Enacted Legislation

The *Energy Policy Act of 1992* enhanced the Nation's energy security by increasing energy efficiency, removing regulatory barriers to production, and promoting the use of conservation, renewable resources and alternative fuels. The Act promotes the use of clean burning natural gas, the development of technologies for more environmentally acceptable use of coal and tax incentives for domestic oil and natural gas production by independent producers. It improved the system of licensing nuclear power plants and provides industry and State and local governments greater opportunities for participation in its implementation (see also subsection I—Enhancing America's Global Economic Competitiveness).

The *Clean Air Act Amendments (CAAA) of 1990* provided significant air quality improvements and ensured cleaner and healthier air for all Americans. The President's innovative, market-based approaches to environmental protection broke a 10-year legislative deadlock on clean air amendments. The CAAA will remove an estimated 56 billion pounds of pollution from the air each year. It will cut air toxic emissions by 75 percent, reduce sulfur dioxide emissions—an acid rain causing pollutant—by 10 million tons, and bring all cities into attainment with air quality health standards by the year 2010.

The *Oil Pollution Act of 1990* created a comprehensive regime to prevent, respond to, and pay for the cost of oil spills. The Act required increased environmental safeguards for oil transportation, improved contingency planning, enhanced Federal and industry response capabilities, and provided stronger enforcement authority and penalties. It also authorized the Oil Spill Liability Trust Fund to cover cleanup costs and damages not compensated by the spiller.

The *1990 Farm Bill* authorized a variety of agricultural programs, including commodities, food stamps, resource conservation, rural development, and agricultural research and extension activities. The Act established incentives for farmers to preserve wetlands and retire fragile land from commercial production. The America the Beautiful provisions established a private nonprofit Foundation to provide grants to communities for tree planting (see also subsection I—Enhancing America's Global Economic Competitiveness).

The President signed a number of bills that promoted effective land management and the conservation of natural resources. The *Arkansas-Idaho Land Exchange Act,* which added nearly 41,000 acres of internationally significant wetlands to National Wildlife Refuges in Arkansas; the *Rocky Mountain Arsenal National Wildlife Refuge Act,* which directed the Fish and Wildlife Service to begin actively managing uncontaminated areas of the Arsenal as fish and wildlife habitat, and once contamination is removed from other acreage, to designate most of the Arsenal as a new National Wildlife Refuge near Denver, CO; and the *Everglades National Park Protection and Expansion Act,* which added some 100,000 acres to the Park; are prominent examples.

The *Natural Gas Wellhead Decontrol Act of 1989* provided for the complete elimination of price controls on natural gas wellhead contracts by January 1, 1993. By ending 35 years of price regulation, the Act will allow this clean burning domestic energy source to reach its full potential as a competitive alternative to imported oil.

Several statutes have added more than 500,000 acres along 35 rivers covering 1,595 miles in 11 States to the *National Wild and Scenic Rivers System* since January 1989.

The *Federal Facility Compliance Act of 1992* helps ensure that all Federal facilities achieve compliance with applicable Federal, State, and local hazardous waste laws.

The *Great Lakes Critical Program Act of 1990* required the Federal Government to undertake prescribed actions to improve water quality in the Great Lakes, the Long Island Sound, Lake Champlain, and Onondaga Lake.

The *National Environmental Education Act* promotes and recognizes excellence in environmental education.

The *conservation of wild birds* was promoted by an Act that limited the importation of certain exotic birds and authorized assistance to other countries for wildlife conservation programs.

The *Reclamation Projects Authorization and Adjustment Act* authorized appropriations of more than $2 billion for the construction of Federal reclamation projects. The Act will provide significant environmental and economic benefits throughout the western United States. In addition, it established a system of voluntary transfers of Central Valley Project water in California that represents an important innovation in the development of market-orientated water policy.

The *Water Resources Development Acts (WRDA) of 1990 and 1992* contained the biennial water resources project authorizations for the Army Corps of Engineers Civil Works program. The two Acts authorized the construction of 49 major water resources projects and the modification of 64 previously authorized projects, with increased emphasis on environmental protection.

Presidential Initiatives Congress Failed to Enact

The *Department of the Environment Act of 1991* would have elevated the Environmental Protection Agency (EPA) to Cabinet status.

The *Arctic Coastal Plain Competitive Oil and Gas Leasing Act* would have allowed environmentally sound leasing of the Arctic National Wildlife Refuge (ANWR). In addition, this proposal provided that ANWR leasing receipts be shared with the State of Alaska 50–50. It also resolved technical and regulatory barriers to greater Alaska North Slope oil development.

The *Hazardous and Additional Waste Export and Import Act of 1991* would have implemented the first major international agreement addressing the import and export of hazardous waste. The legislative proposal prohibited exports or imports of wastes covered under the agreement unless there was a bilateral or regional agreement between the United States and the receiving or exporting country.

The *Department of Energy Laboratory Technology Partnership Act of 1992* would have accelerated technology transfer from the Department of Energy's (DOE) National Laboratories to commercial use. The proposed legislation accomplished this objective by providing broad authorities for DOE to enter into research and development partnerships with industry, academia, and other Federal agencies.

VIII. CONTROLLING THE DEFICIT AND REFORMING THE BUDGET PROCESS

The Bush Administration has supported the following efforts to control Federal spending, reduce the deficit, and reform the Federal budget process:

Enacted Legislation

The *Omnibus Budget Reconciliation Act of 1990* authorized the largest deficit-reduction program in history—nearly a half-trillion dollars in five annual installments: 1991–1995. It provided for the first comprehensive $100 billion reform and restructuring of "entitlement" and "mandatory" programs. The Act also capped discretionary spending for each fiscal year through 1995; and created an enforcement system consisting of "pay-as-you-go" procedures to control mandatory spending and receipts and "mini-sequesters" to reduce discretionary programs if the caps are exceeded.

Initiatives Congress Failed to Enact

Once adopted by Congress and ratified by the States, the *Balanced Budget Constitutional Amendment* would have required a balanced Federal budget with safeguards against achieving the balance through higher revenues.

Once adopted by Congress and ratified by the States, the *Line-Item Veto Constitutional Amendment* would have allowed the President to veto line-items in appropriations bills, in authorizing legislation that creates entitlement or other mandatory spending, and in revenue measures.

The 1993 Budget proposed an annual, enforceable *cap on the growth of "mandatory" Federal spending* except Social Security. The President's proposed cap would have allowed for increases resulting from inflation, program-by-program growth in beneficiary populations, and an extra allowance during the first two years to provide for an orderly transition. The cap would have been enforced through a reconciliation process and, if necessary, a sequester of mandatory spending programs except Social Security (see also Chapter 13, Budget Process Reform).

The *Legislative Line-Item Veto Act of 1992* would have required the Congress to vote up-or-down on Presidential rescission proposals.

IX. GLOBAL LEADERSHIP FOR THE 21ST CENTURY

The Bush Administration has supported efforts to preserve our national security and advance America's interests abroad by deploying and protecting necessary military capabilities, pursuing arms reduction, and supporting the establishment of democratic governments and market-oriented economies around the world. Over the past four years, Congress has enacted virtually all of the President's major legislative initiatives in this area.

Enacted Legislation

The *Resolution on Authorization for Use of Military Force Against Iraq* (enacted in January 1991) forged congressional solidarity with the President in opposition to Iraq's armed invasion and occupation of Kuwait. Operation Desert Storm, which closely followed this authorization, liberated Kuwait and sharply reduced Iraq's ability to threaten vital U.S. interests in the Persian Gulf region.

The *Missile Defense Act of 1991* (enacted as part of the 1992 Defense Authorization Act) marked the formation of a national consensus on the need to protect the United States, our allies and our deployed forces against ballistic missile attacks. Following Operation Desert Storm, Congress reacted strongly to the performance of the Patriot missile and made a commitment, long sought by the President, to deployment of missile defenses. Work under the Strategic Defense Initiative will make deployment possible.

Voluntary separation incentives, defense management reforms, and an extension of the base closure and realignment process were enacted in various defense authorizing statutes. These initiatives provided important authorities for the efficient and orderly downsizing of our armed forces (see also subsection X—Improving Government Management and Accountability).

The *Treaty on the Reduction and Limitation of Strategic Offensive Arms of 1992,* ratified by the Senate in October 1992, will—for the first time—reduce the number of strategic weapons maintained by the United States and the four nuclear-armed states of the former Soviet Union. The signing of this treaty in July 1991 capped nine years of negotiations between the United States and the Soviet Union.

The *Treaty on Conventional Armed Forces in Europe of 1991,* which entered into force during the summer of 1992, will lead to a dramatic reduction in the level of conventional armed forces in Europe. The Treaty sets ceilings on key armaments essential for conducting surprise attacks and large-scale offensive operations. It will result in the destruction of thousands of weapons. This Treaty is the culmination of the work of more than a decade to achieve meaningful conventional arms control over forces in Europe.

The *FREEDOM Support Act of 1992* authorized $460 million in assistance to the newly independent states (NIS) of the former Soviet Union and a $12 billion increase in the U.S. contribution to the International Monetary Fund. This Act authorized a range of programs for the NIS including support for democratic and economic reform, trade and investment, humanitarian assistance, and nonproliferation and disarmament activities. It also amended the SEED Act to extend that assistance to other countries of Eastern Europe.

The *Support for East European Democracy Act* (SEED) authorized various programs to help promote democratic and economic reform in Poland and Hungary. These programs included economic stabilization, trade liberalization, Enterprise Funds to encourage private sector development, and technical assistance to encourage market-oriented reform in a number of sectors.

The *Enterprise for the Americas Initiative,* enacted in several statutes, encourages market-oriented trade and investment in Latin America by providing debt reduction for participating countries. Latin countries must agree to support environmental projects. Funds were also authorized for a Multilateral Investment Fund.

X. IMPROVING GOVERNMENT MANAGEMENT AND ACCOUNTABILITY

The Administration has supported efforts to improve Government efficiency, accountability and integrity, and to identify and strengthen the fiscal soundness of Federal programs.

Enacted Legislation

The *Ethics Reform Act of 1989* imposed new one-year post-employment restrictions on activities of certain employees, revised rules on financial disclosure, and prescribed restrictions on employees' receipt of travel reimbursement, gifts, honoraria, and outside earned income during employment.

The *Federal Employees Pay Comparability Act of 1990* provided a locality-based system to achieve pay comparability with the non-Federal sector. It also gave managers new flexibility through recruitment, retention, and relocation bonuses.

The *Chief Financial Officers (CFOs) Act of 1990* established CFOs in 23 major Federal agencies and a Deputy Director for Management at the Office of Management and Budget. The CFOs oversee financial management and the integration of agency accounting and financial management systems. The Act also required the agencies to prepare audited financial statements.

The *Department of Housing and Urban Development (HUD) Reform Act of 1989* made sweeping changes in the operation of HUD's programs. These ethical, financial, and management reforms regulate HUD's programs to make them less susceptible to waste, fraud, abuse, and political influence. An open process for allocating funds as well as public notification of funding decisions help assure fair competition for resources by all eligible recipients.

The *National Affordable Housing Act of 1990* improved the fiscal soundness of the Federal Housing Administration's loan programs by increasing the amount of required homeowners' equity (see also subsection V—Hope for Distressed Communities).

The *Financial Institutions Reform, Recovery, and Enforcement Act of 1989* strengthened regulatory requirements to ensure a healthy financial services industry and established a more stringent capital-based supervisory system. It provided funding to enable the Government to meet its deposit insurance commitments, and established a separate entity, the Resolution Trust Corporation (RTC), to manage the thrift clean-up. Since its latest funding expired on April 1, 1992, the RTC has lacked sufficient financing to resolve new cases.

The *FDIC Improvement Act of 1991* ensured that the FDIC has the necessary resources to meet Federal deposit insurance commitments by authorizing the FDIC to borrow up to $30 billion from the Treasury to supplement bank premium income. It also required the FDIC to use the least costly method of resolving failed banks, restricted use of "too big to fail" resolutions, and imposed a more stringent capital-based supervisory system.

The *Federal Housing Enterprises Financial Safety and Soundness Act of 1992* provided increased Federal oversight of the Federal National Mortgage Association and Federal Home Loan Mortgage Corporation to assure the financial safety and soundness of national secondary mortgage markets.

The past several *National Defense Authorization Acts* helped implement the President's Defense Management Reform package. This initiative is providing savings through supply systems efficiencies, consolidation of finance and accounting operations, and corporate information management (see also subsection IX—Global Leadership for the 21st Century). The *National Defense Authorization Act of 1990* contained provisions to control the use of expired appropriations. Lack of control over the use of expired appropriations had been cited as a governmentwide problem. The *National Defense Authorization Act of 1992* provided authority for the Secretary of Defense to pay an incentive to encourage military personnel to leave the armed forces voluntarily. This action provided an orderly reduction in the number of active military personnel.

The *Federal Credit Reform Act of 1990* required budgeting for the long-term costs inherent in Federal credit programs due to expected defaults and favorable terms and conditions.

The *Cash Management Improvement Act of 1990* established, for the first time, systematic and fair rules for annual transfers of $150 billion in cash between the Federal Government and State governments. The *Cash Management Improvement Act Amendments of 1992* required Federal agencies to use the Treasury Department's Tax Refund Offset program to recover delinquent debts. It also extended and expanded a pilot program permitting the use of private attorneys to collect debts owed to the Federal Government.

The *Federal Debt Collection Procedures Act of 1990* provided standard Federal civil procedures for recovering judgments on debts owed the Federal Government and obtaining pre-judgement remedies (including attachment, receivership, and garnishment) on these debts.

The President endorsed the *Whistleblower Protection Act of 1989,* which provided added protection and procedural rights to Federal employee "whistleblowers" who disclose fraud, waste, or abuse in Government activities. Whistleblowers are encouraged to make disclosures of wrongdoing and mismanagement without fear of reprisals through punitive personnel actions.

The *Fire Protection Act of 1992* required that Federal agencies provide proper fire protection in office buildings occupied by Federal agencies, HUD subsidized housing, and DOD military housing.

Presidential Initiatives Congress Failed to Enact

The *Comprehensive Campaign Finance Reform Act of 1989* would have (1) eliminated political action committees supported by corporations, unions, or trade associations; (2) banned the roll-over of campaign funds from one election cycle to the next; (3) reduced congressional franked mailings; (4) increased the amounts that political parties could spend on behalf of congressional candidates; (5) required full disclosure of all "soft money" spent by political parties, labor unions, corporations, and trade associations to influence Federal elections; and (6) implemented the Supreme Court's *Beck* decision (relating to the use of union dues for political activities).

The *Accountability in Government Act of 1992* would have applied to Congress certain laws from which it is currently exempt, such as those relating to labor practices and civil rights.

The *Pension Security Act of 1992* would have ensured a more secure retirement for today's workers. In addition to changing benefit guarantees under certain circumstances, the proposal would have improved both the funding of chronically underfunded benefit pension plans and the treatment of pension plans in bankruptcy proceedings.

Part Three.

INTERMEDIATE AND LONGER-TERM PROJECTIONS

9. Intermediate and Longer-Term Deficit Projections

9. INTERMEDIATE AND LONGER-TERM DEFICIT PROJECTIONS

This chapter reviews the intermediate and long-term budget projections. Such projections are needed to assess the implications of current policies. They show that both economic growth and budget discipline are needed to bring down the deficit. They also highlight the long-term risks to the budget resulting from rising health care costs, an aging population, and the retirement of the baby-boom generation starting early in the next century.

INTERMEDIATE PROJECTIONS

Economic Assumptions[1]

The economy appears poised for a sustained, moderate recovery following several quarters of lackluster growth in the aftermath of the 1990–1991 recession. The recession (as conventionally defined by the National Bureau of Economic Research) ended in March 1991. But the economy has yet to experience the vigorous recovery that has usually followed postwar recessions. Real gross domestic product (GDP) has increased at only a 1.7 percent rate over the past year and a half. For much of this period, unemployment continued to rise and employment gains were minimal—until the recent turn in these statistics.

The economy's growth has been hurt by a series of painful structural adjustments in finance, real estate, computers, and defense-related industries. More recently, however, the economy has shown signs of a more robust revival. Real economic growth was 3.4 percent at annual rate in the third quarter of 1992. The unemployment rate has been declining in small steps since June, and initial claims for unemployment insurance are at a three-year low. Industrial production and consumer confidence rose strongly in November. Consumer confidence has rebounded in November and December. The stock market is basically healthy despite shocks to the values of some major blue chip companies. The broader market indexes have set new records recently.

The prospect for stronger growth is better now than in several quarters; nonetheless, there is a wide range of growth possibilities. This chapter reflects the budgetary implications of some of these possibilities. Other economic variables are also subject to uncertainty, and a range of possible outcomes is considered for them as well.

- The Blue Chip forecast (based on 51 private forecasts) anticipates real growth of 3.0 percent in 1993 (fourth quarter-to-fourth quarter) and 2.9 percent in 1994, followed by an average annual growth of 2.5 percent during 1995–1998. Inflation, as measured by the GDP deflator, is expected to be 2.9 percent in 1993 and 3.3 percent for 1994 and subsequently. The unemployment rate is projected to decline from about 7.2 percent in 1993 to 5.7 percent by 1998. Long-term interest rates are projected to remain near their current levels, while short-term rates are projected to increase by about two percentage points over the next few years.

Three other sets of economic projections have also been developed for this budgetary presentation. Their estimated budgetary implications are presented later in this chapter. They encompass a high, middle, and low range of possible economic paths. The middle path, which reflects the most likely outcome in the judgment of this administration, assumes somewhat faster real growth and somewhat lower inflation than in the Blue Chip projections. Unemployment also declines more and interest rates are lower.

- The middle path envisages real GDP growth of 2.9 percent in 1993, 3.1 percent in 1994, and tapering down by 0.1 percentage point each year thereafter, to 2.7 percent in 1998. The GDP deflator rises by 2.6 percent during 1993, 2.7 percent during 1994, and 2.8

[1] Detailed account-level budget estimates prepared for this submission used economic assumptions based on the Blue Chip forecaset for November extended with the Blue Chip's long-run October forecast. The Blue Chip is a consensus forecast of over 50 private forecasters. These economic assumptions provide the incoming administration with an independent basis for the baseline budget projections. The outgoing administration's own views on the likely course of economic developments differ in some ways from the Blue Chip concensus, as explained in this section.

percent each year thereafter. The unemployment rate is projected to decline to 5.3 percent in 1998. Short-term interest rates are projected to rise by a little over a percentage point, while long-term interest rates decline by nearly a percentage point.

- The high path assumes real growth of 3.5 percent in 1993, 4.0 percent in 1994, 3.7 percent in 1995, 3.4 percent in 1996, 3.2 percent in 1997, and 3.0 percent in 1998. The unemployment rate declines to 5.0 percent by 1998. However, both inflation and interest rates increase steadily throughout the 1993–1998 time span, to rates that are substantially higher than for the middle path or the Blue Chip by 1998.
- The low path assumes real growth of 2.0 percent in 1993, 2.2 percent in 1994, 2.4 percent in 1995, and 2.5 percent each year thereafter; growth averages 0.3 percentage point a year less than the Blue Chip and one-half percentage point less than the middle path over the 1993–1998 period. In this path, the unemployment rate declines only to 6.5 percent in 1998, and the rate of inflation and interest rates remain extremely low though 1998.

Table 9–1. ECONOMIC PROJECTIONS MIDDLE PATH

(Calendar years; dollar amounts in billions)

	Actual 1991	Projections						
		1992	1993	1994	1995	1996	1997	1998
Gross Domestic Product (GDP):								
Levels, dollar amounts in billions:								
Current dollars	5,678	5,944	6,258	6,624	7,014	7,422	7,846	8,287
Constant (1987) dollars	4,821	4,917	5,052	5,208	5,366	5,523	5,680	5,836
Implicit price deflator (1987 = 100), annual average	117.8	120.9	123.9	127.2	130.7	134.4	138.1	142.0
Percent change, fourth quarter over fourth quarter:								
Current dollars	3.5	5.2	5.6	5.9	5.9	5.8	5.7	5.6
Constant (1987) dollars	0.1	2.6	2.9	3.1	3.0	2.9	2.8	2.7
Implicit price deflator (1987 = 100)	3.3	2.5	2.6	2.7	2.8	2.8	2.8	2.8
Percent change, year over year:								
Current dollars	2.8	4.7	5.3	5.9	5.9	5.8	5.7	5.6
Constant (1987) dollars	−1.2	2.0	2.7	3.1	3.0	2.9	2.8	2.7
Implicit price deflator (1987 = 100)	4.0	2.6	2.5	2.7	2.8	2.8	2.8	2.8
Incomes, billions of current dollars:								
Personal income	4,828	5,057	5,336	5,652	5,972	6,319	6,691	7,072
Wages and salaries	2,812	2,918	3,076	3,265	3,467	3,682	3,899	4,115
Corporate profits before tax	335	368	399	434	469	497	528	575
Consumer Price Index (all urban):[1]								
Level (1982–84 = 100), annual average	136.2	140.3	144.2	148.3	152.7	157.3	162.0	166.8
Percent change, Q4/Q4	3.0	2.9	2.8	2.9	3.0	3.0	3.0	3.0
Percent change, year/year	4.2	3.0	2.8	2.9	3.0	3.0	3.0	3.0
Unemployment rate, civilian, percent:[2]								
Fourth quarter level	6.9	7.4	6.6	6.0	5.5	5.4	5.3	5.3
Annual average	6.7	7.4	6.9	6.2	5.7	5.4	5.3	5.3
Federal pay raises, January, percent	4.1	4.2	3.7	2.2	2.5	2.9	3.2	3.2
Interest rates, percent:								
91-day Treasury bills[3]	5.4	3.4	3.5	4.2	4.4	4.4	4.4	4.4
10-year Treasury notes	7.9	7.0	6.4	6.1	6.0	6.0	6.0	6.0

[1] CPI for all urban consumers. Two versions of the CPI are now published. The index shown here is that currently used, as required by law, in calculating automatic adjustments to individual income tax brackets.
[2] Percent of civilian labor force, excluding armed forces residing in the U.S.
[3] Average rate on new issues within period.

Table 9-2. COMPARISON OF ECONOMIC ASSUMPTIONS
(Calendar years)

	1992	1993	1994	1995	1996	1997	1998
Nominal GDP:							
Level (in billions of dollars):							
High-Growth	5,944	6,290	6,743	7,252	7,817	8,430	9,097
Mid-Growth	5,944	6,258	6,624	7,014	7,422	7,846	8,287
Low-Growth	5,944	6,207	6,466	6,753	7,064	7,393	7,737
Blue Chip	5,936	6,254	6,647	7,050	7,467	7,911	8,380
Percent Change, 4th/4th:							
High-Growth	5.2	6.5	7.4	7.6	7.8	7.8	7.9
Mid-Growth	5.2	5.6	5.9	5.9	5.8	5.7	5.6
Low-Growth	5.2	4.1	4.2	4.5	4.6	4.7	4.6
Blue Chip	4.9	6.0	6.3	6.0	5.9	6.0	5.9
Real GDP, Percent change, 4th/4th:							
High-Growth	2.6	3.5	4.0	3.7	3.4	3.2	3.0
Mid-Growth	2.6	2.9	3.1	3.0	2.9	2.8	2.7
Low-Growth	2.6	2.0	2.2	2.4	2.5	2.5	.2.5
Blue Chip	2.3	3.0	2.9	2.5	2.5	2.5	2.5
GDP deflator, percent change, 4th/4th:							
High-Growth	2.5	2.9	3.3	3.8	4.3	4.5	4.8
Mid-Growth	2.5	2.6	2.7	2.8	2.8	2.8	2.8
Low-Growth	2.5	2.1	2.0	2.1	2.1	2.1	2.1
Blue Chip	2.6	2.9	3.3	3.4	3.3	3.4	3.3
Unemployment Rate:							
High-Growth	7.4	6.7	6.0	5.6	5.3	5.1	5.0
Mid-Growth	7.4	6.9	6.2	5.7	5.4	5.3	5.3
Low-Growth	7.4	7.6	7.6	7.4	7.0	6.7	6.5
Blue Chip	7.5	7.2	6.4	6.1	5.9	5.8	5.7
Interest Rates:							
High-Growth	3.4	4.0	5.0	5.6	6.3	7.0	7.5
Mid-Growth	3.4	3.5	4.2	4.4	4.4	4.4	4.4
Low-Growth	3.4	2.7	2.7	2.8	2.8	2.9	3.0
Blue Chip	3.4	3.4	4.6	5.0	5.1	5.2	5.1
10-Year Treasury Notes:							
High-Growth	7.0	7.0	7.3	7.5	7.8	8.0	8.2
Mid-Growth	7.0	6.4	6.1	6.0	6.0	6.0	6.0
Low-Growth	7.0	6.2	5.9	5.7	5.6	5.5	5.5
Blue Chip	7.0	7.0	7.2	7.3	7.3	7.3	7.2

Budget Projections without Mandatory Cap

Table 9-3 shows alternative deficit paths under various economic assumptions discussed above. They clearly show that, in the absence of policies to restrain spending, little progress on the deficit is likely.

The persistent deficit, even with an improving economic performance, reflects the rising costs of mandatory programs, primarily health care, and the increasing interest burden associated with past and prospective deficits. Discretionary spending is projected to be nearly constant for the five-year period in nominal terms and to fall in real terms.

- The deficit in the Blue Chip baseline is $327.3 billion in 1993; it falls in each of the next three years, but rises thereafter. By 1998, the deficit is nearly as high as in 1993.
- Under the mid-growth, most likely baseline projection scenario, the deficit declines from $331.8 billion in 1993 to $264.5 billion in 1998.

The declines in the intermediate-term deficit are mainly the result of lower deposit insurance outlays, as the costs of cleaning up failed savings and loans and banks are followed by sales of assets acquired from the failed institutions.

Table 9-3. ALTERNATIVE DEFICIT ESTIMATES—WITH AND WITHOUT MANDATORY CAP
(In billions of dollars)

Economic Projection	1992 Actual	1993 Enacted	1994 Without Mandatory Cap	1994 With Mandatory Cap	1995 Without Mandatory Cap	1995 With Mandatory Cap	1996 Without Mandatory Cap	1996 With Mandatory Cap	1997 Without Mandatory Cap	1997 With Mandatory Cap	1998 Without Mandatory Cap	1998 With Mandatory Cap
High-Growth	290.2	328.3	286.5	271.8	240.3	202.1	201.1	133.5	207.4	106.9	193.8	54.8*
Mid-Growth	290.2	331.8	297.3	282.7	265.2	227.5	241.4	175.2	265.6	168.4	264.5	132.3
Low-Growth	290.2	340.4	322.0	307.5	307.1	269.9	299.5	233.9	337.5	241.7	343.8	214.0
Blue Chip	290.2	327.3	292.4	277.7	272.4	234.3	266.4	196.1	305.0	205.8	319.8	184.2

*Note: With high growth and cap, surplus is achieved in 1999.

Higher rates of economic growth can have a significant effect on the budget outlook, although no reasonable set of economic assumptions shows any quick elimination of the deficit. With higher growth, the deficit declines by 40 percent between 1993 and 1998. Lower economic growth would raise the deficit about 1 percent between 1993 and 1998.

Budget Projections with Mandatory Cap

Spending for mandatory programs is not subject to annual appropriations or review. Beneficiaries qualify for benefits that are determined by statutory formulas. In many instances, there are few direct controls on the benefits received per beneficiary. Although controls on the spending for the medical programs have increased in recent years, the changes have not prevented substantial increases in the average benefit cost.

A mandatory cap would limit growth in mandatory programs to a reasonable and sustainable rate. Under the mandatory cap, growth of programs other than social security would be limited so that they would be allowed to keep pace with inflation and increases in the number of qualified beneficiaries, but growth in excess of inflation and growth in beneficiaries would be capped. In the first transitional year, excess growth of two percent would be allowed; in the second year one percent would be allowed. Thereafter, the cap would be fully effective. The difference between outlays under the cap and uncapped outlays represents a savings target. A combination of mandatory program cuts would be needed to achieve the target savings.

The cap is a potent disciplining device. As table 9-3 indicates, the mandatory cap reduces the 1998 deficit by half under the mid-growth scenario, from $264.5 billion to $132.3 billion. As Chart 9-1 indicates, with high growth the deficit would fall from $328.3 billion in 1993 to $54.8 billion in 1998 and would reach a surplus of $12.1 billion in 1999.

Long-Term Projections

All economic projections are uncertain, especially those that extend well into the future. They are heavily influenced by unforeseen economic, demographic and international developments that determine the final outcome. Despite this, however, it is prudent from a policy point of view to assess prospective economic and fiscal policy trends, based on alternative growth-determining assumptions. Such projections:

- Provide a context for current decisions by indicating the probable long-term consequences of decisions made now. Some policies have delayed effects that will only show up over the long term. Other choices have small initial effects that cumulate into large effects over time.
- Can be used to define the range of uncertainty in budget projections under different economic and demographic assumptions.
- Show the impacts of demographic change which are normally too gradual to have significant near-term consequences. By studying the budgetary effects of such changes, it may be easier to develop policy responses at an early stage.

Each of the four alternative baselines displayed in Table 9-3 has been extended through the year 2030. The demographic changes have serious budgetary implications. Beginning about 2010, the baby-boom generation will begin to retire in large numbers. This will inevitably lead to stresses on the social security and health systems.

Economic Assumptions to 2030

Real economic growth is determined by assumed changes in productivity (output per hour) and total hours worked. The change in hours worked, in turn, depends on population growth, labor force participation rates, and the change in the average work week. Demographic assumptions are taken from the projections of the Social Security Trustees. They envision a slowing population growth rate, an aging population, and a decline in the rate of labor force participation. These demographic assumptions lead to slower rates of real GDP growth in the future for the various projection scenarios.

The major source of difference among the long-run economic alternatives is productivity growth, although the unemployment rate also differs among the projections.

- Along the mid-growth alternative, declining labor force growth and a constant productivity growth rate of 1.3 percent result in a slowing rate of real GDP growth. The growth rate declines from 2.3 percent in 1990–2000, to 2.2 percent in 2000–2010, to 1.5 percent in 2010–2020, and 1.4 percent in 2020 through 2030. Inflation, interest rates, and the unemployment rate remain at their 1998 values.

- Under the high-growth scenario, productivity grows at 1.6 percent, and real GDP grows about 0.3 percent above the baseline. Unemployment is 5.0 percent compared with 5.3 percent in the baseline.

- In the low-growth scenario, productivity grows at 0.8 percent per year, 0.5 percentage points below the baseline; real GDP growth is also about 0.5 percentage points below the baseline in each year. The unemployment rate is constant at 6.6 percent.

- The Blue Chip panel does not forecast beyond 2002, and it was necessary to make assumptions through 2030 consistent with the earlier forecast. The long-term productivity trend grows at 1.1 per year, and the demographic assumptions are the same as for the other scenarios. Real GDP growth is 0.2 percentage points less than in the mid-growth scenario. The GDP deflator grows at 3.4 percent per year.

Deficit projections to 2030

For discretionary programs, budget authority was held constant in real terms for the period after 2000. Discretionary outlays increase with inflation and the spendout of prior year budget authority.

Spending in the mandatory programs was modelled from three components: the projected number of beneficiaries, general price inflation, and special technical factors for each major program. For social security, medicare, medicaid, and the major Federal retirement and disability programs, actuarial projections were used to develop the technical assumptions. In other instances, these factors were based on long-term trends or informed judgment.

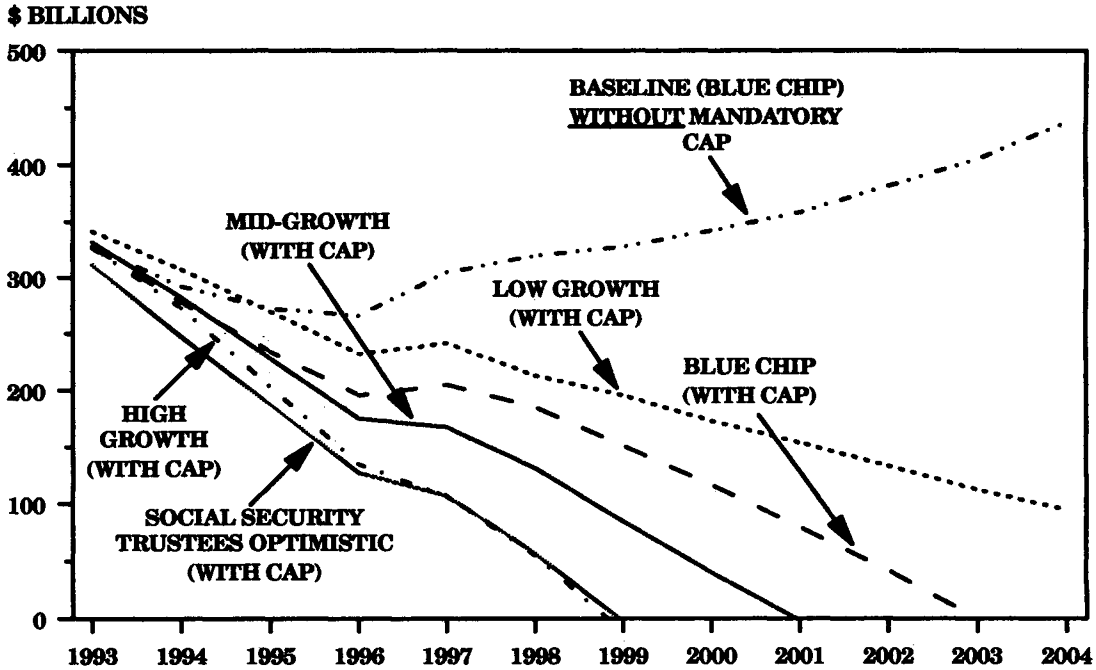
The mid-growth projection: Under the mid-growth scenario, the deficit begins to rise early in the next century and continues to increase through the end of the forecast period in 2030. The social security system comes under increasing strain. The rising cost of Federal medical programs is the major underlying reason for the unstable budget outcome.

- Receipts increase slightly as a share of GDP, from 18.7 percent in 1995 to 19.1 percent in 2030. Expected increases in per capita real income raise the average marginal tax rate slightly as an increasing percentage of taxpayers enters the higher individual income tax bracket.

- Outlays increase as a share of GDP from 22.5 percent in 1995 to 31.2 percent in 2030. Social security outlays increase from 4.8 percent to 7.4 percent, and medicare rises from 2.4 percent to 6.8 percent over the same period. These large increases in mandatory spending open up a large deficit and lead to budgetary instability.

- The fastest growing outlay category is net interest, growing from 3.3 percent of GDP in 1995 to 7.3 percent in 2030, as the deficit increases from 3.8 percent of GDP to 12.1 percent, and the Federal debt held by the public increases from 56.1 percent to 134.1 percent of GDP. In this projection, the budg-

Chart 9-1. DEFICIT PROJECTIONS TO 2004 WITH AND WITHOUT MANDATORY SPENDING CAP



et is on an unsustainable course that will have to be corrected.

High-growth scenario: Under this scenario, receipts grow as a share of GDP from 18.8 percent in 1995 to 19.5 percent in 2030 as a result of additional increases in real per capita income. Strong growth leads to budget balance by 2010, followed by modest surpluses through 2027. In 2028, deficits return as high medical costs outpace receipt growth.

Low-growth scenario: In this scenario, the deficit equals more than one-fourth of GDP by 2030, and the Federal debt held by the public is more than three times GDP. Net interest exceeds social security and all discretionary spending combined by 2030. The budgetary instability evident in the mid-growth alternative is even more evident here.

Blue Chip scenario: The nominal deficit from the Blue Chip scenario exceeds that of the low-growth scenario, although the growth assumptions are closer to the mid-path. This is due to higher inflation and interest rates under Blue Chip.

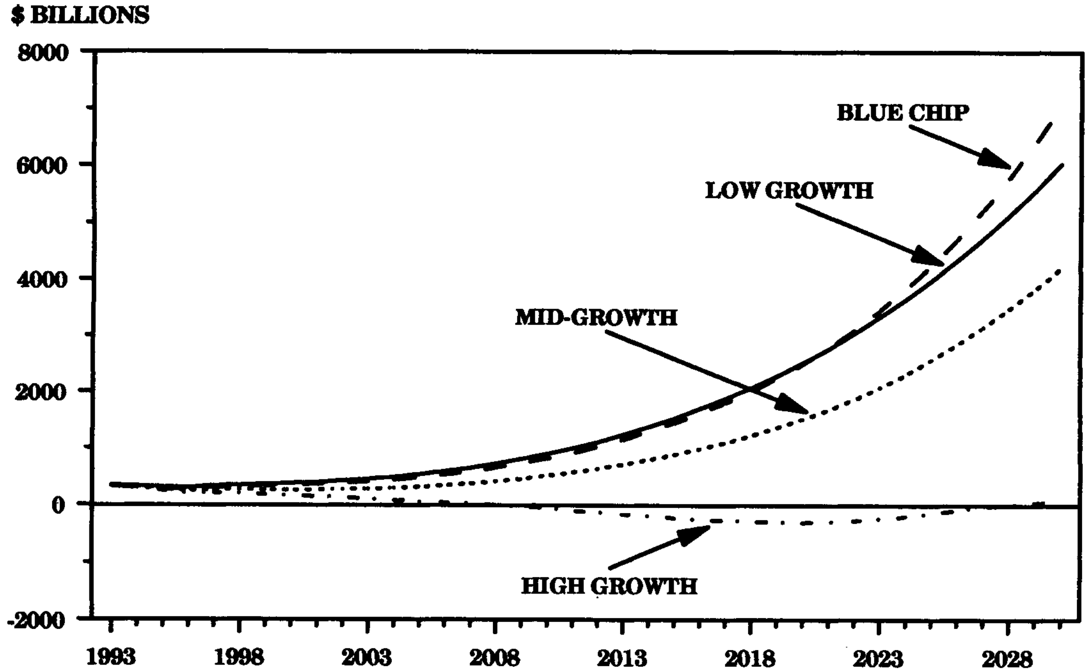
Sensitivity of the Budget to Economic Assumptions

Both receipts and outlays are affected by changes in economic conditions. This sensitivity seriously complicates budget planning because errors in economic assumptions lead to errors in the budget projections: hence, the usefulness of studying multiple alternatives.

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 various changes in the economic assumptions would alter outlays, receipts and the deficit. The following table summarizes these rules of thumb. These rules are available only through 1998, but the underlying economic relationships are reflected in the long-term projections, as well.

Economic variables that affect the budget do not usually change independently of one another. Output and employment tend to move

Chart 9-2. DEFICIT PROJECTIONS TO 2030 IF NO CHANGE IN CURRENT LAW AND NO MANDATORY CAP



together in the short run: a higher rate of real GDP growth is associated with declining unemployment, while weak or negative growth is accompanied by rising unemployment. In the long run, however, changes in the average rate of growth of real GDP are mainly due to changes in the rate 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 linked: 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 occur for only one year.

The table shows that if real GDP growth is lower by one percentage point in calendar 1993 only and the unemployment rate rises by one-half percentage point, the FY 1993 deficit will be increased by $7.1 billion. Receipts will be lower by $5.8 billion, and 1993 outlays will be higher by $1.3 billion, primarily for unemployment-sensitive programs. In 1994, receipts would decline further, by $13.0 billion, and outlays would increase by $3.5 billion, raising the 1994 deficit by $16.5 billion compared with the base. The budget effects grow slightly in future years as well. The larger deficit is due to the level of real (and nominal) GDP being permanently lower and unemployment higher, even though the rate of real growth in calendar year 1994 and beyond is the same as in the budget.

The budget effects are much larger if the real growth rate is assumed to be one percentage point less in each year 1993–1998, and the unemployment rate correspondingly rises by one-half percentage point more in each year. The levels of real and nominal GDP, then, are below the base case by a cumulatively growing percentage, and the unemployment rate steadily rises compared with the base case. The deficit is $124 billion higher than under the base case by 1998.

The effects of slower productivity growth are shown in a third example where real growth is one percentage point lower per year, while the unemployment rate is unchanged. In this case, the estimated budget effects mount steadily over the years, but more slowly. The effect on the deficit reaches $112 billion by 1998.

Joint changes in interest rates and inflation have a smaller effect on the deficit than equal percentage point changes in real GDP growth because their effects on receipts and outlays are substantially offsetting. An example is the effect of a one percentage point higher rate of inflation and one percentage point higher interest rates during calendar year 1993 only. In subsequent years, the price level and nominal GDP are one percent higher than in the base case, but interest rates return to their base levels. Outlays for 1993 rise by $5.1 billion and receipts by $6.5 billion, for a decrease of $1.4 billion in the 1993 deficit. In 1994, outlays increase further above the base by $13.2 billion, due in part to lagged cost-of-living adjustments; receipts rise $13.7 billion above the base, however, resulting in a $0.6 billion decrease in the deficit. In subsequent years, the amounts added to receipts are slightly larger than the additions to outlays. The annual add-on to receipts rises gradually over time, while the add-on to outlays gradually declines.

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 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 $74.4 billion to outlays and $88.2 billion to receipts in 1998, reducing the 1998 deficit by $13.8 billion.

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

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

These rules of thumb hold the income share composition of GDP constant. Because different income components are subject to different taxes and tax rates, estimates of total receipts can be affected significantly by changing income shares. These relationships are too complex, however, to reduce to simple rules.

Table 9-4. SENSITIVITY OF THE BUDGET TO ECONOMIC ASSUMPTIONS
(In billions of dollars)

Budget effect	1993	1994	1995	1996	1997	1998
Real Growth and Employment						
Effects of 1 percent lower real GDP growth in calendar year 1993 only, including higher unemployment:[1]						
Receipts	-5.8	-13.0	-15.3	-15.5	-15.9	-16.5
Outlays	1.3	3.5	4.5	6.0	7.6	8.7
Deficit increase (+)	7.1	16.5	19.8	21.5	23.5	25.2
Effects of a sustained 1 percent lower annual real GDP growth rate during 1993–1998, including higher unemployment:[1]						
Receipts	-5.8	-19.1	-35.3	-52.4	-70.8	-90.9
Outlays	1.3	4.8	9.7	16.4	24.8	33.2
Deficit increase (+)	7.1	24.0	45.0	68.8	95.6	124.1
Effects of a sustained 1 percent lower annual real GDP growth rate during 1993–1998, with no change in unemployment:						
Receipts	-5.8	-19.2	-36.0	-54.3	-74.2	-96.1
Outlays	0.2	1.0	3.0	6.3	11.0	15.7
Deficit increase (+)	6.0	20.2	38.9	60.5	85.3	111.9
Inflation and Interest Rates						
Effects of 1 percentage point higher rate of inflation and interest rates during calendar year 1993 only:						
Receipts	6.5	13.7	14.3	13.7	14.3	15.0
Outlays	5.1	13.2	10.8	9.5	8.9	8.9
Deficit increase (+)	-1.4	-0.6	-3.5	-4.1	-5.4	-6.1
Effects of a sustained 1 percentage point higher rate of inflation and interest rates during 1993–1998:						
Receipts	6.5	20.8	36.3	51.9	69.2	88.2
Outlays	5.1	18.7	31.2	43.2	55.7	74.4
Deficit increase (+)	-1.4	-2.1	-5.0	-8.8	-13.4	-13.8
Effects of a sustained 1 percentage point higher interest rate during 1993–1998 (no inflation change):						
Receipts	0.7	1.9	2.4	2.7	3.0	3.2
Outlays	4.7	15.1	23.1	29.9	37.6	48.8
Deficit increase (+)	4.0	13.2	20.7	27.2	34.6	45.6
Effects of a sustained 1 percentage point higher rate of inflation during 1993–1998 (no interest rate change):						
Receipts	5.8	18.9	33.9	49.2	66.2	85.0
Outlays	0.4	3.6	8.1	13.3	18.1	25.6
Deficit increase (+)	-5.4	-15.3	-25.7	-35.9	-48.1	-59.4
Interest Cost of Higher Federal Borrowing						
Effect of $100 billion additional borrowing during 1993	3.0	6.2	6.9	7.5	8.1	8.8

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

10. Trust Fund Projections Under Alternative Assumptions

10. TRUST FUND PROJECTIONS UNDER ALTERNATIVE ASSUMPTIONS

INTRODUCTION

This chapter presents projections of future receipts and outlays for the Federal trust funds as a group and individually for four trust funds: the Social Security Old Age Survivors Insurance and Disability Insurance (OASDI) trust funds, and the Medicare Hospital Insurance (HI) and Supplementary Medical Insurance (SMI) trust funds.

Trust funds are usually financed by earmarked receipts. The larger trust funds finance social insurance and other payments for individuals, such as social security, medicare, Federal employees retirement, and unemployment compensation. Other major trust funds finance highway construction and airport and airway development.

Table 10–1 shows the balance of trust funds as a group at the start of each year, income and outgo during the year, and the end of year balance. Income is derived mostly from payroll taxes, but it also includes proprietary receipts, payments from other Federal programs, general revenues and interest on trust fund balances. Outgo includes all payments to the public and to other Federal programs. Additional detail can be found in Appendix One, Section A.

Although several trust funds are operated on a cash-in-cash-out basis, others are intentially accruing positive balances to finance future claims. As a result, trust funds as a group have experienced large and growing surpluses in the past decade. These surpluses (principally in Social Security) are expected to continue to grow in the intermediate term. As a consequence, the 1992 trust funds balances of $973 billion are expected to grow to $1.6 trillion by the end of 1998. As the baby boom generation reaches retirement, however (and earlier in the case of Medicare), this pattern of trust fund accumulation will be reversed.

These estimates are sensitive to assumptions about the economy and demographics. Relatively small changes in the assumptions can cause large changes in the estimates. This is particularly true for the longer-term estimates and for the social security and medicare trust funds. The impact of alternative assumptions on these trust funds is discussed below.

The remainder of this chapter presents projections of future receipts and outlays for the Government's various trust funds, particularly the trust funds established for Social Security Old Age Survivors and Disability Insurance (OASDI), Medicare Hospital Insurance (HI) and Supplementary Medical Insurance (SMI). The intent in establishing these funds was to provide long term economic and health security financed by specific revenue sources (except SMI which

Table 10–1. INCOME, OUTGO, AND BALANCES OF TRUST FUNDS
(In billions of dollars)

	1992 Actual	Estimate					
		1993	1994	1995	1996	1997	1998
Balance, start of year	876.1	973.2	1,072.9	1,179.7	1,289.0	1,398.1	1,508.1
Income	663.4	703.6	742.6	787.1	836.8	888.0	945.8
Outgo	567.4	603.9	635.8	677.8	727.6	778.0	830.3
Surplus	96.0	99.7	106.8	109.2	109.2	110.0	115.6
Adjustments	1.1	–*	—	—	—	—	—
Balance, end of year	973.2	1,072.9	1,179.7	1,289.0	1,398.1	1,508.1	1,623.7

* Less than $50 million.

has a 25 percent beneficiary/75 percent general revenue taxpayer split).

Major reforms in 1983 attempted to extend the solvency of the Social Security trust funds out 75 years based on estimates at that time. Actual experience and revised assumptions since then have reduced the funds solvency to less than 45 years. Several rounds of legislative reforms in the last decade have only been able to maintain the solvency of HI for 10 years. The aging of the population, diminished birth rates and wage growth, and specifically for Medicare, rapidly increasing payments to health care providers could force the funds into insolvency much sooner than presently predicted. Social Security could go insolvent as early as 2019 under some assumptions, Medicare Hospital Insurance by 2000, and Supplementary Medical Insurance is staying sound only by increasing general fund tax subsidies at an alarming rate.

The projections in this chapter are based on the three sets of economic and technical assumptions of the 1992 Trustees' Report. These assumptions may vary from the assumptions used in other parts of the budget statement.

THE SOCIAL SECURITY TRUST FUNDS

The future income and expenditures of the Social Security Trust Funds over the next 75 years will depend on a number of demographic and economic factors: the size of the recipient population, future benefit amounts, and the size and level of earnings of the work force covered under the program. Because it is not possible to know precisely the future condition of the trust funds, the Social Security Trustee's provide actuarial estimates prepared under three alternative sets of assumptions. These assumptions use high, low and mid-growth economic assumptions, and optimistic, pessimistic and mid-growth or "best guess" demographic assumptions. These assumptions vary from year to year during the first 5 to 25 years, before reaching their ultimate value (or rate of change) for the remainder of the 75-year estimation period.

Chart 10-1. SOCIAL SECURITY TRUST FUND BALANCE 1992-2042

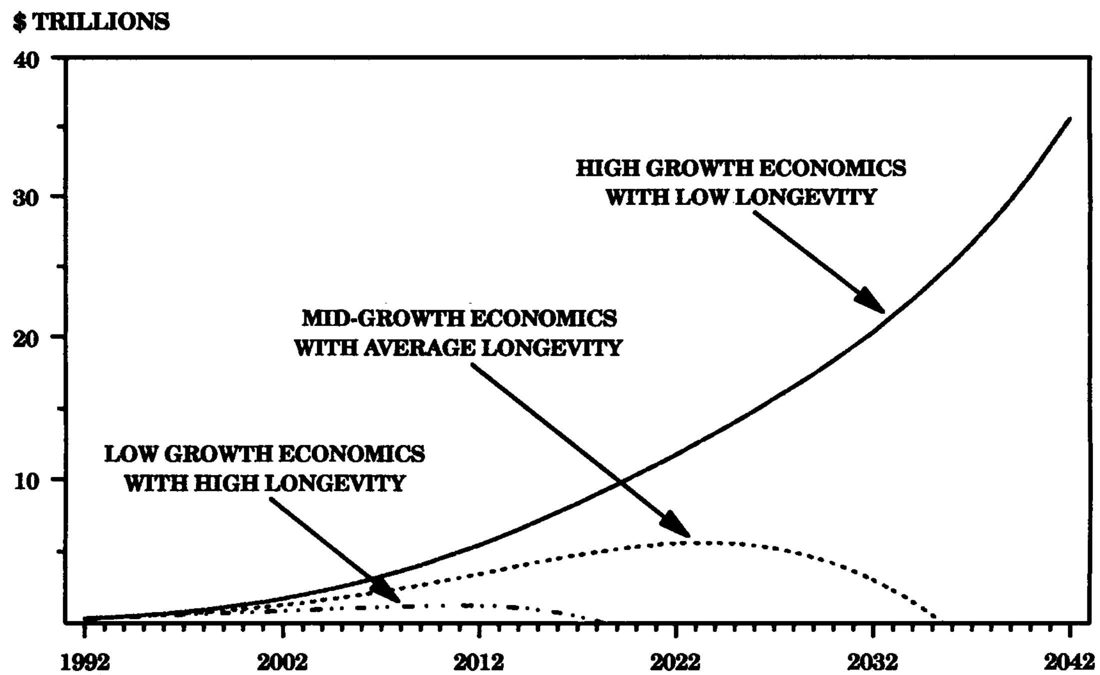


Table 10–2 summarizes the long range demographic and economic factors assumed under the different alternatives, and compares them with post-1970 experience.

Economic assumptions: Three variables—real wage differential, inflation, and interest rates—have the greatest impact on the fund's actuarial balance. The wage differential especially influences the trust fund since it reflects the growth in wages covered by the OASDI payroll tax, above price inflation. Table 10–2 illustrates that since 1970, actual experience in the real wage differential and inflation have been near the Trustee's low growth assumptions. Only real interest rates have been in the mid to high growth range (note that higher interest rates generate higher growth from the trust funds' perspective, but may be less desirable for the economy as a whole).

Demographic assumptions: Mortality and fertility also significantly affect trust fund projections. Table 10–2 shows that the average rate of fertility since 1970 is identical to the mid-growth assumption, but that annual reductions in mortality of individuals over age 64 well surpassed the high longevity projection. Such improvements in the occurrence of mortality are obviously not pessimistic from an individual or national value perspective, but are a concern from the perspective of the trust funds' liabilities. Mortality has declined significantly for all age groups throughout this century, including among the elderly. Interestingly, mortality declined significantly among the elderly between 1968 and 1982, but since then has leveled off among men and slightly increased among women. Some analysts project that mortality will decline dramatically among the elderly in the future due to healthier lifestyles and improvements in health care. If mortality experience since 1968 is factored into the mid-growth "best guess" assumptions, the Social Security trust funds would become insolvent in 2032 instead of 2036. If mortality improves at the accelerated pace of the 1970's, the funds could become insolvent in just over 30 years, somewhere between 2022 and 2025.

Table 10–3 illustrates the long term effect the different assumptions have on the trust funds' long term balance, measured by different indicators.

The Disability Fund's Projected Insolvency by 1996. Recent experience has led to substantial deterioration in the short and long-term financial condition of the Disability Trust Fund. The fund is projected to be exhausted in 1996, under assumptions used for this budget statement. Workers and employers each pay 0.6 percent of taxable payroll for Disability Insurance coverage. The unfavorable outlook for the DI trust fund is primarily attributable to increases in the proportion of workers who file for and are awarded disability benefits, and a decrease in the proportion of recipients whose eligibility for disability benefits ceases due to medical recovery, attainment of age 65 or death. The solvency of the fund has also declined because of lower tax revenues attributable to the recession. In the long-term under mid-growth assumptions, the number of disabled beneficiaries is expected to double by 2040. The Trustees are expected to

Table 10–2. ECONOMIC AND DEMOGRAPHIC ASSUMPTIONS: 1990–2065

	Actual 1970–1990	Projections for 2010 and After: High Growth with Low Longevity	Mid-Growth with Average Longevity	Low Growth with High Longevity
Real wage growth in employment covered by OASDI	0.5	1.7	1.1	0.6
Unemployment rate	6.7	5.0	6.0	7.0
Real interest rates (for special obligations issued to the trust funds)	2.7	3.0	2.3	1.5
Annual percent reduction in mortality:				
Females 65 and over	1.3	0.2	0.6	1.0
Males 65 and over	1.1	0.3	0.6	1.0
Fertility rate (children per woman over a lifetime)	1.9	2.2	1.9	1.6

Table 10–3. ALTERNATIVE INDICATORS OF SOLVENCY FOR THE SOCIAL SECURITY TRUST FUNDS

	Trustees' Assumptions		
	High Growth with Optimistic Demographics	Mid-Growth Economics and Demographics	Low Growth with Pessimistic Demographics
Beneficiaries per 100 covered workers in:			
1990	30	30	30
2015	34	37	42
2040	42	51	62
2065	41	56	78
Income rate minus cost rate as a percent of taxable payroll in:			
2015	1.89	0.16	−1.91
2040	−0.05	−3.71	−8.56
2065	0.46	−4.91	−13.57
Actuarial deficiency (−) as a percent of taxable payroll:			
25 years	2.40	1.12	−0.33
50 years	1.32	−0.59	−2.93
75 years	1.09	−1.46	−4.89
Present value of actuarial deficiency (−) in billions of dollars:			
25 years	$1,598	$865	$132
50 years	$1,576	−$313	−$2,408
75 years	$1,718	−$1,665	−$5,736

consider alternatives in the near future to address the imbalance in the trust fund.

How the trust funds will fare in the future will depend on both improvements in wage growth in comparison with recent experience and on attitudes concerning disability and retirement. Under all three assumptions, future generations are assumed to retire at about the same ages that people do today. They are expected to live much longer, but they are not expected to work significantly longer, even though the age for full retirement benefits rises to 67 by 2027.

THE MEDICARE HOSPITAL INSURANCE TRUST FUND: THE FUNDING CHASM NOW LESS THAN 10 YEARS AWAY

The Hospital Insurance Trust Fund was created in 1965 to be a stable long-term financing mechanism for health care for the elderly and disabled. Seventy-five-year projections made then showed no financing difficulty. Twenty seven years, eight HI tax increases, and hundreds of billions of claimed savings later, this trust fund now faces insolvency in the early part of the next century. The most recent actuarial projections indicate that the trust fund will need an additional $545 billion in 1991 dollars just to remain solvent to 2016. That is still about five years before most of the baby boomer generation start to be eligible for Medicare. Every year after 2016 requires an additional $60 billion or more in 1991 dollars; the trust fund needs a total of $4.8 trillion in 1991 dollars to remain solvent until 2066. The 1992 HI Trustees Report predicts that the trust fund will require additional funds every year after 2002 under the intermediate, or "most likely," assumptions. This estimate is three years sooner than the 1991 Report.

The Trustees' awareness of the fund's condition is hardly recent. Trustees' Reports in the early 1980s predicted insolvency as early as 1993. Fortunately, the introduction of the hospital inpatient prospective payment system (PPS) and several rounds of legislated savings managed to slow the Medicare hospital payment growth enough to extend the trust fund's life by 10 years. Despite these achievements, recent admissions and utilization trends indicate a return to 10 percent per year or faster growth for inpatient hospital payments and very large (30 percent and more) jumps in skilled nursing facility and home health utilization. Future long-term projections will reflect these shifts; insolvency might well happen sooner than 2002.

The recent health care reform debate has addressed the financial condition of the trust fund in only a passing fashion. An underlying presumption of many proposals appears to be major health care reform will slow Medicare spending growth to shift, if not eliminate, the looming trust fund insolvency. This is highly unlikely because the actuarial assumptions already factor in a gradual drop of the HI outlay growth rate through 2020 in the most likely economic scenario. This drop would occur despite a sharp growth in beneficiary enrollment. As Table 10–4 indicates, growth rates for all three scenarios reflect this slowing growth rate.

Implementation of effective cost control measures through health care reform may defer HI's insolvency for a few years. Nevertheless, unless the implemented plan substantially alters the provision of medical services so that utilization and payments per case drop sharply, HI tax revenues increase, or provider payments are dramatically reduced, the trust fund will still be bankrupt before most of the baby boomers enroll. The 1992 Trustees' Report states that, under the most likely economic scenario, solvency of the fund for the next 25 years would require:

- a cumulative 32 percent decrease in outlays; or,
- a cumulative 47 percent increase in revenues; or,
- some combination of the two.

The economic and demographic assumptions used for the three scenarios are identical to those in the Social Security Trustees' Reports, with the exception of the higher HI taxable payroll. The current HI maximum payroll amount is $135,000 per year, increasing annually by inflation. By using the Social Security Trustees' Report assumptions, the HI Trustees project real wage growth at higher than the most recent 25-years' average, increasing revenues and decreasing the HI deficit. Some experts in health care spending argue that the projected deficits are understated because:

- the historical real wage growth has been lower than forecasted; and
- the interest income derived from investing fund balances in Treasury securities may not materialize.

The HI trust fund will not need taxpayer assistance for at least the next five years under current law. Every year of delay in changing either the revenues or outlays, however, will further increase the already dramatic measures probably necessary to maintain 25-year solvency. The total HI tax rates (50 percent employer and 50 percent employee) would need to be increased immediately by 2.6 percentage points under pessimistic assumptions, 1.35 points under the most likely assumptions, and 0.4 points under truly optimistic assumptions to keep the fund solvent to 2016. The total tax rate would have to be increased by 9.5, 4.2, or 1.3 points, respectively, to help the trust fund remain solvent to 2066.

Table 10–4. THE HOSPITAL INSURANCE TRUST FUND CONDITION UNDER DIFFERENT SCENARIOS

(Dollar amounts in trillions)

Scenario	1992 Trustees Projected Insolvency	75-year Cumulative Deficit	Compound Annual Growth	
			25-Year	75-Year
High economic growth, unchanged longevity, sharply lower medical inflation	2005	–39	7%	6%
Moderate economic growth, slightly increased longevity, lower medical inflation	2002	–147	9%	7%
Low economic growth, increased longevity, medical inflation at or above current levels	2000	–398	12%	8%

Source: 1991 and 1992 OASDI and HI Trustees' Reports.

SUPPLEMENTARY MEDICAL TRUST FUND (SMI)

Medicare Part B, otherwise known as SMI, pays for physician services, outpatient hospital services, clinical laboratory services, and other nonhospital medical expenses for people 65 and over and for the disabled of any age. SMI covered 33 million individuals in calendar year 1991. According to the 1992 Annual Trustees Report, general revenue contributions during 1991 amounted to $37.6 billion, accounting for 73.4 percent of all SMI income. About 23.3 percent of all income resulted from the premiums paid by the enrollees. Interest payments accounted for the remaining 3.3 percent.

SMI is equivalent to yearly renewable term insurance financed in part by premium income paid by the enrollees, and in part by taxpayers. SMI's financial structure is on an actuarial basis with a contingency margin. This financing structure of the SMI Trust Fund excludes it from the same bleak scenario as the Social Security and HI Trust Funds. Thus, the balance in the SMI Trust Fund does not vary much between relatively optimistic or pessimistic assumptions.

The SMI program is currently actuarially sound because it has, essentially, unlimited access to general revenues. Nevertheless, there is concern regarding the recent and projected rapid growth in the cost of the program and the resulting tax burden that it entails because roughly 75 percent is financed from general revenues. Program outlays increased 80 percent in aggregate and 66 percent per enrollee in the last five years. During the same period, the program grew 36 percent faster than the economy despite continuing efforts to control program costs.

11. Hidden Liabilities Requiring Policy Correction

11. HIDDEN LIABILITIES REQUIRING POLICY CORRECTION

The Federal Government is committed to make substantial payments extending far into the future as a result of activities undertaken in the past. These activities differ widely in nature, but they give rise to Federal liabilities or to promises on which people rely in planning for their retirement.

This chapter analyzes these diverse commitments and the size of the expected future payments. It is divided into three sections: Federal credit and insurance programs, long-term retirement obligations, and hazardous waste cleanup costs.

- *Federal credit and insurance programs.*—The Federal Government has extended direct loans and loan guarantees with estimated future losses and payments of \$99–138 billion. Beginning last year, the Federal Credit Reform Act of 1990 provided explicit control of most Federal credit programs by requiring the expected costs to be appropriated in advance of any new credit program commitments. Another \$80–127 billion in future payments is expected to result from Federal insurance. Unlike credit, the cost of these programs is not budgeted when the insurance is extended. Government-sponsored enterprises (GSEs) are not estimated to result in significant future payments. However, their rapid growth and importance in the financial system have led to new oversight legislation.
- *Long-term retirement obligations.*—Social Security and Medicare are on-going Federal programs for retirees. Actuarial estimates for the solvency of these programs, net of future payroll tax payments, have deteriorated since the 1983 Social Security reforms. The Social Security programs together run out of funds in 2036 under intermediate assumptions, and the disability fund alone may be depleted by 1997. The Medicare hospital insurance fund is deteriorating rapidly; the estimated insolvency moved up from 2005 to 2002 in the 1992 Trustees' report. For Federal employees, accumulated retirement plan benefits totaled \$1.2 trillion at the end of 1991. Reforms during the 1980s have slowed the growth of civilian and military pensions. Actuarial liabilities for retiree health insurance are another \$335 billion.
- *Radioactive/hazardous waste cleanup.*—The Department of Energy is currently cleaning up about 100 sites contaminated with radioactive and/or hazardous wastes. Since 1950, Department of Defense activities have contaminated many additional properties. Cleanup costs are unknown, but could be hundreds of billions of dollars, with most of those costs for DOE cleanups. They depend on the cleanup standards, the success of cleanup contractors, the development of new technology to do the job, and the rate at which cleanup is scheduled by regulatory authorities.

Table 11-1. FACE VALUE AND ESTIMATED COST OF FEDERAL CREDIT AND INSURANCE PROGRAMS

(In billions of dollars)

Program.	Face Value 1991	1993 Estimates Present Value of Future Costs[1]	Face Value 1992	Current Estimates Present Value of Future Costs[1]	Subsidy Outlays 1993–1998
Direct Loans:[2]					
Farmers Home	52	11–15	50	12–16	5–6
REA and RTB	39	4–5	40	4–5	0–2
Export-Import	9	4–6	9	5–7	0–1
AID	13	6–7	16	7–8	0–1
Public Law 480	12	7–9	12	7–9	2–3
Foreign Military Financing	9	1–2	9	2–3	0–1
Small Business	7	1–2	6	2–3	1–2
Other Direct	4	1–3	32	2–3	1–2
Inactive	21	1–2	19	1–2	0
Total Direct Loans	**166**	**36–51**	**193**	**42–56**	**9–17**
Guaranteed Loans:					
FHA Single-Family	378	(5)–0	301	(9)–0	0
VA Mortgage	158	3–6	171	5–7	2–3
FHA Multi-Family	77	2–3	77	2–3	0–1
Guaranteed Student	57	38–42	60	48–52	17–19
Small Business	14	1–3	13	2–4	1–2
Farmers Home	6	1–3	6	1–3	0–1
Export-Import	6	4–6	8	6–8	3–4
CCC Export Credits	4	2–3	9	2–3	1–2
Other Guaranteed	7	0–1	10	0–1	0–1
Inactive	19	0–1	16	0–1	0
Total Guaranteed Loans	**726**	**46–68**	**671**	**57–82**	**24–33**
Federal Insurance:					
Banks	1,942	34–51	1,927	15–27	15–27
Thrifts	654	55–60	618	25–37	27–37
Credit Unions	197	0	218	0	0
Total Deposit Insurance	**2,793**	**89–111**	**2,763**	**40–64**	**42–64**
PBGC	900	30–60	950	25–45	12–18
Other Insurance[3]	1094	2–3	1076	15–18	12–15
Total Federal Insurance	**4,787**	**121–174**	**4,789**	**80–127**	**66–97**
GSEs:[4]					
Freddie Mac	369	—	427	—	—
Fannie Mae	439	—	543	—	—
FHL Banks	107	—	85	—	—
Sallie Mae[5]	—	—	—	—	—
FCS	51	0–1	50	0–1	0–1
Total GSEs	**966**	**0–1**	**1,105**	**0–1**	**0–1**
Total	**6,645**	**203–294**	**6,758**	**179–266**	**99–148**

[1] Direct loan future costs are the program account (1993–1998) plus the embedded loss from outstanding loans. For guarantees, these are liquidating plus program account outlays projected into the future. Future insurance costs are program plus liquidating costs through 1998, plus the accrued liability remaining at the end of 1998. 1993 estimates of costs are as displayed in the 1993 Budget, uncorrected for errors. Estimates of face value have been updated.

[2] Excludes loans and guarantees by deposit insurance agencies and programs not included under credit reform, such as CCC farm supports. Defaulted guarantees which become direct loans receivable are acounted for in guarantee volume and costs.

[3] Current estimates of other insurance costs include the National Servicemen's Group Life Insurance program, omitted in the 1993 Budget.

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

[5] The face value and Federal costs of Guaranteed Student loans in Sallie Mae's portfolio are included in the Guaranteed Student loan account above.

FEDERAL UNDERWRITING RISK

The Federal Government continues to be the Nation's largest source of credit and underwriter of risk with $6.8 trillion in face amount of Federal and federally assisted credit and insurance outstanding. Two-fifths of all non-Federal credit outstanding has been assisted by Federal guarantees, Government-sponsored enterprises, or deposit insurance. This is down from nearly three-fifths in the late 1970s, with a particularly sharp decline in the last five years, due to the contraction in the thrift industry over this period. Outstanding bank loans have also fallen over the past year and a half, but the contraction in banks and thrifts has been partially offset by the fast growth of assistance from Government-sponsored enterprises.

CONTROLLING CREDIT COSTS

Increasing attention has been paid in recent years to measuring and controlling the cost of credit programs. Prior to the Federal Credit Reform Act of 1990, credit programs were recorded in the budget each year on the basis of that single year's cash flows. This mixed the effects of current lending with previous lending, and failed to show the long-term effects of current decisions. Direct loan disbursements counted as an outlay in full, although offsetting interest and repayments would be received in the future; guarantees were not counted as an outlay until interest subsidies or default claims were paid. New credit assistance was controlled, if at all, on the basis of the principal amount of loans obligated or guarantees committed. When these "credit budget limits" were reached for any program, Congress generally could increase them without reducing any other spending.

Dissatisfaction with this approach was widespread. The focus of budgeting is the allocation of resources among alternative uses. For this purpose, the cost should be controlled at the time of decision. Federal credit programs often deliberately extend direct loans or loan guarantees on which they expect to take a loss in order to encourage particular activities or to provide benefits to particular borrowers. It is the cost of these credit programs, not their volume, which channels resources toward the favored uses.

The Federal Credit Reform Act of 1990 resolved this problem by requiring all credit programs to obtain budget authority for the estimated subsidy cost of new direct loans or loan guarantees before credit is extended. The subsidy cost is defined as the present value of the expected cash outflows from the Government minus the present value of the expected cash inflows. Because the costs of future cash flows are assessed, subsidies are not based on judgments about individual loans, but on statistical analysis of the probable cost of default in a group of loans. Annual reestimates are required to be sure that these costs ultimately are accurate.

Credit reform was enacted in November 1990, with 1992 the first year of implementation. The President's 1992 Budget contained the first request for credit subsidy budget authority. Federal agencies are currently obligating appropriated credit subsidies, making reestimates, and reporting loans and guarantees outstanding in credit reform terms on statements of financial condition. Meanwhile, subsidy appropriations for 1993 have been enacted, starting the second year of implementation. Tables 11–2 and 11–3 show the subsidy rates, budget authority, and loan levels for direct loans and loan guarantees.

It will be some time before a full assessment can be made of the effects of credit reform budgeting on cost estimates, budgetary control, program management, and credit policy. Initial experience, however, has been positive.

- *Cost Measurement.*—Credit reform is improving cost measurement of credit programs by requiring agencies to quantify the relationships between program cost—with defaults usually the largest cost component—and the characteristics of borrowers and loans that are known when the loans are made. Default models have been developed for the largest programs guaranteeing mortgages and other loans. Additional data is being collected to improve analysis of farm and small business loans. A common method of assessing sovereign debt was created by a cross-agency committee, and a common method for assessing the risk of non-sovereign international debt is under development.

Table 11-2. ESTIMATED 1993 SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS FOR DIRECT LOANS

In millions of dollars

Agency and Program	1993 Weighted-average subsidy as a percent of disbursements	1993 Subsidy Budget Authority	1993 Estimated Loan Levels
Agriculture:			
Agricultural credit insurance fund	17.4	191	1,103
Public Law 480 direct loans	67.1	342	510
Rural development insurance fund	13.8	96	695
Rural development loan fund	56.1	18	33
Rural housing insurance fund	31.2	652	2,088
Self-help housing	1.7	*	*
Rural Electrification Administration:			
Rural economic development loans	27.0	3	12
Rural electric and telephone	19.0	161	864
Rural electric and telephone FFB rate loans	4.0	35	894
Rural telephone bank	0.0	*	177
Education:			
College housing and academic facilities	10.1	3	29
Interior:			
Bureau of Indian Affairs	19.8	2	11
Bureau of Reclamation loan program	61.7	4	8
State Department: Repatriation Loans	80.0	1	1
Transportation:			
AMTRAK corridor improvement program	24.1	1	4
Minority business resource center program	4.0	*	8
Orange county toll road demonstration project[1]	8.0	10	120
Veterans Affairs:			
Direct loan revolving fund	7.1	*	1
Education loan fund	12.4	*	*
Guaranty and indemnity fund	8.5	16	191
Loan guaranty fund	9.1	119	1,311
Native american veteran housing loans	7.7	*	6
Transitional housing loans	10.0	*	*
Vocational rehabilitation	2.9	*	2
Other Executive Agencies:			
Environmental Protection Agency:			
Abatement, control, and compliance	41.6	30	70
Export-Import Bank	4.6	130	2,800
Federal Emergency Management Agency:			
Disaster assistance	0.0	—	40
Funds Appropriated to the President:			
AID Private sector investment program	7.7	*	5
Foreign military financing	16.3	149	855
Overseas Private Investment Corporation	13.9	4	30
Small Business Administration:			
Business Loans	20.6	26	125
Disaster loans[2]	20.6	81	1,760
Total, direct loans[3]	15.1	2,074	13,754

* $500 thousand or less.
[1] Authorized loan level is $120 million, although no loans are expected to be disbursed in 1993.
[2] Includes loan obligations made from BA provided in 1992.
[3] Weighted average subsidy rate.

Table 11-3. ESTIMATED 1993 SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS FOR LOAN GUARANTEES

(In millions of dollars)

Agency and Program	1993 Weighted-average subsidy as a percent of disbursements	1993 Subsidy Budget Authority	1993 Estimated Loan Levels
Agriculture:			
Agricultural credit insurance fund	2.5	54	2,143
Agricultural resource conservation demonstration	53.6	4	10
Alcohol fuels credit guarantees	48.1	9	19
Commodity Credit Corporation: Export credits	6.8	388	5,700
Rural development insurance fund	2.3	5	235
Rural housing insurance fund	1.7	6	330
Commerce:			
NOAA fishing vessels	1.0	*	47
Education:			
Guaranteed student loans, PLUS	2.4	34	1,419
Guaranteed student loans, SLS	5.0	137	2,726
Guaranteed student loans, Stafford	17.2	2,118	12,326
Guaranteed student loans, Unsubsidized Stafford	0.8	22	2,944
Health and Human Services:			
Health professions graduate student loan program	6.8	24	340
Housing and Urban Development:			
Community development (Sec. 108)	0.0	—	2,000
Federal Housing Administration general and special risk [1]	1.2	135	11,292
Federal Housing Administration mutual mortgage	−2.6	−1,364	57,146
GNMA secondary mortgage guarantees	0.0	−7	77,700
Interior: Indian loan guaranty and insurance fund	12.9	9	69
Transportation:			
Military useful vessel obligation guarantees	10.2	48	471
Veterans Affairs:			
Guaranty and indemnity fund	2.5	530	21,123
Loan guaranty fund	7.6	*	4
Other Executive Agencies:			
Export-Import Bank	5.0	624	12,550
Funds Appropriated to the President:			
AID housing and other credit guarantees [2]	14.7	22	150
AID private sector loans	4.7	4	76
Loan guarantee to Israel	4.5	([3])	2,000
Overseas Private Investment Corporation	1.5	6	375
Small Business Administration:			
Business Loans	5.2	234	4,538
Total, loan guarantees [4]	1.4	3,042	217,733

* $500 thousand or less.

[1] Includes $30.4 million in subsidy BA and $2,428 million in loan limitation enacted in late 1992 as an Emergency Supplemental (P.L. 102-366) that carries over into 1993 or was released as a contingency in 1993.

[2] Includes $6 million in subsidy BA carried forward from 1992 appropriation.

[3] By statue the subsidy BA must be covered by the fee payment by Israel.

[4] Weighted-average subsidy rate.

- *Cost Control.*—Unlike the past when credit was often extended ad hoc in response to disasters or economic hardship of certain groups, now the cost of credit assistance must be estimated and an appropriation requested. For disaster programs this appropriation is not difficult to obtain. For other programs, however, the increased scrutiny focuses attention on controlling the substantial costs highlighted in Table 11-1, and also on ways of achieving program goals more effectively for each dollar of cost.

- *Improving Management.*—Credit reform has helped bring together agency budgeting, accounting, and program staffs. Accounting for administrative expenses is now explicit. Loan tracking and servicing are being improved, and at least one agency has begun to base staff performance evaluations on the results of loans made. The Federal Government is in the lead on accounting for credit; accounting standards for impaired loans in the private sector are moving in a similar direction.
- *Program Structure.*—By requiring an upfront recognition of costs, credit reform has put emphasis on structuring programs so as to deliver the maximum benefits using the least costly delivery system. While credit reform forces the Federal Government to assess program costs, it does not preclude the choice of more expensive program options.

Although budgeting the subsidy amount has begun to record a more accurate picture of the obligations the Government has incurred when credit is extended, continuing efforts are needed to improve implementation of the new budgetary system. In addition, if restraining the size of Federal credit is a goal, policymakers may wish to consider combining credit reform with caps on the face value of loans or loan guarantees in any given program. If restraining credit risk in relation to benefits received is a goal, credit program management reforms and changes in program design would be needed.

CONTROLLING INSURANCE COSTS

The enormous cost of closing insolvent thrifts over the past decade and the rising cost of bank failures have focused an even brighter spotlight on deposit insurance and other Federal insurance programs. As was previously the case for credit programs, cash budgeting does not reflect the cost when insurance is extended. Instead, the budget records insurance costs months, years, or in the case of pension guarantees, even decades later when the cash payments are made to protect insured depositors or pay pension benefits. By that time, there is little the Federal Government can do but pay the bill.

Over the past two years, the Administration and the Congress have been seeking ways to apply credit reform principles to deposit and other insurance programs. The Federal Credit Reform Act itself required the Office of Management and Budget and the Congressional Budget Office each to report to Congress on the appropriate budgetary treatment for deposit insurance. Both agencies reported that the budgetary treatment should be similar to that for credit programs.

The Administration proposed in the 1993 Budget that the budgetary treatment for insurance programs be changed first for deposit insurance and pension guarantees and the following year for other insurance programs. Such a change presents difficult conceptual and measurement issues and has not yet been adopted in the budget. However, it has the potential for improving prospective management and control of these costs.

Concepts

There are two types of private insurance, each with an analog in Federal insurance programs.

- Term insurance covers a specific period of time. During that time, losses from the occurrence of an insured event are made good up to specified limits. At the end of the period, the insurer can renew, cancel, or modify the insurance. Federal deposit, crop, flood, war-risk, and OPIC insurance have this character.
- Open-ended insurance covers losses until the insured event occurs or until it can no longer occur. Among Federal programs, pension guarantees, vaccine compensation, and veterans whole life insurance are in this category.

The annual cost to the Government—which the proposal would use for budgeting—is the cost of the insurance commitments made or extended in a given year.

- For term insurance, the commitment occurs when the insurance is extended for another fixed term. For budgeting, deposit insurance is treated as renewable one-year term insurance. The cost is the present value of the cash outflows, net of recoveries, expected to be required to settle all losses incurred during that term. The year's premiums are an offsetting collection.

- For open-ended insurance, the commitment occurs when the coverage base is expanded (e.g., to larger amounts of pension benefits or to the lives of more veterans). For budgeting, pension guarantees are measured in terms of the increase in vested benefit obligations (VBO) during the year. The cost is the present value of the cash outflows, net of recoveries, expected to be required to settle all losses inherent in the increase of covered benefits during the year. (This revision in the measurement of PBGC costs is discussed in detail in the section below on "Methods for Measuring Insurance Costs"). The year's premiums are an offsetting collection.

Deposit Insurance

Better measures of cost and budgetary incentives would have been more successful in promoting a quick response to the rising Federal deposit insurance obligations arising from the restructuring in the financial services sector over the past decade. The major financial intermediaries relying on deposit insurance—thrifts, banks, and credit unions—faced major technological changes and increased competition from Government-sponsored enterprises and other less regulated intermediaries. Volatile interest rates and asset markets left hundreds of thrift

Table 11–4. PROJECTED ACCRUAL AND CASH OUTLAYS

(In billions of dollars)

	1993	1994	1995	1996	1997	1998
Bank Insurance Fund						
Accrual Basis:						
Recognition of Accrued Cost	7.8	3.1	0.6	0.4	0.3	0.1
plus: Accrual Cost	9.0	11.9	7.7	7.3	6.0	5.5
less: Premium Income	6.6	6.9	7.3	7.6	7.9	8.2
Outlays: Accrual Basis	10.2	8.1	1.0	0.1	−1.6	−2.6
Outlays: Cash Basis	12.6	11.2	−3.1	−5.6	−4.7	−4.1
Resolution Trust Corporation/Savings Associations Insurance Fund						
Accrual Basis:						
Recognition of Accrued Cost	7.3	11.2	4.0	0.0	0.0	0.0
plus: Accrual Cost	4.0	3.0	1.8	1.6	1.6	1.6
less: Premium Income	1.2	1.5	1.6	1.6	1.7	1.8
Outlays: Accrual Basis	10.1	12.7	4.2	0.0	−0.1	−0.2
Outlays: Cash Basis	−0.9	3.7	−5.1	−9.2	−6.2	−2.7
Pension Benefit Guaranty Corporation						
Accrual Basis:						
Recognition of Accrued Cost	2.3	2.4	1.7	1.5	1.8	1.3
plus: Accrual Cost	4.4	3.1	0.7	1.7	1.6	1.5
less: Premium Income	0.9	0.9	0.9	0.9	0.9	1.0
Outlays: Accrual Basis	5.8	4.6	1.5	2.3	2.5	1.8
Outlays: Cash Basis	−0.8	−0.6	−0.6	−0.6	−0.5	−0.5

[1] Accrued costs for banks and thrifts represent the costs associated with closing currently insolvent institutions as estimated at the beginning of 1993. Accrued costs are recognized according to the time profile of bank and thrift closure.

[2] Accrued costs, estimated at $32 billion, represent PBGC's long-term exposure to pension claims at the beginning of 1993. Accrued costs are based on currently vested and guaranteed pension benefits calculated using current years of service and current wages—vested benefit obligations (VBO)—and are recognized according to the time profile of expected pension terminations. Accrued costs are measured net of the recoveries expected on terminated plans. The recognition of accrued costs does not include the costs associated with the current deficit in PBGC trust funds, which would increase the first year's recognition of accrued cost by approximately $2.4 billion. Accrual costs, at approximately $8 billion in present value, represent the costs associated with future insurance activity.

institutions insolvent and unprofitable by the early 1980s. Regional and sectoral problems damaged many banks whose assets were concentrated in a particular State or industry. Under pressure to maintain profits, many institutions entered new, riskier lines of business. This was particularly true of some insolvent thrifts gambling for resurrection. The net result of all these pressures has been a massive increase in budget expenditures since 1989 to pay for these once "hidden" Federal insurance liabilities.

Thrifts.—Until the 1980s, the Federal Savings and Loan Insurance Corporation (FSLIC) provided Federal deposit insurance for savings and loans, and financed losses on failed S&Ls with deposit insurance premiums. From 1982 through early 1989, however, the FSLIC incurred major expenditures from the closure of 450 thrifts, with a combined $158 billion in assets. These expenditures quickly exhausted the FSLIC's ability to cover losses with insurance premiums. A final GAO audit of FSLIC in 1989 found it to have a negative net worth of $75 billion.

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) created the Resolution Trust Corporation (RTC) to manage the task of closing the huge backlog of insolvent thrifts and disposing of their assets. In its first three years, the RTC closed 652 thrifts with a combined $216 billion in assets at an estimated cost of $84 billion. At the end of September 1992, an additional 69 thrifts with $34 billion in assets were being managed under RTC conservatorship, and another $36 billion of assets were in receivership.

Banks.—During the 1980s, an increase in bank failures put pressure on the Federal Deposit Insurance Corporation (FDIC) bank insurance fund. From 1982 through 1991, over 1,300 banks with a combined $188 billion in assets were closed by the FDIC because of financial difficulties. The FDIC, however, was in a stronger financial position, and the failure problems for banks were on a smaller scale than for thrifts. Actual FDIC losses did not exceed premium income until 1985. From 1985 to the end of 1992, the net worth of the FDIC's insurance fund for banks (known since 1989 as the Bank Insurance Fund, or BIF) fell from $18 billion to $11 billion (excluding any reserves for failures expected in the coming year or two).

In 1991, the Administration proposed a recapitalization of the FDIC and comprehensive reforms to modernize the financial system and make banks and other depositories both healthier and safer. The Administration's legislation would have strengthened the banking sector, balancing tighter controls over failing or mismanaged banks with reforms that would allow banks to remain competitive. Enacted in December 1991, the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), recapitalized the FDIC and tightened regulatory controls. Some of these safety and soundness reforms were requested by the Administration, but numerous additional regulatory burdens were added by Congress. Moreover, the provisions that would have broadened banks' role in the financial system and eliminated barriers to diversification and consolidation were rejected.

FDICIA created a new, more stringent regulatory regime for banks and thrifts. The process of adjustment to higher capital requirements, new policies governing the treatment of uninsured creditors of failed depositories, and a new system of rewards and penalties tied to capitalization will take time. The Administration proposed, and the Congress enacted in the 1992 banking and housing bill, reforms to reduce or eliminate some of the overly restrictive FDICIA regulatory requirements.

1992 Deposit Insurance Outlays.—Deposit insurance outlays were much lower in 1992 than projected a year ago for two critical reasons. First, the Congress did not provide the requested additional funding for the RTC. Secondly, banks and thrifts recorded unexpectedly strong earnings during the first half of calendar 1992. Many depositories benefitted from the sharp differential between short- and long-term interest rates. This enabled them to maintain or increase profits while reducing their risk of losses from loan defaults by investing in Treasury securities and other Government-backed paper. Lower market interest rates also allowed depositories to record profits by selling assets carrying above-market nominal interest rates. A number of institutions also took advantage of these unusual circumstances to raise new capital and pay down liabilities, increasing their cushion against unexpected losses.

Expected budgetary costs and outlays for the largest deposit insurance accounts are discussed below. These annual estimates are subject to a wide range of uncertainty. A single large failure could upset loss projections in a particular year.

Resolution Trust Corporation/Savings Association Insurance Fund.—Several issues are relevant in assessing future costs. The first issue is that the short-term budget projection for thrifts is clouded by RTC funding uncertainty. Delays have added to costs by postponing resolution and disposition. Resolution activity has virtually ceased in recent months because the Congress has not responded to Administration requests to fund additional losses.

A second issue is how many institutions will be transferred to the RTC by the time its mandate to take in more insolvent institutions expires in September 1993. This will depend on determinations made by the Office of Thrift Supervision (OTS) and the FDIC on whether institutions that are not in compliance with capital standards are viable or not.

A third issue concerns the number of thrifts that will fail once the RTC resolves the backlog of problems inherited from the FSLIC. This depends on the relative economic health of the thrift industry and future economic conditions. The thrift industry remains sensitive to changes in interest rates and vulnerable to strong competition from the highly efficient secondary markets.

A fourth unknown is the pace and efficiency with which the RTC can dispose of the assets it has acquired and will acquire when the remaining failed thrifts are resolved. As readily marketable assets are sold, the remaining assets will increasingly be nonperforming loans and troubled collateral that will be hard to sell. A final accounting of the cost of this thrift cleanup cannot be made until the Federal Government has disposed of all these assets—a task likely to take years to complete.

Projected Losses and Outlays.—Additional losses from thrift failures are expected to total $34 billion through 1998. If funding is provided in the current fiscal year, the RTC can be expected to resolve $41 billion in assets this year and another $106 billion in 1994 and 1995. Cash outlays are estimated to be about -$21 billion over the 1993–1998 period.

Costs for thrifts that fail after September 30, 1993 are to be paid from the new Savings Association Insurance Fund (SAIF). This new fund will have an initial cash reserve of about $1.4 billion, and an annual premium revenue of about $1.5 billion. These revenues appear sufficient to cover expected losses after 1995. Under more pessimistic economic assumptions, however, failure costs for savings and loans could accrue at rates significantly greater than the projected SAIF premium revenues.

FSLIC Resolution Fund.—Many purchasers of insolvent thrifts in late 1988 and early 1989 received Federal commitments of long-term assistance to cover future losses on assets acquired from failed thrifts. The cost of these "1988 deals" remains uncertain, although many have been subsequently "restructured" to remove long-term contingencies. These "1988 deal" costs are now being liquidated by the FSLIC Resolution Fund (FRF) with $38 billion having been paid as of December 31, 1991. The General Accounting Office has estimated that this figure will rise to $56 billion when all of these transactions are paid off. Treasury appropriations authorized in 1989 (in addition to the thrift insurance premiums) help fund these FRF obligations. Through 1992, the FRF had received $41 billion in appropriations. It is estimated that an additional $6 billion in appropriations will be needed for FRF through 1998, with cash outlays projected to total $7 billion over the same period.

Bank Insurance Fund.—Despite the recent favorable interest rate environment and record earnings by many banks, segments of the industry remain troubled. As of September 30, 1992, 993 commercial and savings banks with a combined $558 billion in assets (15 percent of the industry total) were on the FDIC's "problem list." Many problem banks will not fail. However, continuing weakness in the real estate sector, rising loan losses on the West Coast, and increased bank interest rate sensitivity could weaken other banks.

Payments to cover the losses of failed banks are projected to total $45 billion over the next six years, but premium collections will total only $44 billion if the current premium schedule remains in effect. As a result, the insurance fund's net worth will fall to $1 billion in 1994 before starting to recover. More adverse economic conditions could increase loss payments to $57 billion and reduce the insurance fund net worth to −$6 billion by 1996.

Projected Losses and Outlays.—Over the 1993–1998 period, outlays on an accrual basis are estimated to be $15 billion, including over $10 billion in payments to liquidate costs that had accrued for banks that became insolvent before 1993. On a cash basis, outlays will total $6 billion. Cash outlays reflect not only payments to cover losses and premium income but also the temporary flows as cash is disbursed to acquire the assets of failed institutions and later recovered as the assets are sold.

Discount Window Borrowing

Borrowing from the Federal Reserve's discount window—whether by a banking or nonbanking firm—is a potential source of losses to the Federal Reserve banks, especially if such lending became widespread in a future financial crisis. Such borrowings are not insured liabilities of the Federal Government, and even from the Federal Reserve's viewpoint, the risk of loss is small because of strong collateral requirements. The scale of this risk is impossible to estimate. Any such loss would reduce the system's annual payments to the Treasury and thereby increase the Federal deficit.

Pension Insurance

Since the passage of the Employees Retirement and Income Security Act (ERISA) and the establishment of the Pension Benefit Guaranty Corporation (PBGC) in 1974, the Federal Government has played an active role in the private pension market—insuring benefits in single-employer and multi-employer defined benefit plans. The PBGC insures pension plan participants against losses resulting from the joint incidence of a failure in the sponsoring firm and a shortfall in the pension assets that were set aside by that firm to pay for promised pension benefits.

At the end of 1992, the PBGC was insuring about 85,000 plans with total assets of over $1 trillion and total vested pension benefits of $860 billion. About $775 billion of these guaranteed benefits were in single-employer plans, with the remaining $85 billion in a small group of multiemployer plans.

Unfortunately, while the pension system as a whole holds more pension assets than promised benefits, many large firms continue to underfund promised pension obligations. This leaves the PBGC facing a huge exposure to future pension termination claims. At the end of 1991, the total underfunding in PBGC-insured pension plans, as measured by vested benefit obligations, exceeded $37 billion. (Underfunding as measured by accumulated benefit obligations exceeded $59 billion.) Almost two-thirds of this underfunding ($24 billion) is concentrated in the firms identified on PBGC's "Top 50 List of Underfunded Plans".

Not all of this underfunding will translate into a claim on the PBGC, however, because that will only occur if a sponsoring firm becomes insolvent. Nevertheless, even if firms increase pension funding over the next few years to meet the funding requirements of the Pension Protection Act of 1987, PBGC's present value of expected claims over the next 30 years is approximately $35–40 billion (as of 1993). (For measurement issues see the next section on "Methods of Measuring Insurance Costs"). PBGC's expected present value of future premium income over the same period is only $10–18 billion. Thus, the PBGC currently faces an uncovered exposure in the neighborhood of $24 billion.

Exposure Concentration.—Most of the underfunding is concentrated within a few industries. Based on 1990 data, 75 percent of PBGC's exposure was attributable to six industries: the automobile industry (32 percent), the petroleum industry (16 percent), the industrial machinery and chemical industries (10 percent each), and the airline industry (7 percent). In large part, the propensity for underfunding in these industries reflects the popularity of flat benefit plans, as opposed to final salary plans, in union contracts.

Flat benefit plans, common in unionized firms, calculate benefit liabilities based on a fixed dollar amount per year of service, which is usually specified in the labor contract. Since current pension law for flat benefit plans does not require (and actually discourages) funding to be based on wage growth projections, pension funding continually lags behind the real growth in promised pension benefits. As a result, 95 percent of flat benefit plans are chronically underfunded.

Final salary plans, in contrast, are required to base benefit calculations and funding levels on both the number of years of service and projected final salaries. Thus, final salary plans are predominantly overfunded. As a result, while flat benefit plans account for only 20 percent of PBGC's outstanding guaranteed benefits, they represent over two-thirds of the agency's loss exposure.

Administration Reforms. — Acknowledging this large hidden liability, the 1993 budget proposed switching the PBGC's budgetary treatment from a cash basis to an accrual basis. It also included proposed funding, bankruptcy, and guarantee reforms designed to reduce the agency's exposure from future claims. If enacted, these reforms are estimated to reduce PBGC's expected future claims by as much as $17 billion to approximately $0–5 billion, net of premiums.

- Funding Reform: Increase minimum funding requirements under a new solvency maintenance rule and a revised underfunding reduction rule for underfunded plans.
- Guarantee Freeze: Limit the increase in PBGC's exposure from plan amendments that increase insured benefits in chronically underfunded plans.
- Bankruptcy Reform: Clarify and improve the status of PBGC's claims in bankruptcy court, and grant the PBGC the right to participate on creditors' committees during bankruptcy court proceedings.

While none of these measures was enacted, they focused attention on a large and growing liability of the Federal Government.

The current cash budgeting for PBGC grossly understates the agency's exposure to future claims by not recognizing the cost of claims as coverage is extended. Under the budgetary treatment shown in Table 11–4, the costs associated with claims from currently insured pension benefits, based on current wages and service of vested participants, would be recognized when those plans terminate. A second budget line would recognize the annual changes in PBGC's exposure, including new plans and participants, higher wages and additional service, and the changes in the financial condition of pension funds and sponsors. By showing costs up front, accrual budgeting would provide the information on current and future claims needed by the PBGC, Congress, and the Administration to manage the cost of Federal pension insurance.

Other Insurance

Of the other Federal insurance programs, flood and crop insurance are subsidized. Flood insurance subsidizes the first $35,000 of coverage on structures that were constructed before community measures to mitigate flood damage. Crop insurance subsidizes premiums on multiperil crop damage insurance, reinsures private company losses above premium payments, and pays administrative expenses. Its losses average $1.40 for each $1 of income. Both, however, are short-term insurance. Maritime and aviation war risk insurance, which could be costly in unpredictable amounts, are also short-term.

Five of the seven VA life insurance programs are actuarially sound. The other two are subsidized to provide disabled veterans with policies at rates that would apply to healthy people. Congress recently increased the coverage available under both of these subsidized programs. VA is actuarially assessing the long-term cost of these changes. Federal subsidies are also being provided through the HHS program that compensates for injuries resulting from vaccines produced both before and after 1989. The present value of this cost is estimated to be $172 million.

The Overseas Private Investment Corporation insures against political risk, inconvertibility, and expropriation for U.S. companies interested in investing in developing countries. Its overall limitation on outstanding contingent liability was just raised from $7.5 to $9 billion. OPIC has internal geographic exposure limits and reserve requirements; its risk assessment is essentially the same as for its credit programs. High demand for large oil and gas contracts in the former Soviet Union may raise its volume of business in 1993 and 1994. Further study of OPIC's insurance liability is planned next year.

Methods of Measuring Insurance Costs

A contingent claims approach has been taken by the Office of Management and Budget to measure the prospective costs of deposit insurance and pension guarantees. This approach has a substantial academic history and is widely used by participants in financial markets. However, its use for budgeting has required considerable innovation.

Banks and thrifts.—Both costs as they accrue and the subsequent cash payments can be estimated for deposit insurance using information provided quarterly to regulators by every institution. The current financial condition of each depository is estimated by capitalizing its reported income, adjusted for anticipated loan losses and temporary fluctuations. The resulting estimate of asset value, less the face value of the institution's deposits and other liabilities, provides a measure of the economic value of its capital. This measure of capital is correlated with economic values estimated from the stock prices of bank holding companies and, for failed institutions, with the regulators' subsequent estimates of insurance fund losses.

The estimated future accruals of deposit insurance costs depend not only on the current condition of each bank or thrift but also on the anticipated trend and volatility of earnings. Even if average earnings do not change, normal fluctuations in the profitability of individual firms will generate a stream of new insolvencies each year. Some of these institutions will lose so much money that they will exhaust their capital and be closed.

For both banks and thrifts, costs are projected using computer simulations. The simulations begin with the current distribution of institutions' financial condition, which is recreated as a statistically equivalent set of several thousand equal-sized "banks"; thus, the future paths taken by individual banks are not projected. Projections are made by applying random annual changes to the net worth of each "bank", to reflect anticipated earnings volatility, and by "closing" deeply insolvent banks. For the baseline projection, recent averages are used to estimate expected earnings volatility and the "closure rule" that the regulation will follow. Alternative estimates can be generated by varying the assumed trend and volatility of industry earnings and the assumed point at which regulators will intervene to close an insolvent depository.

In the coming year, further work is planned to refine the estimates of institutions' current condition and the methods used to project accruing costs. Areas of inquiry include the relationship of bank and thrift industry performance to broader economic trends, including changes in interest rates, and possible cost savings from further reform of deposit insurance and financial regulation.

Pension guarantees.—A similar approach is used to estimate the expected net present value of future pension claims. The joint probability of firm failure and pension underfunding is estimated given the expected trends and volatility that characterize pension funds and sponsoring corporations. The measure shown in this year's budget allocates the cost of future claims over time as the vested benefit obligations increase.

Compared with last year, the estimated volatility of pension assets has been reduced to reflect more accurately the diversification of most pension portfolios, while the variance in pension and firm liabilities has been adjusted upward to incorporate interest rate volatility. Recoveries have been reduced to reflect both the continuing deterioration in the amounts obtained from bankrupt firms and the current practice of paying a portion of these amounts to nonvested or uninsured pension beneficiaries.

The measurement of pension liabilities at bankruptcy also has been improved. Early retirements, golden handshakes, and layoffs at firms nearing insolvency often raise reported pension liabilities by as much as 20 percent between the last reporting date of the firm and bankruptcy. Most of this cost increase is attributable to the decrease in the retirement age assumptions used when valuing a firm's pension plan on a "date of pension termination (DOPT)" basis rather than a "going concern" basis. For the present estimates of PBGC's expected cost, pension liabilities are valued on a DOPT basis for firms with funding below 110 percent of pension liabilities.

Finally, the recognition of PBGC costs has been improved to more accurately match the extension of insurance. In the 1993 Budget, the accrual costs reported for the PBGC were based on the expected changes in current and future insured benefits. While the inclusion of future benefits is important in assessing the agency's long-run financial position, the incorporation of future benefits in budgeting can lead to a premature recognition of costs. In response to this problem, this year's Budget adopts a stricter definition of liability in allocating PBGC's costs: vested benefit obligations currently insured by the agency. Using this definition of liability, accrual costs represent the increase in insured vested benefits during the year, due to additional years of service, an additional year's wage growth, new plans, new benefits, etc. The recognition of accrued costs associated with benefits insured at the time of conversion to an accrual measure are recorded as plans with these costs are projected to terminate.

Research to improve the Government's ability to assess future costs is continuing, both at OMB and at PBGC. OMB is working on an improved formulation of the value of the pension insurance option, including more advanced modeling of firm behavior and pension funding near insolvency, specifying the value of insurance from the perspective of firm equity and debt holders, and analyzing the impact of reform proposals.

Other Insurance.—In budgeting for other insurance programs, the best measure of cost is the actuarial estimates of the long-term average annual loss for comparable exposure. While the actual loss in any one year may differ substantially from this average, balances should net over time. Actuarial estimates of losses for these programs have been improved. For example, the Federal Government has mapped flood insurance risk across the nation. For OPIC, which utilizes risk ratings and geographic exposure limits in issuing both insurance and credit, work has begun to assess whether additional forms of analysis improve on these measures.

OVERSEEING GSEs

Government-sponsored enterprises (GSEs) are privately owned corporations that were created by the Federal Government to provide credit or package loans into securities for specified purposes. Because of their public policy objectives and their close ties to the Government—and because of their massive role in credit markets—it is widely assumed that the Government would come to the aid of any GSE that got into financial trouble. Indeed, when the Farm Credit System was jeopardized by the sharp decline of agricultural income and land values in the mid-1980s, Congress provided financial assistance.

Concern about GSEs stems not from their current risk or financial condition, but from their scale and potential to take future risks. In part because of their special status, GSEs tend to be profitable and stable. Their perceived Federal guarantee, geographic diversity and economies of scale arising from their nationwide operations, and the flexibility to respond to market changes due to their private ownership all combine to reduce their borrowing cost relative to competitors. Risk assessments and stress tests carried out by OMB, Treasury, HUD, GAO, and CBO have found GSEs generally able to withstand adverse interest rate and credit conditions.

Nevertheless, the growth and importance of GSEs, together with past problems and some risks on the horizon, stimulated the Administration to conduct two studies on the GSEs and to propose legislation designed to protect the taxpayer. Congress enacted several versions of the Administration's legislation last year that provided or strengthened Federal oversight and reduced Federal risks from several enterprises.

- Under the Housing and Community Development Act of 1992, an independent office within HUD was established to oversee the safety and soundness of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). The legislation established a risk-based capital standard that assesses credit and interest rate risks by a "stress test" under which a GSE must maintain positive capital over a 10-year period that incorporates the most severe recent regional housing recession. The legislation also creates new enforcement powers for the financial regulator to use if the GSEs fail to meet or maintain these capital standards. As of June 30, 1992, both GSEs met the minimum capital standards imposed by this legislation.
- Last year's Higher Education Act reauthorization brought some oversight to the Student Loan Marketing Association (Sallie Mae). It set minimum standards and provided the Secretary of Treasury with some enforcement authorities when these standards are not met. Risk assessments of Sallie Mae have recognized that Federal policy changes continue to be the biggest threat. By setting up a five-year pilot test of direct loans to students, the Higher Education Act also raised the possibility of future legislation converting the entire guaranteed stu-

dent loan program into a direct loan program. If this were to happen, Sallie Mae's role as a secondary market for guaranteed loans would eventually be eliminated. This specter damaged Sallie Mae's standing in financial markets. Until the issue is resolved, its future will continue to be suspect.

- The Farm Credit Banks and Association Safety and Soundness Act of 1992 required the Farm Credit System (FCS) to accelerate repayment of a portion of its debt to the Financial Assistance Corporation (FAC) and the Treasury. FAC authority to issue debt expired at the end of 1992, with only $1.3 billion issued out of the $4 billion authorized. This indicates a significant improvement in the System's financial condition, due to the successful efforts of the Farm Credit Banks to strengthen their risk-based capital, as required by the 1987 bailout legislation. The risk of default on FCS debt, and of another Federal bailout, is also being reduced by the growing balance of the FCS insurance fund, created in 1987 as a reserve. Fund balances are currently around $600 million and could reach the $1 billion required level by 1997.
- The Federal Agricultural Mortgage Corporation Safety and Soundness Act of 1991 requires risk-based capital standards to cover both credit and interest rate risk and management and operations risk for the Federal Agricultural Mortgage Corporation (Farmer Mac). The Act sets requirements for "core" and "critical" capital. Regulation, including capital standards, is provided through the Farm Credit Administration's Office of Secondary Market Oversight.
- The Federal Home Loan Bank System (FHLBS), although still sound with adequate capital, has come under increased pressure due in part to the shrinkage of the thrift industry. The System has reached a critical juncture calling into question its continued profitability in pursuing its current mission. Its net income fell by a third from late 1990 to late 1992, creating pressure for change. In response, the Federal Housing Finance Board, the System's regulator, has allowed the Banks to expand its investments and take on more risk in an effort to earn a higher return. The future mission of the FHLBs remains uncertain pending the results from several studies mandated by Congress for 1993.

District of Columbia Borrowing

The Federal Government has a unique relationship with the District of Columbia government. The President recommends certain specific Federal appropriations for the District that account for roughly 24 percent of the District's total budget. In accordance with the Home Rule Act of 1979, the President transmits (without endorsing) the District's total budget to Congress. The Congress then subjects that budget to detailed appropriation of local District funds.

Since the mid-1980s, the District of Columbia has borrowed in the private credit market to meet both its long-term capital financing and short-term cash flow needs. The District government has also retained a unique ability to borrow from the Federal Government if private market financing is not available or if its required financing needs exceed the statutory caps for the District's short-term private market borrowing. The statutory requirements that the District submit a balanced budget effectively limits this short-term borrowing. Such financing will not solve a structural deficit problem.

Currently, the District is projecting a $1 billion deficit for the two-year period 1993–1994. Most of the structural problems that have recently been identified by independent analysts remain to be addressed. Some of the problems the District continues to face include:

- a seriously underfunded pension liability that has steadily increased from $2 billion in 1979 to an estimated $4.9 billion in 1992 (reflecting principally accrued unpaid interest);
- high levels of staffing and services compared with other cities; and
- rising local Medicaid costs relative to other cities due to a liberal benefits program.

In order to solve its structural budget problems, the District will have to implement changes that would raise revenues and/or reduce spending.

IDENTIFYING LONG-TERM RETIREMENT OBLIGATIONS

The Government plans to spend $532 billion in 1994 for Social Security, Medicare, railroad retirement, and Federal employee disability and pensions. This is 35 percent of total outlays, up sharply from 31 percent in 1980 and 22 percent in 1970. In addition, a significant share of growing civilian and military health expenditures are for retirees. The increase in Federal outlays reflects higher real benefits, rapidly rising medical costs, and the aging of the population. Americans have been living longer after age 65, and more of the elderly have been retiring early.

The following section analyzes a variety of actuarial estimates of the long-term costs of these programs and liabilities. In particular, it compares the trends over time, contrasting health programs with annuities, and the trends for Social Security with those for Federal employee pensions. Social Security and Medicare are discussed further in Chapter 10. Federal employee retirement benefits are discussed in the succeeding section of this Chapter.

ACTUARIAL STATUS OF ANNUITY AND HEALTH PROGRAMS

Table 11–5 provides alternative measures of the actuarial status of Social Security, Medicare, and Federal employee pension and retiree health programs. Column 1 shows accumulated plan benefits based on service-to-date for current employees, without regard to future service and pay increases. These are not net of plan assets because, in the case of Federal retirement systems, plan assets are Treasury securities. When the pensions must be paid, Treasury will have to tax or borrow to redeem these securities.

Column 2 shows the actuarial status on a closed-system basis. This measure of unfunded accrued liability incorporates future service and pay increases for current employees, as well as the future normal cost contributions to cover benefits. It, however, excludes the service and contributions of new entrants to the retirement systems. The estimate for the Civil Service Retirement System (CSRS) on this basis understates the Government's unfunded liability by about $90 billion, since actual agency and employee contributions are only about one-half of the accruing normal costs assumed in this calculation.

Because Social Security and Medicare are ongoing programs, the Trustees generally report their actuarial status on an open-system basis (Column 3). These measures include the service and contributions of current and future participants of these programs over a 75-year horizon. Because new workers will pay earmarked taxes without receiving commensurate benefits during

Table 11–5. ACTUARIAL STATUS OF RETIREMENT ANNUITY AND HEALTH PROGRAMS

(In billions of dollars, as of September 30, 1991 [1])

	Accumulated Plan Benefits	Unfunded Accrued Liability—Closed System	Unfunded Accrued Liability—Open System
Social Security	NA	7,272	1,665
Civil Service Retirement System	679	594	NA
Military	497	511	NA
Federal Employees Retirement System	16	6	NA
Railroad Retirement	NA	33	56
Other Annuities	24	24	NA
Medicar HI	NA	NA	4,799
Federal Employees Health Benefits Plan	122	NA	NA
Military Treatment Facilities and CHAMPUS	NA	213	NA

[1] December 31, 1989, for the Railroad Retirement Board; September 30, 1990, for several small systems included in the "Other" category. The estimate for MTFs/CHAMPUS is for the beginning of 1994.

[2] These retirement programs include Coast Guard Military, Public Health Service Commissioned Corps, State Department Foreign Service, Tennessee Valley Authority, National Oceanic and Atmospheric Administration, and the Central Intelligence Agency Retirement and Disability System.

this period, they are in effect subsidizing the previous generation of retirees. Open-system estimates are not formally made for Federal employee pension plans. However, since the major plans have converted to an accrual basis for new employees, the open-system liabilities are close to those for the closed-system.

In the last two years, preliminary estimates have been made of the liabilities for retiree health benefits for Federal employees. DoD has recently estimated the unfunded accrued liability for retiree health care, including the future service of existing members of the armed forces. OPM has started to calculate actuarial liabilities of civil service retiree health programs on a basis similar to that required of private employers.

Trends.—Actuarial deficiencies for health care show the sharpest deterioration over time. The estimates for Medicare hospital insurance have been increased by higher-than-projected health care costs and utilization, a higher incidence of disability, and a lower payroll tax base. The current estimates of the fund's condition may understate the problem, since there has been a trend of increasingly pessimistic actuarial estimates. Medical costs have been rising particularly rapidly for the SMI part of Medicare.

Actuarial estimates of the solvency of the Social Security programs have deteriorated since the major reforms of 1983. Revised economic and demographic assumptions have significantly worsened the trust funds' condition. The combined OASDI balance is now projected to be exhausted 27 years earlier than envisaged in 1983. The projection is particularly gloomy for the disability insurance trust fund. Receipts have been constrained by slower-than-expected economic growth, an increasing trend in the proportion of workers who file for and are awarded disability benefits, and a decreasing trend in the proportion of recipients whose disability benefits cease. Under the assumptions used in this budget statement, its balances would be exhausted by 1996.

Federal employee pension programs are projected to show slower growth in future liabilities, partly reflecting reforms in the mid-1980s that provide less generous defined-benefit packages for new entrants into the armed services and the civil service. Stability in the number of civilian employees and the downsizing of the military should limit the growth in pensions. Health costs for Federal employees have escalated, however, generating a growing hidden liability for the Government.

FEDERAL EMPLOYEE PENSION AND RETIREE HEALTH BENEFITS

The Federal Government is the biggest employer in the country and operates several systems of retirement, disability, and medical care for its employees. The largest are the civilian and military retirement and disability funds. Next largest are health benefits for civilian annuitants and the Defense Department medical care program for retired military personnel and their dependents.

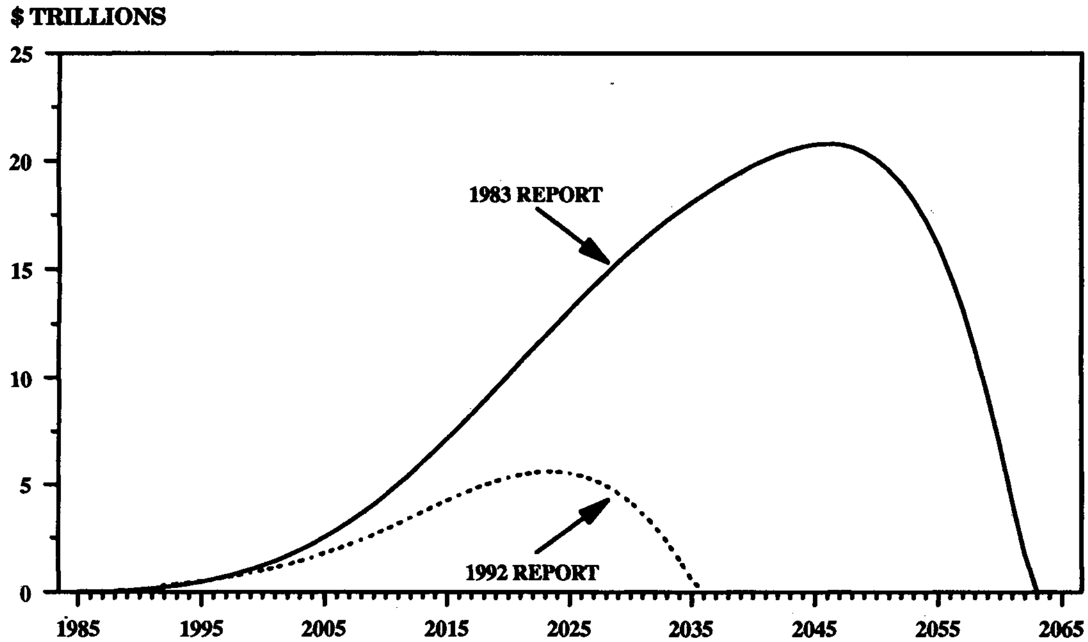
Reforms in the 1980s put the military and major civilian pension plans on a sounder financial footing by allowing them to charge agencies the costs as they accrued. Current contributions and statutory funding related to unfunded liabilities are sufficient to maintain solvency of both the Military Retirement and Disability Fund (MRDF) and the Civil Service Retirement and Disability Trust Fund (CSRDF) over a 75-year horizon. However, substantial unfunded liabilities remain for earlier service.

The Government is studying the possibility of charging agencies the accruing costs for retiree health care. Private sector standards now require firms to convert to accrual accounting in 1993 (or 1995 for small firms). Estimates have been made of the accumulated benefit obligation for civilian employees and the unfunded liability and accruing costs for military personnel.

Civilian Pensions.—Civilian pensions were reformed in the 1980s. Most employees hired prior to 1984 are covered by CSRS, which provides a defined benefit at retirement. The estimated accruing cost for this program is about 28 percent of pay. Matching employer/employee contributions of 7 percent each cover about one-half of this cost. General fund contributions are also made through a complex formula involving the unfunded liability, benefit changes, and pay increases.

Employees hired after 1983 are enrolled in the Federal Employees Retirement System (FERS). This program is three-tiered. Enrollees are under Social Security, with employing agencies and employees making the same contributions as private sector participants. They may contribute

Chart 11-1. SOCIAL SECURITY TRUST FUND BALANCE



NOTE: Social Security Trustees' Intermediate Assumptions

to a thrift plan and receive matching Government contributions related to their degree of participation. Finally, they are eligible for a defined benefit. This defined benefit has an accruing cost of about 14 percent of pay, financed mostly through agency contributions.

The growth rate of the Government's accruing obligations for civilian pensions will slow as more employees are covered under FERS. There will be an increase in future Social Security obligations, however, as more Federal employees become eligible for benefits.

Military pensions.—Military service pensions were financed before 1985 through general fund appropriations. The MRDF was created in 1985. This fund receives general fund appropriations to amortize the unfunded liability related to military service prior to 1985. DoD pays the accruing costs of the program for all subsequent service.

Charging DoD for current accruals rather than current cash pension benefits improves the cost accounting and makes trade-offs more accurate between military personnel and other types of expenditures. The accrual system's incentives also induced Congress to reform military pensions in 1986, since immediate budgetary savings result from benefit reductions.

The average retirement accrual charge is projected to decline gradually over time, as a greater percentage of military personnel come under the reduced benefit formulas for those who began service in later years. Military downsizing may decrease accrual charges and unfunded liabilities if a smaller percentage of the force reaches retirement than is currently projected.

The Board of Actuaries recently raised the projected interest earned on MRDF assets from 7.0 to 7.5 percent, and reduced the assumed growth rate of basic pay from 5.75 to 5.5 percent. These changes, which reduce accrual charges and the unfunded liabilities, are reflected in budget estimates for 1993.

Retiree Health Care Benefits

Civilians.—Federal Employees Health Benefit Plan (FEHBP) retiree health coverage is operated on a pay-as-you-go basis. The Government costs are paid directly by the general fund. Except for the Postal Service, the agencies that previously employed the retirees pay nothing for their post-retirement coverage.

Federal costs for FEHBP annuitant coverage have increased from $1.7 billion in 1987 to $4.3 billion in 1993. Over 40 percent of FEHBP enrollees are annuitants, and this percentage is increasing. FEHBP retiree coverage is more comprehensive than offered by most private employers. While a 1990 GAO report found that only one-third of private sector employees are offered any retiree health coverage at all by their employers, virtually all Federal employees are eligible for FEHBP retiree coverage.

Most FEHBP plans waive normal deductibles and coinsurance for retired enrollees with Medicare. This 100 percent insurance may encourage excess utilization of health care services and increase costs in both FEHBP and Medicare. Private employers are moving away from this costly "coordination of benefits" method of integrating their coverage with Medicare to less costly "carve-out" approaches. They are making changes in retiree health coverage to constrain skyrocketing health care costs and reduce FASB-mandated liabilities.

A preliminary estimate of the present value of future FEHBP retiree benefits as of September 30, 1992 is $122 billion. This is based on calculations analogous to those required of private employers under FASB (Financial Accounting Standards Board) guidelines. It is highly sensitive to assumptions about health care costs and usage. Varying the assumed health care expenditure rate by one percentage point in each direction yields present value estimates of future retiree health benefits ranging from $107 billion to $142 billion.

Military.—Military retirees are entitled to health care in military medical facilities essentially without charge if the facility can provide it. Until they reach the age of 65, military retirees are also entitled to health care financed by the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). After 65, military retirees are entitled to Medicare.

Unlike Medicare, care provided in military medical facilities is free. No premium is charged for care financed by CHAMPUS, although retirees pay a deductible and a 25 percent co-payment. Department of Defense costs for retiree health care are funded annually by direct appropriations in the year the services are rendered or billed.

The accruing costs for future health care are not recorded in the budget. A recent DOD study estimated the unfunded accrued liability for these costs at $213 billion and an annual accrual cost of $6.2 billion. The study assumed that the growth in health care costs would gradually drop from 9 percent annually to 6 percent annually after the year 2010.

HAZARDOUS WASTE CLEANUP

The Department of Energy (DOE) is faced with the largest and most complex cleanup task in the country. It must manage and dispose of a wide variety of radioactive and hazardous wastes resulting from past operations, including nuclear weapons production. The cost to accomplish these tasks is in the hundreds of billions of dollars, but the amount is highly uncertain. Cleaning up toxic waste sites is also a major challenge for the Department of Defense (DOD).

Costs will vary widely for a given site depending on what future standard is selected. Technology does not exist to clean up certain wastes, so the time and cost are very hard to predict. Partly for this reason, a rapid cleanup schedule is likely to cost more than one which allows time to develop and assess alternative approaches.

Department of Energy Sites

DOE's cleanup program currently covers about 100 sites located in 34 States and territories. Most sites are heavily contaminated with radioactive waste. Cleanup measures required will vary considerably at each site according to such factors as location, hydrologic conditions, geology, types of contaminants, and cleanup standards. The sites are subject to a large number of often overlapping Federal and state environmental laws and regulations. From 1989 through 1993, about $18 billion is being spent on managing the waste, identifying its nature, and assessing the characteristics of contaminated areas and facilities. Not much cleanup is being achieved because of the cumbersome regulatory requirements that must be met before actual cleanup can proceed.

To clean up wastes and limit prospective Federal liabilities, it would be prudent to consider reforms in the following areas.

- Cleanup costs vary widely depending on what future site use standard is selected. If the "residential future use" standard is selected, cleanup costs could be many times greater than if future access to the site were restricted by continued Federal Government ownership and institutional controls. For both cases, health risk may be the same. Cleanup standards will be set at each site by the involved agencies and should be on the basis of health risk reduction, taking into account site-wide cleanup cost.
- DOE's traditional contracting approach is costly for cleanup. Most sites rely on the management and operations (M&O) method of contracting used since the 1950s to operate nuclear weapons production facilities. A detailed study of the DOE cleanup program conducted by OMB, the Army Corps of Engineers, and the DOE's own Independent Cost Estimation (ICE) team in late 1991 found excessive levels of program management, overhead, and contingency funds—which could be reduced without impacting DOE's ability to meet legal requirements.
- Technology does not exist to clean up certain wastes. For certain wastes such as mixed, hazardous, and radioactive waste, technology needs to be developed for safe, cost-effective, long-term management. If unrealistic and tight deadlines are imposed where effective technology is not available, substantial costs will be incurred and safe, long-term cleanup may still not be achieved.
- A large number of defense program weapons production facilities are being phased out and will require cleanup. There are hundreds of facilities that will require billions of dollars to clean up. The amount of contamination at many such facilities is not known nor is the cost and schedule to achieve cleanup. Such facilities include reactors, chemical processing plants, weapons fabrication facilities, related structures, and service areas. Such facilities need to be safely shut down and secured, but pressures to begin cleanup could overburden the existing program.

Department of Defense Sites

The Department of Defense has made a comprehensive effort to identify all potentially contaminated sites. Consistent with the Department's worst-site-first-cleanup policy, emphasis was initially placed on contamination affecting public health, but now efforts have expanded to address smaller installations with lower hazard potential. By the end of 1991, 17,660 potential sites at 1,877 installations had been identified. These sites also are subject to many overlapping laws and regulations. Currently, only 101 of these installations are on EPA's National Priorities List (NPL). These NPL sites represent DOD's most serious cleanup challenges. From 1989 through 1993, a total of $5 billion is being spent for environmental restoration. The most recent DOD estimate for cleaning up all of the sites is $25 billion, beginning with expenditures in 1991. This number may be understated for the outyears because the extent of the contamination, cleanup methods, and standards are not yet known in most cases. DOD estimates that it will take ten to fifteen more years to complete the cleanup effort.

12. High Risk Areas for Management Improvement

12. HIGH RISK AREAS FOR MANAGEMENT IMPROVEMENT

The Bush Administration initiated the High Risk Program in 1989 to focus attention and resources on eliminating major risks confronting Federal agencies and programs. High risk areas are those weaknesses that warrant the personal attention of the agency head and the Congress to ensure correction. OMB compiled the List and published it in the President's budget in order to assure attention to these matters and seek any needed resources for corrective action. The List provides a tool for public accountability.

Since establishment of the High Risk List in the fall of 1989, a total of 33 areas have been removed from the List as a result of agency corrective actions. During the same period, 29 areas have been added. Inclusion on the High Risk List reflects agency and OMB agreement on the most serious and pressing deficiencies in agency operations.

At the beginning of 1992, there were 99 high risk areas requiring priority attention. During this year, 10 new areas were added and 5 areas were sufficiently corrected to warrant deletion from the List. Due to problem re-definition, one area has been merged with a new high risk area, and one area has been split into two. At the beginning of 1993, the List includes 104 high risk areas.

In August 1992, the General Accounting Office (GAO) reported on its audit of the High Risk Program ("OMB's High Risk Program—Benefits Found But Greater Oversight Needed" AFMD–92–63). GAO found:

- The High Risk Program provides a much needed emphasis by top level officials on strengthening the operations of Federal programs.
- Reporting the List in the President's Budget is a positive step toward ensuring continued high level attention to correcting the Government's major management problems.
- Although the majority of the information presented in the budget is reasonable and accurate, GAO audits show that progress reported in several areas is misleading or overly optimistic (16 of 68 areas audited by GAO).

In response to GAO recommendations, OMB now (i) requires better documentation from the agencies supporting their progress; (ii) independently confirms agency-reported progress by consulting extensively with the Inspectors General and GAO; and (iii) clearly indicates in the budget presentation of the High Risk List those areas that are deleted (but will continue to be tracked by an agency as material weaknesses until all corrective actions have been completed).

OMB has also changed its standard for "significant progress" to require implementation of corrective action plans to the point where concrete, measurable results are being achieved. This more stringent standard accounts for the smaller number of "significant progress" assessments in this presentation. Also, this year's table reflects an OMB decision not to delete items from the High Risk List until the corrective action has taken hold (to the point where it is considered virtually not derailable).

In assessing agency progress in the 93 high risk areas that have been on the High Risk List throughout 1992, OMB found that:

- In 20 of the high risk areas, agencies have made significant progress in correcting the deficiencies (Assessment 1).
- In 61 of the high risk areas, agencies have active efforts underway to improve progress in correcting the deficiencies (Assessment 2).
- In 12 of the high risk areas, OMB has reservations about the adequacy of agency plans and/or progress (Assessment 3).
- In one area, agency progress is dependent on the results of government-wide studies.

OMB's commitment is to ensure that reasonable resources are provided in the budget to assist agencies in taking appropriate and timely corrective actions. The 1993 President's Budget requested over $2 billion for management investments to reduce the risk in high risk areas. Since transmittal of the President's budget in February 1992, adjustments in the amounts required to reconfigure DOE's nuclear weapons complex reduced the request to $1.9 billion. Congress appropriated $1.8 billion. Agencies are, however, in several instances, reallocating funds from other projects in order to supplement needed funding for these critical management improvements.

The level of funding required to correct high risk areas is expected to remain relatively constant (in the $2 billion range) in 1994. Some high risk areas will be corrected; other new areas will emerge. Except in a few areas (DOD information technology, DOE nuclear energy, HHS Medicare secondary payer, DOJ prison overcrowding, and State foreign building rehabilitation), the funding requirements are modest in relation to agency budgets.

Resources are, however, only a small part of what is required. Most important will be management commitment, resolve, and tenacity. The quality and capacity of the Government's principal managers (program managers and management assistant secretaries and equivalent) and Inspectors General will be critical.

PROGRESS REPORT
CORRECTION OF HIGH RISK AREAS

The following is a progress report on agency efforts to correct high risk areas. OMB's assessment of agency progress is presented in column 3, "Assessment." The assessment codes are: (1) Significant progress; (2) Active efforts underway to improve progress; (3) Reservations about adequacy of progress and/or plans; (A) Added to High Risk List; and (D) Deleted from High Risk List.

Information on 1993 management investments to correct high risk areas is displayed in columns 4 and 5. Management investments are the critical, marginal amounts of funding needed to ensure that the corresponding program funding is spent efficiently and effectively. Column 4 (1993 Request) represents the management investment as requested in the 1993 President's Budget. Column 5 (1993 Enacted) represents the management investment following Congressional action.

DEPARTMENT OF AGRICULTURE

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
Farmer's Home Administration (FmHA) and Rural Development Administration (RDA) Loan Programs: High total delinquencies ($10.1B) and high delinquency rates (18.3%) in 1992. There are $55B in outstanding FmHA and RDA loans. At risk: up to $10.1B in delinquent loans.	FmHA has taken the following steps to improve credit management: (i) improving underwriting through a second level review of new loans; (ii) expanding the use of contract appraisals; and (iii) contracting for a study of centralized servicing of its single family housing portfolio. FmHA developed an agency-wide Strategic Business Plan in June 1992 that provides guidance on improving credit quality and management of its loan portfolio. Next steps: FmHA will in 1993 (i) determine a course of action for implementing centralized servicing of its single family housing portfolio; (ii) review and implement State Plans for improved underwriting and appraisals; and (iii) initiate an Information Systems Plan (ISP) to guide FmHA automation efforts. Modest resources will be needed to implement single family housing centralized servicing.	2	8,764	8,764
Food and Nutrition Service (FNS): Food Stamp Coupon illegal trafficking for cash, drugs and weapons. 1993 Budget includes $23B for Food Stamp Program. At risk: est. $100M in benefits diverted annually.	In 1992, FNS (i) initiated an update of information on authorized retailers (completion in December 1993) and a test case under the Program Fraud Civil Remedies Act (PFCRA) to allow USDA to levy civil damages against retailers (completion in mid-1993); (ii) continued evaluation of the use of electronic benefit transfer (EBT) systems; (iii) implemented program integrity modifications enacted by Congress in the 1990 Food Stamp legislation; and (iv) began hiring and training 12 new staff investigators and 5 new EBT analysts. Next steps: FNS will (i) procure equipment to enhance trafficking investigations; (ii) continue the PFCRA pilot process to determine feasibility of full program implementation; and (iii) update the Retailer Policy handbook. Enforcement action improvements require continued increased funding for investigative and program staff.	2	5,750	5,750
Federal Crop Insurance: overpayment of claims. Federal Crop Insurance has a $1B annual operating level. At risk: $100M in losses paid to reinsurance companies.	FCIC has implemented a new strategy to strengthen management oversight and monitoring of reinsured companies. This includes: (i) on-site review and reporting of financial activity of reinsurance companies; (ii) systematic operational reviews of policy premiums and indemnities, as well as compliance with Standard Reinsurance Agreement requirements; and (iii) expansion of computer capabilities to perform review of claims data. FCIC reports a reduction in claims overpayments from 26 percent in 1988 to 8 percent in 1991.	1	0	0

DEPARTMENT OF AGRICULTURE—Continued

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
	Next steps: Continue monitoring reinsurance companies. USDA OIG is conducting an audit of program improvements; report scheduled for issuance by April 1993. No additional resources needed.			
FmHA, Rural Rental Housing Program (Multi-family loans and Rental Assistance): Multi-family housing (MFH) program lacks adequate oversight and internal controls. Outstanding MFH loans total $10.3B, with $22M delinquent in 92. At risk: annual losses of approximately $35M (fraudulent construction and maintenance) and $79M (interest credit and rental assistance payments).	FmHA plans to reduce vulnerability in the MFH program through a combination of specialized financial analysis training, centralization of the MFH program in the State offices, amended regulations, and new legislation. In 1992, FmHA (i) conducted financial analysis training for its National Office Staff and 800 field employees; and (ii) proposed regulations to (a) strengthen loan underwriting and auditing procedures; (b) require project reserve accounts be deposited in supervised bank accounts; and (c) limit profit layering, subsidy layering and other activities associated with Identities of Interest problems. Two Bush Administration legislative initiatives were enacted in 1992: rural housing vouchers, and increased equity contributions. Next steps: In 1993, FmHA will (i) continue specialized training program; (ii) finalize the proposed rules; (iii) propose legislation to permit tenant wage matching; and (iv) continue centralization of the MFH program into the State offices. No additional resources needed.	A	....	....

DEPARTMENT OF COMMERCE

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
DOC computer site security weak. 1993 budget provides $514M for ADP. At risk: assurance that this investment and DOC data are protected from loss.	DOC has developed a methodology for preparing ADP security plans for all sensitive and classified systems. Operating units identified 1,100 sensitive and classified systems, and submitted over 700 security plans. Implementation of each plan is monitored by DOC using a PC-based system and on-site verifications. DOC has an active computer security awareness program. As a result, operating units now routinely scan foreign diskettes for malicious software before use, avoiding the loss of data and time to recover damaged systems and files. Also, incidents of computer hacking have been detected and promptly reported and investigated by the Secret Service. Next steps: (i) Continue to monitor security plan implementation (including on-site verification). (ii) Initiate, beginning in January 1993, an annual assessment of each bureau's security program. Failure to receive funding in 1993 required DOC to reallocate funds from other programs.	1	1,500	0
DOC financial systems are seriously outdated, fragmented, inadequately controlled, and costly and difficult to maintain. DOC financial systems process $3B annually. At risk: assurance that these funds are being accounted for in an accurate and timely fashion.	In 1992, (i) two DOC bureaus implemented cross-servicing arrangements for accounting support from other agencies; (ii) accounting services contract awarded to provide assistance to DOC financial organizations in improving data quality; and (iii) two bureaus prepared 1991 financial statements in accordance with OMB guidance. However, milestone dates for the Department-wide financial system implementation have been slipping due to cuts in the President's 1993 budget request and changes in strategy resulting from them. Next steps: (i) Complete the evaluation of use of the U.S. Army Corps of Engineers core accounting system as DOC-wide system. (ii) Define requirements for travel, procurement, and real and personal property. (iii) Produce 1992 financial statements for all DOC CFOs Act reporting entities. Department-wide financial system improvements in 1994 require funding.	2	5,200	1,000

DEPARTMENT OF COMMERCE—Continued

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
National Weather Service's (NWS) National Oceanographic and Atmospheric Administration (NOAA): Major systems acquisition problems delaying NWS modernization. 1993 budget provides $128.6 M for procurement of NWS systems. At risk: $50–60M in additional annual operating expenses if acquisition costs are not controlled.	NOAA has experienced contract cost overruns, missed deadlines, and contract disputes in its efforts to replace technically obsolete and costly-to-maintain weather systems with those that can analyze and predict destructive weather patterns. In 1992, contract disputes were settled and deadlines are now being met. Contract management problems have been mitigated by the establishment, in 1991, of the Systems Program Office which has consolidated the design, procurement and acceptance of new systems. This Office's effectiveness is measured by the fact that NOAA installed 14 tri-agency Next Generation Weather Radar (NEXRAD) systems, and activated 131 tri-agency Automated Field Operations and Services (ASOS) units. All are performing well. Next steps: In 1993, (i) award Advance Weather Interactive Processing System (AWIPS) development contract; (ii) acquire supercomputer for National Meteorological Center; and (iii) operate prototype Weather Forecast Office in 1993. Funds will be required in 1994 to continue contract management improvements.	2	2,230	2,230
NOAA: Geostationary Operational Environmental Satellite (GOES) technical development problems. 1993 budget provides $118M for GOES. At risk: the loss of weather estimating capability.	NOAA must overcome the technical development problems affecting GOES-NEXT satellites (under contract to NASA), which have caused increased costs, schedule slippage, and the potential for reduced satellite capacity. Contractor delays resulted in rescheduling launch from 1990 to 1994. In 1992, NOAA closely monitored NASA and GOES contractors to ensure satellite performance and definitive launch date; only limited performance compromises necessary to minimize schedule delay and cost increases were accepted. By providing Government financed expertise to contractors, the Department was able to minimize the effects of poor planning and overall poor effort by the manufacturers of the GOES instruments. GOES–I spacecraft proceeding through testing process without major problems; the program is on schedule to launch in 1994. Next steps: Full use of Meteostat 3 will be implemented by January 1993 (Meteostat 3 is the first step toward a long-term U.S.-European relationship for backup capabilities.) NASA will complete qualification testing of GOES–I spacecraft and the qualification testing of flight instruments by March 1993. Funds will be required in 1994 to continue to monitor systems qualifications and launch of the satellite.	2	(1)	(1)

(1) Included above.

DEPARTMENT OF DEFENSE

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
DOD and Services: Supply operations inadequate, weakening effective management of inventories. DOD supply inventory almost $80B in 1992. At risk: $100M in potential loss or theft.	DOD's actions in 1992 to implement its first Inventory Reduction Plan (IRP), issued in May 1990, include: (i) 57 directives integrated into a single directive that resolves policy conflicts and reduces redundancy; (ii) new provisioning standards to control entry of new items into the inventory; (iii) issuance of contract modifications/terminations when "buy" requirements are changed (22% of active contracts canceled in 1992); and (iv) direct vendor delivery to reduce inventory investment and distribution costs at DOD storage depots. Depot consolidations (now under the Defense Logistics Agency) have been slowed because final actions are needed on repositioning of stocks and on development of a migratory accounting system.	2	39,100	39,100

DEPARTMENT OF DEFENSE—Continued

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars) 1993 Request	1993 Enacted
	Until reforms are fully operational (expected in 1997), components continue to be affected by (i) excess retail inventories; (ii) unneeded purchases not being canceled; (iii) earlier than needed purchases; and (iv) excessive lead times resulting in unnecessary procurements. Next steps: Implementation of the DOD IRP is scheduled to continue through 1997. DOD projects end of year inventory levels (in constant 1990 dollars) of $74B (1993), $62B (1995) and $55B (1997). Funds will be required in 1994 to support depot consolidations and related activities.			
DOD and Service information technology development and ADP security deficient. The $9.5B DOD Information Technology budget for 1993 includes $2.5B for development and modernization. At risk: use of old and inefficient processes, and unauthorized access or misuse of sensitive Defense data.	Corporate Information Management (CIM) system designed to improve the business process and eliminate redundant information systems. Accomplishments in 1992 include: (i) planning for standardization of 7 functional area systems (finance, medical, human resources, reserve affairs, procurement, material, and intelligence); (ii) selection of 7 financial migration systems; (iii) identification of 5 logistics migration systems; (iv) establishment of Center for Software Reuse; (v) start-up of Center for Data Administration; (vi) definition of Technical Reference model in support of open systems; and (vii) implementation of a pilot project for purchase of information technology commodities. Use of the Major Automated Information System Review Council (MAISRC) process, to vet new program requirements will identify potential duplication and lead to consolidation of efforts or expansion of CIM into new business areas. DOD has developed a comprehensive strategy to address weaknesses. This strategy includes (i) development of more specific implementation plans; (ii) upgraded ADP security; and (iii) development of adequate ADP equipment and property accountability records. Security measures are being implemented in compliance with PL 100–235, and OMB and National Institute of Standards and Technology guidance. Next steps: Ongoing Defense Management Report initiatives involving CIM should produce $36B in savings and efficiencies by 1997. To meet these budget goals, CIM must be institutionalized in DOD, effective funding controls put in place, and the role of the Office of Secretary of Defense and the military services clearly defined. The CIM initiatives, including improved ADP security, will continue to be monitored under the Program for Priority Systems (PPS) by the Office of Management and Budget. Resources will be needed in 1994 to continue the development of necessary information systems.	2	594,400	594,400
DOD and Service contract administration controls over DOD property in private contractor possession inadequate. $77.1B in property and facilities in possession of DOD contractors. At risk: $17M in potential loss or theft.	DOD has implemented procedural changes and an automated validation process that controls contractor access to DOD Activity Address Codes to correct previously reported problems associated with unauthorized contractor access to the DOD supply system. DOD is implementing an electronic plant clearance system for disposing of surplus contractor inventory. Systems testing is underway. Next steps: Install Plant Clearance Automated Reutilization Screening System (PCARSS) on the following schedule: test plant clearance and re-test reprogrammed system (February 1993); and begin deployment of system (June 1993). No additional resources are required.	2	N/A	N/A
DOD and Service controls over contracted advisory and assistance services (CAAS) inadequate or non-existent. CAAS contracts estimated at $1.5B annually. At risk: $15M in potential fraud or waste.	In February 1992, DOD implemented new procedures that (i) strengthen management controls and procedures for the use of CAAS resources; (ii) better define CAAS for identification and reporting purposes; (iii) require an annual assessment of component internal management controls; (iv) require component sponsored CAAS training; and (v) require an annual assessment to the Under Secretary of Defense (Acquisitions) of component implementation of CAAS policy and procedures. In April 1992, DOD distributed a "Guide to Contracted Advisory and Assistance Services," to help users of contractor support services better understand the procedures for acquiring and using CAAS. DOD funding for CAAS has been reduced from $1.6 billion in 1989 to $1 billion in 1993.	1	N/A	N/A

DEPARTMENT OF DEFENSE—Continued

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars) 1993 Request	1993 Enacted
	Next steps: (i) DOD will monitor component execution of the management improvements. (ii) DOD is also working closely with OMB's Office of Federal Procurement Policy to implement a new Government-wide policy letter on management oversight of all nonpersonal services contracting (including CAAS). No additional resources are required in 1994.			
DOD and Service financial accountability for real and personal property is inadequate. DOD inventory estimated at $706B. At risk: $800M in potential lost or stolen property.	The Department must develop a single departmental accounting system to control, track, and value all real and personal property for financial reporting purposes, and then reconcile accounting data with supporting logistics systems. In 1992, DOD centralized finance and accounting functions in the Defense Finance and Accounting Service (DFAS). To improve the quality of real and personal property data, DOD has made systems and procedural changes to facilitate preparation of financial information statements required by the Chief Financial Officers Act; and established an office to coordinate accurate valuation and accounting among procurement, logistics, and accounting functions. Through the CIM initiative, DOD has completed data and process models, but has not selected a migratory accounting system. GAO and Inspector General audits continue to illustrate serious weaknesses in DOD's financial systems. Due to the severity of systems problems, DOD must implement near term actions in addition to moving toward long term improvements. Next steps: DFAS to (i) select migratory accounting system in April 1993; (ii) develop standards and reporting procedures for valuing assets (March 1993); (iii) implement migratory accounting system (1996); and (iv) finalize requirements and systems design for the CIM financial management module (1997). There is a continuing need to provide funds in 1994 to fund system upgrades.	2	28,000	28,000

DEPARTMENT OF EDUCATION

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars) 1993 Request	1993 Enacted
ED student financial aid program management: Guaranteed Student Loan (GSL) and other SFA program abuses, fraud, and significant management weaknesses. 1993 appropriation includes $12.9B for student aid programs. At risk: Capacity to reduce projected annual $2.9B in defaults to an acceptable level.	Higher Education Act (HEA) reauthorized with new program integrity provisions; 179 schools with default rates of 35% or higher identified, 139 closed or rendered ineligible; guaranty agency data used to prevent defaulters from getting new loans; guaranty agency operations under review; Office of Postsecondary Education reorganized. Default costs went down from $3.6B in 1991 to $2.8B in 1992 for reasons not related to default rates, which have not declined. Next steps: (i) Issue HEA regulations; (ii) continue default initiative, including legislative proposal to correct statutory language related to appeals; (iii) implement legislative authority to garnish wages; (iv) continue intensive monitoring of guaranty agencies and lenders; and (v) award National Student Loan Data System (NSLDS) contract to improve information systems. Resources required in 1994 for monitoring, oversight, NSLDS, and default initiative.	3	38,800	21,529

DEPARTMENT OF EDUCATION—Continued

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
ED inability to produce reliable financial reports due to inadequate financial systems. $31B in loan subsidies, grants and administrative costs supported by these systems. At risk: whether (i) information for reporting and effective management of these programs is reliable, and (ii) investments in new systems are worthwhile.	ED is redesigning its financial systems to address two major weaknesses: (i) the inability of the core accounting system to produce reliable financial statements due to incorrect information in subsystems which provide data to the core system; and (ii) obsolete and incompatible ADP platforms in support of major elements of core financial systems. In 1992, the Department continued correction of prior year data in the accounting and payment systems, and expanded the project to a broader examination of functional and data requirements, as well as a review of the required ADP platform, for upgrading or replacing core financial systems. The redesign effort will address reconciling both platform and coordination issues in the management of ED's financial systems. Congress reduced the President's 1993 S&E request. ED allocated the cuts and decided that programmatic issues were more important than management reform. Next steps: (i) Complete analysis of functional and data requirements during 1993 as a basis for detailed work plan for core financial systems redesign. (ii) Continue cleanup of data in both core and major subsystems. (iii) Develop modules to summarize subsystem data to feed core accounting system. Design progress requires funding in 1994 and future years.	2	8,100	1,248
ED-Wide Audit Follow-Up and Internal Controls: Audit follow-up improvements needed. Internal control process not identifying material weaknesses. Internal Controls: 1993 budget is over $31B. At risk: assurance that these funds are effectively monitored. Audit Follow-Up: ED receives audit reports with monetary findings of $500M annually. At risk: up to 20% if audit follow-up is not timely and effective.	Internal control problems have been sufficiently corrected to warrant removal from the High Risk List; audit follow-up will remain on the List. Internal Controls: ED internal control process is now identifying material weaknesses. In 1992, (i) Management Audit Committee created to increase program office accountability; (ii) inter-office committee of top managers established to monitor progress and lead improvements in internal controls; and (iii) annual training provided to senior and mid-level managers. Audit Follow-up: ED is developing a validation strategy for follow-up on audits of ED grantees. In 1992, audit follow-up training was provided; and audit tracking was improved by issuing regular reports from the automated Common Audit Resolution System (CARS). However, new audit follow-up problems have emerged, including an increase in the number of audits overdue for resolution. Next steps: (i) Incorporate grantee audit validation procedures in Audit Resolution Systems handbook. (ii) Increase accountability through inter-office monitoring committees. (iii) Improve tracking by expanding CARS. (iv) Develop policies on prioritizing audits and on documentation needed to close out audits. ED will also need to develop plans to expand the capacity of their audit resolution system due to the increased number of grantee audits mandated by recent statutory and OMB policy changes. Resources will be required for this purpose in 1994.	2	3,600	3,500
ED-Wide Program Monitoring: compliance and performance monitoring inadequate. 1993 Department budget is over $31B. At risk: assurance that these funds are being spent effectively.	The Department-wide Monitoring and Performance Measures Team (MPMT) is charged with developing a comprehensive monitoring strategy and performance measurement system. The MPMT reflects ED's plan to expand program monitoring beyond compliance issues to measure program performance. In 1992, the Department, with the assistance of the National Academy of Public Administration, developed draft performance measures for a pilot ED program. The draft measures are now being reviewed by the MPMT. ED also issued a draft discretionary grant monitoring directive. The MPMT is now working to resolve comments on the draft.	2	14,200	8,090

DEPARTMENT OF EDUCATION—Continued

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
	Congress' cut of President's 1993 request allowed ED to increase overall FTE only by 100. Due to the need to put substantial resources into improving the GSL Program, ED did not fully fund this requirement. Next steps: (i) Develop performance measures for up to 5 pilot programs. (ii) Issue final discretionary grant monitoring directive. (iii) Develop directive on formula grants monitoring. ED will require resources for on-site monitoring in 1994.			
ED-Wide Computer Security: security of computer systems inadequately reviewed. ED uses computer systems to award and disburse over $30B in financial assistance annually. At risk: integrity and confidentiality of some data maintained in computer systems, and assurance of the security of funds processed and monitored through ED systems.	15 of 17 planned security reviews of major financial computer systems were completed by December 1992 (however, one review did not meet OMB Circular A-130 requirements). To date, none of these reviews have identified material weaknesses or nonconformances in ED computer systems. Some non-material weaknesses have been identified, and ED has initiated corrective action. Other steps being taken by ED include: (i) an ADP Security Manual update; and (ii) development of an ADP technical controls handbook detailing security procedures for local and wide area networks. Next steps: (i) Complete reviews of remaining major financial computer systems. This requires continued budgetary support in 1994. (ii) Continue correction of non-material weaknesses identified in reviews.	2	400	396

DEPARTMENT OF ENERGY

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
Reconfiguration of DOE Nuclear Weapons Complex: Weapons complex must be reconfigured as policy decisions are made on reducing the nuclear weapons arsenal. The 1993 budget includes $6.5 billion for nuclear weapons-related programs. At risk: nuclear deterrence capabilities.	The DOE nuclear weapons production complex contains aging facilities that will require increased maintenance and upgrades if operations are to continue. In FY 1992, DOE (i) completed its Non-nuclear Consolidation Plan; (ii) conducted a power ascension test of the K reactor at Savannah River; (iii) completed the implementation plan for the Programmatic Environmental Impact Statement (PEIS) for the reconfigured complex; (iv) indefinitely deferred construction of a new production reactor; (v) resumed plutonium operations at Building 559 at Rocky Flats; (vi) completed operational readiness review for Building 707 at Rocky Flats; (vii) completed a Nuclear Weapons Complex Reconfiguration Study that was submitted to Congress and released to the public; and (viii) began an environmental assessment for consolidating non-nuclear manufacturing facilities on an accelerated schedule. Next steps: (i) Prepare and complete environmental assessments for consolidation of non-nuclear facilities and reconfiguration of the nuclear weapons complex. (ii) Publish in a Record of Decision DOE's final decision regarding course of action, degree of consolidation, and sites for accomplishing the mission of the nuclear weapons complex referred to as "Complex-21". Increased resources will be required in FY 1994 (within a decreasing total for all nuclear weapons-related activities).	2	175,360	175,360

DEPARTMENT OF ENERGY—Continued

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
Environmental compliance: DOE faces large and complex environmental cleanup problems at many of its facilities. The 1993 budget includes $5.5B for clean-up activities. At risk: potential long-term adverse impacts to workers, the public or the environment; and failure to comply with external environmental regulations and/or agreements.	Progress has been made in ascertaining levels of compliance and altering DOE's culture to meet changing objectives. However, resolving this issue will be a long-term and costly effort. In 1992, DOE (i) completed nine additional tiger team reviews, bringing the total to 35; (ii) developed a risk-based priority system to help ensure that funding decisions reflect a national strategy and are technically defensible; (iii) conducted environmental training workshops at Headquarters and most field sites; (iv) implemented a self-assessment program continually to evaluate the performance of DOE and contractor line management; and (v) developed a detailed action plan to address cost control, cost estimating and overhead cost allocation recommendations made in the 1992 Interagency Review Group report. Next steps: (i) Continue implementing the Environmental Restoration and Waste Management (ERWM) Five-Year Plan. (ii) Implement recommendations of the Interagency Review Group. (iii) Issue Programmatic Environmental Impact Statement for the ERWM program. (iv) Reduce risk of accidental release of radioactivity from underground tanks at Hanford site. (v) Expand environmental training to all levels of DOE. (vi) Continue resolution of mixed waste and materials issues with the EPA. (vii) Continue to work with regulators to negotiate, and where necessary, renegotiate realistic schedules and commitments that reflect risk-based priorities. Continued substantial resources will be needed in 1994.	2	50,800	50,800
Nuclear safety: Safety deficiencies exist at some DOE nuclear facilities. The 1993 budget includes $1.3B to address health and safety risks (both nuclear and non-nuclear). At risk: protection of DOE workers, the public and the environment.	A new safety culture must be implemented through all levels of the Department and with the contractors that operate DOE facilities. Tiger team reviews have been completed at DOE's 20 nuclear production and processing facilities and corrective actions are underway for problems identified. In 1992, DOE (i) continued the implementation of a self assessment program to evaluate the performance of DOE and contractor line management; (ii) initiated a comprehensive plan to establish a new baseline for nuclear safety; and (iii) published safety enforcement procedures and the first set of rules establishing nuclear safety requirements for DOE contractors in the *Federal Register*. Next steps: (i) Development of a safety and health five-year plan which identifies nuclear safety milestones and resource requirements. (ii) Study of the feasibility of improving accounting controls through establishing a budget coding system for nuclear safety activities across all program areas. (iii) Compilation of a comprehensive epidemiological database better to define the magnitude of health and safety problems, estimate costs of corrective action, and establish a new baseline for nuclear safety. (iv) Completion of the nuclear safety standards upgrade project. (v) Implementation of approved plans to correct safety deficiencies. Resources will continue to be required in 1994.	2	13,375	13,375

DEPARTMENT OF ENERGY—Continued

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
Nuclear Waste Storage & Disposal: Nuclear waste storage and disposal capability is inadequate. The 1993 budget includes $577.6M for this program area. At risk: timely availability of storage and disposal of nuclear waste at a Federal facility.	Recent legislation allows DOE to begin the experimental program at the Waste Isolation Pilot Plant (WIPP) in New Mexico to demonstrate compliance with disposal requirements for radioactive transuranic wastes. These tests will be initiated following the adoption of rules governing the permanent storage of radioactive waste by the EPA. DOE has renewed in earnest the site characterization of the candidate repository site for spent fuel and high level radioactive waste at Yucca Mountain, Nevada, and the State of Nevada recently provided DOE with the requisite permits to proceed with this characterization effort. Cost estimates for the characterization of Yucca Mountain have increased. DOE must address concerns regarding the significant budgetary growth proposed for the M&O contractor at the Office of Civilian Radioactive Waste Management (OCRWM). Despite progress at Yucca Mountain, important management issues remain. These are: (i) NRC regulations and policy are not sufficiently specific to enable DOE management to draw conclusions about the licensability of the repository, thus limiting management effectiveness; and (ii) receipts are not permanently appropriated, so management cannot properly budget for multi-year projects. Additionally, decisions on building a Monitored Retrievable Storage (MRS) facility remain open. Next steps: (i) Address Yucca Mountain management issues described above and describe progress in the mid-year report to OMB. (ii) Continue negotiations among nuclear waste negotiator, State, local, and tribal governments to identify a volunteer candidate site for Monitored Retrievable Storage (MRS) for spent nuclear fuel or develop an alternative for interim storage of civilian radioactive waste. Increased resources will likely be required in 1994.	2	18,300	18,300
Reimbursable work: DOE reimbursable work controls need improvement. The 1993 budget includes $3.2B in apportionment authority for this function. At risk: work accepted fulfills competitive contracting standards and meets DOE's mission.	DOE has implemented pricing procedures to address concerns that departmental pricing practices do not recover all allocable costs. However, DOE needs to ensure that DOE reimbursable work programs do not represent attempts by other Federal agencies to avoid the Competition in Contracting Act. In 1992, DOE (i) established a Work for Others (WFO) steering committee; (ii) established minimum requirements for information to be provided by sponsoring organizations and DOE contractors prior to acceptance of reimbursable work; and (iii) completed reimbursable work reviews at major DOE sites (no significant problems identified.) Next steps: Complete departmentwide review of the reimbursable work program and implement resulting corrective actions. Limited resources required in 1994.	2	286	286
Contract/Project Management: Weaknesses exist in contract and project management for contractor operated DOE facilities. The 1993 budget includes $17B for DOE contracting. At risk: assurance that contract funds are being spent efficiently and effectively.	DOE has (i) established an Office of Contractor Management and Administration and designated a Contracts Management Officer and a Property Management Officer at each field office; (ii) developed a program for conducting on-site reviews of contractor business management systems; (iii) implemented a work authorization control system at selected sites; and (iv) re-established its Energy Systems Acquisition Board to improve line management communication and ensure that projects are managed on schedule and within budget. Most field offices and M&O contractors have conducted business management self-assessments and developed corrective action plans. DOE has begun a program to recruit top public and private sector project managers and increase training on managing large and complex projects. Next steps: (i) Implement project managers certification program. (ii) Implement formal change control process for major construction projects and major systems acquisitions. (iii) Negotiate improved accountability requirements to be included in management contracts for DOE labs. Resources will continue to be required in 1994.	2	3,500	3,500

DEPARTMENT OF HEALTH AND HUMAN SERVICES

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
Health Care Financing Administration (HCFA): Medicare program data systems inadequate to track costs and usage.	In 1992, HCFA prepared, on a timely basis, the required monthly management report which tracks Medicare costs and usage through beneficiary entitlement, utilization, and claims history data drawn from the Common Working File. HCFA and OMB used the reported information for Medicare program management; future refinements will be made as necessary. DELETED FROM HIGH RISK LIST.	D	....	....
HCFA: Medicaid management systems inadequate to predict Medicaid costs. 1993 projected cost of Medicaid program is $82.6B. At risk: ability to estimate Medicaid costs accurately. Misestimates have been as high as 10 percent of outlays.	HCFA has made important progress in developing systems to produce better information for Medicaid budget estimates. HCFA has developed an automated system for tracking changes to State Medicaid plans. HCFA is programming the Budget Pressures Reporting System (BPRS), which will monitor issues effecting Medicaid budgets, such as court cases and proposed State legislation. HCFA actuaries are developing a Medicaid Budget Forecasting System (MBFS) to provide State level Medicaid budget estimates for key States. In May 1992, States were requested to submit documentation and financial data to implement the Medicaid Voluntary Contribution and Provider Specific Tax Amendments of 1991. Next steps: (i) Make BPRS and MBFS fully operational. (ii) Publish volume two of first annual State Medicaid plan system report. (iii) Incorporate information from BPRS into mid-session review projections for the 1994 Medicaid Budget. Some resources will be required to maintain these systems in 1994.	2	410	410
HCFA: Medicare making payments which should be made by other insurers. 1993 projected cost of Medicare program is $132B. At risk: $600M–1B annually in payments by Medicare that should have been covered by other insurers.	HCFA has been attempting to identify Medicare beneficiaries who have other health insurance through a data match with SSA and IRS records. Where the data match for tax years 1987–1989 identified Medicare beneficiaries with other insurance, HCFA has: (i) updated beneficiary files to prevent further inappropriate payments; and (ii) sent mistaken payments reports to contractors instructing them to begin the recovery process. HCFA has completed a plan for an initial enrollment questionnaire and has begun contracting process. Despite HCFA action, there have been delays in contracting for the initial enrollment questionnaire and recovering mistaken payments identified through the data match. Next steps: HCFA will (i) continue data match for 1990–1994 tax years; (ii) continue recovery and prevention activities based on data match; (iii) evaluate effectiveness of recovery procedures; and (iv) implement initial enrollment questionnaire. These activities, particularly the data match and recovery efforts, require 1994 funding.	2	82,000	91,700
Indian Health Service (IHS): insufficient financial controls and inattention to management led to weaknesses in IHS programs: IHS was paying higher than Medicare rates for contract health services, had not established effective methods to identify and bill third party payers, and the IHS scholarship program had high default rates. 1993 cost of IHS programs is $1.65B. At particular risk: $318M funding for contract health services.	IHS strategy has been fully to involve the Director and senior staff; build management's ability to detect weaknesses and monitor performance; and charge Total Quality Management teams with authority to make corrections. In 1992, IHS tested a rate quote concept in pilot sites, and completed a first draft of a rate quote manual. Pricing data are now routinely available to IHS physicians. Seventy-two percent of high volume providers now offer IHS services at rates lower than or equal to Medicare. IHS has established business offices in all 76 IHS operated service units and begun using automated billing software. IHS has eliminated the backlog of default cases in the scholarships program and brought the default rate down to 1.2%. New material weaknesses continue to be identified. Next steps: IHS will focus on (i) correcting weaknesses in contract health program by expanding the rate quote pilot and implementing new software systems; and (ii) developing effective corrective actions and performance measures for newly identified material weaknesses in cash advances, the Alcoholism program, and procurement. Increases in funds and FTE for the IHS program operations account are required in 1994.	1	9,011	2,255

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
Section 8 Financial Systems: HUD's existing systems inadequate to verify tenant information in Section 8 subsidy programs and accurately forecast funding needs for expired Section 8 contracts that are renewed. The 1993 budget includes $14B for low-income housing assistance. At risk: assurance that funds are used for eligible recipients, and that there is adequate fund control for over $100B in long-term contractual funding commitments, serving 3 million families.	HUD is developing a new financial management system, CFS/TRACS, Phase I, to control tenant certification, payment processing, program budgeting and funds control. The system will eventually be re-engineered to function as the "Subsidies System" outlined in HUD's Five Year Financial Systems Integration Plan. (See high risk area "Departmental Financial Systems.") HUD is: (i) making progress with systems development; (ii) testing the first TRACS software release; and (iii) is beginning to collect tenant data with selected volunteer owners/Public Housing Authorities (PHAs). While CFS/TRACS verification of contract data has been delayed, the HUD CFO Office indicates the delay will not negatively affect HUD's overall progress. Next steps: (i) Complete Discrepancy Resolution Plan. (ii) Develop Department-wide standards/policies to resolve contract discrepancies identified during data collection. (iii) Implement software releases of CFS/TRACS scheduled for 1993. Continued funding will be required in 1994.	2	3,472	3,472
HUD Departmental Financial Systems: HUD lacks an integrated financial management system and existing systems suffer from inefficiencies, incompatibilities, and internal control problems. 1993 Budget includes $16.7M for implementation of the HUD Financial Systems Integration Plan.At risk: assurance that financial systems will provide accurate, timely, and useful financial information to manage $160B in HUD insurance, guarantees, subsidies, loans and grants.	In November 1991, HUD adopted a financial management systems integration plan that recommended replacing approximately 100 existing financial and mixed systems with nine integrated financial systems. Efforts are underway on three of the integrated financial systems: subsidies (see Section 8 high risk area), core accounting, and mortgage insurance. In 1992 the Core Accounting Project Team was formed and a plan was developed. Also, HUD organized a Management Oversight Committee to begin planning for a Mortgage Insurance System, and a contractor is in place to develop a strategic plan. Historically, HUD schedules for the development and implementation of financial systems have slipped. Recent progress is at best modest, but in keeping with the current schedule. Next steps: HUD will (i) complete core accounting functional requirements; (ii) purchase an off-the-shelf core accounting software package; and (iii) by October 1993 convert Community Planning and Development to the new core accounting system. Continued funding will be required in 1994.	3	16,728	16,728
FHA: Single Family Property Disposition controls and oversight of extensive contracted support services with area management brokers (AMBs) are inadequate. 1992 property disposition sales proceeds were $3.2B. At risk: assurance that HUD recovers all net sales proceeds from AMBs.	This high risk area consists of 5 material weaknesses related to automated systems support and the procurement and administration of extensive contract support services ranging from property management to sales closings. Program management has reported completion of corrective actions on all weaknesses pending verification reviews. In the case of systems support and controls over closing agent activities, the OIG verified that the SAMS system and other corrective actions provided were adequate. Next steps: Perform verification review of three remaining material weaknesses in 1993 and determine the proper allocation of field resources needed effectively to monitor contractor activities. Verification reviews may indicate that additional resources are needed in 1994.	1	0	0
Section 8: Moderate Rehabilitation program overpaid developers, lenders, and Public Housing Authorities. Program terminated. At risk: $70 million in overpayments and $30 million in excess subsidies.	Due to inadequate controls and oversight, Public Housing Authorities (PHAs), developers, and lenders obtained excessive subsidy payments. Department has terminated program and is recalculating rents to determine excess subsidies paid. HUD has collected approximately $300 million of the estimated $400M in overpayments. For inventory of non-coinsured projects, over $30 million in excess subsidies has been identified; collection, in the form of repayment agreements between owners and PHAs, is underway. During 1992, HUD conducted verification review of the collection process with satisfactory results. DELETED FROM HIGH RISK LIST. Next steps: Department of Justice is litigating based on HUD's authority to recover estimated $70 billion in excess subsidies for coinsured Moderate Rehabilitation projects. HUD will continue to track until cases are settled and/or funds are repaid.	D	....	....

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars) 1993 Request	1993 Enacted
FHA: Single Family Mutual Mortgage Insurance (MMI) fund equity may not be sufficient to cover losses resulting from adverse economic conditions. Capital ratio was only 0.28% versus 1.25% required. $300B in insurance in-force in 1992. At risk: $1.4B in estimated losses in 1993.	While the MMI Fund is required to be actuarially sound by statute, auditors report that its economic net worth may be a negative $2.7 billion. The 1993 HUD/VA appropriations bill repealed HUD reforms designed to strengthen the MMI fund. Under the National Affordable Housing Act, these reforms would have implemented a risk-related premium structure and reduced financing of closing costs. Next steps: In 1993, HUD will review options to ensure actuarial soundness and determine next steps. Additional funding may be necessary in 1994 to implement strategies to strengthen the MMI fund to meet the required ratio.	3	100	350
GNMA: Title I Manufactured Housing and Home Improvement loans made by FHA have excessive claims against GNMA's mortgage-backed securities program. GNMA has suffered losses due to poor underwriting practices, collateral depreciation, and limited (10%) FHA indemnification. $3B in manufactured home loans outstanding; $2B in Improvement loans outstanding. At risk: estimated 1.5% of outstanding guaranteed loans in GNMA portfolio.	The Title I loan portfolio real estate underwriting procedures should be strengthened. In 1992, HUD implemented regulations (i) establishing higher qualification standards for dealers and lenders; (ii) requiring greater lender oversight of dealers; (iii) strengthening loan collateral positions; (iv) increasing down payments; (v) requiring site inspections; and (vi) encouraging more efficient foreclosure procedures. Also in 1992, HUD's verification review of the claims processing improvements had satisfactory results. However, many portfolios have defaulted to GNMA and approximately $100M in additional defaults are anticipated due to poor underwriting procedures in effect prior to implementation of new regulations. Next steps: In 1993, HUD will evaluate existing underwriting and servicing guidelines for GNMA issuers/servicers and review options for enhanced monitoring and enforcement procedures. GNMA will perform actuarial analysis of the portfolio, including premium structure. Additional funding in 1994 may be necessary for enhanced monitoring of GNMA contractors.	2	....	....
Public and Indian Housing (PIH): Public Housing Modernization project grants inadequately administered by Public Housing Authorities. $3.1B in new budget authority in 1993. At risk: $6.9B backlog of funds not yet obligated by grantees (including 1992).	HUD is revising policy directives, training field staff in new procedures, and developing automated systems to address Public Housing Authority (PHA) grant management problems. In 1992, the Public Housing Management Assessment Program (PHMAP) was developed; PHMAP is an automated system that monitors PHA performance. Through PHMAP, troubled PHAs will be identified, and HUD will be able to target corrective actions and provide technical assistance. Ultimately, unused modernization funds can be deobligated and reallocated. This high risk area is being merged with new high risk area described below, "Public Housing Authority (PHA) Management." MERGED WITH NEW HIGH RISK AREA.	—	15	....

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
FHA: Multifamily Loan Servicing is inadequate, resulting in excessive growth in acquired properties and assigned notes, and noncompliance with housing quality standards. $44B of insurance in force. $7.4B in inventory as of 1992. At risk: $4.8B reserve for claim losses, and housing quality for low- and moderate-income beneficiaries.	Inadequate multifamily loan servicing has resulted in high levels of foreclosures and note assignments. Since 1987, the number of units in multifamily property inventory has grown from 160,000 to 392,000 in 1992 (145 percent). In 1992, HUD issued revised policies and instructions on loan servicing and workout, and a new Multifamily Property Disposition Management Handbook to program staff. In spite of these efforts, the multifamily inventory continues to rise. HUD has asked for statutory relief from subsidy requirements which impede the sale of acquired property. Congress has neither granted the statutory relief, nor appropriated the subsidies needed to sell acquired property. Next steps: In 1993, HUD will initiate interim integration of multiple multifamily note processing systems into one system and provide OMB a plan to improve loan servicing and property management and disposition. This plan will help determine 1994 funding requirements.	3	—	—
Public Housing Authority (PHA) Management: PHAs are mismanaged; 43 PHAs have been identified as "troubled", accounting for 20% of PHA units. PHAs administer 70–80% of HUD appropriations. At risk: assurance that funds are used for intended purposes.	Recent Inspector General reports have stated that many PHAs are not effectively managed. This results in: (i) vacant units while low-income housing waiting lists continue to grow; (ii) units that do not pass inspection guidelines for safety and sanitation, and (iii) uncollected rents. HUD has developed the Public Housing Manage-ment Assessment Program (PHMAP), a database for measuring performance and assessing risk of each PHA so that HUD can intervene appropriately. In 1992, HUD began implementation of PHMAP. ADDED TO HIGH RISK LIST. Next steps: In 1993, HUD will continue to implement PHMAP, identify troubled PHAs, and institute corrective actions. Also in 1993, part of the modernization set-aside of $5.5 million will be provided specifically to troubled PHAs for technical assistance contracts. Continued funding may be necessary for PHMAP implementation and technical assistance in 1994.	A	....	....

DEPARTMENT OF THE INTERIOR

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
Bureau of Land Management (BLM): inadequate oil and gas inspection to verify on-shore production and usage. $500M in revenues are received annually. At risk: $50–70M in losses due to improper production verification.	BLM is implementing a nationwide inspection and enforcement (I&E) strategy. In 1992, BLM: (i) held I&E training courses for managers, and nation-wide workshops; (ii) conducted alternative management control reviews; and (iii) revised and distributed an updated I&E strategy. Concerns remain regarding the effectiveness of the revised I&E strategy on field office performance; slippage of self-imposed program targets; and lack of senior management oversight to ensure effective implementation at the Bureau level. The congressional cut of the President's 1993 request means that BLM will be able to hire only an additional 20 oil and gas inspectors rather than the 47 FTE requested. Next steps: During 1993, BLM needs to (i) demonstrate substantial progress at field office level in implementing its revised I&E strategies; (ii) meet self-imposed program targets; (iii) achieve senior management support of revised I&E strategy; and (iv) refine and support DOI's budget request for increased I&E staff in 1994.	3	3,500	1,348

DEPARTMENT OF THE INTERIOR—Continued

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
Office of Territorial and International Affairs (OTIA): lack of financial management controls and grant oversight, weak technical assistance program for insular areas. OTIA 1993 budget is $340M. At risk: $30M due to improper use of grant funds.	OTIA grant oversight is insufficient; insular governments lack adequate local management controls. In 1992, DOI (i) prepared a report, Improving Financial Management in the Territories, the result of a joint DOI/OMB review team; (ii) added one staff person with financial management and grants administration expertise; (iii) issued guidelines and reporting formats to field staff to improve grant and financial monitoring; and (iv) signed a Memorandum-of-Understanding with the Army Corps of Engineers to provide on-site technical assistance in support of infrastructure grants management in the territories. OTIA has made good progress in strengthening its own operations and procedures regarding this high risk area; but until overall policy issues (including the status of the territories) are determined, systemic changes cannot be accomplished. Next steps: (i) Provide grants administration training for OTIA field and Headquarters staff and insular areas staff. (ii) Complete agreements with each insular area regarding completion of audit resolution agreements. (iii) Complete baseline evaluations of financial management control systems for insular governments. (iv) Form joint working group with American Samoa to address recent GAO report recommendations on financial management. (v) Reach policy decisions on future status of the territories. Continued funding required in 1994.	3	1,800	1,785
Bureau of Indian Affairs (BIA): seriously deficient financial systems and controls. The program level in BIA is over $2B in 1992 budget authority. At risk: loan programs of $15 million annually, guarantee subsidies of $8 million annually and $60 million in irrigation and power revenues.	A special improvement team, along with BIA accountants, successfully installed a new core accounting system, reconciled cash with Treasury, and produced accurate external reports. Significant progress was made on the core system in 1991 and 1992. Now, more work is needed on subsidiary systems, e.g., irrigation, power, and loan collections. BIA is experiencing problems with program managers reacting late to reports showing over-expenditure of internal budget limits. Concerns also exist regarding inadequate documentation of processes supporting the new system. The Department's Inspector General has serious concerns about the ability of BIA to maintain the system after the improvement team withdraws. Next steps: BIA and improvement team to develop desk procedures immediately, and finalize plan to transfer systems support back to BIA by the end of 1993. Further work to design subsystems to support irrigation, power, and loan collections also needs to be undertaken during 1993. OMB will monitor readiness of BIA to operate systems. Completion of the design and installation of new subsystems is dependent upon the level of 1994 funding. DOI OIG to audit Anti-Deficiency review conducted by improvement team.	2	1,810	1,810
BIA: inability to account for and reconcile Indian Trust Funds. There are $2B in Indian Trust Funds. At risk: $6.3M in potential losses due to mismanagement.	During 1992, BIA's effort to reconcile and audit Indian trust funds became questionable and an OMB-Interior SWAT team increased oversight and management of the project. In June 1992, BIA was directed to restart the reconciliation project for tribal trust funds and to establish Federal-tribal representative working groups to address problems in (i) land records management, (ii) fractionated heirship on reservation land, and (iii) individual Indian monies reconciliation. DOI-BIA prepared draft Indian Trust Funds Strategic Plan. Concerns remain about BIA's ability to implement the corrective actions contained in the strategic plan and to maintain senior management commitment to the improvement program. The congressional cut of the President's 1993 budget request means that BIA will be able to hire only an additional 20 FTE rather than the 40 FTE requested. There will be resulting delays in BIA's Office of Trust Funds Management reorganization and systems development.	3	9,800	6,700

DEPARTMENT OF THE INTERIOR—Continued

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars) 1993 Request	1993 Enacted
	Next steps: During 1993, DOI and BIA will: (i) complete reconciliation of tribal judgment accounts; (ii) begin reconciliation of tribal non-judgment accounts; (iii) perform special purpose procedures reviews on 5 tribes' accounts; (iv) begin reconciliation of trust fund finance and investment systems; (v) develop and advertise a contract for an independent entity to certify reconciliation work; and (vi) publish the Indian Trust Funds Strategic Plan. Additional resources will be required in 1994.			
BIA: longstanding deficiencies in the management of BIA School Facilities and BIA Dam Safety. 1993 Budget includes $92M for these programs. At risk: health and safety of the affected Indian communities.	During 1992, BIA took action on both dam safety and school facilities. For dam safety, BIA (i) revised operation and maintenance procedures manual, (ii) contracted with the Bureau of Reclamation for pre-construction safety evaluations of dams, and (iii) assigned responsibility to program managers for maintaining each dam. For school facilities, BIA (i) prepared facilities remedial action plan, (ii) established a "hot line" to report safety violations, and (iii) received additional funding in 1993 for major buildings repair. Concerns remain about BIA's ability to implement the actions in the dam safety and school facilities plans. Additional 1993 funding provided by Congress will support new BIA school construction. Next steps: Dam safety: (i) Complete safety evaluations of dams; (ii) establish periodic maintenance of dams in program operations, and (iii) assess improvements in dam operations and maintenance. School facilities: (i) complete implementation of all items in facilities remedial action plan; (ii) DOI/BIA review of facilities and operations; and (iii) begin systematic replacement and repair program (1994 funding required).	3	24,200	35,505

DEPARTMENT OF JUSTICE

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars) 1993 Request	1993 Enacted
Departmental debt collection information systems inadequate to support management of litigation and collection activity on an estimated $13 billion inventory. There could be more than $13 billion (1991 estimate) in pending civil debts or claims in Justice inventory, including approximately $6 billion in receivables referred to DOJ by other agencies. At risk: non-collection of up to 5% of total (representing potential additional collections from improved management information).	In 1992, the Department participated with OMB in a multi-agency Litigation Information Action Team that recommended steps to produce meaningful, accurate management information on DOJ financial litigation and collection activity. DOJ has committed to developing the central system capability to monitor and track litigation and collection of financial litigation claims in all DOJ components and produce periodic reports on the status of claims by agency, program, and type of claim. DOJ issued a request for proposals for a systems development contract on August 31, 1992. The projected contract award date is June 10, 1993. Congressional cuts, however, make it difficult for DOJ to award the contract in 1993. Next steps: (i) Resolve 1993 budget shortfall (OMB is requesting user agencies to provide some portion of needed funds). (ii) Award the systems development contract in June 1993. (iii) Provide funding for system development and maintenance in 1994 and beyond.	2	5,307	2,977

DEPARTMENT OF JUSTICE—Continued

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
Departmental asset forfeiture information systems inadequate to ensure program integrity or achieve full revenue-generating potential of the asset forfeiture program. Seized asset forfeiture inventory valued at $1.8 billion at end of 1992. At risk: $25–30 million annually in increased revenues and cost savings (made possible through improved management information).	The Executive Office for Asset Forfeiture (EOAF) has lead responsibility for the development and implementation of a centralized Consolidated Asset Tracking System (CATS). CATS is a multi-agency system that will integrate asset seizure and forfeiture information of all Federal agencies participating in the Justice Asset Forfeiture Program. In 1992, detailed systems design was completed, and system testing and equipment acquisition were begun. Congressional cuts to 1993 funding will have minimal effect on implementation, due to (i) changes in the Asset Forfeiture Fund statute providing permanent indefinite authority to use Fund monies for ADP systems, and (ii) the availability of $3 million in prior year funding. Next steps: CATS will be implemented nationwide in 1993. Key steps in 1993 include telecommunications network analysis, software development, data base conversion, and equipment acquisition. The system should be in place in the first sites by April 1993. Implementation costs in 1994 may be covered by permanent indefinite authority to use Fund monies for ADP systems.	2	28,970	20,500
Executive Office of the US Trustees (EOUST): Need to increase oversight to prevent fraud, misappropriation, and breach of fiduciary standards by private trustees. Estimated amount in bankruptcy accounts is $26B. No risk to Federal funds, but private funds are subject to potential loss or fraud.	The EOUST must increase staff, upgrade financial analysis training, and increase audit coverage to address demands of a bankruptcy caseload that has increased 82% since expansion of the program in 1986. EOUST has: (i) improved its regulatory framework for supervising private trustees; (ii) acquired additional resources (200 FTE) provided for in the 1993 budget; (iii) issued tougher oversight policies issued for private trustees; and (iv) reamped EOUST training programs to provide financial analysis capability of staff. Overall effectiveness of the program could be strengthened by the development of a performance measurement system for assessing program accomplishments against short and long term goals and objectives. Congressional cuts in 1993 will result in less oversight of private trustees than planned. However, new fees have been authorized that will mitigate the effects of reduced funding. Next steps: (i) Hire new staff provided by the 1993 budget. (ii) Increase criminal enforcement activities. (iii) Increase the number of audits. (iv) Contract for risk analysis to ensure that vulnerabilities are assessed and adequate safeguards are provided in the Automated Case Management System. Additional funding will be required in 1994.	2	70,916	57,221
Bureau of Prisons (BOP) overcrowding affects safety and security. The 1993 budget provides over $2B for BOP. At risk: the safety and security of prison staff, inmates, and surrounding communities.	The BOP must reduce prison overcrowding to ensure safe and secure conditions for community, staff, and inmates through new construction and modernization of prisons. Inmate population in the Federal Prison System is 46% over rated capacity as of November 12, 1992, a reduction from the 70% originally reported. Since 1989, the capacity of BOP has increased by 18,000 beds. BOP plans to spend nearly $3B to add approximately 43,000 beds in the next four years. The plan must be monitored because inmate population may increase faster than capacity due to increased level of criminal litigation in the judicial system. Funding for new construction in 1993 will increase capacity by 3,672 beds; plan projects achieving design capacity of 88,800 by end of 1995. Next steps: Resolution of this high risk area is predicated on effectively using the $1.8B in unobligated balances made available in 1993 and previous budgets. Delays in obligating these funds were caused by community opposition and/or environmental impact studies.	1	295,858	295,858

DEPARTMENT OF JUSTICE—Continued

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
BOP: Not all prisons comply with fire and/or hazardous waste disposal codes. The 1993 budget provides $20M over 3 years for corrective actions needed. At risk: possible environmental damage, personal injury, fines, or court action if compliance is not achieved.	All immediate life and health-safety risks due to hazardous waste have been corrected. BOP has now completed Life Safety Surveys of fire code violations for all 48 institutions previously cited. Sixty percent of the 120 fire code violations were corrected. As a precaution, BOP will survey the remaining 20 institutions. Training of safety personnel in hazardous waste management is underway. Next step: Completion of all fire safety corrective actions by September 1994. Additional funds required for 1994.	1	19,544	19,544
BOP: Inadequate staff to operate and manage prisons. The 1993 budget provides $1.8B in total operating expenses for BOP. At risk: the safety and security of prison staff, inmates, and surrounding communities.	The ability to recruit, develop, and retain sufficient staff was constrained by inadequate pay scales, lack of career development potential, and inconsistent planning and recruiting efforts. Special salary rates implemented for correctional officers and psychologists. 83 special salary rates tables established affecting 3000 positions. Retention and hiring of staff increased in 1992 because of the pay reforms instituted in January 1991. The ratio of correctional officers to prisoners has been reduced from 1:3.9 in 1990 to 1:3.2 in 1992 (Goal is 1:3). However, high cost areas continue to show high vacancy rates. Next steps: (i) Assess recruitment techniques (September 1993). (ii) Reorganize staff training and development. (iii) Increase local recruitment advertising over next several years. Resources will be required in 1994.	1	15,222	15,222
Immigration and Naturalization Service (INS): Poor management controls and inadequate financial system. Accounting system processes $972M annually. At risk: assurance that funds are accounted for in an accurate and timely fashion.	In 1992, INS (i) implemented a new internal control planning process involving top management; (ii) developed an Automated Information Systems Tactical Plan; and (iii) developed a Strategic Financial Management Improvement Plan. INS is using the Department's Distributed Budget Module (DBM) in HQ and 3 field offices. Concerns remain over system implementation issues, and some milestone dates have slipped. Data integrity is improving on a gradual basis. A new fee analysis branch was established to institutionalize the review of costs, revenues, fees, and the rate-making process for the Immigration Fees accounts on an ongoing basis. Congressional cuts in 1993, which would have resulted in delays, have been offset by reprogramming funds from other areas. Next steps: (i) Complete reconciliation of prior year accounts. (ii) Implement DBM in remaining offices. (iii) Implement an Acquisition Control and Tracking System and Debt Collection System. (iv) Complete requirements analysis for financial management system. 1994 funding will be required.	2	4,053	0
U.S. Marshals Service (USMS): Inadequate financial management system; nonconformances in fund control and asset value reporting. Accounting system processes $1B annually. At risk: assurance that funds are accounted for in an accurate and timely fashion.	In 1992, USMS (i) implemented the Department's Distributed Budget Module; (ii) developed a plan that addresses financial system requirements and business practices; and (iii) converted to the National Finance Center payroll/personnel system. Congressional cuts in 1993 will slow implementation of the financial system improvements. Next steps: (i) Conversion to the Department's Financial Management Information System (FMIS) is targeted for completion by the end of 1994; this requires 1994 funding. (ii) Continued development of Departmental FMIS modules for general ledger, collections and receivables, obligations, travel, and drafts/payments is necessary to meet specific USMS requirements.	2	3,380	500

DEPARTMENT OF JUSTICE—Continued

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
USMS and INS: Shortage of detention facilities. The 1993 budget provides $7.4M for construction. At risk: ability to meet demands of increasing prisoner population.	The facilities available to house prisoners in the custody of U.S. Marshals and INS are overcrowded or unavailable. Detention resources are continually outdistanced by the dramatic growth in the prisoner population. Since 1990, the resolution of the problem is being addressed through a multi-year Federal detention strategy involving USMS, INS, and BOP for the 280 Federal court cities throughout the country. As of June 1992, 6,917 detention spaces have been acquired at 117 Federal court cities through the cooperative agreement program (CAP) with states. USMS's 11 CAP projects will acquire 302 more detention bed spaces in 1992; BOP detention construction projects funded through 1992 will provide 7,300 more detention bed spaces in 17 Federal court cities. The pace at which the plan is implemented will depend on the availability of budget resources. Next steps: USMS will continue to pursue agreements with State and local governments. The Federal Detention Plan is updated annually on the basis of anticipated long term needs of the participating agencies. At the end of July 1992, daily population exceeded 19,711 and is currently growing at a rate of 23% over the previous year. At this rate, population will exceed the rate at which additional bed spaces can be acquired. Additional funds required in 1994.	2	7,417	7,417
Departmental: Inadequate security over Departmental ADP sites and systems. At risk: effectiveness of litigation action and law enforcement programs as a result of loss or unauthorized access to sensitive information, as well as control of financial assets.	DOJ now has a program of sustained oversight to reduce the risk from loss, misuse or unauthorized access to the Department's sensitive information in its computer systems. DOJ has initiated a broad spectrum of corrective actions: computer security training, audits and security compliance reviews, risk assessments and contingency planning, and damage assessments from unauthorized release of information stored or processed on computers. Next steps: (i) DOJ will complete reviews of component security plans by July 1993. (ii) DOJ will work with Drug Enforcement Agency to implement an agency-wide computer security program that addresses deficiencies identified by GAO and IG audits. (iii) USMS will complete risk analysis on its ADP systems by June 1993. (iv) U.S. Attorney Offices will be equipped with a secure communications system by October 1993. Resources will be required in 1994 for training and compliance reviews.	2	N/A	N/A

DEPARTMENT OF LABOR

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
Employment and Training Administration (ETA): Federal equity in real property held by State Employment Security Agencies (SESAs) at risk due to inadequate Federal oversight and guidance on acquisition, use, and disposition of real property. Fair market value (FMV) is $1B. At risk: up to 10% of FMV.	In November 1992, DOL published a draft General Administrative Letter (GAL) to State grantees which outlines real property requirements. The GAL emphasizes the withdrawal of delegations of prior approval authority, and establishes accounting standards for rent vs. depreciation vs. acquisition costs. Next steps: (i) Publish final GAL after consideration of public comments. (ii) Publish directive to regional offices outlining system responsibilities and tracking requirements. (iii) Evaluate State compliance with requirements on acquisition, use, and disposition of SESA real property. (iv) Reconcile initial real property inventory data base with SESA records. (v) Request States formally to certify DOL's equity in SESA real property.	2	413	346

DEPARTMENT OF LABOR—Continued

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars) 1993 Request	1993 Enacted
DOL financial systems and operations inadequate. DOL systems processed over $7B in grant expenses during 1992. At risk: accurate and timely accounting and cash management for these funds.	DOL implemented a new core accounting system in 1990. Significant progress was reported in the 1993 budget because the core accounting system produced external financial statements for 1991. However, significant year-end adjustments had to be made due to inadequate controls over accounting and reporting of grant information. In 1992, two major subsystems—grants management and assets management—were designed, tested and put in operation within most of the Department. Next steps: DOL needs to (i) complete implementation of the grants management system in the Employment and Training Administration; and (ii) design interface requirements between that system, the HHS-Payment Management system (used to advance funds to grantees), and the departmental core accounting system. During 1993, additional funds were reallocated internally by DOL to support these projects. Resources will be required in 1994 to maintain these improvements. The non-automated processes and controls which underlie the financial management of the grant programs throughout the Department also need careful review and revision.	2	1,200	1,546
Job Training Partnership Act (JTPA): Single Audit Act (SAA) not effective in safeguarding JTPA Federal funds. At risk: assurance that $1.9B in JTPA grants is effectively audited.	1991 DOL IG review recommended government-wide approach to SAA issues. Unilateral action by DOL in this area is not feasible. The President's Council on Integrity and Efficiency (PCIE) is conducting a study of SAA governmentwide. The PCIE expects to publish a draft report in February 1993. The General Accounting Office (GAO) is conducting a SAA review that will address accounting for funds passed through grant recipients to subrecipients (a central issue in SAA coverage of JTPA funds). The GAO anticipates issuing a draft report in late 1993. This item will be re-evaluated on a government-wide basis after PCIE and GAO findings are available.	N/A	....	....
JTPA: Inconsistent monitoring and implementation of JTPA grantee systems and financial controls. 1993 budget includes $1.9B for JTPA grantee operations. At risk: assurance that these funds are spent appropriately. This is an expansion of the 1993 Budget high risk area on JTPA Service Delivery Area procurement practices.	Congress has passed the Job Training Reform Amendments of 1992. These amendments, which were based on a DOL legislative proposal, address JTPA cost classification, procurement policy, and on-the-job training processes. The amendments significantly strengthen JTPA monitoring requirements and program accountability. Implementing regulations were published in late December. DOL published a technical assistance guide on program monitoring, and model monitoring instruments were provided to JTPA grantees. This high risk area has been expanded to include all JTPA grantee operations, and not just JTPA procurement. Next step: Monitor grantee compliance with new regulations. DOL will need appropriate funding to work with JTPA grantees to implement changes and assure compliance.	2	9,352	9,352
Pension and Welfare Benefits Administration (PWBA): Oversight of pension plans inadequate. PWBA oversees private pension plans with assets of $2.2 trillion. At risk: pensions guaranteed by the Federal Government valued in billions of dollars.	DOL submitted a legislative proposal to (i) repeal the limited scope exemption for certain pension plan audits, and (ii) establish triennial peer reviews of Independent Public Accountants (IPAs) who audit pension plans. PWBA (i) implemented a "grace period" for submission of late annual reports—4,000 late reports were filed; (ii) issued 620 letters rejecting inadequate annual pension plan reports (Form 5500); (iii) assessed $32.2M in fines for submission of inadequate audit reports; (iv) conducted 1,700 in-house reviews of accountant's reports and 39 on-site reviews of IPA audit work papers; and (v) made 60 referrals to the American Institute of Certified Public Accountants (AICPA) and State boards of accountancy. PWBA also worked closely with the AICPA in developing additional technical guidance for pension plan auditors.	1	3,178	2,178

DEPARTMENT OF LABOR—Continued

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars) 1993 Request	1993 Enacted
	Congress' cut of $1 million from the President's 1993 request will slow development and maintenance of the information system used to aid monitoring of pension programs. Next steps: Review audits received to analyze the impact of the revised AICPA audit guide on pension plan audits. Based on this review, PWBA may recommend further changes to the audit guide. 1993 levels will fund 20 additional field investigatory staff. Appropriate 1994 funding will be requested.			

DEPARTMENT OF STATE

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars) 1993 Request	1993 Enacted
Foreign Buildings Office: Rehabilitation and maintenance of real property overseas is inadequate. 1993 budget for FBO is $570M. At risk: the health, safety, and security of employees at overseas posts due to building deterioration.	Department is continuing to implement initiatives consistent with its 5-year plan for rehabilitation and maintenance. In 1992, (i) a survey to determine worldwide maintenance staffing needs was completed; (ii) a 5-year maintenance plan and guidelines were provided to all posts; and (iii) a reinspection program was initiated to keep facilities data current. Maintenance assistance centers in Washington and Europe have done work at over 80 posts. Eight facilities rehabilitation projects are under construction; four more are in the survey/design stage. State's plan includes development of a computerized database on facilities. Next steps: Continue to implement 5-year plan initiatives. Continued budgetary support is needed in 1994.	1	125,758	125,758
Consular Affairs: Inadequate controls over visa processing increase vulnerability to illegal immigration and diminish the integrity of the U.S. visa. 1993 budget for visa processing is $134M. At risk: potential for visa fraud.	The Department is designing and implementing control systems, and improving visa issuance processes, to make it more difficult for fraud to occur. Progress has been made through: (i) management and automation improvements (machine readable visas—MRVs—now installed at 37 posts); (ii) improvements to name check systems; (iii) distribution of anti-fraud materials; and (iv) training. An IG audit of the MRV program is to be issued in early 1993. Next steps: (i) Develop procedures for anti-fraud unit at new immigrant visa central facility in early 1993. (ii) Install MRV at 15 posts in 1993. Funding will be required in 1994 for MRV installations.	1	6,800	11,900
Departmental management of the overseas security program, including ADP security, is inadequate. 1993 budget for the overseas security program is $150M. At risk: assurance that this investment is adequately protecting U.S. personnel, information and property abroad.	Thirty-seven interagency security standards have been developed for overseas posts to counter the threat from terrorism, human intelligence, technical intelligence, and crime. As standards are implemented, funding priority for security improvements goes to posts facing the highest threat levels. All standards have been implemented to address the terrorism/crime threat; and necessary improvements are being made through physical security projects. Counterintelligence standards have been implemented; and posts will be reassessed every two years. Implementation of technical intelligence standards is to be achieved by end of 1993. Concerns remain that serious ADP security vulnerabilities at unclassified mainframes have not been systematically addressed. Next steps: (i) Continue physical security projects. (ii) On ADP security, implement standards at highest threat posts by September 1993, and address domestic security standards. 1994 funding will be required to support physical security projects.	2	12,768	13,173

DEPARTMENT OF STATE—Continued

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
Departmental long-standing ADP operational deficiencies are not being systematically addressed. 1993 budget for worldwide ADP operations is $17.9M. At risk: assurance that this investment provides efficient and continuous ADP operations.	Department lacks long-term strategy for addressing ADP vulnerabilities. Backup mainframe computer center activated June 1992, but is being used to meet operational requirements because the capacity at the Departmental mainframe has been exceeded. Acquisition of new mainframe is one year behind schedule (thus making it impossible to use the full amount of the President's 1993 request). Issuance of policy on information systems is two years behind schedule. Department has failed to address adequacy of backup capabilities for overseas regional administrative centers, and lacks a strategy to test contingency plans. IG audit of mainframe procurement to be issued in early 1993. Next steps: Award contract for new mainframe by June 1993; funding for mainframe acquisition would be required. Department must develop long-term plan to resolve operational problems.	3	3,871	150
Departmental accounting and financial systems have many weaknesses and do not meet standard requirements. A substantial amount of information essential to financial statement production is unrecorded, and a number of subsidiary accounting systems are not interfaced with the core system. Total 1993 appropriations for Department are $5.21B. At risk: assurance that these funds are being accounted for in an accurate, timely, and useful fashion.	State has (i) implemented enhancements to improve its Central Financial Management System's stability, integrity, and response time, and (ii) completed a study of the Overseas Financial Management System so as to develop a detailed improvement plan. Reorganization of the CFO's Office has focused more attention on financial management and strengthened efforts to improve financial systems and operations, but the problems are serious and long-standing. Some progress is being made. The financial systems planning process is underway, but it requires coordination with other Departmental information systems initiatives. Congress' cuts of the President's 1993 request will result in fewer short-term improvements to financial systems. Next steps: During 1993, (i) reduce the number of accounting and disbursing systems from six to three and the number of payroll systems from three to two; (ii) complete an Information Strategy Plan for integration and standardization of financial systems; and (iii) refine future funding requirements for systems improvements based on this plan.	2	10,640	6,910
Departmental controls over worldwide disbursing and cashiering are inadequate. Over $5B disbursed annually by Department disbursing officers worldwide. At risk: $50M, representing funds unreconciled with Treasury.	Overall strategy is to improve disbursing through stronger management from Washington of overseas financial operations, centralization of disbursing operations, and strengthened controls over cashiering. Good progress made on disbursing problems; disbursing functions for 6 of 22 officers have been centralized, with remainder on track; reconciliation of foreign currency bank accounts at RAMC Mexico and RAMC Bangkok nearing completion. New cashiering policies issued, but implementation must be aggressively pursued. Next steps: (i) Prepare detailed plan for creation of Office of Cash Management under CFO by June 1993. (ii) Establish system to increase accountability of cashiers and disbursing officers.	2	....	159
Departmental vulnerabilities exist in current hardware and software technology for selected information systems. $300M of hardware and associated software is becoming vulnerable to failure in the next few years. At risk: worldwide systems could suffer from significant downtime and even failure, due to inadequate vendor support.	State is heavily dependent on proprietary computer systems and software for financial, consular, personnel, and administrative functions. A significant portion of these proprietary computer systems are vulnerable to failure in the next few years. The Department intends to develop and implement a strategy to migrate to an information systems environment that meets government standards for open systems. Significant concerns exist over the adequacy and scope of the plans, and the ability of the Department to implement them effectively. ADDED TO HIGH RISK LIST. Next steps: Develop in 1993 a master plan for migration, with supporting detail (including standards, priorities, and resource implications).	A	....	....

DEPARTMENT OF TRANSPORTATION

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
Departmental financial systems are numerous, fragmented, and nonstandard. DOT financial systems process over $30B in outlays annually. At risk: assurance that funds are being accounted for in an accurate, timely, and useful fashion.	DOT is (i) correcting immediate problems in accounting, personnel, payroll, and procurement systems; (ii) establishing standards and developing a strategic systems plan for future modernization; and (iii) fully implementing an integrated systems environment. In 1992, DOT implemented its DAFIS core accounting system at the Maritime Administration—DAFIS is now installed in 7 out of 10 offices and administrations; and completed the conceptual design plan for an Integrated Personnel/Payroll System (IPPS). Significant progress was reported in the 1993 budget because the DAFIS implementations were accomplishing significant consolidation of core accounting system support. However, some accounting weaknesses in DAFIS remain, and significant work on longer-term strategies and plans for integrating subsidiary systems and providing more useful cost information has been delayed due to Congress' cuts in the President's 1993 request. Next steps: Complete (i) installation of DAFIS for remaining three offices by July 1993, and (ii) detailed design for IPPS during 1993. Implementation of IPPS and other systems enhancements will require resources in 1994.	2	6,213	3,668
Federal Transit Administration (FTA): Inadequate grants management oversight. At risk: FTA has over $35B in active grants. At risk: $300–500M.	FTA must improve oversight of grantees' adherence to Federal requirements. In 1992, FTA: (i) received additional staff support (31 FTEs); and (ii) implemented recommendations of the Administrator's Task Force Report on program management oversight. These recommendations included (i) a risk assessment for early identification of problem grantees needing assistance and closer monitoring, (ii) a more comprehensive Triennial Review process, and (iii) targeting of contractor support funds for oversight activities. FTA is also working to revise audit guidance to comply with Federal requirements. FTA has already taken short term steps to separate project oversight from program management activities. Additional resources provided by Congress in 1993 will be used to fund new contractor support activities. Next steps: During 1993, FTA will (i) continue organizational and functional changes to focus on and improve program oversight; (ii) increase the use of funds to hire contractors to perform procurement, management, financial, and safety reviews and audits; (iii) work with OMB to improve audit guidance; and (iv) recruit appropriate oversight staff. Funds will be required in 1994 to provide staffing and contractor support in the discretionary and formula grant programs.	2	24,977	28,368
Federal Aviation Administration: major systems acquisition procedures inadequate. FAA procurement plans are estimated at $8.2B over the next 15 years. At risk: increased costs because of poor contract administration.	FAA has developed an internal management control plan to identify and focus on major acquisition weaknesses, and an acquisition plan policy which includes provisions for contract award, administration, modification, and approval by senior management. Program offices must now justify and validate requirement needs at four successive phases from concept to production. FAA has also organizationally separated acquisition review and oversight from acquisition operations. Next steps: DOT will conduct a Procurement Management Review of FAA contract administration activities and contract modifications. Mission needs statements will be improved to include appropriate quantitative, analytical support by implementing a structured mission analysis process which will be closely tied to the budget process. Mission needs will be revalidated throughout the life cycle, operations requirements will be developed, and improvements in performance resulting from acquisitions will be measured. Acquisition policies will be revised and updated. Requirements determination, specification development, and pre-production testing processes will be improved through formation of Quality Action Teams. Additional training will be implemented, including a 20-week course for some project managers. Existing funds will be used to finance corrective actions.	2	5,500	5,500

DEPARTMENT OF TRANSPORTATION—Continued

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars) 1993 Request	1993 Enacted
U.S. Coast Guard: major systems acquisition procedures inadequate. USCG procurement plans are estimated at $1.5B over the next 5 years. At risk: increased costs because of poor contract administration.	In 1992, USCG conducted internal management control reviews on major systems acquisitions. These found that improvements are needed to protect source selection information and improve invoice processing. Mission justification now includes detailed cost estimates that are adequately supported and include all costs. Hands-on training in procurement management reviews and accountability is being improved. Next steps: In 1993, continue to improve the mission analysis and mission needs process (closely tied to the budget process), both at USCG and DOT. Mission needs will be revalidated through acquisition life cycle, and improvements in performance resulting from acquisitions will be measured through a structured process every year. Policy will be updated and revised as needed, and a system for correcting procurement errors will be developed. Program managers will continue to be trained at the Defense System Management College, and Warrant Officers assigned to field units with oversight responsibilities. A followup system to track procurement deficiency corrective actions will be developed.	2	15	15
Federal Aviation Administration: Inadequate management of spare parts at field activities. At risk: $130.7M of spare parts at field facilities.	The FAA must (i) improve management of spare parts at field activities; (ii) reduce inventory holding costs; (iii) take timely disposition action on excess and inactive materials; and (iv) centralize inventory management. FAA has issued revised guidelines to improve inventory management and has developed a supply site management plan. Next steps: Planned actions are to complete a phased inventory of field stock exceeding the threshold cost. Funds will be required in 1994 to complete implementation of the new inventory system and to conduct inspections of field facilities. ADDED TO THE HIGH RISK LIST.	A	....	....
U.S. Coast Guard: Inadequate logistical support for spare parts at field activities. At risk: $93.6 M of a $346.7 M on-hand inventory representing excess inventory.	The Coast Guard needs to implement internal control objectives and techniques sufficient to minimize its inventory cost for spare parts. Necessary corrective actions include implementation of the new Aeronautical Maintenance Management Information System (AMMIS). AMMIS is intended to improve planning, tracking and accounting capability. ADDED TO THE HIGH RISK LIST. Next steps: Introduction of the AMMIS system is scheduled for 1993 with full implementation in 1995. Funds will be required in 1994 to (i) provide advanced logistics management training, (ii) finance AMMIS, and (iii) complete the reorganization of the warehouse.	A	....	....
Department: Inadequate Department Information Systems Security (ISS) Annual investment of nearly $3B for information technology.	Security efforts have not kept pace with improved technology to safeguard information systems. Security improvements are needed to safeguard information systems for grant management, funds control, and management and safety of the of the Department's operational systems (e.g., Air Traffic Control Systems). DOT must develop a comprehensive security plan, and revise existing policy, issue procedural guidance, and perform security oversight reviews. ADDED TO THE HIGH RISK LIST. Next steps: (i) Complete security plan and revisions to existing policy statements (March 1993); (ii) complete four oversight reviews (September 1993); and (iii) issue guidance in support of ISS policy (September 1995). Funds will be required in 1994 for staffing and training.	A	....	....

DEPARTMENT OF TREASURY

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
Internal Revenue Service (IRS): strategy for collecting and resolving Accounts Receivable (AR) is inadequate. IRS Accounts Receivable $71B (current estimated collectible value is $28B). Collections totaled $24B in 1992. At risk: at least $28B in collectible receivables; $43B estimated allowance for doubtful accounts needs to be reconciled and closed out.	Since IRS collections have not kept pace with the growth in unpaid tax debt, significant Federal revenues may be lost. In 1992, the IRS: (i) set targets for AR and other functions and began quarterly performance reviews with OMB and Treasury; (ii) eliminated duplicate penalties from AR and initiated a pilot to eliminate erroneous accounts; (iii) began a feasibility study of the use of private collection agencies to resolve unworked, lower priority accounts; (iv) undertook a series of efforts to accelerate contact with delinquent taxpayers, including an accelerated notice pilot; and (v) modified its installment agreement and offer-in-compromise policies to permit more flexibility and increased collections. During the year, installment agreements have increased 47%; collections from installment agreements have increased 24%; and offers-in-compromise submitted by taxpayers have increased twofold. Next steps: Accounts receivable will be elevated to be an integral part of the Servicewide Compliance 2000 Strategy and related plan. In 1993, the IRS will conduct a private collection agency pilot and expand nationwide its pilot to eliminate erroneous accounts from AR. For 1994, if the private collection agency pilot proves feasible, legislation is needed to fund referral of unworked, low-priority cases to private collection agencies out of a portion of the proceeds. Continued funding of AR improvements will be needed in 1994.	2	16,217	15,641
Customs Service: Inadequate collecting/accounting systems for revenues on imports. $20 billion collected annually. At risk: control of revenues, including tracking of $880M in posted receivables.	A new core accounting system, Asset Information Management System (AIMS), was implemented to provide general ledger, funds control, and budget execution capabilities. Interfaces between AIMS and Customs administrative and revenue subsystems will provide improved data accuracy. Customs still needs to improve accounting for protested amounts and revenue collection—through the Automated Commercial System (ACS) and its interfaces with AIMS. A system for mail entry of collections was implemented in 1992 to enhance control over receivables. Congress' cut of the President's 1993 request will delay improvements to ACS, and interfaces between Customs subsystems and AIMS. Next steps: Customs reallocated $4.5M from other activities to (i) continue the redesign of the protest module in ACS; (ii) continue work on ACS and its interfaces with AIMS (needed to support accountability of revenues); (iii) begin work on the cost accumulation capabilities in phase II of AIMS; and (iv) improve data integrity through efforts to develop interfaces between Customs subsystems and AIMS. Additional resources will be needed for this effort in 1994.	2	1,668	0
Departmental: Financial system coordination is inadequate. Treasury is investing $81 million in financial systems development in 1993. At risk: systems developed by bureaus may not support departmental financial management initiatives.	Treasury has improved system oversight by establishing the Office of Financial Systems and Reports, and issuing Treasury Directive 32-02, "Approval of Financial Management System," which requires departmental review and approval for systems. Efforts are underway to implement the recommendations of the department-wide studies on integration of financial systems and financial report filing procedures. The Financial Management Systems Advisory Committee was estab-lished to ensure consistency in the design and enhancement of financial management systems. This committee will initiate efforts to determine department-wide financial management system requirements. The first three priorities will be travel, procurement, and revenue systems. Treasury continues to make progress in further reducing the variety and number of financial management systems by implementing the Federal Financial System (FFS) software at three additional bureaus (IRS, USCS, and FLETC). Current efforts will result in half of the bureaus using FFS by 1993 (accounting for 83% of Treasury's total budget authority).	2	170	170

DEPARTMENT OF TREASURY—Continued

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
	Next steps: Treasury (i) is allocating additional funds ($320,000) to this project in 1993, (ii) will oversee installation of FFS software at ATF, and (iii) will develop plans for establishing a departmentwide financial management system. Additional resources will be required in 1994 to improve systems oversight.			
Customs, Operations and Maintenance Account, Air and Marine Interdiction Programs lack adequate internal controls. Interdiction Operations and Maintenance accounts in 1993 totalled $138M. At risk: $26–50M dollars in unobligated balances.	Customs identified problems accounting for prior year unobligated balances in this program. Corrective actions to address these problems are underway. Last summer, Customs hired the accounting firm of KPMG Peat Marwick to review the account balances of the air/marine program, and they are now completing their work. Recommendations of Treasury's own study team will be implemented to improve the account's internal controls. Finally, the Inspector General will review results of both efforts. ADDED TO HIGH RISK LIST.	A	....	....

DEPARTMENT OF VETERANS AFFAIRS

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
Veterans Benefits Administration (VBA): Compensation and pension benefit overpayments. 1993 budget includes $16.5B for compensation and pension benefits. At risk: $185M in overpayments to beneficiaries annually.	The integrity of claimants' income reporting for compensation and pension benefit entitlement purposes requires validation of claimants' income reports. OIG sampling of wage matches and audits have disclosed over $53 million in overpayments and over 6,000 cases referred for further investigation. Following passage of authorizing legislation, VA obtained income data to perform income verification matches, and undertook matches with IRS and SSA. System now fully operational. With 43,000 cases completed thus far, 7,600 (18%) resulted in termination or reduction of benefits, and 35,400 required no adjustment. Next steps: Continue case-by-case validation of overpayments in remaining cases, which are the most difficult; and complete post-implementation evaluation.	1	8,357	8,357
Departmental audit followup systems inadequate. Audit reports received with monetary findings of $350M annually. At risk: up to 15% if audit followup is not pursued aggressively.	All corrective actions and milestone dates for improvement of audit followup system deficiencies completed as planned. Independent assessment (December 1991) of revised system conducted by Commerce Department peer review group, which found that VA met all existing OMB and IG Act requirements. DELETED FROM HIGH RISK LIST.	D	372	372
Veterans Health Administration (VHA): Drug inventory controls inadequate. Medical centers and nursing homes dispense large quantities of drugs. Scattered local systems provide poor controls. Drugs and medical supply inventories in VA hospitals replenished at rate of $450M a year. At risk: $68M in potential loss of drugs in inventory due to waste, theft or loss.	VA has expanded this High Risk area to address the larger issue of overall medical inventory controls (1991 GAO report had indicated that security and accountability for controlled substances at some medical centers were insufficient to detect and deter the diversion of lower scheduled controlled substances). VA decision to convert to a unit dose (rather than ward stock system) has resulted in the conversion by the end of 1992 of 25 of 46 medical centers (85% of all beds). Field facilities have been surveyed to assess compliance with new requirements for the control over addictive drugs. Next steps: (i) Implement VA task force recommendations to improve employee accountability for pharmaceutical security. (ii) Procure and install bar code readers at all facilities to implement the maintenance of a perpetual medical supply inventory system (requires additional 1994 funding). (iii) In 1995, conduct post-implementation evaluation of new system's effectiveness.	1	6,962	6,962

DEPARTMENT OF VETERANS AFFAIRS—Continued

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
VHA: Health care facilities construction planning process lacks design and performance standards. 1993 budget provides $493M for facility construction. At risk: $50M in additional unnecessary costs, cost overruns, or facilities exceeding actual needs.	Facilities Program is developing an overall systemic approach to construction planning to improve efficiency and effectiveness, based on facility planning standards. Construction planning models have been developed and tested, and are now in use in all field facilities. IG has concerns about the effect of a recent reorganization and the absence of eligibility data by service area as an analytical element in the construction planning model. Next step: Conduct post-implementation evaluation. No 1994 funding required.	1	0	0
Departmental internal management controls program weak. VA budget exceeds $33.5B. At risk: assurance that funds and operations are adequately protected against fraud, waste and abuse.	CFO has assumed responsibility for program and put in place key elements for a potentially effective program. Implementation of automated management control system to monitor and manage information on corrective actions, required reviews, etc., is scheduled in 1993. Next steps: (i) Implement action plans to effect improvements in the Department's programs and promote integrity of operations; and (ii) ensure effectiveness of automated system. Continued funding required in 1994.	2	290	290
VHA: Physician screening inadequate. 1993 budget included $14.6B for Veterans Health Services. At risk: inadequate assurance that VA patients are treated by qualified physicians.	Policies and procedures have been developed and implemented including cross-checks of key data, certifications of State medical boards, and a template folder for securing and filing standard reference data on physicians by VA centers. All milestones, and validation of corrective actions through on-site reviews in regional offices, have been completed. Other internal controls have been established to ensure long-term viability of corrective actions. OIG audit report (September 1992), surveying 20 medical centers, Headquarters and 4 regional offices, found substantive compliance with new procedures and concluded that physician screening was no longer a material weakness. DELETED FROM HIGH RISK LIST.	D	0	0

ENVIRONMENTAL PROTECTION AGENCY

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
Agency financial system does not provide reliable data or support accounting for receivables. Accounts receivable, as of September 1992, were $238M. At risk: assurance that these funds are accounted for in an accurate and timely fashion.	Enhancements to the core financial accounting system have been implemented to improve accountability, general ledger control, and accounts receivable accounting. Efforts are now underway to implement general ledger reconciliation. Modifications to the accounts receivable module are in progress. These will provide needed capabilities to record receivables, interest due, and collections. Additional improvements are needed to improve the accuracy of accounts receivable. Next steps: Complete general ledger data reconciliation, and revise policy and procedures for recording financial transactions in the system in 1993. EPA will reallocate an additional $94,000 in 1993 for system enhancements to provide better support for determining and collecting accounts receivable. No additional funding is required for 1994.	2	20	20

ENVIRONMENTAL PROTECTION AGENCY—Continued

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
Superfund: Program lacks adequate controls to ensure timely cleanup of National Priorities List (NPL) sites and consistent management of the Alternative Remedial Contracting Strategy (ARCS) contracts. 1993 Budget includes $1.574B for Superfund. At risk: environmental safety, and assurance that contract funds are being spent efficiently and effectively.	EPA reports correction of the over fifty problem areas identified in the 1989 Management Review of the Superfund Program. Regarding accelerating cleanup of NPL sites, in 1992, EPA: (i) implemented pilot projects for standardizing the remedial planning process; (ii) established policy allowing remedial design to begin prior to entry of the consent decree involving potentially responsible parties; and (iii) established aggressive cleanup targets through the year 2000. For ARCS contract management, EPA: (i) established regional management teams to review the ARCS award fee process; (ii) established policy for the distribution of work between the Army Corps of Engineers and ARCS; (iii) completed an ARCS level of effort capacity projection model; (iv) established requirements for independent government cost estimates; and (v) created an on-line database to track ARCS obligations and expenditures. Next steps: In 1993, action items to accelerate cleanup include (i) developing guidance to standardize the remedial planning process; (ii) developing procedures to expand the flexibility of design contracts; and (iii) implementing policy to permit remedial design to begin prior to entry of the consent decree and improve accounting. For ARCS contract management. action items include (i) developing guidance for establishing independent cost estimates; (ii) issuing final design scoping guidance and revised cost estimating tools; (iii) streamlining the award fee process; and (iv) conducting an evaluation of quality of program management and remedial work. No additional resources will be required in 1994.	2	5,450	5,450
Agency Contract Management: persistent, widespread problems in contract management. 1993 budget includes $1.2B for contracting. At risk: environmental safety, and assurance that contract funds are being spent efficiently and effectively.	EPA has established a task force to review and determine the scope of its management problems, and published a report, "Contract Management at EPA: Managing Our Mission," (June 1992). The report delineates problems and recommends actions. As part of its reexamination of contract management practices, EPA (i) has established Senior Procurement Officials within each office and region; (ii) has required contract training for all SES employees; and (iii) is reexamining resource allocations for contract management. Next steps: Implement corrective actions in the following areas: (i) organizational standing of agency procurement functions; (ii) agency oversight of contractor cost and performance; (iii) management and program accountability, (iv) resource allocation, and (v) procurement training. Additional resources may be required in 1994.	A	....	....

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
NASA financial accounting systems are outdated, labor intensive, and not integrated agencywide; weak funds control over contractors. NASA systems process $15B annually. At risk: assurance that these funds are being properly accounted for in an accurate and timely fashion.	NASA's financial accounting systems do not comply with the requirements of OMB Circular A-127 for a single, standard, integrated agency system. Decision to meet the need for strong financial controls made by top management. Development of a standard, integrated NASA Accounting and Financial Information System (NAFIS) to replace nine installation and six agencywide systems now underway. Functional requirements documents and system/software specifications completed. Preliminary design review completed October 1992. Next steps: (i) Design work to be completed by July 1993. (ii) Coding and testing to be completed by October 1994. (iii) Installation at NASA Centers to begin in September 1995 (requires continued budgetary support).	2	13,679	13,679

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION—Continued

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
NASA contract and subcontract administration and oversight inadequate. 92 percent of NASA's annual budget spent on contractors ($13.5B in 1993). At risk: $200-500M, representing potential overpayments to contractors through erroneous or fraudulent billings.	Inadequate oversight over prime contractors has resulted in overpriced subcontracts with excessive profits. Insufficient review of mission support contractors and subcontractors has caused vulnerability to mission failure and financial loss. Aggressive corrective action plan developed following OMB/NASA review team report. NASA has taken key actions to (i) improve training and staffing, and step-up contract audit requests to the Defense Contract Audit Agency; (ii) establish a new contract management division to monitor corrective actions; (iii) implement the first phase of a new Defense Logistics Agency billing system to ensure accountability for contract audits; and (iv) install an improved system of oversight and controls to identify contract management problems earlier and more effectively. Authorized ceilings for NASA procurement offices have been increased by 45 FTE to date (despite an agencywide hiring freeze). Next steps: (i) Continue expansion of contract management training program. (ii) Complete implementation of new procedures for validating DoD billings at NASA centers. (iii) Complete staffing augmentation plans at all NASA centers by the end of 1993. (iv) Validate effectiveness of final corrective actions through a full cycle of Procurement Management Surveys at all NASA centers by 1994. Additional funding is required in 1994.	1	8,171	8,171
NASA environmental management and pollution cleanup need priority attention. Since 1988, over $100M has been spent on environmental cleanup. At risk: health and safety of NASA employees and the public.	The lack of a cohesive agencywide plan and approach has resulted in non-uniform programs at NASA Centers. These have in many cases not fully addressed all components of the environmental program. NASA has developed an environmental remediation program and has made progress in the identification of hazardous waste sites, and the implementation of a multi-year program for site characterization and cleanup. ADDED TO HIGH RISK LIST. Next steps: NASA now needs to (i) identify potential hazardous waste sites; (ii) implement an agencywide environmental strategy; (iii) establish a NASA Environmental Management Council; and (iv) complete environmental self-assessments at major facilities. Funding will be required in 1994 to implement NASA's environmental strategy.	A	....	....

AGENCY FOR INTERNATIONAL DEVELOPMENT

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
AID financial management systems and operations are inadequate. Total obligations processed by AID/Washington operations are over $4B annually. At risk: assurance that these funds are being accounted for in an accurate, timely, and useful fashion.	AID's strategy includes developing a new primary accounting system and instituting management improvements in payments operations. In the systems area, AID completed analyses of 5 of 8 business areas identified in the Financial Management Strategic Information Systems Plan (FMSISP), and completed a cost/benefit analysis for system design alternatives. To improve payments operations, AID reduced centrally-managed advances, and implemented electronic certification. Next steps: In systems development, (i) analyze the remaining three business areas in the FMSISP, and (ii) evaluate specific system alternatives. Future funding needs will be based on this evaluation. In payments operations, (i) introduce additional desk procedures, (ii) conduct project officer training, and (iii) perform management control reviews.	2	3,830	3,791

AGENCY FOR INTERNATIONAL DEVELOPMENT—Continued

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
AID audit coverage of contractors and grantees is inadequate. AID has not obtained adequate audit coverage of overseas projects amounting to hundreds of millions of dollars. At risk: potential misuse of funds by contractors and grantees.	AID's new Audit Management and Resolution Program (AMRP), when fully implemented, will ensure appropriate audit coverage of recipients of AID funds. Specific responsibilities have been assigned to missions, the Office of Procurement, AID bureaus, and the IG. Guidance on implementing AMRP was finalized in April 1992. The joint OMB/AID SWAT Team report made additional recommendations relating to contracting and audit. Next steps: Implement SWAT Team recommendations: (i) revised policy guidance on project assistance; (ii) strengthened internal control process as it relates to grant and contract audits; (iii) maintenance of a comprehensive inventory of required audits; and (iv) a shift of primary responsibility for scheduling audit coverage from the IG to the Office of Procurement. Plans call for the IG to assess the effectiveness of AMRP one year after the program is implemented. Appropriate 1994 funding is required to implement SWAT Team recommendations.	2	800	840
AID automated systems which contain sensitive information are not adequately protected against disasters. 1993 budget for information resources management is approximately $20M. At risk: assurance that this investment and AID data are adequately protected from loss due to disasters.	AID is implementing both technical and procedural improvements to protect its ADP systems. In 1992, AID: (i) implemented and tested long-term disaster recovery service for all mainframe functions, including payroll and personnel processing; (ii) opened an off-site tape storage facility; (iii) installed anti-viral software; (iv) published new policies on password management and classified processing; and (v) conducted risk analyses for three basic systems platforms. Next steps: (i) Evaluate whether adequate action is being taken to implement recommendations made in risk analysis reports. (ii) Revise AID Handbook to include new security policies. (iii) Implement necessary changes to recovery service as regular testing continues. 1994 funding is required to improve network security.	1	889	456
AID cannot provide assurance that its programs are being properly monitored, and that it is meeting appropriate standards for accountability. Total 1993 AID budget is approximately $7.3B. At risk: assurance that these funds are being spent efficiently and effectively.	Several recent reviews of AID operations have helped AID better define its management improvement objectives, including improved program monitoring and oversight. In July 1992, an AID/OMB SWAT Team issued 30 recommendations to strengthen AID's management of staff, projects and programs. AID developed an action plan to carry out these recommendations. Next steps: Continue to (i) implement SWAT Team recommendations relating to personnel, contracting, audit and evaluation; (ii) concentrate programs in fewer countries; and (iii) focus country programs on fewer objectives. Implementation of SWAT Team recommendations will require appropriate staff and contractual funding in 1994.	2	7,000	7,877

FARM CREDIT ADMINISTRATION

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
Inadequate financial systems and property controls. FCA processed over $136M in collections for themselves and the Farm Credit System Insurance Corporation during 1992. At risk: lack of adequate controls places all of these resources at risk.	FCA financial systems are not integrated, lack fundamental controls, and do not conform with OMB core requirements. Progress reported in 1992 was inadequate. Progress previously reported in 1991 was overstated by FCA. Further in-house development is doubtful, and FCA is exploring external options for buying accounting services. Project managers were replaced during 1992. OMB assessment is that 1993 management plans are unrealistic. Next steps: OMB and Treasury team will perform an on-site review to determine most appropriate strategy and provide technical assistance to develop strategic plan. 1994 funding requirements unknown.	3	310	310

FEDERAL EMERGENCY MANAGEMENT AGENCY

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
Internal control program is not fully developed and implemented. 1993 new budget authority for FEMA is $827M, including flood and crime programs. At risk: assurance that these funds are adequately protected against fraud, waste and abuse.	FEMA is currently revamping its entire Management Control Program to address significant weaknesses identified by the FEMA Inspector General, OMB and FEMA's Office of Financial Management (OFI). This will be a long term effort (as reflected in FEMA's 5-Year Financial Management Plan). In 1992, FEMA (i) centralized activity by delegating to the newly appointed CFO responsibility for day-to-day administration and operation of the Management Control Program; (ii) defined principles and responsibilities for management controls; (iii) issued Part I of an agency Handbook in draft (for use in 1993); (iv) conducted compliance testing in Headquarters and the ten regions in six financial areas; (v) documented specific weaknesses related to the Financial Management Program; and (vi) prepared reviews of individual assurance letters and supporting documentation. Although FEMA has made progress in 1992, agencywide implementation of the Management Control Program has not occurred. The 1993 Management Control Plan has not yet been developed. Next steps: (i) The 1992 FMFIA report will document specific material weaknesses related to the Financial Management Program. (ii) In 1993, the CFO plans to prepare and implement an agencywide Management Control Plan. (iii) OFI is working on Part II of the Management Control Handbook, and training is planned for agency staff in 1993. Funding continues to be required in 1994.	3	350	300
Financial Management Systems: FEMA financial/accounting systems are not integrated. They are a collection of independently designed systems held together through a series of manual and automated interfaces. At risk: assurance that FEMA's investment in financial systems results in an integrated system that meets all CORE requirements, and provides accurate and useful financial information.	FEMA is currently addressing short term financial systems fixes (e.g., implementation of the U.S. Department of Education general ledger package). The necessary customizing of this package to bridge with other FEMA systems is almost complete; full implementation is planned for 1993. However, FEMA's maintenance of its financial management system and Education's general ledger package will be on an obsolete ADP platform. FEMA needs to address a longer term perspective for overcoming financial system deficiencies. Next steps: FEMA plans to fully convert to the new General Ledger System in February 1993, and produce agency year end financial reports using the new system in September 1993. This requires continued budgetary support in 1994. FEMA also plans to address the longer term through (i) performing a data requirements analysis; (ii) evaluating available integrated financial management system software packages designed to meet Federal systems standards; and (iii) deciding on an ADP platform to allow the Financial Management System to be fully integrated into the FEMA Wide Area Network.	3	900	300

GENERAL SERVICES ADMINISTRATION

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars) 1993 Request	1993 Enacted
Information Resources Management Service (IRMS): Oversight of GSA major information systems. This encompasses policies and processes established by GSA's IRM oversight organization to enforce good systems life cycle management practices. IRMS budget: $99M. At risk: substantial investments in systems which may not perform as intended.	GSA has taken numerous actions to strengthen its quality assurance program. For example, GSA has incorporated, into the life cycle management of all major systems development efforts, key requirements and principles: top management involvement, experienced project managers, modularly designed and implemented systems, reliance on standards, and use of conventional technology. GSA must now address specific improvements in security, project management, and oversight controls and implementation. This approach will be demonstrated in specific applications, such as the Public Building Service Information Service (PBS/IS), to be completed in 1994. Next steps: GSA IRMS needs to: (i) establish standards for technology throughout the agency, such as communications protocols and user interfaces; (ii) provide experienced project management assistance; and (iii) deliver common use cross-cutting applications to GSA organizations. Continued funding is required in 1994.	2	800	800
Federal Supply Service (FSS) and Information Resources Management Service (IRMS): Multiple Award Schedule (MAS) susceptible to excessive prices and inadequate central management of agency ordering practices by GSA. MAS program valued at $5B annually. At risk MAS prices higher than those commercially available and higher goverment costs.	Under the MAS program, GSA provides Federal agencies with a simplified process for obtaining needed equipment, supplies and services at prices associated with volume buying. Evidence suggests, however, that the government may be paying excessive prices due to (i) problems with contractor data, (ii) agencies improperly using the schedule program, and (iii) lack of latitude given to agencies to choose the most cost-effective option. To ensure that the government receives price discounts resulting from both volume purchasing and ongoing competition, changes are needed in the overall policy governing the program and to the regulatory base upon which it is founded. ADDED TO HIGH RISK LIST.	A	....	....

NATIONAL LABOR RELATIONS BOARD

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars) 1993 Request	1993 Enacted
NLRB: poor accounting system. Accounting system processes $162M annually. At risk: assurance that funds are being accounted for in an accurate and timely fashion.	OMB and the OIG performed a joint review of the new accounting system, determining that the software installation was successful, but additional work on data, procedures, and documentation was needed. NLRB has completed actions on all recommendations made, except for two which are still in process. Next steps: Complete updates to system documentation and complete reconciliation of other advances. No additional resources will be needed in 1994.	1	0	22
NLRB inventory system not reconcilable. Capitalized property valued at $618,000. At risk: assurance that these assets are adequately protected against loss and theft.	In 1991, NLRB prepared an inventory of capitalized property, reconciled with accounting system records, and implemented verification procedures between procurement and finance. In 1992, the OIG validated corrective actions made by NLRB in this area. DELETED FROM HIGH RISK LIST.	D	....	....

OFFICE OF PERSONNEL MANAGEMENT

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars) 1993 Request	1993 Enacted
Federal Employees Health Benefits Program (FEHBP): Inadequate internal control standards and oversight of insurance carrier operations. FEHBP totalled $17B in 1993. At risk: higher premium costs to employees and agencies as a result of excessive payments to carriers and providers.	FEHBP management control standards and oversight of insurance carriers' performance require strengthening. Five key problem areas identified: insurance contract administration, enrollment and premium reconciliation, administrative sanctions, audit resolution, and pricing of community rated plans. In 1992, (i) on-site reviews were intensified; (ii) new regulations were issued; (iii) a pilot project was undertaken to share data on enrollees between agencies and carriers; (iv) an administrative sanctions program was established; and (v) audit resolution problems were mostly solved. The insurance audit cycle was identified as a new problem area and key component for improving insurance contract administration. Next steps: (i) Target those operations most vulnerable to fraud and abuse and increase audit coverage. (ii) Initiate the on-site contract officer pilot. (iii) Implement cost accounting standards. (iv) Issue carrier internal control standards. Actions to be completed in all areas by 1994. Additional funding will be required in 1994.	2	....	....

PEACE CORPS

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars) 1993 Request	1993 Enacted
PC lacks an effective internal controls program at overseas posts. 1993 budget for overseas operations is $146M. At risk: assurance that these expenditures are adequately protected against fraud, waste and abuse.	PC (i) has implemented a program to review internal controls at overseas posts and ensure that problems are corrected; (ii) has improved management of overseas imprest funds; and (iii) is using additional 1993 funds to develop and implement new personal property management system. Next steps: (i) Acquire equipment for new property management system by June 1993. (ii) Begin training users and implementing system by September 1993. No additional funding is required in 1994.	2	125	324
Headquarters financial management system is antiquated. Accounting system expected to process $218M in 1993. At risk: assurance that funds are being accounted for in an accurate and timely fashion; inefficiencies may be as high as 5% of outlays.	PC (i) implemented a new headquarters financial management system, using an "off-the-shelf" software system, with no major problems; and (ii) identified desirable enhancements to the new system to make it more user-friendly and reduce the number of input errors. Next steps: (i) Complete conversion of historical data from old to new system by the end of 1993. (ii) Evaluate options for improving the integration of overseas accounting with the headquarters system. (iii) Implement enhancements identified by users. OIG will review new system implementation. 1994 funds are needed to provide system support, enhancements and training.	2	300	660

PENSION BENEFIT GUARANTY CORPORATION

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
PBGC: weaknesses exist in all major financial systems. Poor controls exercised over $790M premium income during 1992. At risk: proper billing of billions of dollars in insurance premiums.	Serious weaknesses have included: (i) premium subsystems unable to issue bills since 1988; (ii) inaccurate reporting of the actuarial liability included in financial reports (due to lack of proper supporting data systems); and (iii) an antiquated core accounting system which does not efficiently produce reports. In 1992, manual billings were issued for old overdue premiums and an RFP issued to purchase a modern billing and collection system. Consultants have assisted PBGC analysts in implementing major improvements in computing and documenting actuarial liabilities. Substantial work remains to be done, particularly in current premium and core accounting systems which still are not functioning properly. Next steps: (i) A new premium system must be selected and customized. (ii) Requirements for PBGC's core financial system must be completed as the basis for addressing system weaknesses. Sustained progress is dependent upon hiring permanent and competent project leaders, as well as continuing management commitment. Continued improvements in the core accounting system and the new premium system require resources in 1994.	2	4,874	4,874

RAILROAD RETIREMENT BOARD

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
Inadequate management controls and inability to certify the adequacy of controls for the Board's biggest benefit program. $7.3B in benefits, 950,000 beneficiaries in 1990. At risk: 59,500 backlogged cases of inaccurate insurance benefit payments; 22,500 inaccurate tax statements; unrecovered debt owed RRB.	In 1990 OMB led a management review of RRB resulting in 42 findings and 104 recommendations. RRB and OMB negotiated a $13.9 million 5-year "contract" to correct past problems. The plan linked specific reductions in backlogs and other problems with specific resource commitments. Through June 1992, RRB was ahead of schedule for reducing backlogs in 7 of the 8 identified categories, and on schedule for the eighth. Combined record correction and tax statement backlog reduced from 54,088 to 22,543 cases. RRB surpassed its 1992 goals in collections of past due monies through income tax refund offset and private collection agencies. RRB is also 6 months ahead of schedule in completing RRB/IRS reconciliations. Next steps: Continue OMB and RRB implementation of the 5-year contract and funding commitments in 1994.	1	3,758	3,690

SECURITIES AND EXCHANGE COMMISSION

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
SEC management of ADP systems development projects needs improvement. 1993 Budget includes $23.5M for SEC computer systems development projects. At risk: assurance that this expenditure will result in systems that produce accurate, timely, and useful information.	SEC is taking steps to strengthen the management of systems development projects. In 1992, (i) SEC's Office of Information Technology was reorganized to integrate the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system with other systems within the SEC; (ii) a new Chief Information Officer was appointed; and (iii) ADP Contract Guidelines were issued and distributed to staff. However, work on a Strategic IRM Plan is just starting. Next step: Complete draft IRM Plan by May 1993. No additional resources are required for 1994.	2	200	200
SEC lacks a long term disaster recovery plan for computer operations. At risk: assurance that SEC data are adequately protected, and agency can perform its mission in the event of a disaster.	SEC is developing and implementing a comprehensive computer disaster recovery plan. In 1992, a plan was approved which consists of a single facility with multiple sites. The agency leased a data operations center and installed a surplus EPA computer as their main computer (freeing an existing computer for use as backup). Congress' cut of the President's 1993 request resulted in OMB apportioning $1.7M from excess fee collections to restore this activity to an appropriate level. Next steps: Complete the conceptual design and system architecture for disaster recovery; and bring the second computer site on-line and test it. No additional development funding will be necessary in 1994.	2	3,700	1,900

SMALL BUSINESS ADMINISTRATION

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
Small Business Investment Company (SBIC) management/liquidation activities inadequately supervised. 1993 appropriation supports nearly $200M in SBIC guarantees; outstanding preferred stock and guaranteed debentures total $1.5B. At risk: $518M, representing the size of the current liquidation portfolio.	A variety of corrective measures have been instituted. These include (i) staffing realignments and increased hiring (from 34 to 68 positions); (ii) improved internal control systems; (iii) regulation and policy issuances; and (iv) proposed organizational changes. New staff have been trained and casework backlogs are being worked off (currently 9 cases pending liquidation decision compared to 50 in 1989). Computerized case control management information system developed and in place. Special financial, analytic, and review processes developed. A broad-based Advisory Council comprised of industry personnel has been established to provide advice. Recoveries in 1992 were over $67M, more than double the amount recovered in any single prior year. 1993 appropriations bill transferred $2M and 30 staff from OIG to SBIC program office for examinations in addition to other management investment funds appropriated. Next steps: Program oversight and review and validation of Standard Operating Procedures (SOP) implementation planned for 1993. Continued S&E funding in 1994 will be required to maintain new positions and transferred examiners.	1	750	750

SMALL BUSINESS ADMINISTRATION—Continued

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars) 1993 Request	1993 Enacted
Small Business Development Centers (SBDCs) lack control over program income. 1993 appropriation is $67M for SBDCs. At risk: assurance that appropriated monies are protected from fraud, waste and misuse by grantees.	Due to restrictive language in its Congressional appropriations (1988-1992), SBA has been prohibited from publishing regulations and operating procedures with respect to SBDCs, and accordingly precluded from conducting adequate program oversight. SBA has, within its administrative discretion, corrected 4 of 5 related material weaknesses in the SBDC program. Newly enacted legislation (the Small Business Credit and Business Opportunity Enhancement Act of 1992) now requires SBA to submit proposed regulations for the SBDC program to Congressional committees by March 3, 1993. Regulations have been written which will define program income and set internal control and accounting guidelines. Next steps: Congressional review of proposed regulations and lifting of restriction to enable SBA to publish the regulations. No additional resources required in 1994.	2	0	60
Surety Bond Guaranty Program (SBGP) has weaknesses in its system of management control. 1993 level is $1.5B for SBGP; outstanding share of bonds issued totals $896M. At risk: $24.4M in potential claims.	SBA's strategy is to strengthen operating procedures, automated management information systems, and audit followup processes. A new claims tracking system has been designed and is now operational. On-site reviews are being conducted and some SOPs revised. Program staff has been reorganized and regional office workload assessed and analyzed. According to SBA, budgetary constraints have limited to some degree SBGP staff increases, program reviews and systems work. Next steps: SBA to (i) complete redesign of mainframe; (ii) continue on-site reviews; and (iii) complete revision and publication of remaining SOPs. Resources will be required in 1994 to address these needs.	2	230	230

U.S. INFORMATION AGENCY

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars) 1993 Request	1993 Enacted
USIA financial management systems and operations are inadequate. The USIA domestic core accounting system processes approximately $960M of the $1.2B appropriations total; the rest is processed through the Department of State's overseas accounting system. At risk: assurance that funds are being accounted for in an accurate and timely fashion.	In 1992, USIA (i) completed a Strategic 5-year Financial Management System Plan; (ii) implemented systems to account for personal property and real property; (iii) installed a commercial software package to support small purchasing and contracting activities; and (iv) implemented a new on-line, front-end, obligations system within the core accounting system. Next steps: (i) Integrate accounts payable, accounts receivable and travel advance systems within the core accounting system. (ii) Develop an information systems architecture. (iii) Perform an analysis to determine whether to replace or upgrade the existing accounting system and identify future funding requirements.	2	1,500	1,500

UNITED STATES SOLDIERS' AND AIRMEN'S HOME

High Risk Area	Progress to Date and Next Steps	Assessment	Investment to Correct High Risk Area (In thousands of dollars)	
			1993 Request	1993 Enacted
Financial management controls weak and inaccurate financial data. Over $150M in funds managed. At risk: assurance that financial transactions are accounted for in an accurate and timely fashion.	Despite being a small agency, USSAH manages nearly $150 million in funds, some of which are the small personal accounts of resident veterans. To ensure a strong, accurate and timely financial management system, USSAH currently receives accounting cross-servicing from Treasury, Financial Management Service (FMS), for general ledger accounting and trust fund accounting using the accounts receivable subsystem. Congress' cut of the 1993 funding request has resulted in delay of the remaining corrective actions. Next steps: Although most corrective actions have been taken, implementation of the inventory, procurement and member billing interfaces must be completed. Continued budgetary support is required in 1994. Independent validation of the new system is also required.	1	693	0

Part Four.

SPENDING CONTROL OPTIONS

13. Budget Process Reform

13. BUDGET PROCESS REFORM

Significant improvements in the budget process have been made in the last few years. They result primarily from the changes made by the Budget Enforcement Act of 1990 (BEA). Discretionary spending has been held to the spending limits imposed in the BEA (as adjusted for emergency spending and other permitted items). The "pay-as-you-go" rules ensured that any legislated increases in mandatory spending or decreases in receipts were offset. In fact, the estimated net effect of pay-as-you-go legislation enacted through the end of the 102nd Congress is a reduction in the deficit for 1993. Federal credit programs are now budgeted and controlled on a basis that permits meaningful comparisons with the cost of other programs.

However, many of the improvements in the budget process are temporary. The BEA will expire after 1995 unless it is renewed. The separate caps on defense, international, and domestic discretionary spending categories will expire after 1993. For 1994 and 1995, there will be a cap only on discretionary spending as a whole, and the new President will have the option of imposing binding maximum deficit caps for those years. Retention and extension of all of the BEA improvements to the budget process are critical for effective control of the Federal budget.

Merely extending the BEA, however, will leave major budgetary issues unresolved. There is a need for further reform, and some specific proposals are summarized below. Most of them have been made before. Some of them were included in legislation proposed by the Administration or introduced by members of Congress. Unfortunately, many of the proposals never received serious consideration in Congress. Meanwhile, the problems they were intended to address worsen.

Capping the growth of "mandatory" spending.—The growth of mandatory spending programs should be subject to regular review as part of the budget process. The BEA requires that legislation creating new entitlements and other mandatory spending programs, or legislated changes to existing programs, be paid for by reducing other mandatory spending or increasing receipts. However, there is no mechanism for controlling the growth in spending for these programs that occurs automatically under existing law. The Administration has proposed to cap the growth in mandatory spending except Social Security. The cap would allow for:

- inflation, and
- program-by-program growth in beneficiary populations, and
- an extra allowance during the first two years to allow an orderly transition.

Projected growth above the cap would trigger a reconciliation process in which savings could be achieved by program reforms. Failure of the reconciliation process to achieve the necessary savings would trigger a sequester of mandatory spending programs in the amount necessary to hold mandatory spending growth to the capped level. Under the Administration's proposal, Social Security would be exempt from any such sequester. Related detail is presented in Part Four, Chapter 15, "Options for Implementing the Mandatory Cap."

Mandatory spending reauthorization.—In addition to limiting their growth, periodic reauthorization should be required for most mandatory spending programs.

Balanced budget amendment.—Stemming the steady build-up of the national debt is especially important for the generations to come. Those citizens, who will bear the burden of this mounting debt, are not adequately protected. The current budget system seems incapable of balancing the budget. Worse, it uses debt to finance excessive current consumption rather than investment in the future. A constitutional amendment is needed to protect the rights of future citizens.

A balanced budget amendment must include safeguards against tax increases that are counterproductive to economic growth. In addition, a budget amendment must be reinforced by a comprehensive agenda for renewal and the means to bring the growth of "mandatory" spending under control.

Line-item veto.—The current system promotes special interest spending and affords the President little opportunity to control it. The President, as representative of the general interest, should have the power to strike from legislation provisions that reflect only narrow interests. As with any other veto, a veto by the President of an item in a spending or revenue bill would be subject to override by a two-thirds vote in each house of Congress. This essential tool is available to most State Governors, who have used it successfully without unduly shifting the balance of power between the executive and the legislature.

Enhanced rescission authority.—The rescission mechanism in current law is ineffective. If the President determines that all or some of the amount provided in an appropriations item should not be spent, the President must ask Congress to "rescind" it, in accordance with the rules of the Impoundment Control Act of 1974. Proposed rescissions do not become effective unless approved by both Houses of Congress within 45 days. If the rescission is not approved, the funds must be spent. This means that the Congress can defeat the President's rescission proposals by simply ignoring them.

In practice, most of the rescissions proposed by Presidents are defeated by inaction. During this Administration, the President transmitted 169 rescission proposals that would have reduced spending by $13 billion. Of those, 25 rescissions were approved, reducing spending by $2 billion, or 15 percent of the amount that was proposed.

A line-item veto amendment to the Constitution is needed for the reasons discussed above, and it would be the most effective solution to the inadequacy of the current rescission procedures. However, absent such an amendment, the President has supported legislation to enhance the existing rescission procedures by requiring an up-or-down vote in Congress on Presidential rescission proposals.

Taxpayer check-off.—The Administration has supported an amendment to the Internal Revenue Code to allow taxpayers to designate up to 10 percent of their tax liability for debt retirement. The BEA would be amended to ensure that the total of the amounts designated by taxpayers would be reflected in reduced budget spending limits.

Discretionary spending reauthorization.—The Administration supports an amendment to Congressional procedures that would ensure that every discretionary program is reauthorized at least once every five years.

Joint budget resolution.—Under current law, the annual congressional resolution on the budget is a concurrent resolution, which does not require the President's signature. The budget resolution sets the limits for all subsequent legislation related to the budget—appropriations bills, revenue measures, and reforms of mandatory programs in reconciliation bills. Formal Presidential involvement in negotiations on the budget resolution should reduce the potential for conflict between the Administration and the Congress on individual bills, which typically pass in the later stages of each session of Congress.

Instituting a regulatory budget.—The private expenditures required by regulation have many of the same economic effects as Federal budget outlays. Most fundamentally, both regulation and budget outlays divert private resources to public purposes. In many cases, expenditures required by regulation may be an alternative means of achieving the same public policy objectives as budget outlays. For example, firms can be required by regulation to treat their effluent before dumping or, alternatively, public waste water treatment facilities can be constructed by direct expenditures of the Government. A fully-developed regulatory budget process would involve the President and Congress in setting overall goals, ceilings, and allocations for the costs of regulation to the private sector, just as the present fiscal budget now allocates direct Government spending. OMB has worked closely with agencies to improve regulatory cost estimates, and some variants of regulatory budgets have had small-scale applications or pilot tests. As more experience is gained, they may be applied more broadly and evolve toward one integrated budget that includes regulatory cost estimates along with the expenditure and deficit calculations. This topic is discussed in more detail in Part Two, Chapter 6, "Regulatory Reform and Program for 1993."

Budgeting for deposit, pension, and other insurance.—The Government operates many insurance programs, the largest being deposit insurance and pension guarantees. Other major programs insure crops, overseas private investments, and veterans' lives. For most Federal spending, cash-based budget authority and outlays are good measures of the costs that the Government incurs when it undertakes an activity or makes a commitment. For insurance programs, however, cash-based measures do not provide a clear, timely measure of costs to the Government. The Administration has proposed to shift the accounting for insurance programs from a cash basis to an accrual basis in an accounting framework similar to that used for credit programs. The improved budget accounting would better disclose the costs of continuing existing programs unchanged and the additional cost or savings of policy changes that are proposed. This proposal is discussed in more detail in Part Three, Chapter 11, "Hidden Liabilities Requiring Policy Correction."

Technical improvements in the Budget Enforcement Act.—As noted above, the original requirements of the BEA should be extended in order to preserve the discipline it has brought to the budget process. In addition, there are many technical changes that should be made in order to strengthen the process further and close loopholes. Some examples are:

- Enact limits on total Federal direct loans, loan guarantees, and on the cumulative total of related subsidies.
- Make the definition of budget authority consistent from program to program.
- Eliminate or limit most exemptions from sequestrations (while preserving the exemption for Social Security).

14. Reductions in Low-Return Discretionary Programs

14. REDUCTIONS IN LOW-RETURN DISCRETIONARY PROGRAMS

In the 1993 budget, the President proposed that over 4,500 projects be terminated or reduced. These proposals were made to terminate or reduce funding for programs that provide very low returns on the dollars that taxpayers are called upon to invest in them. Terminations and reductions were also proposed to help make possible funding increases, within the discretionary caps of the Budget Enforcement Act of 1990 (BEA), for programs with a much higher priority.

Congress rejected almost all of these proposals. For 1993, Congress rejected the proposed termination of more than 3,300 projects worth $3.3 billion and then provided funding for an additional 351 projects worth $650 million. Congress also rejected proposed reductions in more than 300 projects worth $6.2 billion. Despite Congress' inaction on these proposed 1993 terminations and reductions, the Administration continues to believe that, for the reasons discussed below, these programs should be terminated or substantially reduced in 1994.

The programs and projects that the Administration proposes to be terminated in 1994 are listed in Table 14–1. Examples of major reductions proposed by the Administration are listed in Table 14–2.

TERMINATIONS OF SUBSTANDARD PROJECTS

Many projects that Congress directs Executive Branch agencies to fund do not meet programmatic standards established by Congress in authorizing statutes or by published agency regulations. These substandard projects are commonly referred to as "pork" or "pork-barrel" projects. Standards most commonly violated are:

- Requirements to use competitive procedures in making grants and awarding contracts are waived in order to fund legislatively designated projects.
- Requirements to fund only projects of national or regional importance are disregarded in order to fund projects of purely local interest.
- Requirements that design work for construction projects be significantly underway (35–50 percent completed) to ensure that funded projects can be executed on time and within authorized funding levels are disregarded.

The first part of Table 14–1 identifies examples of such substandard projects, for which $431 million in budget authority was provided in 1992. The President's 1993 budget request proposed to eliminate new funding for such projects in 1993. The Congress provided $121 million to continue funding for existing projects in 1993. The Congress also provided an additional $346 million for new starts of substandard projects. For 1994, the adoption of a policy of not funding projects that do not meet established programmatic standards would produce $466 million in discretionary savings.

OTHER DOMESTIC DISCRETIONARY PROGRAM TERMINATIONS

In addition to the proposed termination of substandard projects, the President's 1993 budget request proposed terminating almost 4,000 other projects. Projects were proposed for termination for a variety of reasons. Some can be more effectively managed by either State and local governments or the private sector. Others have fulfilled their original missions and are no longer needed. Still others duplicate more effective Federal programs, cannot be afforded within available Federal resources, or are contrary to established cost-sharing policies.

The second part of Table 14–1 provides a summary listing of these projects. Of the $3.9 billion proposed for termination, Congress provided $3.2 billion in funding for these existing projects. In addition, the Congress provided $0.3 billion for congressional new starts of low-return projects that were not recommended by Federal agencies. For 1994, termination of these low-return projects would yield $3.5 billion in discretionary savings.

Table 14–1. PROPOSED TERMINATIONS

(Budget authority; dollar amounts in millions)

	1992 Enacted		1993 Request		1993 Enacted		1994 Proposed Terminations	
	Number of Projects	Budget Authority	Number of Projects	Budget Authority	Number of Projects	Budget Authority	Number of Projects	Budget Authority
SUBSTANDARD PROJECTS								
Agriculture:								
Earmarked Buildings and Facilities	51	75	0	0	43	52	43	52
Extension Service: Special Grants	23	12	0	0	21	12	21	12
Subtotal, Agriculture	74	86	0	0	64	64	64	64
Energy: Earmarked Research Projects	10	85	0	0	10	95	10	95
Housing and Urban Development: Special Project Grants	133	150	0	0	214	260	214	260
Transportation:								
Federal Highway Administration	27	73	0	0	9	20	9	20
Conrail Commuter Transition Assistance	N/A	14	N/A	0	N/A	7	N/A	7
Amtrak Corridor Improvement Loans	N/A	4	N/A	0	N/A	1	N/A	1
Subtotal, Transportation	27	91	0	0	9	28	9	28
Small Business Administration: Miscellaneous Grants	17	20	0	0	24	20	24	20
Total, Substandard Projects	261	431	0	0	321	466	321	466
OTHER DISCRETIONARY PROGRAMS/ PROJECTS								
Commerce:								
Economic Development Administration	842	229	0	0	740	217	740	217
National Oceanic and Atmospheric Administration:								
Oceanic and Atmospheric Research	107	37	0	0	105	30	105	30
Fisheries Assistance and Research	42	20	0	0	37	17	37	17
Weather Service Local Assistance	30	11	0	0	29	10	29	10
National Ocean Survey Local Assistance	12	6	0	0	15	7	15	7
Facilities Construction	4	4	0	0	6	19	6	19
Program Support—Facilities	3	2	0	0	2	1	2	1
International Trade Administration	3	14	0	0	7	16	7	16
National Telecommunications and Information Agency:								
Public Telecommunications Facilities Grants	115	20	0	0	120	21	120	21
Children's Television Endowment Fund	4	2	0	0	4	1	4	1
Tourism Disaster Grants	15	2	0	0	0	0	0	0
Subtotal, Commerce	1,177	349	0	0	1,065	340	1,065	340
Education:								
Student Financial Assistance	N/A	228	N/A	0	N/A	241	N/A	241
Impact Aid	N/A	139	N/A	0	N/A	125	N/A	125
Other	N/A	196	N/A	0	N/A	188	N/A	188
Subtotal, Education	N/A	563	N/A	0	N/A	554	N/A	554
Health and Human Services:								
Community Services Block Grant	285	437	0	5	285	441	285	441
Untargeted Health Professions Assistance Grants	1,488	187	0	0	1,199	172	1,199	172
Mental Health Protection and Advocacy	56	20	0	0	56	21	56	21
State Formula Planning Grants for Dependent care	56	13	0	0	55	13	55	13
Mental Health Clinical Training	123	11	0	0	33	3	33	3
Community Youth Activity Formula Grants	74	10	0	0	0	0	0	0
Trauma Care Demonstration Grants	10	5	0	0	9	4	9	4

Table 14–1. PROPOSED TERMINATIONS—Continued

(Budget authority; dollar amounts in millions)

	1992 Enacted		1993 Request		1993 Enacted		1994 Proposed Terminations	
	Number of Projects	Budget Authority	Number of Projects	Budget Authority	Number of Projects	Budget Authority	Number of Projects	Budget Authority
Demonstration Emergency Medical Services	14	5	0	0	14	5	14	5
Other	49	29	0	0	49	40	49	40
Subtotal, Health and Human Services	2,155	716	0	5	1,700	698	1,700	698
Housing and Urban Development:								
Public Housing New Construction	N/A	574	N/A	0	N/A	400	N/A	400
Indian Housing New Construction	N/A	227	N/A	0	N/A	257	N/A	257
Flexible Subsidy Fund	N/A	50	N/A	−88	N/A	−24	N/A	−24
Section 8 Moderate Rehabilitation Single Room Occupancy	N/A	105	N/A	0	N/A	105	N/A	105
Supplemental Assistance for Facilities	N/A	11	N/A	0	N/A	0	N/A	0
Congregate Services	N/A	18	N/A	0	N/A	21	N/A	21
Subtotal, Housing and Urban Develop	N/A	985	N/A	−88	N/A	759	N/A	759
Interior:								
Rural Abandoned Mine Program	N/A	12	N/A	0	N/A	13	N/A	13
Bureau of Indian Affairs: Business Development Grant	N/A	7	N/A	0	N/A	5	N/A	5
Bureau of Mines: Mineral Institutes	N/A	6	N/A	0	N/A	12	N/A	12
National Park Service: Urban Parks Grants	N/A	5	N/A	0	N/A	0	N/A	0
Navajo Rehabilitation Trust Fund	N/A	4	N/A	0	N/A	4	N/A	4
Bureau of Indian Affairs: Direct Loans	N/A	3	N/A	0	N/A	2	N/A	2
Subtotal, Interior	N/A	37	N/A	0	N/A	37	N/A	37
Justice: Mariel Cuban Grant Program	38	5	0	0	38	3	38	3
Labor:								
Job Training Partnership Act (JTPA) Set-asides	N/A	8	N/A	0	N/A	8	N/A	8
Bureau of Labor Statistics: Mass Layoff	50	6	0	0	0	0	0	0
Training and Employment Services	0	0	0	0	N/A	1	N/A	1
Mine Safety and Health Administration: State Grants	47	6	0	0	47	6	47	6
National Occupational Information Coordinating Committtee	N/A	5	N/A	0	N/A	5	N/A	5
Bureau of Labor Management: Relations Cooperative Program	1	5	0	0	1	1	1	1
National Veterans Training Institute	1	2	0	0	1	3	1	3
Bureau of Labor Statistics: Foreign Direct Investment	1	1	0	0	0	0	0	0
Subtotal, Labor	100	33	0	0	49	24	49	24
Transportation:								
Federal Highway Administration	103	528	0	0	63	322	63	322
Local Rail Freight Assistance Grants	40	12	0	0	40	8	40	8
Subtotal, Transportation	143	539	0	0	103	330	103	330
Army Corps of Engineers: Water Projects and Studies	74	168	0	0	69	228	69	228
Environmental Protection Agency:								
Miscellaneous Low-Priority Projects	31	36	0	0	42	53	42	53
Non-Competitively Selected Water Projects	21	16	0	0	33	52	33	52
Subtotal, Environmental Protection Agency	52	52	0	0	75	105	75	105
National Aeronautics and Space Administration:								
Advanced Solid Rocket Motor	1	315	0	0	1	195	1	195
Comet Rendezvous/Asteroid Flyby	1	11	0	0	0	0	0	0

Table 14–1. PROPOSED TERMINATIONS—Continued

(Budget authority; dollar amounts in millions)

	1992 Enacted		1993 Request		1993 Enacted		1994 Proposed Terminations	
	Number of Projects	Budget Authority	Number of Projects	Budget Authority	Number of Projects	Budget Authority	Number of Projects	Budget Authority
Space Test of Relativity Experiment	1	27	0	0	1	27	1	27
Miscellaneous University Research Projects	0	0	0	0	12	96	12	96
Subtotal, National Aeronautics and Space Administration	3	353	0	0	14	222	14	222
Small Business Administration:								
Small Business Development Centers	56	61	0	0	56	67	56	67
Tree Planting	N/A	16	N/A	0	N/A	16	N/A	16
Subtotal, Small Business Administration	56	77	0	0	56	83	56	83
Other Independent Agencies:								
Interstate Commerce Commission	1	41	0	16	1	44	1	44
District of Columbia Special Projects	5	17	0	0	1	5	1	5
State Justice Institute	185	14	0	0	185	14	185	14
Commission on the Bicentennial of the U.S. Constitution	1	2	0	0	0	0	0	0
Subtotal, Other Independent Agencies	192	74	0	16	187	62	187	62
Total, Other Domestic Programs	**3,990**	**3,949**	**0**	**−67**	**3,355**	**3,541**	**3,355**	**3,541**
Total	**4,251**	**4,381**	**0**	**−67**	**3,676**	**4,007**	**3,676**	**4,007**

N/A indicates funding reduction not applied on a project basis.

MAJOR REDUCTIONS IN DOMESTIC PROGRAMS

The President's 1993 budget proposed that numerous programs be funded below the level enacted for 1992. Programs were proposed for reduction if they were either (1) of lower priority and needed to be restrained in order to fund higher priority programs; or (2) could be reformed at a significant cost savings to the Federal Government while still fulfilling their purpose.

Table 14–2 provides a summary listing of the major reductions in domestic discretionary programs proposed in the President's 1993 budget. Reductions from the 1992 enacted level totaling $11.5 billion were proposed; however, Congress rejected $6.2 billion of these proposed reductions. For 1994, the Administration again recommends reducing these programs by the $6.2 billion previously rejected. Such reductions would make possible increased investment in productivity-enhancing programs within the constraint of the caps on discretionary spending established under the BEA.

Table 14–2. PROPOSED MAJOR REDUCTIONS IN DOMESTIC PROGRAMS

(Budget authority; dollar amounts in millions)

Agency/Bureau	Number of Projects	Budget Authority			
		1992 Enacted	1993 Request	1993 Enacted	1994 Proposed Reductions
Agriculture: Cooperative State Research Service Special Research Grants	133	74	29	73	44
Commerce:					
National Oceanic and Atmospheric Administration	77	133	66	121	55
Decennial Census	1	73	59	49	−10
Subtotal, Commerce	78	206	125	170	45
Education:					
Work Study and Supplemental Education Opportunity Grants	N/A	1,192	812	1,202	390
Impact Aid	N/A	617	516	579	63
Other	N/A	287	210	259	49
Subtotal, Education	N/A	2,095	1,538	2,040	502
Energy:					
Fossil Research and Development	1	444	311	418	107
Conservation Grants	1	240	155	230	75
Subtotal, Energy	2	684	466	648	182
Health and Human Services:					
Low-income Home Energy Assistance	1	1,500	1,065	1,346	281
Refugee and Entrant Assistance	5	411	227	382	155
Subtotal, Health and Human Services	6	1,911	1,292	1,728	436
Housing and Urban Development:					
Housing for the Elderly and Disabled	N/A	1,193	321	1,326	1,005
Home Grants	N/A	1,500	700	1,060	360
Public Housing Modernization	N/A	2,801	2,292	3,200	908
Community Development Block Grants	N/A	3,400	2,900	4,000	1,100
Public Housing Operating Subsidies	N/A	2,450	2,282	2,282	—
Subsidized Housing Amendments	N/A	2,300	1,919	1,350	−569
Renewal of Expiring Section 8 Contracts	N/A	7,585	7,262	6,926	−336
Subtotal, Housing and Urban Development	N/A	21,229	17,676	20,144	2,468
Interior:					
Bureau of Reclamation Construction	N/A	564	461	501	40
Miscellaneous Payments to Indians	N/A	123	32	39	7
Bureau of Indian Affairs Construction	N/A	203	130	150	20
Subtotal, Interior	N/A	890	623	690	67
Justice:					
Prison Construction	5	452	339	339	—
Juvenile Justice Grants	56	72	8	77	69
Cooperative Agreement Program	12	15	7	7	—
Regional Information Sharing System	7	15	10	14	4
Subtotal, Justice	80	554	364	437	73
Labor:					
Older Americans Employment	N/A	395	343	390	47
Various Job Training Partnership Programs	N/A	160	132	156	24
Subtotal, Labor	N/A	555	475	546	71
Transportation:					
Federal Transit Administration—Operating Subsidies	N/A	802	217	802	585
Amtrak	N/A	651	343	642	299
Federal Transit Administration—New Starts [1]	N/A	537	400	722	322

Table 14–2. PROPOSED MAJOR REDUCTIONS IN DOMESTIC PROGRAMS—Continued
(Budget authority; dollar amounts in millions)

Agency/Bureau	Number of Projects	Budget Authority			
		1992 Enacted	1993 Request	1993 Enacted	1994 Proposed Reductions
Federal Transit Administration—Interstate Transfer Grants	N/A	160	82	75	-7
Subtotal, Transportation	N/A	1,613	642	2,241	1,599
Treasury: Operations and Maintenance, Air and Marine Program	2	176	139	138	-1
Veterans Affairs: Major Projects Construction	13	414	382	493	111
Environmental Protection Agency: Non-Point Source Grants	1	53	27	50	23
National Aeronautic and Space Administration (NASA): Construction of Facilities (includes Advanced Solid Rocket Motor construction)	11	525	319	525	206
Small Business Administration:					
Disaster Loan Subsidies	N/A	122	24	81	57
Guaranteed Business Loan Subsidies	N/A	246	155	214	59
Direct Business Loan Subsidies	N/A	27	1	20	19
Subtotal, Small Business Administration	N/A	395	180	315	135
Other Independent Agencies:					
Federal Emergency Management Agency:					
Disaster Relief	N/A	4,126	292	292	—
Emergency Food	1	134	100	129	29
Postal Service: Revenue Foregone	1	470	122	122	—
Appalachian Regional Commission	13	190	100	190	90
Tennessee Valley Authority	N/A	135	79	135	56
Office of National Drug Control Policy	N/A	124	77	118	41
Subtotal, Other Independent Agencies	15	5,179	770	986	216
Total	**341**	**36,554**	**25,047**	**31,225**	**6,178**

N/A indicates proposed funding reduction not applied on a project bases.
[1] The budget authority shown for this program is not counted under the discretionary cap and is not included in the totals for this table.

In addition to proposals to terminate or substantially reduce the specific projects discussed above, there are other projects that could be proposed. For example, where new evidence exists that a program is not effective or where funding provided by the Congress for 1993 exceeds the amount needed and requested by the agency, the program should be terminated or reduced.

Reconsidering proposals rejected by the Congress that would result in additional collections should also be considered. For example, the Administration proposed for 1993 that the Elk Hills, California, oil field be leased to private industry. This proposal is supported for the following reasons:

- Operating an oil field is a commercial, not a governmental activity. Leasing to the private sector would likely result in increased efficiency of operation.
- Leasing has been used consistently and effectively elsewhere in the United States to ensure the sound development of Federally owned oil and gas resources.
- It is estimated that leasing the Elk Hills oil field to private industry would generate roughly $0.8 billion in revenue for the Federal government in 1994. In addition, private industry would invest hundreds of millions of dollars in needed production equipment at the oil field.

POTENTIAL CANDIDATES FOR LINE-ITEM VETO

The current system of authorizing and appropriating Federal budgetary resources allows for special interest spending and affords the President little opportunity to control it. The President should have the power to strike from legislation provisions that reflect only narrow interests. As with any other veto, a veto by the President of an item in a spending or revenue bill, or line-item veto, would be subject to override by a two-thirds vote in each house of Congress. This essential tool is available to 43 Governors, who have used it successfully without unduly shifting the balance of power between the executive and the legislature.

In the appropriations process, the absence of Presidential authority to exercise the line-item veto has resulted in excessive and inappropriate congressional earmarking of funds. Earmarking often provides substantial benefits to a local community but makes no contribution to the broader national interest. Considered individually, many projects funded through congressional earmarking are worthwhile; in the aggregate, however, they wastefully divert scarce Federal tax dollars.

The tight budget caps mandated by the Omnibus Budget and Reconciliation Act of 1990 mean that for every dollar that goes into funding local projects, there is one less dollar to invest in areas of pressing national concern. For example, it is estimated that Congress earmarked over $1.7 billion in 1993 for unrequested research and development projects, an increase of $0.7 billion over 1992.

Many projects of questionable merit that received 1993 funding through congressional earmarking might have been eliminated if the President had had line-item veto authority in acting on the 1993 appropriations bills. Illustrative examples of such projects include:

- $52.0 million for grants to fund construction or modernization of buildings and facilities for agricultural research. These grants were not competitively awarded and include projects such as $3.7 million to expand the library and herbarium at the New York City Botanical Garden and $194,000 for a vidalia onion storage facility in Georgia.

- $43.0 million in unrequested special agricultural research grants, including earmarked funding for asparagus yield decline (Michigan); dried bean research (North Dakota); dairy goat research (Texas); and potato utilization (North Dakota). A $240,000 grant for soil and water research in Ohio was not included in either the House- or Senate-passed versions of the appropriations bill yet appeared in the Conference version of the bill.

- $85.0 million in Environmental Protection Agency (EPA) funds for construction of a research and training center and dock facility mandated to be located in Bay City, Michigan. These facilities are unnecessary for the accomplishment of EPA's mission and duplicate existing facilities and activities. EPA did not request resources for the facilities and to date has not developed specific plans for their use.

- $260.0 million for unrequested, unauthorized "Special Purpose Grants," to be made by the Department of Housing and Urban Development. Examples include the following projects, many of which were not included in either the House- or Senate-passed version of the appropriations bill:

  —$1.0 million for restoration of the Liberty Theater in Columbus, Georgia, in conjunction with the City's 5th and 6th Avenue Redevelopment Plan.

  —$1.0 million for restoration of the Lucas Theater in the historic district of Savannah, Georgia, as part of the City's urban revitalization plan.

  —$5.9 million to the Bay County Building Authority in Bay County, Michigan, for a conference center and for other municipal purposes.

  —$1.5 million for restoration and renovation of the Lamar and Pickens County, Alabama, courthouses.

  —$2.5 million for infrastructure demolition and repair at Richardson Bay in the Marin County, California, area (removing docks along a high-cost residential coastline area).

  —$1.5 million to Cibola County, New Mexico, for a multi-agency visitor center.

  —$1.9 million to the City of Mackinac Island, Michigan, to restore historic buildings and for other municipal purposes.

  —$1.5 million to Enterprise Development, Inc. of Columbia, South Carolina, for a video conference and training facility.

  —$125,000 for restoration of a well under the jurisdiction of the Potomac Heights Home Owners Association in Western Charles County, Maryland.

—$1.0 million for the construction of a regional fire training center and related equipment in Clinton, Tennessee.

- $15.0 million that the Department of Defense is directed to allocate for experiments on a vertical transport levitation device. Congress directed that funds be made available to a sole source for this project. Defense scientists believe that the concept is of questionable technical merit. No funding beyond that provided for 1993 is budgeted for further development of this concept, although substantial additional funding would be needed to construct a prototype aircraft.

- $7.0 million for Conrail commuter transition assistance. This program was originally designed to help defray the one-time start-up costs of commuter service and other transition expenses connected with the transfer of rail commuter services from Conrail to other operators (Public Law 97–35 and Public Law 97–468). Between 1986 and 1993, an additional $45 million has been appropriated through this program to be available to the Southeastern Pennsylvania Transportation Authority (SEPTA) to finance local rail and bridge improvements. These projects should be financed through SEPTA's own funds.

- $30.0 million for the Federal Aviation Administration's Airway Science Program. Although the Department of Transportation (DOT) did not request funds in 1993, Congress included this funding in report language, earmarking funds for specific grants without the benefit of competition. This funding includes $4.5 million to build a national aviation and transportation center for Dowling College at MacArthur Airport in Islip, New York, and $11.5 million to Embry-Riddle University to construct an engineering and technology center. The transportation benefits to be gained from this program will be minimal.

- $1.2 million for a "Northern Forest Lands Council," a private, non-profit organization formed to develop strategies to protect large tracts of private forest land threatened by development in the Northeast. Federal funding, which now totals nearly $3.5 million, has been used for start-up and operational costs, as well as for funding of staff positions.

- $250,000 for a Rural Development Administration grant to continue implementation of a local strategy to encourage rural revitalization in Maui, Hawaii. The grant is to be administered by the non-Federal Maui Economic Development Board, Inc.

15. Options for Implementing the Mandatory Cap

15. OPTIONS FOR IMPLEMENTING THE MANDATORY CAP

NOTE: Specific options included are illustrative of a broad range of proposals advanced by diverse parties. Inclusion of a particular option here does not necessarily imply support for such an option—and should not be construed to imply support—by the Administration or other reform advocates.

Table 15–1. OPTIONS FOR IMPLEMENTING THE MANDATORY CAP

(Outlays, in millions of dollars)

	1993	1994	1995	1996	1997	1998	5-Year Savings
BENEFIT PROGRAMS							
Agriculture:							
Child nutrition:							
Baseline (average annual growth at 8.6%)	**7,145**	**7,773**	**8,457**	**9,200**	**9,974**	**10,807**	
Savings at population (average 3.1%) plus:							
—CPI plus 2/1/0/0/0	**0**	**−1**	**−37**	**−152**	**−302**	**−469**	−961
Options:							
1993 Budget Proposals:							
–More equitable distribution of school lunch subsidies	0	-3	-9	-11	-14	-15	-52
Additional items identified by:							
Congressional Budget Office:							
–Increase targeting of child nutrition @ [1] (Perot)	0	-340	-830	-960	-1,050	-1,100	-4,280
Food stamps:							
Baseline (average annual growth at 3.2%)	**24,027**	**25,000**	**25,637**	**26,436**	**27,210**	**28,065**	
Savings at population (average −1.2%) plus:							
—CPI plus 2/1/0/0/0	**0**	**0**	**0**	**−257**	**−450**	**−639**	**−1,345**
Options:							
Additional items identified by:							
Congressional Budget Office:							
–Eliminate small food stamp benefit @	0	-80	-80	-80	-80	-80	-400
Heritage Foundation:							
–Require reimbursement for all food stamps overpayment	0	-1,000	NA	NA	NA	-1,600	-5,600
–Require workfare or job search to receive food stamps	0	-80	NA	NA	NA	-200	-500
Defense—Civil:							
Military retirement:							
Baseline (average annual growth at 4.7%)	**25,591**	**26,811**	**28,120**	**29,481**	**30,860**	**32,269**	
Savings at population (average 1.2%) plus:							
—CPI plus 2/1/0/0/0	**0**	**0**	**0**	**0**	**0**	**−32**	**−32**
Options:							
Additional items identified by:							
Congressional Budget Office:							
–Defer COLAS for retirees under 62 @ [2]	0	-310	-800	-1,300	-1,900	-2,500	-6,810
–Limit some COLAs below inflation @ [2]	0	-180	-430	-700	-1,000	-1,350	-3,660

Table 15-1. OPTIONS FOR IMPLEMENTING THE MANDATORY CAP—Continued

(Outlays, in millions of dollars)

	1993	1994	1995	1996	1997	1998	5-Year Savings
-Add 1-year to salary average used to set pensions @ 2	0	-30	-60	-100	-140	-190	-520
Panetta:							
Change eligibility to recieve retirement checks:							
-Minimum age of 55 (20 years of service)	NA	NA	NA	NA	NA	NA	*-22,000
-Minimum age of 60 (20 years of service)	NA	NA	NA	NA	NA	NA	*-40,000
Perot:							
-Limit COLA options (see Civil Service Retirement)							
Other:							
-Apply CPI-1 COLA for life to all military retirees with recomputation of the annuity to the full COLA amount at age 62	0	-208	-479	-773	-1,091	-1,430	-3,981
Education:							
Guaranteed student loans:							
Baseline (average annual growth at 3.5%)	**2,316**	**2,231**	**2,322**	**2,499**	**2,635**	**2,748**	
Savings at population (average 1.9%) plus:							
—CPI plus 2/1/0/0/0	**0**	**0**	**0**	**−23**	**0**	**0**	**−23**
Options:							
Additional items identified by:							
Congressional Budget Office:							
Reduce interest subsidies:							
-Require students to pay in-school interest @ 3	0	-600	-890	-910	-930	-930	-4,260
-Raise students' interest rates after they leave school	0	-60	-95	-95	-95	-95	-440
-Raise students' interest rates and accrue interest during after-school grace period @ 3	0	-210	-330	-340	-360	-360	-1,600
-Reduce lenders' subsidies by 1 percentage point @	0	-160	-270	-310	-330	-340	-1,410
Require schools to share default risk:							
-Define allowable risk as a one-year rate	0	-150	-160	-160	-160	-160	-790
-Lower the allowable default rate to 20% over three years	0	-190	-200	-200	-190	-180	-960
-Lower allowable default rate to 1-year rate of 20% @	0	-310	-310	-310	-310	-310	-1,550
-Require schools to pay a loan default fee	0	-140	-190	-180	-170	-140	-820
-Require schools to pay co-origination fee @	0	-330	-490	-500	-510	-510	-2,340
-Replace with direct loans	0	-900	-1,350	-1,400	-1,450	-1,500	-6,600
Other:							
-Tighten the need analysis for student financial aid @ 3	0	-210	-330	-348	-366	-383	-1,637
-Assess a state default fee @ 3	0	-109	-172	-182	-193	-193	-849
-Eliminate "unsubsidized" Stafford loans @ 3	0	-19	-17	-19	-19	-21	-95
-Assess a borrower default fee @ 3	0	-345	-430	-433	-472	-494	-2,174
Health and Human Services:							
Aid to Families with Dependent Children (AFDC):							
Baseline (average annual growth at 2.8%)	**15,103**	**15,160**	**15,499**	**16,091**	**16,669**	**17,299**	
Savings at population (average 1.3%) plus:							
—CPI plus 2/1/0/0/0	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Options:							
1993 Budget Proposals:							
-Improve the child support enforcement system @	0	-134	-149	-169	-211	-219	-882

Table 15–1. OPTIONS FOR IMPLEMENTING THE MANDATORY CAP—Continued

(Outlays, in millions of dollars)

	1993	1994	1995	1996	1997	1998	5-Year Savings
–Raise the asset limit to $10,000 for families already on AFDC and allow families on AFDC to exclude some income and resources needed to meet the objectives of a "self-support" plan at State option (includes Medicaid effect)	0	6	26	71	72	74	249
–Limit AFDC emergency assistance to statutory limit provided in one 30-day period every 12 months @	0	–39	–40	–41	–41	–42	–203
Additional items identified by:							
Congressional Budget Office:							
–Combine funding for administering welfare programs into a single indexed grant (includes Medicaid/food stamps) @ (Perot)	0	–500	–830	–1,200	–1,600	–2,050	–6,180
–End $50 child support payment to AFDC families @ [4]	0	–170	–180	–180	–190	–200	–920
–Reduce matching rate for child support enforcement @	0	0	0	0	–520	–560	–1,080
–Charge fees for child support enforcement	0	0	0	0	–55	–65	–120
Heritage Foundation:							
–Limit housing allowance for AFDC families living in public housing	0	–500	NA	NA	NA	–800	–3,000
Foster care and adoption assistance:							
Baseline (average annual growth at 8.9%)	**2,946**	**3,007**	**3,331**	**3,698**	**4,090**	**4,521**	
Savings at population (average 6.0%) plus:							
—CPI plus 2/1/0/0/0	**0**	**0**	**0**	**–31**	**–82**	**–176**	**–289**
Options:							
Additional items identified by:							
Congressional Budget Office:							
–Limit foster care administrative costs @	0	–65	–150	–240	–350	–480	–1,285
Medicaid:							
Baseline (average annual growth at 14.2%)	**80,511**	**92,929**	**107,824**	**122,731**	**138,785**	**156,421**	
Savings at population (average 3.5%) plus:							
—CPI plus 2/1/0/0/0	**0**	**–4,649**	**–12,623**	**–20,495**	**–29,131**	**–38,859**	**–105,758**
Options:							
1993 Budget Proposals:							
–Enhance medical support for children @	0	–5	–10	–10	–15	–15	–55
–Increase payments to Puerto Rico	0	25	25	25	25	25	125
Additional items identified by:							
Congressional Budget Office:							
–Tighten estate-recovery processes and rules for long-term care @	0	–75	–150	–250	–400	–450	–1,325
Perot:							
–Cost containment (half of 93 Budget cap)	0	–2,900	–6,900	–11,300	–16,300	–21,400	–58,800
Various Plans to Reform Health Costs	NA	NA	NA	NA	NA	NA	NA
Medicare hospital insurance:							
Baseline (average annual growth at 11.3%)	**90,384**	**102,439**	**114,616**	**128,282**	**141,205**	**154,296**	
Savings at population (average 1.6%) plus:							
—CPI plus 2/1/0/0/0	**0**	**–5,261**	**–11,134**	**–19,305**	**–26,755**	**–34,421**	**–96,877**
Options:							
1993 Budget Proposals:							
–Place hospital update on calendar year basis @ [5]	0	–630	–1,050	–1,160	–1,210	–1,330	–5,380
Additional items identified by:							
Congressional Budget Office:							
–Immediately end disproportionate share adjustment	0	–1,900	–2,400	–2,600	–2,800	–3,000	–12,700

Table 15-1. OPTIONS FOR IMPLEMENTING THE MANDATORY CAP—Continued

(Outlays, in millions of dollars)

	1993	1994	1995	1996	1997	1998	5-Year Savings
–Gradually eliminate disproportionate share adjustment	0	–250	–760	–1,400	–2,100	–2,950	–7,460
–Reduce indirect teaching adjustment to 6 percent	0	–550	–680	–740	–800	–860	–3,630
–Reduce indirect teaching adjustment to 3 percent @	0	–1,550	–1,900	–2,100	–2,350	–2,450	–10,350
–Reduce direct medical education payments @[5]	0	–160	–180	–190	–200	–200	–930
–Eliminate additional payments to sole community hospitals and medicare dependent hospitals @[5]	0	–180	–220	–240	–260	–280	–1,180
–Eliminate return on equity for proprietary SNFs @	0	–55	–60	–65	–70	–75	–325
–Freeze PPS rates for one year @[5]	0	–1,600	–2,150	–2,400	–2,600	–2,850	–11,600
Perot:							
–Cost containment (half of 93 Budget cap, includes SMI portion)	0	–3,800	–9,000	–15,200	–23,100	–31,300	–82,400
Medicare supplementary medical insurance:							
Baseline (average annual growth at 13.9%)	**54,648**	**62,685**	**71,450**	**81,379**	**92,507**	**104,892**	
Savings at population (average 1.4%) plus:							
—CPI plus 2/1/0/0/0	**0**	**–4,059**	**–9,164**	**–15,917**	**–23,905**	**–32,967**	**–86,012**
Options:							
1993 Budget Proposals:							
–Limit Federal subsidy to 25% of SMI program costs for high income persons ($100K single/ $125K couple) @	0	–313	–427	–580	–757	–963	–3,040
–Establish single fee for supervisory anesthesia services @	0	–100	–140	–200	–230	–250	–920
–Authorize HHS Secretary to adjust DME reimbursements to reflect market factors @	0	–20	–80	–110	–130	–140	–480
–Reform payment of laboratory services by lowering cap from 88% to 76% of the median and update, as needed to reflect market factors @	0	–310	–560	–770	–1,020	–1,320	–3,980
Additional items identified by:							
Congressional Budget Office:							
–Continue transition to prospective rates for outpatient departments @	0	–180	–580	–780	–930	–1,100	–3,570
–Charge fee for claims not billed electronically @ (Perot)	0	–230	–260	–220	–170	–100	–980
–Reduce payments for intraocular lenses @	0	–120	–190	–200	–200	–200	–910
–Freeze reimbursements rates for one year @[6]	0	–350	–580	–640	–790	–920	–3,280
–Collect 20% coinsurance on home health @[6]	0	–1,850	–2,450	–2,700	–3,000	–3,300	–13,300
–Collect 20% coinsurance on SNFs @[6]	0	220	280	300	320	350	1,470
–Increase premiums to 30% of program costs @[6]	0	–1,360	–1,950	–2,920	–4,920	–7,170	–18,320
–Increase deductibles for physician services @[6]	0	–900	–1,700	–2,260	–3,000	–3,980	–11,840
–Collect 20% coinsurance on clinical lab services @[6]	0	–600	–1,020	–1,170	–1,340	–1,540	–5,670
–Increase coinsurance rate to 25 percent @[6]	0	–2,010	–2,910	–3,030	–3,500	–4,000	–15,450
Heritage Foundation:							
–Increase safeguard funding	0	–1,100	NA	NA	NA	–1,200	–5,400
–Index deductibles	0	–200	NA	NA	NA	–1,400	–3,800
Roth:							
–Secondary payor reform @	0	–400	–650	–650	–650	–650	–3,000
Perot:							
–Raise premiums to 35%	0	–2,800	–4,000	–6,000	–10,100	–14,800	–37,700
–Cost containment (see Medicare hospital insurance).							

Table 15–1. OPTIONS FOR IMPLEMENTING THE MANDATORY CAP—Continued

(Outlays, in millions of dollars)

	1993	1994	1995	1996	1997	1998	5-Year Savings
Supplemental security income:							
Baseline (average annual growth at 9.0%)	**21,880**	**23,672**	**26,076**	**28,652**	**31,174**	**33,699**	
Savings at population (average 4.8%) plus:							
—CPI plus 2/1/0/0/0	**0**	**0**	**−50**	**−483**	**−894**	**−1,334**	**−2,762**
Options:							
1993 Budget Proposals:							
–Recover overpayments by withholding other Social Security payments@	0	−34	−25	−24	−23	−23	−129
Additional items identified by:							
Congressional Budget Office:							
–Reduce $20 exclusion from income@[4]	0	−150	−160	−170	−170	−180	−830
Labor:							
Unemployment insurance:							
Baseline (average annual growth at −3.6%)	**33,463**	**25,331**	**24,964**	**26,011**	**26,782**	**27,876**	
Savings at population (average −1.5%) plus:							
—CPI plus 2/1/0/0/0	**0**	**0**	**0**	**0**	**0**	**−219**	**−219**
Treasury:							
Earned income tax credit:							
Baseline (average annual growth at 11.7%)	**8,909**	**9,864**	**13,218**	**13,934**	**14,681**	**15,466**	
Savings at population (average 2.5%) plus:							
—CPI plus 2/1/0/0/0	**0**	**−222**	**−2,835**	**−2,842**	**−2,948**	**−3,072**	**−11,920**
Veterans Affairs:							
Veterans compensation:							
Baseline (average annual growth at 3.2%)	**13,127**	**13,614**	**14,078**	**14,524**	**14,945**	**15,391**	
Savings at population (average −0.2%) plus:							
—CPI plus 2/1/0/0/0	**0**	**0**	**0**	**0**	**0**	**−4**	**−4**
Options:							
Additional items identified by:							
Congressional Budget Office:							
–End compensation payments for low-rated disabilities and those unrelated to military duties@	0	−1,700	−2,100	−2,100	−2,050	−2,350	−10,300
–End disability benefits for low-rated disabilities	0	−1,450	−1,750	−1,700	−1,650	−1,850	−8,400
–End dependents allowance for vets with low-rated disabilities	0	−220	−260	−250	−240	−260	−1,230
–End disability and death compensation awards in future cases when a disability is unrelated to military duties	0	−20	−85	−150	−200	−320	−775
Panetta:							
–Eliminate those with 10% disability or below	NA	NA	NA	NA	NA	NA	*−9,000
–Eliminate those with 20% disability or below	NA	NA	NA	NA	NA	NA	*−16,000
Veterans pensions:							
Baseline (average annual growth at 0.6%)	**3,517**	**3,363**	**3,297**	**3,263**	**3,238**	**3,619**	
Savings at population (average −4.2%) plus:							
—CPI plus 2/1/0/0/0	**0**	**0**	**0**	**0**	**0**	**−377**	**−377**
Office of Personnel Management:							
Civil service retirement:							
Baseline (average annual growth at 6.0%)	**34,564**	**36,054**	**37,623**	**41,416**	**44,147**	**46,322**	
Savings at population (average 1.2%) plus:							
—CPI plus 2/1/0/0/0	**0**	**0**	**0**	**−1,989**	**−2,838**	**−3,033**	**−7,860**

Table 15-1. OPTIONS FOR IMPLEMENTING THE MANDATORY CAP—Continued

(Outlays, in millions of dollars)

	1993	1994	1995	1996	1997	1998	5-Year Savings
Options:							
1993 Budget Proposals:							
-Permanently extend elimination of lump-sum option@	0	0	0	−2,165	−3,237	−3,590	−8,992
Additional items identified by:							
Congressional Budget Office:							
-Defer COLAS for retirees under 62@[7]	0	−80	−160	−230	−280	−310	−1,060
-Limit some COLAs below inflation	0	−100	−230	−370	−520	−680	−1,900
-Add 1-year to salary average used to set pensions@	0	−10	−50	−100	−150	−220	−530
Panetta:							
Increase age of retirement:							
-Minimum age of 60	NA	NA	NA	NA	NA	NA	−25,000
-Minimum age of 65	NA	NA	NA	NA	NA	NA	−55,000
Perot:							
-Limit COLAs (includes military retirement)	0	−600	−1,500	−2,600	−3,600	−4,700	−13,000
Other:							
-Apply FERS COLA (CPI-1) to CSRS annuitants@[7]	0	−327	−779	−1,257	−1,773	−2,316	−6,452
Federal employee health benefits:							
Baseline (average annual growth at 8.5%)	**3,580**	**3,701**	**3,872**	**3,869**	**4,702**	**5,393**	
Savings at population (average 0.5%) plus:							
—CPI plus 2/1/0/0/0	**0**	**0**	**0**	**0**	**−670**	**−1,195**	**−1,865**
Options:							
1993 Budget Proposals:							
-Apply Medicare Part B payment limits to all FEHBP enrollees age 65 and older@	0	−50	−75	−90	−100	−115	−430
Additional items identified by:							
Congressional Budget Office:							
-Modify hospital reimbursements@[8]	0	0	−120	−300	−560	−710	−1,690
Other:							
-Equalize enrollee coinsurance on prescription drugs for annuitants and active employees	0	−50	−70	−85	−95	−110	−410
-Limit FEHB payment for physicians' services covered under Medicare Part B to the Medicare allowed charge	0	−55	−80	−95	−110	−125	−465
Railroad Retirement Board:							
Railroad retirement:							
Baseline (average annual growth at −0.2%)	**4,687**	**4,732**	**4,752**	**4,743**	**4,720**	**4,740**	
Savings at population (average −2.6%) plus:							
—CPI plus 2/1/0/0/0	**0**	**0**	**0**	**0**	**0**	**0**	**0**
SUBTOTAL:							
Savings at population plus:							
—CPI plus 2/1/0/0/0	0	−14,192	−35,844	−61,496	−87,975	−116,796	−316,303
SUBTOTAL, selected options[9]	**0**	**−21,225**	**−31,669**	**−39,793**	**−49,242**	**−58,179**	**−200,108**
OTHER MANDATORY PROGRAMS							
Agriculture:							
Commodity Credit Corporation:							
Baseline	**17,090**	**12,255**	**10,697**	**10,590**	**10,036**	**10,333**	
Options:							
1993 Budget Proposals:.							

Table 15-1. OPTIONS FOR IMPLEMENTING THE MANDATORY CAP—Continued

(Outlays, in millions of dollars)

	1993	1994	1995	1996	1997	1998	5-Year Savings
-Reduce subsidies to those with off-farm income over $100,000	0	-100	-200	-200	-200	-200	-900
Additional items identified by:							
Congressional Budget Office:							
Reduce deficiency payments:							
-Lower target prices @ [10]	0	-440	-1,550	-2,150	-3,200	-5,950	-13,290
-Eliminate 0/92 and 50/92 programs @ [10]	0	-190	-490	-400	-270	-370	-1,720
-Decrease direct payments	0	-110	-280	-240	-260	-250	-1,140
-Raise ineligible base acreage @ [10]	0	-410	-960	-910	-810	-890	-3,980
Restrict eligibility for benefits and reduce payment limitations:							
-Limit payments to $50,000 per person	0	-70	-170	-150	-160	-160	-710
-Limit payments to $40,000 per person @ [11]	0	-130	-320	-270	-300	-290	-1,310
-Disqualify people with AGI > $100,000	0	-30	-80	-70	-80	-70	-330
-Disqualify people whose gross revenue from commodity sales > $500,000	0	-70	-180	-150	-170	-160	-730
Eliminate:							
-Export enhancement program @ [12]	0	-310	-740	-670	-640	-610	-2,970
-Market promotion program @	0	-100	-200	-200	-200	-200	-900
-Wool and mohair subsidies @	0	0	-190	-190	-200	-200	-780
-Honey subsidy @ (Clinton plan)	0	-20	-20	0	0	0	-40
-Require producer contributions in dairy program @	0	-140	-230	-250	-270	-280	-1,170
-Reduce loan guarantees under export programs @	0	45	-410	-420	-450	-400	-1,635
Panetta Plan:							
Overall reductions in subsidies:							
--30% effective in 1993 (assumes GATT in 92)	NA	NA	NA	NA	NA	NA	*-16,000
--15% effective in 1993 (assumes GATT in 92)	NA	NA	NA	NA	NA	NA	*-7,500
--30% effective with 1995 Farm bill	NA	NA	NA	NA	NA	NA	*-10,400
--15% effective with 1995 Farm bill	NA	NA	NA	NA	NA	NA	*-4,900
Heritage Foundation:							
Eliminate:							
-Dairy subsidy	NA	-1,000	NA	NA	NA	-1,000	-5,000
-Phase out all crop price and income support	NA	-2,300	NA	NA	NA	-8,000	-26,000
Perot:							
-Reduce supports (not specific)	0	-800	-2,400	-2,900	-4,200	-6,800	-17,100
Other:							
-Expand triple base (CBO variant) @	0	-250	-500	-500	-500	-500	-2,250
-CCC price insurance (CBO variant) @	0	-250	-500	-500	-500	-500	-2,250
-Increase CCC loan and other fees (CBO variant) @	0	-250	-400	-400	-400	-400	-1,850
Other Agriculture:							
Options:							
1993 Budget Proposals:							
-Agriculture marketing service user fees @	0	-7	-10	-10	-10	-10	-47
-End Cooperative State Research Service Morrill-Nelson funds @	0	-3	-3	-3	-3	-3	-15
-Food Safety and Inspection Service: 50% reimbursement of overtime costs (proposed as discretionary) @	0	-50	-50	-50	-50	-50	-250
Heritage Foundation:							
-Eliminate conservation reserve program (including not honoring existing contracts)	0	-1,600	NA	NA	NA	-2,000	-9,200
Other:							
-Terminate the Federal Crop Insurance program (CBO varient, 1991 Budget) @	0	-356	-783	-874	-902	-932	-3,847

Table 15-1. OPTIONS FOR IMPLEMENTING THE MANDATORY CAP—Continued

(Outlays, in millions of dollars)

	1993	1994	1995	1996	1997	1998	5-Year Savings
Commerce:							
Various fees:							
Options:							
1993 Budget Proposals:							
–Extend PTO user fee surcharges @	0	0	0	−107	−107	−107	−321
Additional items identified by:							
Heritage Foundation:							
–Weather service user fees	0	−50	NA	NA	NA	−50	−250
Corps of Engineers:							
Fees:							
Options:							
1993 Budget Proposals:							
–Expand fees for day use of developed recreational sites @	0	−20	−20	−20	−20	−20	−100
Additional items identified by:							
Congressional Budget Office:							
–Inland waterway user fees @ (Perot)	0	−350	−360	−380	−390	−410	−1,890
Energy:							
Electric utility programs:							
Options:							
1993 Budget Proposals:							
–Recover the Federal government's financing costs by changing PMA debt repayment practices @ (Perot)	0	−399	−432	−453	−458	−454	−2,196
–Alaska Power Administration asset sale (paygo effect)	0	0	10	11	11	10	42
Additional items identified by:							
Congressional Budget Office:							
–Index nuclear waste disposal fees @	0	−20	−40	−60	−80	−100	−300
Health and Human Services:							
Social services block grant:							
Baseline	**2,845**	**2,803**	**2,800**	**2,800**	**2,800**	**2,800**	
Additional items identified by:							
Heritage Foundation:							
–Reduce social services block grant by 50%	NA	−1,400	NA	NA	NA	−1,400	−7,000
Interior:							
Natural resources receipts:							
Options:							
1993 Budget Proposals:							
–Arctic National Wildlife Refuge (ANWR): oil and gas exploration rights @	0	0	−2,561	−1	−1,531	−1	−4,094
–State of Alaska's share of ANWR oil and gas exploration rights @	0	0	1,280	*	765	*	2,045
–Coastal communities impact assistance: Outer Continental Shelf (OCS) revenue sharing	0	3	9	22	39	54	127
Additional items identified by:							
Congressional Budget Office:							
–Raise grazing fees @ (Perot)	0	−10	−15	−30	−30	−30	−115
–Raise charges for Federal water @ (Perot)	0	−15	−15	−15	−20	−20	−85
Heritage Foundation:							
–Sell national helium reserves	0	−120	NA	NA	NA	−160	−700
Other:							
–Use ANWR receipts to pay for OCS lease buybacks off South Florida	0	0	400	0	0	0	400

Table 15–1. OPTIONS FOR IMPLEMENTING THE MANDATORY CAP—Continued

(Outlays, in millions of dollars)

	1993	1994	1995	1996	1997	1998	5-Year Savings
Labor:							
Trade adjustment assistance:							
Baseline	**179**	**213**	**214**	**212**	**209**	**215**	
Options:							
1993 Budget Proposals:							
–Replace with EDWAA@	NA	–116	–160	–193	–190	–187	–846
Transportation:							
Various programs:							
Options:							
Additional items identified by:							
Congressional Budget Office:							
–Charge for airport slots@ (Perot)	0	–300	–300	–300	–300	–300	–1,500
–Fees for air traffic control services@ (Perot)	0	–700	–1,450	–1,550	–1,650	–1,700	–7,050
Heritage Foundation:							
–Increase Coast Guard fees	0	–700	NA	NA	NA	–800	–3,900
–Eliminate ocean freight differential	0	–50	NA	NA	NA	–50	–250
Veterans Affairs:							
Home loans:							
Baseline	**965**	**708**	**624**	**564**	**538**	**523**	
Options:							
1993 Budget Proposals:							
–Extend, beyond 1993, counting government losses on resale when deciding whether to purchase foreclosed property or pay lenders the guaranty claim, and require veterans who are second and subsequent users to pay a 2.5% fee and 10% downpayment@	–46	–70	–71	–71	–72	–73	–403
Medical care cost recovery:							
Baseline	**–540**	**–589**	**–421**	**–497**	**–516**	**–495**	
Options:							
1993 Budget Proposals:							
–Extend sunset on authority to recover costs from health insurers of service-connected veterans for treatment of non-service connected conditions@ .	0	–46	–326	–391	–407	–425	–1,595
Readjustment benefits:							
Baseline	**891**	**1,123**	**1,222**	**1,288**	**1,394**	**1,478**	
Options:							
1993 Budget Proposals:.							
–Provide eligibility for vocational rehabilitation to veterans rated 30% disabled or greater, and restore 9:1 service members' benefit/contribution ratio for contributions to GI bill@	0	–89	–104	–98	–103	–109	–503
Other agencies:							
Federal Communications Commission:							
Options:							
1993 Budget Proposals:							
–Spectrum auction@	0	0	0	–1,253	–1,665	–833	–3,751
Additional items identified by:							
Congressional Budget Office:							
–Royalty payment on communications users@ (Perot)	0	–1,500	–1,600	–1,800	–1,900	–2,000	–8,800

Table 15-1. OPTIONS FOR IMPLEMENTING THE MANDATORY CAP—Continued

(Outlays, in millions of dollars)

	1993	1994	1995	1996	1997	1998	5-Year Savings
Farm Credit System Financial Assistance Corporation:							
Options:							
1993 Budget Proposals:							
-Accelerate system repayments of FAC (bailout) debt @	0	-212	0	0	0	0	-212
SUBTOTAL, selected options [13]	**-46**	**-6,708**	**-13,530**	**-14,519**	**-16,863**	**-18,354**	**-70,020**
SUMMARY							
Targets for benefits programs that grow more rapidly than inflation and beneficiary population:							
Savings at population plus:							
—CPI plus 2/1/0/0/0	0	-14,192	-35,844	-61,496	-87,975	-116,796	-316,303
Selected options (excluding comprehensive health care):							
Benefit programs	0	-21,225	-31,669	-39,793	-49,242	-58,179	-200,108
Other mandatory programs	-46	-6,708	-13,530	-14,519	-16,863	-18,354	-70,020
Total, selected options (excluding comprehensive health care) [14]	-46	-27,933	-45,199	-54,312	-66,105	-76,533	-270,128
MEMORANDUM							
Unspecific Perot health options	0	-6,700	-15,900	-26,500	-39,400	-52,700	-141,200
Total, selected options including unspecific Perot health options	-46	-34,633	-61,099	-80,812	-105,505	-129,233	-411,328

@Options selected represent maximum savings for each program. Excludes Heritage and Panetta since all estimates are not available.

NOTE: Many options were priced during the 1993 Budget cycle. Savings have been shifted one year to reflect a later implementation.

*Panetta estimates are for 10 years.

[1] Part of this proposal was included as discretionary in the President's 1993 Budget.

[2] Two proposals are interactive. Savings would be roughly $2.0 billion lower than the sum of the two over the five year period.

[3] Proposals are interactive. Savings would be less than the sum of the individual proposals. Amount of savings loss can not be determined.

[4] Proposal would also increase food stamp spending.

[5] Proposals interact. The combination of freeze PPS rates for one year and place hospital update on a calendar year basis would be $1.3 billion less in savings than the sum of the two individual proposals.

[6] Proposals interact. Increasing premiums to 30% of program costs reduces savings for limiting subsidy for upper income persons (by roughly $0.3 billion over five years). Changing coinsurance interacts with the lab update proposals (total savings reduced by roughly $0.8 billion over 5 years). Postponing the reimbursement rate update interacts with the DME and lab proposals (savings reduced by roughly $0.4 billion over 5 years). Premium interactions with all other proposals would reduce savings by $3.1 billion over 5 years. There are also small interaction effects for a few other proposals. In addition, reductions in SMI are offset by increases in Medicaid. If all selected options were adopted, Medicaid costs would go up $4.9 billion over the five year period. In total, the savings from SMI would be approximately $9.5 billion less than the sum of the individual proposals.

[7] Two proposals are interactive.

[8] Includes both mandatory and discretionary savings.

[9] In total, interaction effects would reduce total savings by approximately $12.8 billion over 5 years.

[10] Proposals are interactive. Savings could be as much as $300 million less than the sum of the three proposals over the five year period.

[11] Proposal interacts with reduction in deficiency payments.

[12] A reduced export program could lead to higher deficiency payments and thus greater savings from reducing them under certain market conditions.

[13] Interaction effects could reduce savings by as much as $300 million over five years.

[14] In total, interaction effects would reduce estimates of savings by roughly $13.1 billion over five years.

NOTE: Specific options included are illustrative of a broad range of proposals advanced by diverse parties. Inclusion of a particular option here does not necessarily imply support for such an option—and should not be construed to imply support—by the Administration or other reform advocates.

Part Five.

HISTORICAL TABLES

Historical Tables

Contents of the Historical Tables

Contents of the Historical Tables—Continued

HISTORICAL TABLES

INTRODUCTION

Historical Tables is designed to provide budget users with a wide range of data on Federal Government finances. In many cases, the data cover all years from 1940 to the baseline estimates through 1993. Additionally, Section 1 provides data on receipts, outlays, and surpluses or deficits for 1934–1939 and for earlier multi-year periods.

Structure

This document is composed of 15 sections, each of which has one or more tables. Each section covers a common theme. Section 1, for example, provides an overview of the budget and off-budget totals; Section 2 provides tables on receipts by source; and Section 3 shows outlays by function. The purpose of this set of tables is to present a broad range of historical budgetary data in one convenient reference source and to provide relevant comparisons most likely to be of assistance. The most common comparisons are in terms of proportions (e.g., each major receipt category as a percentage of total receipts and of the gross domestic product).

Section notes explain the nature of the activities covered by the tables in each section. The first time any new budget concept is introduced, the notes provide a nontechnical definition of the concept. Whenever it appears that some additional descriptive information would be useful, this information is also included. Explanations are generally not repeated, but there are occasional cross-references to related materials. When a section contains several tables, the general rule is to start with tables showing the broadest overview data and then work down to more detailed tables.

Because of the numerous changes in the way budget data have been presented over time, there are inevitable difficulties in trying to produce comparable data to cover many years. The general rule underlying all of these tables is to provide data in as meaningful and comparable a fashion as possible. To the extent feasible, the data are presented on a basis consistent with current budget concepts. When a structural change is made, insofar as possible the data are adjusted for all years.

In November 1990, the Omnibus Budget Reconciliation Act of 1990 was enacted. Part of this legislation was the Budget Enforcement Act, which not only provided new enforcement mechanisms, but also included significant changes in budget concepts. The major conceptual change concerns the measurement of Federal credit activity in the budget. Under current law, only the subsidy cost (the cost to the Government, including the cost associated with loan defaults) of direct loans and loan guarantees is recorded as budget authority and outlays. The remaining financial transactions of credit programs are recorded as means of financing the deficit. This concept applies only to direct loan obligations and loan guarantee commitments made in 1992 and later years. Unfortunately, the data for credit programs prior to 1992 could not be converted to this subsidy cost measurement basis. Thus, data prior to 1992 are on a cash flow or pre-credit reform basis. Data for 1992 and beyond are on a cash flow basis for direct loans and loan guarantees made in earlier years, but reflect the subsidy cost or credit reform concepts for the forty or so budget program accounts providing new direct loans or loan guarantees.

The Budget Enforcement Act also changed the concept of budget authority for most special and trust funds starting with 1992 data. These changes are discussed in the Notes to Section 5 below.

Coverage

The Federal Government has used the unified or consolidated budget concept as the foundation for its budgetary analysis and presentation since the 1969 budget. The basic guidelines for the unified budget were presented in the *Report of the President's Commission on Budget Concepts* (October 1967). The Commission recommended the budget include all Federal fiscal activities unless there were exceptionally persuasive reasons for exclusion. Nevertheless, from the very beginning some programs were perceived as warranting special treatment. Indeed, the Commission itself recommended a bifurcated presentation: a "unified budget" composed of an "expenditure account" and a "loan account." The distinction between the expenditure account and the loan account proved to be confusing and caused considerable complication in the budget for little benefit. As a result, this distinction was eliminated starting with the 1974 budget. However, even prior to the 1974 budget, the Export-Import Bank had been excluded by law from the budget totals, and other exclusions followed. The structure of the budget was gradually revised to show the off-budget transactions in many locations along with the on-budget transactions, and the off-budget amounts were added to the on-budget amounts in order to show total Federal spending.

The Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99–177) repealed the off-budget status of all then existing off-budget entities, but it included a provision immediately moving the Federal old-age, survivors, and disability insurance funds (collectively known as social security) off-budget. To provide a consistent time series, the budget historical data show social security off-budget for all years since its inception, and show all formerly off-budget entities on-budget for all years. Subsequent law (OBRA 1989) moved the Postal Service fund off-budget, starting in fiscal year 1989. Prior to that year, the Postal Service fund is shown on-budget.

Though social security and the Postal Service are now off-budget, they continue to be Federal programs. Indeed, social security currently accounts for around one-third of all Federal receipts and one-quarter of all Federal spending. Hence, the budget documents include these funds and focus on the Federal totals that combine the on-budget and off-budget amounts. Various budget tables and charts show total Federal receipts, outlays, and surpluses and deficits, and divide these totals between the portions that are off-budget and the remainder of Federal transactions, all of which are on-budget.

Changes in Historical Outlays and Deficit

The outlay and deficit totals for 1991 published in the 1993 budget have increased from $1,323.0 billion and $268.7 billion to 1,323.8 billion and $269.5 billion, respectively. These increases correct errors in recording certain TVA purchases and sales of Treasury debt securities. Purchases and sales had been classified as outlays and offsets to outlays, respectively, instead of nonexpenditure transactions; increases and decreases in holdings of Treasury debt by Government accounts had not been recorded. The corrections do not affect total Federal debt. The increases in debt held by Government accounts are offset by equal deductions in debt held by the public. Similar corrections were made to the outlay and deficit totals for 1989 and 1990.

Note on the Fiscal Year

The Federal fiscal year begins on October 1 and ends on the subsequent September 30. It is designated by the year in which it ends; for example, fiscal year 1990 began on October 1, 1989, and ended on September 30, 1990. Prior to fiscal year 1977 the Federal fiscal years began on July 1 and ended on June 30. In calendar year 1976 the July-September period was a separate accounting period (known as the transition quarter or TQ) to bridge the period required to shift to the new fiscal year.

Concepts Relevant to the Historical Tables

Budget (or "on-budget") receipts constitute the income side of the budget; they are composed almost entirely of taxes or other compulsory payments to the Government. Any income from business-type activities (e.g., interest income or sale of electric power), and any income by Government accounts arising from payments by other Government accounts is offset in computing *budget outlays* (spending). This method of accounting permits users to easily identify the size and trends in Federal taxes and other compulsory income, and in Federal spending financed from taxes, other compulsory income, or borrowing. *Budget surplus* refers to any excess of budget receipts over budget outlays, while *budget deficit* refers to any excess of budget outlays over budget receipts.

The terms *off-budget receipts, off-budget outlays, off-budget surpluses,* and *off-budget deficits* refer to similar categories for off-budget activities. The sum of the on-budget and off-budget transactions constitute the consolidated or total Federal Government transactions.

The budget is divided between two fund groups, federal funds and trust funds. The Federal funds grouping includes all receipts and outlays not specified by law as being trust funds. All Federal funds are on-budget (except for the Postal Service fund starting with fiscal year 1989). Most trust funds are on-budget, but as explained in the general notes above, the two social security retirement trust funds are shown off-budget for all years.

The term *trust fund* as used in Federal budget accounting is frequently misunderstood. In the private sector, "trust" refers to funds of one party held by a second party (the trustee) in a fiduciary capacity. In the Federal budget, the term "trust fund" means only that the law requires the funds be accounted for separately and used only for specified purposes and that the account in which the funds are deposited is designated as a "trust fund." A change in law may change the future receipts and the terms under which the fund's resources are spent. The determining factor as to whether a particular fund is designated as a "Federal" fund or "trust" fund is the law governing the fund.

The largest trust funds are for retirement and social insurance (e.g., civil service and military retirement, social security, medicare, and unemployment benefits). They are financed largely by social insurance taxes and contributions and payments from the general fund (the main component of Federal funds). However, there are also major trust funds for transportation (highway and airport and airways) and for other programs financed in whole or in part by *user charges.*

The budget documents do not separately show user charges. Frequently there is confusion between the concept of user charges and the concept of offsetting collections. User charges are charges for services rendered. Such charges may take the form of taxes (budget receipts), such as highway excise taxes used to finance the highway trust fund. They may also take the form of business-type charges, in which case they are offsetting collections—offset against budget outlays rather than being recorded as budget receipts. Examples of such charges are the proceeds from the sale of electric power by the Tennessee Valley Authority and medical insurance premiums paid to the supplementary medical insurance trust fund. User charges may go to the general fund of the Treasury or they may be "earmarked." If the funds are earmarked, it means the collections are separately identified and used for a specified purpose—they are not commingled (in an accounting sense) with any other money. This does not mean the money is actually kept in a separate bank account. All money in the Treasury is merged for efficient cash management. However, any earmarked funds are accounted for in such a way that the balances are always identifiable and available for the stipulated purposes.

Notes on Section 1 (Overview of Federal Government Finances)

This section provides an overall perspective on total receipts, outlays (spending), and surpluses or deficits, the on-budget and off-budget amounts are also separately shown. Tables 1.1 and 1.2 have identical structures; 1.1 shows the data in millions of dollars, while 1.2 shows the same data as percentages of the gross domestic product (GDP). For all the historical tables, fiscal year GDP is used to calculate percentages of GDP. The fiscal year GDP data are shown in Table 1.2.

Table 1.3 shows total Federal receipts, outlays, and surpluses or deficits in current and constant dollars, and as percentages of GDP. Table 6.1 provides a disaggregation of the constant dollar outlays.

Table 1.4 shows receipts, outlays and surpluses or deficits for the consolidated budget by fund group. The budget is composed of two principal fund groups—Federal funds and trust funds. Normally, whenever data are shown by fund group, any payments from programs in one fund group to accounts of the other are shown as outlays of the paying fund and receipts of the collecting fund. When the two fund groups are aggregated to arrive at budget totals these interfund transactions are deducted from both receipts and outlays in order to arrive at transactions with the public. Table 1.4 displays the estimates of receipts and outlays on a gross basis. That is, in contrast to normal budget practice, collections of interfund payments are included in the receipts totals rather than as offsets to outlays. These interfund collections are grossed-up to more closely approximate cash income and outgo of the fund groups.

Notes on Section 2 (Composition of Federal Government Receipts)

Section 2 provides historical information on on-budget and off-budget receipts. Table 2.1 shows total receipts divided into five major categories; it also shows the split between on-budget and off-budget receipts. Table 2.2 shows the receipts by major category as percentages of total receipts, while Table 2.3 shows the same categories of receipts as percentages of GDP. Table 2.4 disaggregates two of the major receipts categories, social insurance taxes and contributions and excise taxes, and Table 2.5 disaggregates the "other receipts" category. While the focus of the section is on total Federal receipts, auxiliary data show the amounts of trust fund money in each category, so it is possible to readily distinguish the Federal fund and trust fund portions.

Notes on Section 3 (Federal Government Outlays by Function)

Section 3 displays Federal Government outlays (on-budget and off-budget) according to their functional classification. The functional structure is divided into 18 broad areas (functions) that provide a coherent and comprehensive basis for analyzing the budget. Each function, in turn, is divided into basic groupings of programs entitled subfunctions. The structure has two categories—allowances and undistributed offsetting receipts—that are not truly functions but are required in order to cover the entire budget. At times a more summary presentation of functional data is needed; the data by "superfunction" is produced to satisfy this need. Table 3.1 provides outlays by superfunction and function while Table 3.2 shows outlays by function and subfunction.

No major changes have been made in the functional structure since last year's document. Subfunctional classifications have not changed, although the classification of one program has been corrected. Payments to States for AFDC work programs has been moved from subfunction 609 (Other income security) to subfunction 504 (Training and employment).

In arraying data on a functional basis, budget authority and outlays are classified according to the primary purpose of the activity. To the extent feasible, this classification is made without regard to agency or organizational distinctions. Classifying each activity solely in the function defining its most important purpose—even though many activities serve more than one purpose—permits adding the budget authority and outlays of each function to obtain the budget totals. For example, Federal spending for medicaid constitutes a health care program, but it also constitutes a form of income security benefits. However, the spending cannot be counted in both functions; since the main purpose of medicaid is to finance the health care of the beneficiaries, this program is classified in the "health" function. Section 3 provides data on budget outlays by function, while Section 5 provides comparable data on budget authority.

Notes on Section 4 (Federal Government Outlays by Agency)

Section 4 displays Federal Government outlays (on- and off-budget) by agency. Table 4.1 shows the dollar amounts of such outlays, and Table 4.2 shows the percentage distribution. The outlays by agency are based upon the agency structure currently in effect. For example, the Department of Education was established by legislation enacted in 1979. However, these data show the Department of Education spending for all years, including education spending that was in other agencies in earlier years.

Notes on Section 5 (Budget Authority—On- and Off-Budget)

Section 5 provides data on budget authority (BA). BA is the authority provided by law for agencies to obligate the Government to spend. Table 5.1 shows BA by function and subfunction, starting with 1976. Table 5.2 provides the same information by agency, and Table 5.3 provides a percentage distribution of BA by agency.

The data in these tables were compiled using the same methods used for the budget historical tables for receipts and outlays (i.e., to the extent feasible, changes in classification are reflected retroactively so the data show the same stream of transactions in the same location for all years). However, BA is heterogeneous in nature, varying significantly from one program to another. As a result, it is not additive—either across programs or agencies for a year or, in many cases, for an agency or program across a series of years—in the same sense that budget receipts and budget outlays are additive. The following are examples of different kinds of BA and the manner in which there are large divergences between the creation and use of BA.

- BA and outlays for each year may be exactly the same (e.g., interest on the public debt).
- All income to a fund (e.g., certain trust funds) may be permanently appropriated as BA; as long as the fund has adequate resources, there is no further relationship between the BA and outlays.
- For each year the Congress may appropriate a large quantity of BA that will be spent over a subsequent period of years (e.g., many defense procurement contracts and major construction programs).
- Some BA (e.g., the salaries and expenses of an operating agency) is made available only for a year and any portion not obligated during that year lapses (i.e., it ceases to be available to be obligated).
- Revolving funds may operate spending programs indefinitely with no new infusion of BA, other than the authority to spend offsetting collections.
- BA may be enacted with the expectation it is unlikely ever to be used (e.g., standby borrowing authority).
- In the past, the Federal Financing Bank (FFB) was conducted as a revolving fund, making direct loans to the public or purchasing loan assets from other funds or accounts. Each new loan by the FFB required new BA. In many cases, if the same loan were made by the account being serviced by the FFB, the loan could be financed from offsetting collections and no new BA would be recorded. Under terms of the 1985 legislation moving the FFB on-budget, the FFB ceased to make direct loans to the public. Instead, it makes loans to the accounts it services, and these accounts, in turn, make the loans to the public. Such loans could be made from new BA or other obligational authority available to the parent account. These tables have not been reconstructed to shift BA previously scored in the FFB to the parent accounts, because there is no technical way to reconfigure the data.
- Although major changes in the way BA is measured for credit programs (beginning in 1992) result from the Budget Enforcement Act, these tables could not be reconstructed to show revised BA figures for 1991 and prior years on the new basis.
- Beginning in 1992, the measurement of BA changed in all special and trust funds that have legislatively imposed limitations or benefit formulas that preclude the use of BA. Where previously budget authority was the total income to the fund, BA in these funds for 1992 and subsequent years is an estimate of the obligations to be incurred during the fiscal year for benefit payments, administration and other expenses of the fund.

As a result of the diverse nature of BA, it is difficult to conceptualize what the BA total means for a single year, or to determine the significance of a change in total BA from one year to the next. Sometimes it is meaningful to compare the BA for one function or subfunction with that for another function or subfunction, but often it is not. It is also generally not meaningful to compare BA for a particular function or subfunction with total BA. Additionally, since some BA lapses without being used and some BA is standby and never used, it is impossible to add the BA for a period of years in a meaningful manner in the same sense that receipts or outlays can be added over a period of years.

Despite these qualifications and drawbacks, there is a desire for historical data on BA, and this section has been developed to meet that desire. Budget authority data are also provided in Table 8.9 for various discretionary program groupings.

Notes on Section 6 (Composition of Federal Government Outlays)

The "composition" categories in this section divide total outlays (including social security) into national defense and nondefense components, and then disaggregate the nondefense spending into several parts:

- *Payments for individuals:* These are Federal Government spending programs designed to transfer income (in cash or in kind) to individuals or families. To the extent feasible, this category does not include reimbursements for current services rendered (e.g., salaries and interest). The payments may be in the form of cash paid directly to individuals or they may take the form of the provision of services or the payment of bills for activities largely financed from personal income. They include outlays for the provision of medical care (in veterans hospitals, for example) and for the payment of medical bills (e.g., medicare). They also include subsidies to reduce the cost of housing below market rates, and food and nutrition assistance (such as food stamps). The data base, while not precise, provides a reasonable perspective of the size and composition of income support transfers within any particular year and trends over time. Section 11 disaggregates the components of this category. The data in Section 6 show a significant amount of payments for individuals takes the form of grants to State and local governments to finance benefits for the ultimate recipients. These grants include medicaid, some food and nutrition assistance, and a significant portion of the housing assistance payments. Sections 11 and 12 provide a more detailed disaggregation of this spending.
- *All other grants to State and local governments:* This category is composed of the Federal nondefense grants to State and local governments other than grants defined as payments for individuals. Section 12 disaggregates this spending.
- *Net interest:* This category is composed of all spending (including offsetting receipts) included in the functional category "net interest." Most spending for net interest is paid to the public as interest on the Federal debt. As shown in Table 3.2, net interest includes, as an offset, significant amounts of interest income.
- *All other:* This category is composed of all remaining Federal spending and offsetting receipts except for the offsetting receipts included in the category "undistributed offsetting receipts." It includes most Federal loan activities and most Federal spending for foreign assistance, farm price supports, medical and other scientific research, and, in general, Federal direct program operations.
- *Undistributed offsetting receipts:* These are proprietary receipts from the public that are not offset against any specific agency or function. These offsetting receipts are in function 950 as shown in the functional tables. Additional details on their composition can be found at the end of Table 3.2.

Table 6.1 shows these outlays in current and constant dollars, the percentage distribution of current dollar outlays, and the current dollar outlays as percentages of GDP. The term "constant dollars" means the amounts of money that would have had to be spent in each year if, on average, the unit cost of everything purchased within that category each year (including purchases financed by income transfers, interest, etc.) were the same as in the base year (1987). The adjustments to constant dollars are made by applying a series of price deflators to the current dollar data base. The composite deflator is used to produce estimates of constant dollar receipts, and is published in Table 1.3. The separate deflators used for these calculations are not published, but are available upon request. Requests should be sent to Historical Tables, Office of Management and Budget, Room 6025, NEOB, Washington, DC 20503.

Notes on Section 7 (Federal Debt)

This section provides information about Federal debt. Table 7.1 contains data on gross Federal debt and its major components in terms of both the amount of debt outstanding at the end of each year and that amount as a percentage of fiscal year GDP. Gross Federal debt is the broadest measure of Federal debt commonly used. It is composed both of Federal debt held (owned) by the public and Federal debt held by Federal Government accounts. The largest Federal Government accounts holding Federal debt securities are the civil service and military retirement, social security, and medicare trust funds. However, significant amounts are also held by some other Government accounts, such as the unemployment and highway trust funds.

Federal debt held by the public is gross Federal debt not held by Federal Government accounts. For example, it includes debt held by individuals, private banks and insurance companies, the Federal Reserve Banks and foreign central banks.

Table 7.1 divides debt held by the public between the amount held by the Federal Reserve Banks and the remainder. The Federal Reserve Banks, while not part of the Government, are the central banking system for the Nation. Those data are shown separately because holdings of Federal debt by the Federal Reserve Banks do not have the same impact on private credit markets as other debt held by the public. Their holdings of Federal debt arise from their role as the country's central bank, and the size of these holdings has a major impact on the Nation's money supply. Since the Federal budget does not forecast Federal Reserve monetary policy, it does not project future changes in the amounts of Federal debt that will be held by the Federal Reserve Banks. Hence, the split of debt held by the public into that portion held by the Federal Reserve Banks and the remainder is provided only for past years. Table 2.5 shows deposits of earnings by the Federal Reserve System. Most interest paid by Treasury on debt held by the Federal Reserve Banks is returned to the Treasury as deposits of earnings, which are counted as budget receipts.

As a result of a conceptual revision in the quantification of Federal debt, the data on debt held by the public and gross Federal debt—but only a small part of debt held by Government accounts—were revised back to 1956 in the 1990 budget. The total revision was relatively small—a change of under one percent of the recorded value of the debt—but the revised basis is more consistent with the quantification of interest outlays, and provides a more meaningful measure of Federal debt. The change converted most debt held by the public from the par value to the sales price plus amortized discount.

Table 7.2 shows the end-of-year amounts of Federal debt subject to the general statutory limitation. It is recorded at par value (except for savings bonds) through 1988, but by law the basis was changed, in part, to accrual value for later years. Before World War I, each debt issue by the Government required specific authorization by the Congress. Starting in 1917, the nature of this limitation was modified in several steps until it developed into a limit on the total amount of Federal debt outstanding. The Treasury is free to borrow whatever amounts are needed up to the debt limit, which is changed from time to time to meet new requirements. Table 7.3 shows the ceiling at each point in time since 1940. It provides the specific legal citation, a short description of the change, and the amount of the limit specified by each Act. Most of gross Federal debt is subject to the statutory limit. However, there are some differences.

Notes on Section 8 (Outlays by Budget Enforcement Act Categories)

Section 8 is composed of nine tables providing budget authority and outlays by the major categories used under the Budget Enforcement Act (BEA) and under previous budget agreements between Congress and the current and previous Administrations. Table 8.1 shows Federal outlays within each of the categories and subcategories. The principal categories are outlays for mandatory and related programs and outlays for discretionary programs. Mandatory and related programs include direct spending and offsetting receipts whose budget authority is provided by law other than appropriations Acts. These include appropriated entitlements and the food stamp program, which receive pro forma appropriations. Table 8.2 has the same structure, but shows the data in constant (FY 1987) dollars. Table 8.3 shows the percentage distribution of outlays by BEA category and Table 8.4 shows outlays by BEA category as a percentage of GDP.

Table 8.5 provides additional detail by function and/or subfunction for mandatory and related programs. Table 8.6 shows the same data in constant dollars.

Discretionary programs are those whose budgetary resources (other than entitlement authority) are provided in appropriations Acts. The BEA defines three categories of discretionary programs: Defense (Function 050), International (Function 150), and Domestic (all other discretionary programs). Table 8.7 provides additional detail by function and/or subfunction on outlays for discretionary programs. Table 8.8 provides the same data in constant dollars. Table 8.9 provides function and/or subfunction detail on budget authority for discretionary programs.

Notes on Section 9 (Federal Government Outlays for Major Public Physical Capital Investment)

The tables in this section provide a broad perspective on Federal Government outlays for major public physical capital. They are based on the data classifications discussed in Appendix 1, Section C, of this document, which discusses this spending. These data measure new Federal spending for major public physical assets, but they exclude major commodity inventories. In some cases it was necessary to use supplementary data sources to estimate missing data in order to develop a consistent historical data series.

Table 9.1 shows direct Federal and grant outlays for major public physical capital investment in current and constant (FY 1987) dollars. Direct Federal outlays are further disaggregated into capital investment for national defense and nondefense capital investment. Table 9.2 has the same structure but shows the percentage distribution of outlays and the outlays as a percentage of GDP.

Table 9.3 disaggregates national defense direct outlays for major public physical capital investment. Table 9.4 disaggregates nondefense direct outlays. Table 9.5 shows the composition of grant outlays for major public physical capital investment.

Table 9.6 provides total outlays for major public physical capital investment in constant (FY 1987) dollars. Direct outlays and grant outlays are shown with further disaggregations of each category.

Notes on Section 10 (Federal Government Outlays for the Conduct of Research and Development and for the Conduct of Education and Training)

Appendix 1, Section C of this document provides data showing Federal Government outlays for the conduct of research and development (R&D) and the conduct of education and training. The data for the conduct of R&D exclude outlays for construction and major equipment for R&D, because such spending is included in outlays for physical capital (Section 9). Table 10.1 provides an overall perspective on Federal Government outlays for the conduct of R&D. It shows total spending and the split between national defense and nondefense spending in four forms: in current dollars, in constant dollars, as percentages of total outlays, and as percentages of GDP. Table 10.2 shows the outlays in current dollars by major function and program. Table 10.3 provides outlays for the conduct of education and training in current dollars for direct Federal programs and for grants to State and local governments. In each of these two categories, outlays are shown by subfunction. Total outlays for the conduct of education and training as a percentage of total Federal outlays and in constant FY 1987 dollars are also shown.

Table 10.3 shows outlays for the conduct of education and training in current dollars for direct Federal programs and for grants to State and local governments. In each of these two categories, outlays are shown by subfunction. Total outlays for the conduct of education and training as a percentage of total Federal outlays and in constant FY 1987 dollars are also shown. As with the series on physical capital, several budget data sources have been used to develop a consistent data series extending back to 1962. The major discontinuity occurs between 1991 and 1992 and affects primarily direct Federal higher education outlays. For 1991 and earlier, these data include net loan outlays. Beginning in 1992, pursuant to changes in the treatment of loans as specified in the Credit Reform Act of 1990, this series includes liquidating accounts for loans obligated in 1991 and earlier and credit subsidies for 1992 and later years.

Table 10.3 also excludes education and training outlays for physical capital (which are included in Section 9) and education and training outlays for the conduct of research and development (which are in Tables 10.1 and 10.2). Also excluded are education and training programs for Federal civilian and military employees.

Notes on Section 11 (Federal Government Payments for Individuals)

This section provides detail on outlays for Federal Government payments for individuals, which are also described in the notes on Section 6. The basic purpose of the payments for individuals aggregation is to provide a broad perspective on Federal spending in cash or in-kind for which no current service is rendered yet which constitutes income transfers to individuals and families. Table 11.1 provides an overview display of these data in four different forms. All four of these displays show the total payments for individuals, and the split of this total between grants to State and local governments for payments for individuals (such as medicaid and grants for housing assistance) and all other ("direct") payments for individuals.

Table 11.2 shows the functional composition of payments for individuals (see notes on Section 3 for a description of the functional classification), and includes the same grants versus nongrants ("direct") split provided in Table 11.1. The off-budget social security program finances a significant portion of the Federal payments for individuals. These tables do not distinguish between the on-budget and off-budget payments for individuals. However, all payments for individuals shown in Table 11.2 in function 650 (social security) are off-budget outlays, and all other payments for individuals are on-budget. Table 11.3 displays the payments for individuals by major program category.

Notes on Section 12 (Federal Grants To State and Local Governments)

For several decades the Federal budget documents have provided data on Federal grants to State and local governments. The purpose of these data is to identify Federal Government outlays that constitute income to State and local governments to help finance their services and their income transfers (payments for individuals) to the public. Grants generally exclude Federal Government payments for services rendered directly to the Federal Government; for example, they exclude most Federal Government payments for research and development, and they exclude payments to State social service agencies for screening disability insurance beneficiaries for the Federal disability insurance trust fund.

Table 12.1 provides an overall perspective on grants; its structure is similar to the structure of Table 11.1.

Table 12.2 displays Federal grants by function (see notes on Section 3 for a description of the functional classification). The bulk of Federal grants are included in the Federal funds group; however, since the creation of the highway trust fund in 1957, significant amounts of grants have been financed from trust funds (see notes to Section 1 for a description of the difference between "Federal funds" and "trust funds"). All Federal grants are on-budget. Wherever trust fund outlays are included in those data, Table 12.2 not only identifies the total grants by function but also shows the split between Federal funds and trust funds.

Table 12.3 provides data on grants at the account or program level, with an identification of the function, agency, and fund group of the payment.

Notes on Section 13 (Social Security and Medicare)

Over the past several decades the social security programs (the Federal old-age and survivors insurance (OASI) and the Federal disability insurance (DI) trust funds) and the medicare programs (the Federal hospital insurance (HI) and the Federal supplementary medical insurance (SMI) trust funds) have grown to be among the largest parts of the Federal budget. Because of the size, the rates of growth, and the specialized financing of these programs, policy analysts frequently need to identify these activities separately from all other Federal taxes and spending. As discussed in the introductory notes, the two social security funds are off-budget, while the medicare funds are on-budget. As Table 13.1 shows, the first of these funds (OASI) began in 1937. The table traces the annual transactions of that fund and of the other funds beginning with their points of origin.

The table provides detailed information about social security and medicare by fund. It shows total cash income (including offsetting receipts) by fund, separately identifying social insurance taxes and contributions, intragovernmental income, and proprietary receipts from the public. Virtually all of the proprietary receipts from the public, especially those for the supplementary medical insurance trust fund, are medicare insurance premiums. The table shows the income, outgo, and surplus or deficit of each fund for each year, and also shows the balances of the funds available for future requirements. Most of these fund balances are invested in public debt securities and constitute a significant portion of the debt held by Government accounts (see Table 7.1).

The SMI fund, which was established in 1967, is financed primarily by payments from Federal funds and secondarily by medical insurance premiums (proprietary receipts from the public). The other three trust funds are financed primarily by social insurance taxes. The law establishing the rate and base of these taxes allocates the tax receipts among the three funds.

The table shows significant transfers by OASI and DI to the railroad retirement social security equivalent account. These transfers are equal to the additional amounts of money social security would have had to pay, less additional receipts it would have collected, if the rail labor force had been included directly under social security since the inception of the social security program.

In 1983, when the OASI fund ran short of money, Congress passed legislation that (a) provided for a one-time acceleration of military service credit payments to these trust funds, (b) provided for a Federal fund payment to OASDI for the estimated value of checks issued in prior years and charged to the trust funds but never cashed, (c) required that the Treasury make payments to OASDHI on the first day of the month for the estimated amounts of their social insurance taxes to be collected over the course of each month (thereby increasing each affected trust fund's balances at the beginning of the month), and (d) subjected some social security benefits to Federal income or other taxes and provided for payments by Federal funds to social security of amounts equal to these additional taxes. Additionally, in 1983 the OASI fund borrowed from the DI and HI funds (the tables show the amounts of such borrowing and repayments of borrowing). The large intragovernmental collections by OASDHI in 1983 are a result of the transactions described under (a) and (b) above. Also starting in 1983, OASI began paying interest to DI and HI to reimburse them for the balances OASI borrowed from them; OASDHI paid interest to Treasury to compensate it for the balances transferred to these funds on the first day of each month. This practice of Treasury making payments on the first day of the month, and the associated interest payment, was repealed for OASDI in the Omnibus Budget Reconciliation Act of 1990. It had been repealed previously for HI.

Notes on Section 14 (Federal Sector Transactions in the National Income and Product Accounts)

The principal system used in the United States for measuring total economic activity is the system of national income and product accounts (NIPA), which provide calculations of the GDP and related data series. These data are produced by the Bureau of Economic Analysis (BEA) of the Department of Commerce. As part of this work the BEA staff analyze the budget data base and estimate transactions consistent with this measurement system. The NIPA data are normally produced for calendar years and quarters. Section 14 provides Federal Sector NIPA data on a fiscal year basis from 1947 through 1992.

Notes on Section 15 (Total (Federal and State and Local) Government Finances)

Section 15 provides a perspective on the size and composition of total Government (Federal, State, and local) receipts and spending. Both the Bureau of the Census and the Bureau of Economic Analysis in the

Commerce Department provide information (in the national income and product accounts (NIPA) data) on income and spending for all levels of government in the United States. These tables include the NIPA State and local transactions with the Federal budget (deducting the amount of overlap due to Federal grants to State and local governments) to measure total Government receipts and spending on a fiscal year basis from 1947 through 1992.

Table 1.1—SUMMARY OF RECEIPTS, OUTLAYS, AND SURPLUSES OR DEFICITS(−): 1789–1993

(in millions of dollars)

Year	Total			On-Budget			Off-Budget		
	Receipts	Outlays	Surplus or Deficit(−)	Receipts	Outlays	Surplus or Deficit(−)	Receipts	Outlays	Surplus or Deficit(−)
1789–1849	1,160	1,090	70	1,160	1,090	70	...	...	...
1850–1900	14,462	15,453	−991	14,462	15,453	−991	...	...	...
1901	588	525	63	588	525	63	...	...	...
1902	562	485	77	562	485	77	...	...	...
1903	562	517	45	562	517	45	...	...	...
1904	541	584	−43	541	584	−43	...	...	...
1905	544	567	−23	544	567	−23	...	...	...
1906	595	570	25	595	570	25	...	...	...
1907	666	579	87	666	579	87	...	...	...
1908	602	659	−57	602	659	−57	...	...	...
1909	604	694	−89	604	694	−89	...	...	...
1910	676	694	−18	676	694	−18	...	...	...
1911	702	691	11	702	691	11	...	...	...
1912	693	690	3	693	690	3	...	...	...
1913	714	715	−*	714	715	−*	...	...	...
1914	725	726	−*	725	726	−*	...	...	...
1915	683	746	−63	683	746	−63	...	...	...
1916	761	713	48	761	713	48	...	...	...
1917	1,101	1,954	−853	1,101	1,954	−853	...	...	...
1918	3,645	12,677	−9,032	3,645	12,677	−9,032	...	...	...
1919	5,130	18,493	−13,363	5,130	18,493	−13,363	...	...	...
1920	6,649	6,358	291	6,649	6,358	291	...	...	...
1921	5,571	5,062	509	5,571	5,062	509	...	...	...
1922	4,026	3,289	736	4,026	3,289	736	...	...	...
1923	3,853	3,140	713	3,853	3,140	713	...	...	...
1924	3,871	2,908	963	3,871	2,908	963	...	...	...
1925	3,641	2,924	717	3,641	2,924	717	...	...	...
1926	3,795	2,930	865	3,795	2,930	865	...	...	...
1927	4,013	2,857	1,155	4,013	2,857	1,155	...	...	...
1928	3,900	2,961	939	3,900	2,961	939	...	...	...
1929	3,862	3,127	734	3,862	3,127	734	...	...	...
1930	4,058	3,320	738	4,058	3,320	738	...	...	...
1931	3,116	3,577	−462	3,116	3,577	−462	...	...	...
1932	1,924	4,659	−2,735	1,924	4,659	−2,735	...	...	...
1933	1,997	4,598	−2,602	1,997	4,598	−2,602	...	...	...
1934	2,955	6,541	−3,586	2,955	6,541	−3,586	...	...	...
1935	3,609	6,412	−2,803	3,609	6,412	−2,803	...	...	...
1936	3,923	8,228	−4,304	3,923	8,228	−4,304	...	...	...
1937	5,387	7,580	−2,193	5,122	7,582	−2,460	265	−2	267
1938	6,751	6,840	−89	6,364	6,850	−486	387	−10	397
1939	6,295	9,141	−2,846	5,792	9,154	−3,362	503	−13	516
1940	6,548	9,468	−2,920	5,998	9,482	−3,484	550	−14	564
1941	8,712	13,653	−4,941	8,024	13,618	−5,594	688	35	653
1942	14,634	35,137	−20,503	13,738	35,071	−21,333	896	66	830
1943	24,001	78,555	−54,554	22,871	78,466	−55,595	1,130	89	1,041
1944	43,747	91,304	−47,557	42,455	91,190	−48,735	1,292	114	1,178
1945	45,159	92,712	−47,553	43,849	92,569	−48,720	1,310	143	1,167
1946	39,296	55,232	−15,936	38,057	55,022	−16,964	1,238	210	1,028
1947	38,514	34,496	4,018	37,055	34,193	2,861	1,459	303	1,157
1948	41,560	29,764	11,796	39,944	29,396	10,548	1,616	368	1,248
1949	39,415	38,835	580	37,724	38,408	−684	1,690	427	1,263
1950	39,443	42,562	−3,119	37,336	42,038	−4,702	2,106	524	1,583
1951	51,616	45,514	6,102	48,496	44,237	4,259	3,120	1,277	1,843
1952	66,167	67,686	−1,519	62,573	65,956	−3,383	3,594	1,730	1,864
1953	69,608	76,101	−6,493	65,511	73,771	−8,259	4,097	2,330	1,766
1954	69,701	70,855	−1,154	65,112	67,943	−2,831	4,589	2,912	1,677

* $500 thousand or less.

Table 1.1—**SUMMARY OF RECEIPTS, OUTLAYS, AND SURPLUSES OR DEFICITS(−): 1789–1993—Continued**

(in millions of dollars)

Year	Total			On-Budget			Off-Budget		
	Receipts	Outlays	Surplus or Deficit(−)	Receipts	Outlays	Surplus or Deficit(−)	Receipts	Outlays	Surplus or Deficit(−)
1955	65,451	68,444	−2,993	60,370	64,461	−4,091	5,081	3,983	1,098
1956	74,587	70,640	3,947	68,162	65,668	2,494	6,425	4,972	1,452
1957	79,990	76,578	3,412	73,201	70,562	2,639	6,789	6,016	773
1958	79,636	82,405	−2,769	71,587	74,902	−3,315	8,049	7,503	546
1959	79,249	92,098	−12,849	70,953	83,102	−12,149	8,296	8,996	−700
1960	92,492	92,191	301	81,851	81,341	510	10,641	10,850	−209
1961	94,388	97,723	−3,335	82,279	86,046	−3,766	12,109	11,677	431
1962	99,676	106,821	−7,146	87,405	93,286	−5,881	12,271	13,535	−1,265
1963	106,560	111,316	−4,756	92,385	96,352	−3,966	14,175	14,964	−789
1964	112,613	118,528	−5,915	96,248	102,794	−6,546	16,366	15,734	632
1965	116,817	118,228	−1,411	100,094	101,699	−1,605	16,723	16,529	194
1966	130,835	134,532	−3,698	111,749	114,817	−3,068	19,085	19,715	−630
1967	148,822	157,464	−8,643	124,420	137,040	−12,620	24,401	20,424	3,978
1968	152,973	178,134	−25,161	128,056	155,798	−27,742	24,917	22,336	2,581
1969	186,882	183,640	3,242	157,928	158,436	−507	28,953	25,204	3,749
1970	192,807	195,649	−2,842	159,348	168,042	−8,694	33,459	27,607	5,852
1971	187,139	210,172	−23,033	151,294	177,346	−26,052	35,845	32,826	3,019
1972	207,309	230,681	−23,373	167,402	193,824	−26,423	39,907	36,857	3,050
1973	230,799	245,707	−14,908	184,715	200,118	−15,403	46,084	45,589	495
1974	263,224	269,359	−6,135	209,299	217,270	−7,971	53,925	52,089	1,836
1975	279,090	332,332	−53,242	216,633	271,892	−55,260	62,458	60,440	2,018
1976	298,060	371,792	−73,732	231,671	302,183	−70,512	66,389	69,609	−3,220
TQ	81,232	95,975	−14,744	63,216	76,555	−13,339	18,016	19,421	−1,405
1977	355,559	409,218	−53,659	278,741	328,502	−49,760	76,817	80,716	−3,899
1978	399,561	458,746	−59,186	314,169	369,089	−54,920	85,391	89,657	−4,266
1979	463,302	503,485	−40,183	365,309	403,507	−38,199	97,994	99,978	−1,984
1980	517,112	590,947	−73,835	403,903	476,618	−72,715	113,209	114,329	−1,120
1981	599,272	678,249	−78,976	469,097	543,053	−73,956	130,176	135,196	−5,020
1982	617,766	745,755	−127,989	474,299	594,351	−120,052	143,467	151,404	−7,937
1983	600,562	808,380	−207,818	453,242	661,272	−208,030	147,320	147,108	212
1984	666,457	851,846	−185,388	500,382	686,032	−185,650	166,075	165,813	262
1985	734,057	946,391	−212,334	547,886	769,584	−221,698	186,171	176,807	9,363
1986	769,091	990,336	−221,245	568,862	806,838	−237,976	200,228	183,498	16,731
1987	854,143	1,003,911	−149,769	640,741	810,079	−169,339	213,402	193,832	19,570
1988	908,954	1,064,140	−155,187	667,463	861,449	−193,986	241,491	202,691	38,800
1989	990,691	1,143,172	−152,481	727,026	932,261	−205,235	263,666	210,911	52,754
1990	1,031,308	1,252,691	−221,384	749,652	1,027,626	−277,974	281,656	225,065	56,590
1991	1,054,264	1,323,785	−269,521	760,380	1,082,098	−321,719	293,885	241,687	52,198
1992	1,091,631	1,381,791	−290,160	789,205	1,129,475	−340,270	302,426	252,316	50,110
1993 estimate	1,147,588	1,474,935	−327,347	828,183	1,208,120	−379,937	319,405	266,815	52,590

Table 1.2—**SUMMARY OF RECEIPTS, OUTLAYS, AND SURPLUSES OR DEFICITS(-) AS PERCENTAGES OF GDP: 1934–1993**

Year	GDP (in billions of dollars)	Total			On-Budget			Off-Budget		
		Receipts	Outlays	Surplus or Deficit(-)	Receipts	Outlays	Surplus or Deficit(-)	Receipts	Outlays	Surplus or Deficit(-)
1934	60.4	4.9	10.8	-5.9	4.9	10.8	-5.9	....	....	....
1935	68.7	5.3	9.3	-4.1	5.3	9.3	-4.1	....	....	....
1936	77.5	5.1	10.6	-5.6	5.1	10.6	-5.6	....	....	....
1937	86.8	6.2	8.7	-2.5	5.9	8.7	-2.8	0.3	-*	0.3
1938	87.8	7.7	7.8	-0.1	7.2	7.8	-0.6	0.4	-*	0.5
1939	87.8	7.2	10.4	-3.2	6.6	10.4	-3.8	0.6	-*	0.6
1940	95.4	6.9	9.9	-3.1	6.3	9.9	-3.7	0.6	-*	0.6
1941	112.5	7.7	12.1	-4.4	7.1	12.1	-5.0	0.6	*	0.6
1942	141.8	10.3	24.8	-14.5	9.7	24.7	-15.0	0.6	*	0.6
1943	175.4	13.7	44.8	-31.1	13.0	44.7	-31.7	0.6	0.1	0.6
1944	201.7	21.7	45.3	-23.6	21.0	45.2	-24.2	0.6	0.1	0.6
1945	212.0	21.3	43.7	-22.4	20.7	43.7	-23.0	0.6	0.1	0.6
1946	212.5	18.5	26.0	-7.5	17.9	25.9	-8.0	0.6	0.1	0.5
1947	222.9	17.3	15.5	1.8	16.6	15.3	1.3	0.7	0.1	0.5
1948	246.7	16.8	12.1	4.8	16.2	11.9	4.3	0.7	0.1	0.5
1949	262.7	15.0	14.8	0.2	14.4	14.6	-0.3	0.6	0.2	0.5
1950	265.8	14.8	16.0	-1.2	14.0	15.8	-1.8	0.8	0.2	0.6
1951	313.5	16.5	14.5	1.9	15.5	14.1	1.4	1.0	0.4	0.6
1952	340.5	19.4	19.9	-0.4	18.4	19.4	-1.0	1.1	0.5	0.5
1953	363.8	19.1	20.9	-1.8	18.0	20.3	-2.3	1.1	0.6	0.5
1954	368.0	18.9	19.3	-0.3	17.7	18.5	-0.8	1.2	0.8	0.5
1955	384.7	17.0	17.8	-0.8	15.7	16.8	-1.1	1.3	1.0	0.3
1956	416.3	17.9	17.0	0.9	16.4	15.8	0.6	1.5	1.2	0.3
1957	438.3	18.3	17.5	0.8	16.7	16.1	0.6	1.5	1.4	0.2
1958	448.1	17.8	18.4	-0.6	16.0	16.7	-0.7	1.8	1.7	0.1
1959	480.2	16.5	19.2	-2.7	14.8	17.3	-2.5	1.7	1.9	-0.1
1960	504.6	18.3	18.3	0.1	16.2	16.1	0.1	2.1	2.2	-*
1961	517.0	18.3	18.9	-0.6	15.9	16.6	-0.7	2.3	2.3	0.1
1962	555.2	18.0	19.2	-1.3	15.7	16.8	-1.1	2.2	2.4	-0.2
1963	584.5	18.2	19.0	-0.8	15.8	16.5	-0.7	2.4	2.6	-0.1
1964	625.3	18.0	19.0	-0.9	15.4	16.4	-1.0	2.6	2.5	0.1
1965	671.0	17.4	17.6	-0.2	14.9	15.2	-0.2	2.5	2.5	*
1966	735.4	17.8	18.3	-0.5	15.2	15.6	-0.4	2.6	2.7	-0.1
1967	793.3	18.8	19.8	-1.1	15.7	17.3	-1.6	3.1	2.6	0.5
1968	847.2	18.1	21.0	-3.0	15.1	18.4	-3.3	2.9	2.6	0.3
1969	925.7	20.2	19.8	0.4	17.1	17.1	-0.1	3.1	2.7	0.4
1970	985.4	19.6	19.9	-0.3	16.2	17.1	-0.9	3.4	2.8	0.6
1971	1,050.9	17.8	20.0	-2.2	14.4	16.9	-2.5	3.4	3.1	0.3
1972	1,147.8	18.1	20.1	-2.0	14.6	16.9	-2.3	3.5	3.2	0.3
1973	1,274.0	18.1	19.3	-1.2	14.5	15.7	-1.2	3.6	3.6	*
1974	1,403.6	18.8	19.2	-0.4	14.9	15.5	-0.6	3.8	3.7	0.1
1975	1,509.8	18.5	22.0	-3.5	14.3	18.0	-3.7	4.1	4.0	0.1
1976	1,684.2	17.7	22.1	-4.4	13.8	17.9	-4.2	3.9	4.1	-0.2
TQ	445.0	18.3	21.6	-3.3	14.2	17.2	-3.0	4.0	4.4	-0.3
1977	1,917.2	18.5	21.3	-2.8	14.5	17.1	-2.6	4.0	4.2	-0.2
1978	2,155.0	18.5	21.3	-2.7	14.6	17.1	-2.5	4.0	4.2	-0.2
1979	2,429.5	19.1	20.7	-1.7	15.0	16.6	-1.6	4.0	4.1	-0.1
1980	2,644.1	19.6	22.3	-2.8	15.3	18.0	-2.8	4.3	4.3	-*
1981	2,964.4	20.2	22.9	-2.7	15.8	18.3	-2.5	4.4	4.6	-0.2
1982	3,122.2	19.8	23.9	-4.1	15.2	19.0	-3.8	4.6	4.8	-0.3
1983	3,316.5	18.1	24.4	-6.3	13.7	19.9	-6.3	4.4	4.4	*
1984	3,695.0	18.0	23.1	-5.0	13.5	18.6	-5.0	4.5	4.5	*
1985	3,967.7	18.5	23.9	-5.4	13.8	19.4	-5.6	4.7	4.5	0.2
1986	4,219.0	18.2	23.5	-5.2	13.5	19.1	-5.6	4.7	4.3	0.4
1987	4,452.4	19.2	22.5	-3.4	14.4	18.2	-3.8	4.8	4.4	0.4
1988	4,808.4	18.9	22.1	-3.2	13.9	17.9	-4.0	5.0	4.2	0.8
1989	5,173.3	19.2	22.1	-2.9	14.1	18.0	-4.0	5.1	4.1	1.0

* 0.05 percent or less.

Table 1.2—SUMMARY OF RECEIPTS, OUTLAYS, AND SURPLUSES OR DEFICITS(−) AS PERCENTAGES OF GDP: 1934–1993—Continued

Year	GDP (in billions of dollars)	Total			On-Budget			Off-Budget		
		Receipts	Outlays	Surplus or Deficit(−)	Receipts	Outlays	Surplus or Deficit(−)	Receipts	Outlays	Surplus or Deficit(−)
1990	5,467.1	18.9	22.9	−4.0	13.7	18.8	−5.1	5.2	4.1	1.0
1991	5,632.6	18.7	23.5	−4.8	13.5	19.2	−5.7	5.2	4.3	0.9
1992	5,868.6	18.6	23.5	−4.9	13.4	19.2	−5.8	5.2	4.3	0.9
1993 estimate	6,164.4	18.6	23.9	−5.3	13.4	19.6	−6.2	5.2	4.3	0.9

* 0.05 percent or less.

Table 1.3—**SUMMARY OF RECEIPTS, OUTLAYS, AND SURPLUSES OR DEFICITS(−) IN CURRENT DOLLARS, CONSTANT (FY 1987) DOLLARS, AND AS PERCENTAGES OF GDP: 1940–1993**

(dollar amounts in billions)

Fiscal Year	In Current Dollars			In Constant (FY 1987 Dollars)			Addendum: Composite Deflator	As Percentages of GDP		
	Receipts	Outlays	Surplus or Deficit(−)	Receipts	Outlays	Surplus or Deficit(−)		Receipts	Outlays	Surplus or Deficit(−)
1940	6.5	9.5	−2.9	67.0	96.8	−29.9	0.0978	6.9	9.9	−3.1
1941	8.7	13.7	−4.9	86.3	135.3	−49.0	0.1009	7.7	12.1	−4.4
1942	14.6	35.1	−20.5	131.2	315.1	−183.9	0.1115	10.3	24.8	−14.5
1943	24.0	78.6	−54.6	200.2	655.2	−455.0	0.1199	13.7	44.8	−31.1
1944	43.7	91.3	−47.6	377.1	787.1	−410.0	0.1160	21.7	45.3	−23.6
1945	45.2	92.7	−47.6	395.8	812.6	−416.8	0.1141	21.3	43.7	−22.4
1946	39.3	55.2	−15.9	329.4	463.0	−133.6	0.1193	18.5	26.0	−7.5
1947	38.5	34.5	4.0	257.4	230.6	26.9	0.1496	17.3	15.5	1.8
1948	41.6	29.8	11.8	269.3	192.9	76.4	0.1543	16.8	12.1	4.8
1949	39.4	38.8	0.6	249.1	245.5	3.7	0.1582	15.0	14.8	0.2
1950	39.4	42.6	−3.1	241.4	260.5	−19.1	0.1634	14.8	16.0	−1.2
1951	51.6	45.5	6.1	324.2	285.9	38.3	0.1592	16.5	14.5	1.9
1952	66.2	67.7	−1.5	406.7	416.0	−9.3	0.1627	19.4	19.9	−0.4
1953	69.6	76.1	−6.5	406.6	444.5	−37.9	0.1712	19.1	20.9	−1.8
1954	69.7	70.9	−1.2	394.9	401.4	−6.5	0.1765	18.9	19.3	−0.3
1955	65.5	68.4	−3.0	363.4	380.0	−16.6	0.1801	17.0	17.8	−0.8
1956	74.6	70.6	3.9	391.1	370.4	20.7	0.1907	17.9	17.0	0.9
1957	80.0	76.6	3.4	396.6	379.7	16.9	0.2017	18.3	17.5	0.8
1958	79.6	82.4	−2.8	374.9	388.0	−13.0	0.2124	17.8	18.4	−0.6
1959	79.2	92.1	−12.8	352.4	409.5	−57.1	0.2249	16.5	19.2	−2.7
1960	92.5	92.2	0.3	393.4	392.1	1.3	0.2351	18.3	18.3	0.1
1961	94.4	97.7	−3.3	392.1	406.0	−13.9	0.2407	18.3	18.9	−0.6
1962	99.7	106.8	−7.1	406.8	436.0	−29.2	0.2450	18.0	19.2	−1.3
1963	106.6	111.3	−4.8	418.9	437.6	−18.7	0.2544	18.2	19.0	−0.8
1964	112.6	118.5	−5.9	433.8	456.6	−22.8	0.2596	18.0	19.0	−0.9
1965	116.8	118.2	−1.4	440.8	446.1	−5.3	0.2650	17.4	17.6	−0.2
1966	130.8	134.5	−3.7	478.9	492.4	−13.5	0.2732	17.8	18.3	−0.5
1967	148.8	157.5	−8.6	529.2	560.0	−30.7	0.2812	18.8	19.8	−1.1
1968	153.0	178.1	−25.2	522.6	608.6	−86.0	0.2927	18.1	21.0	−3.0
1969	186.9	183.6	3.2	604.4	593.9	10.5	0.3092	20.2	19.8	0.4
1970	192.8	195.6	−2.8	587.5	596.1	−8.7	0.3282	19.6	19.9	−0.3
1971	187.1	210.2	−23.0	533.5	599.1	−65.7	0.3508	17.8	20.0	−2.2
1972	207.3	230.7	−23.4	554.9	617.5	−62.6	0.3736	18.1	20.1	−2.0
1973	230.8	245.7	−14.9	582.7	620.3	−37.6	0.3961	18.1	19.3	−1.2
1974	263.2	269.4	−6.1	611.2	625.4	−14.2	0.4307	18.8	19.2	−0.4
1975	279.1	332.3	−53.2	586.6	698.5	−111.9	0.4758	18.5	22.0	−3.5
1976	298.1	371.8	−73.7	584.7	729.3	−144.6	0.5098	17.7	22.1	−4.4
TQ	81.2	96.0	−14.7	153.6	181.5	−27.9	0.5287	18.3	21.6	−3.3
1977	355.6	409.2	−53.7	643.8	740.9	−97.2	0.5523	18.5	21.3	−2.8
1978	399.6	458.7	−59.2	674.0	773.9	−99.8	0.5928	18.5	21.3	−2.7
1979	463.3	503.5	−40.2	719.3	781.7	−62.4	0.6441	19.1	20.7	−1.7
1980	517.1	590.9	−73.8	728.1	832.1	−104.0	0.7102	19.6	22.3	−2.8
1981	599.3	678.2	−79.0	766.6	867.7	−101.0	0.7817	20.2	22.9	−2.7
1982	617.8	745.8	−128.0	738.2	891.1	−152.9	0.8369	19.8	23.9	−4.1
1983	600.6	808.4	−207.8	684.3	921.1	−236.8	0.8776	18.1	24.4	−6.3
1984	666.5	851.8	−185.4	730.4	933.5	−203.2	0.9125	18.0	23.1	−5.0
1985	734.1	946.4	−212.3	776.6	1,001.3	−224.6	0.9452	18.5	23.9	−5.4
1986	769.1	990.3	−221.2	790.0	1,017.3	−227.3	0.9735	18.2	23.5	−5.2
1987	854.1	1,003.9	−149.8	854.1	1,003.9	−149.8	1.0000	19.2	22.5	−3.4
1988	909.0	1,064.1	−155.2	877.3	1,027.1	−149.8	1.0361	18.9	22.1	−3.2
1989	990.7	1,143.2	−152.5	916.2	1,057.2	−141.0	1.0813	19.2	22.1	−2.9
1990	1,031.3	1,252.7	−221.4	914.0	1,110.1	−196.2	1.1284	18.9	22.9	−4.0
1991	1,054.3	1,323.8	−269.5	893.6	1,122.0	−228.4	1.1798	18.7	23.5	−4.8
1992	1,091.6	1,381.8	−290.2	899.4	1,138.4	−239.1	1.2138	18.6	23.5	−4.9
1993 estimate	1,147.6	1,474.9	−327.3	918.1	1,180.0	−261.9	1.2499	18.6	23.9	−5.3

Table 1.4—RECEIPTS, OUTLAYS, AND SURPLUSES OR DEFICITS(–) BY FUND GROUP: 1934–1993

(in millions of dollars)

Fiscal Year	Receipts				Outlays				Surplus or Deficit(–)		
	Total	Federal Funds	Trust Funds	Interfund Transactions	Total	Federal Funds	Trust Funds	Interfund Transactions	Total	Federal Funds	Trust Funds
1934	2,955	2,926	72	–42	6,541	6,558	25	–42	–3,586	–3,633	47
1935	3,609	3,578	76	–45	6,412	6,427	30	–45	–2,803	–2,849	46
1936	3,923	3,871	168	–116	8,228	8,335	9	–116	–4,304	–4,464	159
1937	5,387	4,794	691	–99	7,580	7,620	58	–99	–2,193	–2,826	633
1938	6,751	5,477	1,474	–201	6,840	6,689	351	–201	–89	–1,212	1,124
1939	6,295	4,822	1,657	–184	9,141	8,718	607	–184	–2,846	–3,896	1,051
1940	6,548	4,929	1,845	–225	9,468	8,974	720	–225	–2,920	–4,045	1,125
1941	8,712	6,900	2,090	–277	13,653	13,260	671	–277	–4,941	–6,360	1,419
1942	14,634	12,336	2,613	–315	35,137	34,831	620	–315	–20,503	–22,496	1,992
1943	24,001	21,117	3,279	–395	78,555	78,765	185	–395	–54,554	–57,648	3,094
1944	43,747	40,466	3,896	–615	91,304	92,284	–365	–615	–47,557	–51,818	4,261
1945	45,159	41,875	5,045	–1,760	92,712	94,846	–374	–1,760	–47,553	–52,972	5,419
1946	39,296	36,357	5,144	–2,205	55,232	56,204	1,234	–2,205	–15,936	–19,847	3,910
1947	38,514	35,380	4,885	–1,751	34,496	34,803	1,444	–1,751	4,018	577	3,441
1948	41,560	37,822	4,894	–1,156	29,764	28,988	1,932	–1,156	11,796	8,834	2,962
1949	39,415	35,849	4,750	–1,184	38,835	37,686	2,333	–1,184	580	–1,838	2,417
1950	39,443	35,334	5,823	–1,715	42,562	38,389	5,888	–1,715	–3,119	–3,055	–65
1951	51,616	46,183	6,729	–1,296	45,514	43,732	3,078	–1,296	6,102	2,451	3,651
1952	66,167	59,989	7,744	–1,566	67,686	64,994	4,257	–1,566	–1,519	–5,005	3,486
1953	69,608	63,085	8,080	–1,557	76,101	73,006	4,652	–1,557	–6,493	–9,921	3,427
1954	69,701	62,774	8,297	–1,370	70,855	65,924	6,301	–1,370	–1,154	–3,151	1,997
1955	65,451	58,168	8,627	–1,344	68,444	62,341	7,447	–1,344	–2,993	–4,173	1,180
1956	74,587	65,594	10,745	–1,753	70,640	64,281	8,111	–1,753	3,947	1,313	2,634
1957	79,990	68,847	13,210	–2,067	76,578	67,189	11,456	–2,067	3,412	1,657	1,755
1958	79,636	66,720	15,082	–2,166	82,405	69,737	14,834	–2,166	–2,769	–3,017	248
1959	79,249	65,800	15,770	–2,321	92,098	77,071	17,348	–2,321	–12,849	–11,271	–1,578
1960	92,492	75,647	19,232	–2,387	92,191	74,856	19,722	–2,387	301	791	–490
1961	94,388	75,175	22,320	–3,107	97,723	79,368	21,462	–3,107	–3,335	–4,193	858
1962	99,676	79,700	22,981	–3,005	106,821	86,546	23,281	–3,005	–7,146	–6,847	–299
1963	106,560	84,013	25,792	–3,245	111,316	90,643	23,918	–3,245	–4,756	–6,630	1,874
1964	112,613	87,511	28,461	–3,358	118,528	96,098	25,788	–3,358	–5,915	–8,588	2,673
1965	116,817	90,943	29,202	–3,328	118,228	94,853	26,703	–3,328	–1,411	–3,910	2,499
1966	130,835	101,428	32,959	–3,552	134,532	106,590	31,495	–3,552	–3,698	–5,162	1,464
1967	148,822	111,835	42,213	–5,227	157,464	127,544	35,147	–5,227	–8,643	–15,709	7,066
1968	152,973	114,726	44,011	–5,764	178,134	143,100	40,799	–5,764	–25,161	–28,373	3,212
1969	186,882	143,322	51,108	–7,549	183,640	148,192	42,996	–7,549	3,242	–4,871	8,112
1970	192,807	143,159	58,425	–8,777	195,649	156,327	48,099	–8,777	–2,842	–13,168	10,326
1971	187,139	133,785	64,937	–11,583	210,172	163,681	58,074	–11,583	–23,033	–29,896	6,863
1972	207,309	148,846	71,619	–13,156	230,681	178,144	65,693	–13,156	–23,373	–29,299	5,926
1973	230,799	161,357	90,767	–21,325	245,707	187,044	79,988	–21,325	–14,908	–25,687	10,779
1974	263,224	181,228	103,789	–21,793	269,359	201,376	89,776	–21,793	–6,135	–20,148	14,013
1975	279,090	187,505	117,647	–26,061	332,332	248,174	110,220	–26,061	–53,242	–60,669	7,427
1976	298,060	201,099	132,509	–35,548	371,792	277,242	130,099	–35,548	–73,732	–76,143	2,410
TQ	81,232	54,085	31,625	–4,478	95,975	66,878	33,575	–4,478	–14,744	–12,794	–1,950
1977	355,559	241,312	151,503	–37,256	409,218	304,474	142,000	–37,256	–53,659	–63,162	9,502
1978	399,561	270,490	166,468	–37,397	458,746	342,372	153,771	–37,397	–59,186	–71,882	12,697
1979	463,302	316,366	188,072	–41,136	503,485	374,888	169,733	–41,136	–40,183	–58,522	18,339
1980	517,112	350,856	212,106	–45,850	590,947	433,494	203,302	–45,850	–73,835	–82,639	8,804
1981	599,272	410,422	240,601	–51,751	678,249	496,222	233,778	–51,751	–78,976	–85,799	6,823
1982	617,766	409,253	270,138	–61,625	745,755	543,486	263,894	–61,625	–127,989	–134,233	6,244
1983	600,562	382,432	319,363	–101,233	808,380	613,331	296,282	–101,233	–207,818	–230,899	23,081
1984	666,457	420,370	338,661	–92,574	851,846	638,664	305,756	–92,574	–185,388	–218,293	32,905
1985	734,057	460,280	397,500	–123,723	946,391	726,763	343,351	–123,723	–212,334	–266,483	54,149
1986	769,091	474,001	423,377	–128,287	990,336	757,138	361,485	–128,287	–221,245	–283,138	61,892
1987	854,143	538,499	444,204	–128,560	1,003,911	760,885	371,586	–128,560	–149,769	–222,386	72,618
1988	908,954	561,098	491,204	–143,349	1,064,140	814,008	393,481	–143,349	–155,187	–252,909	97,723
1989	990,691	614,823	535,941	–160,073	1,143,172	890,787	412,458	–160,073	–152,481	–275,964	123,483

See note at end of table.

Table 1.4—RECEIPTS, OUTLAYS, AND SURPLUSES OR DEFICITS(−) BY FUND GROUP: 1934–1993—Continued

(in millions of dollars)

Fiscal Year	Receipts				Outlays				Surplus or Deficit(−)		
	Total	Federal Funds	Trust Funds	Interfund Transactions	Total	Federal Funds	Trust Funds	Interfund Transactions	Total	Federal Funds	Trust Funds
1990	1,031,308	635,190	566,917	−170,799	1,252,691	976,754	446,737	−170,799	−221,384	−341,564	120,180
1991	1,054,264	640,803	603,905	−190,444	1,323,785	1,022,060	492,169	−190,444	−269,521	−381,257	111,736
1992	1,091,631	656,663	636,110	−201,142	1,381,791	1,042,844	540,090	−201,142	−290,160	−386,181	96,021
1993 estimate	1,147,588	690,509	673,746	−216,666	1,474,935	1,117,570	574,032	−216,666	−327,347	−427,061	99,714

Note: Receipts and outlays have been adjusted in this table by including interfund offsetting receipts of federal funds and trust funds in each fund's receipt totals and excluding them from the outlay totals.

Table 2.1—RECEIPTS BY SOURCE: 1934–1993

(in millions of dollars)

Fiscal Year	Individual Income Taxes	Corporation Income Taxes [1]	Social Insurance Taxes and Contributions [2]			Excise Taxes [2]	Other [3]	Total Receipts		
			Total	(On-Budget)	(Off-Budget)			Total	(On-Budget)	(Off-Budget)
1934	420	364	30	(30)	....	1,354	788	2,955	(2,955)	....
1935	527	529	31	(31)	....	1,439	1,084	3,609	(3,609)	....
1936	674	719	52	(52)	....	1,631	847	3,923	(3,923)	....
1937	1,092	1,038	580	(315)	(265)	1,876	801	5,387	(5,122)	(265)
1938	1,286	1,287	1,541	(1,154)	(387)	1,863	773	6,751	(6,364)	(387)
1939	1,029	1,127	1,593	(1,090)	(503)	1,871	675	6,295	(5,792)	(503)
1940	892	1,197	1,785	(1,235)	(550)	1,977	698	6,548	(5,998)	(550)
1941	1,314	2,124	1,940	(1,252)	(688)	2,552	781	8,712	(8,024)	(688)
1942	3,263	4,719	2,452	(1,557)	(896)	3,399	801	14,634	(13,738)	(896)
1943	6,505	9,557	3,044	(1,913)	(1,130)	4,096	800	24,001	(22,871)	(1,130)
1944	19,705	14,838	3,473	(2,181)	(1,292)	4,759	972	43,747	(42,455)	(1,292)
1945	18,372	15,988	3,451	(2,141)	(1,310)	6,265	1,083	45,159	(43,849)	(1,310)
1946	16,098	11,883	3,115	(1,877)	(1,238)	6,998	1,202	39,296	(38,057)	(1,238)
1947	17,935	8,615	3,422	(1,963)	(1,459)	7,211	1,331	38,514	(37,055)	(1,459)
1948	19,315	9,678	3,751	(2,134)	(1,616)	7,356	1,461	41,560	(39,944)	(1,616)
1949	15,552	11,192	3,781	(2,091)	(1,690)	7,502	1,388	39,415	(37,724)	(1,690)
1950	15,755	10,449	4,338	(2,232)	(2,106)	7,550	1,351	39,443	(37,336)	(2,106)
1951	21,616	14,101	5,674	(2,554)	(3,120)	8,648	1,578	51,616	(48,496)	(3,120)
1952	27,934	21,226	6,445	(2,851)	(3,594)	8,852	1,710	66,167	(62,573)	(3,594)
1953	29,816	21,238	6,820	(2,723)	(4,097)	9,877	1,857	69,608	(65,511)	(4,097)
1954	29,542	21,101	7,208	(2,619)	(4,589)	9,945	1,905	69,701	(65,112)	(4,589)
1955	28,747	17,861	7,862	(2,781)	(5,081)	9,131	1,850	65,451	(60,370)	(5,081)
1956	32,188	20,880	9,320	(2,896)	(6,425)	9,929	2,270	74,587	(68,162)	(6,425)
1957	35,620	21,167	9,997	(3,208)	(6,789)	10,534	2,672	79,990	(73,201)	(6,789)
1958	34,724	20,074	11,239	(3,190)	(8,049)	10,638	2,961	79,636	(71,587)	(8,049)
1959	36,719	17,309	11,722	(3,427)	(8,296)	10,578	2,921	79,249	(70,953)	(8,296)
1960	40,715	21,494	14,683	(4,042)	(10,641)	11,676	3,923	92,492	(81,851)	(10,641)
1961	41,338	20,954	16,439	(4,331)	(12,109)	11,860	3,796	94,388	(82,279)	(12,109)
1962	45,571	20,523	17,046	(4,776)	(12,271)	12,534	4,001	99,676	(87,405)	(12,271)
1963	47,588	21,579	19,804	(5,629)	(14,175)	13,194	4,395	106,560	(92,385)	(14,175)
1964	48,697	23,493	21,963	(5,597)	(16,366)	13,731	4,731	112,613	(96,248)	(16,366)
1965	48,792	25,461	22,242	(5,519)	(16,723)	14,570	5,753	116,817	(100,094)	(16,723)
1966	55,446	30,073	25,546	(6,460)	(19,085)	13,062	6,708	130,835	(111,749)	(19,085)
1967	61,526	33,971	32,619	(8,217)	(24,401)	13,719	6,987	148,822	(124,420)	(24,401)
1968	68,726	28,665	33,923	(9,007)	(24,917)	14,079	7,580	152,973	(128,056)	(24,917)
1969	87,249	36,678	39,015	(10,062)	(28,953)	15,222	8,718	186,882	(157,928)	(28,953)
1970	90,412	32,829	44,362	(10,903)	(33,459)	15,705	9,499	192,807	(159,348)	(33,459)
1971	86,230	26,785	47,325	(11,481)	(35,845)	16,614	10,185	187,139	(151,294)	(35,845)
1972	94,737	32,166	52,574	(12,667)	(39,907)	15,477	12,355	207,309	(167,402)	(39,907)
1973	103,246	36,153	63,115	(17,031)	(46,084)	16,260	12,026	230,799	(184,715)	(46,084)
1974	118,952	38,620	75,071	(21,146)	(53,925)	16,844	13,737	263,224	(209,299)	(53,925)
1975	122,386	40,621	84,534	(22,077)	(62,458)	16,551	14,998	279,090	(216,633)	(62,458)
1976	131,603	41,409	90,769	(24,381)	(66,389)	16,963	17,317	298,060	(231,671)	(66,389)
TQ	38,801	8,460	25,219	(7,203)	(18,016)	4,473	4,279	81,232	(63,216)	(18,016)
1977	157,626	54,892	106,485	(29,668)	(76,817)	17,548	19,008	355,559	(278,741)	(76,817)
1978	180,988	59,952	120,967	(35,576)	(85,391)	18,376	19,278	399,561	(314,169)	(85,391)
1979	217,841	65,677	138,939	(40,945)	(97,994)	18,745	22,101	463,302	(365,309)	(97,994)
1980	244,069	64,600	157,803	(44,594)	(113,209)	24,329	26,311	517,112	(403,903)	(113,209)
1981	285,917	61,137	182,720	(52,545)	(130,176)	40,839	28,659	599,272	(469,097)	(130,176)
1982	297,744	49,207	201,498	(58,031)	(143,467)	36,311	33,006	617,766	(474,299)	(143,467)
1983	288,938	37,022	208,994	(61,674)	(147,320)	35,300	30,309	600,562	(453,242)	(147,320)
1984	298,415	56,893	239,376	(73,301)	(166,075)	37,361	34,412	666,457	(500,382)	(166,075)
1985	334,531	61,331	265,163	(78,992)	(186,171)	35,992	37,040	734,057	(547,886)	(186,171)
1986	348,959	63,143	283,901	(83,673)	(200,228)	32,919	40,168	769,091	(568,862)	(200,228)
1987	392,557	83,926	303,318	(89,916)	(213,402)	32,457	41,884	854,143	(640,741)	(213,402)
1988	401,181	94,508	334,335	(92,845)	(241,491)	35,227	43,702	908,954	(667,463)	(241,491)
1989	445,690	103,291	359,416	(95,751)	(263,666)	34,386	47,908	990,691	(727,026)	(263,666)

See footnotes at end of table.

Table 2.1—**RECEIPTS BY SOURCE: 1934–1993—Continued**

(in millions of dollars)

Fiscal Year	Individual Income Taxes	Corporation Income Taxes[1]	Social Insurance Taxes and Contributions[2]			Excise Taxes[2]	Other[3]	Total Receipts		
			Total	(On-Budget)	(Off-Budget)			Total	(On-Budget)	(Off-Budget)
1990	466,884	93,507	380,047	(98,392)	(281,656)	35,345	55,524	1,031,308	(749,652)	(281,656)
1991	467,827	98,086	396,016	(102,131)	(293,885)	42,402	49,933	1,054,264	(760,380)	(293,885)
1992	476,465	100,270	413,689	(111,263)	(302,426)	45,569	55,638	1,091,631	(789,205)	(302,426)
1993 estimate	510,388	105,501	435,831	(116,426)	(319,405)	47,539	48,329	1,147,588	(828,183)	(319,405)

[1] Beginning in 1987, includes trust fund receipts for the hazardous substance superfund. The trust fund amounts are as follows (in millions of dollars): 1987: 196; 1988: 313; 1989: 292; 1990: 461; 1991: 591; 1992: 380; 1993: 607.
[2] See Table 2.4 for additional details.
[3] See Table 2.5 for additional details.

Table 2.2—**PERCENTAGE COMPOSITION OF RECEIPTS BY SOURCE: 1934–1993**

Fiscal Year	Individual Income Taxes	Corporation Income Taxes	Social Insurance Taxes and Contributions			Excise Taxes	Other	Total Receipts		
			Total	(On-Budget)	(Off-Budget)			Total	(On-Budget)	(Off-Budget)
1934	14.2	12.3	1.0	(1.0)	....	45.8	26.7	100.0	(100.0)	....
1935	14.6	14.7	0.9	(0.9)	....	39.9	30.0	100.0	(100.0)	....
1936	17.2	18.3	1.3	(1.3)	....	41.6	21.6	100.0	(100.0)	....
1937	20.3	19.3	10.8	(5.9)	(4.9)	34.8	14.9	100.0	(95.1)	(4.9)
1938	19.1	19.1	22.8	(17.1)	(5.7)	27.6	11.5	100.0	(94.3)	(5.7)
1939	16.3	17.9	25.3	(17.3)	(8.0)	29.7	10.7	100.0	(92.0)	(8.0)
1940	13.6	18.3	27.3	(18.9)	(8.4)	30.2	10.7	100.0	(91.6)	(8.4)
1941	15.1	24.4	22.3	(14.4)	(7.9)	29.3	9.0	100.0	(92.1)	(7.9)
1942	22.3	32.2	16.8	(10.6)	(6.1)	23.2	5.5	100.0	(93.9)	(6.1)
1943	27.1	39.8	12.7	(8.0)	(4.7)	17.1	3.3	100.0	(95.3)	(4.7)
1944	45.0	33.9	7.9	(5.0)	(3.0)	10.9	2.2	100.0	(97.0)	(3.0)
1945	40.7	35.4	7.6	(4.7)	(2.9)	13.9	2.4	100.0	(97.1)	(2.9)
1946	41.0	30.2	7.9	(4.8)	(3.2)	17.8	3.1	100.0	(96.8)	(3.2)
1947	46.6	22.4	8.9	(5.1)	(3.8)	18.7	3.5	100.0	(96.2)	(3.8)
1948	46.5	23.3	9.0	(5.1)	(3.9)	17.7	3.5	100.0	(96.1)	(3.9)
1949	39.5	28.4	9.6	(5.3)	(4.3)	19.0	3.5	100.0	(95.7)	(4.3)
1950	39.9	26.5	11.0	(5.7)	(5.3)	19.1	3.4	100.0	(94.7)	(5.3)
1951	41.9	27.3	11.0	(4.9)	(6.0)	16.8	3.1	100.0	(94.0)	(6.0)
1952	42.2	32.1	9.7	(4.3)	(5.4)	13.4	2.6	100.0	(94.6)	(5.4)
1953	42.8	30.5	9.8	(3.9)	(5.9)	14.2	2.7	100.0	(94.1)	(5.9)
1954	42.4	30.3	10.3	(3.8)	(6.6)	14.3	2.7	100.0	(93.4)	(6.6)
1955	43.9	27.3	12.0	(4.2)	(7.8)	14.0	2.8	100.0	(92.2)	(7.8)
1956	43.2	28.0	12.5	(3.9)	(8.6)	13.3	3.0	100.0	(91.4)	(8.6)
1957	44.5	26.5	12.5	(4.0)	(8.5)	13.2	3.3	100.0	(91.5)	(8.5)
1958	43.6	25.2	14.1	(4.0)	(10.1)	13.4	3.7	100.0	(89.9)	(10.1)
1959	46.3	21.8	14.8	(4.3)	(10.5)	13.3	3.7	100.0	(89.5)	(10.5)
1960	44.0	23.2	15.9	(4.4)	(11.5)	12.6	4.2	100.0	(88.5)	(11.5)
1961	43.8	22.2	17.4	(4.6)	(12.8)	12.6	4.0	100.0	(87.2)	(12.8)
1962	45.7	20.6	17.1	(4.8)	(12.3)	12.6	4.0	100.0	(87.7)	(12.3)
1963	44.7	20.3	18.6	(5.3)	(13.3)	12.4	4.1	100.0	(86.7)	(13.3)
1964	43.2	20.9	19.5	(5.0)	(14.5)	12.2	4.2	100.0	(85.5)	(14.5)
1965	41.8	21.8	19.0	(4.7)	(14.3)	12.5	4.9	100.0	(85.7)	(14.3)
1966	42.4	23.0	19.5	(4.9)	(14.6)	10.0	5.1	100.0	(85.4)	(14.6)
1967	41.3	22.8	21.9	(5.5)	(16.4)	9.2	4.7	100.0	(83.6)	(16.4)
1968	44.9	18.7	22.2	(5.9)	(16.3)	9.2	5.0	100.0	(83.7)	(16.3)
1969	46.7	19.6	20.9	(5.4)	(15.5)	8.1	4.7	100.0	(84.5)	(15.5)
1970	46.9	17.0	23.0	(5.7)	(17.4)	8.1	4.9	100.0	(82.6)	(17.4)
1971	46.1	14.3	25.3	(6.1)	(19.2)	8.9	5.4	100.0	(80.8)	(19.2)
1972	45.7	15.5	25.4	(6.1)	(19.2)	7.5	6.0	100.0	(80.7)	(19.2)
1973	44.7	15.7	27.3	(7.4)	(20.0)	7.0	5.2	100.0	(80.0)	(20.0)
1974	45.2	14.7	28.5	(8.0)	(20.5)	6.4	5.2	100.0	(79.5)	(20.5)
1975	43.9	14.6	30.3	(7.9)	(22.4)	5.9	5.4	100.0	(77.6)	(22.4)
1976	44.2	13.9	30.5	(8.2)	(22.3)	5.7	5.8	100.0	(77.7)	(22.3)
TQ	47.8	10.4	31.0	(8.9)	(22.2)	5.5	5.3	100.0	(77.8)	(22.2)
1977	44.3	15.4	29.9	(8.3)	(21.6)	4.9	5.3	100.0	(78.4)	(21.6)
1978	45.3	15.0	30.3	(8.9)	(21.4)	4.6	4.8	100.0	(78.6)	(21.4)
1979	47.0	14.2	30.0	(8.8)	(21.2)	4.0	4.8	100.0	(78.8)	(21.2)
1980	47.2	12.5	30.5	(8.6)	(21.9)	4.7	5.1	100.0	(78.1)	(21.9)
1981	47.7	10.2	30.5	(8.8)	(21.7)	6.8	4.8	100.0	(78.3)	(21.7)
1982	48.2	8.0	32.6	(9.4)	(23.2)	5.9	5.3	100.0	(76.8)	(23.2)
1983	48.1	6.2	34.8	(10.3)	(24.5)	5.9	5.0	100.0	(75.5)	(24.5)
1984	44.8	8.5	35.9	(11.0)	(24.9)	5.6	5.2	100.0	(75.1)	(24.9)
1985	45.6	8.4	36.1	(10.8)	(25.4)	4.9	5.0	100.0	(74.6)	(25.4)
1986	45.4	8.2	36.9	(10.9)	(26.0)	4.3	5.2	100.0	(74.0)	(26.0)
1987	46.0	9.8	35.5	(10.5)	(25.0)	3.8	4.9	100.0	(75.0)	(25.0)
1988	44.1	10.4	36.8	(10.2)	(26.6)	3.9	4.8	100.0	(73.4)	(26.6)
1989	45.0	10.4	36.3	(9.7)	(26.6)	3.5	4.8	100.0	(73.4)	(26.6)

Table 2.2—**PERCENTAGE COMPOSITION OF RECEIPTS BY SOURCE: 1934–1993—Continued**

Fiscal Year	Individual Income Taxes	Corporation Income Taxes	Social Insurance Taxes and Contributions			Excise Taxes	Other	Total Receipts		
			Total	(On-Budget)	(Off-Budget)			Total	(On-Budget)	(Off-Budget)
1990	45.3	9.1	36.9	(9.5)	(27.3)	3.4	5.4	100.0	(72.7)	(27.3)
1991	44.4	9.3	37.6	(9.7)	(27.9)	4.0	4.7	100.0	(72.1)	(27.9)
1992	43.6	9.2	37.9	(10.2)	(27.7)	4.2	5.1	100.0	(72.3)	(27.7)
1993 estimate	44.5	9.2	38.0	(10.1)	(27.8)	4.1	4.2	100.0	(72.2)	(27.8)

Table 2.3—RECEIPTS BY SOURCE AS PERCENTAGES OF GDP: 1934–1993

Fiscal Year	Individual Income Taxes	Corporation Income Taxes	Social Insurance Taxes and Contributions			Excise Taxes	Other	Total Receipts		
			Total	(On-Budget)	(Off-Budget)			Total	(On-Budget)	(Off-Budget)
1934	0.7	0.6	*	(*)	....	2.2	1.3	4.9	(4.9)	....
1935	0.8	0.8	*	(*)	....	2.1	1.6	5.3	(5.3)	....
1936	0.9	0.9	0.1	(0.1)	....	2.1	1.1	5.1	(5.1)	....
1937	1.3	1.2	0.7	(0.4)	(0.3)	2.2	0.9	6.2	(5.9)	(0.3)
1938	1.5	1.5	1.8	(1.3)	(0.4)	2.1	0.9	7.7	(7.2)	(0.4)
1939	1.2	1.3	1.8	(1.2)	(0.6)	2.1	0.8	7.2	(6.6)	(0.6)
1940	0.9	1.3	1.9	(1.3)	(0.6)	2.1	0.7	6.9	(6.3)	(0.6)
1941	1.2	1.9	1.7	(1.1)	(0.6)	2.3	0.7	7.7	(7.1)	(0.6)
1942	2.3	3.3	1.7	(1.1)	(0.6)	2.4	0.6	10.3	(9.7)	(0.6)
1943	3.7	5.4	1.7	(1.1)	(0.6)	2.3	0.5	13.7	(13.0)	(0.6)
1944	9.8	7.4	1.7	(1.1)	(0.6)	2.4	0.5	21.7	(21.0)	(0.6)
1945	8.7	7.5	1.6	(1.0)	(0.6)	3.0	0.5	21.3	(20.7)	(0.6)
1946	7.6	5.6	1.5	(0.9)	(0.6)	3.3	0.6	18.5	(17.9)	(0.6)
1947	8.0	3.9	1.5	(0.9)	(0.7)	3.2	0.6	17.3	(16.6)	(0.7)
1948	7.8	3.9	1.5	(0.9)	(0.7)	3.0	0.6	16.8	(16.2)	(0.7)
1949	5.9	4.3	1.4	(0.8)	(0.6)	2.9	0.5	15.0	(14.4)	(0.6)
1950	5.9	3.9	1.6	(0.8)	(0.8)	2.8	0.5	14.8	(14.0)	(0.8)
1951	6.9	4.5	1.8	(0.8)	(1.0)	2.8	0.5	16.5	(15.5)	(1.0)
1952	8.2	6.2	1.9	(0.8)	(1.1)	2.6	0.5	19.4	(18.4)	(1.1)
1953	8.2	5.8	1.9	(0.7)	(1.1)	2.7	0.5	19.1	(18.0)	(1.1)
1954	8.0	5.7	2.0	(0.7)	(1.2)	2.7	0.5	18.9	(17.7)	(1.2)
1955	7.5	4.6	2.0	(0.7)	(1.3)	2.4	0.5	17.0	(15.7)	(1.3)
1956	7.7	5.0	2.2	(0.7)	(1.5)	2.4	0.5	17.9	(16.4)	(1.5)
1957	8.1	4.8	2.3	(0.7)	(1.5)	2.4	0.6	18.3	(16.7)	(1.5)
1958	7.7	4.5	2.5	(0.7)	(1.8)	2.4	0.7	17.8	(16.0)	(1.8)
1959	7.6	3.6	2.4	(0.7)	(1.7)	2.2	0.6	16.5	(14.8)	(1.7)
1960	8.1	4.3	2.9	(0.8)	(2.1)	2.3	0.8	18.3	(16.2)	(2.1)
1961	8.0	4.1	3.2	(0.8)	(2.3)	2.3	0.7	18.3	(15.9)	(2.3)
1962	8.2	3.7	3.1	(0.9)	(2.2)	2.3	0.7	18.0	(15.7)	(2.2)
1963	8.1	3.7	3.4	(1.0)	(2.4)	2.3	0.8	18.2	(15.8)	(2.4)
1964	7.8	3.8	3.5	(0.9)	(2.6)	2.2	0.8	18.0	(15.4)	(2.6)
1965	7.3	3.8	3.3	(0.8)	(2.5)	2.2	0.9	17.4	(14.9)	(2.5)
1966	7.5	4.1	3.5	(0.9)	(2.6)	1.8	0.9	17.8	(15.2)	(2.6)
1967	7.8	4.3	4.1	(1.0)	(3.1)	1.7	0.9	18.8	(15.7)	(3.1)
1968	8.1	3.4	4.0	(1.1)	(2.9)	1.7	0.9	18.1	(15.1)	(2.9)
1969	9.4	4.0	4.2	(1.1)	(3.1)	1.6	0.9	20.2	(17.1)	(3.1)
1970	9.2	3.3	4.5	(1.1)	(3.4)	1.6	1.0	19.6	(16.2)	(3.4)
1971	8.2	2.5	4.5	(1.1)	(3.4)	1.6	1.0	17.8	(14.4)	(3.4)
1972	8.3	2.8	4.6	(1.1)	(3.5)	1.3	1.1	18.1	(14.6)	(3.5)
1973	8.1	2.8	5.0	(1.3)	(3.6)	1.3	0.9	18.1	(14.5)	(3.6)
1974	8.5	2.8	5.3	(1.5)	(3.8)	1.2	1.0	18.8	(14.9)	(3.8)
1975	8.1	2.7	5.6	(1.5)	(4.1)	1.1	1.0	18.5	(14.3)	(4.1)
1976	7.8	2.5	5.4	(1.4)	(3.9)	1.0	1.0	17.7	(13.8)	(3.9)
TQ	8.7	1.9	5.7	(1.6)	(4.0)	1.0	1.0	18.3	(14.2)	(4.0)
1977	8.2	2.9	5.6	(1.5)	(4.0)	0.9	1.0	18.5	(14.5)	(4.0)
1978	8.4	2.8	5.6	(1.7)	(4.0)	0.9	0.9	18.5	(14.6)	(4.0)
1979	9.0	2.7	5.7	(1.7)	(4.0)	0.8	0.9	19.1	(15.0)	(4.0)
1980	9.2	2.4	6.0	(1.7)	(4.3)	0.9	1.0	19.6	(15.3)	(4.3)
1981	9.6	2.1	6.2	(1.8)	(4.4)	1.4	1.0	20.2	(15.8)	(4.4)
1982	9.5	1.6	6.5	(1.9)	(4.6)	1.2	1.1	19.8	(15.2)	(4.6)
1983	8.7	1.1	6.3	(1.9)	(4.4)	1.1	0.9	18.1	(13.7)	(4.4)
1984	8.1	1.5	6.5	(2.0)	(4.5)	1.0	0.9	18.0	(13.5)	(4.5)
1985	8.4	1.5	6.7	(2.0)	(4.7)	0.9	0.9	18.5	(13.8)	(4.7)
1986	8.3	1.5	6.7	(2.0)	(4.7)	0.8	1.0	18.2	(13.5)	(4.7)
1987	8.8	1.9	6.8	(2.0)	(4.8)	0.7	0.9	19.2	(14.4)	(4.8)
1988	8.3	2.0	7.0	(1.9)	(5.0)	0.7	0.9	18.9	(13.9)	(5.0)
1989	8.6	2.0	6.9	(1.9)	(5.1)	0.7	0.9	19.2	(14.1)	(5.1)

* 0.05 percent or less.

Table 2.3—**RECEIPTS BY SOURCE AS PERCENTAGES OF GDP: 1934–1993—Continued**

Fiscal Year	Individual Income Taxes	Corporation Income Taxes	Social Insurance Taxes and Contributions			Excise Taxes	Other	Total Receipts		
			Total	(On-Budget)	(Off-Budget)			Total	(On-Budget)	(Off-Budget)
1990	8.5	1.7	7.0	(1.8)	(5.2)	0.6	1.0	18.9	(13.7)	(5.2)
1991	8.3	1.7	7.0	(1.8)	(5.2)	0.8	0.9	18.7	(13.5)	(5.2)
1992	8.1	1.7	7.0	(1.9)	(5.2)	0.8	0.9	18.6	(13.4)	(5.2)
1993 estimate	8.3	1.7	7.1	(1.9)	(5.2)	0.8	0.8	18.6	(13.4)	(5.2)

Table 2.4—COMPOSITION OF SOCIAL INSURANCE TAXES AND CONTRIBUTIONS AND OF EXCISE TAXES: 1940–1993

(in millions of dollars)

	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949
Social Insurance										
Employment taxes and contributions:										
Old-age and survivors insurance:										
Federal funds	54	2	−1	−1	−2	−3	−3	−5	−5	−8
Trust funds (Off-Budget)	550	688	896	1,130	1,292	1,310	1,238	1,459	1,616	1,690
Railroad retirement/pension fund:										
Federal funds	1	23	29	−6	4	−24	−10	82	−201	−11
Trust funds	120	114	141	215	263	309	292	298	758	574
Total [1]	725	827	1,064	1,338	1,557	1,592	1,517	1,835	2,168	2,246
Unemployment insurance:										
Federal funds	111	103	126	167	190	194	190	196	206	220
Trust funds	904	953	1,172	1,310	1,454	1,375	1,126	1,133	1,138	985
Total	1,015	1,056	1,299	1,477	1,644	1,568	1,316	1,329	1,343	1,205
Other retirement contributions:										
Employees retirement—employee contributions	44	56	88	227	270	289	280	256	236	326
Contributions for non-Federal employees	1	1	1	2	2	2	2	3	3	4
Total	45	57	89	229	272	291	282	259	239	330
Total social insurance taxes and contributions [1]	1,785	1,940	2,452	3,044	3,473	3,451	3,115	3,422	3,751	3,781
Excise Taxes										
Federal funds:										
Alcohol taxes	623	818	1,046	1,422	1,604	2,275	2,490	2,429	2,217	2,168
Tobacco taxes	606	691	779	913	986	929	1,156	1,231	1,297	1,319
Other	748	1,043	1,573	1,760	2,169	3,061	3,352	3,551	3,842	4,015
Total	1,977	2,552	3,399	4,096	4,759	6,265	6,998	7,211	7,356	7,502
Total excise taxes	1,977	2,552	3,399	4,096	4,759	6,265	6,998	7,211	7,356	7,502

See footnotes at end of table.

Table 2.4—COMPOSITION OF SOCIAL INSURANCE TAXES AND CONTRIBUTIONS AND OF EXCISE TAXES: 1940–1993—Continued

(in millions of dollars)

	1950	1951	1952	1953	1954	1955	1956	1957	1958
Social Insurance									
Employment taxes and contributions:									
Old-age and survivors insurance:									
Federal funds	−8	−10	−14	....	....	300	....	....	....
Trust funds (Off-Budget)	2,106	3,120	3,594	4,097	4,589	5,081	6,425	6,457	7,138
Disability insurance (Off-Budget)	....	....	....	....	....	....	....	332	911
Railroad retirement/pension fund:									
Federal funds	−*	3	*	*	−*	*	*	....	....
Trust funds	550	575	735	625	603	600	634	616	575
Total [1]	2,648	3,688	4,315	4,722	5,192	5,981	7,059	7,405	8,624
Unemployment insurance:									
Federal funds	224	231	257	274	283	278	322	328	333
Trust funds	1,108	1,378	1,455	1,401	1,278	1,172	1,368	1,623	1,601
Total	1,332	1,609	1,712	1,675	1,561	1,449	1,690	1,950	1,933
Other retirement contributions:									
Employees retirement—employee contributions	354	373	413	418	450	426	566	636	673
Contributions for non-Federal employees	4	4	5	5	5	6	5	5	9
Total	358	377	418	423	455	431	571	642	682
Total social insurance taxes and contributions [1]	4,338	5,674	6,445	6,820	7,208	7,862	9,320	9,997	11,239
Excise Taxes									
Federal funds:									
Alcohol taxes	2,180	2,508	2,515	2,723	2,738	2,689	2,866	2,915	2,882
Tobacco taxes	1,326	1,378	1,562	1,652	1,578	1,568	1,607	1,669	1,728
Other	4,044	4,761	4,775	5,501	5,630	4,874	5,455	4,472	4,002
Total	7,550	8,648	8,852	9,877	9,945	9,131	9,929	9,055	8,612
Trust funds:									
Highway	....	....	....	....	....	....	....	1,479	2,026
Total	....	....	....	....	....	....	....	1,479	2,026
Total excise taxes	7,550	8,648	8,852	9,877	9,945	9,131	9,929	10,534	10,638

See footnotes at end of table.

Table 2.4—**COMPOSITION OF SOCIAL INSURANCE TAXES AND CONTRIBUTIONS AND OF EXCISE TAXES: 1940–1993—Continued**

(in millions of dollars)

	1959	1960	1961	1962	1963	1964	1965	1966	1967
Social Insurance									
Employment taxes and contributions:									
Old-age and survivors insurance (Off-Budget)	7,418	9,671	11,104	11,267	13,117	15,242	15,567	17,556	22,197
Disability insurance (Off-Budget)	878	970	1,005	1,004	1,058	1,124	1,156	1,530	2,204
Hospital insurance	....	....	....	....	....	....	....	893	2,645
Railroad retirement/pension fund	525	607	571	564	572	593	636	683	776
Total [1]	8,821	11,248	12,679	12,835	14,746	16,959	17,358	20,662	27,823
Unemployment insurance:									
Federal funds	321	339	....	....	....	....	....	....	....
Trust funds	1,810	2,329	2,903	3,337	4,112	3,997	3,803	3,755	3,575
Total	2,131	2,667	2,903	3,337	4,112	3,997	3,803	3,755	3,575
Other retirement contributions:									
Employees retirement—employee contributions	760	758	845	863	933	992	1,064	1,111	1,202
Contributions for non-Federal employees	10	10	12	12	13	15	16	18	19
Total	770	768	857	875	946	1,007	1,081	1,129	1,221
Total social insurance taxes and contributions [1]	11,722	14,683	16,439	17,046	19,804	21,963	22,242	25,546	32,619
Excise Taxes									
Federal funds:									
Alcohol taxes	2,938	3,127	3,146	3,268	3,366	3,499	3,689	3,720	3,980
Tobacco taxes	1,798	1,927	1,986	2,022	2,075	2,048	2,142	2,066	2,077
Other	3,767	4,084	3,931	4,295	4,474	4,664	5,081	3,358	3,221
Total	8,504	9,137	9,063	9,585	9,915	10,211	10,911	9,145	9,278
Trust funds:									
Highway	2,074	2,539	2,798	2,949	3,279	3,519	3,659	3,917	4,441
Total	2,074	2,539	2,798	2,949	3,279	3,519	3,659	3,917	4,441
Total excise taxes	10,578	11,676	11,860	12,534	13,194	13,731	14,570	13,062	13,719

See footnotes at end of table.

Table 2.4—COMPOSITION OF SOCIAL INSURANCE TAXES AND CONTRIBUTIONS AND OF EXCISE TAXES: 1940–1993—Continued

(in millions of dollars)

	1968	1969	1970	1971	1972	1973	1974	1975	1976
Social Insurance									
Employment taxes and contributions:									
Old-age and survivors insurance (Off-Budget)	22,265	25,484	29,396	31,354	35,132	40,703	47,778	55,207	58,703
Disability insurance (Off-Budget)	2,651	3,469	4,063	4,490	4,775	5,381	6,147	7,250	7,686
Hospital insurance	3,493	4,398	4,755	4,874	5,205	7,603	10,551	11,252	11,987
Railroad retirement/pension fund	814	885	919	980	1,008	1,189	1,411	1,489	1,525
Total [1]	29,224	34,236	39,133	41,699	46,120	54,876	65,888	75,199	79,901
Unemployment insurance:									
Trust funds	3,346	3,328	3,464	3,674	4,357	6,051	6,837	6,771	8,054
Total	3,346	3,328	3,464	3,674	4,357	6,051	6,837	6,771	8,054
Other retirement contributions:									
Employees retirement—employee contributions	1,334	1,426	1,735	1,916	2,058	2,146	2,302	2,513	2,760
Contributions for non-Federal employees	20	24	29	37	39	41	45	52	54
Total	1,354	1,451	1,765	1,952	2,097	2,187	2,347	2,565	2,814
Total social insurance taxes and contributions [1]	33,923	39,015	44,362	47,325	52,574	63,115	75,071	84,534	90,769
Excise Taxes									
Federal funds:									
Alcohol taxes	4,189	4,447	4,646	4,696	5,004	5,040	5,248	5,238	5,318
Tobacco taxes	2,121	2,136	2,093	2,205	2,205	2,274	2,435	2,312	2,484
Other	3,391	4,002	3,613	3,609	2,297	2,522	2,060	1,850	2,810
Total	9,700	10,585	10,352	10,510	9,506	9,836	9,743	9,400	10,612
Trust funds:									
Highway	4,379	4,637	5,354	5,542	5,322	5,665	6,260	6,188	5,413
Airport and airway	....	....	....	563	649	758	840	962	938
Total	4,379	4,637	5,354	6,104	5,971	6,424	7,100	7,151	6,351
Total excise taxes	14,079	15,222	15,705	16,614	15,477	16,260	16,844	16,551	16,963

See footnotes at end of table.

Table 2.4—COMPOSITION OF SOCIAL INSURANCE TAXES AND CONTRIBUTIONS AND OF EXCISE TAXES: 1940–1993—Continued

(in millions of dollars)

	TQ	1977	1978	1979	1980	1981	1982	1983	1984
Social Insurance									
Employment taxes and contributions:									
Old-age and survivors insurance (Off-Budget)	15,886	68,032	73,141	83,410	96,581	117,757	122,840	128,972	150,312
Disability insurance (Off-Budget)	2,130	8,786	12,250	14,584	16,628	12,418	20,626	18,348	15,763
Hospital insurance	3,457	13,474	16,668	19,874	23,217	30,340	34,301	35,641	40,262
Railroad retirement/pension fund	328	1,908	1,822	2,190	2,323	2,457	2,917	2,805	3,321
Total [1]	21,801	92,199	103,881	120,058	138,748	162,973	180,686	185,766	209,658
Unemployment insurance:									
Trust funds	2,698	11,312	13,850	15,387	15,336	15,763	16,600	18,799	25,138
Total	2,698	11,312	13,850	15,387	15,336	15,763	16,600	18,799	25,138
Other retirement contributions:									
Employees retirement—employee contributions	707	2,915	3,174	3,428	3,660	3,908	4,140	4,351	4,494
Contributions for non-Federal employees	13	59	62	66	59	76	72	78	86
Total	720	2,974	3,237	3,494	3,719	3,984	4,212	4,429	4,580
Total social insurance taxes and contributions [1]	25,219	106,485	120,967	138,939	157,803	182,720	201,498	208,994	239,376
Excise Taxes									
Federal funds:									
Alcohol taxes	1,279	5,295	5,492	5,531	5,601	5,606	5,382	5,557	5,315
Tobacco taxes	622	2,393	2,444	2,492	2,443	2,581	2,537	4,136	4,660
Windfall profits	....	....	....	....	6,934	23,252	18,407	12,135	8,906
Telephone	....	....	....	....	....	....	....	....	2,035
Other	619	1,960	2,118	1,785	585	2,689	2,344	2,258	1,363
Total	2,520	9,648	10,054	9,808	15,563	34,128	28,670	24,086	22,279
Trust funds:									
Highway	1,676	6,709	6,904	7,189	6,620	6,305	6,744	8,297	11,743
Airport and airway	277	1,191	1,326	1,526	1,874	21	133	2,165	2,499
Black lung disability	....	....	92	222	272	237	491	494	518
Inland waterway	....	....	....	....	....	20	30	29	39
Hazardous substances response	....	....	....	....	....	128	244	230	261
Post-closure liability	....	....	....	....	....	....	....	....	9
Aquatic resources	....	....	....	....	....	....	....	....	12
Total	1,953	7,900	8,323	8,937	8,766	6,711	7,641	11,214	15,082
Total excise taxes	4,473	17,548	18,376	18,745	24,329	40,839	36,311	35,300	37,361

See footnotes at end of table.

Table 2.4—COMPOSITION OF SOCIAL INSURANCE TAXES AND CONTRIBUTIONS AND OF EXCISE TAXES: 1940–1993—Continued

(in millions of dollars)

	1985	1986	1987	1988	1989	1990	1991	1992	1993 estimate
Social Insurance									
Employment taxes and contributions:									
Old-age and survivors insurance (Off-Budget)	169,822	182,518	194,541	220,337	240,595	255,031	265,503	273,137	288,503
Disability insurance (Off-Budget)	16,348	17,711	18,861	21,154	23,071	26,625	28,382	29,289	30,902
Hospital insurance	44,871	51,335	55,992	59,859	65,396	68,556	72,842	79,108	83,208
Railroad retirement/pension fund	2,213	2,103	2,220	2,326	2,391	2,292	2,371	2,449	2,313
Railroad social security equivalent account	1,391	1,395	1,414	1,417	1,407	1,387	1,428	1,508	1,399
Total [1]	234,646	255,062	273,028	305,093	332,859	353,891	370,526	385,491	406,325
Unemployment insurance:									
Trust funds	25,758	24,098	25,575	24,584	22,011	21,635	20,922	23,410	24,727
Total	25,758	24,098	25,575	24,584	22,011	21,635	20,922	23,410	24,727
Other retirement contributions:									
Employees retirement—employee contributions	4,672	4,645	4,613	4,537	4,428	4,405	4,459	4,683	4,679
Contributions for non-Federal employees	87	96	102	122	119	117	108	105	99
Total	4,759	4,742	4,715	4,658	4,546	4,522	4,568	4,788	4,779
Total social insurance taxes and contributions [1]	265,163	283,901	303,318	334,335	359,416	380,047	396,016	413,689	435,831
Excise Taxes									
Federal funds:									
Alcohol taxes	5,562	5,828	5,971	5,709	5,661	5,695	7,364	8,011	7,973
Tobacco taxes	4,779	4,589	4,763	4,616	4,378	4,081	4,706	5,049	5,773
Windfall profits	6,348	2,251	....	....	....	....	....	....	....
Telephone	2,147	2,339	2,522	2,610	2,791	2,995	3,094	3,146	3,294
Ozone depletion	....	....	....	....	....	360	562	637	886
Other	261	1,046	1,588	3,250	317	2,460	2,549	4,993	6,183
Total	19,097	16,053	14,844	16,185	13,147	15,591	18,275	21,836	24,109
Trust funds:									
Highway	13,015	13,363	13,032	14,114	15,628	13,867	16,979	16,733	17,753
Airport and airway	2,851	2,736	3,060	3,189	3,664	3,700	4,910	4,645	3,420
Black lung disability	581	547	572	594	563	665	652	626	632
Inland waterway	40	40	48	48	47	63	60	70	82
Hazardous substances response	273	15	635	698	883	818	810	818	842
Post-closure liability	7	-*	−1	−9	−1	−1	....	....	....
Oil spill liability	....	....	....	....	....	143	254	295	234
Aquatic resources	126	165	194	208	187	218	260	271	285
Leaking underground storage tank	....	....	73	125	168	122	123	157	149
Vaccine injury compensation	....	....	....	74	99	159	81	118	33
Total	16,894	16,866	17,613	19,042	21,239	19,754	24,127	23,733	23,430
Total excise taxes	35,992	32,919	32,457	35,227	34,386	35,345	42,402	45,569	47,539

[1] On-budget and off-budget.
Note: Unless otherwise noted, all receipts shown in this table are trust funds and on-budget.
* $500 thousand or less.

Table 2.5—COMPOSITION OF "OTHER RECEIPTS": 1940–1993

(in millions of dollars)

Fiscal Year	Total "Other Receipts"	Estate and Gift Taxes	Customs Duties and Fees	Miscellaneous Receipts		Memorandum: Trust Fund Amounts Included in "Other Receipts"	
				Federal Reserve Deposits [1]	All Other	Customs Duties and Fees	All Other
1940	698	353	331	....	14	....	....
1941	781	403	365	....	14	....	....
1942	801	420	369	....	11	....	....
1943	800	441	308	....	50	....	....
1944	972	507	417	....	48	....	....
1945	1,083	637	341	....	105	....	....
1946	1,202	668	424	....	109	....	....
1947	1,331	771	477	15	69	....	....
1948	1,461	890	403	100	68	....	....
1949	1,388	780	367	187	54	....	....
1950	1,351	698	407	192	55	....	....
1951	1,578	708	609	189	72	....	....
1952	1,710	818	533	278	81	....	....
1953	1,857	881	596	298	81	....	....
1954	1,905	934	542	341	88	....	27
1955	1,850	924	585	251	90	....	27
1956	2,270	1,161	682	287	140	....	27
1957	2,672	1,365	735	434	139	....	28
1958	2,961	1,393	782	664	123	....	27
1959	2,921	1,333	925	491	171	....	27
1960	3,923	1,606	1,105	1,093	119	....	27
1961	3,796	1,896	982	788	130	....	39
1962	4,001	2,016	1,142	718	125	....	54
1963	4,395	2,167	1,205	828	194	....	16
1964	4,731	2,394	1,252	947	139	....	22
1965	5,753	2,716	1,442	1,372	222	....	56
1966	6,708	3,066	1,767	1,713	163	....	29
1967	6,987	2,978	1,901	1,805	302	....	29
1968	7,580	3,051	2,038	2,091	400	....	44
1969	8,718	3,491	2,319	2,662	247	....	15
1970	9,499	3,644	2,430	3,266	158	....	17
1971	10,185	3,735	2,591	3,533	325	....	20
1972	12,355	5,436	3,287	3,252	380	....	23
1973	12,026	4,917	3,188	3,495	425	....	24
1974	13,737	5,035	3,334	4,845	523	....	36
1975	14,998	4,611	3,676	5,777	935	....	40
1976	17,317	5,216	4,074	5,451	2,576	....	33
TQ	4,279	1,455	1,212	1,500	111	....	8
1977	19,008	7,327	5,150	5,908	623	....	42
1978	19,278	5,285	6,573	6,641	778	....	39
1979	22,101	5,411	7,439	8,327	925	....	43
1980	26,311	6,389	7,174	11,767	981	....	54
1981	28,659	6,787	8,083	12,834	956	60	75
1982	33,006	7,991	8,854	15,186	975	30	100
1983	30,309	6,053	8,655	14,492	1,108	30	109
1984	34,412	6,010	11,370	15,684	1,347	30	126
1985	37,040	6,422	12,079	17,059	1,480	30	145
1986	40,168	6,958	13,327	18,374	1,510	30	156
1987	41,884	7,493	15,085	16,817	2,490	70	177
1988	43,702	7,594	16,198	17,163	2,747	174	165
1989	47,908	8,745	16,334	19,604	3,225	243	222
1990	55,524	11,500	16,707	24,319	2,997	210	233
1991	49,933	11,138	15,949	19,158	3,688	432	241
1992	55,638	11,143	17,359	22,920	4,215	563	238
1993 estimate	48,329	12,594	18,176	13,090	4,469	589	477

[1] Deposits of earnings by the Federal Reserve System.

Table 3.1—**OUTLAYS BY SUPERFUNCTION AND FUNCTION: 1940–1993**

Superfunction and Function	1940	1941	1942	1943	1944	1945	1946	1947
In millions of dollars								
National defense	1,660	6,435	25,658	66,699	79,143	82,965	42,681	12,808
Human resources	4,139	4,158	3,599	2,659	1,928	1,859	5,493	9,909
Education, training, employment, and social services	1,972	1,592	1,062	375	160	134	85	102
Health	55	60	71	92	174	211	201	177
Income Security	1,514	1,855	1,828	1,739	1,503	1,137	2,384	2,820
Social Security	28	91	137	177	217	267	358	466
Veterans benefits and services	570	560	501	276	−126	110	2,465	6,344
Physical resources	2,312	1,782	3,892	6,433	5,471	1,747	836	1,227
Energy	88	91	156	116	65	25	41	18
Natural resources and environment	997	817	819	726	642	455	482	700
Commerce and housing credit	550	398	1,521	2,151	624	−2,630	−1,857	−923
Transportation	392	353	1,283	3,220	3,901	3,654	1,970	1,130
Community and regional development	285	123	113	219	238	243	200	302
Net interest	899	943	1,052	1,529	2,219	3,112	4,111	4,204
(On-budget)	(941)	(999)	(1,123)	(1,616)	(2,322)	(3,236)	(4,259)	(4,367)
(Off-budget)	(−42)	(−56)	(−71)	(−87)	(−103)	(−124)	(−148)	(−163)
Other functions	775	882	1,830	2,457	3,864	4,418	3,580	7,900
International affairs	51	145	968	1,286	1,449	1,913	1,935	5,791
General science, space and technology	....	....	4	1	48	111	34	5
Agriculture	369	339	344	343	1,275	1,635	610	814
Administration of justice	81	92	117	154	192	178	176	176
General government	274	306	397	673	900	581	825	1,114
Undistributed offsetting receipts	−317	−547	−894	−1,221	−1,320	−1,389	−1,468	−1,552
Total, Federal outlays	9,468	13,653	35,137	78,555	91,304	92,712	55,232	34,496
(On-budget)	(9,482)	(13,618)	(35,071)	(78,466)	(91,190)	(92,569)	(55,022)	(34,193)
(Off-budget)	(−14)	(35)	(66)	(89)	(114)	(143)	(210)	(303)
As percentages of outlays								
National defense	17.5	47.1	73.0	84.9	86.7	89.5	77.3	37.1
Human resources	43.7	30.5	10.2	3.4	2.1	2.0	9.9	28.7
Physical resources	24.4	13.1	11.1	8.2	6.0	1.9	1.5	3.6
Net interest	9.5	6.9	3.0	1.9	2.4	3.4	7.4	12.2
Other functions	8.2	6.5	5.2	3.1	4.2	4.8	6.5	22.9
Undistributed offsetting receipts	−3.4	−4.0	−2.5	−1.6	−1.4	−1.5	−2.7	−4.5
Total, Federal outlays	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(On-budget)	(100.2)	(99.7)	(99.8)	(99.9)	(99.9)	(99.8)	(99.6)	(99.1)
(Off-budget)	(−0.2)	(0.3)	(0.2)	(0.1)	(0.1)	(0.2)	(0.4)	(0.9)
As percentages of GDP								
National defense	1.7	5.7	18.1	38.0	39.2	39.1	20.1	5.7
Human resources	4.3	3.7	2.5	1.5	1.0	0.9	2.6	4.4
Physical resources	2.4	1.6	2.7	3.7	2.7	0.8	0.4	0.6
Net interest	0.9	0.8	0.7	0.9	1.1	1.5	1.9	1.9
Other functions	0.8	0.8	1.3	1.4	1.9	2.1	1.7	3.5
Undistributed offsetting receipts	−0.3	−0.5	−0.6	−0.7	−0.7	−0.7	−0.7	−0.7
Total, Federal outlays	9.9	12.1	24.8	44.8	45.3	43.7	26.0	15.5
(On-budget)	(9.9)	(12.1)	(24.7)	(44.7)	(45.2)	(43.7)	(25.9)	(15.3)
(Off-budget)	(−*)	(*)	(*)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)

* 0.05 percent or less.

Table 3.1—OUTLAYS BY SUPERFUNCTION AND FUNCTION: 1940–1993—Continued

Superfunction and Function	1948	1949	1950	1951	1952	1953	1954	1955
In millions of dollars								
National defense	9,105	13,150	13,724	23,566	46,089	52,802	49,266	42,729
Human resources	9,868	10,805	14,221	11,001	11,745	11,836	13,076	14,908
Education, training, employment, and social services	191	178	241	235	339	441	370	445
Health	162	197	268	323	347	336	307	291
Income Security	2,499	3,174	4,097	3,352	3,655	3,823	4,434	5,071
Social Security	558	657	781	1,565	2,063	2,717	3,352	4,427
Veterans benefits and services	6,457	6,599	8,834	5,526	5,341	4,519	4,613	4,675
Physical resources	2,243	3,104	3,667	3,924	4,182	4,005	2,584	2,732
Energy	292	341	327	383	474	425	432	325
Natural resources and environment	780	1,080	1,308	1,310	1,233	1,289	1,007	940
Commerce and housing credit	306	800	1,035	1,228	1,278	910	−184	92
Transportation	787	916	967	956	1,124	1,264	1,229	1,246
Community and regional development	78	−33	30	47	73	117	100	129
Net interest	4,341	4,523	4,812	4,665	4,701	5,156	4,811	4,850
(On-budget)	(4,532)	(4,753)	(5,069)	(4,952)	(5,035)	(5,543)	(5,250)	(5,288)
(Off-budget)	(−191)	(−230)	(−257)	(−287)	(−334)	(−387)	(−439)	(−438)
Other functions	5,851	9,032	7,955	4,690	4,346	5,873	4,515	6,718
International affairs	4,566	6,052	4,673	3,647	2,691	2,119	1,596	2,223
General science, space and technology	1	48	55	51	49	49	46	74
Agriculture	69	1,924	2,049	−323	176	2,253	1,817	3,514
Administration of justice	170	184	193	218	267	243	257	256
General government	1,045	824	986	1,097	1,163	1,209	799	651
Undistributed offsetting receipts	−1,643	−1,779	−1,817	−2,332	−3,377	−3,571	−3,397	−3,493
(On-budget)	(−1,643)	(−1,779)	(−1,817)	(−2,332)	(−3,377)	(−3,571)	(−3,396)	(−3,487)
(Off-budget)	....	....	....	....	....	....	(−1)	(−6)
Total, Federal outlays	29,764	38,835	42,562	45,514	67,686	76,101	70,855	68,444
(On-budget)	(29,396)	(38,408)	(42,038)	(44,237)	(65,956)	(73,771)	(67,943)	(64,461)
(Off-budget)	(368)	(427)	(524)	(1,277)	(1,730)	(2,330)	(2,912)	(3,983)
As percentages of outlays								
National defense	30.6	33.9	32.2	51.8	68.1	69.4	69.5	62.4
Human resources	33.2	27.8	33.4	24.2	17.4	15.6	18.5	21.8
Physical resources	7.5	8.0	8.6	8.6	6.2	5.3	3.6	4.0
Net interest	14.6	11.6	11.3	10.2	6.9	6.8	6.8	7.1
Other functions	19.7	23.3	18.7	10.3	6.4	7.7	6.4	9.8
Undistributed offsetting receipts	−5.5	−4.6	−4.3	−5.1	−5.0	−4.7	−4.8	−5.1
Total, Federal outlays	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(On-budget)	(98.8)	(98.9)	(98.8)	(97.2)	(97.4)	(96.9)	(95.9)	(94.2)
(Off-budget)	(1.2)	(1.1)	(1.2)	(2.8)	(2.6)	(3.1)	(4.1)	(5.8)
As percentages of GDP								
National defense	3.7	5.0	5.2	7.5	13.5	14.5	13.4	11.1
Human resources	4.0	4.1	5.4	3.5	3.4	3.3	3.6	3.9
Physical resources	0.9	1.2	1.4	1.3	1.2	1.1	0.7	0.7
Net interest	1.8	1.7	1.8	1.5	1.4	1.4	1.3	1.3
Other functions	2.4	3.4	3.0	1.5	1.3	1.6	1.2	1.7
Undistributed offsetting receipts	−0.7	−0.7	−0.7	−0.7	−1.0	−1.0	−0.9	−0.9
Total, Federal outlays	12.1	14.8	16.0	14.5	19.9	20.9	19.3	17.8
(On-budget)	(11.9)	(14.6)	(15.8)	(14.1)	(19.4)	(20.3)	(18.5)	(16.8)
(Off-budget)	(0.1)	(0.2)	(0.2)	(0.4)	(0.5)	(0.6)	(0.8)	(1.0)

Table 3.1—**OUTLAYS BY SUPERFUNCTION AND FUNCTION: 1940–1993—Continued**

Superfunction and Function	1956	1957	1958	1959	1960	1961	1962	1963
In millions of dollars								
National defense	42,523	45,430	46,815	49,015	48,130	49,601	52,345	53,400
Human resources	16,052	18,161	22,288	24,892	26,184	29,838	31,630	33,522
Education, training, employment, and social services	591	590	643	789	968	1,068	1,246	1,464
Health	359	479	541	685	795	913	1,198	1,451
Income Security	4,734	5,427	7,535	8,239	7,378	9,678	9,193	9,298
Social Security	5,478	6,661	8,219	9,737	11,602	12,474	14,365	15,788
Veterans benefits and services	4,891	5,005	5,350	5,443	5,441	5,705	5,628	5,521
Physical resources	3,092	4,559	5,188	7,813	7,991	7,754	8,831	8,013
Energy	174	240	348	382	464	510	604	530
Natural resources and environment	870	1,098	1,407	1,632	1,559	1,779	2,044	2,251
Commerce and housing credit	506	1,424	930	1,933	1,618	1,203	1,424	62
Transportation	1,450	1,662	2,334	3,655	4,126	3,987	4,290	4,596
Community and regional development	92	135	169	211	224	275	469	574
Net interest	5,079	5,354	5,604	5,762	6,947	6,716	6,889	7,740
(On-budget)	(5,567)	(5,910)	(6,175)	(6,338)	(7,511)	(7,307)	(7,498)	(8,322)
(Off-budget)	(−487)	(−557)	(−571)	(−576)	(−563)	(−591)	(−609)	(−582)
Other functions	7,482	7,220	6,896	9,229	7,760	8,621	12,401	14,437
International affairs	2,414	3,147	3,364	3,144	2,988	3,184	5,639	5,308
General science, space and technology	79	122	141	294	599	1,042	1,723	3,051
Agriculture	3,486	2,288	2,411	4,509	2,623	2,641	3,562	4,384
Administration of justice	302	303	325	356	366	400	429	465
General government	1,201	1,360	655	926	1,184	1,354	1,049	1,230
Undistributed offsetting receipts	−3,589	−4,146	−4,385	−4,613	−4,820	−4,807	−5,274	−5,797
(On-budget)	(−3,571)	(−4,058)	(−4,240)	(−4,449)	(−4,632)	(−4,601)	(−5,053)	(−5,555)
(Off-budget)	(−18)	(−88)	(−145)	(−164)	(−188)	(−206)	(−221)	(−242)
Total, Federal outlays	70,640	76,578	82,405	92,098	92,191	97,723	106,821	111,316
(On-budget)	(65,668)	(70,562)	(74,902)	(83,102)	(81,341)	(86,046)	(93,286)	(96,352)
(Off-budget)	(4,972)	(6,016)	(7,503)	(8,996)	(10,850)	(11,677)	(13,535)	(14,964)
As percentages of outlays								
National defense	60.2	59.3	56.8	53.2	52.2	50.8	49.0	48.0
Human resources	22.7	23.7	27.0	27.0	28.4	30.5	29.6	30.1
Physical resources	4.4	6.0	6.3	8.5	8.7	7.9	8.3	7.2
Net interest	7.2	7.0	6.8	6.3	7.5	6.9	6.4	7.0
Other functions	10.6	9.4	8.4	10.0	8.4	8.8	11.6	13.0
Undistributed offsetting receipts	−5.1	−5.4	−5.3	−5.0	−5.2	−4.9	−4.9	−5.2
Total, Federal outlays	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(On-budget)	(93.0)	(92.1)	(90.9)	(90.2)	(88.2)	(88.1)	(87.3)	(86.6)
(Off-budget)	(7.0)	(7.9)	(9.1)	(9.8)	(11.8)	(11.9)	(12.7)	(13.4)
As percentages of GDP								
National defense	10.2	10.4	10.4	10.2	9.5	9.6	9.4	9.1
Human resources	3.9	4.1	5.0	5.2	5.2	5.8	5.7	5.7
Physical resources	0.7	1.0	1.2	1.6	1.6	1.5	1.6	1.4
Net interest	1.2	1.2	1.3	1.2	1.4	1.3	1.2	1.3
Other functions	1.8	1.6	1.5	1.9	1.5	1.7	2.2	2.5
Undistributed offsetting receipts	−0.9	−0.9	−1.0	−1.0	−1.0	−0.9	−0.9	−1.0
Total, Federal outlays	17.0	17.5	18.4	19.2	18.3	18.9	19.2	19.0
(On-budget)	(15.8)	(16.1)	(16.7)	(17.3)	(16.1)	(16.6)	(16.8)	(16.5)
(Off-budget)	(1.2)	(1.4)	(1.7)	(1.9)	(2.2)	(2.3)	(2.4)	(2.6)

Table 3.1—OUTLAYS BY SUPERFUNCTION AND FUNCTION: 1940–1993—Continued

Superfunction and Function	1964	1965	1966	1967	1968	1969	1970	1971
In millions of dollars								
National defense	54,757	50,620	58,111	71,417	81,926	82,497	81,692	78,872
Human resources	35,294	36,576	43,257	51,272	59,375	66,410	75,349	91,901
Education, training, employment, and social services	1,563	2,146	4,372	6,458	7,642	7,548	8,634	9,849
Health	1,788	1,791	2,543	3,351	4,390	5,162	5,907	6,843
Medicare	....	....	64	2,748	4,649	5,695	6,213	6,622
Income Security	9,641	9,455	9,662	10,248	11,798	13,066	15,645	22,936
Social Security	16,620	17,460	20,694	21,725	23,854	27,298	30,270	35,872
(On-budget)	....	....	....	(94)	(94)	(414)	(458)	(465)
(Off-budget)	(16,620)	(17,460)	(20,694)	(21,631)	(23,760)	(26,885)	(29,812)	(35,408)
Veterans benefits and services	5,682	5,723	5,923	6,743	7,042	7,642	8,679	9,778
Physical resources	9,528	11,264	13,410	14,674	16,002	11,869	15,574	18,286
Energy	572	699	612	782	1,037	1,010	997	1,035
Natural resources and environment	2,364	2,531	2,719	2,869	2,988	2,900	3,065	3,915
Commerce and housing credit	418	1,157	3,245	3,979	4,280	−119	2,112	2,366
Transportation	5,242	5,763	5,730	5,936	6,316	6,526	7,008	8,052
Community and regional development	933	1,114	1,105	1,108	1,382	1,552	2,392	2,917
Net interest	8,199	8,591	9,386	10,268	11,090	12,699	14,380	14,841
(On-budget)	(8,805)	(9,239)	(10,028)	(11,060)	(12,069)	(13,848)	(15,948)	(16,783)
(Off-budget)	(−607)	(−648)	(−642)	(−792)	(−979)	(−1,149)	(−1,568)	(−1,942)
Other functions	16,458	17,086	16,911	17,126	17,786	18,151	17,286	16,379
International affairs	4,945	5,273	5,580	5,566	5,301	4,600	4,330	4,159
General science, space and technology	4,897	5,823	6,717	6,233	5,524	5,020	4,511	4,182
Agriculture	4,609	3,955	2,447	2,990	4,545	5,826	5,166	4,290
Administration of justice	489	535	563	618	659	766	959	1,306
General government	1,518	1,499	1,603	1,719	1,757	1,939	2,320	2,442
Undistributed offsetting receipts	−5,708	−5,908	−6,542	−7,294	−8,045	−7,986	−8,632	−10,107
(On-budget)	(−5,429)	(−5,626)	(−6,205)	(−6,879)	(−7,600)	(−7,454)	(−7,995)	(−9,467)
(Off-budget)	(−279)	(−282)	(−337)	(−415)	(−445)	(−532)	(−637)	(−640)
Total, Federal outlays	118,528	118,228	134,532	157,464	178,134	183,640	195,649	210,172
(On-budget)	(102,794)	(101,699)	(114,817)	(137,040)	(155,798)	(158,436)	(168,042)	(177,346)
(Off-budget)	(15,734)	(16,529)	(19,715)	(20,424)	(22,336)	(25,204)	(27,607)	(32,826)
As percentages of outlays								
National defense	46.2	42.8	43.2	45.4	46.0	44.9	41.8	37.5
Human resources	29.8	30.9	32.2	32.6	33.3	36.2	38.5	43.7
Physical resources	8.0	9.5	10.0	9.3	9.0	6.5	8.0	8.7
Net interest	6.9	7.3	7.0	6.5	6.2	6.9	7.4	7.1
Other functions	13.9	14.5	12.6	10.9	10.0	9.9	8.8	7.8
Undistributed offsetting receipts	−4.8	−5.0	−4.9	−4.6	−4.5	−4.3	−4.4	−4.8
Total, Federal outlays	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(On-budget)	(86.7)	(86.0)	(85.3)	(87.0)	(87.5)	(86.3)	(85.9)	(84.4)
(Off-budget)	(13.3)	(14.0)	(14.7)	(13.0)	(12.5)	(13.7)	(14.1)	(15.6)
As percentages of GDP								
National defense	8.8	7.5	7.9	9.0	9.7	8.9	8.3	7.5
Human resources	5.6	5.5	5.9	6.5	7.0	7.2	7.6	8.7
Physical resources	1.5	1.7	1.8	1.8	1.9	1.3	1.6	1.7
Net interest	1.3	1.3	1.3	1.3	1.3	1.4	1.5	1.4
Other functions	2.6	2.5	2.3	2.2	2.1	2.0	1.8	1.6
Undistributed offsetting receipts	−0.9	−0.9	−0.9	−0.9	−0.9	−0.9	−0.9	−1.0
Total, Federal outlays	19.0	17.6	18.3	19.8	21.0	19.8	19.9	20.0
(On-budget)	(16.4)	(15.2)	(15.6)	(17.3)	(18.4)	(17.1)	(17.1)	(16.9)
(Off-budget)	(2.5)	(2.5)	(2.7)	(2.6)	(2.6)	(2.7)	(2.8)	(3.1)

Table 3.1—**OUTLAYS BY SUPERFUNCTION AND FUNCTION: 1940–1993—Continued**

Superfunction and Function	1972	1973	1974	1975	1976	TQ	1977	1978
In millions of dollars								
National defense	79,174	76,681	79,347	86,509	89,619	22,269	97,241	104,495
Human resources	107,211	119,522	135,783	173,245	203,594	52,065	221,895	242,329
Education, training, employment, and social services	12,529	12,745	12,457	16,022	18,910	5,169	21,104	26,710
Health	8,674	9,356	10,733	12,930	15,734	3,924	17,302	18,524
Medicare	7,479	8,052	9,639	12,875	15,834	4,264	19,345	22,768
Income Security	27,638	28,264	33,699	50,160	60,784	14,981	61,044	61,488
Social Security	40,157	49,090	55,867	64,658	73,899	19,763	85,061	93,861
(On-budget)	(538)	(526)	(494)	(499)	(515)	....	(717)	(741)
(Off-budget)	(39,620)	(48,565)	(55,373)	(64,159)	(73,384)	(19,763)	(84,344)	(93,120)
Veterans benefits and services	10,732	12,015	13,388	16,599	18,433	3,963	18,038	18,978
Physical resources	19,574	20,614	25,106	35,449	39,188	9,512	40,746	52,591
Energy	1,296	1,237	1,303	2,916	4,204	1,129	5,770	7,992
Natural resources and environment	4,241	4,775	5,697	7,346	8,184	2,524	10,032	10,983
Commerce and housing credit	2,222	931	4,705	9,947	7,619	931	3,093	6,254
Transportation	8,392	9,066	9,172	10,918	13,739	3,358	14,829	15,521
Community and regional development	3,423	4,605	4,229	4,322	5,442	1,569	7,021	11,841
Net interest	15,478	17,349	21,449	23,244	26,727	6,949	29,901	35,458
(On-budget)	(17,584)	(19,629)	(23,969)	(26,047)	(29,539)	(7,042)	(32,551)	(37,861)
(Off-budget)	(−2,106)	(−2,280)	(−2,520)	(−2,803)	(−2,812)	(−93)	(−2,650)	(−2,403)
Other functions	18,828	24,950	24,423	27,487	27,050	9,388	34,315	39,594
International affairs	4,781	4,149	5,710	7,097	6,433	2,458	6,353	7,482
General science, space and technology	4,175	4,032	3,980	3,991	4,373	1,162	4,736	4,926
Agriculture	5,259	4,854	2,230	3,036	3,170	983	6,787	11,357
Administration of justice	1,653	2,141	2,470	2,955	3,328	891	3,605	3,813
General government	2,960	9,774	10,032	10,408	9,747	3,895	12,833	12,015
Undistributed offsetting receipts	−9,583	−13,409	−16,749	−13,602	−14,386	−4,206	−14,879	−15,720
(On-budget)	(−8,926)	(−12,714)	(−15,985)	(−12,686)	(−13,423)	(−3,957)	(−13,902)	(−14,660)
(Off-budget)	(−657)	(−695)	(−764)	(−916)	(−963)	(−249)	(−977)	(−1,060)
Total, Federal outlays	230,681	245,707	269,359	332,332	371,792	95,975	409,218	458,746
(On-budget)	(193,824)	(200,118)	(217,270)	(271,892)	(302,183)	(76,555)	(328,502)	(369,089)
(Off-budget)	(36,857)	(45,589)	(52,089)	(60,440)	(69,609)	(19,421)	(80,716)	(89,657)
As percentages of outlays								
National defense	34.3	31.2	29.5	26.0	24.1	23.2	23.8	22.8
Human resources	46.5	48.6	50.4	52.1	54.8	54.2	54.2	52.8
Physical resources	8.5	8.4	9.3	10.7	10.5	9.9	10.0	11.5
Net interest	6.7	7.1	8.0	7.0	7.2	7.2	7.3	7.7
Other functions	8.2	10.2	9.1	8.3	7.3	9.8	8.4	8.6
Undistributed offsetting receipts	−4.2	−5.5	−6.2	−4.1	−3.9	−4.4	−3.6	−3.4
Total, Federal outlays	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(On-budget)	(84.0)	(81.4)	(80.7)	(81.8)	(81.3)	(79.8)	(80.3)	(80.5)
(Off-budget)	(16.0)	(18.6)	(19.3)	(18.2)	(18.7)	(20.2)	(19.7)	(19.5)
As percentages of GDP								
National defense	6.9	6.0	5.7	5.7	5.3	5.0	5.1	4.8
Human resources	9.3	9.4	9.7	11.5	12.1	11.7	11.6	11.2
Physical resources	1.7	1.6	1.8	2.3	2.3	2.1	2.1	2.4
Net interest	1.3	1.4	1.5	1.5	1.6	1.6	1.6	1.6
Other functions	1.6	2.0	1.7	1.8	1.6	2.1	1.8	1.8
Undistributed offsetting receipts	−0.8	−1.1	−1.2	−0.9	−0.9	−0.9	−0.8	−0.7
Total, Federal outlays	20.1	19.3	19.2	22.0	22.1	21.6	21.3	21.3
(On-budget)	(16.9)	(15.7)	(15.5)	(18.0)	(17.9)	(17.2)	(17.1)	(17.1)
(Off-budget)	(3.2)	(3.6)	(3.7)	(4.0)	(4.1)	(4.4)	(4.2)	(4.2)

Table 3.1—OUTLAYS BY SUPERFUNCTION AND FUNCTION: 1940–1993—Continued

Superfunction and Function	1979	1980	1981	1982	1983	1984	1985	1986
In millions of dollars								
National defense	116,342	133,995	157,513	185,309	209,903	227,413	252,748	273,375
Human resources	267,574	313,374	362,022	388,681	426,003	432,042	471,822	481,594
Education, training, employment, and social services	30,223	31,843	33,709	27,029	26,606	27,579	29,342	30,585
Health	20,494	23,169	26,866	27,445	28,641	30,417	33,542	35,936
Medicare	26,495	32,090	39,149	46,567	52,588	57,540	65,822	70,164
Income Security	66,359	86,540	99,723	107,717	122,598	112,668	128,200	119,796
Social Security	104,073	118,547	139,584	155,964	170,724	178,223	188,623	198,757
(On-budget)	(757)	(675)	(670)	(844)	(19,993)	(7,056)	(5,189)	(8,072)
(Off-budget)	(103,316)	(117,872)	(138,914)	(155,120)	(150,731)	(171,167)	(183,434)	(190,684)
Veterans benefits and services	19,931	21,185	22,991	23,958	24,846	25,614	26,292	26,356
Physical resources	54,013	65,985	70,886	61,752	57,600	57,938	56,789	58,614
Energy	9,180	10,156	15,166	13,527	9,353	7,086	5,685	4,735
Natural resources and environment	12,135	13,858	13,568	12,998	12,672	12,593	13,357	13,639
Commerce and housing credit	4,686	9,390	8,206	6,256	6,681	6,917	4,229	4,890
Transportation	17,532	21,329	23,379	20,625	21,334	23,669	25,838	28,117
Community and regional development	10,480	11,252	10,568	8,347	7,560	7,673	7,680	7,233
Net interest	42,636	52,538	68,774	85,044	89,828	111,123	129,504	136,047
(On-budget)	(44,860)	(54,877)	(71,062)	(87,114)	(91,673)	(114,432)	(133,622)	(140,377)
(Off-budget)	(−2,224)	(−2,339)	(−2,288)	(−2,071)	(−1,845)	(−3,310)	(−4,118)	(−4,329)
Other functions	40,396	44,996	47,095	51,069	59,023	55,287	68,227	73,713
International affairs	7,459	12,714	13,104	12,300	11,848	15,876	16,176	14,152
General science, space and technology	5,235	5,832	6,469	7,200	7,935	8,317	8,627	8,976
Agriculture	11,236	8,839	11,323	15,944	22,901	13,613	25,565	31,449
Administration of justice	4,173	4,584	4,769	4,712	5,105	5,663	6,270	6,572
General government	12,293	13,028	11,429	10,914	11,235	11,817	11,588	12,564
Undistributed offsetting receipts	−17,476	−19,942	−28,041	−26,099	−33,976	−31,957	−32,698	−33,007
(On-budget)	(−16,362)	(−18,738)	(−26,611)	(−24,453)	(−32,198)	(−29,913)	(−30,189)	(−30,150)
(Off-budget)	(−1,114)	(−1,204)	(−1,430)	(−1,646)	(−1,778)	(−2,044)	(−2,509)	(−2,857)
Total, Federal outlays	503,485	590,947	678,249	745,755	808,380	851,846	946,391	990,336
(On-budget)	(403,507)	(476,618)	(543,053)	(594,351)	(661,272)	(686,032)	(769,584)	(806,838)
(Off-budget)	(99,978)	(114,329)	(135,196)	(151,404)	(147,108)	(165,813)	(176,807)	(183,498)
As percentages of outlays								
National defense	23.1	22.7	23.2	24.8	26.0	26.7	26.7	27.6
Human resources	53.1	53.0	53.4	52.1	52.7	50.7	49.9	48.6
Physical resources	10.7	11.2	10.5	8.3	7.1	6.8	6.0	5.9
Net interest	8.5	8.9	10.1	11.4	11.1	13.0	13.7	13.7
Other functions	8.0	7.6	6.9	6.8	7.3	6.5	7.2	7.4
Undistributed offsetting receipts	−3.5	−3.4	−4.1	−3.5	−4.2	−3.8	−3.5	−3.3
Total, Federal outlays	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(On-budget)	(80.1)	(80.7)	(80.1)	(79.7)	(81.8)	(80.5)	(81.3)	(81.5)
(Off-budget)	(19.9)	(19.3)	(19.9)	(20.3)	(18.2)	(19.5)	(18.7)	(18.5)
As percentages of GDP								
National defense	4.8	5.1	5.3	5.9	6.3	6.2	6.4	6.5
Human resources	11.0	11.9	12.2	12.4	12.8	11.7	11.9	11.4
Physical resources	2.2	2.5	2.4	2.0	1.7	1.6	1.4	1.4
Net interest	1.8	2.0	2.3	2.7	2.7	3.0	3.3	3.2
Other functions	1.7	1.7	1.6	1.6	1.8	1.5	1.7	1.7
Undistributed offsetting receipts	−0.7	−0.8	−0.9	−0.8	−1.0	−0.9	−0.8	−0.8
Total, Federal outlays	20.7	22.3	22.9	23.9	24.4	23.1	23.9	23.5
(On-budget)	(16.6)	(18.0)	(18.3)	(19.0)	(19.9)	(18.6)	(19.4)	(19.1)
(Off-budget)	(4.1)	(4.3)	(4.6)	(4.8)	(4.4)	(4.5)	(4.5)	(4.3)

Table 3.1—OUTLAYS BY SUPERFUNCTION AND FUNCTION: 1940–1993—Continued

Superfunction and Function	1987	1988	1989	1990	1991	1992	1993 estimate
In millions of dollars							
National defense	281,999	290,361	303,559	299,331	273,292	298,361	289,299
Human resources	502,196	533,404	568,668	619,327	689,691	773,594	837,865
Education, training, employment, and social services	29,724	31,938	36,674	38,755	43,354	45,248	52,292
Health	39,967	44,487	48,390	57,716	71,183	89,570	104,979
Medicare	75,120	78,878	84,964	98,102	104,489	119,024	132,839
Income Security	123,250	129,332	136,031	147,019	170,301	198,073	207,433
Social Security	207,353	219,341	232,542	248,623	269,015	287,545	304,747
(On-budget)	(4,930)	(4,852)	(5,069)	(3,625)	(2,619)	(6,127)	(6,023)
(Off-budget)	(202,422)	(214,489)	(227,473)	(244,998)	(266,395)	(281,418)	(298,724)
Veterans benefits and services	26,782	29,428	30,066	29,112	31,349	34,133	35,575
Physical resources	54,932	68,283	81,068	125,532	134,537	74,788	94,877
Energy	4,115	2,297	2,706	3,341	2,436	4,509	4,807
Natural resources and environment	13,363	14,606	16,182	17,067	18,552	20,017	21,462
Commerce and housing credit	6,182	18,815	29,211	67,142	75,639	9,514	22,141
(On-budget)	(6,182)	(18,815)	(29,520)	(65,516)	(74,321)	(8,877)	(20,514)
(Off-budget)	....	....	(−310)	(1,626)	(1,317)	(636)	(1,627)
Transportation	26,222	27,272	27,608	29,485	31,099	33,337	36,380
Community and regional development	5,051	5,294	5,362	8,498	6,811	7,411	10,086
Net interest	138,652	151,838	169,266	184,221	194,541	199,429	202,771
(On-budget)	(143,942)	(159,253)	(180,661)	(200,212)	(214,763)	(223,066)	(229,793)
(Off-budget)	(−5,290)	(−7,416)	(−11,395)	(−15,991)	(−20,222)	(−23,637)	(−27,022)
Other functions	62,588	57,222	57,822	60,896	71,081	74,901	87,336
International affairs	11,649	10,471	9,573	13,764	15,851	16,106	18,704
General science, space and technology	9,216	10,841	12,838	14,444	16,111	16,409	17,142
Agriculture	26,606	17,210	16,919	11,958	15,183	14,997	21,533
Administration of justice	7,553	9,236	9,474	9,995	12,276	14,450	15,229
General government	7,565	9,464	9,017	10,734	11,661	12,939	14,728
Undistributed offsetting receipts	−36,455	−36,967	−37,212	−36,615	−39,356	−39,280	−37,213
(On-budget)	(−33,155)	(−32,585)	(−32,354)	(−31,048)	(−33,553)	(−33,179)	(−30,698)
(Off-budget)	(−3,300)	(−4,382)	(−4,858)	(−5,567)	(−5,804)	(−6,101)	(−6,515)
Total, Federal outlays	1,003,911	1,064,140	1,143,172	1,252,691	1,323,785	1,381,791	1,474,935
(On-budget)	(810,079)	(861,449)	(932,261)	(1,027,626)	(1,082,098)	(1,129,475)	(1,208,120)
(Off-budget)	(193,832)	(202,691)	(210,911)	(225,065)	(241,687)	(252,316)	(266,815)
As percentages of outlays							
National defense	28.1	27.3	26.6	23.9	20.6	21.6	19.6
Human resources	50.0	50.1	49.7	49.4	52.1	56.0	56.8
Physical resources	5.5	6.4	7.1	10.0	10.2	5.4	6.4
Net interest	13.8	14.3	14.8	14.7	14.7	14.4	13.7
Other functions	6.2	5.4	5.1	4.9	5.4	5.4	5.9
Undistributed offsetting receipts	−3.6	−3.5	−3.3	−2.9	−3.0	−2.8	−2.5
Total, Federal outlays	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(On-budget)	(80.7)	(81.0)	(81.6)	(82.0)	(81.7)	(81.7)	(81.9)
(Off-budget)	(19.3)	(19.0)	(18.4)	(18.0)	(18.3)	(18.3)	(18.1)
As percentages of GDP							
National defense	6.3	6.0	5.9	5.5	4.9	5.1	4.7
Human resources	11.3	11.1	11.0	11.3	12.2	13.2	13.6
Physical resources	1.2	1.4	1.6	2.3	2.4	1.3	1.5
Net interest	3.1	3.2	3.3	3.4	3.5	3.4	3.3
Other functions	1.4	1.2	1.1	1.1	1.3	1.3	1.4
Undistributed offsetting receipts	−0.8	−0.8	−0.7	−0.7	−0.7	−0.7	−0.6
Total, Federal outlays	22.5	22.1	22.1	22.9	23.5	23.5	23.9
(On-budget)	(18.2)	(17.9)	(18.0)	(18.8)	(19.2)	(19.2)	(19.6)
(Off-budget)	(4.4)	(4.2)	(4.1)	(4.1)	(4.3)	(4.3)	(4.3)

Table 3.2—OUTLAYS BY FUNCTION AND SUBFUNCTION: 1962–1993

(in millions of dollars)

Function and Subfunction	1962	1963	1964	1965	1966	1967	1968	1969	1970
050 National defense:									
051 Department of Defense—Military:									
Military Personnel	16,331	16,256	17,422	17,913	20,009	22,952	25,118	26,914	29,032
Operation and Maintenance	11,594	11,874	11,932	12,349	14,710	19,000	20,578	22,227	21,609
Procurement	14,532	16,632	15,351	11,839	14,339	19,012	23,283	23,988	21,584
Research, Development, Test, and Evaluation	6,319	6,376	7,021	6,236	6,259	7,160	7,747	7,457	7,166
Military Construction	1,347	1,144	1,026	1,007	1,334	1,536	1,281	1,389	1,168
Family Housing	259	563	550	563	569	485	495	574	614
Other	−271	−1,696	−717	−1,127	−590	−76	1,853	−1,777	−1,050
051 Subtotal, Department of Defense—Military	50,111	51,147	52,585	48,780	56,629	70,069	80,355	80,771	80,123
053 Atomic energy defense activities	2,074	2,041	1,902	1,620	1,466	1,277	1,336	1,389	1,415
054 Defense-related activities	160	212	270	220	16	71	235	337	154
Total, National defense	52,345	53,400	54,757	50,620	58,111	71,417	81,926	82,497	81,692
150 International affairs:									
151 International development and humanitarian assistance	2,883	3,079	3,367	3,357	3,478	3,085	2,879	2,484	2,341
152 International security assistance	1,958	2,185	1,830	1,599	1,590	1,530	1,051	1,102	1,094
153 Conduct of foreign affairs	249	346	231	336	354	369	354	370	398
154 Foreign information and exchange activities	197	201	207	224	228	245	253	237	235
155 International financial programs	353	−503	−690	−242	−69	338	765	407	261
Total, International affairs	5,639	5,308	4,945	5,273	5,580	5,566	5,301	4,600	4,330
250 General science, space and technology:									
251 General science and basic research	497	534	766	789	858	897	930	938	947
252 Space flight, research, and supporting activities	1,226	2,516	4,131	5,034	5,858	5,336	4,594	4,082	3,564
Total, General science, space and technology	1,723	3,051	4,897	5,823	6,717	6,233	5,524	5,020	4,511
270 Energy:									
271 Energy supply	533	451	485	602	510	673	918	887	856
276 Energy information, policy, and regulation	71	80	87	97	101	109	118	122	142
Total, Energy	604	530	572	699	612	782	1,037	1,010	997
300 Natural resources and environment:									
301 Water resources	1,290	1,448	1,461	1,546	1,704	1,685	1,644	1,591	1,514
302 Conservation and land management	348	323	327	341	305	369	402	268	376
303 Recreational resources	152	181	204	218	235	270	323	370	363
304 Pollution control and abatement	70	87	117	134	158	190	249	303	384
306 Other natural resources	186	212	255	292	317	354	370	368	428
Total, Natural resources and environment	2,044	2,251	2,364	2,531	2,719	2,869	2,988	2,900	3,065
350 Agriculture:									
351 Farm income stabilization	3,222	4,047	4,241	3,551	2,004	2,515	4,032	5,304	4,589
352 Agricultural research and services	340	337	369	404	444	475	512	521	577
Total, Agriculture	3,562	4,384	4,609	3,955	2,447	2,990	4,545	5,826	5,166
370 Commerce and housing credit:									
371 Mortgage credit	650	−592	−54	277	2,494	2,846	3,261	−720	590
372 Postal Service	797	770	578	805	888	1,141	1,080	920	1,510
373 Deposit insurance	−394	−423	−436	−389	−486	−401	−522	−603	−501
376 Other advancement of commerce	371	307	331	465	348	394	462	284	513
Total, Commerce and housing credit	1,424	62	418	1,157	3,245	3,979	4,280	−119	2,112

On-budget unless otherwise stated.

Table 3.2—**OUTLAYS BY FUNCTION AND SUBFUNCTION: 1962–1993—Continued**

(in millions of dollars)

Function and Subfunction	1971	1972	1973	1974	1975	1976	TQ	1977
050 National defense:								
051 Department of Defense—Military:								
Military Personnel	29,079	29,571	29,773	30,409	32,162	32,546	8,268	33,672
Operation and Maintenance	20,941	21,675	21,069	22,478	26,297	27,837	7,232	30,587
Procurement	18,858	17,131	15,654	15,241	16,042	15,964	3,766	18,178
Research, Development, Test, and Evaluation	7,303	7,881	8,157	8,582	8,866	8,923	2,206	9,795
Military Construction	1,095	1,108	1,119	1,407	1,462	2,019	376	1,914
Family Housing	598	688	729	884	1,124	1,192	296	1,358
Other	−376	−409	−1,468	−1,137	−1,101	−563	−338	−357
051 Subtotal, Department of Defense—Military	77,497	77,645	75,033	77,864	84,852	87,917	21,807	95,147
053 Atomic energy defense activities	1,385	1,373	1,409	1,486	1,506	1,565	435	1,936
054 Defense-related activities	−10	156	240	−3	151	137	27	158
Total, National defense	78,872	79,174	76,681	79,347	86,509	89,619	22,269	97,241
150 International affairs:								
151 International development and humanitarian assistance	2,296	2,394	1,741	2,430	3,134	2,636	1,119	2,823
152 International security assistance	1,367	1,446	1,427	1,824	2,535	2,683	1,470	3,075
153 Conduct of foreign affairs	405	452	476	609	659	727	263	982
154 Foreign information and exchange activities	241	274	295	320	348	382	115	386
155 International financial programs	−150	215	211	527	421	4	−509	−913
Total, International affairs	4,159	4,781	4,149	5,710	7,097	6,433	2,458	6,353
250 General science, space and technology:								
251 General science and basic research	1,009	979	961	1,017	1,038	1,034	292	1,078
252 Space flight, research, and supporting activities	3,172	3,196	3,071	2,963	2,953	3,338	871	3,657
Total, General science, space and technology	4,182	4,175	4,032	3,980	3,991	4,373	1,162	4,736
270 Energy:								
271 Energy supply	880	1,089	1,007	969	2,446	3,530	913	4,841
272 Energy conservation	....	....	....	3	48	51	38	143
274 Emergency energy preparedness	....	....	....	....	33	65	32	123
276 Energy information, policy, and regulation	155	207	231	331	389	558	146	664
Total, Energy	1,035	1,296	1,237	1,303	2,916	4,204	1,129	5,770
300 Natural resources and environment:								
301 Water resources	1,768	1,948	2,221	2,200	2,608	2,742	805	3,213
302 Conservation and land management	488	445	320	148	655	615	160	589
303 Recreational resources	462	516	547	645	803	868	240	985
304 Pollution control and abatement	702	764	1,122	2,035	2,523	3,067	1,091	4,279
306 Other natural resources	495	567	565	668	757	891	228	966
Total, Natural resources and environment	3,915	4,241	4,775	5,697	7,346	8,184	2,524	10,032
350 Agriculture:								
351 Farm income stabilization	3,651	4,553	4,099	1,458	2,160	2,249	743	5,735
352 Agricultural research and services	639	706	755	772	876	921	240	1,052
Total, Agriculture	4,290	5,259	4,854	2,230	3,036	3,170	983	6,787
370 Commerce and housing credit:								
371 Mortgage credit	74	550	−399	2,119	5,463	4,336	562	2,609
372 Postal Service	2,183	1,772	1,567	2,471	2,989	2,805	212	2,094
373 Deposit insurance	−383	−597	−805	−611	511	−573	−63	−2,788
376 Other advancement of commerce	492	497	568	726	984	1,051	221	1,178
Total, Commerce and housing credit	2,366	2,222	931	4,705	9,947	7,619	931	3,093

On-budget unless otherwise stated.

Table 3.2—**OUTLAYS BY FUNCTION AND SUBFUNCTION: 1962–1993—Continued**

(in millions of dollars)

Function and Subfunction	1978	1979	1980	1981	1982	1983	1984	1985
050 National defense:								
051 Department of Defense—Military:								
Military Personnel	35,553	37,345	40,897	47,941	55,170	60,886	64,158	67,842
Operation and Maintenance	33,580	36,440	44,788	51,885	59,695	64,932	67,388	72,371
Procurement	19,976	25,404	29,021	35,191	43,271	53,624	61,879	70,381
Research, Development, Test, and Evaluation	10,508	11,152	13,127	15,278	17,729	20,554	23,117	27,103
Military Construction	1,932	2,080	2,450	2,458	2,922	3,524	3,706	4,260
Family Housing	1,405	1,468	1,680	1,721	1,993	2,126	2,413	2,642
Other	−694	−284	−1,050	−605	−65	−1,236	−1,732	553
051 Subtotal, Department of Defense—Military	102,259	113,605	130,912	153,868	180,714	204,410	220,928	245,154
053 Atomic energy defense activities	2,070	2,541	2,878	3,398	4,309	5,171	6,120	7,098
054 Defense-related activities	166	196	206	246	286	322	365	495
Total, National defense	104,495	116,342	133,995	157,513	185,309	209,903	227,413	252,748
150 International affairs:								
151 International development and humanitarian assistance	2,647	2,910	3,626	4,131	3,772	3,955	4,478	5,409
152 International security assistance	3,926	3,655	4,763	5,095	5,416	6,613	7,924	9,391
153 Conduct of foreign affairs	1,128	1,310	1,366	1,343	1,625	1,761	1,872	2,043
154 Foreign information and exchange activities	423	465	534	528	575	607	691	805
155 International financial programs	−642	−881	2,425	2,007	911	−1,089	910	−1,471
Total, International affairs	7,482	7,459	12,714	13,104	12,300	11,848	15,876	16,176
250 General science, space and technology:								
251 General science and basic research	1,160	1,298	1,381	1,477	1,607	1,644	1,849	2,019
252 Space flight, research, and supporting activities	3,766	3,937	4,451	4,992	5,593	6,290	6,469	6,607
Total, General science, space and technology	4,926	5,235	5,832	6,469	7,200	7,935	8,317	8,627
270 Energy:								
271 Energy supply	6,075	7,165	8,367	10,202	8,263	6,143	3,255	2,615
272 Energy conservation	221	252	569	730	516	477	527	491
274 Emergency energy preparedness	897	1,021	342	3,280	3,877	1,855	2,518	1,838
276 Energy information, policy, and regulation	798	742	878	955	871	878	787	740
Total, Energy	7,992	9,180	10,156	15,166	13,527	9,353	7,086	5,685
300 Natural resources and environment:								
301 Water resources	3,431	3,853	4,223	4,132	3,948	3,904	4,070	4,122
302 Conservation and land management	1,029	821	1,043	1,191	1,084	1,503	1,302	1,481
303 Recreational resources	1,408	1,487	1,677	1,597	1,435	1,454	1,581	1,621
304 Pollution control and abatement	3,965	4,707	5,510	5,170	5,012	4,263	4,044	4,465
306 Other natural resources	1,151	1,266	1,405	1,478	1,519	1,548	1,595	1,668
Total, Natural resources and environment	10,983	12,135	13,858	13,568	12,998	12,672	12,593	13,357
350 Agriculture:								
351 Farm income stabilization	10,228	9,895	7,441	9,783	14,344	21,323	11,877	23,751
352 Agricultural research and services	1,129	1,340	1,398	1,540	1,599	1,578	1,736	1,813
Total, Agriculture	11,357	11,236	8,839	11,323	15,944	22,901	13,613	25,565
370 Commerce and housing credit:								
371 Mortgage credit	4,553	3,991	5,887	6,063	6,056	5,135	4,382	3,054
372 Postal Service	1,282	896	1,246	1,432	154	1,111	1,239	1,351
373 Deposit insurance	−988	−1,745	−285	−1,371	−2,056	−1,253	−616	−2,198
376 Other advancement of commerce	1,406	1,545	2,542	2,083	2,101	1,688	1,913	2,022
Total, Commerce and housing credit	6,254	4,686	9,390	8,206	6,256	6,681	6,917	4,229

On-budget unless otherwise stated.

Table 3.2—**OUTLAYS BY FUNCTION AND SUBFUNCTION: 1962–1993—Continued**

(in millions of dollars)

Function and Subfunction	1986	1987	1988	1989	1990	1991	1992	1993 estimate
050 National defense:								
051 Department of Defense—Military:								
Military Personnel	71,511	72,020	76,337	80,676	75,622	83,439	81,171	75,955
Operation and Maintenance	75,288	76,205	84,475	87,001	88,340	101,769	91,984	90,826
Procurement	76,517	80,744	77,166	81,620	80,972	82,028	74,881	68,544
Research, Development, Test, and Evaluation	32,283	33,596	34,792	37,002	37,458	34,589	34,632	37,215
Military Construction	5,067	5,853	5,874	5,275	5,080	3,497	4,262	5,330
Family Housing	2,819	2,908	3,082	3,257	3,501	3,296	3,271	3,504
Other	1,995	2,640	210	50	−1,218	−46,229	−3,308	−5,450
051 Subtotal, Department of Defense—Military	265,480	273,966	281,935	294,880	289,755	262,389	286,892	275,923
053 Atomic energy defense activities	7,445	7,451	7,913	8,119	8,988	10,004	10,619	11,664
054 Defense-related activities	450	582	512	560	587	899	850	1,712
Total, National defense	273,375	281,999	290,361	303,559	299,331	273,292	298,361	289,299
150 International affairs:								
151 International development and humanitarian assistance	4,968	4,319	4,703	4,836	5,498	5,141	6,131	6,298
152 International security assistance	10,499	7,106	4,500	1,467	8,652	9,823	7,490	7,959
153 Conduct of foreign affairs	2,270	2,208	2,729	2,886	3,050	3,282	3,894	4,094
154 Foreign information and exchange activities	917	1,000	1,051	1,106	1,103	1,253	1,280	1,464
155 International financial programs	−4,501	−2,985	−2,513	−722	−4,539	−3,648	−2,689	−1,111
Total, International affairs	14,152	11,649	10,471	9,573	13,764	15,851	16,106	18,704
250 General science, space and technology:								
251 General science and basic research	2,221	2,260	2,428	2,642	2,835	3,154	3,571	4,273
252 Space flight, research, and supporting activities	6,756	6,957	8,413	10,196	11,609	12,957	12,838	12,869
Total, General science, space and technology	8,976	9,216	10,841	12,838	14,444	16,111	16,409	17,142
270 Energy:								
271 Energy supply	2,839	2,318	746	1,230	1,976	1,945	3,235	3,780
272 Energy conservation	515	281	342	333	365	386	468	516
274 Emergency energy preparedness	597	788	568	621	442	−235	319	328
276 Energy information, policy, and regulation	785	727	640	521	559	340	486	184
Total, Energy	4,735	4,115	2,297	2,706	3,341	2,436	4,509	4,807
300 Natural resources and environment:								
301 Water resources	4,041	3,783	4,034	4,271	4,401	4,366	4,559	5,021
302 Conservation and land management	1,388	1,473	2,189	3,324	3,553	4,047	4,587	4,700
303 Recreational resources	1,513	1,564	1,673	1,817	1,876	2,137	2,378	2,569
304 Pollution control and abatement	4,831	4,869	4,832	4,878	5,156	5,853	6,061	6,625
306 Other natural resources	1,866	1,675	1,878	1,890	2,080	2,148	2,432	2,548
Total, Natural resources and environment	13,639	13,363	14,606	16,182	17,067	18,552	20,017	21,462
350 Agriculture:								
351 Farm income stabilization	29,608	24,742	15,246	14,817	9,761	12,924	12,454	18,899
352 Agricultural research and services	1,841	1,864	1,964	2,102	2,197	2,259	2,543	2,635
Total, Agriculture	31,449	26,606	17,210	16,919	11,958	15,183	14,997	21,533
370 Commerce and housing credit:								
371 Mortgage credit	934	−67	4,992	4,978	3,845	5,362	3,932	2,073
372 Postal Service	758	1,593	2,229	127	2,116	1,828	1,147	1,788
(On-budget)	(758)	(1,593)	(2,229)	(436)	(490)	(511)	(511)	(161)
(Off-budget)	....	....	....	(−310)	(1,626)	(1,317)	(636)	(1,627)
373 Deposit insurance	1,394	3,106	10,020	21,996	58,081	66,394	2,511	15,534
376 Other advancement of commerce	1,804	1,550	1,573	2,109	3,100	2,054	1,924	2,746
Total, Commerce and housing credit	4,890	6,182	18,815	29,211	67,142	75,639	9,514	22,141
(On-budget)	(4,890)	(6,182)	(18,815)	(29,520)	(65,516)	(74,321)	(8,877)	(20,514)
(Off-budget)	....	....	....	(−310)	(1,626)	(1,317)	(636)	(1,627)

On-budget unless otherwise stated.

Table 3.2—**OUTLAYS BY FUNCTION AND SUBFUNCTION: 1962–1993—Continued**

(in millions of dollars)

Function and Subfunction	1962	1963	1964	1965	1966	1967	1968	1969	1970
400 Transportation:									
401 Ground transportation	2,855	3,090	3,715	4,105	4,072	4,139	4,378	4,443	4,678
402 Air transportation	818	851	882	941	961	1,042	1,084	1,206	1,408
403 Water transportation	617	655	646	717	695	749	841	857	895
407 Other transportation	....	....	....	....	3	6	13	21	26
Total, Transportation	4,290	4,596	5,242	5,763	5,730	5,936	6,316	6,526	7,008
450 Community and regional development:									
451 Community development	266	233	316	413	423	580	649	833	1,449
452 Area and regional development	179	307	592	648	448	450	613	679	685
453 Disaster relief and insurance	23	34	25	53	234	78	120	40	257
Total, Community and regional development	469	574	933	1,114	1,105	1,108	1,382	1,552	2,392
500 Education, training, employment, and social services:									
501 Elementary, secondary, and vocational education	482	553	579	719	1,627	2,310	2,516	2,470	2,893
502 Higher education	328	426	382	413	706	1,161	1,394	1,234	1,387
503 Research and general education aids	58	55	62	92	122	156	240	210	355
504 Training and employment	194	209	299	534	992	1,239	1,590	1,560	1,602
505 Other labor services	74	84	72	97	101	107	112	122	135
506 Social services	110	137	169	291	823	1,486	1,791	1,952	2,263
Total, Education, training, employment, and social services	1,246	1,464	1,563	2,146	4,372	6,458	7,642	7,548	8,634
550 Health:									
551 Health care services	528	623	740	881	1,486	2,004	2,694	3,360	3,993
552 Health research and training	580	722	925	780	918	1,184	1,517	1,599	1,688
554 Consumer and occupational health and safety	89	106	123	130	138	163	179	203	226
Total, Health	1,198	1,451	1,788	1,791	2,543	3,351	4,390	5,162	5,907
570 Medicare:									
571 Medicare	....	....	....	....	64	2,748	4,649	5,695	6,213
600 Income security:									
601 General retirement and disability insurance (excluding social security)	661	632	682	668	736	731	944	1,035	1,032
602 Federal employee retirement and disability	1,951	2,233	2,546	2,858	3,319	3,794	4,275	4,772	5,535
603 Unemployment compensation	3,804	3,338	3,170	2,570	2,206	2,257	2,519	2,577	3,359
604 Housing assistance	165	179	150	231	238	271	312	383	499
605 Food and nutrition assistance	275	284	308	299	363	418	505	587	960
609 Other income security	2,338	2,633	2,785	2,828	2,799	2,776	3,243	3,712	4,260
Total, Income security	9,193	9,298	9,641	9,455	9,662	10,248	11,798	13,066	15,645
650 Social security:									
651 Social security	14,365	15,788	16,620	17,460	20,694	21,725	23,854	27,298	30,270
(On-budget)	....	....	....	....	....	(94)	(94)	(414)	(458)
(Off-budget)	(14,365)	(15,788)	(16,620)	(17,460)	(20,694)	(21,631)	(23,760)	(26,885)	(29,812)
700 Veterans benefits and services:									
701 Income security for veterans	3,968	4,206	4,146	4,215	4,184	4,546	4,664	5,036	5,546
702 Veterans education, training and rehabilitation	159	101	77	58	54	305	478	701	1,015
703 Hospital and medical care for veterans	1,084	1,145	1,229	1,270	1,318	1,391	1,469	1,564	1,800
704 Veterans housing	236	−109	44	*	169	304	210	102	54
705 Other veterans benefits and services	181	177	186	180	198	197	220	239	263
Total, Veterans benefits and services	5,628	5,521	5,682	5,723	5,923	6,743	7,042	7,642	8,679

* $500 thousand or less.
On-budget unless otherwise stated.

Table 3.2—OUTLAYS BY FUNCTION AND SUBFUNCTION: 1962–1993—Continued

(in millions of dollars)

Function and Subfunction	1971	1972	1973	1974	1975	1976	TQ	1977
400 Transportation:								
401 Ground transportation	5,182	5,356	5,641	5,583	7,027	9,602	2,336	10,226
402 Air transportation	1,807	1,907	2,159	2,216	2,387	2,531	578	2,786
403 Water transportation	1,027	1,094	1,211	1,316	1,430	1,542	415	1,741
407 Other transportation	37	36	56	57	74	65	28	76
Total, Transportation	8,052	8,392	9,066	9,172	10,918	13,739	3,358	14,829
450 Community and regional development:								
451 Community development	1,728	2,100	2,044	2,108	2,318	2,772	896	3,411
452 Area and regional development	835	928	981	1,339	1,607	2,149	563	2,961
453 Disaster relief and insurance	353	396	1,580	782	398	522	111	649
Total, Community and regional development	2,917	3,423	4,605	4,229	4,322	5,442	1,569	7,021
500 Education, training, employment, and social services:								
501 Elementary, secondary, and vocational education	3,333	3,686	3,573	3,573	4,349	4,200	1,074	4,638
502 Higher education	1,435	1,448	1,534	1,451	2,182	2,813	744	3,200
503 Research and general education aids	295	319	429	621	790	783	180	894
504 Training and employment	1,952	2,894	3,283	2,910	4,063	6,288	1,912	6,877
505 Other labor services	157	184	202	219	259	301	83	374
506 Social services	2,677	3,998	3,724	3,683	4,380	4,526	1,176	5,122
Total, Education, training, employment, and social services	9,849	12,529	12,745	12,457	16,022	18,910	5,169	21,104
550 Health:								
551 Health care services	4,766	6,205	6,527	7,707	9,519	11,725	2,945	13,031
552 Health research and training	1,801	2,085	2,423	2,497	2,779	3,323	811	3,524
554 Consumer and occupational health and safety	277	383	406	529	632	686	168	747
Total, Health	6,843	8,674	9,356	10,733	12,930	15,734	3,924	17,302
570 Medicare:								
571 Medicare	6,622	7,479	8,052	9,639	12,875	15,834	4,264	19,345
600 Income security:								
601 General retirement and disability insurance (excluding social security)	1,613	1,812	2,596	2,750	4,689	3,248	1,166	3,558
602 Federal employee retirement and disability	6,575	7,672	8,889	10,769	13,222	15,469	4,266	17,719
603 Unemployment compensation	6,166	7,072	5,354	6,065	13,459	19,453	4,004	15,315
604 Housing assistance	764	1,125	1,631	1,825	2,058	2,499	662	2,968
605 Food and nutrition assistance	2,179	3,218	3,641	4,433	6,643	7,959	1,824	8,527
609 Other income security	5,640	6,740	6,153	7,856	10,088	12,156	3,060	12,957
Total, Income security	22,936	27,638	28,264	33,699	50,160	60,784	14,981	61,044
650 Social security:								
651 Social security	35,872	40,157	49,090	55,867	64,658	73,899	19,763	85,061
(On-budget)	(465)	(538)	(526)	(494)	(499)	(515)	....	(717)
(Off-budget)	(35,408)	(39,620)	(48,565)	(55,373)	(64,159)	(73,384)	(19,763)	(84,344)
700 Veterans benefits and services:								
701 Income security for veterans	5,966	6,344	6,533	6,789	7,860	8,350	2,082	9,216
702 Veterans education, training and rehabilitation	1,659	1,960	2,801	3,249	4,593	5,531	784	3,710
703 Hospital and medical care for veterans	2,036	2,425	2,711	3,006	3,665	4,046	1,039	4,708
704 Veterans housing	−179	−317	−381	−15	24	−72	−50	−145
705 Other veterans benefits and services	296	320	350	359	458	578	110	549
Total, Veterans benefits and services	9,778	10,732	12,015	13,388	16,599	18,433	3,963	18,038

On-budget unless otherwise stated.

Table 3.2—OUTLAYS BY FUNCTION AND SUBFUNCTION: 1962–1993—Continued

(in millions of dollars)

Function and Subfunction	1978	1979	1980	1981	1982	1983	1984	1985
400 Transportation:								
401 Ground transportation	10,431	12,115	15,274	17,074	14,321	14,265	16,158	17,606
402 Air transportation	3,243	3,355	3,723	3,814	3,526	4,000	4,415	4,895
403 Water transportation	1,787	1,969	2,229	2,381	2,687	2,969	3,010	3,201
407 Other transportation	61	93	104	110	90	99	85	137
Total, Transportation	15,521	17,532	21,329	23,379	20,625	21,334	23,669	25,838
450 Community and regional development:								
451 Community development	3,298	4,000	4,907	5,070	4,608	4,353	4,520	4,598
452 Area and regional development	5,672	4,868	4,303	3,818	3,841	3,208	3,034	3,117
453 Disaster relief and insurance	2,871	1,611	2,043	1,680	−102	−1	119	−35
Total, Community and regional development	11,841	10,480	11,252	10,568	8,347	7,560	7,673	7,680
500 Education, training, employment, and social services:								
501 Elementary, secondary, and vocational education	5,186	6,123	6,893	7,099	6,722	6,258	6,483	7,598
502 Higher education	3,710	5,030	6,723	8,767	7,116	7,184	7,318	8,156
503 Research and general education aids	1,033	1,157	1,212	1,170	1,210	1,154	1,331	1,229
504 Training and employment	10,784	10,833	10,345	9,241	5,464	5,295	4,644	4,972
505 Other labor services	410	488	551	587	589	599	639	678
506 Social services	5,588	6,593	6,119	6,844	5,928	6,117	7,165	6,710
Total, Education, training, employment, and social services	26,710	30,223	31,843	33,709	27,029	26,606	27,579	29,342
550 Health:								
551 Health care services	13,928	15,988	18,003	21,205	21,786	23,008	24,522	26,984
552 Health research and training	3,752	3,607	4,161	4,615	4,618	4,552	4,767	5,376
554 Consumer and occupational health and safety	844	899	1,006	1,047	1,041	1,081	1,129	1,182
Total, Health	18,524	20,494	23,169	26,866	27,445	28,641	30,417	33,542
570 Medicare:								
571 Medicare	22,768	26,495	32,090	39,149	46,567	52,588	57,540	65,822
600 Income security:								
601 General retirement and disability insurance (excluding social security)	3,365	4,373	5,083	5,439	5,571	5,581	5,441	5,617
602 Federal employee retirement and disability	19,836	22,658	26,594	31,277	34,325	36,507	38,054	38,591
603 Unemployment compensation	11,847	10,813	18,051	19,656	23,728	31,464	18,421	17,475
604 Housing assistance	3,677	4,367	5,632	7,752	8,738	9,998	11,270	25,263
605 Food and nutrition assistance	8,926	10,787	14,016	16,205	15,581	17,952	18,055	18,540
609 Other income security	13,837	13,361	17,163	19,394	19,774	21,096	21,427	22,715
Total, Income security	61,488	66,359	86,540	99,723	107,717	122,598	112,668	128,200
650 Social security:								
651 Social security	93,861	104,073	118,547	139,584	155,964	170,724	178,223	188,623
(On-budget)	(741)	(757)	(675)	(670)	(844)	(19,993)	(7,056)	(5,189)
(Off-budget)	(93,120)	(103,316)	(117,872)	(138,914)	(155,120)	(150,731)	(171,167)	(183,434)
700 Veterans benefits and services:								
701 Income security for veterans	9,745	10,780	11,688	12,909	13,710	14,250	14,400	14,714
702 Veterans education, training and rehabilitation	3,365	2,760	2,342	2,254	1,947	1,625	1,359	1,059
703 Hospital and medical care for veterans	5,254	5,611	6,515	6,965	7,517	8,272	8,861	9,547
704 Veterans housing	28	154	−23	201	102	3	244	214
705 Other veterans benefits and services	585	627	665	662	682	696	751	758
Total, Veterans benefits and services	18,978	19,931	21,185	22,991	23,958	24,846	25,614	26,292

On-budget unless otherwise stated.

Table 3.2—OUTLAYS BY FUNCTION AND SUBFUNCTION: 1962–1993—Continued

(in millions of dollars)

Function and Subfunction	1986	1987	1988	1989	1990	1991	1992	1993 estimate
400 Transportation:								
401 Ground transportation	18,725	17,150	18,148	17,946	18,954	19,545	20,347	22,302
402 Air transportation	5,287	5,520	5,897	6,622	7,234	8,184	9,313	10,050
403 Water transportation	3,964	3,461	3,111	2,916	3,151	3,148	3,434	3,733
407 Other transportation	140	91	116	124	146	223	244	296
Total, Transportation	28,117	26,222	27,272	27,608	29,485	31,099	33,337	36,380
450 Community and regional development:								
451 Community development	4,095	3,680	3,449	3,693	3,530	3,543	3,643	4,022
452 Area and regional development	2,723	1,599	2,075	1,894	2,868	2,743	2,903	3,236
453 Disaster relief and insurance	416	−229	−230	−226	2,100	525	866	2,827
Total, Community and regional development	7,233	5,051	5,294	5,362	8,498	6,811	7,411	10,086
500 Education, training, employment, and social services:								
501 Elementary, secondary, and vocational education	7,802	7,869	8,377	9,150	9,918	11,372	12,402	14,265
502 Higher education	8,359	7,361	8,244	10,584	11,107	11,961	11,268	14,050
503 Research and general education aids	1,266	1,360	1,370	1,509	1,577	1,773	1,996	2,134
504 Training and employment	5,257	5,084	5,215	5,292	5,619	5,934	6,479	7,156
505 Other labor services	672	675	739	786	810	788	884	920
506 Social services	7,229	7,376	7,992	9,354	9,723	11,526	12,219	13,767
Total, Education, training, employment, and social services	30,585	29,724	31,938	36,674	38,755	43,354	45,248	52,292
550 Health:								
551 Health care services	28,850	32,615	36,016	39,164	47,642	60,723	77,715	92,541
552 Health research and training	5,921	6,156	7,186	7,870	8,611	8,899	10,098	10,630
554 Consumer and occupational health and safety	1,165	1,197	1,285	1,356	1,462	1,560	1,757	1,809
Total, Health	35,936	39,967	44,487	48,390	57,716	71,183	89,570	104,979
570 Medicare:								
571 Medicare	70,164	75,120	78,878	84,964	98,102	104,489	119,024	132,839
600 Income security:								
601 General retirement and disability insurance (excluding social security)	5,330	5,565	5,294	5,650	5,148	4,945	5,483	5,372
602 Federal employee retirement and disability	41,363	43,745	46,879	49,151	51,981	56,106	57,572	59,768
603 Unemployment compensation	17,753	17,080	15,271	15,616	18,889	27,084	39,466	35,263
604 Housing assistance	12,383	12,656	13,906	14,715	15,891	17,200	18,914	21,464
605 Food and nutrition assistance	18,602	18,940	20,083	21,192	23,964	28,481	32,651	35,865
609 Other income security	24,364	25,264	27,899	29,706	31,146	36,485	43,987	49,701
Total, Income security	119,796	123,250	129,332	136,031	147,019	170,301	198,073	207,433
650 Social security:								
651 Social security	198,757	207,353	219,341	232,542	248,623	269,015	287,545	304,747
(On-budget)	(8,072)	(4,930)	(4,852)	(5,069)	(3,625)	(2,619)	(6,127)	(6,023)
(Off-budget)	(190,684)	(202,422)	(214,489)	(227,473)	(244,998)	(266,395)	(281,418)	(298,724)
700 Veterans benefits and services:								
701 Income security for veterans	15,031	14,962	15,963	16,544	15,241	16,961	17,296	17,595
702 Veterans education, training and rehabilitation	526	454	454	459	278	427	783	835
703 Hospital and medical care for veterans	9,872	10,266	10,842	11,343	12,134	12,889	14,091	15,032
704 Veterans housing	114	330	1,292	878	517	85	898	1,048
705 Other veterans benefits and services	813	769	877	843	943	987	1,065	1,065
Total, Veterans benefits and services	26,356	26,782	29,428	30,066	29,112	31,349	34,133	35,575

On-budget unless otherwise stated.

Table 3.2—**OUTLAYS BY FUNCTION AND SUBFUNCTION: 1962–1993—Continued**

(in millions of dollars)

Function and Subfunction	1962	1963	1964	1965	1966	1967	1968	1969	1970
750 Administration of justice:									
751 Federal law enforcement activities	269	288	306	333	355	389	409	470	570
752 Federal litigative and judicial activities	111	124	131	146	153	165	178	202	245
753 Federal correctional activities	49	53	53	57	55	58	63	65	79
754 Criminal justice assistance	....	....	....	....	1	6	8	29	65
Total, Administration of justice	429	465	489	535	563	618	659	766	959
800 General government:									
801 Legislative functions	178	176	174	189	208	218	237	254	303
802 Executive direction and management	12	13	15	17	17	19	21	25	30
803 Central fiscal operations	492	542	607	636	671	725	745	790	914
804 General property and records management	403	439	532	624	575	646	497	543	551
805 Central personnel management	22	22	23	23	25	19	37	38	44
806 General purpose fiscal assistance	212	232	241	238	268	305	339	430	535
808 Other general government	28	63	150	39	79	101	126	40	121
809 Deductions for offsetting receipts	−299	−257	−224	−266	−241	−314	−245	−181	−177
Total, General government	1,049	1,230	1,518	1,499	1,603	1,719	1,757	1,939	2,320
900 Net interest:									
901 Interest on the public debt	9,120	9,895	10,666	11,346	12,014	13,391	14,573	16,588	19,304
902 Interest received by on-budget trust funds	−824	−895	−1,006	−1,121	−1,259	−1,492	−1,689	−1,953	−2,367
903 Interest received by off-budget trust funds	−609	−582	−607	−648	−642	−792	−979	−1,149	−1,568
908 Other interest	−797	−678	−855	−986	−727	−839	−816	−788	−989
Total, Net interest	6,889	7,740	8,199	8,591	9,386	10,268	11,090	12,699	14,380
(On-budget)	(7,498)	(8,322)	(8,805)	(9,239)	(10,028)	(11,060)	(12,069)	(13,848)	(15,948)
(Off-budget)	(−609)	(−582)	(−607)	(−648)	(−642)	(−792)	(−979)	(−1,149)	(−1,568)
950 Undistributed offsetting receipts:									
951 Employer share, employee retirement (on-budget)	−5,042	−5,188	−5,413	−5,572	−5,957	−6,242	−6,639	−7,026	−7,808
952 Employer share, employee retirement (off-budget)	−221	−242	−279	−282	−337	−415	−445	−532	−637
953 Rents and royalties on the Outer Continental Shelf	−12	−367	−16	−53	−248	−637	−961	−428	−187
Total, Undistributed offsetting receipts	−5,274	−5,797	−5,708	−5,908	−6,542	−7,294	−8,045	−7,986	−8,632
(On-budget)	(−5,053)	(−5,555)	(−5,429)	(−5,626)	(−6,205)	(−6,879)	(−7,600)	(−7,454)	(−7,995)
(Off-budget)	(−221)	(−242)	(−279)	(−282)	(−337)	(−415)	(−445)	(−532)	(−637)
Total outlays	106,821	111,316	118,528	118,228	134,532	157,464	178,134	183,640	195,649
(On-budget)	(93,286)	(96,352)	(102,794)	(101,699)	(114,817)	(137,040)	(155,798)	(158,436)	(168,042)
(Off-budget)	(13,535)	(14,964)	(15,734)	(16,529)	(19,715)	(20,424)	(22,336)	(25,204)	(27,607)

On-budget unless otherwise stated.

Table 3.2—**OUTLAYS BY FUNCTION AND SUBFUNCTION: 1962–1993—*Continued***

(in millions of dollars)

Function and Subfunction	1971	1972	1973	1974	1975	1976	TQ	1977
750 Administration of justice:								
751 Federal law enforcement activities	693	812	987	1,094	1,352	1,502	408	1,676
752 Federal litigative and judicial activities	287	347	390	426	550	697	213	842
753 Federal correctional activities	94	115	140	179	200	208	57	240
754 Criminal justice assistance	233	380	624	770	853	921	213	847
Total, Administration of justice	1,306	1,653	2,141	2,470	2,955	3,328	891	3,605
800 General government:								
801 Legislative functions	342	404	438	521	593	678	183	849
802 Executive direction and management	38	59	71	117	63	68	16	76
803 Central fiscal operations	991	1,155	1,182	1,299	1,888	1,507	364	1,872
804 General property and records management	573	680	818	968	429	84	57	175
805 Central personnel management	51	57	66	74	88	107	25	100
806 General purpose fiscal assistance	535	672	7,350	6,888	7,184	7,232	3,173	9,569
808 Other general government	126	173	157	363	424	393	227	448
809 Deductions for offsetting receipts	−214	−241	−309	−198	−261	−322	−150	−256
Total, General government	2,442	2,960	9,774	10,032	10,408	9,747	3,895	12,833
900 Net interest:								
901 Interest on the public debt	20,959	21,849	24,167	29,319	32,665	37,076	8,104	41,915
902 Interest received by on-budget trust funds	−2,820	−2,983	−3,156	−4,064	−4,861	−4,988	−177	−5,488
903 Interest received by off-budget trust funds	−1,942	−2,106	−2,280	−2,520	−2,803	−2,812	−93	−2,650
908 Other interest	−1,356	−1,282	−1,382	−1,286	−1,756	−2,549	−885	−3,875
Total, Net interest	14,841	15,478	17,349	21,449	23,244	26,727	6,949	29,901
(On-budget)	(16,783)	(17,584)	(19,629)	(23,969)	(26,047)	(29,539)	(7,042)	(32,551)
(Off-budget)	(−1,942)	(−2,106)	(−2,280)	(−2,520)	(−2,803)	(−2,812)	(−93)	(−2,650)
950 Undistributed offsetting receipts:								
951 Employer share, employee retirement (on-budget)	−8,417	−8,646	−8,759	−9,236	−10,258	−10,761	−2,646	−11,528
952 Employer share, employee retirement (off-budget)	−640	−657	−695	−764	−916	−963	−249	−977
953 Rents and royalties on the Outer Continental Shelf	−1,051	−279	−3,956	−6,748	−2,428	−2,662	−1,311	−2,374
Total, Undistributed offsetting receipts	−10,107	−9,583	−13,409	−16,749	−13,602	−14,386	−4,206	−14,879
(On-budget)	(−9,467)	(−8,926)	(−12,714)	(−15,985)	(−12,686)	(−13,423)	(−3,957)	(−13,902)
(Off-budget)	(−640)	(−657)	(−695)	(−764)	(−916)	(−963)	(−249)	(−977)
Total outlays	210,172	230,681	245,707	269,359	332,332	371,792	95,975	409,218
(On-budget)	(177,346)	(193,824)	(200,118)	(217,270)	(271,892)	(302,183)	(76,555)	(328,502)
(Off-budget)	(32,826)	(36,857)	(45,589)	(52,089)	(60,440)	(69,609)	(19,421)	(80,716)

On-budget unless otherwise stated.

Table 3.2—**OUTLAYS BY FUNCTION AND SUBFUNCTION: 1962–1993—Continued**

(in millions of dollars)

Function and Subfunction	1978	1979	1980	1981	1982	1983	1984	1985
750 Administration of justice:								
751 Federal law enforcement activities	1,834	1,996	2,239	2,443	2,537	2,892	3,209	3,520
752 Federal litigative and judicial activities	943	1,130	1,347	1,491	1,517	1,627	1,825	2,064
753 Federal correctional activities	307	337	342	361	364	418	494	537
754 Criminal justice assistance	729	710	656	473	294	167	136	150
Total, Administration of justice	3,813	4,173	4,584	4,769	4,712	5,105	5,663	6,270
800 General government:								
801 Legislative functions	909	921	1,038	1,041	1,181	1,196	1,319	1,355
802 Executive direction and management	73	81	97	100	96	96	97	113
803 Central fiscal operations	1,999	2,170	2,612	2,610	2,585	3,048	3,250	3,492
804 General property and records management	304	299	327	144	238	196	201	96
805 Central personnel management	129	127	154	159	136	115	139	164
806 General purpose fiscal assistance	8,442	8,369	8,582	6,854	6,390	6,452	6,768	6,353
808 Other general government	448	523	569	745	504	768	557	521
809 Deductions for offsetting receipts	−289	−198	−351	−222	−216	−636	−513	−506
Total, General government	12,015	12,293	13,028	11,429	10,914	11,235	11,817	11,588
900 Net interest:								
901 Interest on the public debt	48,712	59,858	74,808	95,543	117,239	128,673	153,887	178,898
902 Interest received by on-budget trust funds	−6,128	−7,727	−9,707	−11,523	−13,995	−15,257	−17,044	−21,838
903 Interest received by off-budget trust funds	−2,403	−2,224	−2,339	−2,288	−2,071	−1,845	−3,310	−4,118
908 Other interest	−4,724	−7,271	−10,224	−12,958	−16,129	−21,743	−22,410	−23,438
Total, Net interest	35,458	42,636	52,538	68,774	85,044	89,828	111,123	129,504
(On-budget)	(37,861)	(44,860)	(54,877)	(71,062)	(87,114)	(91,673)	(114,432)	(133,622)
(Off-budget)	(−2,403)	(−2,224)	(−2,339)	(−2,288)	(−2,071)	(−1,845)	(−3,310)	(−4,118)
950 Undistributed offsetting receipts:								
951 Employer share, employee retirement (on-budget)	−12,401	−13,095	−14,638	−16,473	−18,203	−21,706	−23,219	−24,648
952 Employer share, employee retirement (off-budget)	−1,060	−1,114	−1,204	−1,430	−1,646	−1,778	−2,044	−2,509
953 Rents and royalties on the Outer Continental Shelf	−2,259	−3,267	−4,101	−10,138	−6,250	−10,491	−6,694	−5,542
Total, Undistributed offsetting receipts	−15,720	−17,476	−19,942	−28,041	−26,099	−33,976	−31,957	−32,698
(On-budget)	(−14,660)	(−16,362)	(−18,738)	(−26,611)	(−24,453)	(−32,198)	(−29,913)	(−30,189)
(Off-budget)	(−1,060)	(−1,114)	(−1,204)	(−1,430)	(−1,646)	(−1,778)	(−2,044)	(−2,509)
Total outlays	458,746	503,485	590,947	678,249	745,755	808,380	851,846	946,391
(On-budget)	(369,089)	(403,507)	(476,618)	(543,053)	(594,351)	(661,272)	(686,032)	(769,584)
(Off-budget)	(89,657)	(99,978)	(114,329)	(135,196)	(151,404)	(147,108)	(165,813)	(176,807)

On-budget unless otherwise stated.

Table 3.2—OUTLAYS BY FUNCTION AND SUBFUNCTION: 1962–1993—Continued

(in millions of dollars)

Function and Subfunction	1986	1987	1988	1989	1990	1991	1992	1993 estimate
750 Administration of justice:								
751 Federal law enforcement activities	3,601	4,110	5,075	4,719	4,648	5,661	6,462	6,653
752 Federal litigative and judicial activities	2,176	2,482	2,880	3,255	3,579	4,352	5,078	5,343
753 Federal correctional activities	614	711	930	1,044	1,291	1,600	2,114	2,268
754 Criminal justice assistance	181	250	352	455	477	663	795	965
Total, Administration of justice	6,572	7,553	9,236	9,474	9,995	12,276	14,450	15,229
800 General government:								
801 Legislative functions	1,383	1,444	1,599	1,652	1,763	1,916	2,124	2,227
802 Executive direction and management	109	111	123	129	160	190	188	253
803 Central fiscal operations	3,636	3,913	4,795	5,517	6,004	6,097	6,612	7,358
804 General property and records management	475	146	−182	−396	31	657	692	1,631
805 Central personnel management	126	143	113	134	176	138	206	162
806 General purpose fiscal assistance	6,431	1,621	1,816	2,061	2,161	2,100	1,865	2,162
808 Other general government	482	810	1,894	814	800	1,280	1,782	1,615
809 Deductions for offsetting receipts	−78	−623	−694	−893	−361	−718	−530	−680
Total, General government	12,564	7,565	9,464	9,017	10,734	11,661	12,939	14,728
900 Net interest:								
901 Interest on the public debt	190,303	195,283	214,081	240,882	264,724	285,455	292,330	296,475
902 Interest received by on-budget trust funds	−26,628	−29,614	−34,406	−40,467	−46,321	−50,426	−54,193	−55,007
903 Interest received by off-budget trust funds	−4,329	−5,290	−7,416	−11,395	−15,991	−20,222	−23,637	−27,022
908 Other interest	−23,298	−21,727	−20,422	−19,755	−18,191	−20,266	−15,071	−11,675
Total, Net interest	136,047	138,652	151,838	169,266	184,221	194,541	199,429	202,771
(On-budget)	(140,377)	(143,942)	(159,253)	(180,661)	(200,212)	(214,763)	(223,066)	(229,793)
(Off-budget)	(−4,329)	(−5,290)	(−7,416)	(−11,395)	(−15,991)	(−20,222)	(−23,637)	(−27,022)
950 Undistributed offsetting receipts:								
951 Employer share, employee retirement (on-budget)	−25,434	−27,259	−29,037	−29,425	−28,044	−30,402	−30,680	−28,635
952 Employer share, employee retirement (off-budget)	−2,857	−3,300	−4,382	−4,858	−5,567	−5,804	−6,101	−6,515
953 Rents and royalties on the Outer Continental Shelf	−4,716	−4,021	−3,548	−2,929	−3,004	−3,150	−2,498	−2,064
954 Sale of major assets	....	−1,875	....	....	....	....	....	....
Total, Undistributed offsetting receipts	−33,007	−36,455	−36,967	−37,212	−36,615	−39,356	−39,280	−37,213
(On-budget)	(−30,150)	(−33,155)	(−32,585)	(−32,354)	(−31,048)	(−33,553)	(−33,179)	(−30,698)
(Off-budget)	(−2,857)	(−3,300)	(−4,382)	(−4,858)	(−5,567)	(−5,804)	(−6,101)	(−6,515)
Total outlays	990,336	1,003,911	1,064,140	1,143,172	1,252,691	1,323,785	1,381,791	1,474,935
(On-budget)	(806,838)	(810,079)	(861,449)	(932,261)	(1,027,626)	(1,082,098)	(1,129,475)	(1,208,120)
(Off-budget)	(183,498)	(193,832)	(202,691)	(210,911)	(225,065)	(241,687)	(252,316)	(266,815)

On-budget unless otherwise stated.

Table 4.1—OUTLAYS BY AGENCY: 1962–1993

(in millions of dollars)

Department or other unit	1962	1963	1964	1965	1966	1967	1968	1969	1970
Legislative Branch	196	192	199	212	234	252	269	289	353
The Judiciary	57	62	66	75	80	88	94	110	133
Executive Office of the President	11	12	14	15	16	19	20	23	28
Funds Appropriated to the President	3,178	3,235	3,578	3,572	3,355	3,396	2,819	2,806	2,656
Agriculture	6,437	7,414	7,569	6,940	5,633	5,952	7,430	8,446	8,412
Commerce	215	292	370	414	396	456	577	605	777
Defense—Military	50,111	51,147	52,585	48,780	56,629	70,069	80,355	80,771	80,123
Defense—Civil	1,863	2,106	2,336	2,591	2,870	3,150	3,398	3,713	4,064
Education	825	992	981	1,179	2,457	3,654	4,203	4,060	4,702
Energy	2,755	2,700	2,726	2,579	2,343	2,253	2,474	2,393	2,393
Health and Human Services—except social security	3,529	4,110	4,610	4,700	5,715	9,733	13,168	15,824	17,865
Health and Human Services—social security	14,365	15,788	16,620	17,460	20,694	21,631	23,760	26,885	29,812
Housing and Urban Development	826	−609	73	492	2,482	3,093	3,727	713	2,432
Interior	600	727	736	746	862	865	982	1,089	1,098
Justice	299	322	342	399	380	416	441	513	641
Labor	4,134	3,698	3,597	3,244	3,334	3,639	4,263	4,264	5,065
State	259	369	241	321	392	401	382	385	414
Transportation	4,138	4,441	5,086	5,587	5,550	5,738	6,100	6,272	6,724
Treasury	8,560	9,645	10,391	10,901	11,880	12,871	14,437	16,641	19,276
Veterans Affairs	5,608	5,501	5,662	5,710	5,962	6,691	7,018	7,670	8,652
Environmental Protection Agency	70	87	117	134	158	190	249	303	384
General Services Administration	382	425	520	612	561	629	482	526	530
National Aeronautics and Space Administration	1,257	2,552	4,171	5,092	5,933	5,425	4,722	4,251	3,752
Office of Personnel Management	1,017	1,175	1,304	1,454	1,726	1,934	2,154	2,284	2,652
Small Business Administration	230	142	133	243	210	151	284	110	253
Other Independent Agencies	2,606	2,065	1,822	2,454	3,124	4,347	5,036	3,781	5,023
Undistributed offsetting receipts	−6,707	−7,274	−7,321	−7,677	−8,443	−9,578	−10,712	−11,087	−12,567
(On-budget)	(−5,878)	(−6,450)	(−6,435)	(−6,746)	(−7,464)	(−8,371)	(−9,289)	(−9,407)	(−10,362)
(Off-budget)	(−830)	(−824)	(−886)	(−931)	(−979)	(−1,207)	(−1,424)	(−1,681)	(−2,205)
Total outlays	106,821	111,316	118,528	118,228	134,532	157,464	178,134	183,640	195,649

Table 4.1—**OUTLAYS BY AGENCY: 1962–1993—Continued**

(in millions of dollars)

Department or other unit	1971	1972	1973	1974	1975	1976	TQ	1977
Legislative Branch	395	499	553	638	739	788	226	990
The Judiciary	145	173	188	207	284	325	85	393
Executive Office of the President	37	46	49	66	93	79	16	73
Funds Appropriated to the President	2,889	2,982	2,317	3,029	3,665	3,742	1,317	3,344
Agriculture	8,673	11,053	10,200	10,338	15,556	17,743	5,020	23,341
Commerce	782	850	934	992	1,077	1,484	396	2,010
Defense—Military	77,497	77,645	75,033	77,864	84,852	87,917	21,807	95,147
Defense—Civil	4,763	5,415	6,099	6,816	8,296	9,427	2,534	10,506
Education	5,200	5,612	5,802	5,897	7,557	8,049	2,053	8,887
Energy	2,200	2,299	2,304	2,233	3,230	3,841	1,060	5,329
Health and Human Services—except social security	21,175	26,264	27,096	31,813	39,997	46,834	12,060	53,464
Health and Human Services—social security	35,408	39,620	48,565	55,373	64,159	73,384	19,763	84,344
Housing and Urban Development	2,796	3,600	3,580	4,781	7,512	7,026	1,361	5,808
Interior	1,346	1,610	1,783	1,856	2,223	2,435	856	3,216
Justice	919	1,182	1,534	1,805	2,077	2,247	582	2,356
Labor	8,240	10,136	8,690	9,021	17,684	25,793	5,926	22,458
State	429	495	542	678	768	1,062	311	1,113
Transportation	7,656	7,932	8,616	8,574	10,073	12,723	3,189	13,137
Treasury	20,716	21,861	30,627	35,842	42,501	44,155	10,459	48,910
Veterans Affairs	9,758	10,713	11,970	13,339	16,577	18,416	3,959	18,020
Environmental Protection Agency	701	763	1,114	2,030	2,531	3,118	1,108	4,365
General Services Administration	546	655	795	929	375	24	42	108
National Aeronautics and Space Administration	3,382	3,423	3,312	3,255	3,269	3,671	953	4,002
Office of Personnel Management	3,167	3,776	4,607	5,708	7,062	8,323	2,354	9,633
Small Business Administration	333	452	1,317	753	666	624	94	758
Other Independent Agencies	5,887	6,297	6,928	8,853	10,774	10,748	2,919	10,523
Undistributed offsetting receipts	−14,869	−14,672	−18,846	−23,333	−21,267	−22,186	−4,477	−23,018
(On-budget)	(−12,288)	(−11,909)	(−15,870)	(−20,048)	(−17,547)	(−18,411)	(−4,135)	(−19,390)
(Off-budget)	(−2,582)	(−2,763)	(−2,975)	(−3,284)	(−3,719)	(−3,775)	(−342)	(−3,627)
Total outlays	210,172	230,681	245,707	269,359	332,332	371,792	95,975	409,218

Table 4.1—**OUTLAYS BY AGENCY: 1962–1993—Continued**

(in millions of dollars)

Department or other unit	1978	1979	1980	1981	1982	1983	1984	1985
Legislative Branch	1,064	1,099	1,224	1,214	1,367	1,437	1,579	1,610
The Judiciary	437	481	567	641	710	787	866	966
Executive Office of the President	75	80	96	96	95	94	95	111
Funds Appropriated to the President	5,285	3,300	8,542	8,219	7,940	7,878	10,837	11,858
Agriculture	30,235	31,758	34,785	41,624	45,700	52,404	42,015	55,523
Commerce	4,720	3,538	3,129	2,296	2,054	1,925	1,894	2,140
Defense—Military	102,259	113,605	130,912	153,868	180,714	204,410	220,928	245,154
Defense—Civil	11,754	13,198	15,161	16,892	17,927	18,891	19,540	18,770
Education	10,037	12,423	14,770	17,053	14,808	14,558	15,511	16,682
Energy	6,251	7,899	6,467	11,665	11,639	10,590	10,991	10,587
Health and Human Services—except social security	59,329	65,038	76,374	89,774	98,020	125,941	121,082	132,104
Health and Human Services—social security	93,120	103,316	117,872	138,914	155,120	150,731	171,167	183,434
Housing and Urban Development	7,650	9,220	12,735	14,880	15,232	15,814	16,663	28,720
Interior	3,878	4,174	4,477	4,461	3,948	4,552	4,947	4,825
Justice	2,405	2,538	2,641	2,695	2,617	2,849	3,184	3,586
Labor	22,920	22,614	29,731	30,092	30,745	38,052	24,522	23,893
State	1,293	1,604	1,940	1,902	2,186	2,273	2,404	2,645
Transportation	14,075	16,079	19,802	22,775	20,007	20,643	23,030	25,020
Treasury	54,916	64,779	76,568	92,622	110,370	116,421	141,074	164,967
Veterans Affairs	18,965	19,891	21,137	22,907	23,941	24,827	25,593	26,333
Environmental Protection Agency	4,072	4,800	5,603	5,242	5,081	4,312	4,076	4,490
General Services Administration	235	227	249	65	165	111	117	−2
National Aeronautics and Space Administration	4,164	4,380	4,959	5,537	6,155	6,853	7,055	7,251
Office of Personnel Management	10,962	12,663	15,056	18,096	19,983	21,278	22,590	23,727
Small Business Administration	2,820	1,699	2,026	2,032	773	661	510	680
Other Independent Agencies	10,076	10,510	16,112	14,540	10,622	11,166	11,903	9,974
Undistributed offsetting receipts	−24,250	−27,428	−31,988	−41,852	−42,165	−51,078	−52,329	−58,656
(On-budget)	(−20,788)	(−24,089)	(−28,445)	(−38,134)	(−38,448)	(−47,455)	(−46,975)	(−52,029)
(Off-budget)	(−3,463)	(−3,338)	(−3,543)	(−3,718)	(−3,717)	(−3,623)	(−5,354)	(−6,627)
Total outlays	458,746	503,485	590,947	678,249	745,755	808,380	851,846	946,391

Table 4.1—**OUTLAYS BY AGENCY: 1962–1993—Continued**

(in millions of dollars)

Department or other unit	1986	1987	1988	1989	1990	1991	1992	1993 estimate
Legislative Branch	1,665	1,812	1,852	2,096	2,241	2,296	2,677	2,847
The Judiciary	1,069	1,178	1,337	1,492	1,641	1,989	2,299	2,531
Executive Office of the President	107	109	121	124	157	193	190	249
Funds Appropriated to the President	11,042	10,406	7,253	4,280	10,087	11,724	11,109	11,855
Agriculture	58,679	49,600	44,003	48,316	46,012	54,119	56,465	67,169
Commerce	2,083	2,127	2,279	2,571	3,734	2,585	2,567	3,061
Defense—Military	265,480	273,966	281,935	294,880	289,755	261,925	286,632	276,037
Defense—Civil	20,254	20,684	22,029	23,450	24,975	26,543	28,267	29,471
Education	17,673	16,800	18,246	21,608	23,109	25,339	26,047	30,880
Energy	11,026	10,693	11,166	11,387	12,084	12,479	15,523	16,859
Health and Human Services—except social security	143,253	148,893	159,071	172,301	193,678	217,969	257,961	292,695
Health and Human Services—social security	190,684	202,422	214,489	227,473	244,998	266,395	281,418	298,724
Housing and Urban Development	14,139	15,484	18,938	19,680	20,167	22,751	24,470	25,573
Interior	4,789	5,050	5,147	5,213	5,796	6,097	6,555	7,155
Justice	3,768	4,333	5,426	6,232	6,507	8,244	9,826	10,519
Labor	24,141	23,453	21,870	22,654	25,316	34,040	47,163	43,343
State	2,865	2,788	3,421	3,722	3,979	4,252	5,007	5,238
Transportation	27,378	25,424	26,404	26,607	28,637	30,503	32,477	35,913
Treasury	179,390	180,274	202,403	230,576	255,172	276,339	293,428	303,023
Veterans Affairs	26,536	26,952	29,271	30,041	28,998	31,214	33,894	35,361
Environmental Protection Agency	4,867	4,904	4,871	4,906	5,108	5,769	5,950	6,444
General Services Administration	380	51	−281	−463	−123	487	469	1,327
National Aeronautics and Space Administration	7,403	7,591	9,092	11,036	12,429	13,878	13,961	14,092
Office of Personnel Management	23,955	26,966	29,191	29,073	31,949	34,808	35,596	37,229
Small Business Administration	557	−65	−54	85	692	613	394	975
Other Independent Agencies	12,190	14,276	23,450	32,906	74,523	81,240	18,556	35,608
Undistributed offsetting receipts	−65,036	−72,262	−78,789	−89,074	−98,930	−110,005	−117,111	−119,242
(On-budget)	(−57,850)	(−63,672)	(−66,992)	(−72,822)	(−77,371)	(−83,979)	(−87,372)	(−85,706)
(Off-budget)	(−7,186)	(−8,590)	(−11,798)	(−16,252)	(−21,558)	(−26,026)	(−29,739)	(−33,537)
Total outlays	990,336	1,003,911	1,064,140	1,143,172	1,252,691	1,323,785	1,381,791	1,474,935

Table 4.2—PERCENTAGE DISTRIBUTION OF OUTLAYS BY AGENCY: 1962–1993

Department or other unit	1962	1963	1964	1965	1966	1967	1968	1969	1970
Legislative Branch	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
The Judiciary	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Executive Office of the President	*	*	*	*	*	*	*	*	*
Funds Appropriated to the President	3.0	2.9	3.0	3.0	2.5	2.2	1.6	1.5	1.4
Agriculture	6.0	6.7	6.4	5.9	4.2	3.8	4.2	4.6	4.3
Commerce	0.2	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.4
Defense—Military	46.9	45.9	44.4	41.3	42.1	44.5	45.1	44.0	41.0
Defense—Civil	1.7	1.9	2.0	2.2	2.1	2.0	1.9	2.0	2.1
Education	0.8	0.9	0.8	1.0	1.8	2.3	2.4	2.2	2.4
Energy	2.6	2.4	2.3	2.2	1.7	1.4	1.4	1.3	1.2
Health and Human Services—except social security	3.3	3.7	3.9	4.0	4.2	6.2	7.4	8.6	9.1
Health and Human Services—social security	13.4	14.2	14.0	14.8	15.4	13.7	13.3	14.6	15.2
Housing and Urban Development	0.8	−0.5	0.1	0.4	1.8	2.0	2.1	0.4	1.2
Interior	0.6	0.7	0.6	0.6	0.6	0.5	0.6	0.6	0.6
Justice	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.3	0.3
Labor	3.9	3.3	3.0	2.7	2.5	2.3	2.4	2.3	2.6
State	0.2	0.3	0.2	0.3	0.3	0.3	0.2	0.2	0.2
Transportation	3.9	4.0	4.3	4.7	4.1	3.6	3.4	3.4	3.4
Treasury	8.0	8.7	8.8	9.2	8.8	8.2	8.1	9.1	9.9
Veterans Affairs	5.2	4.9	4.8	4.8	4.4	4.2	3.9	4.2	4.4
Environmental Protection Agency	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2
General Services Administration	0.4	0.4	0.4	0.5	0.4	0.4	0.3	0.3	0.3
National Aeronautics and Space Administration	1.2	2.3	3.5	4.3	4.4	3.4	2.7	2.3	1.9
Office of Personnel Management	1.0	1.1	1.1	1.2	1.3	1.2	1.2	1.2	1.4
Small Business Administration	0.2	0.1	0.1	0.2	0.2	0.1	0.2	0.1	0.1
Other Independent Agencies	2.4	1.9	1.5	2.1	2.3	2.8	2.8	2.1	2.6
Undistributed offsetting receipts	−6.3	−6.5	−6.2	−6.5	−6.3	−6.1	−6.0	−6.0	−6.4
(On-budget)	(−5.5)	(−5.8)	(−5.4)	(−5.7)	(−5.5)	(−5.3)	(−5.2)	(−5.1)	(−5.3)
(Off-budget)	(−0.8)	(−0.7)	(−0.7)	(−0.8)	(−0.7)	(−0.8)	(−0.8)	(−0.9)	(−1.1)
Total outlays	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* 0.05 percent or less.

Table 4.2—**PERCENTAGE DISTRIBUTION OF OUTLAYS BY AGENCY: 1962–1993—Continued**

Department or other unit	1971	1972	1973	1974	1975	1976	TQ	1977
Legislative Branch	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
The Judiciary	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Executive Office of the President	*	*	*	*	*	*	*	*
Funds Appropriated to the President	1.4	1.3	0.9	1.1	1.1	1.0	1.4	0.8
Agriculture	4.1	4.8	4.2	3.8	4.7	4.8	5.2	5.7
Commerce	0.4	0.4	0.4	0.4	0.3	0.4	0.4	0.5
Defense—Military	36.9	33.7	30.5	28.9	25.5	23.6	22.7	23.3
Defense—Civil	2.3	2.3	2.5	2.5	2.5	2.5	2.6	2.6
Education	2.5	2.4	2.4	2.2	2.3	2.2	2.1	2.2
Energy	1.0	1.0	0.9	0.8	1.0	1.0	1.1	1.3
Health and Human Services—except social security	10.1	11.4	11.0	11.8	12.0	12.6	12.6	13.1
Health and Human Services—social security	16.8	17.2	19.8	20.6	19.3	19.7	20.6	20.6
Housing and Urban Development	1.3	1.6	1.5	1.8	2.3	1.9	1.4	1.4
Interior	0.6	0.7	0.7	0.7	0.7	0.7	0.9	0.8
Justice	0.4	0.5	0.6	0.7	0.6	0.6	0.6	0.6
Labor	3.9	4.4	3.5	3.3	5.3	6.9	6.2	5.5
State	0.2	0.2	0.2	0.3	0.2	0.3	0.3	0.3
Transportation	3.6	3.4	3.5	3.2	3.0	3.4	3.3	3.2
Treasury	9.9	9.5	12.5	13.3	12.8	11.9	10.9	12.0
Veterans Affairs	4.6	4.6	4.9	5.0	5.0	5.0	4.1	4.4
Environmental Protection Agency	0.3	0.3	0.5	0.8	0.8	0.8	1.2	1.1
General Services Administration	0.3	0.3	0.3	0.3	0.1	*	*	*
National Aeronautics and Space Administration	1.6	1.5	1.3	1.2	1.0	1.0	1.0	1.0
Office of Personnel Management	1.5	1.6	1.9	2.1	2.1	2.2	2.5	2.4
Small Business Administration	0.2	0.2	0.5	0.3	0.2	0.2	0.1	0.2
Other Independent Agencies	2.8	2.7	2.8	3.3	3.2	2.9	3.0	2.6
Undistributed offsetting receipts	−7.1	−6.4	−7.7	−8.7	−6.4	−6.0	−4.7	−5.6
(On-budget)	(−5.8)	(−5.2)	(−6.5)	(−7.4)	(−5.3)	(−5.0)	(−4.3)	(−4.7)
(Off-budget)	(−1.2)	(−1.2)	(−1.2)	(−1.2)	(−1.1)	(−1.0)	(−0.4)	(−0.9)
Total outlays	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* 0.05 percent or less.

Table 4.2—PERCENTAGE DISTRIBUTION OF OUTLAYS BY AGENCY: 1962–1993—Continued

Department or other unit	1978	1979	1980	1981	1982	1983	1984	1985
Legislative Branch	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
The Judiciary	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Executive Office of the President	*	*	*	*	*	*	*	*
Funds Appropriated to the President	1.2	0.7	1.4	1.2	1.1	1.0	1.3	1.3
Agriculture	6.6	6.3	5.9	6.1	6.1	6.5	4.9	5.9
Commerce	1.0	0.7	0.5	0.3	0.3	0.2	0.2	0.2
Defense—Military	22.3	22.6	22.2	22.7	24.2	25.3	25.9	25.9
Defense—Civil	2.6	2.6	2.6	2.5	2.4	2.3	2.3	2.0
Education	2.2	2.5	2.5	2.5	2.0	1.8	1.8	1.8
Energy	1.4	1.6	1.1	1.7	1.6	1.3	1.3	1.1
Health and Human Services—except social security	12.9	12.9	12.9	13.2	13.1	15.6	14.2	14.0
Health and Human Services—social security	20.3	20.5	19.9	20.5	20.8	18.6	20.1	19.4
Housing and Urban Development	1.7	1.8	2.2	2.2	2.0	2.0	2.0	3.0
Interior	0.8	0.8	0.8	0.7	0.5	0.6	0.6	0.5
Justice	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4
Labor	5.0	4.5	5.0	4.4	4.1	4.7	2.9	2.5
State	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Transportation	3.1	3.2	3.4	3.4	2.7	2.6	2.7	2.6
Treasury	12.0	12.9	13.0	13.7	14.8	14.4	16.6	17.4
Veterans Affairs	4.1	4.0	3.6	3.4	3.2	3.1	3.0	2.8
Environmental Protection Agency	0.9	1.0	0.9	0.8	0.7	0.5	0.5	0.5
General Services Administration	0.1	*	*	*	*	*	*	–*
National Aeronautics and Space Administration	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8
Office of Personnel Management	2.4	2.5	2.5	2.7	2.7	2.6	2.7	2.5
Small Business Administration	0.6	0.3	0.3	0.3	0.1	0.1	0.1	0.1
Other Independent Agencies	2.2	2.1	2.7	2.1	1.4	1.4	1.4	1.1
Undistributed offsetting receipts	–5.3	–5.4	–5.4	–6.2	–5.7	–6.3	–6.1	–6.2
(On-budget)	(–4.5)	(–4.8)	(–4.8)	(–5.6)	(–5.2)	(–5.9)	(–5.5)	(–5.5)
(Off-budget)	(–0.8)	(–0.7)	(–0.6)	(–0.5)	(–0.5)	(–0.4)	(–0.6)	(–0.7)
Total outlays	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* 0.05 percent or less.

Table 4.2—**PERCENTAGE DISTRIBUTION OF OUTLAYS BY AGENCY: 1962-1993—Continued**

Department or other unit	1986	1987	1988	1989	1990	1991	1992	1993 estimate
Legislative Branch	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
The Judiciary	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Executive Office of the President	*	*	*	*	*	*	*	*
Funds Appropriated to the President	1.1	1.0	0.7	0.4	0.8	0.9	0.8	0.8
Agriculture	5.9	4.9	4.1	4.2	3.7	4.1	4.1	4.6
Commerce	0.2	0.2	0.2	0.2	0.3	0.2	0.2	0.2
Defense—Military	26.8	27.3	26.5	25.8	23.1	19.8	20.7	18.7
Defense—Civil	2.0	2.1	2.1	2.1	2.0	2.0	2.0	2.0
Education	1.8	1.7	1.7	1.9	1.8	1.9	1.9	2.1
Energy	1.1	1.1	1.0	1.0	1.0	0.9	1.1	1.1
Health and Human Services—except social security	14.5	14.8	14.9	15.1	15.5	16.5	18.7	19.8
Health and Human Services—social security	19.3	20.2	20.2	19.9	19.6	20.1	20.4	20.3
Housing and Urban Development	1.4	1.5	1.8	1.7	1.6	1.7	1.8	1.7
Interior	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Justice	0.4	0.4	0.5	0.5	0.5	0.6	0.7	0.7
Labor	2.4	2.3	2.1	2.0	2.0	2.6	3.4	2.9
State	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4
Transportation	2.8	2.5	2.5	2.3	2.3	2.3	2.4	2.4
Treasury	18.1	18.0	19.0	20.2	20.4	20.9	21.2	20.5
Veterans Affairs	2.7	2.7	2.8	2.6	2.3	2.4	2.5	2.4
Environmental Protection Agency	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4
General Services Administration	*	*	–*	–*	–*	*	*	0.1
National Aeronautics and Space Administration	0.7	0.8	0.9	1.0	1.0	1.0	1.0	1.0
Office of Personnel Management	2.4	2.7	2.7	2.5	2.6	2.6	2.6	2.5
Small Business Administration	0.1	–*	–*	*	0.1	*	*	0.1
Other Independent Agencies	1.2	1.4	2.2	2.9	5.9	6.1	1.3	2.4
Undistributed offsetting receipts	–6.6	–7.2	–7.4	–7.8	–7.9	–8.3	–8.5	–8.1
(On-budget)	(–5.8)	(–6.3)	(–6.3)	(–6.4)	(–6.2)	(–6.3)	(–6.3)	(–5.8)
(Off-budget)	(–0.7)	(–0.9)	(–1.1)	(–1.4)	(–1.7)	(–2.0)	(–2.2)	(–2.3)
Total outlays	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* 0.05 percent or less.

Table 5.1—BUDGET AUTHORITY BY FUNCTION AND SUBFUNCTION: 1976–1993

(in millions of dollars)

Function and Subfunction	1976	TQ	1977	1978	1979	1980	1981
050 National defense:							
051 Department of Defense—Military:							
Military Personnel	32,912	8,495	34,075	35,724	37,641	41,069	48,462
Operation and Maintenance	28,731	7,591	32,108	34,734	38,042	46,386	55,489
Procurement	20,991	4,135	27,922	29,529	31,428	35,283	48,025
Research, Development, Test, and Evaluation	9,451	2,406	10,439	11,371	12,437	13,561	16,609
Military Construction	2,360	76	2,204	1,641	2,319	2,293	3,380
Family Housing	1,229	278	1,258	1,346	1,563	1,526	2,004
Other	−170	−55	−99	186	166	533	2,141
051 Subtotal, Department of Defense—Military	95,503	22,925	107,906	114,531	123,595	140,651	176,110
053 Atomic energy defense activities	1,682	459	2,089	2,514	2,668	2,991	3,651
054 Defense-related activities	146	31	156	182	204	217	241
Total, National defense	97,331	23,416	110,150	117,227	126,467	143,859	180,001
150 International affairs:							
151 International development and humanitarian assistance	3,076	319	3,550	4,183	5,084	5,264	4,420
152 International security assistance	3,712	589	3,954	4,577	5,772	5,066	5,068
153 Conduct of foreign affairs	782	362	1,054	1,241	1,318	1,343	1,465
154 Foreign information and exchange activities	423	103	400	451	506	518	555
155 International financial programs	6,063	−1,043	−744	1,124	−2,298	5,761	15,844
Total, International affairs	14,057	331	8,214	11,575	10,382	17,952	27,352
250 General science, space and technology:							
251 General science and basic research	1,039	246	1,136	1,275	1,347	1,461	1,535
252 Space flight, research, and supporting activities	3,227	850	3,498	3,807	4,223	4,790	5,108
Total, General science, space and technology	4,266	1,095	4,634	5,081	5,571	6,251	6,643
270 Energy:							
271 Energy supply	14,008	993	4,934	6,123	5,448	40,640	7,165
272 Energy conservation	79	39	242	527	611	738	700
274 Emergency energy preparedness	431	48	445	3,175	3,008	−2,000	2,791
276 Energy information, policy, and regulation	651	179	711	842	777	943	1,098
Total, Energy	15,169	1,259	6,332	10,666	9,844	40,320	11,754
300 Natural resources and environment:							
301 Water resources	3,036	1,079	3,635	3,781	3,577	4,085	4,079
302 Conservation and land management	572	105	876	1,494	1,204	1,302	1,364
303 Recreational resources	848	177	1,207	1,794	1,807	1,642	1,252
304 Pollution control and abatement	684	168	2,691	5,376	5,306	4,672	2,982
306 Other natural resources	916	243	1,080	1,206	1,357	1,395	1,494
Total, Natural resources and environment	6,055	1,773	9,489	13,651	13,251	13,096	11,171
350 Agriculture:							
351 Farm income stabilization	3,833	463	2,601	4,977	13,294	8,894	11,864
352 Agricultural research and services	991	245	1,084	1,221	1,400	1,402	1,559
Total, Agriculture	4,824	708	3,685	6,199	14,694	10,297	13,423
370 Commerce and housing credit:							
371 Mortgage credit	9,737	468	5,149	5,338	6,409	9,962	9,208
372 Postal Service	1,708	934	2,266	1,787	1,785	1,677	1,343
373 Deposit insurance	....	....	....	−10	....	1,200	15
376 Other advancement of commerce	1,082	174	1,403	1,643	1,758	2,495	2,187
Total, Commerce and housing credit	12,528	1,576	8,818	8,759	9,953	15,333	12,754

On-budget unless otherwise stated.

Table 5.1—**BUDGET AUTHORITY BY FUNCTION AND SUBFUNCTION: 1976–1993—Continued**

(in millions of dollars)

Function and Subfunction	1982	1983	1984	1985	1986	1987
050 National defense:						
051 Department of Defense—Military:						
Military Personnel	55,704	61,050	64,866	67,773	67,794	74,010
Operation and Maintenance	62,487	66,562	70,974	77,828	74,916	79,607
Procurement	64,462	80,355	86,161	96,842	92,506	80,234
Research, Development, Test, and Evaluation	20,060	22,798	26,867	31,327	33,609	35,644
Military Construction	4,916	4,512	4,510	5,517	5,281	5,093
Family Housing	2,203	2,712	2,669	2,890	2,803	3,075
Other	1,680	912	2,129	4,650	4,528	1,806
051 Subtotal, Department of Defense—Military	211,513	238,900	258,176	286,827	281,436	279,469
053 Atomic energy defense activities	4,737	5,718	6,555	7,325	7,287	7,478
054 Defense-related activities	297	425	429	503	424	480
Total, National defense	216,547	245,043	265,160	294,656	289,146	287,427
150 International affairs:						
151 International development and humanitarian assistance	4,474	4,711	5,069	6,496	4,760	4,902
152 International security assistance	6,863	8,142	8,943	13,730	9,543	8,213
153 Conduct of foreign affairs	1,688	1,830	2,015	2,501	2,992	2,582
154 Foreign information and exchange activities	587	688	808	950	970	1,031
155 International financial programs	4,612	−4,632	7,718	2,776	−1,607	1,997
Total, International affairs	18,224	10,739	24,553	26,453	16,659	18,724
250 General science, space and technology:						
251 General science and basic research	1,535	1,638	1,964	2,227	2,121	2,340
252 Space flight, research, and supporting activities	5,684	6,517	6,858	6,925	7,165	10,198
Total, General science, space and technology	7,219	8,155	8,822	9,152	9,286	12,538
270 Energy:						
271 Energy supply	7,856	7,046	5,348	5,511	4,745	2,280
272 Energy conservation	168	449	455	472	426	234
274 Emergency energy preparedness	3,875	2,316	1,268	2,056	113	153
276 Energy information, policy, and regulation	871	872	793	719	763	763
Total, Energy	12,770	10,683	7,865	8,758	6,047	3,430
300 Natural resources and environment:						
301 Water resources	3,913	4,608	3,781	4,087	3,678	4,107
302 Conservation and land management	902	1,883	1,389	1,446	1,430	1,721
303 Recreational resources	1,220	1,581	1,453	1,574	1,456	1,685
304 Pollution control and abatement	3,645	3,677	4,037	4,303	3,399	5,296
306 Other natural resources	1,583	1,547	1,622	1,934	1,761	1,770
Total, Natural resources and environment	11,263	13,297	12,282	13,344	11,724	14,578
350 Agriculture:						
351 Farm income stabilization	22,571	33,490	9,945	25,569	28,065	23,394
352 Agricultural research and services	1,586	1,698	1,843	1,911	1,836	2,007
Total, Agriculture	24,156	35,188	11,788	27,480	29,901	25,401
370 Commerce and housing credit:						
371 Mortgage credit	9,188	7,227	8,349	6,881	3,666	3,449
372 Postal Service	707	989	1,798	2,639	2,504	2,944
373 Deposit insurance	36	....	1,081	200	3,000	2,699
376 Other advancement of commerce	1,837	1,955	2,036	2,389	1,790	1,792
Total, Commerce and housing credit	11,769	10,171	13,264	12,109	10,960	10,885

On-budget unless otherwise stated.

Table 5.1—**BUDGET AUTHORITY BY FUNCTION AND SUBFUNCTION: 1976–1993—Continued**

(in millions of dollars)

Function and Subfunction	1988	1989	1990	1991	1992	1993 estimate
050 National defense:						
051 Department of Defense—Military:						
Military Personnel	76,584	78,477	78,876	84,213	81,221	76,275
Operation and Maintenance	81,629	86,221	88,309	117,234	93,716	86,019
Procurement	80,053	79,390	81,376	71,740	62,952	53,834
Research, Development, Test, and Evaluation	36,521	37,530	36,459	36,193	36,623	37,972
Military Construction	5,349	5,738	5,130	5,188	5,254	4,487
Family Housing	3,199	3,276	3,143	3,296	3,738	3,941
Other	419	204	−293	−41,656	−1,378	−3,726
051 Subtotal, Department of Defense—Military	283,755	290,837	292,999	276,208	282,127	258,803
053 Atomic energy defense activities	7,749	8,100	9,656	11,578	11,980	12,067
054 Defense-related activities	504	630	609	1,092	965	1,797
Total, National defense	292,008	299,567	303,263	288,878	295,071	272,667
150 International affairs:						
151 International development and humanitarian assistance	5,022	5,296	5,696	6,778	7,212	7,663
152 International security assistance	8,598	7,666	8,393	9,061	6,708	5,546
153 Conduct of foreign affairs	2,631	2,775	2,933	3,238	4,063	4,303
154 Foreign information and exchange activities	1,056	1,126	1,317	1,243	1,303	1,408
155 International financial programs	−123	390	473	2,369	3,038	13,908
Total, International affairs	17,184	17,252	18,811	22,689	22,324	32,828
250 General science, space and technology:						
251 General science and basic research	2,542	2,851	3,184	3,472	4,125	4,237
252 Space flight, research, and supporting activities	8,322	10,097	11,460	13,046	13,199	13,076
Total, General science, space and technology	10,864	12,949	14,644	16,519	17,324	17,313
270 Energy:						
271 Energy supply	3,807	2,789	3,394	4,220	4,788	2,901
272 Energy conservation	310	314	366	461	511	564
274 Emergency energy preparedness	609	422	571	336	282	60
276 Energy information, policy, and regulation	799	538	595	369	513	235
Total, Energy	5,526	4,062	4,926	5,386	6,094	3,760
300 Natural resources and environment:						
301 Water resources	4,295	4,312	4,332	4,370	4,768	4,703
302 Conservation and land management	2,650	3,706	3,783	3,912	4,665	4,500
303 Recreational resources	1,647	1,895	2,395	2,482	2,697	2,480
304 Pollution control and abatement	4,932	5,068	5,545	6,150	6,591	6,835
306 Other natural resources	1,852	2,005	2,077	2,309	2,580	2,547
Total, Natural resources and environment	15,375	16,987	18,132	19,224	21,300	21,064
350 Agriculture:						
351 Farm income stabilization	16,317	19,048	12,313	14,734	19,419	17,333
352 Agricultural research and services	2,075	2,112	2,229	2,497	2,747	2,670
Total, Agriculture	18,392	21,160	14,542	17,232	22,166	20,003
370 Commerce and housing credit:						
371 Mortgage credit	8,361	6,614	9,847	7,816	4,082	2,549
372 Postal Service	1,458	2,046	3,573	3,812	2,709	5,217
(On-budget)	(1,458)	(436)	(490)	(511)	(511)	(161)
(Off-budget)	....	(1,610)	(3,083)	(3,301)	(2,198)	(5,057)
373 Deposit insurance	10,835	51,020	45,624	72,789	36,954	26,016
376 Other advancement of commerce	2,063	2,246	3,299	2,132	2,579	2,658
Total, Commerce and housing credit	22,717	61,926	62,342	86,548	46,325	36,440
(On-budget)	(22,717)	(60,317)	(59,259)	(83,247)	(44,127)	(31,383)
(Off-budget)	....	(1,610)	(3,083)	(3,301)	(2,198)	(5,057)

On-budget unless otherwise stated.

Table 5.1—**BUDGET AUTHORITY BY FUNCTION AND SUBFUNCTION: 1976–1993—Continued**

(in millions of dollars)

Function and Subfunction	1976	TQ	1977	1978	1979	1980	1981
400 Transportation:							
401 Ground transportation	6,904	4,777	5,732	9,872	13,475	15,278	20,249
402 Air transportation	2,311	1,048	3,017	3,287	3,728	3,915	4,046
403 Water transportation	1,615	390	1,675	1,854	2,057	2,192	2,552
407 Other transportation	74	19	83	85	91	97	109
Total, Transportation	10,905	6,234	10,507	15,098	19,350	21,483	26,957
450 Community and regional development:							
451 Community development	2,764	81	3,689	4,403	4,775	4,972	4,783
452 Area and regional development	2,604	649	9,235	3,524	4,082	4,331	4,373
453 Disaster relief and insurance	335	60	684	3,246	2,266	2,426	810
Total, Community and regional development	5,703	790	13,608	11,173	11,123	11,728	9,966
500 Education, training, employment, and social services:							
501 Elementary, secondary, and vocational education	4,624	2,826	5,825	6,146	7,047	7,404	6,808
502 Higher education	3,828	185	3,858	4,523	5,854	6,775	8,895
503 Research and general education aids	748	339	1,011	1,140	1,249	1,170	1,224
504 Training and employment	7,264	839	13,969	4,802	11,739	9,623	9,109
505 Other labor services	329	82	383	440	522	572	606
506 Social services	5,221	1,207	5,449	5,566	6,693	6,152	6,247
Total, Education, training, employment, and social services	22,013	5,480	30,496	22,618	33,104	31,698	32,889
550 Health:							
551 Health care services	11,395	2,794	13,403	14,225	17,028	18,480	21,520
552 Health research and training	3,111	601	3,502	3,857	4,200	4,565	4,422
554 Consumer and occupational health and safety	684	181	773	864	949	1,000	1,082
Total, Health	15,190	3,576	17,678	18,945	22,177	24,045	27,024
570 Medicare:							
571 Medicare	16,579	4,396	20,553	25,143	29,109	32,911	41,952
600 Income security:							
601 General retirement and disability insurance (excluding social security)	3,023	615	3,384	3,299	4,545	4,768	4,865
602 Federal employee retirement and disability	20,795	3,507	25,210	27,249	30,983	36,697	42,618
603 Unemployment compensation	13,270	2,735	16,918	14,766	15,597	17,703	19,040
604 Housing assistance	19,421	111	28,629	32,300	24,780	27,932	26,927
605 Food and nutrition assistance	7,737	1,966	8,875	9,017	10,566	13,775	16,576
609 Other income security	12,434	3,217	13,515	13,027	13,592	17,915	19,658
Total, Income security	76,680	12,151	96,532	99,659	100,064	118,790	129,684
650 Social security:							
651 Social security	70,679	18,358	81,162	89,595	102,093	117,429	134,566
(On-budget)	(515)	....	(717)	(741)	(761)	(677)	(672)
(Off-budget)	(70,164)	(18,358)	(80,445)	(88,854)	(101,332)	(116,752)	(133,893)
700 Veterans benefits and services:							
701 Income security for veterans	8,685	2,150	9,454	10,132	11,212	11,770	13,210
702 Veterans education, training and rehabilitation	6,015	1,159	3,984	2,635	2,510	2,374	2,351
703 Hospital and medical care for veterans	4,436	1,092	5,074	5,638	6,112	6,409	6,919
705 Other veterans benefits and services	544	129	558	635	666	658	690
Total, Veterans benefits and services	19,680	4,531	19,070	19,040	20,499	21,211	23,170

On-budget unless otherwise stated.

Table 5.1—BUDGET AUTHORITY BY FUNCTION AND SUBFUNCTION: 1976–1993—Continued

(in millions of dollars)

Function and Subfunction	1982	1983	1984	1985	1986	1987
400 Transportation:						
401 Ground transportation	17,697	19,208	20,685	20,318	19,349	18,244
402 Air transportation	3,747	4,850	5,266	6,011	5,484	5,518
403 Water transportation	2,931	2,912	3,244	3,105	3,915	3,120
407 Other transportation	88	110	114	126	115	115
Total, Transportation	24,464	27,080	29,309	29,559	28,863	26,996
450 Community and regional development:						
451 Community development	4,328	5,398	4,818	4,262	3,726	3,819
452 Area and regional development	3,644	4,104	3,824	3,664	2,684	2,620
453 Disaster relief and insurance	417	480	257	239	475	210
Total, Community and regional development	8,390	9,983	8,899	8,166	6,884	6,649
500 Education, training, employment, and social services:						
501 Elementary, secondary, and vocational education	6,341	6,816	7,207	7,926	7,644	8,965
502 Higher education	8,012	7,364	6,900	9,705	8,723	9,001
503 Research and general education aids	1,172	1,258	1,245	1,338	1,290	1,414
504 Training and employment	4,386	5,515	8,688	5,422	4,875	5,226
505 Other labor services	600	640	685	716	679	730
506 Social services	6,072	6,585	6,917	7,266	7,086	7,914
Total, Education, training, employment, and social services	26,583	28,178	31,642	32,372	30,298	33,249
550 Health:						
551 Health care services	22,097	19,228	25,241	26,454	29,418	32,881
552 Health research and training	4,338	4,743	5,233	5,951	6,059	7,190
554 Consumer and occupational health and safety	1,044	1,083	1,156	1,196	1,157	1,250
Total, Health	27,479	25,053	31,630	33,601	36,634	41,320
570 Medicare:						
571 Medicare	51,382	46,403	63,220	71,701	87,228	83,998
600 Income security:						
601 General retirement and disability insurance (excluding social security)	5,019	5,043	8,570	6,564	7,820	5,838
602 Federal employee retirement and disability	47,251	51,345	53,455	68,506	73,458	76,290
603 Unemployment compensation	21,149	29,348	24,320	21,001	22,066	24,037
604 Housing assistance	14,608	10,498	12,671	26,879	11,643	9,864
605 Food and nutrition assistance	15,785	18,154	18,235	18,655	18,803	19,568
609 Other income security	17,772	20,989	21,588	22,499	24,170	25,086
Total, Income security	121,584	135,377	138,838	164,103	157,960	160,682
650 Social security:						
651 Social security	148,027	184,133	178,511	199,501	201,662	226,922
(On-budget)	(844)	(20,753)	(7,083)	(8,527)	(4,861)	(4,930)
(Off-budget)	(147,183)	(163,380)	(171,429)	(190,973)	(196,802)	(221,992)
700 Veterans benefits and services:						
701 Income security for veterans	14,510	14,216	14,884	15,089	15,363	15,392
702 Veterans education, training and rehabilitation	1,964	1,667	1,582	1,119	826	623
703 Hospital and medical care for veterans	7,802	8,816	9,078	10,005	9,964	10,481
704 Veterans housing	....	−78	201	306	200	100
705 Other veterans benefits and services	709	743	782	828	799	870
Total, Veterans benefits and services	24,985	25,364	26,528	27,348	27,151	27,466

On-budget unless otherwise stated.

Table 5.1—**BUDGET AUTHORITY BY FUNCTION AND SUBFUNCTION: 1976–1993—Continued**

(in millions of dollars)

Function and Subfunction	1988	1989	1990	1991	1992	1993 estimate
400 Transportation:						
401 Ground transportation	18,267	18,605	19,369	19,096	23,284	26,246
402 Air transportation	6,906	7,494	8,260	8,932	10,043	10,461
403 Water transportation	2,861	3,112	3,168	3,122	3,320	3,240
407 Other transportation	107	132	143	251	277	288
Total, Transportation	28,141	29,342	30,940	31,401	36,924	40,234
450 Community and regional development:						
451 Community development	3,546	3,061	4,060	3,694	3,788	4,859
452 Area and regional development	5,080	3,512	4,033	4,061	3,933	3,459
453 Disaster relief and insurance	205	1,308	1,728	1	5,225	565
Total, Community and regional development	8,831	7,881	9,820	7,757	12,946	8,883
500 Education, training, employment, and social services:						
501 Elementary, secondary, and vocational education	9,502	10,125	11,293	13,130	14,230	14,106
502 Higher education	8,932	10,934	11,311	12,374	12,166	13,834
503 Research and general education aids	1,472	1,549	1,633	1,914	2,082	2,120
504 Training and employment	5,327	5,392	6,093	6,771	7,282	7,082
505 Other labor services	778	802	817	808	894	933
506 Social services	9,038	9,943	9,727	11,735	12,041	13,373
Total, Education, training, employment, and social services	35,050	38,744	40,875	46,732	48,695	51,449
550 Health:						
551 Health care services	36,750	42,017	50,426	63,880	80,083	95,533
552 Health research and training	7,569	8,281	8,988	9,877	10,779	11,155
554 Consumer and occupational health and safety	1,313	1,397	1,503	1,646	1,764	1,811
Total, Health	45,631	51,694	60,917	75,402	92,627	108,498
570 Medicare:						
571 Medicare	94,203	107,339	98,796	103,208	132,405	133,141
600 Income security:						
601 General retirement and disability insurance (excluding social security)	6,641	6,618	5,815	5,911	5,989	6,208
602 Federal employee retirement and disability	80,203	83,777	87,125	56,954	58,353	61,072
603 Unemployment compensation	23,620	22,548	18,960	24,258	39,534	35,296
604 Housing assistance	9,698	9,568	11,135	19,746	19,747	21,013
605 Food and nutrition assistance	20,650	21,262	25,054	29,435	33,459	39,070
609 Other income security	28,452	29,584	31,148	38,963	44,599	50,226
Total, Income security	169,264	173,357	179,238	175,266	201,681	212,885
650 Social security:						
651 Social security	258,140	284,987	306,980	272,490	291,031	308,050
(On-budget)	(4,852)	(5,069)	(3,766)	(2,722)	(6,128)	(6,023)
(Off-budget)	(253,289)	(279,918)	(303,214)	(269,768)	(284,903)	(302,027)
700 Veterans benefits and services:						
701 Income security for veterans	15,848	16,384	16,660	17,490	17,386	17,729
702 Veterans education, training and rehabilitation	511	421	279	830	600	707
703 Hospital and medical care for veterans	10,836	11,523	12,168	13,194	14,256	15,185
704 Veterans housing	1,484	778	548	730	815	694
705 Other veterans benefits and services	863	919	940	1,060	1,069	1,047
Total, Veterans benefits and services	29,542	30,025	30,595	33,303	34,126	35,362

On-budget unless otherwise stated.

Table 5.1—BUDGET AUTHORITY BY FUNCTION AND SUBFUNCTION: 1976–1993—Continued

(in millions of dollars)

Function and Subfunction	1976	TQ	1977	1978	1979	1980	1981
750 Administration of justice:							
751 Federal law enforcement activities	1,561	414	1,688	1,897	2,071	2,219	2,417
752 Federal litigative and judicial activities	726	187	863	1,029	1,190	1,370	1,484
753 Federal correctional activities	208	55	297	308	339	320	352
754 Criminal justice assistance	810	205	758	654	656	498	169
Total, Administration of justice	3,305	861	3,605	3,889	4,257	4,407	4,423
800 General government:							
801 Legislative functions	780	188	878	913	932	1,111	1,036
802 Executive direction and management	71	18	83	79	84	102	108
803 Central fiscal operations	1,773	463	1,916	2,126	2,383	2,675	2,818
804 General property and records management	341	70	509	369	454	372	553
805 Central personnel management	99	25	109	126	133	145	162
806 General purpose fiscal assistance	9,751	3,470	9,342	10,454	8,282	8,664	6,249
808 Other general government	470	177	531	618	493	592	764
809 Deductions for offsetting receipts	−322	−150	−256	−289	−198	−351	−222
Total, General government	12,961	4,261	13,112	14,396	12,562	13,313	11,467
900 Net interest:							
901 Interest on the public debt	37,076	8,104	41,915	48,712	59,858	74,808	95,543
902 Interest received by on-budget trust funds	−4,988	−177	−5,488	−6,128	−7,727	−9,707	−11,523
903 Interest received by off-budget trust funds	−2,812	−93	−2,650	−2,403	−2,224	−2,339	−2,288
908 Other interest	−2,547	−887	−3,875	−4,723	−7,273	−10,220	−12,958
Total, Net interest	26,729	6,948	29,901	35,459	42,634	52,543	68,775
(On-budget)	(29,541)	(7,040)	(32,551)	(37,862)	(44,858)	(54,882)	(71,063)
(Off-budget)	(−2,812)	(−93)	(−2,650)	(−2,403)	(−2,224)	(−2,339)	(−2,288)
950 Undistributed offsetting receipts:							
951 Employer share, employee retirement (on-budget)	−10,761	−2,646	−11,528	−12,401	−13,095	−14,638	−16,473
952 Employer share, employee retirement (off-budget)	−963	−249	−977	−1,060	−1,114	−1,204	−1,430
953 Rents and royalties on the Outer Continental Shelf	−2,662	−1,311	−2,374	−2,259	−3,267	−4,101	−10,138
Total, Undistributed offsetting receipts	−14,386	−4,206	−14,879	−15,720	−17,476	−19,942	−28,041
(On-budget)	(−13,423)	(−3,957)	(−13,902)	(−14,660)	(−16,362)	(−18,738)	(−26,611)
(Off-budget)	(−963)	(−249)	(−977)	(−1,060)	(−1,114)	(−1,204)	(−1,430)
Total budget authority	420,267	93,537	472,669	512,452	569,655	676,722	745,927
(On-budget)	(353,878)	(75,521)	(395,851)	(427,060)	(471,662)	(563,513)	(615,752)
(Off-budget)	(66,389)	(18,016)	(76,817)	(85,391)	(97,994)	(113,209)	(130,176)

On-budget unless otherwise stated.

Table 5.1—**BUDGET AUTHORITY BY FUNCTION AND SUBFUNCTION: 1976–1993—Continued**

(in millions of dollars)

Function and Subfunction	1982	1983	1984	1985	1986	1987
750 Administration of justice:						
751 Federal law enforcement activities	2,666	3,066	3,439	3,716	3,731	4,742
752 Federal litigative and judicial activities	1,530	1,702	1,905	2,204	2,190	2,680
753 Federal correctional activities	423	468	495	599	595	867
754 Criminal justice assistance	140	137	215	220	265	502
Total, Administration of justice	4,759	5,373	6,054	6,739	6,780	8,791
800 General government:						
801 Legislative functions	1,175	1,418	1,443	1,358	1,412	1,572
802 Executive direction and management	95	103	111	118	110	120
803 Central fiscal operations	2,936	3,404	3,633	3,868	4,043	4,781
804 General property and records management	293	476	337	407	382	380
805 Central personnel management	141	142	148	149	136	141
806 General purpose fiscal assistance	6,389	6,361	6,795	6,322	5,847	1,369
808 Other general government	543	794	498	565	760	985
809 Deductions for offsetting receipts	−216	−636	−513	−506	−78	−623
Total, General government	11,357	12,063	12,453	12,282	12,612	8,725
900 Net interest:						
901 Interest on the public debt	117,239	128,673	153,887	178,898	190,303	195,283
902 Interest received by on-budget trust funds	−13,995	−15,257	−17,044	−21,838	−26,628	−29,614
903 Interest received by off-budget trust funds	−2,071	−1,845	−3,310	−4,118	−4,329	−5,290
908 Other interest	−16,130	−21,742	−22,410	−23,437	−23,285	−21,732
Total, Net interest	85,044	89,829	111,123	129,506	136,060	138,647
(On-budget)	(87,114)	(91,673)	(114,433)	(133,623)	(140,389)	(143,937)
(Off-budget)	(−2,071)	(−1,845)	(−3,310)	(−4,118)	(−4,329)	(−5,290)
950 Undistributed offsetting receipts:						
951 Employer share, employee retirement (on-budget)	−18,203	−21,706	−23,219	−24,648	−25,434	−27,259
952 Employer share, employee retirement (off-budget)	−1,646	−1,778	−2,044	−2,509	−2,857	−3,300
953 Rents and royalties on the Outer Continental Shelf	−6,250	−10,491	−6,694	−5,542	−4,716	−4,021
954 Sale of major assets	....	....	....	....	....	−1,875
Total, Undistributed offsetting receipts	−26,099	−33,976	−31,957	−32,698	−33,007	−36,455
(On-budget)	(−24,453)	(−32,198)	(−29,913)	(−30,189)	(−30,150)	(−33,155)
(Off-budget)	(−1,646)	(−1,778)	(−2,044)	(−2,509)	(−2,857)	(−3,300)
Total budget authority	809,903	888,136	949,985	1,074,131	1,072,851	1,099,975
(On-budget)	(666,436)	(728,378)	(783,910)	(889,785)	(883,236)	(886,573)
(Off-budget)	(143,467)	(159,758)	(166,075)	(184,347)	(189,615)	(213,402)

On-budget unless otherwise stated.

Table 5.1—BUDGET AUTHORITY BY FUNCTION AND SUBFUNCTION: 1976–1993—Continued

(in millions of dollars)

Function and Subfunction	1988	1989	1990	1991	1992	1993 estimate
750 Administration of justice:						
751 Federal law enforcement activities	5,156	4,792	5,200	5,952	6,690	6,633
752 Federal litigative and judicial activities	2,926	3,288	3,829	4,614	5,154	5,465
753 Federal correctional activities	1,059	1,553	2,578	1,728	2,101	2,042
754 Criminal justice assistance	316	424	774	853	872	856
Total, Administration of justice	9,458	10,057	12,381	13,147	14,817	14,996
800 General government:						
801 Legislative functions	1,602	1,807	1,811	2,021	2,137	2,114
802 Executive direction and management	128	137	296	188	213	291
803 Central fiscal operations	5,172	5,805	6,215	6,257	7,022	7,302
804 General property and records management	298	605	2,313	2,095	508	987
805 Central personnel management	145	146	156	164	171	440
806 General purpose fiscal assistance	1,963	2,043	2,033	2,138	1,893	2,150
808 Other general government	1,805	822	750	1,469	1,712	1,560
809 Deductions for offsetting receipts	−694	−893	−361	−718	−530	−680
Total, General government	10,421	10,473	13,213	13,613	13,126	14,164
900 Net interest:						
901 Interest on the public debt	214,081	240,882	264,724	285,455	292,330	296,475
902 Interest received by on-budget trust funds	−34,406	−40,467	−46,321	−50,426	−54,193	−55,007
903 Interest received by off-budget trust funds	−7,416	−11,395	−15,991	−20,222	−23,637	−27,022
908 Other interest	−20,426	−19,609	−17,701	−20,698	−15,035	−11,667
Total, Net interest	151,834	169,412	184,711	194,109	199,465	202,778
(On-budget)	(159,249)	(180,807)	(200,702)	(214,331)	(223,102)	(229,800)
(Off-budget)	(−7,416)	(−11,395)	(−15,991)	(−20,222)	(−23,637)	(−27,022)
950 Undistributed offsetting receipts:						
951 Employer share, employee retirement (on-budget)	−29,037	−29,425	−28,044	−30,402	−30,680	−28,635
952 Employer share, employee retirement (off-budget)	−4,382	−4,858	−5,567	−5,804	−6,101	−6,515
953 Rents and royalties on the Outer Continental Shelf	−3,548	−2,929	−3,004	−3,150	−2,498	−2,064
Total, Undistributed offsetting receipts	−36,967	−37,212	−36,615	−39,356	−39,280	−37,213
(On-budget)	(−32,585)	(−32,354)	(−31,048)	(−33,553)	(−33,179)	(−30,698)
(Off-budget)	(−4,382)	(−4,858)	(−5,567)	(−5,804)	(−6,101)	(−6,515)
Total budget authority	1,185,615	1,310,002	1,368,511	1,383,547	1,469,166	1,497,303
(On-budget)	(944,124)	(1,044,727)	(1,083,772)	(1,136,503)	(1,211,803)	(1,223,755)
(Off-budget)	(241,491)	(265,275)	(284,738)	(247,043)	(257,363)	(273,548)

On-budget unless otherwise stated.

Table 5.2—**BUDGET AUTHORITY BY AGENCY: 1976–1993**

(in millions of dollars)

Department or other unit	1976	TQ	1977	1978	1979	1980	1981
Legislative Branch	936	226	1,057	1,087	1,131	1,318	1,251
The Judiciary	346	87	431	459	521	609	656
Executive Office of the President	69	18	78	78	82	101	103
Funds Appropriated to the President	10,933	−733	5,387	8,546	6,748	13,422	16,515
Agriculture	20,755	4,245	21,897	26,719	37,314	39,628	47,496
Commerce	1,732	357	7,814	1,892	2,086	2,610	2,072
Defense—Military	95,503	22,925	107,906	114,531	123,595	140,651	176,110
Defense—Civil	9,524	2,603	10,738	11,981	13,083	15,237	16,953
Education	9,384	3,387	10,806	11,878	14,263	15,289	16,837
Energy	4,946	1,312	6,977	10,660	10,331	10,025	11,241
Health and Human Services—except social security	48,207	12,011	55,747	61,166	69,440	78,860	92,592
Health and Human Services—social security	70,164	18,358	80,445	88,854	101,332	116,752	133,893
Housing and Urban Development	29,200	400	33,818	37,994	31,142	35,852	34,220
Interior	2,735	1,037	3,741	4,643	4,770	4,678	4,408
Justice	2,180	566	2,340	2,378	2,502	2,472	2,325
Labor	20,464	3,675	31,303	20,084	28,623	28,803	29,460
State	939	380	1,279	1,527	1,778	2,136	2,335
Transportation	11,082	5,128	9,763	14,035	17,917	19,963	25,520
Treasury	46,645	11,013	50,337	57,291	64,598	90,535	92,137
Veterans Affairs	19,653	4,524	19,043	19,013	20,471	21,177	23,136
Environmental Protection Agency	772	189	2,764	5,499	5,403	4,669	3,026
General Services Administration	275	53	442	304	378	291	469
National Aeronautics and Space Administration	3,552	932	3,876	4,244	4,743	5,350	5,634
Office of Personnel Management	13,559	1,607	17,041	18,215	20,982	24,917	29,001
Small Business Administration	621	31	1,068	3,555	2,081	2,145	1,355
Other Independent Agencies	18,279	3,683	9,589	10,072	11,769	31,220	19,031
Undistributed offsetting receipts	−22,186	−4,477	−23,018	−24,250	−27,428	−31,988	−41,852
(On-budget)	(−18,411)	(−4,135)	(−19,390)	(−20,788)	(−24,089)	(−28,445)	(−38,134)
(Off-budget)	(−3,775)	(−342)	(−3,627)	(−3,463)	(−3,338)	(−3,543)	(−3,718)
Total budget authority	420,267	93,537	472,669	512,452	569,655	676,722	745,927

Table 5.2—**BUDGET AUTHORITY BY AGENCY: 1976–1993—Continued**

(in millions of dollars)

Department or other unit	1982	1983	1984	1985	1986	1987
Legislative Branch	1,414	1,687	1,770	1,705	1,722	1,875
The Judiciary	733	823	904	1,052	1,044	1,267
Executive Office of the President	93	101	109	116	108	118
Funds Appropriated to the President	11,032	6,590	18,946	20,364	10,709	13,002
Agriculture	57,481	69,921	46,824	61,916	59,249	52,518
Commerce	1,834	1,923	2,016	2,309	1,980	2,155
Defense—Military	211,513	238,900	258,176	286,827	281,436	279,469
Defense—Civil	18,000	19,591	19,225	30,347	32,682	35,137
Education	15,454	15,397	15,423	19,077	17,872	19,608
Energy	12,486	11,893	10,953	12,618	10,559	10,125
Health and Human Services—except social security	100,840	116,833	128,000	141,107	156,535	159,715
Health and Human Services—social security	147,183	163,380	171,429	190,973	196,802	221,992
Housing and Urban Development	20,911	16,561	18,148	31,398	15,928	14,657
Interior	3,810	4,956	4,917	5,016	4,589	5,279
Justice	2,627	3,046	3,461	3,848	3,865	5,210
Labor	27,239	36,413	34,826	27,660	28,839	30,252
State	2,587	2,759	2,979	3,562	4,039	3,765
Transportation	23,739	26,308	28,596	28,770	28,079	26,122
Treasury	111,295	117,291	141,702	166,176	179,823	181,890
Veterans Affairs	24,948	25,324	26,477	27,298	27,075	27,363
Environmental Protection Agency	3,674	3,688	4,064	4,346	3,446	5,344
General Services Administration	227	393	247	309	287	281
National Aeronautics and Space Administration	6,200	7,065	7,458	7,573	7,807	10,923
Office of Personnel Management	32,629	35,724	37,695	41,606	44,200	44,775
Small Business Administration	748	1,278	971	1,254	714	604
Other Independent Agencies	13,371	11,368	16,998	15,561	18,497	18,789
Undistributed offsetting receipts	−42,165	−51,078	−52,329	−58,656	−65,036	−72,262
(On-budget)	(−38,448)	(−47,455)	(−46,975)	(−52,029)	(−57,850)	(−63,672)
(Off-budget)	(−3,717)	(−3,623)	(−5,354)	(−6,627)	(−7,186)	(−8,590)
Total budget authority	809,903	888,136	949,985	1,074,131	1,072,851	1,099,975

Table 5.2—**BUDGET AUTHORITY BY AGENCY: 1976–1993—Continued**

(in millions of dollars)

Department or other unit	1988	1989	1990	1991	1992	1993 estimate
Legislative Branch	2,127	2,277	2,255	2,498	2,641	2,716
The Judiciary	1,338	1,476	1,745	2,110	2,435	2,553
Executive Office of the President	125	129	292	190	214	287
Funds Appropriated to the President	11,656	10,953	12,410	15,729	13,491	23,529
Agriculture	55,236	55,733	55,327	60,075	66,844	68,065
Commerce	2,450	2,807	3,684	2,649	3,031	3,046
Defense—Military	283,755	290,837	292,999	275,744	281,883	259,000
Defense—Civil	36,329	37,234	37,258	26,492	28,415	29,445
Education	20,234	22,956	24,686	27,503	28,833	30,451
Energy	11,163	11,697	13,984	16,110	17,196	16,851
Health and Human Services—except social security	177,043	196,638	195,897	222,913	275,595	296,182
Health and Human Services—social security	253,289	279,918	303,214	269,768	284,903	302,027
Housing and Urban Development	14,949	14,347	17,315	27,634	24,961	26,261
Interior	5,246	5,482	6,690	6,884	7,122	6,775
Justice	5,630	6,732	8,596	8,966	10,001	10,346
Labor	30,684	29,923	26,608	32,565	48,191	43,872
State	3,757	4,093	4,380	4,354	5,245	5,458
Transportation	27,169	28,455	30,153	30,964	36,204	39,801
Treasury	204,119	232,099	259,022	278,267	296,146	303,870
Veterans Affairs	29,432	29,893	30,461	33,152	33,907	35,158
Environmental Protection Agency	4,968	5,081	5,380	6,004	6,461	6,683
General Services Administration	184	187	2,191	1,959	359	830
National Aeronautics and Space Administration	9,062	10,969	12,324	14,016	14,317	14,331
Office of Personnel Management	48,141	51,248	55,947	36,782	35,765	39,288
Small Business Administration	418	421	928	464	1,891	1,037
Other Independent Agencies	25,900	67,491	63,697	89,760	60,225	48,681
Undistributed offsetting receipts	−78,789	−89,074	−98,930	−110,005	−117,111	−119,242
(On-budget)	(−66,992)	(−72,822)	(−77,371)	(−83,979)	(−87,372)	(−85,706)
(Off-budget)	(−11,798)	(−16,252)	(−21,558)	(−26,026)	(−29,739)	(−33,537)
Total budget authority	1,185,615	1,310,002	1,368,511	1,383,547	1,469,166	1,497,303

Table 5.3—**PERCENTAGE DISTRIBUTION OF BUDGET AUTHORITY BY AGENCY: 1976–1993**

Department or other unit	1976	TQ	1977	1978	1979	1980	1981
Legislative Branch	0.2	0.2	0.2	0.2	0.2	0.2	0.2
The Judiciary	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Executive Office of the President	*	*	*	*	*	*	*
Funds Appropriated to the President	2.6	−0.8	1.1	1.7	1.2	2.0	2.2
Agriculture	4.9	4.5	4.6	5.2	6.6	5.9	6.4
Commerce	0.4	0.4	1.7	0.4	0.4	0.4	0.3
Defense—Military	22.7	24.5	22.8	22.3	21.7	20.8	23.6
Defense—Civil	2.3	2.8	2.3	2.3	2.3	2.3	2.3
Education	2.2	3.6	2.3	2.3	2.5	2.3	2.3
Energy	1.2	1.4	1.5	2.1	1.8	1.5	1.5
Health and Human Services—except social security	11.5	12.8	11.8	11.9	12.2	11.7	12.4
Health and Human Services—social security	16.7	19.6	17.0	17.3	17.8	17.3	17.9
Housing and Urban Development	6.9	0.4	7.2	7.4	5.5	5.3	4.6
Interior	0.7	1.1	0.8	0.9	0.8	0.7	0.6
Justice	0.5	0.6	0.5	0.5	0.4	0.4	0.3
Labor	4.9	3.9	6.6	3.9	5.0	4.3	3.9
State	0.2	0.4	0.3	0.3	0.3	0.3	0.3
Transportation	2.6	5.5	2.1	2.7	3.1	2.9	3.4
Treasury	11.1	11.8	10.6	11.2	11.3	13.4	12.4
Veterans Affairs	4.7	4.8	4.0	3.7	3.6	3.1	3.1
Environmental Protection Agency	0.2	0.2	0.6	1.1	0.9	0.7	0.4
General Services Administration	0.1	0.1	0.1	0.1	0.1	*	0.1
National Aeronautics and Space Administration	0.8	1.0	0.8	0.8	0.8	0.8	0.8
Office of Personnel Management	3.2	1.7	3.6	3.6	3.7	3.7	3.9
Small Business Administration	0.1	*	0.2	0.7	0.4	0.3	0.2
Other Independent Agencies	4.3	3.9	2.0	2.0	2.1	4.6	2.6
Undistributed offsetting receipts	−5.3	−4.8	−4.9	−4.7	−4.8	−4.7	−5.6
(On-budget)	(−4.4)	(−4.4)	(−4.1)	(−4.1)	(−4.2)	(−4.2)	(−5.1)
(Off-budget)	(−0.9)	(−0.4)	(−0.8)	(−0.7)	(−0.6)	(−0.5)	(−0.5)
Total budget authority	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* 0.05 percent or less.

Table 5.3—**PERCENTAGE DISTRIBUTION OF BUDGET AUTHORITY BY AGENCY: 1976–1993—Continued**

Department or other unit	1982	1983	1984	1985	1986	1987
Legislative Branch	0.2	0.2	0.2	0.2	0.2	0.2
The Judiciary	0.1	0.1	0.1	0.1	0.1	0.1
Executive Office of the President	*	*	*	*	*	*
Funds Appropriated to the President	1.4	0.7	2.0	1.9	1.0	1.2
Agriculture	7.1	7.9	4.9	5.8	5.5	4.8
Commerce	0.2	0.2	0.2	0.2	0.2	0.2
Defense—Military	26.1	26.9	27.2	26.7	26.2	25.4
Defense—Civil	2.2	2.2	2.0	2.8	3.0	3.2
Education	1.9	1.7	1.6	1.8	1.7	1.8
Energy	1.5	1.3	1.2	1.2	1.0	0.9
Health and Human Services—except social security	12.5	13.2	13.5	13.1	14.6	14.5
Health and Human Services—social security	18.2	18.4	18.0	17.8	18.3	20.2
Housing and Urban Development	2.6	1.9	1.9	2.9	1.5	1.3
Interior	0.5	0.6	0.5	0.5	0.4	0.5
Justice	0.3	0.3	0.4	0.4	0.4	0.5
Labor	3.4	4.1	3.7	2.6	2.7	2.8
State	0.3	0.3	0.3	0.3	0.4	0.3
Transportation	2.9	3.0	3.0	2.7	2.6	2.4
Treasury	13.7	13.2	14.9	15.5	16.8	16.5
Veterans Affairs	3.1	2.9	2.8	2.5	2.5	2.5
Environmental Protection Agency	0.5	0.4	0.4	0.4	0.3	0.5
General Services Administration	*	*	*	*	*	*
National Aeronautics and Space Administration	0.8	0.8	0.8	0.7	0.7	1.0
Office of Personnel Management	4.0	4.0	4.0	3.9	4.1	4.1
Small Business Administration	0.1	0.1	0.1	0.1	0.1	0.1
Other Independent Agencies	1.7	1.3	1.8	1.4	1.7	1.7
Undistributed offsetting receipts	−5.2	−5.8	−5.5	−5.5	−6.1	−6.6
(On-budget)	(−4.7)	(−5.3)	(−4.9)	(−4.8)	(−5.4)	(−5.8)
(Off-budget)	(−0.5)	(−0.4)	(−0.6)	(−0.6)	(−0.7)	(−0.8)
Total budget authority	100.0	100.0	100.0	100.0	100.0	100.0

* 0.05 percent or less.

Table 5.3—PERCENTAGE DISTRIBUTION OF BUDGET AUTHORITY BY AGENCY: 1976–1993—Continued

Department or other unit	1988	1989	1990	1991	1992	1993 estimate
Legislative Branch	0.2	0.2	0.2	0.2	0.2	0.2
The Judiciary	0.1	0.1	0.1	0.2	0.2	0.2
Executive Office of the President	*	*	*	*	*	*
Funds Appropriated to the President	1.0	0.8	0.9	1.1	0.9	1.6
Agriculture	4.7	4.3	4.0	4.3	4.5	4.5
Commerce	0.2	0.2	0.3	0.2	0.2	0.2
Defense—Military	23.9	22.2	21.4	19.9	19.2	17.3
Defense—Civil	3.1	2.8	2.7	1.9	1.9	2.0
Education	1.7	1.8	1.8	2.0	2.0	2.0
Energy	0.9	0.9	1.0	1.2	1.2	1.1
Health and Human Services—except social security	14.9	15.0	14.3	16.1	18.8	19.8
Health and Human Services—social security	21.4	21.4	22.2	19.5	19.4	20.2
Housing and Urban Development	1.3	1.1	1.3	2.0	1.7	1.8
Interior	0.4	0.4	0.5	0.5	0.5	0.5
Justice	0.5	0.5	0.6	0.6	0.7	0.7
Labor	2.6	2.3	1.9	2.4	3.3	2.9
State	0.3	0.3	0.3	0.3	0.4	0.4
Transportation	2.3	2.2	2.2	2.2	2.5	2.7
Treasury	17.2	17.7	18.9	20.1	20.2	20.3
Veterans Affairs	2.5	2.3	2.2	2.4	2.3	2.3
Environmental Protection Agency	0.4	0.4	0.4	0.4	0.4	0.4
General Services Administration	*	*	0.2	0.1	*	0.1
National Aeronautics and Space Administration	0.8	0.8	0.9	1.0	1.0	1.0
Office of Personnel Management	4.1	3.9	4.1	2.7	2.4	2.6
Small Business Administration	*	*	0.1	*	0.1	0.1
Other Independent Agencies	2.2	5.2	4.7	6.5	4.1	3.3
Undistributed offsetting receipts	−6.6	−6.8	−7.2	−8.0	−8.0	−8.0
(On-budget)	(−5.7)	(−5.6)	(−5.7)	(−6.1)	(−5.9)	(−5.7)
(Off-budget)	(−1.0)	(−1.2)	(−1.6)	(−1.9)	(−2.0)	(−2.2)
Total budget authority	100.0	100.0	100.0	100.0	100.0	100.0

* 0.05 percent or less.

Table 6.1—COMPOSITION OF OUTLAYS IN CURRENT AND IN CONSTANT (FY 1987) DOLLARS: 1940–1993

Category	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949
In millions of current dollars										
Total outlays	9,468	13,653	35,137	78,555	91,304	92,712	55,232	34,496	29,764	38,835
National defense [1]	1,660	6,435	25,658	66,699	79,143	82,965	42,681	12,808	9,105	13,150
Nondefense:										
Payments for individuals	1,657	1,730	1,758	1,647	1,721	2,215	5,673	9,052	9,043	10,065
Direct payments [2]	(1,360)	(1,374)	(1,348)	(1,220)	(1,260)	(1,784)	(5,222)	(8,292)	(8,208)	(9,029)
Grants to State and local governments	(298)	(356)	(410)	(427)	(461)	(432)	(451)	(761)	(835)	(1,036)
All other grants	574	491	482	487	449	427	368	842	777	840
Net Interest [2]	899	943	1,052	1,529	2,219	3,112	4,111	4,204	4,341	4,523
All other [2]	4,995	4,601	7,081	9,414	9,092	5,382	3,867	9,141	8,141	12,035
Undistributed offsetting receipts [2]	−317	−547	−894	−1,221	−1,320	−1,389	−1,468	−1,552	−1,643	−1,779
Total nondefense	7,808	7,218	9,479	11,856	12,161	9,747	12,551	21,688	20,659	25,685
In billions of constant (FY 1987) dollars										
Total outlays	96.8	135.3	315.1	655.2	787.1	812.6	463.0	230.6	192.9	245.5
National defense [1]	18.6	64.9	222.7	537.9	670.1	731.6	380.4	101.6	72.0	97.1
Nondefense:										
Payments for individuals	13.4	13.4	12.5	10.7	10.5	12.9	30.9	44.7	42.3	46.0
Direct payments [2]	(11.0)	(10.6)	(9.6)	(7.9)	(7.7)	(10.4)	(28.4)	(40.9)	(38.4)	(41.3)
Grants to State and local governments	(2.4)	(2.8)	(2.9)	(2.8)	(2.8)	(2.5)	(2.5)	(3.7)	(3.9)	(4.7)
All other grants	6.1	5.4	5.2	4.9	4.5	4.2	3.3	5.8	5.4	5.4
Net Interest [2]	7.8	7.9	8.3	11.7	16.8	22.9	26.5	22.7	22.2	22.3
All other [2]	54.7	50.8	76.6	103.2	100.1	55.7	35.2	67.2	64.1	88.0
Undistributed offsetting receipts [2]	−3.8	−7.1	−10.4	−13.7	−14.7	−14.5	−13.6	−11.3	−13.3	−13.4
Total nondefense	78.2	70.4	92.3	116.9	117.3	81.2	82.2	129.0	120.8	148.3
As percentages of GDP										
Total outlays	9.9	12.1	24.8	44.8	45.3	43.7	26.0	15.5	12.1	14.8
National defense [1]	1.7	5.7	18.1	38.0	39.2	39.1	20.1	5.7	3.7	5.0
Nondefense:										
Payments for individuals	1.7	1.5	1.2	0.9	0.9	1.0	2.7	4.1	3.7	3.8
Direct payments [2]	(1.4)	(1.2)	(1.0)	(0.7)	(0.6)	(0.8)	(2.5)	(3.7)	(3.3)	(3.4)
Grants to State and local governments	(0.3)	(0.3)	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)	(0.3)	(0.3)	(0.4)
All other grants	0.6	0.4	0.3	0.3	0.2	0.2	0.2	0.4	0.3	0.3
Net Interest [2]	0.9	0.8	0.7	0.9	1.1	1.5	1.9	1.9	1.8	1.7
All other [2]	5.2	4.1	5.0	5.4	4.5	2.5	1.8	4.1	3.3	4.6
Undistributed offsetting receipts [2]	−0.3	−0.5	−0.6	−0.7	−0.7	−0.7	−0.7	−0.7	−0.7	−0.7
Total nondefense	8.2	6.4	6.7	6.8	6.0	4.6	5.9	9.7	8.4	9.8
Addendum: GDP ($ billions)	95.4	112.5	141.8	175.4	201.7	212.0	212.5	222.9	246.7	262.7
As percentages of outlays										
Total outlays	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
National defense [1]	17.5	47.1	73.0	84.9	86.7	89.5	77.3	37.1	30.6	33.9
Nondefense:										
Payments for individuals	17.5	12.7	5.0	2.1	1.9	2.4	10.3	26.2	30.4	25.9
Direct payments [2]	(14.4)	(10.1)	(3.8)	(1.6)	(1.4)	(1.9)	(9.5)	(24.0)	(27.6)	(23.3)
Grants to State and local governments	(3.1)	(2.6)	(1.2)	(0.5)	(0.5)	(0.5)	(0.8)	(2.2)	(2.8)	(2.7)
All other grants	6.1	3.6	1.4	0.6	0.5	0.5	0.7	2.4	2.6	2.2
Net Interest [2]	9.5	6.9	3.0	1.9	2.4	3.4	7.4	12.2	14.6	11.6
All other [2]	52.8	33.7	20.2	12.0	10.0	5.8	7.0	26.5	27.4	31.0
Undistributed offsetting receipts [2]	−3.4	−4.0	−2.5	−1.6	−1.4	−1.5	−2.7	−4.5	−5.5	−4.6
Total nondefense	82.5	52.9	27.0	15.1	13.3	10.5	22.7	62.9	69.4	66.1

See footnotes at end of table.

Table 6.1—COMPOSITION OF OUTLAYS IN CURRENT AND IN CONSTANT (FY 1987) DOLLARS: 1940–1993—Continued

Category	1950	1951	1952	1953	1954	1955	1956	1957	1958
In millions of current dollars									
Total outlays	42,562	45,514	67,686	76,101	70,855	68,444	70,640	76,578	82,405
National defense [1]	13,724	23,566	46,089	52,802	49,266	42,729	42,523	45,430	46,815
Nondefense:									
Payments for individuals	13,664	10,279	10,853	10,950	12,610	14,297	15,208	17,027	20,931
Direct payments [2]	(12,407)	(8,955)	(9,528)	(9,460)	(10,999)	(12,674)	(13,534)	(15,226)	(18,810)
Grants to State and local governments	(1,257)	(1,324)	(1,325)	(1,490)	(1,611)	(1,623)	(1,674)	(1,802)	(2,121)
All other grants	996	964	1,108	1,332	1,431	1,574	1,877	2,164	2,770
Net Interest [2]	4,812	4,665	4,701	5,156	4,811	4,850	5,079	5,354	5,604
All other [2]	11,182	8,373	8,313	9,432	6,134	8,488	9,541	10,750	10,670
Undistributed offsetting receipts [2]	−1,817	−2,332	−3,377	−3,571	−3,397	−3,493	−3,589	−4,146	−4,385
Total nondefense	28,838	21,948	21,597	23,299	21,589	25,715	28,117	31,148	35,590
In billions of constant (FY 1987) dollars									
Total outlays	260.5	285.9	416.0	444.5	401.4	380.0	370.4	379.7	388.0
National defense [1]	101.1	171.5	310.4	332.1	305.6	261.8	243.7	245.0	241.6
Nondefense:									
Payments for individuals	62.7	44.6	45.6	45.0	51.2	57.7	60.3	65.7	78.9
Direct payments [2]	(56.9)	(38.8)	(40.1)	(38.9)	(44.6)	(51.2)	(53.7)	(58.8)	(70.9)
Grants to State and local governments	(5.8)	(5.7)	(5.6)	(6.1)	(6.5)	(6.5)	(6.6)	(7.0)	(8.0)
All other grants	6.8	5.9	6.5	7.4	8.1	8.7	10.1	10.8	13.0
Net Interest [2]	24.0	22.1	21.9	23.4	21.7	21.4	21.7	22.1	22.6
All other [2]	79.3	59.6	56.2	61.7	38.3	53.7	57.0	60.5	56.4
Undistributed offsetting receipts [2]	−13.4	−17.8	−24.7	−25.1	−23.4	−23.3	−22.4	−24.5	−24.5
Total nondefense	159.4	114.4	105.6	112.5	96.0	118.2	126.7	134.6	146.4
As percentages of GDP									
Total outlays	16.0	14.5	19.9	20.9	19.3	17.8	17.0	17.5	18.4
National defense [1]	5.2	7.5	13.5	14.5	13.4	11.1	10.2	10.4	10.4
Nondefense:									
Payments for individuals	5.1	3.3	3.2	3.0	3.4	3.7	3.7	3.9	4.7
Direct payments [2]	(4.7)	(2.9)	(2.8)	(2.6)	(3.0)	(3.3)	(3.3)	(3.5)	(4.2)
Grants to State and local governments	(0.5)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.5)
All other grants	0.4	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.6
Net Interest [2]	1.8	1.5	1.4	1.4	1.3	1.3	1.2	1.2	1.3
All other [2]	4.2	2.7	2.4	2.6	1.7	2.2	2.3	2.5	2.4
Undistributed offsetting receipts [2]	−0.7	−0.7	−1.0	−1.0	−0.9	−0.9	−0.9	−0.9	−1.0
Total nondefense	10.8	7.0	6.3	6.4	5.9	6.7	6.8	7.1	7.9
Addendum: GDP ($ billions)	265.8	313.5	340.5	363.8	368.0	384.7	416.3	438.3	448.1
As percentages of outlays									
Total outlays	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
National defense [1]	32.2	51.8	68.1	69.4	69.5	62.4	60.2	59.3	56.8
Nondefense:									
Payments for individuals	32.1	22.6	16.0	14.4	17.8	20.9	21.5	22.2	25.4
Direct payments [2]	(29.2)	(19.7)	(14.1)	(12.4)	(15.5)	(18.5)	(19.2)	(19.9)	(22.8)
Grants to State and local governments	(3.0)	(2.9)	(2.0)	(2.0)	(2.3)	(2.4)	(2.4)	(2.4)	(2.6)
All other grants	2.3	2.1	1.6	1.8	2.0	2.3	2.7	2.8	3.4
Net Interest [2]	11.3	10.2	6.9	6.8	6.8	7.1	7.2	7.0	6.8
All other [2]	26.3	18.4	12.3	12.4	8.7	12.4	13.5	14.0	12.9
Undistributed offsetting receipts [2]	−4.3	−5.1	−5.0	−4.7	−4.8	−5.1	−5.1	−5.4	−5.3
Total nondefense	67.8	48.2	31.9	30.6	30.5	37.6	39.8	40.7	43.2

See footnotes at end of table.

Table 6.1—**COMPOSITION OF OUTLAYS IN CURRENT AND IN CONSTANT (FY 1987) DOLLARS: 1940–1993—Continued**

Category	1959	1960	1961	1962	1963	1964	1965	1966	1967
In millions of current dollars									
Total outlays	92,098	92,191	97,723	106,821	111,316	118,528	118,228	134,532	157,464
National defense [1]	49,015	48,130	49,601	52,345	53,400	54,757	50,620	58,111	71,417
Nondefense:									
Payments for individuals	22,757	24,162	27,525	28,938	30,958	32,217	33,103	37,076	43,211
Direct payments [2]	(20,393)	(21,682)	(24,907)	(25,987)	(27,677)	(28,658)	(29,385)	(32,771)	(38,392)
Grants to State and local governments	(2,364)	(2,480)	(2,618)	(2,951)	(3,280)	(3,559)	(3,718)	(4,305)	(4,819)
All other grants	4,088	4,534	4,497	4,958	5,281	6,571	7,159	8,557	10,387
Net Interest [2]	5,762	6,947	6,716	6,889	7,740	8,199	8,591	9,386	10,268
All other [2]	15,089	13,238	14,191	18,965	19,734	22,492	24,663	27,944	29,475
Undistributed offsetting receipts [2]	−4,613	−4,820	−4,807	−5,274	−5,797	−5,708	−5,908	−6,542	−7,294
Total nondefense	43,083	44,061	48,122	54,477	57,915	63,771	67,608	76,421	86,047
In billions of constant (FY 1987) dollars									
Total outlays	409.5	392.1	406.0	436.0	437.6	456.6	446.1	492.4	560.0
National defense [1]	233.2	220.1	221.2	228.0	222.9	224.0	203.9	225.9	269.1
Nondefense:									
Payments for individuals	84.4	87.8	98.5	102.3	107.8	110.3	111.4	121.7	137.8
Direct payments [2]	(75.6)	(78.8)	(89.2)	(91.9)	(96.3)	(98.1)	(98.9)	(107.6)	(122.5)
Grants to State and local governments	(8.8)	(9.0)	(9.4)	(10.4)	(11.4)	(12.2)	(12.5)	(14.1)	(15.4)
All other grants	18.3	20.1	20.0	21.7	22.4	27.4	29.1	34.2	39.8
Net Interest [2]	22.6	26.6	25.5	25.7	28.4	29.6	30.4	32.2	34.1
All other [2]	74.8	61.2	63.2	82.6	81.9	89.5	95.4	104.0	106.9
Undistributed offsetting receipts [2]	−23.9	−23.5	−22.6	−24.2	−25.7	−24.2	−24.2	−25.6	−27.9
Total nondefense	176.2	172.1	184.7	208.1	214.7	232.7	242.1	266.6	290.8
As percentages of GDP									
Total outlays	19.2	18.3	18.9	19.2	19.0	19.0	17.6	18.3	19.8
National defense [1]	10.2	9.5	9.6	9.4	9.1	8.8	7.5	7.9	9.0
Nondefense:									
Payments for individuals	4.7	4.8	5.3	5.2	5.3	5.2	4.9	5.0	5.4
Direct payments [2]	(4.2)	(4.3)	(4.8)	(4.7)	(4.7)	(4.6)	(4.4)	(4.5)	(4.8)
Grants to State and local governments	(0.5)	(0.5)	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
All other grants	0.9	0.9	0.9	0.9	0.9	1.1	1.1	1.2	1.3
Net Interest [2]	1.2	1.4	1.3	1.2	1.3	1.3	1.3	1.3	1.3
All other [2]	3.1	2.6	2.7	3.4	3.4	3.6	3.7	3.8	3.7
Undistributed offsetting receipts [2]	−1.0	−1.0	−0.9	−0.9	−1.0	−0.9	−0.9	−0.9	−0.9
Total nondefense	9.0	8.7	9.3	9.8	9.9	10.2	10.1	10.4	10.8
Addendum: GDP ($ billions)	480.2	504.6	517.0	555.2	584.5	625.3	671.0	735.4	793.3
As percentages of outlays									
Total outlays	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
National defense [1]	53.2	52.2	50.8	49.0	48.0	46.2	42.8	43.2	45.4
Nondefense:									
Payments for individuals	24.7	26.2	28.2	27.1	27.8	27.2	28.0	27.6	27.4
Direct payments [2]	(22.1)	(23.5)	(25.5)	(24.3)	(24.9)	(24.2)	(24.9)	(24.4)	(24.4)
Grants to State and local governments	(2.6)	(2.7)	(2.7)	(2.8)	(2.9)	(3.0)	(3.1)	(3.2)	(3.1)
All other grants	4.4	4.9	4.6	4.6	4.7	5.5	6.1	6.4	6.6
Net Interest [2]	6.3	7.5	6.9	6.4	7.0	6.9	7.3	7.0	6.5
All other [2]	16.4	14.4	14.5	17.8	17.7	19.0	20.9	20.8	18.7
Undistributed offsetting receipts [2]	−5.0	−5.2	−4.9	−4.9	−5.2	−4.8	−5.0	−4.9	−4.6
Total nondefense	46.8	47.8	49.2	51.0	52.0	53.8	57.2	56.8	54.6

See footnotes at end of table.

Table 6.1—COMPOSITION OF OUTLAYS IN CURRENT AND IN CONSTANT (FY 1987) DOLLARS: 1940–1993—Continued

Category	1968	1969	1970	1971	1972	1973	1974	1975	1976
In millions of current dollars									
Total outlays	178,134	183,640	195,649	210,172	230,681	245,707	269,359	332,332	371,792
National defense [1]	81,926	82,497	81,692	78,872	79,174	76,681	79,347	86,509	89,619
Nondefense:									
Payments for individuals	49,849	57,225	64,806	80,564	93,055	104,739	120,407	153,836	180,634
Direct payments [2]	(43,779)	(49,983)	(56,079)	(70,030)	(79,112)	(90,860)	(105,557)	(137,074)	(160,576)
Grants to State and local governments	(6,070)	(7,243)	(8,727)	(10,533)	(13,943)	(13,879)	(14,851)	(16,762)	(20,058)
All other grants	12,454	12,887	15,301	17,532	20,386	27,911	28,442	32,956	38,946
Net interest [2]	11,090	12,699	14,380	14,841	15,478	17,349	21,449	23,244	26,727
All other [2]	30,861	26,318	28,102	28,471	32,171	32,437	36,462	49,390	50,251
Undistributed offsetting receipts [2]	−8,045	−7,986	−8,632	−10,107	−9,583	−13,409	−16,749	−13,602	−14,386
Total nondefense	96,208	101,143	113,958	131,300	151,507	169,026	190,012	245,824	282,173
In billions of constant (FY 1987) dollars									
Total outlays	608.6	593.9	596.1	599.1	617.5	620.3	625.4	698.5	729.3
National defense [1]	295.5	282.5	262.9	236.9	219.7	197.2	185.3	183.9	177.8
Nondefense:									
Payments for individuals	153.9	169.4	183.8	218.2	241.4	260.5	277.4	322.4	354.7
Direct payments [2]	(135.1)	(147.9)	(159.0)	(189.6)	(205.2)	(226.0)	(243.2)	(287.3)	(315.3)
Grants to State and local governments	(18.7)	(21.4)	(24.7)	(28.5)	(36.2)	(34.5)	(34.2)	(35.1)	(39.4)
All other grants	45.4	44.3	48.7	51.5	56.5	72.6	67.9	70.1	76.5
Net interest [2]	35.5	38.7	41.5	40.8	40.4	43.1	49.6	48.9	52.2
All other [2]	107.5	86.4	86.5	81.4	84.8	79.3	82.9	101.1	95.5
Undistributed offsetting receipts [2]	−29.2	−27.3	−27.4	−29.5	−25.4	−32.5	−37.7	−27.9	−27.4
Total nondefense	313.0	311.4	333.1	362.3	397.8	423.1	440.0	514.6	551.6
As percentages of GDP									
Total outlays	21.0	19.8	19.9	20.0	20.1	19.3	19.2	22.0	22.1
National defense [1]	9.7	8.9	8.3	7.5	6.9	6.0	5.7	5.7	5.3
Nondefense:									
Payments for individuals	5.9	6.2	6.6	7.7	8.1	8.2	8.6	10.2	10.7
Direct payments [2]	(5.2)	(5.4)	(5.7)	(6.7)	(6.9)	(7.1)	(7.5)	(9.1)	(9.5)
Grants to State and local governments	(0.7)	(0.8)	(0.9)	(1.0)	(1.2)	(1.1)	(1.1)	(1.1)	(1.2)
All other grants	1.5	1.4	1.6	1.7	1.8	2.2	2.0	2.2	2.3
Net interest [2]	1.3	1.4	1.5	1.4	1.3	1.4	1.5	1.5	1.6
All other [2]	3.6	2.8	2.9	2.7	2.8	2.5	2.6	3.3	3.0
Undistributed offsetting receipts [2]	−0.9	−0.9	−0.9	−1.0	−0.8	−1.1	−1.2	−0.9	−0.9
Total nondefense	11.4	10.9	11.6	12.5	13.2	13.3	13.5	16.3	16.8
Addendum: GDP ($ billions)	847.2	925.7	985.4	1,050.9	1,147.8	1,274.0	1,403.6	1,509.8	1,684.2
As percentages of outlays									
Total outlays	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
National defense [1]	46.0	44.9	41.8	37.5	34.3	31.2	29.5	26.0	24.1
Nondefense:									
Payments for individuals	28.0	31.2	33.1	38.3	40.3	42.6	44.7	46.3	48.6
Direct payments [2]	(24.6)	(27.2)	(28.7)	(33.3)	(34.3)	(37.0)	(39.2)	(41.2)	(43.2)
Grants to State and local governments	(3.4)	(3.9)	(4.5)	(5.0)	(6.0)	(5.6)	(5.5)	(5.0)	(5.4)
All other grants	7.0	7.0	7.8	8.3	8.8	11.4	10.6	9.9	10.5
Net interest [2]	6.2	6.9	7.4	7.1	6.7	7.1	8.0	7.0	7.2
All other [2]	17.3	14.3	14.4	13.5	13.9	13.2	13.5	14.9	13.5
Undistributed offsetting receipts [2]	−4.5	−4.3	−4.4	−4.8	−4.2	−5.5	−6.2	−4.1	−3.9
Total nondefense	54.0	55.1	58.2	62.5	65.7	68.8	70.5	74.0	75.9

See footnotes at end of table.

Table 6.1—**COMPOSITION OF OUTLAYS IN CURRENT AND IN CONSTANT (FY 1987) DOLLARS: 1940–1993—Continued**

Category	TQ	1977	1978	1979	1980	1981	1982	1983	1984
In millions of current dollars									
Total outlays	95,975	409,218	458,746	503,485	590,947	678,249	745,755	808,380	851,846
National defense [1]	22,269	97,241	104,495	116,342	133,995	157,513	185,309	209,903	227,413
Nondefense:									
Payments for individuals	45,534	196,978	211,761	233,837	278,530	324,658	357,924	396,523	401,209
Direct payments [2]	(40,449)	(174,268)	(186,967)	(206,276)	(245,879)	(286,807)	(319,123)	(353,951)	(355,856)
Grants to State and local governments	(5,085)	(22,710)	(24,795)	(27,561)	(32,652)	(37,851)	(38,800)	(42,572)	(45,353)
All other grants	10,819	45,609	53,035	55,204	58,707	56,836	49,327	49,837	52,129
Net Interest [2]	6,949	29,901	35,458	42,636	52,538	68,774	85,044	89,828	111,123
All other [2]	14,611	54,369	69,716	72,942	87,118	98,509	94,251	96,265	91,929
Undistributed offsetting receipts [2]	−4,206	−14,879	−15,720	−17,476	−19,942	−28,041	−26,099	−33,976	−31,957
Total nondefense	73,707	311,977	354,251	387,143	456,951	520,736	560,446	598,478	624,433
In billions of constant (FY 1987) dollars									
Total outlays	181.5	740.9	773.9	781.7	832.1	867.7	891.1	921.1	933.5
National defense [1]	42.4	176.8	177.2	180.4	187.1	198.2	214.3	230.4	241.7
Nondefense:									
Payments for individuals	86.3	357.6	358.9	365.7	394.9	420.5	435.6	459.8	446.5
Direct payments [2]	(76.7)	(316.3)	(316.9)	(322.6)	(348.6)	(371.5)	(388.4)	(410.5)	(396.0)
Grants to State and local governments	(9.6)	(41.2)	(42.0)	(43.1)	(46.3)	(49.0)	(47.2)	(49.4)	(50.5)
All other grants	20.5	82.9	89.3	84.9	81.2	72.4	59.2	57.5	57.8
Net Interest [2]	13.1	54.0	59.5	65.9	74.4	88.4	101.8	103.2	122.3
All other [2]	27.0	95.8	114.8	111.8	122.9	123.2	111.1	108.6	100.0
Undistributed offsetting receipts [2]	−7.8	−26.2	−25.9	−26.9	−28.5	−35.1	−30.9	−38.4	−34.8
Total nondefense	139.2	564.2	596.7	601.2	645.0	669.5	676.8	690.8	691.7
As percentages of GDP									
Total outlays	21.6	21.3	21.3	20.7	22.3	22.9	23.9	24.4	23.1
National defense [1]	5.0	5.1	4.8	4.8	5.1	5.3	5.9	6.3	6.2
Nondefense:									
Payments for individuals	10.2	10.3	9.8	9.6	10.5	11.0	11.5	12.0	10.9
Direct payments [2]	(9.1)	(9.1)	(8.7)	(8.5)	(9.3)	(9.7)	(10.2)	(10.7)	(9.6)
Grants to State and local governments	(1.1)	(1.2)	(1.2)	(1.1)	(1.2)	(1.3)	(1.2)	(1.3)	(1.2)
All other grants	2.4	2.4	2.5	2.3	2.2	1.9	1.6	1.5	1.4
Net Interest [2]	1.6	1.6	1.6	1.8	2.0	2.3	2.7	2.7	3.0
All other [2]	3.3	2.8	3.2	3.0	3.3	3.3	3.0	2.9	2.5
Undistributed offsetting receipts [2]	−0.9	−0.8	−0.7	−0.7	−0.8	−0.9	−0.8	−1.0	−0.9
Total nondefense	16.6	16.3	16.4	15.9	17.3	17.6	18.0	18.0	16.9
Addendum: GDP ($ billions)	445.0	1,917.2	2,155.0	2,429.5	2,644.1	2,964.4	3,122.2	3,316.5	3,695.0
As percentages of outlays									
Total outlays	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
National defense [1]	23.2	23.8	22.8	23.1	22.7	23.2	24.8	26.0	26.7
Nondefense:									
Payments for individuals	47.4	48.1	46.2	46.4	47.1	47.9	48.0	49.1	47.1
Direct payments [2]	(42.1)	(42.6)	(40.8)	(41.0)	(41.6)	(42.3)	(42.8)	(43.8)	(41.8)
Grants to State and local governments	(5.3)	(5.5)	(5.4)	(5.5)	(5.5)	(5.6)	(5.2)	(5.3)	(5.3)
All other grants	11.3	11.1	11.6	11.0	9.9	8.4	6.6	6.2	6.1
Net Interest [2]	7.2	7.3	7.7	8.5	8.9	10.1	11.4	11.1	13.0
All other [2]	15.2	13.3	15.2	14.5	14.7	14.5	12.6	11.9	10.8
Undistributed offsetting receipts [2]	−4.4	−3.6	−3.4	−3.5	−3.4	−4.1	−3.5	−4.2	−3.8
Total nondefense	76.8	76.2	77.2	76.9	77.3	76.8	75.2	74.0	73.3

See footnotes at end of table.

Table 6.1—COMPOSITION OF OUTLAYS IN CURRENT AND IN CONSTANT (FY 1987) DOLLARS: 1940–1993—Continued

Category	1985	1986	1987	1988	1989	1990	1991	1992	1993 estimate
In millions of current dollars									
Total outlays	946,391	990,336	1,003,911	1,064,140	1,143,172	1,252,691	1,323,785	1,381,791	1,474,935
National defense [1]	252,748	273,375	281,999	290,361	303,559	299,331	273,292	298,361	289,299
Nondefense:									
Payments for individuals	427,302	451,261	471,277	500,656	536,030	584,090	650,318	728,985	789,249
Direct payments [2]	(377,950)	(397,036)	(413,522)	(438,222)	(468,677)	(506,958)	(557,821)	(616,782)	(660,023)
Grants to State and local governments	(49,352)	(54,225)	(57,755)	(62,434)	(67,353)	(77,132)	(92,497)	(112,204)	(129,226)
All other grants	56,388	57,978	50,498	52,760	54,370	58,004	61,889	65,793	74,062
Net Interest [2]	129,504	136,047	138,652	151,838	169,266	184,221	194,541	199,429	202,771
All other [2]	113,147	104,682	97,941	105,492	117,158	163,661	183,102	128,503	156,767
Undistributed offsetting receipts [2]	−32,698	−33,007	−36,455	−36,967	−37,212	−36,615	−39,356	−39,280	−37,213
Total nondefense	693,643	716,961	721,912	773,780	839,613	953,360	1,050,493	1,083,431	1,185,636
In billions of constant (FY 1987) dollars									
Total outlays	1,001.3	1,017.3	1,003.9	1,027.1	1,057.2	1,110.1	1,122.0	1,138.4	1,180.0
National defense [1]	261.2	276.4	282.0	283.3	285.9	272.3	240.1	253.6	239.5
Nondefense:									
Payments for individuals	458.6	467.5	471.3	480.0	490.4	509.5	540.4	589.3	618.9
Direct payments [2]	(405.6)	(411.4)	(413.5)	(420.2)	(428.8)	(442.2)	(463.5)	(498.5)	(517.4)
Grants to State and local governments	(53.0)	(56.2)	(57.8)	(59.9)	(61.6)	(67.3)	(77.0)	(90.8)	(101.5)
All other grants	59.8	59.6	50.5	50.8	50.3	52.0	53.7	56.0	61.2
Net Interest [2]	137.3	140.1	138.7	146.5	156.3	163.2	165.2	164.6	163.1
All other [2]	118.7	107.6	97.9	102.4	108.6	145.5	155.7	107.1	127.1
Undistributed offsetting receipts [2]	−34.3	−34.0	−36.5	−35.8	−34.4	−32.4	−33.2	−32.2	−29.7
Total nondefense	740.1	740.8	721.9	743.8	771.3	837.8	882.0	884.8	940.6
As percentages of GDP									
Total outlays	23.9	23.5	22.5	22.1	22.1	22.9	23.5	23.5	23.9
National defense [1]	6.4	6.5	6.3	6.0	5.9	5.5	4.9	5.1	4.7
Nondefense:									
Payments for individuals	10.8	10.7	10.6	10.4	10.4	10.7	11.5	12.4	12.8
Direct payments [2]	(9.5)	(9.4)	(9.3)	(9.1)	(9.1)	(9.3)	(9.9)	(10.5)	(10.7)
Grants to State and local governments	(1.2)	(1.3)	(1.3)	(1.3)	(1.3)	(1.4)	(1.6)	(1.9)	(2.1)
All other grants	1.4	1.4	1.1	1.1	1.1	1.1	1.1	1.1	1.2
Net Interest [2]	3.3	3.2	3.1	3.2	3.3	3.4	3.5	3.4	3.3
All other [2]	2.9	2.5	2.2	2.2	2.3	3.0	3.3	2.2	2.5
Undistributed offsetting receipts [2]	−0.8	−0.8	−0.8	−0.8	−0.7	−0.7	−0.7	−0.7	−0.6
Total nondefense	17.5	17.0	16.2	16.1	16.2	17.4	18.7	18.5	19.2
Addendum: GDP ($ billions)	3,967.7	4,219.0	4,452.4	4,808.4	5,173.3	5,467.1	5,632.6	5,868.6	6,164.4
As percentages of outlays									
Total outlays	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
National defense [1]	26.7	27.6	28.1	27.3	26.6	23.9	20.6	21.6	19.6
Nondefense:									
Payments for individuals	45.2	45.6	46.9	47.0	46.9	46.6	49.1	52.8	53.5
Direct payments [2]	(39.9)	(40.1)	(41.2)	(41.2)	(41.0)	(40.5)	(42.1)	(44.6)	(44.7)
Grants to State and local governments	(5.2)	(5.5)	(5.8)	(5.9)	(5.9)	(6.2)	(7.0)	(8.1)	(8.8)
All other grants	6.0	5.9	5.0	5.0	4.8	4.6	4.7	4.8	5.0
Net Interest [2]	13.7	13.7	13.8	14.3	14.8	14.7	14.7	14.4	13.7
All other [2]	12.0	10.6	9.8	9.9	10.2	13.1	13.8	9.3	10.6
Undistributed offsetting receipts [2]	−3.5	−3.3	−3.6	−3.5	−3.3	−2.9	−3.0	−2.8	−2.5
Total nondefense	73.3	72.4	71.9	72.7	73.4	76.1	79.4	78.4	80.4

[1] Includes a small amount of grants to State and local governments and direct payments for individuals.
[2] Includes some off-budget amounts; most of the off-budget amounts are direct payments for individuals (social security benefits).

Table 7.1—**FEDERAL DEBT AT THE END OF YEAR: 1940–1993**

End of Fiscal Year	In Millions of Dollars					As Percentages of GDP				
	Gross Federal Debt	Less: Held by Federal Government Accounts	Equals: Held by the Public	Held by the Federal Reserve System	Other	Gross Federal Debt	Less: Held by Federal Government Accounts	Equals: Held by the Public	Held by the Federal Reserve System	Other
1940	50,696	7,924	42,772	2,458	40,314	53.1	8.3	44.8	2.6	42.3
1941	57,531	9,308	48,223	2,180	46,043	51.1	8.3	42.9	1.9	40.9
1942	79,200	11,447	67,753	2,640	65,113	55.9	8.1	47.8	1.9	45.9
1943	142,648	14,882	127,766	7,149	120,617	81.3	8.5	72.8	4.1	68.8
1944	204,079	19,283	184,796	14,899	169,897	101.2	9.6	91.6	7.4	84.2
1945	260,123	24,941	235,182	21,792	213,390	122.7	11.8	110.9	10.3	100.7
1946	270,991	29,130	241,861	23,783	218,078	127.5	13.7	113.8	11.2	102.6
1947	257,149	32,810	224,339	21,872	202,467	115.4	14.7	100.6	9.8	90.8
1948	252,031	35,761	216,270	21,366	194,904	102.2	14.5	87.7	8.7	79.0
1949	252,610	38,288	214,322	19,343	194,979	96.2	14.6	81.6	7.4	74.2
1950	256,853	37,830	219,023	18,331	200,692	96.6	14.2	82.4	6.9	75.5
1951	255,288	40,962	214,326	22,982	191,344	81.4	13.1	68.4	7.3	61.0
1952	259,097	44,339	214,758	22,906	191,852	76.1	13.0	63.1	6.7	56.3
1953	265,963	47,580	218,383	24,746	193,637	73.1	13.1	60.0	6.8	53.2
1954	270,812	46,313	224,499	25,037	199,462	73.6	12.6	61.0	6.8	54.2
1955	274,366	47,751	226,616	23,607	203,009	71.3	12.4	58.9	6.1	52.8
1956	272,693	50,537	222,156	23,758	198,398	65.5	12.1	53.4	5.7	47.7
1957	272,252	52,931	219,320	23,035	196,285	62.1	12.1	50.0	5.3	44.8
1958	279,666	53,329	226,336	25,438	200,898	62.4	11.9	50.5	5.7	44.8
1959	287,465	52,764	234,701	26,044	208,657	59.9	11.0	48.9	5.4	43.5
1960	290,525	53,686	236,840	26,523	210,317	57.6	10.6	46.9	5.3	41.7
1961	292,648	54,291	238,357	27,253	211,104	56.6	10.5	46.1	5.3	40.8
1962	302,928	54,918	248,010	29,663	218,347	54.6	9.9	44.7	5.3	39.3
1963	310,324	56,345	253,978	32,027	221,951	53.1	9.6	43.5	5.5	38.0
1964	316,059	59,210	256,849	34,794	222,055	50.5	9.5	41.1	5.6	35.5
1965	322,318	61,540	260,778	39,100	221,678	48.0	9.2	38.9	5.8	33.0
1966	328,498	64,784	263,714	42,169	221,545	44.7	8.8	35.9	5.7	30.1
1967	340,445	73,819	266,626	46,719	219,907	42.9	9.3	33.6	5.9	27.7
1968	368,685	79,140	289,545	52,230	237,315	43.5	9.3	34.2	6.2	28.0
1969	365,769	87,661	278,108	54,095	224,013	39.5	9.5	30.0	5.8	24.2
1970	380,921	97,723	283,198	57,714	225,484	38.7	9.9	28.7	5.9	22.9
1971	408,176	105,140	303,037	65,518	237,519	38.8	10.0	28.8	6.2	22.6
1972	435,936	113,559	322,377	71,426	250,951	38.0	9.9	28.1	6.2	21.9
1973	466,291	125,381	340,910	75,181	265,729	36.6	9.8	26.8	5.9	20.9
1974	483,893	140,194	343,699	80,648	263,051	34.5	10.0	24.5	5.7	18.7
1975	541,925	147,225	394,700	84,993	309,707	35.9	9.8	26.1	5.6	20.5
1976	628,970	151,566	477,404	94,714	382,690	37.3	9.0	28.3	5.6	22.7
TQ	643,561	148,052	495,509	96,702	398,807	36.2	8.3	27.8	5.4	22.4
1977	706,398	157,295	549,103	105,004	444,099	36.8	8.2	28.6	5.5	23.2
1978	776,602	169,477	607,125	115,480	491,645	36.0	7.9	28.2	5.4	22.8
1979	828,923	189,162	639,761	115,594	524,167	34.1	7.8	26.3	4.8	21.6
1980	908,503	199,212	709,291	120,846	588,445	34.4	7.5	26.8	4.6	22.3
1981	994,298	209,507	784,791	124,466	660,325	33.5	7.1	26.5	4.2	22.3
1982	1,136,798	217,560	919,238	134,497	784,741	36.4	7.0	29.4	4.3	25.1
1983	1,371,164	240,114	1,131,049	155,527	975,522	41.3	7.2	34.1	4.7	29.4
1984	1,564,110	264,159	1,299,951	155,122	1,144,829	42.3	7.1	35.2	4.2	31.0
1985	1,816,974	317,612	1,499,362	169,806	1,329,556	45.8	8.0	37.8	4.3	33.5
1986	2,120,082	383,919	1,736,163	190,855	1,545,308	50.3	9.1	41.2	4.5	36.6
1987	2,345,578	457,444	1,888,134	212,040	1,676,094	52.7	10.3	42.4	4.8	37.6
1988	2,600,760	550,507	2,050,252	229,218	1,821,034	54.1	11.4	42.6	4.8	37.9
1989	2,867,537	678,210	2,189,327	220,088	1,969,239	55.4	13.1	42.3	4.3	38.1
1990	3,206,347	795,990	2,410,357	234,410	2,175,947	58.6	14.6	44.1	4.3	39.8
1991	3,598,993	911,060	2,687,933	258,591	2,429,342	63.9	16.2	47.7	4.6	43.1
1992	4,002,669	1,004,039	2,998,630	296,397	2,702,234	68.2	17.1	51.1	5.1	46.0
1993 estimate	4,410,475	1,100,758	3,309,717	N/A	N/A	71.5	17.9	53.7	N/A	N/A

N/A: Not available.

Table 7.2—DEBT SUBJECT TO STATUTORY LIMIT: 1940–1993

(in millions of dollars)

End of Fiscal Year	Debt Subject to Limit	End of Fiscal Year	Debt Subject to Limit	End of Fiscal Year	Debt Subject to Limit	End of Fiscal Year	Debt Subject to Limit
1940	43,219	1954	269,379	1968	348,534	1981	998,818
1941	49,494	1955	272,348	1969	356,107	1982	1,142,913
1942	74,154	1956	270,619	1970	372,600	1983	1,377,953
1943	140,469	1957	269,120	1971	398,650	1984	1,572,975
1944	208,077	1958	275,395	1972	427,751	1985	1,823,775
1945	268,671	1959	282,419	1973	458,264	1986	2,110,975
1946	268,932	1960	283,827	1974	475,181	1987	2,336,014
1947	255,767	1961	286,308	1975	534,207	1988	2,586,869
1948	250,381	1962	295,374	1976	621,556	1989	2,829,770
1949	250,965	1963	302,923	TQ	635,822	1990	3,161,223
1950	255,382	1964	308,583	1977	699,963	1991	3,569,300
1951	253,284	1965	314,126	1978	772,691	1992	3,972,578
1952	257,233	1966	316,293	1979	827,615	1993 estimate	4,378,039
1953	264,220	1967	323,143	1980	908,723		

Table 7.3—**STATUTORY LIMITS ON FEDERAL DEBT: 1940–CURRENT**

Date and Act	History of Legislation	Dollar Amount of Limit
June 25, 1940		
54 Stat. 526	Amended sec. 21, adding new authority for issuance of $4 billion National Defense Series obligations outstanding	49,000,000,000
February 19, 1941		
55 Stat. 7	Amended sec. 21, eliminating authority for $4 billion of National Defense Series obligations and increasing limitation to	65,000,000,000
March 28, 1942		
56 Stat. 189	Amended sec. 21, increasing limitation to	125,000,000,000
April 11, 1943		
57 Stat. 63	Amended sec. 21, increasing limitation to	210,000,000,000
June 9, 1944		
58 Stat. 272	Amended sec. 21, increasing limitation to	260,000,000,000
April 3, 1945		
59 Stat. 47	Amended sec. 21, including obligations guaranteed as to principal and interest by the United States and increasing limitation to	300,000,000,000
June 26, 1946		
60 Stat. 316	Amended sec. 21, defining face amount of savings bonds to be current redemption value and decreasing limitation to	275,000,000,000
August 28, 1954		
68 Stat. 895	Increasing sec. 21 limitation by $6 billion during period beginning August 28, 1954, and ending June 30, 1955	281,000,000,000
June 30, 1955		
69 Stat. 241	Amended act of August 28,1954, extending increase in limitation until June 30, 1956	281,000,000,000
July 9, 1956		
70 Stat. 519	Increased sec. 21 limitation by $3 billion during period beginning July 1, 1956, and ending June 30, 1957	278,000,000,000
	Temporary increase terminated July 1, 1957, and limitation reverted to	275,000,000,000
February 26, 1958		
72 Stat. 27	Increased sec. 21 limitation by $5 billion during period beginning February 26, 1958, and ending June 30, 1959	280,000,000,000
September 2, 1958		
72 Stat. 1758	Amended sec. 21, increasing limitation to $283 billion, which with temporary increase of February 26, 1958 made limitation	288,000,000,000
June 30, 1959		
73 Stat. 156	Amended sec. 21, increasing limitation to $285 billion and increased sec. 21 limitation by $10 billion during period beginning July 1, 1959, and ending June 30, 1960	295,000,000,000
June 30, 1960		
74 Stat. 290	Increased sec. 21 limitation by $8 billion during period beginning July 1, 1960, and ending June 30, 1961	293,000,000,000
June 30, 1961		
75 Stat. 148	Increased sec. 21 limitation by $13 billion during period beginning July 1, 1961, and ending June 30, 1962	298,000,000,000
March 13, 1962		
76 Stat. 23	Increased sec. 21 limitation by $2 billion (in addition to temporary increase of $13 billion in act of June 30, 1961) during period beginning March 13, 1962, and ending June 30, 1962	300,000,000,000
July 1, 1962		
76 Stat. 124	Increased sec. 21 limitation during the periods:	
	(1) beginning July 1, 1962, and ending March 31, 1963, to	308,000,000,000
	(2) beginning April 1, 1963, and ending June 24, 1963, to	305,000,000,000
	(3) beginning June 25, 1963, and ending June 30, 1963, to	300,000,000,000
May 29, 1963		
77 Stat. 90	Increased sec. 21 limitation during the periods:	
	(1) beginning May 29, 1963, and ending June 30, 1963, to	307,000,000,000
	(2) beginning July 1, 1963, and ending August 31, 1963, to	309,000,000,000

Table 7.3—**STATUTORY LIMITS ON FEDERAL DEBT: 1940–CURRENT—Continued**

Date and Act	History of Legislation	Dollar Amount of Limit
August 27, 1963		
77 Stat. 131	Increased sec. 21 limitation during the period beginning September 1, 1963, and ending November 30, 1963, to	309,000,000,000
November 26, 1963		
77 Stat. 342	Increased sec. 21 limitation during the periods:	
	(1) beginning December 1, 1963, and ending June 29, 1964, to	315,000,000,000
	(2) ending June 30, 1964, to	309,000,000,000
June 29, 1964		
78 Stat. 225	Increased sec. 21 limitation during the period beginning June 29, 1964, and ending June 30, 1965, to	324,000,000,000
June 24, 1965		
79 Stat. 172	Increased sec. 21 limitation during the period beginning July 1, 1965, and ending June 30, 1966, to	328,000,000,000
June 24, 1966		
80 Stat. 221	Increased sec. 21 limitation during the period beginning July 1, 1966, and ending June 30, 1967, to	330,000,000,000
March 2, 1967		
81 Stat. 4	Increased sec. 21 limitation during the period beginning March 2, 1967, and ending June 30, 1967, to	336,000,000,000
June 30, 1967		
81 Stat. 99	Sec. 21 amended to increase limitation on aggregate outstanding at any time to	358,000,000,000
	Sec. 21 amended also to increase the limitation temporarily, beginning July 1, 1968, and each July 1 thereafter for the period beginning July 1 and ending June 29 of each succeeding calendar year by $7 billion, providing an operating limitation of	365,000,000,000
April 7, 1969		
83 Stat. 7	Amended sec. 21, increasing limitation to $365 billion, and increased sec. 21 limitation by $12 billion during period beginning April 7, 1969, and ending June 30, 1970	377,000,000,000
June 30, 1970		
84 Stat. 368	Amended sec. 21, increasing limitation to $380 billion, and increased sec. 21 limitation by $15 billion during period beginning July 1, 1970, and ending June 30, 1971	395,000,000,000
March 17, 1971		
85 Stat. 5	Amended sec. 21, increasing limitation to $400 billion, and increased sec. 21 limitation by $30 billion during period beginning March 17, 1971, and ending June 30, 1972	430,000,000,000
March 15, 1972		
86 Stat. 63	Amended sec. 21, to further increase the limitation temporarily by $20 billion during period beginning March 15, 1972, and ending June 30, 1972	450,000,000,000
July 1, 1972		
86 Stat. 406	Amended act of March 15, 1972, striking out June 30, 1972, and inserting in lieu thereof October 31, 1972	450,000,000,000
October 27, 1972		
86 Stat. 1324	Increased sec. 21 limitation during the period beginning November 1, 1972, and ending June 30, 1973	465,000,000,000
July 1, 1973		
86 Stat. 1324	Amended act of October 27, 1972, striking out June 30, 1973, and inserting in lieu thereof November 30, 1973	465,000,000,000
December 3, 1973		
87 Stat. 691	Increased sec. 21 limitation during the period beginning December 3, 1973, and ending June 30, 1974	475,700,000,000
June 30, 1974		
88 Stat. 285	Increased sec. 21 limitation during the period beginning June 30, 1974, and ending March 31, 1975	495,000,000,000
February 19, 1975		
89 Stat. 5	Increased sec. 21 limitation during the period beginning February 19, 1975, and ending June 30, 1975	577,000,000,000
June 30, 1975		
89 Stat. 246	Increased sec. 21 limitation during the period beginning June 30, 1975, and ending November 15, 1975	577,000,000,000

Table 7.3—STATUTORY LIMITS ON FEDERAL DEBT: 1940–CURRENT—Continued

Date and Act	History of Legislation	Dollar Amount of Limit
November 14, 1975		
89 Stat. 693	Increased sec. 21 limitation during the period beginning November 14, 1975, and ending March 15, 1976	595,000,000,000
March 15, 1976		
90 Stat. 217	Increased sec. 21 limitation during the period beginning March 15, 1976, and ending June 30, 1976	627,000,000,000
June 30, 1976		
90 Stat. 793	Increased sec. 21 limitation during the periods:	
	(1) beginning July 1, 1976, and ending September 30, 1976, to	636,000,000,000
	(2) beginning October 1, 1976, and ending March 31, 1977, to	682,000,000,000
	(3) beginning April 1, 1977, and ending September 30, 1977, to	700,000,000,000
	Temporary increase terminated October 1, 1977, and limitation reverted to	400,000,000,000
October 4, 1977		
91 Stat. 1090	Increased sec. 21 limitation by $352 billion during the period beginning October 4, 1977, and ending March 31, 1978	752,000,000,000
March 27, 1978		
92 Stat. 185	Amended act of October 4, 1977, striking out March 31, 1978, and inserting in lieu thereof July 31, 1978	752,000,000,000
	Temporary increase terminated August 1, 1978, and limitation reverted to	400,000,000,000
August 3, 1978		
92 Stat. 419	Increased sec. 21 limitation by $398 billion during the period beginning August 3, 1978, and ending March 31, 1979	798,000,000,000
	Temporary increase terminated April 1, 1979, and limitation reverted to	400,000,000,000
April 2, 1979		
93 Stat. 8	Increased sec. 21 limitation by $430 billion during the period beginning April 2, 1979, and ending September 30, 1979	830,000,000,000
September 29, 1979		
93 Stat. 589	Increased sec. 21 limitation by $479 billion during the period beginning September 29, 1979, and ending May 31, 1980	879,000,000,000
May 30, 1980		
94 Stat. 421	Amended act of September 29, 1979, striking out May 31, 1980, and inserting in lieu thereof June 5, 1980	879,000,000,000
June 6, 1980		
94 Stat. 439	Amended act of September 29, 1979, striking out June 5, 1980, and inserting in lieu thereof June 30, 1980	879,000,000,000
June 28, 1980		
94 Stat. 598	Increased sec. 21 limitation by $525 billion during the period beginning June 28, 1980, and ending February 28, 1981	925,000,000,000
December 19, 1980		
94 Stat. 3261	Increased the total debt limit (composed of $400.0 billion of permanent ceiling, $535.1 billion of temporary ceiling) to	935,100,000,000
February 7, 1981		
95 Stat. 4	Increased the temporary portion of the debt limit to $585.0 billion through September 30, 1980, raising the total debt ceiling to	985,000,000,000
September 30, 1981		
95 Stat. 955	Increased the temporary portion of the debt limit to $599.8 billion for one day—September 30, 1981	999,800,000,000
September 30, 1981		
95 Stat. 956	Increased the temporary portion of the debt limit to $679.8 billion through September 30, 1982	1,079,800,000,000
June 28, 1982		
96 Stat. 130	Increased the temporary portion of the debt limit to $743.1 billion through September 30, 1982	1,143,100,000,000
September 30, 1982		
96 Stat. 1156	Increased the temporary portion of the debt limit to $890.2 billion through September 30, 1983	1,290,200,000,000
May 26, 1983		
97 Stat. 196	Eliminated the distinction between permanent and temporary limit with the enactment of a single permanent limit. Raised the debt limit to	1,389,000,000,000

Table 7.3—**STATUTORY LIMITS ON FEDERAL DEBT: 1940–CURRENT—Continued**

Date and Act	History of Legislation	Dollar Amount of Limit
November 21, 1983		
97 Stat. 1012	Increased the debt limit to	1,490,000,000,000
May 25, 1984		
98 Stat. 211	Increased the debt limit to	1,520,000,000,000
July 6, 1984		
98 Stat. 313	Increased the debt limit to	1,573,000,000,000
October 13, 1984		
98 Stat. 475	Increased the debt limit to	1,823,800,000,000
November 14, 1985		
99 Stat. 814	Increased the debt limit temporarily through December 6, 1985 to	1,903,800,000,000
December 12, 1985		
99 Stat. 1037	Increased the debt limit to	2,078,700,000,000
August 21, 1986		
100 Stat. 818	Increased the debt limit to	2,111,000,000,000
October 21, 1986		
100 Stat. 1874	Increased the debt limit temporarily through May 15, 1987 to	2,300,000,000,000
May 15, 1987		
101 Stat. 308	Increased the debt limit temporarily through July 17, 1987 to	2,320,000,000,000
July 30, 1987		
101 Stat. 542	Increased the debt limit temporarily through August 6, 1987 to	2,320,000,000,000
August 10, 1987		
101 Stat. 550	Increased the debt limit temporarily through September 23, 1987 to	2,352,000,000,000
September 29, 1987		
101 Stat. 754	Increased the debt limit to	2,800,000,000,000
August 7, 1989		
103 Stat. 182	Increased the debt limit temporarily through October 31, 1989 to	2,870,000,000,000
November 8, 1989		
103 Stat. 830	Increased the debt limit to	3,122,700,000,000
August 9, 1990		
104 Stat. 403	Increased the debt limit temporarily through October 2, 1990 to	3,195,000,000,000
October 2, 1990		
104 Stat. 878	Increased the debt limit temporarily through October 6, 1990 to	3,195,000,000,000
October 9, 1990		
104 Stat. 894	Increased the debt limit temporarily through October 19, 1990 to	3,195,000,000,000
October 19, 1990		
104 Stat. 1030	Increased the debt limit temporarily through October 24, 1990 to	3,195,000,000,000
October 25, 1990		
104 Stat. 1075	Increased the debt limit temporarily through October 27, 1990 to	3,195,000,000,000
October 28, 1990		
104 Stat. 1086	Increased the debt limit temporarily through November 5, 1990 to	3,230,000,000,000
November 5, 1990		
104 Stat. 1388	Increased the debt limit to	4,145,000,000,000

Table 8.1—OUTLAYS BY BUDGET ENFORCEMENT ACT CATEGORIES: 1962–1993

(in billions of dollars)

Fiscal Year	Total Outlays	Discretionary				Mandatory and Net Interest							
							Mandatory						
								Programmatic					
		Total	National Defense	International	Domestic	Total	Total	Total	Social Security	Deposit Insurance	Other	Undistributed Offsetting Receipts [1]	Net Interest
1962	106.8	74.9	52.6	5.5	16.8	32.0	25.1	30.3	14.0	−0.4	16.7	−5.3	6.9
1963	111.3	78.3	53.7	5.2	19.3	33.0	25.3	31.1	15.5	−0.4	16.0	−5.8	7.7
1964	118.5	82.8	55.0	4.6	23.1	35.8	27.6	33.3	16.2	−0.4	17.4	−5.7	8.2
1965	118.2	81.8	51.0	4.7	26.1	36.4	27.8	33.7	17.1	−0.4	17.0	−5.9	8.6
1966	134.5	94.1	59.0	5.1	30.0	40.4	31.0	37.6	20.3	−0.5	17.8	−6.5	9.4
1967	157.5	110.4	72.0	5.3	33.1	47.0	36.8	44.1	21.3	−0.4	23.2	−7.3	10.3
1968	178.1	122.1	82.2	4.9	35.1	56.0	44.9	53.0	23.3	−0.5	30.2	−8.0	11.1
1969	183.6	121.4	82.7	4.1	34.6	62.2	49.5	57.5	26.7	−0.6	31.4	−8.0	12.7
1970	195.6	124.6	81.9	4.0	38.7	71.1	56.7	65.3	29.6	−0.5	36.2	−8.6	14.4
1971	210.2	127.1	79.0	3.8	44.3	83.1	68.2	78.3	35.1	−0.4	43.6	−10.1	14.8
1972	230.7	133.1	79.3	4.6	49.2	97.6	82.1	91.7	39.4	−0.6	52.9	−9.6	15.5
1973	245.7	135.0	77.1	4.8	53.0	110.7	93.4	106.8	48.2	−0.8	59.4	−13.4	17.3
1974	269.4	142.5	80.7	6.2	55.6	126.8	105.4	122.1	55.0	−0.6	67.8	−16.7	21.4
1975	332.3	162.5	87.6	8.2	66.7	169.9	146.6	160.2	63.6	0.5	96.1	−13.6	23.2
1976	371.8	175.6	89.9	7.5	78.2	196.2	169.5	183.9	72.7	−0.6	111.8	−14.4	26.7
TQ	96.0	48.0	22.3	3.3	22.4	48.0	41.0	45.2	19.5	−0.1	25.8	−4.2	6.9
1977	409.2	197.1	97.5	8.0	91.5	212.1	182.2	197.1	83.7	−2.8	116.2	−14.9	29.9
1978	458.7	218.7	104.6	8.5	105.5	240.0	204.6	220.3	92.4	−1.0	128.8	−15.7	35.5
1979	503.5	240.0	116.8	9.1	114.1	263.5	220.9	238.3	102.6	−1.7	137.5	−17.5	42.6
1980	590.9	276.5	134.6	12.8	129.1	314.5	261.9	281.9	117.1	−0.4	165.2	−19.9	52.5
1981	678.2	308.2	158.0	13.6	136.5	370.1	301.3	329.4	137.9	−1.4	192.9	−28.0	68.8
1982	745.8	326.2	185.9	12.9	127.4	419.6	334.5	360.6	153.9	−2.1	208.8	−26.1	85.0
1983	808.4	353.4	209.9	13.6	130.0	454.9	365.1	399.1	168.5	−1.2	231.7	−34.0	89.8
1984	851.8	379.6	228.0	16.3	135.3	472.2	361.1	393.1	176.1	−0.8	217.8	−32.0	111.1
1985	946.4	416.2	253.1	17.4	145.7	530.2	400.7	433.4	186.4	−2.2	249.1	−32.7	129.5
1986	990.3	439.0	273.8	17.7	147.5	551.3	415.2	448.2	196.5	1.5	250.2	−33.0	136.0
1987	1,003.9	444.9	282.5	15.2	147.2	559.0	420.3	462.7	205.1	3.1	254.5	−42.3	138.7
1988	1,064.1	465.1	290.9	15.7	158.4	599.1	447.2	491.9	216.8	10.0	265.1	−44.7	151.8
1989	1,143.2	489.7	304.0	16.6	169.0	653.5	484.2	528.6	230.4	22.0	276.2	−44.3	169.3
1990	1,252.7	501.7	300.1	19.1	182.5	751.0	566.8	603.5	246.5	58.1	298.8	−36.7	184.2
1991	1,323.8	534.8	319.7	19.7	195.4	789.0	594.5	633.8	266.8	66.3	300.7	−39.4	194.5
1992	1,381.8	534.3	301.3	19.2	213.8	847.4	648.0	687.3	285.1	2.6	399.6	−39.3	199.4
1993 estimate	1,474.9	548.1	290.8	21.6	235.8	926.8	724.1	761.3	302.2	15.5	443.6	−37.2	202.8

[1] Including asset sales.
See Table 8.5 for additional details.

Table 8.2—**OUTLAYS BY BUDGET ENFORCEMENT ACT CATEGORIES IN CONSTANT (FY 1987) DOLLARS: 1962–1993**

(in billions of dollars)

Fiscal Year	Total Outlays	Discretionary				Mandatory and Net Interest							
							Mandatory						
								Programmatic				Undistributed Offsetting Receipts[1]	Net Interest
		Total	National Defense	International	Domestic	Total	Total	Total	Social Security	Deposit Insurance	Other		
1962	436.1	325.0	228.9	24.0	72.1	111.1	85.4	109.6	49.7	−1.7	61.7	−24.2	25.7
1963	437.6	325.6	224.2	21.8	79.7	112.0	83.6	109.3	53.8	−1.8	57.2	−25.7	28.4
1964	456.6	335.7	225.1	18.3	92.2	120.9	91.3	115.5	55.6	−1.7	61.6	−24.2	29.6
1965	446.1	325.2	205.6	18.2	101.4	121.0	90.6	114.8	57.5	−1.5	58.8	−24.2	30.4
1966	492.5	361.4	229.4	18.8	113.1	131.1	98.9	124.5	66.5	−1.8	59.8	−25.6	32.2
1967	559.9	411.5	271.3	19.4	120.9	148.3	114.3	142.1	67.9	−1.5	75.7	−27.9	34.1
1968	608.5	436.3	296.4	17.0	123.0	172.2	136.8	166.0	71.9	−1.8	95.9	−29.2	35.5
1969	593.9	411.0	283.3	13.4	114.4	182.9	144.2	171.5	79.0	−2.0	94.5	−27.3	38.7
1970	596.0	395.5	263.6	12.2	119.7	200.6	159.0	186.4	84.1	−1.5	103.9	−27.4	41.5
1971	599.2	375.3	237.3	10.8	127.3	223.8	183.1	212.6	95.1	−1.1	118.6	−29.5	40.8
1972	617.5	364.0	220.2	12.1	131.7	253.5	213.1	238.4	102.1	−1.6	137.9	−25.4	40.4
1973	620.4	343.0	198.3	11.8	132.9	277.4	234.2	266.8	119.8	−2.0	148.9	−32.5	43.1
1974	625.4	331.4	188.6	14.1	128.8	294.0	244.4	282.1	126.7	−1.4	156.8	−37.7	49.6
1975	698.5	341.8	186.3	16.7	138.8	356.7	307.9	335.8	133.2	1.0	201.5	−27.9	48.9
1976	729.3	343.7	178.3	14.2	151.2	385.6	333.5	360.8	142.7	−1.1	219.2	−27.4	52.2
TQ	181.5	90.5	42.4	6.1	41.9	91.0	77.9	85.7	36.9	−0.1	49.0	−7.8	13.1
1977	740.9	355.3	177.3	14.1	163.9	385.6	331.6	357.8	151.9	−4.9	210.8	−26.2	54.0
1978	773.8	367.5	177.5	14.1	176.0	406.3	346.8	372.7	156.7	−1.6	217.6	−25.9	59.5
1979	781.7	370.6	181.1	14.0	175.5	411.0	345.2	372.1	160.4	−2.7	214.4	−26.9	65.9
1980	832.0	386.9	188.0	18.0	181.0	445.1	370.7	399.2	166.0	−0.5	233.7	−28.5	74.4
1981	867.7	388.8	198.7	17.1	172.9	478.9	390.5	425.6	178.6	−1.7	248.7	−35.1	88.4
1982	891.1	382.2	215.0	15.2	152.0	508.9	407.1	438.0	187.3	−2.5	253.2	−30.9	101.8
1983	921.2	394.2	230.4	15.3	148.5	526.9	423.7	462.1	195.4	−1.3	268.0	−38.4	103.2
1984	933.5	408.9	242.4	17.7	148.7	524.6	402.3	437.2	195.9	−0.9	242.2	−34.8	122.3
1985	1,001.2	433.9	261.5	18.2	154.1	567.3	430.0	464.4	200.1	−2.3	266.6	−34.3	137.3
1986	1,017.3	447.0	276.9	18.2	151.9	570.3	430.2	464.2	203.6	1.6	259.0	−34.0	140.1
1987	1,003.9	444.9	282.5	15.2	147.2	559.0	420.3	462.7	205.1	3.1	254.5	−42.3	138.7
1988	1,027.1	452.0	283.8	15.3	152.9	575.1	428.6	471.9	207.9	9.7	254.3	−43.3	146.5
1989	1,057.2	457.9	286.4	15.4	156.2	599.3	443.0	484.0	210.8	20.4	252.8	−40.9	156.3
1990	1,110.1	451.9	273.1	16.9	161.9	658.2	495.0	527.5	215.0	51.7	260.8	−32.5	163.2
1991	1,122.0	463.8	280.9	16.8	166.2	658.2	493.0	526.2	221.6	56.4	248.1	−33.2	165.2
1992	1,138.4	450.0	256.1	16.0	177.9	688.4	523.8	556.0	230.4	2.2	323.3	−32.2	164.6
1993 estimate	1,180.1	448.8	240.7	17.5	190.7	731.3	568.2	597.9	236.9	12.6	348.4	−29.7	163.1

[1] Including asset sales.
See Table 8.6 for additional details.

Table 8.3—PERCENTAGE DISTRIBUTION OF OUTLAYS BY BUDGET ENFORCEMENT ACT CATEGORIES: 1962–1993

Fiscal Year	Total Outlays	Discretionary				Mandatory and Net Interest							
							Mandatory						
								Programmatic					
		Total	National Defense	International	Domestic	Total	Total	Total	Social Security	Deposit Insurance	Other	Undistributed Offsetting Receipts [1]	Net Interest
1962	100.0	70.1	49.2	5.2	15.7	29.9	23.5	28.4	13.2	−0.4	15.6	−4.9	6.4
1963	100.0	70.4	48.3	4.7	17.4	29.6	22.7	27.9	13.9	−0.4	14.4	−5.2	7.0
1964	100.0	69.8	46.4	3.9	19.5	30.2	23.2	28.1	13.7	−0.4	14.7	−4.8	6.9
1965	100.0	69.2	43.2	4.0	22.1	30.8	23.5	28.5	14.4	−0.3	14.4	−5.0	7.3
1966	100.0	69.9	43.9	3.8	22.3	30.1	23.1	27.9	15.1	−0.4	13.2	−4.9	7.0
1967	100.0	70.1	45.7	3.4	21.0	29.9	23.4	28.0	13.5	−0.3	14.7	−4.6	6.5
1968	100.0	68.6	46.1	2.7	19.7	31.4	25.2	29.7	13.1	−0.3	17.0	−4.5	6.2
1969	100.0	66.1	45.0	2.2	18.9	33.9	27.0	31.3	14.5	−0.3	17.1	−4.3	6.9
1970	100.0	63.7	41.9	2.0	19.8	36.3	29.0	33.4	15.2	−0.3	18.5	−4.4	7.4
1971	100.0	60.5	37.6	1.8	21.1	39.5	32.5	37.3	16.7	−0.2	20.7	−4.8	7.1
1972	100.0	57.7	34.4	2.0	21.3	42.3	35.6	39.7	17.1	−0.3	22.9	−4.2	6.7
1973	100.0	54.9	31.4	2.0	21.6	45.1	38.0	43.5	19.6	−0.3	24.2	−5.5	7.1
1974	100.0	52.9	30.0	2.3	20.6	47.1	39.1	45.3	20.4	−0.2	25.2	−6.2	8.0
1975	100.0	48.9	26.4	2.5	20.1	51.1	44.1	48.2	19.1	0.2	28.9	−4.1	7.0
1976	100.0	47.2	24.2	2.0	21.0	52.8	45.6	49.5	19.6	−0.2	30.1	−3.9	7.2
TQ	100.0	50.0	23.2	3.5	23.3	50.0	42.7	47.1	20.3	−0.1	26.9	−4.4	7.2
1977	100.0	48.2	23.8	2.0	22.4	51.8	44.5	48.2	20.5	−0.7	28.4	−3.6	7.3
1978	100.0	47.7	22.8	1.9	23.0	52.3	44.6	48.0	20.2	−0.2	28.1	−3.4	7.7
1979	100.0	47.7	23.2	1.8	22.7	52.3	43.9	47.3	20.4	−0.3	27.3	−3.5	8.5
1980	100.0	46.8	22.8	2.2	21.8	53.2	44.3	47.7	19.8	−0.1	28.0	−3.4	8.9
1981	100.0	45.4	23.3	2.0	20.1	54.6	44.4	48.6	20.3	−0.2	28.4	−4.1	10.1
1982	100.0	43.7	24.9	1.7	17.1	56.3	44.9	48.4	20.6	−0.3	28.0	−3.5	11.4
1983	100.0	43.7	26.0	1.7	16.1	56.3	45.2	49.4	20.8	−0.1	28.7	−4.2	11.1
1984	100.0	44.6	26.8	1.9	15.9	55.4	42.4	46.1	20.7	−0.1	25.6	−3.8	13.0
1985	100.0	44.0	26.7	1.8	15.4	56.0	42.3	45.8	19.7	−0.2	26.3	−3.5	13.7
1986	100.0	44.3	27.7	1.8	14.9	55.7	41.9	45.3	19.8	0.2	25.3	−3.3	13.7
1987	100.0	44.3	28.1	1.5	14.7	55.7	41.9	46.1	20.4	0.3	25.3	−4.2	13.8
1988	100.0	43.7	27.3	1.5	14.9	56.3	42.0	46.2	20.4	0.9	24.9	−4.2	14.3
1989	100.0	42.8	26.6	1.5	14.8	57.2	42.4	46.2	20.2	1.9	24.2	−3.9	14.8
1990	100.0	40.1	24.0	1.5	14.6	59.9	45.2	48.2	19.7	4.6	23.9	−2.9	14.7
1991	100.0	40.4	24.2	1.5	14.8	59.6	44.9	47.9	20.2	5.0	22.7	−3.0	14.7
1992	100.0	38.7	21.8	1.4	15.5	61.3	46.9	49.7	20.6	0.2	28.9	−2.8	14.4
1993 estimate	100.0	37.2	19.7	1.5	16.0	62.8	49.1	51.6	20.5	1.0	30.1	−2.5	13.7

[1] Including asset sales.

Table 8.4—OUTLAYS BY BUDGET ENFORCEMENT ACT CATEGORIES AS PERCENTAGES OF GDP: 1962–1993

Fiscal Year	Total Outlays	Discretionary				Mandatory and Net Interest							
							Mandatory						
								Programmatic					
		Total	National Defense	International	Domestic	Total	Total	Total	Social Security	Deposit Insurance	Other	Undistributed Offsetting Receipts [1]	Net Interest
1962	19.2	13.5	9.5	1.0	3.0	5.8	4.5	5.5	2.5	−0.1	3.0	−0.9	1.2
1963	19.0	13.4	9.2	0.9	3.3	5.6	4.3	5.3	2.6	−0.1	2.7	−1.0	1.3
1964	19.0	13.2	8.8	0.7	3.7	5.7	4.4	5.3	2.6	−0.1	2.8	−0.9	1.3
1965	17.6	12.2	7.6	0.7	3.9	5.4	4.1	5.0	2.5	−0.1	2.5	−0.9	1.3
1966	18.3	12.8	8.0	0.7	4.1	5.5	4.2	5.1	2.8	−0.1	2.4	−0.9	1.3
1967	19.8	13.9	9.1	0.7	4.2	5.9	4.6	5.6	2.7	−0.1	2.9	−0.9	1.3
1968	21.0	14.4	9.7	0.6	4.1	6.6	5.3	6.3	2.7	−0.1	3.6	−0.9	1.3
1969	19.8	13.1	8.9	0.4	3.7	6.7	5.3	6.2	2.9	−0.1	3.4	−0.9	1.4
1970	19.9	12.6	8.3	0.4	3.9	7.2	5.8	6.6	3.0	−0.1	3.7	−0.9	1.5
1971	20.0	12.1	7.5	0.4	4.2	7.9	6.5	7.5	3.3	–*	4.1	−1.0	1.4
1972	20.1	11.6	6.9	0.4	4.3	8.5	7.2	8.0	3.4	−0.1	4.6	−0.8	1.3
1973	19.3	10.6	6.1	0.4	4.2	8.7	7.3	8.4	3.8	−0.1	4.7	−1.1	1.4
1974	19.2	10.2	5.8	0.4	4.0	9.0	7.5	8.7	3.9	–*	4.8	−1.2	1.5
1975	22.0	10.8	5.8	0.5	4.4	11.2	9.7	10.6	4.2	*	6.4	−0.9	1.5
1976	22.1	10.4	5.3	0.4	4.6	11.7	10.1	10.9	4.3	–*	6.6	−0.9	1.6
TQ	21.6	10.8	5.0	0.7	5.0	10.8	9.2	10.2	4.4	–*	5.8	−0.9	1.6
1977	21.3	10.3	5.1	0.4	4.8	11.1	9.5	10.3	4.4	−0.1	6.1	−0.8	1.6
1978	21.3	10.1	4.9	0.4	4.9	11.1	9.5	10.2	4.3	–*	6.0	−0.7	1.6
1979	20.7	9.9	4.8	0.4	4.7	10.8	9.1	9.8	4.2	−0.1	5.7	−0.7	1.8
1980	22.3	10.5	5.1	0.5	4.9	11.9	9.9	10.7	4.4	–*	6.2	−0.8	2.0
1981	22.9	10.4	5.3	0.5	4.6	12.5	10.2	11.1	4.7	–*	6.5	−0.9	2.3
1982	23.9	10.4	6.0	0.4	4.1	13.4	10.7	11.5	4.9	−0.1	6.7	−0.8	2.7
1983	24.4	10.7	6.3	0.4	3.9	13.7	11.0	12.0	5.1	–*	7.0	−1.0	2.7
1984	23.1	10.3	6.2	0.4	3.7	12.8	9.8	10.6	4.8	–*	5.9	−0.9	3.0
1985	23.9	10.5	6.4	0.4	3.7	13.4	10.1	10.9	4.7	−0.1	6.3	−0.8	3.3
1986	23.5	10.4	6.5	0.4	3.5	13.1	9.8	10.6	4.7	*	5.9	−0.8	3.2
1987	22.5	10.0	6.3	0.3	3.3	12.6	9.4	10.4	4.6	0.1	5.7	−1.0	3.1
1988	22.1	9.7	6.1	0.3	3.3	12.5	9.3	10.2	4.5	0.2	5.5	−0.9	3.2
1989	22.1	9.5	5.9	0.3	3.3	12.6	9.4	10.2	4.5	0.4	5.3	−0.9	3.3
1990	22.9	9.2	5.5	0.3	3.3	13.7	10.4	11.0	4.5	1.1	5.5	−0.7	3.4
1991	23.5	9.5	5.7	0.3	3.5	14.0	10.6	11.3	4.7	1.2	5.3	−0.7	3.5
1992	23.5	9.1	5.1	0.3	3.6	14.4	11.0	11.7	4.9	*	6.8	−0.7	3.4
1993 estimate	23.9	8.9	4.7	0.3	3.8	15.0	11.7	12.3	4.9	0.3	7.2	−0.6	3.3

* 0.05 percent or less.
[1] Including asset sales.

Table 8.5—OUTLAYS FOR MANDATORY AND RELATED PROGRAMS: 1962–1993

(In billions of dollars)

Category and Program	1962	1963	1964	1965	1966	1967	1968	1969	1970
Mandatory programs:									
Human resource programs:									
Education, training, employment, and social services	0.3	0.4	0.3	0.4	0.5	0.9	1.1	1.0	1.3
Health:									
Medicaid	0.1	0.2	0.2	0.3	0.8	1.2	1.8	2.3	2.7
Other	*	*	*	*	*	*	*	*	*
Total health	0.1	0.2	0.2	0.3	0.8	1.2	1.8	2.3	2.8
Medicare	....	....	....	....	....	2.5	4.4	5.4	5.8
Income security:									
General retirement and disability	0.7	0.6	0.7	0.6	0.7	0.7	0.9	1.0	1.0
Federal employee retirement and disability	2.0	2.2	2.5	2.9	3.3	3.8	4.3	4.8	5.5
Unemployment compensation	3.5	3.1	2.9	2.3	2.0	2.0	2.3	2.3	3.1
Food and nutrition assistance	0.3	0.3	0.3	0.3	0.4	0.4	0.5	0.6	1.0
Family Support Assistance	2.3	2.6	2.7	2.8	2.8	2.7	3.2	3.6	4.1
Housing Assistance and Other	−*	−*	−*	*	−*	*	*	*	−*
Total income security	8.7	8.8	9.1	8.9	9.1	9.6	11.1	12.3	14.7
Social Security	14.0	15.5	16.2	17.1	20.3	21.3	23.3	26.7	29.6
Veterans benefits and services:									
Income security for veterans	4.0	4.2	4.1	4.2	4.2	4.5	4.7	5.0	5.5
Other	0.4	−*	0.1	0.1	0.2	0.6	0.7	0.8	1.1
Total veterans benefits and services	4.4	4.2	4.3	4.3	4.4	5.2	5.4	5.8	6.6
Total mandatory human resources programs	27.5	29.0	30.2	30.9	35.1	40.7	47.1	53.5	60.9
Other mandatory programs:									
International affairs	0.1	0.1	0.3	0.6	0.5	0.2	0.4	0.5	0.4
Energy	−0.1	−0.1	−0.1	−0.1	−0.1	−0.1	−*	−*	*
Agriculture	3.2	3.9	4.1	3.4	1.9	2.3	3.8	5.1	4.3
Deposit insurance	−0.4	−0.4	−0.4	−0.4	−0.5	−0.4	−0.5	−0.6	−0.5
Community and regional development	*	*	*	0.1	0.1	0.1	0.1	0.1	0.1
General government	−0.2	−0.1	−0.1	−0.1	−0.1	−0.1	−0.1	−*	*
Other undistributed offsetting receipts	−5.3	−5.8	−5.7	−5.9	−6.5	−7.3	−8.0	−8.0	−8.6
All other	0.1	−1.4	−0.8	−0.7	0.7	1.3	2.2	−1.1	0.1
Total other mandatory programs	−2.5	−3.8	−2.7	−3.1	−4.1	−3.9	−2.2	−4.0	−4.2
Total mandatory programs	25.1	25.3	27.6	27.8	31.0	36.8	44.9	49.5	56.7
Net interest:									
Interest on the public debt	9.1	9.9	10.7	11.3	12.0	13.4	14.6	16.6	19.3
Interest received by:									
On-budget trust funds	−0.8	−0.9	−1.0	−1.1	−1.3	−1.5	−1.7	−2.0	−2.4
Off-budget trust funds	−0.6	−0.6	−0.6	−0.6	−0.6	−0.8	−1.0	−1.1	−1.6
Other interest	−0.8	−0.7	−0.9	−1.0	−0.7	−0.8	−0.8	−0.8	−1.0
Total net interest	6.9	7.7	8.2	8.6	9.4	10.3	11.1	12.7	14.4
Total outlays for mandatory and related programs	32.0	33.0	35.8	36.4	40.4	47.0	56.0	62.2	71.1

* $50 million or less

Table 8.5—**OUTLAYS FOR MANDATORY AND RELATED PROGRAMS: 1962–1993—Continued**

(in billions of dollars)

Category and Program	1971	1972	1973	1974	1975	1976	TQ	1977
Mandatory programs:								
Human resource programs:								
Education, training, employment, and social services	1.5	2.6	2.3	2.4	3.1	3.4	0.9	3.6
Health:								
Medicaid	3.4	4.6	4.6	5.8	6.8	8.6	2.2	9.9
Other	0.1	0.1	0.2	0.2	0.3	0.5	0.1	0.5
Total health	3.4	4.7	4.8	6.0	7.1	9.0	2.3	10.4
Medicare	6.2	7.0	7.6	9.0	12.2	15.0	4.0	18.6
Income security:								
General retirement and disability	1.6	1.8	2.6	2.7	4.7	3.0	1.2	3.3
Federal employee retirement and disability	6.6	7.7	8.9	10.8	13.2	15.5	4.3	17.7
Unemployment compensation	5.7	6.6	4.9	5.6	12.8	18.6	3.8	14.3
Food and nutrition assistance	2.2	3.2	3.6	4.4	6.6	7.8	1.8	8.2
Supplemental Security Income	....	....	....	2.0	4.3	4.6	1.2	4.8
Family Support Assistance	5.5	6.6	5.9	5.4	5.1	5.8	1.6	6.4
Earned Income Tax Credit	....	....	....	....	....	0.8	0.1	0.9
Housing Assistance and Other	–*	–*	–*	*	–0.1	–*	*	–*
Total income security	21.6	25.8	25.9	30.9	46.7	56.0	13.9	55.5
Social Security	35.1	39.4	48.2	55.0	63.6	72.7	19.5	83.7
Veterans benefits and services:								
Income security for veterans	6.0	6.3	6.5	6.8	7.9	8.4	2.1	9.2
Other	1.5	1.6	2.4	3.2	4.6	5.5	0.7	3.6
Total veterans benefits and services	7.5	8.0	9.0	10.0	12.5	13.9	2.8	12.8
Total mandatory human resources programs	75.3	87.5	97.7	113.2	145.1	170.0	43.4	184.6
Other mandatory programs:								
International affairs	0.4	0.2	–0.7	–0.5	–1.1	–1.0	–0.9	–1.7
Energy	0.1	0.2	0.2	0.6	1.2	1.6	0.4	2.0
Agriculture	3.4	4.3	3.9	1.2	1.9	2.1	0.7	5.5
Deposit insurance	–0.4	–0.6	–0.8	–0.6	0.5	–0.6	–0.1	–2.8
Community and regional development	0.3	0.4	1.0	0.8	0.7	0.9	0.2	1.0
General government	–*	–*	6.5	6.3	6.7	6.2	1.8	6.9
Other undistributed offsetting receipts	–10.1	–9.6	–13.4	–16.7	–13.6	–14.4	–4.2	–14.9
All other	–0.8	–0.3	–1.0	1.1	5.2	4.8	–0.4	1.6
Total other mandatory programs	–7.1	–5.4	–4.3	–7.8	1.5	–0.5	–2.4	–2.3
Total mandatory programs	68.2	82.1	93.4	105.4	146.6	169.5	41.0	182.2
Net interest:								
Interest on the public debt	21.0	21.8	24.2	29.3	32.7	37.1	8.1	41.9
Interest received by:								
On-budget trust funds	–2.8	–3.0	–3.2	–4.1	–4.9	–5.0	–0.2	–5.5
Off-budget trust funds	–1.9	–2.1	–2.3	–2.5	–2.8	–2.8	–0.1	–2.7
Other interest	–1.4	–1.3	–1.4	–1.3	–1.8	–2.5	–0.9	–3.9
Total net interest	14.8	15.5	17.3	21.4	23.2	26.7	6.9	29.9
Total outlays for mandatory and related programs	83.1	97.6	110.7	126.8	169.9	196.2	48.0	212.1

* $50 million or less

Table 8.5—**OUTLAYS FOR MANDATORY AND RELATED PROGRAMS: 1962-1993—Continued**

(in billions of dollars)

Category and Program	1978	1979	1980	1981	1982	1983	1984	1985
Mandatory programs:								
Human resource programs:								
Education, training, employment, and social services	4.5	5.5	6.2	8.5	7.6	6.4	7.8	7.6
Health:								
Medicaid	10.7	12.4	14.0	16.8	17.4	19.0	20.1	22.7
Other	0.5	0.6	0.7	0.9	1.1	1.1	1.4	1.3
Total health	11.2	13.0	14.7	17.8	18.5	20.1	21.5	23.9
Medicare	21.8	25.5	31.0	37.9	45.3	51.2	56.0	64.1
Income security:								
General retirement and disability	3.1	4.0	4.7	5.1	5.1	5.1	5.0	5.2
Federal employee retirement and disability	19.8	22.6	26.6	31.2	34.3	36.5	38.0	38.5
Unemployment compensation	10.9	9.8	16.9	18.3	22.3	29.6	17.0	15.8
Food and nutrition assistance	8.4	10.1	13.1	15.1	14.4	16.5	16.3	16.7
Supplemental Security Income	5.3	4.9	5.7	6.5	6.9	7.9	7.6	8.7
Family Support Assistance	6.6	6.6	7.3	8.2	8.0	8.4	8.9	9.2
Earned Income Tax Credit	0.9	0.8	1.3	1.3	1.2	1.2	1.2	1.1
Housing Assistance and Other	-*	0.1	0.2	0.9	0.7	0.5	1.2	13.9
Total income security	55.0	58.9	75.8	86.6	92.9	105.7	95.3	109.1
Social Security	92.4	102.6	117.1	137.9	153.9	168.5	176.1	186.4
Veterans benefits and services:								
Income security for veterans	9.7	10.8	11.7	12.9	13.7	14.3	14.4	14.7
Other	3.4	2.9	2.3	2.5	2.0	1.6	1.6	1.2
Total veterans benefits and services	13.1	13.7	14.0	15.4	15.8	15.9	16.0	15.9
Total mandatory human resources programs	198.1	219.2	258.7	304.0	333.9	367.8	372.6	407.1
Other mandatory programs:								
International affairs	-1.1	-1.7	-0.1	-0.5	-0.6	-1.8	-0.4	-1.2
Energy	2.7	3.1	4.0	4.8	4.9	2.9	0.1	-0.9
Agriculture	10.0	9.7	7.2	9.6	14.2	21.2	11.7	23.4
Deposit insurance	-1.0	-1.7	-0.4	-1.4	-2.1	-1.2	-0.8	-2.2
Community and regional development	1.1	1.3	1.9	1.6	1.7	1.5	1.4	1.1
General government	7.3	7.5	7.8	6.1	5.2	5.2	5.3	4.9
Other undistributed offsetting receipts	-15.7	-17.5	-19.9	-28.0	-26.1	-34.0	-32.0	-32.7
All other	3.1	1.0	2.7	5.3	3.4	3.4	3.2	1.2
Total other mandatory programs	6.5	1.7	3.2	-2.7	0.6	-2.7	-11.5	-6.4
Total mandatory programs	204.6	220.9	261.9	301.3	334.5	365.1	361.1	400.7
Net interest:								
Interest on the public debt	48.7	59.9	74.8	95.5	117.2	128.7	153.9	178.9
Interest received by:								
On-budget trust funds	-6.1	-7.7	-9.7	-11.5	-14.0	-15.3	-17.0	-21.8
Off-budget trust funds	-2.4	-2.2	-2.3	-2.3	-2.1	-1.8	-3.3	-4.1
Other interest	-4.7	-7.3	-10.2	-13.0	-16.1	-21.7	-22.4	-23.4
Total net interest	35.5	42.6	52.5	68.8	85.0	89.8	111.1	129.5
Total outlays for mandatory and related programs	240.0	263.5	314.5	370.1	419.6	454.9	472.2	530.2

* $50 million or less

Table 8.5—OUTLAYS FOR MANDATORY AND RELATED PROGRAMS: 1962–1993—Continued

(in billions of dollars)

Category and Program	1986	1987	1988	1989	1990	1991	1992	1993 estimate
Mandatory programs:								
Human resource programs:								
Education, training, employment, and social services	8.0	7.3	7.8	9.8	11.1	13.0	11.5	14.2
Health:								
Medicaid	25.0	27.4	30.5	34.6	41.1	52.5	67.8	80.5
Other	0.7	1.9	1.9	0.7	1.8	2.5	3.8	4.7
Total health	25.7	29.3	32.3	35.3	42.9	55.0	71.6	85.2
Medicare	68.4	73.4	76.9	82.7	95.8	102.0	116.2	129.9
Income security:								
General retirement and disability	4.9	5.1	4.9	5.2	4.7	4.4	5.0	4.9
Federal employee retirement and disability	41.3	43.7	46.8	49.1	51.9	56.0	57.5	59.7
Unemployment compensation	16.1	15.5	13.6	13.9	17.1	25.1	37.0	32.7
Food and nutrition assistance	16.6	16.9	17.8	18.8	21.3	25.7	29.5	32.4
Supplemental Security Income	9.3	9.9	11.4	11.5	11.5	14.7	17.9	21.9
Family Support Assistance	9.9	10.5	10.8	11.2	12.2	13.5	15.1	15.9
Earned Income Tax Credit	1.4	1.4	2.7	4.0	4.4	4.9	7.8	8.4
Housing Assistance and Other	0.9	1.4	1.2	0.7	0.4	0.2	0.1	0.1
Total income security	100.5	104.4	109.2	114.4	123.6	144.6	169.9	176.0
Social Security	196.5	205.1	216.8	230.4	246.5	266.8	285.1	302.2
Veterans benefits and services:								
Income security for veterans	15.0	15.0	16.0	16.5	15.2	17.0	17.3	17.6
Other	0.6	0.7	1.6	1.2	0.7	0.3	1.2	1.3
Total veterans benefits and services	15.7	15.7	17.6	17.7	15.9	17.3	18.5	18.9
Total mandatory human resources programs	414.9	435.1	460.7	490.4	535.8	598.7	672.8	726.5
Other mandatory programs:								
International affairs	−3.6	−1.7	−1.5	−1.0	−5.2	−3.8	−3.0	−2.9
Energy	−0.3	−0.4	−0.7	−2.2	−1.4	−2.0	−0.7	−0.4
Agriculture	29.4	24.5	15.0	14.5	9.3	12.4	11.0	17.4
Deposit insurance	1.5	3.1	10.0	22.0	58.1	66.3	2.6	15.5
Community and regional development	1.2	0.7	1.4	1.3	1.2	0.7	0.5	0.4
General government	5.3	0.2	1.4	0.7	1.7	1.3	1.9	2.0
Asset Sales (non-routine)	....	−7.7	−7.7	−7.1	−0.1	....	....	....
Other undistributed offsetting receipts	−33.0	−34.6	−37.0	−37.2	−36.6	−39.4	−39.3	−37.2
All other	−0.1	1.1	5.5	2.8	3.9	−39.8	2.2	2.8
Total other mandatory programs	0.4	−14.8	−13.4	−6.1	31.0	−4.2	−24.8	−2.4
Total mandatory programs	415.2	420.3	447.2	484.2	566.8	594.5	648.0	724.1
Net interest:								
Interest on the public debt	190.3	195.3	214.1	240.9	264.7	285.5	292.3	296.5
Interest received by:								
On-budget trust funds	−26.6	−29.6	−34.4	−40.5	−46.3	−50.4	−54.2	−55.0
Off-budget trust funds	−4.3	−5.3	−7.4	−11.4	−16.0	−20.2	−23.6	−27.0
Other interest	−23.3	−21.7	−20.4	−19.8	−18.2	−20.3	−15.1	−11.7
Total net interest	136.0	138.7	151.8	169.3	184.2	194.5	199.4	202.8
Total outlays for mandatory and related programs	551.3	559.0	599.1	653.5	751.0	789.0	847.4	926.8

Table 8.6—OUTLAYS FOR MANDATORY AND RELATED PROGRAMS IN CONSTANT (FY 1987) DOLLARS: 1962–1993

(in billions of dollars)

Category and Program	1962	1963	1964	1965	1966	1967	1968	1969	1970
Mandatory programs:									
Human resource programs:									
Education, training, employment, and social services	1.4	1.6	1.4	1.4	2.0	3.4	3.8	3.4	4.2
Health:									
Medicaid	0.4	0.5	0.7	0.9	2.5	3.7	5.6	6.8	7.7
Other	*	*	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total health	0.4	0.6	0.8	1.0	2.7	3.8	5.7	6.9	7.8
Medicare	....	....	....	....	....	7.8	13.4	15.7	16.4
Income security:									
General retirement and disability	2.3	2.2	2.3	2.2	2.3	2.2	2.8	3.0	2.8
Federal employee retirement and disability	6.8	7.7	8.7	9.6	10.9	12.1	13.2	14.1	15.6
Unemployment compensation	12.4	10.8	9.9	7.8	6.4	6.3	7.0	6.8	8.7
Food and nutrition assistance	1.0	1.0	1.1	1.0	1.2	1.3	1.6	1.7	2.7
Family Support Assistance	8.2	9.0	9.4	9.4	9.1	8.7	9.8	10.7	11.7
Housing Assistance and Other	-*	-*	-0.2	*	-*	*	*	0.1	-*
Total income security	30.7	30.7	31.1	30.0	29.9	30.7	34.3	36.3	41.6
Social Security	49.7	53.8	55.6	57.5	66.5	67.9	71.9	79.0	84.1
Veterans benefits and services:									
Income security for veterans	13.7	14.3	13.9	13.9	13.5	14.3	14.2	14.7	15.6
Other	1.6	-0.1	0.5	0.2	0.9	2.1	2.2	2.4	3.0
Total veterans benefits and services	15.2	14.2	14.4	14.1	14.4	16.3	16.4	17.1	18.6
Total mandatory human resources programs	97.4	100.9	103.3	104.0	115.3	129.9	145.4	158.4	172.8
Other mandatory programs:									
International affairs	0.6	0.3	1.4	2.2	1.9	0.8	1.5	1.7	1.1
Energy	-0.2	-0.5	-0.5	-0.5	-0.5	-0.2	-*	-*	*
Agriculture	13.9	16.3	16.5	13.4	7.0	8.5	13.2	16.7	13.4
Deposit insurance	-1.7	-1.8	-1.7	-1.5	-1.8	-1.5	-1.8	-2.0	-1.5
Community and regional development	0.2	0.2	0.2	0.3	0.4	0.4	0.4	0.3	0.3
General government	-0.9	-0.5	-0.5	-0.3	-0.3	-0.5	-0.4	*	0.1
Other undistributed offsetting receipts	-24.2	-25.7	-24.2	-24.2	-25.6	-27.9	-29.2	-27.3	-27.4
All other	0.5	-5.7	-3.1	-2.7	2.5	4.6	7.7	-3.6	0.2
Total other mandatory programs	-12.0	-17.3	-12.0	-13.4	-16.4	-15.7	-8.7	-14.2	-13.8
Total mandatory programs	85.4	83.6	91.3	90.6	98.9	114.3	136.8	144.2	159.0
Net interest:									
Interest on the public debt	34.0	36.3	38.5	40.1	41.2	44.4	46.6	50.5	55.8
Interest received by:									
On-budget trust funds	-3.1	-3.3	-3.6	-4.0	-4.3	-5.0	-5.4	-5.9	-6.8
Off-budget trust funds	-2.3	-2.1	-2.2	-2.3	-2.2	-2.6	-3.1	-3.5	-4.5
Other interest	-3.0	-2.5	-3.1	-3.5	-2.5	-2.8	-2.6	-2.4	-2.9
Total net interest	25.7	28.4	29.6	30.4	32.2	34.1	35.5	38.7	41.5
Total outlays for mandatory and related programs	111.1	112.0	120.9	120.9	131.1	148.3	172.2	182.8	200.5

* $50 million or less

Table 8.6—OUTLAYS FOR MANDATORY AND RELATED PROGRAMS IN CONSTANT (FY 1987) DOLLARS: 1962–1993—Continued

(in billions of dollars)

Category and Program	1971	1972	1973	1974	1975	1976	TQ	1977
Mandatory programs:								
Human resource programs:								
Education, training, employment, and social services	4.4	7.3	6.1	5.6	6.5	6.6	1.7	6.6
Health:								
Medicaid	9.1	11.9	11.4	13.4	14.3	16.8	4.2	17.9
Other	0.2	0.2	0.5	0.4	0.6	0.9	0.2	0.9
Total health	9.3	12.1	11.9	13.8	14.9	17.7	4.4	18.8
Medicare	16.7	18.2	19.0	20.7	25.7	29.6	7.7	33.8
Income security:								
General retirement and disability	4.3	4.6	6.4	6.2	9.8	5.8	2.2	5.9
Federal employee retirement and disability	17.8	19.9	22.1	24.8	27.7	30.4	8.1	32.2
Unemployment compensation	15.6	17.2	12.2	12.9	26.8	36.5	7.2	26.0
Food and nutrition assistance	5.9	8.3	9.1	10.2	13.9	15.3	3.4	14.9
Supplemental Security Income	....	....	....	4.5	9.1	9.0	2.2	8.7
Family Support Assistance	14.9	17.0	14.7	12.5	10.7	11.5	3.0	11.5
Earned Income Tax Credit	....	....	....	....	....	1.6	0.2	1.6
Housing Assistance and Other	-*	-0.1	-*	*	-0.1	-*	*	-0.1
Total income security	58.3	67.0	64.3	71.1	97.9	110.0	26.2	100.8
Social Security	95.1	102.1	119.8	126.7	133.2	142.7	36.9	151.9
Veterans benefits and services:								
Income security for veterans	16.1	16.4	16.3	15.7	16.5	16.4	4.0	16.8
Other	4.0	4.2	6.0	7.4	9.6	10.9	1.4	6.5
Total veterans benefits and services	20.1	20.7	22.3	23.1	26.1	27.3	5.3	23.2
Total mandatory human resources programs	203.8	227.3	243.5	261.1	304.3	333.9	82.3	335.2
Other mandatory programs:								
International affairs	1.1	0.5	-1.7	-1.1	-2.2	-2.0	-1.6	-2.9
Energy	0.4	0.5	0.4	1.4	2.4	3.1	0.7	3.5
Agriculture	9.8	11.4	9.5	2.9	4.0	3.9	1.3	9.8
Deposit insurance	-1.1	-1.6	-2.0	-1.4	1.0	-1.1	-0.1	-4.9
Community and regional development	0.8	1.0	2.6	1.8	1.4	1.7	0.5	1.8
General government	*	*	17.0	15.0	14.2	12.1	3.4	12.6
Other undistributed offsetting receipts	-29.5	-25.4	-32.5	-37.7	-27.9	-27.4	-7.8	-26.2
All other	-2.2	-0.9	-2.6	2.5	10.5	9.1	-0.8	2.8
Total other mandatory programs	-20.8	-14.3	-9.2	-16.7	3.5	-0.5	-4.4	-3.6
Total mandatory programs	183.1	213.1	234.2	244.4	307.9	333.4	77.9	331.6
Net interest:								
Interest on the public debt	57.6	57.0	60.1	67.7	68.7	72.4	15.3	75.7
Interest received by:								
On-budget trust funds	-7.7	-7.8	-7.8	-9.4	-10.2	-9.7	-0.3	-9.9
Off-budget trust funds	-5.3	-5.5	-5.7	-5.8	-5.9	-5.5	-0.2	-4.8
Other interest	-3.7	-3.3	-3.4	-3.0	-3.7	-5.0	-1.7	-7.0
Total net interest	40.8	40.4	43.1	49.6	48.9	52.2	13.1	54.0
Total outlays for mandatory and related programs	223.8	253.5	277.4	294.0	356.7	385.6	91.0	385.6

* $50 million or less

Table 8.6—OUTLAYS FOR MANDATORY AND RELATED PROGRAMS IN CONSTANT (FY 1987) DOLLARS: 1962–1993—Continued

(in billions of dollars)

Category and Program	1978	1979	1980	1981	1982	1983	1984	1985
Mandatory programs:								
Human resource programs:								
Education, training, employment, and social services	7.5	8.5	8.7	10.8	9.1	7.4	8.7	8.1
Health:								
Medicaid	18.1	19.4	19.8	21.8	21.2	22.0	22.3	24.3
Other	0.9	0.9	1.0	1.2	1.3	1.3	1.6	1.4
Total health	19.0	20.3	20.8	23.0	22.4	23.3	23.9	25.7
Medicare	37.1	40.0	44.0	49.3	55.3	59.6	62.5	68.9
Income security:								
General retirement and disability	5.2	6.3	6.7	6.5	6.3	5.9	5.5	5.5
Federal employee retirement and disability	33.6	35.4	37.7	40.5	41.8	42.3	42.3	41.4
Unemployment compensation	18.4	15.4	23.9	23.7	27.1	34.3	18.9	17.0
Food and nutrition assistance	14.3	15.8	18.6	19.5	17.6	19.1	18.2	17.9
Supplemental Security Income	8.9	7.6	8.1	8.4	8.4	9.2	8.5	9.3
Family Support Assistance	11.3	10.3	10.3	10.6	9.7	9.7	9.9	9.9
Earned Income Tax Credit	1.5	1.2	1.8	1.7	1.5	1.4	1.3	1.2
Housing Assistance and Other	–*	0.1	0.2	1.1	0.8	0.6	1.3	14.5
Total income security	93.3	92.1	107.4	112.1	113.0	122.5	106.0	116.7
Social Security	156.7	160.4	166.0	178.6	187.3	195.4	195.9	200.1
Veterans benefits and services:								
Income security for veterans	16.5	16.9	16.6	16.7	16.7	16.5	16.0	15.8
Other	5.7	4.5	3.3	3.2	2.5	1.9	1.8	1.3
Total veterans benefits and services	22.2	21.4	19.9	19.9	19.2	18.4	17.8	17.1
Total mandatory human resources programs	335.9	342.7	366.7	393.7	406.3	426.6	414.8	436.6
Other mandatory programs:								
International affairs	–1.7	–2.6	–0.1	–0.7	–0.7	–2.0	–0.4	–1.3
Energy	4.4	4.7	5.7	6.0	5.8	3.2	0.1	–0.9
Agriculture	16.5	14.8	10.2	12.0	16.7	23.9	12.7	24.6
Deposit insurance	–1.6	–2.7	–0.5	–1.7	–2.5	–1.3	–0.9	–2.3
Community and regional development	1.8	2.0	2.7	2.0	2.0	1.7	1.5	1.1
General government	12.3	11.6	10.7	7.8	6.3	6.1	5.9	5.2
Other undistributed offsetting receipts	–25.9	–26.9	–28.5	–35.1	–30.9	–38.4	–34.8	–34.3
All other	5.2	1.6	3.8	6.6	4.0	3.8	3.5	1.3
Total other mandatory programs	11.0	2.5	4.0	–3.2	0.7	–2.9	–12.5	–6.6
Total mandatory programs	346.8	345.2	370.6	390.5	407.1	423.7	402.3	430.0
Net interest:								
Interest on the public debt	81.8	92.5	106.0	122.9	140.3	147.9	169.4	189.7
Interest received by:								
On-budget trust funds	–10.3	–11.9	–13.8	–14.8	–16.7	–17.5	–18.8	–23.2
Off-budget trust funds	–4.0	–3.4	–3.3	–2.9	–2.5	–2.1	–3.6	–4.4
Other interest	–7.9	–11.2	–14.5	–16.7	–19.3	–25.0	–24.7	–24.8
Total net interest	59.5	65.9	74.4	88.4	101.8	103.2	122.3	137.3
Total outlays for mandatory and related programs	406.3	411.0	445.1	478.9	508.8	526.9	524.6	567.3

* $50 million or less

Table 8.6—OUTLAYS FOR MANDATORY AND RELATED PROGRAMS IN CONSTANT (FY 1987) DOLLARS: 1962–1993—Continued

(in billions of dollars)

Category and Program	1986	1987	1988	1989	1990	1991	1992	1993 estimate
Mandatory programs:								
Human resource programs:								
Education, training, employment, and social services	8.2	7.3	7.5	9.0	9.9	11.1	9.7	11.5
Health:								
Medicaid	25.9	27.4	29.2	31.7	35.9	43.7	54.9	63.2
Other	0.7	1.9	1.8	0.7	1.6	2.1	3.1	3.8
Total health	26.6	29.3	31.0	32.3	37.4	45.8	58.0	67.0
Medicare	71.0	73.4	73.6	75.5	83.4	84.5	93.6	101.5
Income security:								
General retirement and disability	5.1	5.1	4.7	4.7	4.1	3.7	4.0	3.8
Federal employee retirement and disability	42.8	43.7	44.9	44.9	45.3	46.5	46.4	46.8
Unemployment compensation	16.7	15.5	13.1	12.8	14.9	20.9	29.8	25.6
Food and nutrition assistance	17.2	16.9	17.1	17.2	18.6	21.4	23.9	25.4
Supplemental Security Income	9.7	9.9	10.9	10.5	10.0	12.2	14.5	17.2
Family Support Assistance	10.2	10.5	10.3	10.2	10.7	11.2	12.2	12.5
Earned Income Tax Credit	1.5	1.4	2.6	3.7	3.8	4.1	6.3	6.6
Housing Assistance and Other	1.0	1.4	1.1	0.7	0.4	0.2	0.1	0.1
Total income security	104.2	104.4	104.7	104.7	107.8	120.1	137.3	137.9
Social Security	203.6	205.1	207.9	210.8	215.0	221.6	230.4	236.9
Veterans benefits and services:								
Income security for veterans	15.6	15.0	15.3	15.1	13.3	14.1	14.0	13.8
Other	0.7	0.7	1.6	1.1	0.6	0.2	1.0	1.0
Total veterans benefits and services	16.2	15.7	16.9	16.2	13.9	14.3	14.9	14.8
Total mandatory human resources programs	429.8	435.1	441.6	448.5	467.3	497.6	543.9	569.6
Other mandatory programs:								
International affairs	−3.7	−1.7	−1.4	−0.9	−4.6	−3.3	−2.5	−2.3
Energy	−0.3	−0.4	−0.7	−2.0	−1.3	−1.7	−0.6	−0.3
Agriculture	30.2	24.5	14.6	13.5	8.3	10.5	9.2	14.1
Deposit insurance	1.6	3.1	9.7	20.4	51.7	56.4	2.2	12.6
Community and regional development	1.2	0.7	1.4	1.2	1.1	0.6	0.4	0.3
General government	5.5	0.2	1.4	0.7	1.6	1.1	1.6	1.6
Asset Sales (non-routine)	....	−7.7	−7.5	−6.6	−0.1	....	....	....
Other undistributed offsetting receipts	−34.0	−34.6	−35.8	−34.4	−32.4	−33.2	−32.2	−29.7
All other	−0.1	1.1	5.4	2.6	3.4	−35.1	1.8	2.3
Total other mandatory programs	0.3	−14.8	−13.0	−5.5	27.7	−4.6	−20.1	−1.5
Total mandatory programs	430.2	420.3	428.6	443.0	495.0	493.0	523.8	568.1
Net interest:								
Interest on the public debt	195.9	195.3	206.6	222.4	234.4	242.4	241.2	238.4
Interest received by:								
On-budget trust funds	−27.4	−29.6	−33.2	−37.4	−41.0	−42.8	−44.7	−44.2
Off-budget trust funds	−4.5	−5.3	−7.2	−10.5	−14.2	−17.2	−19.5	−21.7
Other interest	−24.0	−21.7	−19.7	−18.2	−16.1	−17.2	−12.4	−9.4
Total net interest	140.1	138.7	146.5	156.3	163.1	165.2	164.5	163.1
Total outlays for mandatory and related programs	570.2	559.0	575.1	599.3	658.1	658.2	688.3	731.2

Table 8.7—OUTLAYS FOR DISCRETIONARY PROGRAMS: 1962–1993

(in billions of dollars)

Category and Program	1962	1963	1964	1965	1966	1967	1968	1969	1970
National defense	52.6	53.7	55.0	51.0	59.0	72.0	82.2	82.7	81.9
International affairs	5.5	5.2	4.6	4.7	5.1	5.3	4.9	4.1	4.0
Domestic:									
General science, space and technology:									
General science and basic research	0.5	0.5	0.8	0.8	0.9	0.9	0.9	0.9	0.9
Space and other technology	1.2	2.5	4.1	5.0	5.9	5.3	4.6	4.1	3.6
Total General science, space and technology	1.7	3.1	4.9	5.8	6.7	6.2	5.5	5.0	4.5
Energy	0.7	0.6	0.7	0.8	0.7	0.8	1.0	1.0	1.0
Natural resources and environment	2.3	2.5	2.6	2.8	3.1	3.3	3.4	3.4	3.5
Agriculture	0.4	0.5	0.5	0.5	0.6	0.7	0.8	0.8	0.8
Commerce and housing credit	1.3	1.4	1.2	1.6	1.9	2.2	2.1	1.0	2.1
Transportation:									
Ground transportation	2.9	3.1	3.7	4.1	4.1	4.1	4.3	4.4	4.7
Air transportation	0.7	0.8	0.8	0.9	0.9	1.0	1.0	1.2	1.4
Water and other transportation	0.6	0.6	0.6	0.7	0.7	0.7	0.8	0.8	0.9
Total Transportation	4.2	4.5	5.1	5.7	5.6	5.8	6.2	6.5	6.9
Community and regional development	0.4	0.5	0.9	1.0	1.0	1.0	1.3	1.5	2.3
Education, training, employment and social services:									
Education	0.6	0.7	0.8	1.0	2.1	3.3	3.8	3.7	4.3
Training, employment and social services	0.3	0.3	0.4	0.8	1.7	2.3	2.8	2.9	3.0
Total Education, training, employment and social services	0.9	1.1	1.2	1.8	3.9	5.5	6.6	6.6	7.3
Health	1.1	1.3	1.6	1.5	1.7	2.2	2.6	2.8	3.1
Medicare	....	....	....	....	0.1	0.2	0.2	0.3	0.4
Income security:									
Housing assistance	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.4	0.5
Other	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4
Total Income security	0.5	0.5	0.5	0.5	0.5	0.6	0.7	0.8	0.9
Social security	0.3	0.3	0.4	0.4	0.4	0.4	0.6	0.6	0.6
Veterans benefits and services	1.3	1.3	1.4	1.5	1.5	1.6	1.7	1.8	2.1
Administration of justice	0.4	0.5	0.5	0.5	0.6	0.6	0.7	0.7	0.8
General government	1.3	1.4	1.6	1.6	1.7	1.9	1.9	1.9	2.3
Total domestic	16.8	19.3	23.1	26.1	30.0	33.1	35.1	34.6	38.7
Total outlays for discretionary programs	74.9	78.3	82.8	81.8	94.1	110.4	122.1	121.4	124.6

Table 8.7—OUTLAYS FOR DISCRETIONARY PROGRAMS: 1962–1993—Continued

(in billions of dollars)

Category and Program	1971	1972	1973	1974	1975	1976	TQ	1977
National defense	79.0	79.3	77.1	80.7	87.6	89.9	22.3	97.5
International affairs	3.8	4.6	4.8	6.2	8.2	7.5	3.3	8.0
Domestic:								
General science, space and technology:								
General science and basic research	1.0	1.0	1.0	1.0	1.0	1.0	0.3	1.1
Space and other technology	3.2	3.2	3.1	3.0	3.0	3.3	0.9	3.7
Total General science, space and technology	4.2	4.2	4.0	4.0	4.0	4.4	1.2	4.7
Energy	0.9	1.1	1.1	0.7	1.7	2.6	0.7	3.8
Natural resources and environment	4.2	4.8	5.5	6.5	8.1	8.9	2.9	11.3
Agriculture	0.9	0.9	1.0	1.0	1.1	1.1	0.3	1.2
Commerce and housing credit	2.7	1.9	2.0	2.4	2.9	2.8	1.2	3.5
Transportation:								
Ground transportation	5.1	5.3	5.6	5.4	6.8	9.4	2.3	9.7
Air transportation	2.4	2.8	2.2	2.2	2.3	2.5	0.6	2.7
Water and other transportation	1.0	1.1	1.2	1.3	1.4	1.5	0.4	1.7
Total Transportation	8.6	9.1	9.0	8.9	10.6	13.4	3.3	14.2
Community and regional development	2.6	3.0	3.6	3.4	3.6	4.6	1.3	6.0
Education, training, employment and social services:								
Education	4.9	5.4	5.5	5.5	7.1	7.6	1.9	8.5
Training, employment and social services	3.5	4.5	4.9	4.6	5.8	8.0	2.4	8.9
Total Education, training, employment and social services	8.4	9.9	10.4	10.1	12.9	15.5	4.2	17.5
Health	3.4	4.0	4.6	4.7	5.8	6.7	1.6	6.9
Medicare	0.4	0.5	0.4	0.7	0.7	0.8	0.2	0.8
Income security:								
Housing assistance	0.8	1.2	1.7	1.8	2.1	2.5	0.7	3.0
Other	0.6	0.7	0.7	1.0	1.4	2.3	0.5	2.5
Total Income security	1.4	1.8	2.4	2.8	3.5	4.8	1.1	5.5
Social security	0.7	0.8	0.9	0.9	1.1	1.2	0.3	1.4
Veterans benefits and services	2.3	2.7	3.1	3.4	4.1	4.5	1.2	5.3
Administration of justice	1.2	1.5	1.9	2.3	2.8	3.3	0.9	3.6
General government	2.4	3.0	3.3	3.8	3.8	3.6	2.1	5.9
Total domestic	44.3	49.2	53.0	55.6	66.7	78.2	22.4	91.5
Total outlays for discretionary programs	127.1	133.1	135.0	142.5	162.5	175.6	48.0	197.1

Table 8.7—**OUTLAYS FOR DISCRETIONARY PROGRAMS: 1962–1993—Continued**

(in billions of dollars)

Category and Program	1978	1979	1980	1981	1982	1983	1984	1985
National defense	104.6	116.8	134.6	158.0	185.9	209.9	228.0	253.1
International affairs	8.5	9.1	12.8	13.6	12.9	13.6	16.3	17.4
Domestic:								
General science, space and technology:								
General science and basic research	1.2	1.3	1.4	1.5	1.6	1.6	1.8	2.0
Space and other technology	3.8	3.9	4.4	5.0	5.6	6.3	6.5	6.6
Total General science, space and technology	4.9	5.2	5.8	6.5	7.2	7.9	8.3	8.6
Energy	5.3	6.1	6.1	10.3	8.6	6.5	7.0	6.6
Natural resources and environment	12.0	13.7	15.5	15.4	14.8	14.2	14.4	15.1
Agriculture	1.4	1.6	1.6	1.8	1.8	1.7	2.0	2.1
Commerce and housing credit	3.4	3.8	5.1	4.3	3.6	3.5	3.7	3.7
Transportation:								
Ground transportation	10.2	11.9	15.1	15.2	13.5	14.2	15.0	17.5
Air transportation	3.2	3.3	3.7	3.7	3.5	3.9	4.4	4.9
Water and other transportation	1.7	1.9	2.3	2.3	2.6	2.8	2.8	2.8
Total Transportation	15.1	17.2	21.1	21.2	19.6	20.9	22.2	25.3
Community and regional development	10.8	9.1	9.4	9.0	6.6	6.0	6.3	6.6
Education, training, employment and social services:								
Education	9.2	10.9	12.4	12.8	11.3	12.1	12.1	13.6
Training, employment and social services	13.1	13.9	13.3	12.4	8.2	8.1	7.6	8.1
Total Education, training, employment and social services	22.2	24.7	25.6	25.2	19.5	20.2	19.7	21.7
Health	7.3	7.5	8.5	9.1	9.0	8.5	8.9	9.6
Medicare	0.9	1.0	1.1	1.2	1.3	1.3	1.5	1.7
Income security:								
Housing assistance	3.7	4.3	5.5	6.9	8.1	9.4	10.0	11.4
Other	2.8	3.1	5.3	6.3	6.8	7.5	7.4	7.7
Total Income security	6.5	7.4	10.8	13.2	14.8	16.9	17.4	19.1
Social security	1.4	1.5	1.5	1.7	2.0	2.2	2.2	2.2
Veterans benefits and services	5.9	6.3	7.2	7.6	8.2	9.0	9.6	10.4
Administration of justice	3.8	4.1	4.5	4.7	4.7	5.1	5.6	6.2
General government	4.7	4.8	5.3	5.3	5.7	6.0	6.5	6.7
Total domestic	105.5	114.1	129.1	136.5	127.4	130.0	135.3	145.7
Total outlays for discretionary programs	218.7	240.0	276.5	308.2	326.2	353.4	379.6	416.2

Table 8.7—OUTLAYS FOR DISCRETIONARY PROGRAMS: 1962–1993—Continued

(in billions of dollars)

Category and Program	1986	1987	1988	1989	1990	1991	1992	1993 estimate
National defense	273.8	282.5	290.9	304.0	300.1	319.7	301.3	290.8
International affairs	17.7	15.2	15.7	16.6	19.1	19.7	19.2	21.6
Domestic:								
General science, space and technology:								
General science and basic research	2.2	2.2	2.4	2.6	2.8	3.1	3.5	4.2
Space and other technology	6.8	7.0	8.4	10.2	11.6	13.0	12.8	12.9
Total General science, space and technology	9.0	9.2	10.8	12.8	14.4	16.1	16.4	17.1
Energy	5.1	5.1	5.0	4.9	4.8	4.4	5.2	5.2
Natural resources and environment	15.4	15.3	16.0	17.1	17.8	18.6	20.0	21.4
Agriculture	2.0	2.1	2.2	2.4	2.6	2.8	4.0	4.1
Commerce and housing credit	2.9	2.4	2.4	3.3	3.8	3.4	2.6	3.4
Transportation:								
Ground transportation	18.6	17.1	18.1	17.9	18.9	19.5	20.3	22.3
Air transportation	5.3	5.6	5.9	6.6	7.2	8.2	9.3	10.1
Water and other transportation	2.6	2.8	2.8	2.8	3.0	3.1	3.3	3.6
Total Transportation	26.5	25.4	26.8	27.3	29.1	30.7	33.0	36.0
Community and regional development	6.1	5.5	5.2	5.1	7.3	6.1	6.9	9.7
Education, training, employment and social services:								
Education	14.3	14.8	15.7	17.4	18.3	20.4	22.5	25.5
Training, employment and social services	8.4	8.2	8.7	9.5	9.3	10.0	11.2	12.6
Total Education, training, employment and social services	22.6	23.0	24.4	26.9	27.6	30.3	33.7	38.1
Health	10.2	10.7	12.2	13.1	14.9	16.2	18.0	19.8
Medicare	1.7	1.7	2.0	2.3	2.3	2.4	2.8	2.9
Income security:								
Housing assistance	11.4	11.3	12.7	14.0	15.5	17.0	18.8	21.3
Other	7.8	7.6	7.4	7.6	8.0	8.7	9.4	10.1
Total Income security	19.3	18.8	20.1	21.6	23.5	25.7	28.2	31.4
Social security	2.2	2.3	2.5	2.1	2.1	2.2	2.4	2.5
Veterans benefits and services	10.7	11.1	11.8	12.3	13.2	14.1	15.6	16.7
Administration of justice	6.5	7.3	8.9	9.5	10.1	11.9	14.0	14.7
General government	7.2	7.3	8.1	8.3	9.0	10.4	11.0	12.8
Total domestic	147.5	147.2	158.4	169.0	182.5	195.4	213.8	235.8
Total outlays for discretionary programs	439.0	444.9	465.1	489.7	501.7	534.8	534.3	548.1

Note: Due to the effects of the Credit Reform Act of 1990 on the measurement and classification of Federal credit activities, the discretionary outlays for years prior to 1992 are not strictly comparable to those for 1992 and beyond. However, the discretionary outlays shown for 1992 are no more than $1 billion higher than they would have been if measured on the same (pre-credit reform) basis as the 1991 outlays.

Table 8.8—**OUTLAYS FOR DISCRETIONARY PROGRAMS IN CONSTANT (FY 1987) DOLLARS: 1962–1993**

(in billions of dollars)

Category and Program	1962	1963	1964	1965	1966	1967	1968	1969	1970
National defense	228.9	224.2	225.1	205.6	229.4	271.2	296.4	283.3	263.6
International affairs	24.0	21.8	18.3	18.2	18.8	19.4	17.0	13.4	12.2
Domestic:									
General science, space and technology:									
General science and basic research	2.2	2.2	3.0	3.1	3.2	3.3	3.2	3.1	2.9
Space and other technology	5.3	10.4	16.4	19.5	21.8	19.4	16.0	13.4	11.0
Total General science, space and technology	7.5	12.7	19.5	22.5	25.0	22.6	19.2	16.5	13.9
Energy	2.9	2.7	2.7	3.2	2.8	3.0	3.6	3.3	3.0
Natural resources and environment	10.0	10.5	10.6	11.0	11.6	11.8	11.8	11.1	10.8
Agriculture	1.6	1.9	2.0	2.0	2.3	2.4	2.7	2.5	2.6
Commerce and housing credit	5.8	5.7	4.7	6.3	6.9	8.1	7.3	3.4	6.5
Transportation:									
Ground transportation	12.5	13.1	15.4	16.7	16.2	15.7	15.8	15.2	14.8
Air transportation	3.2	3.2	3.2	3.4	3.3	3.6	3.6	3.9	4.3
Water and other transportation	2.7	2.6	2.5	2.7	2.5	2.7	2.9	2.8	2.7
Total Transportation	18.4	18.9	21.1	22.7	22.0	21.9	22.2	21.9	21.8
Community and regional development	1.9	2.2	3.7	4.2	3.9	3.8	4.6	5.0	7.2
Education, training, employment and social services:									
Education	2.8	3.1	3.3	4.0	8.4	12.2	13.4	12.2	13.5
Training, employment and social services	1.3	1.4	1.7	3.1	6.6	8.6	10.1	9.8	9.4
Total Education, training, employment and social services	4.1	4.5	5.0	7.1	15.0	20.8	23.5	22.0	22.9
Health	4.6	5.2	6.1	5.7	6.3	7.6	8.8	9.2	9.6
Medicare	....	....	....	....	0.2	0.8	0.8	1.0	1.1
Income security:									
Housing assistance	0.6	0.6	0.7	0.7	0.8	0.8	0.9	1.1	1.4
Other	1.4	1.2	1.3	1.2	1.2	1.3	1.3	1.4	1.4
Total Income security	2.0	1.8	2.0	1.9	2.0	2.1	2.2	2.5	2.8
Social security	1.4	1.4	1.5	1.5	1.6	1.6	2.0	2.0	1.9
Veterans benefits and services	4.7	4.8	5.0	5.0	5.0	5.2	5.3	5.4	5.9
Administration of justice	1.9	1.9	1.9	2.1	2.1	2.2	2.3	2.1	2.5
General government	5.5	5.6	6.6	6.2	6.4	6.8	6.6	6.4	7.1
Total domestic	72.1	79.7	92.2	101.4	113.1	120.9	123.0	114.4	119.7
Total outlays for discretionary programs	324.9	325.6	335.7	325.2	361.4	411.5	436.3	411.0	395.5

Table 8.8—**OUTLAYS FOR DISCRETIONARY PROGRAMS IN CONSTANT (FY 1987) DOLLARS: 1962–1993—Continued**

(in billions of dollars)

Category and Program	1971	1972	1973	1974	1975	1976	TQ	1977
National defense	237.3	220.2	198.3	188.6	186.3	178.3	42.4	177.3
International affairs	10.8	12.1	11.8	14.1	16.7	14.2	6.1	14.1
Domestic:								
General science, space and technology:								
General science and basic research	2.9	2.6	2.3	2.3	2.1	2.0	0.5	1.9
Space and other technology	9.1	8.4	7.5	6.7	6.0	6.3	1.6	6.4
Total General science, space and technology	12.0	11.0	9.9	9.0	8.2	8.3	2.1	8.3
Energy	2.5	2.9	2.6	1.6	3.6	4.9	1.3	6.7
Natural resources and environment	12.2	12.6	13.5	15.0	16.8	17.2	5.3	20.1
Agriculture	2.5	2.5	2.4	2.3	2.2	2.1	0.5	2.2
Commerce and housing credit	7.7	5.0	4.8	5.5	5.8	5.3	2.1	6.1
Transportation:								
Ground transportation	15.1	14.6	14.4	12.9	14.4	18.3	4.3	17.5
Air transportation	6.8	7.3	5.4	4.9	4.8	4.7	1.1	4.8
Water and other transportation	3.0	2.9	3.0	3.0	3.0	2.9	0.8	3.0
Total Transportation	24.9	24.7	22.7	20.8	22.2	26.0	6.1	25.4
Community and regional development	7.7	8.4	9.1	8.1	7.7	8.9	2.5	10.8
Education, training, employment and social services:								
Education	14.1	14.6	14.0	12.9	14.9	14.8	3.5	15.5
Training, employment and social services	10.2	12.4	12.7	10.9	12.4	15.6	4.5	16.2
Total Education, training, employment and social services	24.3	27.0	26.6	23.8	27.3	30.4	8.0	31.6
Health	9.7	10.6	11.3	10.9	12.1	13.0	3.0	12.4
Medicare	1.1	1.2	1.1	1.5	1.4	1.6	0.4	1.4
Income security:								
Housing assistance	2.1	3.0	4.1	4.2	4.5	4.9	1.2	5.5
Other	1.8	1.8	1.9	2.3	2.8	4.4	0.9	4.5
Total Income security	3.9	4.8	6.0	6.5	7.3	9.3	2.1	10.0
Social security	2.1	2.1	2.2	2.0	2.3	2.3	0.6	2.4
Veterans benefits and services	6.3	7.1	7.6	7.8	8.6	8.9	2.2	9.5
Administration of justice	3.3	3.9	4.8	5.4	5.8	6.3	1.6	6.4
General government	7.0	7.8	8.1	8.6	7.7	6.8	3.9	10.6
Total domestic	127.3	131.7	132.9	128.8	138.8	151.2	41.9	163.9
Total outlays for discretionary programs	375.3	364.0	343.0	331.4	341.8	343.7	90.5	355.3

Table 8.8—**OUTLAYS FOR DISCRETIONARY PROGRAMS IN CONSTANT (FY 1987) DOLLARS: 1962–1993—Continued**

(in billions of dollars)

Category and Program	1978	1979	1980	1981	1982	1983	1984	1985
National defense	177.5	181.1	187.9	198.7	215.0	230.3	242.4	261.5
International affairs	14.1	14.0	18.0	17.1	15.2	15.3	17.7	18.2
Domestic:								
General science, space and technology:								
General science and basic research	1.9	2.0	1.9	1.8	1.9	1.8	2.0	2.1
Space and other technology	6.2	6.0	6.3	6.2	6.6	7.1	7.0	6.9
Total General science, space and technology	8.1	8.0	8.2	8.1	8.5	8.9	9.0	9.1
Energy	8.7	9.4	8.7	12.9	10.2	7.3	7.7	6.9
Natural resources and environment	19.9	21.0	21.7	19.3	17.6	16.1	15.7	15.9
Agriculture	2.3	2.4	2.2	2.2	2.1	1.9	2.1	2.2
Commerce and housing credit	5.5	5.8	7.2	5.3	4.2	4.0	4.0	3.9
Transportation:								
Ground transportation	17.1	18.4	21.0	19.3	16.2	16.3	16.6	18.6
Air transportation	5.3	5.1	5.2	4.7	4.1	4.4	4.8	5.2
Water and other transportation	2.8	2.9	3.2	2.9	3.1	3.1	3.0	3.0
Total Transportation	25.2	26.4	29.4	26.9	23.4	23.9	24.5	26.7
Community and regional development	18.0	14.1	13.0	11.4	7.9	6.9	6.9	7.0
Education, training, employment and social services:								
Education	15.4	16.8	17.3	16.3	13.5	13.9	13.4	14.5
Training, employment and social services	21.9	21.3	18.4	15.8	9.8	9.4	8.4	8.5
Total Education, training, employment and social services	37.3	38.1	35.7	32.1	23.3	23.2	21.8	23.0
Health	12.1	11.6	12.0	11.5	10.7	9.7	9.8	10.1
Medicare	1.5	1.5	1.5	1.5	1.5	1.5	1.7	1.8
Income security:								
Housing assistance	6.2	6.7	7.8	8.9	9.8	11.0	11.2	12.2
Other	4.7	4.9	7.5	8.1	8.2	8.6	8.2	8.2
Total Income security	10.9	11.6	15.2	17.0	18.0	19.6	19.3	20.5
Social security	2.3	2.3	2.1	2.1	2.4	2.5	2.4	2.3
Veterans benefits and services	9.9	9.7	10.2	9.8	9.9	10.4	10.7	11.1
Administration of justice	6.3	6.4	6.4	5.9	5.5	5.7	6.1	6.5
General government	7.8	7.3	7.4	6.7	6.8	6.8	7.1	7.1
Total domestic	176.0	175.5	181.0	172.9	152.0	148.5	148.7	154.1
Total outlays for discretionary programs	367.5	370.6	386.9	388.7	382.2	394.2	408.8	433.9

Table 8.8—**OUTLAYS FOR DISCRETIONARY PROGRAMS IN CONSTANT (FY 1987) DOLLARS: 1962–1993—Continued**

(in billions of dollars)

Category and Program	1986	1987	1988	1989	1990	1991	1992	1993 estimate
National defense	276.9	282.5	283.8	286.3	273.1	280.9	256.1	240.7
International affairs	18.2	15.2	15.3	15.4	16.9	16.8	16.0	17.5
Domestic:								
General science, space and technology:								
General science and basic research	2.3	2.2	2.3	2.4	2.5	2.7	3.0	3.4
Space and other technology	6.9	7.0	8.2	9.5	10.3	11.0	10.7	10.4
Total General science, space and technology	9.2	9.2	10.5	11.9	12.8	13.7	13.7	13.9
Energy	5.2	5.1	4.8	4.5	4.2	3.8	4.3	4.2
Natural resources and environment	15.9	15.3	15.5	15.8	15.8	15.9	16.8	17.4
Agriculture	2.1	2.1	2.1	2.2	2.3	2.4	3.3	3.4
Commerce and housing credit	3.0	2.4	2.3	3.1	3.4	2.8	2.2	2.8
Transportation:								
Ground transportation	19.1	17.1	17.4	16.6	16.9	16.9	17.3	18.4
Air transportation	5.5	5.6	5.7	6.1	6.4	7.0	7.8	8.2
Water and other transportation	2.7	2.8	2.7	2.6	2.7	2.6	2.8	2.9
Total Transportation	27.3	25.4	25.9	25.3	26.0	26.5	27.8	29.5
Community and regional development	6.2	5.5	5.0	4.8	6.5	5.3	5.8	7.9
Education, training, employment and social services:								
Education	14.7	14.8	15.1	16.1	16.3	17.4	18.8	20.7
Training, employment and social services	8.6	8.2	8.4	8.8	8.3	8.6	9.5	10.3
Total Education, training, employment and social services	23.3	23.0	23.5	24.8	24.6	26.0	28.3	31.1
Health	10.5	10.7	11.8	12.1	13.2	13.7	14.9	15.9
Medicare	1.8	1.7	1.9	2.1	2.0	2.1	2.4	2.4
Income security:								
Housing assistance	11.9	11.3	12.2	12.8	13.5	14.1	15.2	16.8
Other	8.1	7.6	7.1	7.0	7.0	7.4	7.8	8.1
Total Income security	19.9	18.8	19.3	19.8	20.5	21.5	23.0	24.9
Social security	2.3	2.3	2.5	2.0	1.9	1.9	2.0	2.0
Veterans benefits and services	11.1	11.1	11.4	11.3	11.5	11.7	12.7	13.1
Administration of justice	6.7	7.3	8.6	8.8	9.0	10.2	11.7	11.9
General government	7.5	7.3	7.8	7.7	8.0	8.8	9.2	10.4
Total domestic	151.9	147.2	152.9	156.2	161.9	166.2	177.9	190.7
Total outlays for discretionary programs	447.0	444.9	452.0	457.9	451.9	463.8	450.0	448.8

Note: Due to the effects of the Credit Reform Act of 1990 on the measurement and classification of Federal credit activities, the discretionary outlays for years prior to 1992 are not strictly comparable to those for 1992 and beyond. However, the discretionary outlays shown for 1992 are no more than $1 billion higher (in nominal dollars) than they would have been if measured on the same (pre-credit reform) basis as the 1991 outlays.

Table 8.9—BUDGET AUTHORITY FOR DISCRETIONARY PROGRAMS: 1976–1993

(in billions of dollars)

Category and Program	1976	TQ	1977	1978	1979	1980	1981
National defense	97.6	23.5	110.4	117.3	126.9	144.5	180.4
International affairs	8.4	1.6	9.5	11.0	13.3	12.9	17.6
Domestic:							
General science, space and technology:							
General science and basic research	1.0	0.2	1.1	1.3	1.3	1.5	1.5
Space and other technology	3.2	0.8	3.5	3.8	4.2	4.8	5.1
Total General science, space and technology	4.3	1.1	4.6	5.1	5.6	6.2	6.6
Energy	3.6	0.9	5.6	9.0	8.4	17.4	9.0
Natural resources and environment	6.9	2.1	10.6	14.6	14.7	14.6	12.9
Agriculture	1.2	0.3	1.3	1.5	1.6	1.6	1.8
Commerce and housing credit	3.6	1.1	4.5	4.2	4.3	6.2	4.3
Transportation:							
Ground transportation	3.0	1.3	2.1	2.9	5.2	6.2	8.7
Air transportation	2.3	0.5	2.5	2.7	3.0	3.2	3.4
Water and other transportation	1.3	0.3	1.3	1.6	1.7	1.8	2.1
Total Transportation	6.5	2.1	5.9	7.1	9.9	11.2	14.2
Community and regional development	4.1	0.4	12.2	9.7	8.9	9.7	7.7
Education, training, employment and social services:							
Education	8.8	3.3	10.5	11.0	12.6	12.7	12.4
Training, employment and social services	8.6	1.2	15.6	6.6	14.1	11.7	11.3
Total Education, training, employment and social services	17.4	4.5	26.2	17.7	26.7	24.4	23.7
Health	6.2	1.2	6.9	7.7	8.3	8.8	8.7
Income security:							
Housing assistance	18.6	0.1	28.6	32.3	24.8	27.7	26.1
Other	0.7	0.1	1.0	1.2	1.7	3.7	4.4
Total Income security	19.3	0.3	29.6	33.5	26.4	31.4	30.5
Social security	....	....	....	....	....	–*	–*
Veterans benefits and services	4.9	1.2	5.6	6.3	6.8	7.1	7.6
Administration of justice	3.3	0.9	3.6	3.9	4.2	4.4	4.4
General government	6.4	2.4	6.2	6.8	5.0	5.4	5.8
Total domestic	87.7	18.5	122.7	127.0	130.8	148.4	137.2
Total discretionary budget authority	193.7	43.5	242.6	255.4	271.0	305.8	335.2

Table 8.9—BUDGET AUTHORITY FOR DISCRETIONARY PROGRAMS: 1976–1993—Continued

(in billions of dollars)

Category and Program	1982	1983	1984	1985	1986	1987
National defense	217.2	245.0	265.6	294.9	289.6	288.0
International affairs	14.2	16.0	25.2	24.1	20.3	18.8
Domestic:						
General science, space and technology:						
General science and basic research	1.5	1.6	2.0	2.2	2.1	2.3
Space and other technology	5.7	6.5	6.9	6.9	7.2	10.2
Total General science, space and technology	7.2	8.1	8.8	9.1	9.3	12.5
Energy	8.3	6.9	6.0	6.6	4.3	3.3
Natural resources and environment	13.1	14.6	14.0	15.1	13.4	16.2
Agriculture	1.8	2.0	2.1	2.2	2.1	2.3
Commerce and housing credit	3.3	3.6	3.8	4.0	2.9	2.9
Transportation:						
Ground transportation	8.5	5.5	4.3	4.1	3.4	3.4
Air transportation	3.2	3.9	4.3	5.1	4.6	4.7
Water and other transportation	2.4	2.4	2.7	2.5	2.2	2.4
Total Transportation	14.1	11.8	11.3	11.6	10.1	10.5
Community and regional development	6.2	7.5	6.5	6.2	5.7	5.6
Education, training, employment and social services:						
Education	11.7	12.3	13.1	15.2	14.4	16.7
Training, employment and social services	6.5	7.6	10.4	7.7	7.1	7.7
Total Education, training, employment and social services	18.2	20.0	23.4	22.9	21.5	24.4
Health	8.2	8.8	9.3	10.3	10.3	12.1
Income security:						
Housing assistance	13.9	10.0	11.4	12.6	10.7	8.6
Other	4.4	4.9	5.1	4.9	5.0	4.9
Total Income security	18.2	14.9	16.5	17.5	15.8	13.5
Veterans benefits and services	8.5	9.6	10.0	10.8	10.8	11.4
Administration of justice	4.7	5.3	6.0	6.6	6.7	8.5
General government	5.9	6.7	7.0	7.1	7.3	8.2
Total domestic	117.7	119.9	124.7	130.1	120.2	131.3
Total discretionary budget authority	349.1	380.9	415.5	449.0	430.1	438.1

Table 8.9—**BUDGET AUTHORITY FOR DISCRETIONARY PROGRAMS: 1976–1993—Continued**

(in billions of dollars)

Category and Program	1988	1989	1990	1991	1992	1993 estimate
National defense	292.5	300.1	303.9	332.2	299.1	274.2
International affairs	18.1	18.5	20.0	21.3	20.9	33.1
Domestic:						
General science, space and technology:						
General science and basic research	2.5	2.8	3.2	3.5	4.1	4.2
Space and other technology	8.3	10.0	11.4	13.0	13.2	13.1
Total General science, space and technology	10.8	12.8	14.5	16.5	17.3	17.3
Energy	4.9	4.7	5.6	5.4	6.0	5.3
Natural resources and environment	16.2	17.3	18.6	19.6	21.3	21.3
Agriculture	2.3	2.4	2.7	3.1	4.3	4.1
Commerce and housing credit	2.9	3.1	3.9	2.8	3.5	3.3
Transportation:						
Ground transportation	3.0	3.0	4.1	3.4	3.7	2.4
Air transportation	5.2	5.8	6.6	7.3	8.1	8.4
Water and other transportation	2.4	2.8	2.9	2.9	3.2	3.1
Total Transportation	10.6	11.6	13.5	13.7	15.0	13.9
Community and regional development	5.4	6.0	7.3	5.8	12.0	8.3
Education, training, employment and social services:						
Education	17.4	18.4	19.9	22.9	24.4	25.0
Training, employment and social services	8.1	8.2	9.8	10.7	11.7	12.1
Total Education, training, employment and social services	25.5	26.6	29.8	33.5	36.1	37.1
Health	13.0	14.3	16.1	18.2	19.5	20.7
Medicare	....	....	2.4	2.6	2.9	3.0
Income security:						
Housing assistance	8.6	9.0	10.8	19.6	19.7	21.0
Other	4.7	5.8	8.0	9.8	10.5	10.7
Total Income security	13.3	14.8	18.8	29.4	30.2	31.7
Veterans benefits and services	11.8	12.6	13.2	14.4	15.8	16.8
Administration of justice	9.0	9.9	12.4	12.7	14.3	14.3
General government	8.7	9.2	11.5	12.2	11.3	11.9
Total domestic	134.5	145.2	170.2	190.0	209.4	208.9
Total discretionary budget authority	445.1	463.8	494.2	543.5	529.5	516.1

* $50 million or less.

Note: Due to the effects of the Credit Reform Act of 1990 on the measurement and classification of Federal credit activities, the discretionary budget authority for years prior to 1992 is not strictly comparable to that for 1992 and beyond.

Table 9.1—OUTLAYS FOR MAJOR PUBLIC PHYSICAL CAPITAL INVESTMENT IN CURRENT AND CONSTANT (FY 1987) DOLLARS: 1940–1993

Fiscal Year	In Millions of Current Dollars					In Billions of Constant (FY 1987) Dollars				
	Total	Direct Federal			Grants	Total	Direct Federal			Grants
		Total	National Defense	Non-defense			Total	National Defense	Non-defense	
1940	3,297	2,855	850	2,005	442	31.4	27.2	8.2	19.0	4.2
1941	6,356	6,066	4,300	1,766	290	52.0	49.4	35.3	14.1	2.6
1942	21,486	21,264	19,900	1,364	222	162.9	161.2	151.1	10.1	1.7
1943	55,539	55,321	54,700	621	218	399.6	398.0	393.5	4.4	1.6
1944	60,000	59,817	59,600	217	183	440.5	439.2	437.6	1.6	1.3
1945	56,674	56,520	56,300	220	154	435.6	434.4	432.7	1.6	1.1
1946	20,680	20,538	20,100	438	142	160.3	159.3	156.1	3.3	0.9
1947	4,693	4,094	3,483	611	599	36.9	33.5	28.6	4.9	3.4
1948	3,919	3,479	2,704	775	440	23.8	21.5	16.8	4.7	2.3
1949	3,847	3,385	2,345	1,040	462	19.8	17.4	12.2	5.3	2.3
1950	3,873	3,389	2,052	1,337	484	21.1	18.5	11.3	7.2	2.6
1951	7,400	6,834	5,486	1,348	566	36.2	33.3	26.9	6.4	2.8
1952	16,224	15,649	14,197	1,452	575	73.4	70.7	64.3	6.4	2.6
1953	22,958	22,202	20,594	1,608	756	104.9	101.5	94.3	7.2	3.4
1954	21,442	20,698	19,303	1,395	744	99.2	95.7	89.4	6.3	3.5
1955	18,004	17,184	16,094	1,090	820	84.8	80.9	75.9	5.0	3.9
1956	17,387	16,472	15,556	916	915	76.0	71.9	68.0	3.9	4.1
1957	19,613	18,465	17,324	1,141	1,148	81.4	76.7	72.0	4.6	4.7
1958	20,770	18,982	17,639	1,343	1,788	84.6	77.2	71.8	5.3	7.4
1959	22,899	19,943	18,329	1,614	2,956	90.0	77.9	71.7	6.2	12.1
1960	22,405	19,084	17,157	1,927	3,321	87.4	73.6	66.4	7.3	13.8
1961	21,860	18,807	16,791	2,016	3,053	85.1	72.4	64.8	7.6	12.7
1962	23,352	20,113	17,785	2,328	3,239	88.2	74.9	66.4	8.5	13.3
1963	25,548	21,948	19,399	2,549	3,600	92.8	78.3	69.4	8.9	14.5
1964	25,381	20,899	17,970	2,929	4,482	92.3	74.4	64.2	10.2	17.9
1965	22,263	17,278	14,231	3,047	4,985	80.2	60.7	50.2	10.5	19.5
1966	25,028	20,116	16,851	3,265	4,912	88.1	69.5	58.4	11.0	18.7
1967	29,647	24,416	21,377	3,039	5,231	99.7	80.5	70.7	9.8	19.2
1968	34,200	28,304	25,437	2,867	5,896	111.5	90.7	81.7	9.0	20.8
1969	34,952	28,787	26,235	2,552	6,165	109.8	89.1	81.4	7.7	20.7
1970	33,186	26,130	23,588	2,542	7,056	98.6	76.7	69.4	7.3	21.9
1971	31,534	23,662	20,701	2,961	7,872	88.6	66.1	58.0	8.1	22.5
1972	31,084	22,667	19,094	3,573	8,417	83.4	60.9	51.5	9.4	22.6
1973	30,183	21,318	17,624	3,694	8,865	76.4	54.0	44.9	9.2	22.4
1974	31,180	21,335	17,385	3,950	9,845	72.0	49.7	40.5	9.3	22.3
1975	34,374	23,494	18,665	4,829	10,880	71.0	50.3	41.0	9.3	20.6
1976	37,981	24,464	19,247	5,217	13,517	73.9	49.3	40.0	9.4	24.5
TQ	9,782	5,846	4,465	1,381	3,936	18.0	11.0	8.6	2.4	7.0
1977	43,484	27,320	21,556	5,764	16,164	77.3	49.4	39.6	9.8	27.9
1978	48,292	29,964	23,227	6,737	18,328	79.7	50.8	40.0	10.7	29.0
1979	56,516	36,455	28,689	7,766	20,061	83.1	55.2	43.9	11.3	27.9
1980	63,021	40,537	32,486	8,051	22,484	83.4	55.7	45.7	10.0	27.7
1981	70,010	47,861	39,101	8,760	22,149	85.2	59.8	49.6	10.2	25.4
1982	76,571	56,420	47,960	8,460	20,151	86.0	63.5	54.3	9.2	22.5
1983	87,725	67,215	59,221	7,994	20,510	92.8	70.2	61.6	8.5	22.6
1984	100,729	78,043	68,229	9,814	22,686	103.7	79.2	68.9	10.3	24.5
1985	114,577	89,702	77,956	11,746	24,875	114.8	89.1	77.0	12.1	25.8
1986	122,190	95,929	84,663	11,266	26,261	120.5	94.0	82.6	11.4	26.5
1987	125,904	102,060	89,526	12,534	23,843	125.9	102.1	89.5	12.5	23.8
1988	125,109	100,230	85,698	14,532	24,879	124.4	100.4	86.1	14.3	24.1
1989 [1]	129,691	104,399	90,490	13,909	25,292	125.5	101.9	88.6	13.3	23.7
1990 [1]	129,972	102,794	87,700	15,095	27,177	123.4	98.5	84.4	14.1	24.9
1991 [1]	131,781	103,548	87,222	16,326	28,233	122.4	97.0	81.9	15.2	25.4
1992 [1]	132,497	103,265	82,084	21,181	29,231	119.8	94.0	74.9	19.1	25.8
1993 estimate [1]	133,121	100,041	77,145	22,896	33,080	117.1	88.7	68.6	20.1	28.4

[1] Includes off-budget Postal Service investments of the following amounts:
In millions of current dollars: 1989: 900; 1990: 1,317; 1991: 1,362; 1992: 1,842; 1993: 1,681.
In billions of constant (FY 1987) dollars: 1989: 0.9; 1990: 1.2; 1991: 1.3; 1992: 1.7; 1993: 1.5.

Table 9.2—OUTLAYS FOR MAJOR PUBLIC PHYSICAL CAPITAL INVESTMENT IN PERCENTAGE TERMS: 1940–1993

Fiscal Year	Percentages of Outlays					Percentages of GDP				
	Total	Direct Federal			Grants	Total	Direct Federal			Grants
		Total	National Defense	Non-defense			Total	National Defense	Non-defense	
1940	34.8	30.2	9.0	21.2	4.7	3.5	3.0	0.9	2.1	0.5
1941	46.6	44.4	31.5	12.9	2.1	5.6	5.4	3.8	1.6	0.3
1942	61.1	60.5	56.6	3.9	0.6	15.2	15.0	14.0	1.0	0.2
1943	70.7	70.4	69.6	0.8	0.3	31.7	31.5	31.2	0.4	0.1
1944	65.7	65.5	65.3	0.2	0.2	29.7	29.7	29.5	0.1	0.1
1945	61.1	61.0	60.7	0.2	0.2	26.7	26.7	26.6	0.1	0.1
1946	37.4	37.2	36.4	0.8	0.3	9.7	9.7	9.5	0.2	0.1
1947	13.6	11.9	10.1	1.8	1.7	2.1	1.8	1.6	0.3	0.3
1948	13.2	11.7	9.1	2.6	1.5	1.6	1.4	1.1	0.3	0.2
1949	9.9	8.7	6.0	2.7	1.2	1.5	1.3	0.9	0.4	0.2
1950	9.1	8.0	4.8	3.1	1.1	1.5	1.3	0.8	0.5	0.2
1951	16.3	15.0	12.1	3.0	1.2	2.4	2.2	1.7	0.4	0.2
1952	24.0	23.1	21.0	2.1	0.8	4.8	4.6	4.2	0.4	0.2
1953	30.2	29.2	27.1	2.1	1.0	6.3	6.1	5.7	0.4	0.2
1954	30.3	29.2	27.2	2.0	1.1	5.8	5.6	5.2	0.4	0.2
1955	26.3	25.1	23.5	1.6	1.2	4.7	4.5	4.2	0.3	0.2
1956	24.6	23.3	22.0	1.3	1.3	4.2	4.0	3.7	0.2	0.2
1957	25.6	24.1	22.6	1.5	1.5	4.5	4.2	4.0	0.3	0.3
1958	25.2	23.0	21.4	1.6	2.2	4.6	4.2	3.9	0.3	0.4
1959	24.9	21.7	19.9	1.8	3.2	4.8	4.2	3.8	0.3	0.6
1960	24.3	20.7	18.6	2.1	3.6	4.4	3.8	3.4	0.4	0.7
1961	22.4	19.2	17.2	2.1	3.1	4.2	3.6	3.2	0.4	0.6
1962	21.9	18.8	16.6	2.2	3.0	4.2	3.6	3.2	0.4	0.6
1963	23.0	19.7	17.4	2.3	3.2	4.4	3.8	3.3	0.4	0.6
1964	21.4	17.6	15.2	2.5	3.8	4.1	3.3	2.9	0.5	0.7
1965	18.8	14.6	12.0	2.6	4.2	3.3	2.6	2.1	0.5	0.7
1966	18.6	15.0	12.5	2.4	3.7	3.4	2.7	2.3	0.4	0.7
1967	18.8	15.5	13.6	1.9	3.3	3.7	3.1	2.7	0.4	0.7
1968	19.2	15.9	14.3	1.6	3.3	4.0	3.3	3.0	0.3	0.7
1969	19.0	15.7	14.3	1.4	3.4	3.8	3.1	2.8	0.3	0.7
1970	17.0	13.4	12.1	1.3	3.6	3.4	2.7	2.4	0.3	0.7
1971	15.0	11.3	9.8	1.4	3.7	3.0	2.3	2.0	0.3	0.7
1972	13.5	9.8	8.3	1.5	3.6	2.7	2.0	1.7	0.3	0.7
1973	12.3	8.7	7.2	1.5	3.6	2.4	1.7	1.4	0.3	0.7
1974	11.6	7.9	6.5	1.5	3.7	2.2	1.5	1.2	0.3	0.7
1975	10.3	7.1	5.6	1.5	3.3	2.3	1.6	1.2	0.3	0.7
1976	10.2	6.6	5.2	1.4	3.6	2.3	1.5	1.1	0.3	0.8
TQ	10.2	6.1	4.7	1.4	4.1	2.2	1.3	1.0	0.3	0.9
1977	10.6	6.7	5.3	1.4	3.9	2.3	1.4	1.1	0.3	0.8
1978	10.5	6.5	5.1	1.5	4.0	2.2	1.4	1.1	0.3	0.9
1979	11.2	7.2	5.7	1.5	4.0	2.3	1.5	1.2	0.3	0.8
1980	10.7	6.9	5.5	1.4	3.8	2.4	1.5	1.2	0.3	0.9
1981	10.3	7.1	5.8	1.3	3.3	2.4	1.6	1.3	0.3	0.7
1982	10.3	7.6	6.4	1.1	2.7	2.5	1.8	1.5	0.3	0.6
1983	10.9	8.3	7.3	1.0	2.5	2.6	2.0	1.8	0.2	0.6
1984	11.8	9.2	8.0	1.2	2.7	2.7	2.1	1.8	0.3	0.6
1985	12.1	9.5	8.2	1.2	2.6	2.9	2.3	2.0	0.3	0.6
1986	12.3	9.7	8.5	1.1	2.7	2.9	2.3	2.0	0.3	0.6
1987	12.5	10.2	8.9	1.2	2.4	2.8	2.3	2.0	0.3	0.5
1988	11.8	9.4	8.1	1.4	2.3	2.6	2.1	1.8	0.3	0.5
1989 [1]	11.3	9.1	7.9	1.2	2.2	2.5	2.0	1.7	0.3	0.5
1990 [1]	10.4	8.2	7.0	1.2	2.2	2.4	1.9	1.6	0.3	0.5
1991 [1]	10.0	7.8	6.6	1.2	2.1	2.3	1.8	1.5	0.3	0.5
1992 [1]	9.6	7.5	5.9	1.5	2.1	2.3	1.8	1.4	0.4	0.5
1993 estimate [1]	9.0	6.8	5.2	1.6	2.2	2.2	1.6	1.3	0.4	0.5

[1] Includes off-budget Postal Service investments.

Table 9.3—NATIONAL DEFENSE OUTLAYS FOR MAJOR PUBLIC DIRECT PHYSICAL CAPITAL INVESTMENT: 1940–1993

(in millions of dollars)

Fiscal year	Total	Department of Defense—Military				Atomic Energy and Other Defense		
		Total	Procurement	Military Construction	Family Housing	Total	Construction and Rehabilitation of Physical Assets	Major Equipment
1940	850	850	N/A	N/A	....	....	....	....
1941	4,300	4,300	2,100	2,200	....	....	....	....
1942	19,900	19,900	12,300	7,600	....	....	....	....
1943	54,700	54,700	42,000	12,700	....	....	....	....
1944	59,600	59,600	55,000	4,600	....	....	....	....
1945	56,300	56,300	53,800	2,500	....	....	....	....
1946	20,100	20,100	19,100	1,000	....	....	....	....
1947	3,483	3,432	3,000	432	....	51	51	....
1948	2,704	2,395	2,000	395	....	309	209	100
1949	2,345	1,874	1,723	151	....	471	312	159
1950	2,052	1,650	1,500	150	....	402	240	162
1951	5,486	4,741	4,300	441	....	745	479	266
1952	14,197	12,751	11,000	1,751	....	1,446	1,071	375
1953	20,594	19,057	17,144	1,913	....	1,537	1,054	483
1954	19,303	17,701	15,957	1,744	....	1,602	1,069	533
1955	16,094	14,553	12,838	1,715	....	1,541	771	770
1956	15,556	14,313	12,227	2,079	7	1,243	217	1,026
1957	17,324	15,831	13,488	1,968	375	1,493	233	1,260
1958	17,639	16,002	14,083	1,753	166	1,637	182	1,455
1959	18,329	16,605	14,409	1,948	248	1,724	171	1,553
1960	17,157	15,471	13,334	1,626	511	1,686	176	1,510
1961	16,791	15,109	13,095	1,605	409	1,682	228	1,454
1962	17,785	16,238	14,532	1,347	359	1,547	203	1,344
1963	19,399	17,922	16,632	1,144	146	1,477	184	1,293
1964	17,970	16,643	15,351	1,026	266	1,327	139	1,188
1965	14,231	13,139	11,839	1,007	293	1,092	127	965
1966	16,851	15,940	14,339	1,536	65	911	109	802
1967	21,377	20,613	19,012	1,535	66	764	73	691
1968	25,437	24,625	23,283	1,281	61	812	91	721
1969	26,235	25,513	23,988	1,389	136	722	137	585
1970	23,588	22,901	21,584	1,168	149	687	153	534
1971	20,701	20,061	18,858	1,095	108	640	146	494
1972	19,094	18,389	17,131	1,108	150	705	127	578
1973	17,624	16,981	15,654	1,119	208	643	154	489
1974	17,385	16,857	15,241	1,407	209	528	124	404
1975	18,665	17,803	16,042	1,462	299	862	179	683
1976	19,247	18,295	15,964	2,019	312	952	180	772
TQ	4,465	4,206	3,766	376	64	259	45	214
1977	21,556	20,378	18,178	1,914	286	1,178	218	960
1978	23,227	22,284	19,976	1,932	376	943	274	669
1979	28,689	27,606	25,519	1,965	122	1,083	618	465
1980	32,486	31,470	29,146	2,237	87	1,016	563	453
1981	39,101	37,587	35,310	2,175	102	1,514	848	666
1982	47,960	46,190	43,234	2,782	174	1,770	880	890
1983	59,221	57,000	53,513	3,280	207	2,221	1,057	1,164
1984	68,229	65,518	61,761	3,524	233	2,712	1,323	1,389
1985	77,956	74,729	70,325	4,083	321	3,227	1,424	1,803
1986	84,663	81,635	76,500	4,792	343	3,028	1,490	1,538
1987	89,526	86,771	80,761	5,523	487	2,755	1,108	1,647
1988	85,698	83,114	77,109	5,442	563	2,584	906	1,678
1989	90,490	87,175	81,711	4,843	622	3,315	849	2,465
1990	87,700	85,890	80,858	4,425	607	1,809	1,264	545
1991	87,222	85,328	82,058	2,867	402	1,894	1,277	617
1992	82,084	78,278	74,617	3,362	298	3,807	1,181	2,626
1993 estimate	77,145	72,972	68,377	4,062	533	4,173	1,257	2,916

N/A: Not available.

Table 9.4—NONDEFENSE OUTLAYS FOR MAJOR PUBLIC DIRECT PHYSICAL CAPITAL INVESTMENT: 1940–1993

(in millions of dollars)

Fiscal year	Investments in Physical Capital									
	Total	Construction and Rehabilitation of Physical Assets								Acquisition of Major Equipment
		Total	Water and Power Projects						Other	
			Total	Corps of Engineers	Bureau of Reclamation	Bonneville and Other Power Marketing Agencies	Tennessee Valley Authority	Nuclear and Other		
1940	2,005	2,005	N/A	N/A	N/A	N/A	N/A	....	N/A	....
1941	1,766	1,766	N/A	N/A	N/A	N/A	N/A	....	N/A	....
1942	1,364	1,364	N/A	N/A	N/A	N/A	N/A	....	N/A	....
1943	621	621	N/A	N/A	N/A	N/A	N/A	....	N/A	....
1944	217	217	N/A	N/A	N/A	N/A	N/A	....	N/A	....
1945	220	220	152	68	37	5	42	....	68	....
1946	438	438	248	172	48	9	20	....	190	....
1947	611	611	408	266	93	16	33	....	203	....
1948	775	775	577	360	151	18	48	....	198	....
1949	1,040	995	732	448	212	25	47	....	263	45
1950	1,337	1,320	915	540	292	32	51	....	405	17
1951	1,348	1,317	933	514	260	38	121	....	384	31
1952	1,452	1,312	975	486	208	51	230	....	337	140
1953	1,608	1,423	1,022	561	192	57	212	....	401	185
1954	1,395	1,289	923	400	163	45	299	16	366	106
1955	1,090	1,040	788	393	128	34	217	16	252	50
1956	916	893	646	406	124	28	62	26	247	23
1957	1,141	1,105	742	473	130	28	81	30	363	36
1958	1,343	1,279	910	554	183	26	120	27	369	64
1959	1,614	1,542	976	620	197	19	104	36	566	72
1960	1,927	1,803	1,002	711	128	17	104	42	801	124
1961	2,016	1,939	1,210	759	202	25	159	65	729	77
1962	2,328	2,156	1,321	774	261	17	199	70	835	172
1963	2,549	2,386	1,361	876	270	15	135	65	1,025	163
1964	2,929	2,754	1,408	904	262	30	149	63	1,346	175
1965	3,047	2,879	1,429	931	246	38	135	79	1,450	168
1966	3,265	3,081	1,551	997	278	53	156	67	1,530	184
1967	3,039	2,809	1,634	1,057	231	106	183	57	1,175	230
1968	2,867	2,536	1,641	978	211	144	232	76	895	331
1969	2,552	2,292	1,535	841	201	109	278	106	757	260
1970	2,542	2,306	1,495	765	174	102	348	106	811	236
1971	2,961	2,714	1,855	952	223	102	481	97	859	247
1972	3,573	3,389	2,096	1,084	241	96	580	95	1,293	184
1973	3,694	3,433	1,980	1,018	311	82	461	108	1,453	261
1974	3,950	3,599	2,260	1,088	312	94	510	256	1,339	351
1975	4,829	4,394	3,022	1,325	320	133	913	331	1,372	435
1976	5,217	4,869	3,284	1,331	385	119	1,045	404	1,585	348
TQ	1,381	1,291	881	377	155	24	247	78	410	90
1977	5,764	5,396	3,796	1,442	603	30	1,204	517	1,600	368
1978	6,737	6,306	4,213	1,540	500	50	1,570	553	2,093	431
1979	7,766	7,070	4,814	1,684	518	18	1,813	781	2,256	696
1980	8,051	7,385	4,642	1,751	559	27	1,592	713	2,744	666
1981	8,760	7,715	4,891	1,634	555	59	1,912	731	2,824	1,045
1982	8,460	7,154	4,368	1,611	567	75	1,700	415	2,786	1,306
1983	7,994	7,176	4,632	1,419	582	100	1,361	1,171	2,543	819
1984	9,814	7,194	3,899	1,429	608	233	492	1,138	3,295	2,619
1985	11,746	8,139	4,620	1,307	657	186	1,479	992	3,519	3,607
1986	11,266	7,951	4,251	1,180	738	262	1,327	744	3,700	3,315
1987	12,534	8,345	4,584	1,305	678	248	1,619	734	3,760	4,190
1988	14,532	9,163	4,801	1,608	662	266	1,529	737	4,361	5,369
1989 [1]	13,909	8,694	4,384	1,712	717	199	1,086	669	4,311	5,214

See footnotes at end of table.

Table 9.4—NONDEFENSE OUTLAYS FOR MAJOR PUBLIC DIRECT PHYSICAL CAPITAL INVESTMENT: 1940–1993—Continued

(in millions of dollars)

Fiscal year	Investments in Physical Capital									
	Total	Construction and Rehabilitation of Physical Assets								Acquisition of Major Equipment
		Total	Water and Power Projects						Other	
			Total	Corps of Engineers	Bureau of Reclamation	Bonneville and Other Power Marketing Agencies	Tennessee Valley Authority	Nuclear and Other		
1990 [1]	15,095	9,930	5,104	1,832	666	200	1,701	705	4,826	5,165
1991 [1]	16,326	10,847	4,712	1,687	674	184	1,309	858	6,135	5,479
1992 [1]	21,181	14,458	5,935	1,723	604	86	2,520	1,002	8,523	6,723
1993 estimate [1]	22,896	16,086	5,923	1,676	778	116	2,186	1,166	10,163	6,810

[1] Includes Postal Service off-budget amounts as follows:
Construction and rehabilitation of physical assets: 1989: 668; 1990: 1,070; 1991: 1,277; 1992: 1,284; 1993: 931.
Acquisition of major equipment: 1989: 232; 1990: 247; 1991: 85; 1992: 558; 1993: 750.
N/A: Not available.

Table 9.5—**COMPOSITION OF OUTLAYS FOR GRANTS FOR MAJOR PUBLIC PHYSICAL CAPITAL INVESTMENT: 1941–1993**

(in millions of dollars)

Category	1941	1942	1943	1944	1945	1946	1947	1948	1949
Nondefense:									
Transportation:									
Highways	172	152	88	48	33	44	183	327	403
Airports	....	....	....	....	....	....	....	6	30
Total transportation	172	152	88	48	33	44	183	333	433
Community and regional development:									
Public works acceleration/local public works	117	68	130	134	119	68	31	8	8
Total community and regional development	117	68	130	134	119	68	31	8	8
Natural resources and environment:									
Other	1	1	1	1	1	1	1	2	3
Total natural resources and environment	1	1	1	1	1	1	1	2	3
Other nondefense:									
Health	....	....	....	....	....	....	....	1	10
Veterans	....	....	....	....	....	29	384	96	7
Total other nondefense	....	....	....	....	....	29	384	97	17
Total, nondefense	290	222	218	183	154	142	599	440	462
Total	290	222	218	183	154	142	599	440	462

See footnotes at end of table.

Table 9.5—**COMPOSITION OF OUTLAYS FOR GRANTS FOR MAJOR PUBLIC PHYSICAL CAPITAL INVESTMENT: 1941–1993—Continued**

(in millions of dollars)

Category	1950	1951	1952	1953	1954	1955	1956	1957	1958
Nondefense:									
Transportation:									
Highways	432	396	415	501	522	586	729	950	1,511
Airports	33	30	33	27	18	8	17	21	43
Total transportation	465	426	448	528	540	594	746	971	1,554
Community and regional development:									
Urban renewal	....	....	....	8	12	34	14	30	37
Public works acceleration/local public works	1	*	4	....	....	....	....	....	....
Other	....	....	....	5	5	6	7	4	4
Total community and regional development	1	*	4	13	17	40	21	34	41
Natural resources and environment:									
Pollution control facilities	1	1	1	....	....	....	....	2	19
Other	5	5	6	8	16	21	25	24	29
Total natural resources and environment	6	6	7	8	16	21	25	26	49
Other nondefense:									
Education, training, employment, and social services	....	62	55	134	105	121	89	67	74
Health	9	70	61	60	52	34	24	32	50
Veterans	3	1	....	....	....	....	....	....	....
Other	....	....	....	....	....	....	....	9	13
Total other nondefense	12	133	116	194	157	155	113	108	137
Total, nondefense	484	566	575	743	730	810	905	1,139	1,780
National defense [1]	....	....	....	13	14	10	10	9	8
Total	484	566	575	756	744	820	915	1,148	1,788

See footnotes at end of table.

Table 9.5—**COMPOSITION OF OUTLAYS FOR GRANTS FOR MAJOR PUBLIC PHYSICAL CAPITAL INVESTMENT: 1941–1993—Continued**

(in millions of dollars)

Category	1959	1960	1961	1962	1963	1964	1965	1966	1967
Nondefense:									
Transportation:									
Highways	2,601	2,927	2,610	2,769	3,008	3,626	3,998	3,979	3,984
Urban mass transportation [2]	....	....	....	....	....	....	11	16	42
Airports	57	57	65	58	52	65	71	54	64
Total transportation	2,658	2,984	2,674	2,827	3,059	3,691	4,079	4,049	4,090
Community and regional development:									
Urban renewal	77	104	144	169	199	212	281	313	370
Public works acceleration/local public works	....	....	....	....	15	257	288	85	19
Other	3	2	1	*	2	14	13	22	105
Total community and regional development	80	106	145	170	217	484	582	420	495
Natural resources and environment:									
Pollution control facilities	36	40	44	42	52	66	75	88	99
Other	36	47	46	52	88	78	84	105	121
Total natural resources and environment	72	88	90	94	140	144	159	193	220
Other nondefense:									
Education, training, employment, and social services	66	71	59	42	53	39	50	119	236
Health	69	64	68	72	72	64	69	96	142
Other	3	3	5	18	32	38	27	24	38
Total other nondefense	138	138	132	132	157	141	146	239	416
Total, nondefense	2,948	3,316	3,042	3,223	3,572	4,460	4,966	4,901	5,221
National defense [1]	8	5	11	16	28	22	19	11	10
Total	2,956	3,321	3,053	3,239	3,600	4,482	4,985	4,912	5,231

See footnotes at end of table.

Table 9.5—**COMPOSITION OF OUTLAYS FOR GRANTS FOR MAJOR PUBLIC PHYSICAL CAPITAL INVESTMENT: 1941–1993—Continued**

(in millions of dollars)

Category	1968	1969	1970	1971	1972	1973	1974	1975	1976
Nondefense:									
Transportation:									
Highways	4,138	4,121	4,311	4,570	4,601	4,644	4,378	4,589	6,144
Urban mass transportation [2]	66	141	119	187	259	358	503	687	946
Airports	75	104	83	62	106	232	243	292	269
Total transportation	4,279	4,366	4,514	4,818	4,966	5,235	5,123	5,568	7,360
Community and regional development:									
Block grants	....	....	....	....	....	....	....	38	983
Urban renewal	475	534	1,054	1,026	1,218	1,010	1,205	1,374	1,166
Public works acceleration/local public works	5	2	1	*	*	....	....	....	....
Other	294	428	570	900	1,104	1,279	1,180	1,082	667
Total community and regional development	774	964	1,624	1,927	2,322	2,289	2,386	2,494	2,816
Natural resources and environment:									
Pollution control facilities	133	161	176	478	413	684	1,553	1,938	2,429
Other	176	145	189	169	214	230	299	338	360
Total natural resources and environment	308	306	365	648	627	915	1,852	2,276	2,788
Other nondefense:									
Education, training, employment, and social services	297	293	257	222	146	124	74	86	44
Health	200	171	230	221	294	211	256	306	361
Other	27	49	50	22	38	60	114	111	89
Total other nondefense	524	513	537	465	478	395	444	502	494
Total, nondefense	5,885	6,149	7,040	7,858	8,393	8,834	9,806	10,840	13,458
National defense [1]	11	16	16	14	24	31	39	41	60
Total	5,896	6,165	7,056	7,872	8,417	8,865	9,845	10,880	13,517

See footnotes at end of table.

Table 9.5—COMPOSITION OF OUTLAYS FOR GRANTS FOR MAJOR PUBLIC PHYSICAL CAPITAL INVESTMENT: 1941–1993—Continued

(in millions of dollars)

Category	TQ	1977	1978	1979	1980	1981	1982	1983	1984
Nondefense:									
Transportation:									
Highways	1,605	5,884	5,940	7,119	8,952	8,832	7,730	8,759	10,372
Urban mass transportation [2]	265	1,307	1,358	1,700	2,038	2,596	2,588	2,782	3,139
Airports	26	335	562	556	590	469	339	453	694
Total transportation	1,896	7,526	7,860	9,376	11,580	11,897	10,657	11,994	14,205
Community and regional development:									
Block grants	439	2,089	2,464	3,161	4,126	4,042	3,792	4,005	4,273
Urban renewal	295	899	392	298	206	167	101	38	24
Public works acceleration/local public works	....	577	3,057	1,741	416	83	40	....	1
Other	159	604	628	895	1,039	1,268	1,239	679	598
Total community and regional development	894	4,169	6,542	6,095	5,787	5,560	5,170	4,722	4,896
Natural resources and environment:									
Pollution control facilities	920	3,530	3,187	3,756	4,343	3,881	3,756	2,983	2,619
Other	97	376	410	513	562	600	314	572	666
Total natural resources and environment	1,016	3,906	3,597	4,269	4,906	4,482	4,070	3,555	3,285
Other nondefense:									
Education, training, employment, and social services	29	66	12	27	25	5	37	36	42
Health	64	330	212	132	10	32	11	55	....
Other	28	98	80	107	120	140	174	103	212
Total other nondefense	121	494	305	265	155	177	222	194	254
Total, nondefense	3,927	16,095	18,304	20,005	22,428	22,116	20,120	20,465	22,640
National defense [1]	9	69	24	57	56	33	31	45	46
Total	3,936	16,164	18,328	20,061	22,484	22,149	20,151	20,510	22,686

See footnotes at end of table.

Table 9.5—**COMPOSITION OF OUTLAYS FOR GRANTS FOR MAJOR PUBLIC PHYSICAL CAPITAL INVESTMENT: 1941–1993—Continued**

(in millions of dollars)

Category	1985	1986	1987	1988	1989	1990	1991	1992	1993 estimate
Nondefense:									
Transportation:									
Highways	12,685	13,939	12,478	13,714	13,240	13,961	14,197	15,045	17,128
Urban mass transportation [2]	2,447	2,747	2,571	2,417	2,683	3,157	3,226	2,777	2,667
Airports	789	853	917	825	1,135	1,220	1,541	1,672	2,072
Other	....	....	....	....	....	....	....	*	*
Total transportation	15,921	17,539	15,966	16,956	17,057	18,338	18,964	19,495	21,867
Community and regional development:									
Block grants	4,314	3,787	3,322	3,266	2,948	2,818	2,976	3,090	3,150
Urban renewal	28	13	....	....	....	....	....	....	....
Other	655	731	676	780	946	921	760	644	839
Total community and regional development	4,997	4,531	3,998	4,046	3,894	3,739	3,736	3,734	3,989
Natural resources and environment:									
Pollution control facilities	2,936	3,158	2,961	2,600	2,498	2,533	2,714	2,631	2,630
Other	666	654	606	657	600	734	761	797	899
Total natural resources and environment	3,602	3,812	3,567	3,257	3,098	3,267	3,475	3,427	3,529
Other nondefense:									
Education, training, employment, and social services	59	51	42	55	77	58	25	48	59
Subsidized housing	....	....	....	261	750	1,372	1,691	2,101	2,748
Other	234	229	161	195	249	249	233	201	592
Total other nondefense	293	280	203	511	1,077	1,679	1,949	2,351	3,399
Total, nondefense	24,813	26,163	23,734	24,770	25,126	27,023	28,123	29,007	32,784
National defense [1]	62	98	109	109	166	154	110	225	296
Total	24,875	26,261	23,843	24,879	25,292	27,177	28,233	29,231	33,080

* $500 thousand or less.
[1] National Guard shelters and civil defense.
[2] Includes relatively small amounts for railroads.
Note: Grants for 1940 totaled $442 million, composed of $165 million for highways and $277 million for public works.

Table 9.6—**OUTLAYS FOR MAJOR PUBLIC PHYSICAL CAPITAL INVESTMENT IN CONSTANT (FY 1987) DOLLARS: 1940–1993**

(in billions of dollars)

Category	1940	1941	1942	1943	1944	1945	1946	1947
Direct Investments:								
National defense:								
Department of Defense—military	8.2	35.3	151.1	393.5	437.6	432.7	156.1	28.2
Atomic energy and other	....	....	....	....	....	....	....	0.4
Total national defense	8.2	35.3	151.1	393.5	437.6	432.7	156.1	28.6
Nondefense:								
Construction and rehabilitation of physical assets:								
Water and power projects	N/A	N/A	N/A	N/A	N/A	1.1	1.9	3.3
Other [1]	N/A	N/A	N/A	N/A	N/A	0.5	1.4	1.6
Subtotal [1]	19.0	14.1	10.1	4.4	1.6	1.6	3.3	4.9
Total nondefense [1]	19.0	14.1	10.1	4.4	1.6	1.6	3.3	4.9
Total direct investments [1]	27.2	49.4	161.2	398.0	439.2	434.4	159.3	33.5
Grants to State and local governments for major physical investments:								
Nondefense:								
Transportation	1.6	1.5	1.2	0.6	0.3	0.2	0.3	1.0
Community and regional development	2.6	1.0	0.5	0.9	1.0	0.9	0.5	0.2
Natural resources and environment	....	*	*	*	*	*	*	*
Other	....	....	....	....	....	....	0.2	2.2
Total nondefense	4.2	2.6	1.7	1.6	1.3	1.1	0.9	3.4
Total grants	4.2	2.6	1.7	1.6	1.3	1.1	0.9	3.4
Total outlays for major physical capital investments [1]	31.4	52.0	162.9	399.6	440.5	435.6	160.3	36.9

See footnotes at end of table.

Table 9.6—**OUTLAYS FOR MAJOR PUBLIC PHYSICAL CAPITAL INVESTMENT IN CONSTANT (FY 1987) DOLLARS: 1940–1993—Continued**

(in billions of dollars)

Category	1948	1949	1950	1951	1952	1953	1954	1955
Direct Investments:								
National defense:								
Department of Defense—military	14.9	9.7	9.1	23.2	57.8	87.3	82.0	68.6
Atomic energy and other	1.9	2.4	2.2	3.7	6.6	7.0	7.4	7.3
Total national defense	16.8	12.2	11.3	26.9	64.3	94.3	89.4	75.9
Nondefense:								
Construction and rehabilitation of physical assets:								
Water and power projects	3.5	3.7	4.9	4.5	4.3	4.6	4.2	3.6
Other [1]	1.2	1.3	2.2	1.8	1.5	1.8	1.7	1.2
Subtotal [1]	4.7	5.0	7.1	6.3	5.8	6.4	5.8	4.8
Acquisition of major equipment [1]	....	0.2	0.1	0.1	0.6	0.8	0.5	0.2
Total nondefense [1]	4.7	5.3	7.2	6.4	6.4	7.2	6.3	5.0
Total direct investments [1]	21.5	17.4	18.5	33.3	70.7	101.5	95.7	80.9
Grants to State and local governments for major physical investments:								
Nondefense:								
Transportation	1.8	2.2	2.5	2.1	2.1	2.4	2.5	2.8
Community and regional development	*	*	*	*	*	0.1	0.1	0.2
Natural resources and environment	*	*	*	*	*	*	0.1	0.1
Other	0.5	0.1	0.1	0.7	0.5	0.9	0.7	0.7
Total nondefense	2.3	2.3	2.6	2.8	2.6	3.4	3.4	3.8
National defense	....	....	....	....	....	0.1	0.1	*
Total grants	2.3	2.3	2.6	2.8	2.6	3.4	3.5	3.9
Total outlays for major physical capital investments [1]	23.8	19.8	21.1	36.2	73.4	104.9	99.2	84.8

See footnotes at end of table.

Table 9.6—**OUTLAYS FOR MAJOR PUBLIC PHYSICAL CAPITAL INVESTMENT IN CONSTANT (FY 1987) DOLLARS: 1940–1993—Continued**

(in billions of dollars)

Category	1956	1957	1958	1959	1960	1961	1962	1963
Direct Investments:								
National defense:								
Department of Defense—military	62.6	65.8	65.2	65.0	59.8	58.3	60.6	64.1
Atomic energy and other	5.4	6.2	6.7	6.7	6.5	6.5	5.8	5.3
Total national defense	68.0	72.0	71.8	71.7	66.4	64.8	66.4	69.4
Nondefense:								
Construction and rehabilitation of physical assets:								
Water and power projects	2.8	3.0	3.6	3.7	3.8	4.6	4.8	4.7
Other [1]	1.1	1.5	1.5	2.2	3.0	2.7	3.0	3.6
Subtotal [1]	3.8	4.5	5.1	5.9	6.8	7.3	7.8	8.3
Acquisition of major equipment [1]	0.1	0.1	0.3	0.3	0.5	0.3	0.6	0.6
Total nondefense [1]	3.9	4.6	5.3	6.2	7.3	7.6	8.5	8.9
Total direct investments [1]	71.9	76.7	77.2	77.9	73.6	72.4	74.9	78.3
Grants to State and local governments for major physical investments:								
Nondefense:								
Transportation	3.3	4.0	6.5	10.9	12.4	11.1	11.6	12.3
Community and regional development	0.1	0.1	0.2	0.3	0.4	0.6	0.7	0.9
Natural resources and environment	0.1	0.1	0.2	0.3	0.4	0.4	0.4	0.6
Other	0.5	0.4	0.6	0.6	0.6	0.6	0.5	0.6
Total nondefense	4.0	4.7	7.4	12.1	13.7	12.6	13.3	14.4
National defense	*	*	*	*	*	*	0.1	0.1
Total grants	4.1	4.7	7.4	12.1	13.8	12.7	13.3	14.5
Total outlays for major physical capital investments [1]	76.0	81.4	84.6	90.0	87.4	85.1	88.2	92.8

See footnotes at end of table.

Table 9.6—OUTLAYS FOR MAJOR PUBLIC PHYSICAL CAPITAL INVESTMENT IN CONSTANT (FY 1987) DOLLARS: 1940–1993—Continued

(in billions of dollars)

Category	1964	1965	1966	1967	1968	1969	1970	1971
Direct investments:								
National defense:								
Department of Defense—military	59.5	46.3	55.3	68.2	79.1	79.2	67.3	56.2
Atomic energy and other	4.7	3.9	3.2	2.5	2.6	2.2	2.0	1.8
Total national defense	64.2	50.2	58.4	70.7	81.7	81.4	69.4	58.0
Nondefense:								
Construction and rehabilitation of physical assets:								
Water and power projects	4.9	4.9	5.2	5.3	5.1	4.6	4.3	5.1
Other [1]	4.7	5.0	5.2	3.8	2.8	2.3	2.3	2.3
Subtotal [1]	9.6	9.9	10.4	9.1	7.9	6.9	6.6	7.4
Acquisition of major equipment [1]	0.6	0.6	0.6	0.7	1.0	0.8	0.7	0.7
Total nondefense [1]	10.2	10.5	11.0	9.8	9.0	7.7	7.3	8.1
Total direct investments [1]	74.4	60.7	69.5	80.5	90.7	89.1	76.7	66.1
Grants to State and local governments for major physical investments:								
Nondefense:								
Transportation	14.7	16.0	15.4	15.0	15.1	14.7	14.0	13.7
Community and regional development	1.9	2.3	1.6	1.8	2.7	3.2	5.0	5.5
Natural resources and environment	0.6	0.6	0.7	0.8	1.1	1.0	1.1	1.8
Other	0.6	0.6	0.9	1.5	1.9	1.7	1.7	1.3
Total nondefense	17.8	19.5	18.6	19.1	20.8	20.6	21.9	22.4
National defense	0.1	0.1	*	*	*	0.1	*	*
Total grants	17.9	19.5	18.7	19.2	20.8	20.7	21.9	22.5
Total outlays for major physical capital investments [1]	92.3	80.2	88.1	99.7	111.5	109.8	98.6	88.6

See footnotes at end of table.

Table 9.6—**OUTLAYS FOR MAJOR PUBLIC PHYSICAL CAPITAL INVESTMENT IN CONSTANT (FY 1987) DOLLARS: 1940–1993—Continued**

(in billions of dollars)

Category	1972	1973	1974	1975	1976	TQ	1977	1978
Direct Investments:								
National defense:								
Department of Defense—military	49.6	43.2	39.2	39.1	38.0	8.1	37.4	38.4
Atomic energy and other	1.9	1.6	1.2	1.9	2.0	0.5	2.2	1.6
Total national defense	51.5	44.9	40.5	41.0	40.0	8.6	39.6	40.0
Nondefense:								
Construction and rehabilitation of physical assets:								
Water and power projects	5.5	4.9	5.3	5.8	5.9	1.6	6.5	6.7
Other [1]	3.4	3.6	3.1	2.7	2.8	0.7	2.7	3.3
Subtotal [1]	8.9	8.5	8.4	8.5	8.7	2.3	9.2	10.0
Acquisition of major equipment [1]	0.5	0.6	0.8	0.8	0.6	0.2	0.6	0.7
Total nondefense [1]	9.4	9.2	9.3	9.3	9.4	2.4	9.8	10.7
Total direct investments [1]	60.9	54.0	49.7	50.3	49.3	11.0	49.4	50.8
Grants to State and local governments for major physical investments:								
Nondefense:								
Transportation	13.3	13.2	11.6	10.6	13.4	3.4	13.0	12.4
Community and regional development	6.2	5.8	5.4	4.7	5.1	1.6	7.2	10.3
Natural resources and environment	1.7	2.3	4.2	4.3	5.1	1.8	6.7	5.7
Other	1.3	1.0	1.0	1.0	0.9	0.2	0.9	0.5
Total nondefense	22.5	22.3	22.2	20.6	24.4	7.0	27.8	28.9
National defense	0.1	0.1	0.1	0.1	0.1	*	0.1	*
Total grants	22.6	22.4	22.3	20.6	24.5	7.0	27.9	29.0
Total outlays for major physical capital investments [1]	83.4	76.4	72.0	71.0	73.9	18.0	77.3	79.7

See footnotes at end of table.

Table 9.6—**OUTLAYS FOR MAJOR PUBLIC PHYSICAL CAPITAL INVESTMENT IN CONSTANT (FY 1987) DOLLARS: 1940–1993—Continued**

(in billions of dollars)

Category	1979	1980	1981	1982	1983	1984	1985	1986
Direct Investments:								
National defense:								
Department of Defense—military	42.2	44.2	47.7	52.3	59.3	66.2	73.8	79.6
Atomic energy and other	1.7	1.4	1.9	2.0	2.3	2.7	3.2	3.0
Total national defense	43.9	45.7	49.6	54.3	61.6	68.9	77.0	82.6
Nondefense:								
Construction and rehabilitation of physical assets:								
Water and power projects	7.0	5.8	5.7	4.7	4.9	4.1	4.7	4.3
Other [1]	3.3	3.4	3.3	3.0	2.7	3.4	3.6	3.7
Subtotal [1]	10.3	9.2	9.0	7.8	7.6	7.5	8.4	8.0
Acquisition of major equipment [1]	1.0	0.8	1.2	1.4	0.9	2.7	3.7	3.4
Total nondefense [1]	11.3	10.0	10.2	9.2	8.5	10.3	12.1	11.4
Total direct investments [1]	55.2	55.7	59.8	63.5	70.2	79.2	89.1	94.0
Grants to State and local governments for major physical investments:								
Nondefense:								
Transportation	13.0	14.3	13.7	11.9	13.2	15.4	16.5	17.7
Community and regional development	8.5	7.1	6.4	5.8	5.2	5.3	5.2	4.6
Natural resources and environment	5.9	6.0	5.1	4.5	3.9	3.6	3.7	3.9
Other	0.4	0.2	0.2	0.2	0.2	0.3	0.3	0.3
Total nondefense	27.8	27.6	25.4	22.5	22.6	24.5	25.7	26.4
National defense	0.1	0.1	*	*	*	*	0.1	0.1
Total grants	27.9	27.7	25.4	22.5	22.6	24.5	25.8	26.5
Total outlays for major physical capital investments [1]	83.1	83.4	85.2	86.0	92.8	103.7	114.8	120.5

See footnotes at end of table.

Table 9.6—**OUTLAYS FOR MAJOR PUBLIC PHYSICAL CAPITAL INVESTMENT IN CONSTANT (FY 1987) DOLLARS: 1940–1993—Continued**

(in billions of dollars)

Category	1987	1988	1989	1990	1991	1992	1993 estimate
Direct Investments:							
National defense:							
Department of Defense—military	86.8	83.5	85.3	82.7	80.1	71.4	64.9
Atomic energy and other	2.8	2.6	3.2	1.7	1.8	3.5	3.7
Total national defense	89.5	86.1	88.6	84.4	81.9	74.9	68.6
Nondefense:							
Construction and rehabilitation of physical assets:							
Water and power projects	4.6	4.7	4.2	4.8	4.4	5.4	5.2
Other [1]	3.8	4.3	4.1	4.5	5.7	7.7	8.9
Subtotal [1]	8.3	9.0	8.3	9.3	10.1	13.0	14.1
Acquisition of major equipment [1]	4.2	5.3	5.0	4.8	5.1	6.1	6.0
Total nondefense [1]	12.5	14.3	13.3	14.1	15.2	19.1	20.1
Total direct investments [1]	102.1	100.4	101.9	98.5	97.0	94.0	88.7
Grants to State and local governments for major physical investments:							
Nondefense:							
Transportation	16.0	16.4	16.0	16.8	17.1	17.2	18.8
Community and regional development	4.0	3.9	3.6	3.4	3.4	3.3	3.4
Natural resources and environment	3.6	3.1	2.9	3.0	3.1	3.0	3.0
Other	0.2	0.5	1.0	1.5	1.8	2.1	2.9
Total nondefense	23.7	24.0	23.5	24.8	25.3	25.6	28.1
National defense	0.1	0.1	0.2	0.1	0.1	0.2	0.3
Total grants	23.8	24.1	23.7	24.9	25.4	25.8	28.4
Total outlays for major physical capital investments [1]	125.9	124.4	125.5	123.4	122.4	119.8	117.1

* $50 million or less.

[1] Includes off-budget Postal Service investments starting in 1989. See footnote to table 9.1 for total amount.

N/A: Not available.

10.1— SUMMARY OF OUTLAYS FOR THE CONDUCT OF RESEARCH AND DEVELOPMENT: 1949–1993

Fiscal Year	In Millions of Dollars			As Percentages of Total Outlays			As Percentages of GDP			In Billions of Constant (FY 1987) Dollars		
	National Defense	Non-defense	Total	National Defense	Non-defense	Total	National Defense	Non-defense	Total	National Defense	Non-defense	Total
1949	762	178	940	2.0	0.5	2.4	0.3	0.1	0.4	3.8	0.9	4.6
1950	772	282	1,054	1.8	0.7	2.5	0.3	0.1	0.4	3.9	1.4	5.3
1951	846	279	1,125	1.9	0.6	2.5	0.3	0.1	0.4	4.0	1.3	5.3
1952	1,204	291	1,495	1.8	0.4	2.2	0.4	0.1	0.4	5.6	1.4	7.0
1953	1,553	295	1,848	2.0	0.4	2.4	0.4	0.1	0.5	7.1	1.3	8.4
1954	1,551	297	1,848	2.2	0.4	2.6	0.4	0.1	0.5	7.0	1.3	8.3
1955	1,550	345	1,895	2.3	0.5	2.8	0.4	0.1	0.5	6.8	1.5	8.4
1956	1,898	428	2,326	2.7	0.6	3.3	0.5	0.1	0.6	8.1	1.8	9.9
1957	2,134	577	2,711	2.8	0.8	3.5	0.5	0.1	0.6	8.8	2.4	11.2
1958	2,459	729	3,188	3.0	0.9	3.9	0.5	0.2	0.7	9.9	2.9	12.8
1959	5,364	1,020	6,384	5.8	1.1	6.9	1.1	0.2	1.3	21.1	4.0	25.1
1960	5,937	1,385	7,322	6.4	1.5	7.9	1.2	0.3	1.5	22.8	5.3	28.1
1961	6,922	1,864	8,786	7.1	1.9	9.0	1.3	0.4	1.7	26.3	7.1	33.4
1962	7,090	2,747	9,837	6.6	2.6	9.2	1.3	0.5	1.8	26.5	10.3	36.7
1963	7,144	4,221	11,365	6.4	3.8	10.2	1.2	0.7	1.9	26.2	15.5	41.7
1964	7,865	5,931	13,796	6.6	5.0	11.6	1.3	0.9	2.2	28.4	21.4	49.9
1965	7,077	6,763	13,840	6.0	5.7	11.7	1.1	1.0	2.1	25.0	23.9	48.9
1966	7,097	7,821	14,918	5.3	5.8	11.1	1.0	1.1	2.0	24.4	26.8	51.2
1967	8,068	7,894	15,962	5.1	5.0	10.1	1.0	1.0	2.0	26.8	26.2	53.0
1968	8,544	7,628	16,172	4.8	4.3	9.1	1.0	0.9	1.9	27.3	24.4	51.7
1969	8,314	7,346	15,660	4.5	4.0	8.5	0.9	0.8	1.7	25.3	22.4	47.7
1970	8,021	7,132	15,153	4.1	3.6	7.7	0.8	0.7	1.5	23.2	20.6	43.8
1971	8,108	7,301	15,409	3.9	3.5	7.3	0.8	0.7	1.5	22.3	20.1	42.3
1972	8,837	7,466	16,303	3.8	3.2	7.1	0.8	0.7	1.4	23.1	19.5	42.6
1973	9,139	7,896	17,035	3.7	3.2	6.9	0.7	0.6	1.3	22.7	19.6	42.4
1974	9,406	8,028	17,434	3.5	3.0	6.5	0.7	0.6	1.2	21.7	18.5	40.3
1975	9,715	8,821	18,536	2.9	2.7	5.6	0.6	0.6	1.2	20.4	18.5	39.0
1976	9,819	10,169	19,988	2.6	2.7	5.4	0.6	0.6	1.2	19.2	19.8	39.0
TQ	2,455	2,745	5,200	2.6	2.9	5.4	0.6	0.6	1.2	4.6	5.2	9.8
1977	10,874	10,569	21,443	2.7	2.6	5.2	0.6	0.6	1.1	19.6	19.1	38.7
1978	12,077	12,455	24,532	2.6	2.7	5.3	0.6	0.6	1.1	20.3	20.9	41.2
1979	12,129	14,196	26,325	2.4	2.8	5.2	0.5	0.6	1.1	18.7	21.9	40.7
1980	14,643	15,592	30,235	2.5	2.6	5.1	0.6	0.6	1.1	20.7	22.1	42.8
1981	16,937	17,231	34,168	2.5	2.5	5.0	0.6	0.6	1.2	21.8	22.2	43.9
1982	19,809	14,850	34,660	2.7	2.0	4.6	0.6	0.5	1.1	23.7	17.8	41.5
1983	22,298	13,602	35,900	2.8	1.7	4.4	0.7	0.4	1.1	25.6	15.6	41.3
1984	25,765	15,221	40,986	3.0	1.8	4.8	0.7	0.4	1.1	28.4	16.8	45.1
1985	30,360	16,856	47,216	3.2	1.8	5.0	0.8	0.4	1.2	32.2	17.9	50.1
1986	35,656	16,485	52,141	3.6	1.7	5.3	0.8	0.4	1.2	36.7	17.0	53.7
1987	37,097	16,159	53,256	3.7	1.6	5.3	0.8	0.4	1.2	37.1	16.2	53.3
1988	38,032	18,068	56,100	3.6	1.7	5.3	0.8	0.4	1.2	36.7	17.4	54.1
1989[1]	40,366	20,394	60,760	3.5	1.8	5.3	0.8	0.4	1.2	37.3	18.8	56.1
1990[1]	41,078	22,732	63,810	3.3	1.8	5.1	0.8	0.4	1.2	36.4	20.1	56.5
1991[1]	41,669	24,296	65,965	3.1	1.8	5.0	0.7	0.4	1.2	35.4	20.6	56.0
1992[1]	37,310	26,260	63,570	2.7	1.9	4.6	0.6	0.4	1.1	30.8	21.7	52.5
1993 estimate[1]	39,945	28,006	67,951	2.7	1.9	4.6	0.6	0.5	1.1	32.1	22.5	54.6

[1] Includes off-budget Postal Service investments of the following amounts (in millions of current dollars): 1989: 64; 1990: 82; 1991: 116; 1992: 152; 1993: 94.

Table 10.2—**COMPOSITION OF OUTLAYS FOR THE CONDUCT OF RESEARCH AND DEVELOPMENT: 1949–1993**

(in millions of dollars)

Category	1949	1950	1951	1952	1953	1954	1955	1956
National defense:								
Department of Defense	688	700	775	1,100	1,412	1,385	1,397	1,683
Atomic energy defense	74	72	71	104	141	166	153	215
Total national defense	762	772	846	1,204	1,553	1,551	1,550	1,898
Nondefense:								
General science, space, and technology:								
NASA	42	43	44	51	50	48	43	50
NSF	....	....	....	....	....	4	8	15
Atomic energy general science	40	49	50	60	63	64	73	78
Subtotal	82	92	94	111	113	116	124	143
Energy	N/A	N/A	N/A	N/A	N/A	N/A	27	42
Transportation:								
DOT	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Subtotal	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Health:								
NIH	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Subtotal	N/A	N/A	N/A	N/A	45	51	69	81
Agriculture	N/A	N/A	N/A	N/A	49	53	62	82
Natural resources and environment	N/A	N/A	N/A	N/A	38	38	32	38
All other [1]	N/A	N/A	N/A	N/A	50	39	31	42
Total nondefense [1]	178	282	279	291	295	297	345	428
Total conduct of research and development [1]	940	1,054	1,125	1,495	1,848	1,848	1,895	2,326
Memorandum: Conduct of research and development classified as grants (all nondefense)	11	14	14	14	14	13	21	31

See footnotes at end of table.

Table 10.2—**COMPOSITION OF OUTLAYS FOR THE CONDUCT OF RESEARCH AND DEVELOPMENT: 1949–1993—Continued**

(in millions of dollars)

Category	1957	1958	1959	1960	1961	1962	1963	1964
National defense:								
Department of Defense	1,882	2,178	4,950	5,517	6,466	6,689	6,792	7,419
Atomic energy defense	252	281	414	420	456	401	352	446
Total national defense	2,134	2,459	5,364	5,937	6,922	7,090	7,144	7,865
Nondefense:								
General science, space, and technology:								
NASA	55	72	115	330	646	1,112	2,291	3,693
NSF	28	31	47	57	70	84	100	147
Atomic energy general science	91	126	157	183	214	231	264	288
Subtotal	174	229	319	570	930	1,427	2,655	4,128
Energy	77	109	129	159	173	397	462	502
Transportation:								
DOT	13	26	53	77	89	83	111	107
NASA	....	....	....	....	....	31	36	40
Subtotal	13	26	53	77	89	114	147	147
Health:								
NIH	N/A	N/A	N/A	247	295	398	511	637
Other	N/A	N/A	N/A	30	35	36	40	66
Subtotal	134	157	216	277	330	434	551	703
Agriculture	86	97	104	107	117	129	142	154
Natural resources and environment	45	54	88	68	106	100	118	120
All other [1]	48	57	111	127	119	146	146	177
Total nondefense [1]	577	729	1,020	1,385	1,864	2,747	4,221	5,931
Total conduct of research and development [1]	2,711	3,188	6,384	7,322	8,786	9,837	11,365	13,796
Memorandum: Conduct of research and development classified as grants (all nondefense)	40	46	55	57	58	66	75	85

See footnotes at end of table.

Table 10.2—**COMPOSITION OF OUTLAYS FOR THE CONDUCT OF RESEARCH AND DEVELOPMENT: 1949–1993—Continued**

(in millions of dollars)

Category	1965	1966	1967	1968	1969	1970	1971	1972
National defense:								
Department of Defense	6,623	6,675	7,649	8,071	7,762	7,519	7,639	8,238
Atomic energy defense	454	422	419	473	552	502	469	599
Total national defense	7,077	7,097	8,068	8,544	8,314	8,021	8,108	8,837
Nondefense:								
General science, space, and technology:								
NASA	4,497	5,275	5,042	4,462	4,025	3,518	3,143	3,059
NSF	147	176	209	248	280	292	334	407
Atomic energy general science	309	339	359	281	385	393	380	370
Subtotal	4,953	5,790	5,610	4,991	4,690	4,203	3,857	3,836
Energy	478	452	478	515	469	451	454	329
Transportation:								
DOT	159	117	69	107	96	224	444	291
NASA	58	75	89	128	162	183	205	221
Subtotal	217	192	158	235	258	407	649	512
Health:								
NIH	523	536	795	784	859	879	912	1,096
Other	67	202	110	199	214	194	211	279
Subtotal	590	738	905	983	1,073	1,073	1,123	1,375
Agriculture	179	205	215	231	232	246	268	296
Natural resources and environment	140	160	181	207	232	301	351	507
All other [1]	206	284	347	466	392	451	599	611
Total nondefense [1]	6,763	7,821	7,894	7,628	7,346	7,132	7,301	7,466
Total conduct of research and development [1]	13,840	14,918	15,962	16,172	15,660	15,153	15,409	16,303
Memorandum: Conduct of research and development classified as grants (all nondefense)	100	110	125	140	152	167	182	206

See footnotes at end of table.

Table 10.2—**COMPOSITION OF OUTLAYS FOR THE CONDUCT OF RESEARCH AND DEVELOPMENT: 1949–1993—Continued**

(in millions of dollars)

Category	1973	1974	1975	1976	TQ	1977	1978	1979
National defense:								
Department of Defense	8,529	8,960	9,284	9,341	2,312	10,210	10,726	11,045
Atomic energy defense	610	446	431	478	143	664	1,351	1,083
Total national defense	9,139	9,406	9,715	9,819	2,455	10,874	12,077	12,129
Nondefense:								
General science, space, and technology:								
NASA	3,045	2,900	2,876	3,227	846	3,506	3,454	3,655
NSF	432	539	571	623	194	668	701	775
Atomic energy general science	372	292	310	257	72	267	274	305
Subtotal	3,849	3,731	3,757	4,107	1,112	4,441	4,429	4,735
Energy	379	525	933	1,424	521	2,197	2,542	3,304
Transportation:								
DOT	299	322	307	329	100	315	326	350
NASA	235	283	309	324	82	336	379	408
Subtotal	534	605	616	653	182	651	705	758
Health:								
NIH	1,318	1,413	1,631	2,098	548	1,314	2,439	2,626
Other	341	245	258	194	130	335	325	614
Subtotal	1,659	1,658	1,889	2,292	678	1,649	2,764	3,240
Agriculture	293	315	352	416	100	469	499	549
Natural resources and environment	539	511	647	646	166	585	675	895
All other [1]	643	683	627	631	−14	577	841	715
Total nondefense [1]	7,896	8,028	8,821	10,169	2,745	10,569	12,455	14,196
Total conduct of research and development [1]	17,035	17,434	18,536	19,988	5,200	21,443	24,532	26,325
Memorandum: Conduct of research and development classified as grants (all nondefense)	224	238	249	285	80	272	252	256

See footnotes at end of table.

Table 10.2—**COMPOSITION OF OUTLAYS FOR THE CONDUCT OF RESEARCH AND DEVELOPMENT: 1949–1993—Continued**

(in millions of dollars)

Category	1980	1981	1982	1983	1984	1985	1986
National defense:							
Department of Defense	13,469	15,739	18,363	20,566	23,850	28,165	33,396
Atomic energy defense	1,174	1,199	1,447	1,732	1,915	2,195	2,260
Total national defense	14,643	16,937	19,809	22,298	25,765	30,360	35,656
Nondefense:							
General science, space, and technology:							
NASA	4,262	4,798	2,697	1,999	3,023	2,410	2,863
NSF	838	900	1,020	998	1,127	1,182	1,399
Atomic energy general science	345	501	401	464	505	510	510
Subtotal	5,445	6,199	4,118	3,461	4,656	4,102	4,772
Energy	3,289	3,681	3,330	2,728	2,762	4,249	2,622
Transportation:							
DOT	412	409	341	270	342	467	489
NASA	449	481	523	539	515	559	568
Subtotal	861	890	864	809	857	1,027	1,057
Health:							
NIH	2,898	3,352	3,435	3,532	3,942	4,412	4,837
Other	784	732	906	929	617	719	738
Subtotal	3,682	4,084	4,341	4,461	4,560	5,131	5,574
Agriculture	563	643	696	717	754	775	798
Natural resources and environment	951	912	838	856	846	884	924
All other [1]	801	822	664	570	787	689	738
Total nondefense [1]	15,592	17,231	14,850	13,602	15,221	16,856	16,485
Total conduct of research and development [1]	30,235	34,168	34,660	35,900	40,986	47,216	52,141
Memorandum: Conduct of research and development classified as grants (all nondefense)	288	251	290	197	223	215	319

See footnotes at end of table.

Table 10.2—**COMPOSITION OF OUTLAYS FOR THE CONDUCT OF RESEARCH AND DEVELOPMENT: 1949–1993—Continued**

(in millions of dollars)

Category	1987	1988	1989	1990	1991	1992	1993 estimate
National defense:							
Department of Defense	34,732	35,605	37,819	38,247	35,330	35,504	38,071
Atomic energy defense	2,365	2,427	2,547	2,831	6,339	1,806	1,874
Total national defense	37,097	38,032	40,366	41,078	41,669	37,310	39,945
Nondefense:							
General science, space, and technology:							
NASA	2,693	3,252	4,220	5,624	6,277	6,641	6,752
NSF	1,426	1,513	1,570	1,520	1,631	1,814	2,098
Atomic energy general science	576	618	680	784	834	791	874
Subtotal	4,695	5,383	6,470	7,927	8,741	9,246	9,724
Energy	2,321	2,287	2,454	2,342	2,501	2,222	2,323
Transportation:							
DOT	347	323	322	272	333	360	439
NASA	557	580	755	701	795	976	1,087
Subtotal	905	903	1,077	973	1,127	1,336	1,577
Health:							
NIH	4,942	6,022	6,634	7,092	7,257	7,936	8,702
Other	869	849	912	1,162	1,272	1,721	1,462
Subtotal	5,811	6,872	7,546	8,253	8,528	9,657	10,165
Agriculture	796	838	908	937	990	1,067	1,101
Natural resources and environment	886	1,052	1,056	1,220	1,323	1,595	1,674
All other [1]	745	732	883	1,081	1,085	1,138	1,443
Total nondefense [1]	16,159	18,068	20,394	22,732	24,296	26,260	28,006
Total conduct of research and development [1]	53,256	56,100	60,760	63,810	65,965	63,570	67,951
Memorandum: Conduct of research and development classified as grants (all nondefense)	464	478	412	345	401	296	567

[1] Includes off-budget Postal Service amounts as shown in the footnote to Table 10.1.
N/A: Separate detail not available; however, the data are included in the totals.
Note: The Atomic energy defense component includes relatively small amounts of R&D for FEMA beginning in 1983.

Table 10.3—**COMPOSITION OF OUTLAYS FOR THE CONDUCT OF EDUCATION AND TRAINING: 1962–1993**

(in millions of dollars)

Category	1962	1963	1964	1965	1966	1967	1968	1969	1970
Direct Federal outlays:									
Elementary, secondary, and vocational education	100	110	122	154	206	272	291	349	383
Higher education	313	411	367	396	648	972	1,005	883	1,043
Training and employment	12	64	42	255	398	657	710	682	196
Health	132	165	219	209	233	278	210	354	367
Veterans education, training, and rehabilitation	159	101	77	58	54	305	478	701	1,015
All other	53	50	55	66	80	111	153	150	249
Total, direct	768	901	882	1,138	1,619	2,595	2,847	3,119	3,253
Grants to State and local governments:									
Elementary, secondary, and vocational education	382	442	457	565	1,421	2,038	2,224	2,121	2,510
Higher education	15	15	15	17	58	188	389	351	343
Research and general education aids	8	7	9	29	45	70	103	77	124
Training and employment	....	....	80	23	22	34	260	317	757
Social services	65	73	88	106	234	480	605	692	767
All other	68	72	77	82	93	121	309	276	373
Total, grants	538	610	726	821	1,874	2,931	3,889	3,833	4,874
Total conduct of education and training	1,306	1,511	1,607	1,959	3,494	5,526	6,737	6,953	8,127
Memorandum: Conduct of education and training									
As a percentage of total outlays	1.2	1.4	1.4	1.7	2.6	3.5	3.8	3.8	4.2
In billions of constant (FY 1987) dollars	5.7	6.3	6.5	7.7	13.5	20.6	24.1	23.4	25.5

Table 10.3—**COMPOSITION OF OUTLAYS FOR THE CONDUCT OF EDUCATION AND TRAINING: 1962–1993—Continued**

(in millions of dollars)

Category	1971	1972	1973	1974	1975	1976	TQ	1977
Direct Federal outlays:								
Elementary, secondary, and vocational education	419	464	420	332	404	388	132	438
Higher education	1,125	1,231	1,345	1,380	2,096	2,770	736	3,117
Training and employment	341	621	554	378	360	377	88	439
Health	391	437	655	564	564	602	192	519
Veterans education, training, and rehabilitation	1,659	1,960	2,801	3,249	4,593	5,531	784	3,713
All other	239	348	401	506	459	568	130	662
Total, direct	4,175	5,060	6,176	6,409	8,476	10,236	2,062	8,888
Grants to State and local governments:								
Elementary, secondary, and vocational education	2,914	3,221	3,153	3,241	3,945	3,812	942	4,200
Higher education	310	217	189	70	85	43	8	83
Research and general education aids	99	109	126	192	286	224	47	283
Training and employment	1,013	1,156	987	1,137	1,985	2,355	856	2,444
Social services	846	859	949	971	1,244	1,269	376	1,302
All other	424	457	361	443	476	561	130	661
Total, grants	5,606	6,019	5,765	6,053	8,021	8,264	2,360	8,973
Total conduct of education and training	9,781	11,080	11,941	12,462	16,496	18,500	4,422	17,862
Memorandum: Conduct of education and training								
As a percentage of total outlays	4.7	4.8	4.9	4.6	5.0	5.0	4.6	4.4
In billions of constant (FY 1987) dollars	28.4	30.0	30.1	29.0	34.4	35.7	8.3	32.0

Table 10.3—**COMPOSITION OF OUTLAYS FOR THE CONDUCT OF EDUCATION AND TRAINING: 1962–1993—Continued**

(in millions of dollars)

Category	1978	1979	1980	1981	1982	1983	1984	1985
Direct Federal outlays:								
Elementary, secondary, and vocational education	407	416	403	395	490	561	564	521
Higher education	3,648	4,898	6,576	8,638	7,003	7,070	7,233	8,056
Training and employment	601	807	930	977	861	740	706	688
Health	648	443	644	681	644	459	370	438
Veterans education, training, and rehabilitation	3,396	2,789	2,418	2,367	2,083	1,827	1,556	1,390
All other	719	1,005	1,090	1,011	802	868	1,153	980
Total, direct	9,419	10,359	12,060	14,068	11,884	11,524	11,582	12,071
Grants to State and local governments:								
Elementary, secondary, and vocational education	4,779	5,542	6,277	6,617	6,214	5,663	5,869	7,031
Higher education	62	84	98	89	60	54	70	82
Research and general education aids	347	484	491	282	309	314	255	260
Training and employment	3,256	3,643	4,295	4,391	3,225	3,188	2,556	2,775
Social services	1,379	1,707	1,848	1,834	1,655	1,777	2,258	1,779
All other	534	469	525	588	548	507	514	543
Total, grants	10,356	11,929	13,535	13,801	12,010	11,503	11,521	12,470
Total conduct of education and training	19,775	22,288	25,596	27,869	23,893	23,028	23,103	24,541
Memorandum: Conduct of education and training								
As a percentage of total outlays	4.3	4.4	4.3	4.1	3.2	2.8	2.7	2.6
In billions of constant (FY 1987) dollars	32.9	34.2	35.7	35.2	28.4	26.3	25.4	25.9

Table 10.3—**COMPOSITION OF OUTLAYS FOR THE CONDUCT OF EDUCATION AND TRAINING: 1962–1993—Continued**

(in millions of dollars)

Category	1986	1987	1988	1989	1990	1991	1992	1993 estimate
Direct Federal outlays:								
Elementary, secondary, and vocational education	356	634	502	581	521	857	706	854
Higher education	8,261	7,238	8,129	10,474	10,996	11,862	11,156	13,897
Training and employment	689	726	793	793	848	879	912	1,125
Health	489	533	527	591	532	608	748	783
Veterans education, training, and rehabilitation	1,176	1,113	1,055	1,018	786	803	995	1,098
All other	1,021	1,084	1,127	1,254	1,442	1,571	1,621	1,841
Total, direct	11,993	11,327	12,134	14,712	15,124	16,579	16,137	19,598
Grants to State and local governments:								
Elementary, secondary, and vocational education	7,408	7,204	7,813	8,499	9,281	10,444	11,627	13,308
Higher education	83	81	89	89	98	79	96	112
Research and general education aids	296	366	360	386	396	478	557	542
Training and employment	3,019	2,930	2,958	3,020	3,300	3,530	3,982	4,333
Social services	2,292	2,321	3,029	2,875	2,891	3,045	3,878	4,643
All other	510	431	422	453	474	487	501	532
Total, grants	13,607	13,333	14,671	15,322	16,440	18,063	20,641	23,470
Total conduct of education and training	25,599	24,661	26,805	30,034	31,564	34,642	36,778	43,067
Memorandum: Conduct of education and training								
As a percentage of total outlays	2.6	2.5	2.5	2.6	2.5	2.6	2.7	2.9
In billions of constant (FY 1987) dollars	26.3	24.7	25.9	27.8	28.2	29.8	31.0	35.3

11.1—SUMMARY COMPARISON OF OUTLAYS FOR PAYMENTS FOR INDIVIDUALS: 1940–1993

Fiscal Year	In Millions of Dollars			As Percentages of Total Outlays			As Percentages of GDP			In Billions of Constant (FY 1987) Dollars		
	Total	Direct	Grants	Total	Direct	Grants	Total	Direct	Grants	Total	Direct	Grants
1940	1,657	1,360	298	17.5	14.4	3.1	1.7	1.4	0.3	13.4	11.0	2.4
1941	1,730	1,374	356	12.7	10.1	2.6	1.5	1.2	0.3	13.4	10.6	2.8
1942	1,758	1,348	410	5.0	3.8	1.2	1.2	1.0	0.3	12.5	9.6	2.9
1943	1,647	1,220	427	2.1	1.6	0.5	0.9	0.7	0.2	10.7	7.9	2.8
1944	1,721	1,260	461	1.9	1.4	0.5	0.9	0.6	0.2	10.5	7.7	2.8
1945	2,215	1,784	432	2.4	1.9	0.5	1.0	0.8	0.2	12.9	10.4	2.5
1946	5,673	5,222	451	10.3	9.5	0.8	2.7	2.5	0.2	30.9	28.4	2.5
1947	9,052	8,292	761	26.2	24.0	2.2	4.1	3.7	0.3	44.7	40.9	3.8
1948	9,043	8,208	835	30.4	27.6	2.8	3.7	3.3	0.3	42.3	38.4	3.9
1949	10,065	9,029	1,036	25.9	23.3	2.7	3.8	3.4	0.4	46.0	41.3	4.7
1950	13,664	12,407	1,257	32.1	29.2	3.0	5.1	4.7	0.5	62.7	56.9	5.8
1951	10,279	8,955	1,324	22.6	19.7	2.9	3.3	2.9	0.4	44.6	38.8	5.7
1952	10,853	9,528	1,325	16.0	14.1	2.0	3.2	2.8	0.4	45.6	40.1	5.6
1953	10,950	9,460	1,490	14.4	12.4	2.0	3.0	2.6	0.4	45.0	38.9	6.1
1954	12,610	10,999	1,611	17.8	15.5	2.3	3.4	3.0	0.4	51.2	44.6	6.5
1955	14,297	12,674	1,623	20.9	18.5	2.4	3.7	3.3	0.4	57.7	51.2	6.6
1956	15,208	13,534	1,674	21.5	19.2	2.4	3.7	3.3	0.4	60.3	53.7	6.6
1957	17,027	15,226	1,802	22.2	19.9	2.4	3.9	3.5	0.4	65.7	58.8	7.0
1958	20,931	18,810	2,121	25.4	22.8	2.6	4.7	4.2	0.5	78.9	70.9	8.0
1959	22,757	20,393	2,364	24.7	22.1	2.6	4.7	4.2	0.5	84.4	75.6	8.8
1960	24,162	21,682	2,480	26.2	23.5	2.7	4.8	4.3	0.5	87.8	78.8	9.0
1961	27,525	24,907	2,618	28.2	25.5	2.7	5.3	4.8	0.5	98.5	89.2	9.4
1962	28,938	25,987	2,951	27.1	24.3	2.8	5.2	4.7	0.5	102.3	91.9	10.4
1963	30,958	27,677	3,280	27.8	24.9	2.9	5.3	4.7	0.6	107.8	96.3	11.4
1964	32,217	28,658	3,559	27.2	24.2	3.0	5.2	4.6	0.6	110.3	98.1	12.2
1965	33,103	29,385	3,718	28.0	24.9	3.1	4.9	4.4	0.6	111.4	98.9	12.5
1966	37,076	32,771	4,305	27.6	24.4	3.2	5.0	4.5	0.6	121.7	107.6	14.1
1967	43,211	38,392	4,819	27.4	24.4	3.1	5.4	4.8	0.6	137.8	122.5	15.4
1968	49,849	43,779	6,070	28.0	24.6	3.4	5.9	5.2	0.7	153.9	135.1	18.7
1969	57,225	49,983	7,243	31.2	27.2	3.9	6.2	5.4	0.8	169.4	147.9	21.4
1970	64,806	56,079	8,727	33.1	28.7	4.5	6.6	5.7	0.9	183.8	159.0	24.7
1971	80,564	70,030	10,533	38.3	33.3	5.0	7.7	6.7	1.0	218.2	189.6	28.5
1972	93,055	79,112	13,943	40.3	34.3	6.0	8.1	6.9	1.2	241.4	205.2	36.2
1973	104,739	90,860	13,879	42.6	37.0	5.6	8.2	7.1	1.1	260.5	226.0	34.5
1974	120,407	105,557	14,851	44.7	39.2	5.5	8.6	7.5	1.1	277.4	243.2	34.2
1975	153,836	137,074	16,762	46.3	41.2	5.0	10.2	9.1	1.1	322.4	287.3	35.1
1976	180,634	160,576	20,058	48.6	43.2	5.4	10.7	9.5	1.2	354.7	315.3	39.4
TQ	45,534	40,449	5,085	47.4	42.1	5.3	10.2	9.1	1.1	86.3	76.7	9.6
1977	196,978	174,268	22,710	48.1	42.6	5.5	10.3	9.1	1.2	357.6	316.3	41.2
1978	211,761	186,967	24,795	46.2	40.8	5.4	9.8	8.7	1.2	358.9	316.9	42.0
1979	233,837	206,276	27,561	46.4	41.0	5.5	9.6	8.5	1.1	365.7	322.6	43.1
1980	278,530	245,879	32,652	47.1	41.6	5.5	10.5	9.3	1.2	394.9	348.6	46.3
1981	324,658	286,807	37,851	47.9	42.3	5.6	11.0	9.7	1.3	420.5	371.5	49.0
1982	357,924	319,123	38,800	48.0	42.8	5.2	11.5	10.2	1.2	435.6	388.4	47.2
1983	396,523	353,951	42,572	49.1	43.8	5.3	12.0	10.7	1.3	459.8	410.5	49.4
1984	401,209	355,856	45,353	47.1	41.8	5.3	10.9	9.6	1.2	446.5	396.0	50.5
1985	427,302	377,950	49,352	45.2	39.9	5.2	10.8	9.5	1.2	458.6	405.6	53.0
1986	451,261	397,036	54,225	45.6	40.1	5.5	10.7	9.4	1.3	467.5	411.4	56.2
1987	471,277	413,522	57,755	46.9	41.2	5.8	10.6	9.3	1.3	471.3	413.5	57.8
1988	500,656	438,222	62,434	47.0	41.2	5.9	10.4	9.1	1.3	480.0	420.2	59.9
1989	536,030	468,677	67,353	46.9	41.0	5.9	10.4	9.1	1.3	490.4	428.8	61.6
1990	584,090	506,958	77,132	46.6	40.5	6.2	10.7	9.3	1.4	509.5	442.2	67.3
1991	650,318	557,821	92,497	49.1	42.1	7.0	11.5	9.9	1.6	540.4	463.5	76.9
1992	729,029	616,825	112,204	52.8	44.6	8.1	12.4	10.5	1.9	589.4	498.5	90.7
1993 estimate	789,504	660,279	129,226	53.5	44.8	8.8	12.8	10.7	2.1	619.1	517.6	101.3

Note: Includes both on and off-budget Federal outlays. Off-budget social security payments for individuals are shown separately in Table 11.2.

Table 11.2—**FUNCTIONAL COMPOSITION OF OUTLAYS FOR PAYMENTS FOR INDIVIDUALS: 1940–1993**

(in millions of dollars)

Category and Function	1940	1941	1942	1943	1944	1945	1946	1947
Direct Payments for Individuals:								
050 National defense	....	....	....	....	....	....	....	....
150 International affairs	....	....	....	....	....	....	....	....
400 Transportation	3	3	4	4	4	5	5	9
500 Education, training, employment, and social services	....	....	....	....	....	....	....	....
550 Health	10	10	11	14	18	20	22	22
570 Medicare	....	....	....	....	....	....	....	....
600 Income security	753	724	663	479	392	465	1,690	1,476
650 Social security	16	64	110	149	185	240	321	426
700 Veterans benefits and services	578	573	561	574	661	1,054	3,185	6,358
750 Administration of justice	....	....	....	....	....	....	....	*
800 General government	....	....	....	....	....	....	....	....
Total direct payments for individuals	1,360	1,374	1,348	1,220	1,260	1,784	5,222	8,292
Grants to States for Payments for Individuals:								
050 National defense	....	....	....	....	....	....	....	....
150 International affairs	....	....	....	....	....	....	....	....
400 Transportation	....	....	....	....	....	....	....	....
500 Education, training, employment, and social services	....	....	....	....	....	....	....	....
550 Health	18	20	22	20	20	20	22	33
570 Medicare	....	....	....	....	....	....	....	....
600 Income security	279	334	386	405	440	410	428	726
650 Social security	....	....	....	....	....	....	....	....
700 Veterans benefits and services	1	1	1	1	1	1	1	2
750 Administration of justice	....	....	....	....	....	....	....	....
800 General government	....	....	....	....	....	....	....	....
Total grants for payments for individuals	298	356	410	427	461	432	451	761
Total Payments for Individuals:								
050 National defense	....	....	....	....	....	....	....	....
150 International affairs	....	....	....	....	....	....	....	....
400 Transportation	3	3	4	4	4	5	5	9
500 Education, training, employment, and social services	....	....	....	....	....	....	....	....
550 Health	27	30	33	34	38	40	44	56
570 Medicare	....	....	....	....	....	....	....	....
600 Income security	1,032	1,058	1,049	884	832	875	2,118	2,202
650 Social security	16	64	110	149	185	240	321	426
700 Veterans benefits and services	579	574	562	575	662	1,055	3,186	6,360
750 Administration of justice	....	....	....	....	....	....	....	*
800 General government	....	....	....	....	....	....	....	....
Total payments for individuals	1,657	1,730	1,758	1,647	1,721	2,215	5,673	9,052

See footnotes at end of table.

Table 11.2—FUNCTIONAL COMPOSITION OF OUTLAYS FOR PAYMENTS FOR INDIVIDUALS: 1940–1993—Continued

(in millions of dollars)

Category and Function	1948	1949	1950	1951	1952	1953	1954	1955
Direct Payments for Individuals:								
050 National defense	....	....	....	....	....	....	....	....
150 International affairs	....	....	....	....	....	....	....	....
400 Transportation	11	12	13	16	16	18	18	20
500 Education, training, employment, and social services	....	....	....	....	....	....	....	....
550 Health	24	37	45	50	54	61	65	66
570 Medicare	....	....	....	....	....	....	....	....
600 Income security	1,473	2,002	2,798	1,835	2,104	2,254	3,171	3,573
650 Social security	512	607	727	1,498	1,982	2,627	3,275	4,333
700 Veterans benefits and services	6,188	6,371	8,824	5,556	5,371	4,500	4,469	4,682
750 Administration of justice	*	*	*	*	*	*	*	*
800 General government	....	....	....	....	....	....	....	....
Total direct payments for individuals	8,208	9,029	12,407	8,955	9,528	9,460	10,999	12,674
Grants to States for Payments for Individuals:								
050 National defense	....	....	....	....	....	....	....	....
150 International affairs	....	....	....	....	....	....	....	....
400 Transportation	....	....	....	....	....	....	....	....
500 Education, training, employment, and social services	....	....	....	....	....	....	....	....
550 Health	29	34	40	45	47	48	42	41
570 Medicare	....	....	....	....	....	....	....	....
600 Income security	804	999	1,214	1,275	1,274	1,439	1,566	1,576
650 Social security	....	....	....	....	....	....	....	....
700 Veterans benefits and services	2	3	3	4	4	4	4	5
750 Administration of justice	....	....	....	....	....	....	....	....
800 General government	....	....	....	....	....	....	....	....
Total grants for payments for individuals	835	1,036	1,257	1,324	1,325	1,490	1,611	1,623
Total Payments for Individuals:								
050 National defense	....	....	....	....	....	....	....	....
150 International affairs	....	....	....	....	....	....	....	....
400 Transportation	11	12	13	16	16	18	18	20
500 Education, training, employment, and social services	....	....	....	....	....	....	....	....
550 Health	54	71	85	95	102	109	107	107
570 Medicare	....	....	....	....	....	....	....	....
600 Income security	2,277	3,001	4,012	3,110	3,378	3,693	4,737	5,149
650 Social security	512	607	727	1,498	1,982	2,627	3,275	4,333
700 Veterans benefits and services	6,190	6,374	8,827	5,559	5,374	4,503	4,473	4,687
750 Administration of justice	*	*	*	*	*	*	*	*
800 General government	....	....	....	....	....	....	....	....
Total payments for individuals	9,043	10,065	13,664	10,279	10,853	10,950	12,610	14,297

See footnotes at end of table.

Table 11.2—**FUNCTIONAL COMPOSITION OF OUTLAYS FOR PAYMENTS FOR INDIVIDUALS: 1940–1993—Continued**

(in millions of dollars)

Category and Function	1956	1957	1958	1959	1960	1961	1962	1963
Direct Payments for Individuals:								
050 National defense	....	....	....	....	....	....	....	....
150 International affairs	....	....	....	....	....	....	....	....
400 Transportation	24	25	26	28	29	30	31	32
500 Education, training, employment, and social services	....	....	....	....	....	....	....	....
550 Health	75	89	102	113	119	127	126	134
570 Medicare	....	....	....	....	....	....	....	....
600 Income security	3,134	3,565	5,335	5,353	4,788	6,890	6,166	6,165
650 Social security	5,361	6,515	8,043	9,510	11,395	12,203	14,050	15,459
700 Veterans benefits and services	4,941	5,032	5,304	5,389	5,350	5,657	5,614	5,887
750 Administration of justice	*	*	*	*	*	*	*	*
800 General government	....	....	....	....	....	....	....	....
Total direct payments for individuals	13,534	15,226	18,810	20,393	21,682	24,907	25,987	27,677
Grants to States for Payments for Individuals:								
050 National defense	....	....	....	....	....	....	....	....
150 International affairs	....	....	....	....	....	....	....	....
400 Transportation	....	....	....	....	....	....	....	....
500 Education, training, employment, and social services	....	....	....	....	....	....	....	....
550 Health	50	55	61	64	56	87	188	249
570 Medicare	....	....	....	....	....	....	....	....
600 Income security	1,619	1,741	2,054	2,294	2,418	2,523	2,756	3,024
650 Social security	....	....	....	....	....	....	....	....
700 Veterans benefits and services	6	6	6	6	6	8	7	7
750 Administration of justice	....	....	....	....	....	....	....	....
800 General government	....	....	....	....	....	....	....	....
Total grants for payments for individuals	1,674	1,802	2,121	2,364	2,480	2,618	2,951	3,280
Total Payments for Individuals:								
050 National defense	....	....	....	....	....	....	....	....
150 International affairs	....	....	....	....	....	....	....	....
400 Transportation	24	25	26	28	29	30	31	32
500 Education, training, employment, and social services	....	....	....	....	....	....	....	....
550 Health	125	144	163	177	175	214	314	383
570 Medicare	....	....	....	....	....	....	....	....
600 Income security	4,753	5,306	7,389	7,646	7,206	9,413	8,922	9,189
650 Social security	5,361	6,515	8,043	9,510	11,395	12,203	14,050	15,459
700 Veterans benefits and services	4,946	5,038	5,310	5,395	5,356	5,665	5,622	5,895
750 Administration of justice	*	*	*	*	*	*	*	*
800 General government	....	....	....	....	....	....	....	....
Total payments for individuals	15,208	17,027	20,931	22,757	24,162	27,525	28,938	30,958

See footnotes at end of table.

Table 11.2—FUNCTIONAL COMPOSITION OF OUTLAYS FOR PAYMENTS FOR INDIVIDUALS: 1940–1993—Continued

(in millions of dollars)

Category and Function	1964	1965	1966	1967	1968	1969	1970	1971
Direct Payments for Individuals:								
050 National defense	....	....	....	....	....	....	....	....
150 International affairs	....	....	....	....	....	....	....	....
400 Transportation	34	37	41	45	48	53	59	65
500 Education, training, employment, and social services	....	....	45	226	460	570	503	904
550 Health	152	154	198	248	191	262	348	427
570 Medicare	....	....	....	3,172	5,126	6,299	6,784	7,478
600 Income security	6,335	6,128	6,180	6,680	7,573	8,326	9,935	15,925
650 Social security	16,250	17,081	20,264	21,293	23,299	26,705	29,651	35,132
700 Veterans benefits and services	5,887	5,984	6,042	6,729	7,082	7,767	8,799	10,098
750 Administration of justice	*	*	1	1	1	1	1	1
800 General government	....	....	....	....	....	....	....	....
Total direct payments for individuals	28,658	29,385	32,771	38,392	43,779	49,983	56,079	70,030
Grants to States for Payments for Individuals:								
050 National defense	....	....	....	....	....	....	....	....
150 International affairs	....	....	....	....	....	....	....	....
400 Transportation	....	....	....	....	....	....	....	....
500 Education, training, employment, and social services	....	....	....	....	....	....	....	....
550 Health	329	420	956	1,430	2,119	2,694	3,187	3,842
570 Medicare	....	....	....	....	....	....	....	....
600 Income security	3,222	3,290	3,340	3,379	3,940	4,535	5,523	6,672
650 Social security	....	....	....	....	....	....	....	....
700 Veterans benefits and services	8	8	9	9	11	14	17	18
750 Administration of justice	....	....	....	....	....	....	....	....
800 General government	....	....	....	....	....	....	....	....
Total grants for payments for individuals	3,559	3,718	4,305	4,819	6,070	7,243	8,727	10,533
Total Payments for Individuals:								
050 National defense	....	....	....	....	....	....	....	....
150 International affairs	....	....	....	....	....	....	....	....
400 Transportation	34	37	41	45	48	53	59	65
500 Education, training, employment, and social services	....	....	45	226	460	570	503	904
550 Health	482	575	1,154	1,678	2,310	2,956	3,534	4,270
570 Medicare	....	....	....	3,172	5,126	6,299	6,784	7,478
600 Income security	9,557	9,417	9,520	10,059	11,512	12,861	15,458	22,598
650 Social security	16,250	17,081	20,264	21,293	23,299	26,705	29,651	35,132
700 Veterans benefits and services	5,894	5,992	6,051	6,737	7,093	7,781	8,816	10,116
750 Administration of justice	*	*	1	1	1	1	1	1
800 General government	....	....	....	....	....	....	....	....
Total payments for individuals	32,217	33,103	37,076	43,211	49,849	57,225	64,806	80,564

See footnotes at end of table.

Table 11.2—**FUNCTIONAL COMPOSITION OF OUTLAYS FOR PAYMENTS FOR INDIVIDUALS: 1940–1993—Continued**

(in millions of dollars)

Category and Function	1972	1973	1974	1975	1976	TQ	1977	1978
Direct Payments for Individuals:								
050 National defense	....	....	....	....	....	....	....	....
150 International affairs	....	....	....	....	....	....	....	....
400 Transportation	71	76	86	105	122	33	140	156
500 Education, training, employment, and social services	1,067	1,199	1,054	1,582	2,359	590	2,657	3,004
550 Health	433	497	499	631	719	183	842	892
570 Medicare	8,364	9,040	10,680	14,121	16,942	4,584	20,779	24,275
600 Income security	18,633	19,398	24,792	40,584	49,375	11,537	48,070	47,342
650 Social security	39,364	48,176	54,990	63,558	72,702	19,458	83,698	92,447
700 Veterans benefits and services	11,180	12,472	13,454	16,490	18,270	4,010	17,953	18,688
750 Administration of justice	1	2	1	4	88	53	128	162
800 General government	....	....	....	....	....	....	....	....
Total direct payments for individuals	79,112	90,860	105,557	137,074	160,576	40,449	174,268	186,967
Grants to States for Payments for Individuals:								
050 National defense	....	....	....	....	....	....	....	....
150 International affairs	....	....	....	....	....	....	....	....
400 Transportation	....	....	....	....	....	....	....	....
500 Education, training, employment, and social services	....	....	....	22	35	6	62	56
550 Health	5,301	5,439	6,651	7,998	10,009	2,526	11,087	12,103
570 Medicare	....	....	....	....	....	....	....	....
600 Income security	8,624	8,421	8,175	8,716	9,983	2,546	11,514	12,596
650 Social security	....	....	....	....	....	....	....	....
700 Veterans benefits and services	18	20	25	26	31	8	48	41
750 Administration of justice	....	....	....	....	....	....	....	....
800 General government	....	....	....	....	....	....	....	....
Total grants for payments for individuals	13,943	13,879	14,851	16,762	20,058	5,085	22,710	24,795
Total Payments for Individuals:								
050 National defense	....	....	....	....	....	....	....	....
150 International affairs	....	....	....	....	....	....	....	....
400 Transportation	71	76	86	105	122	33	140	156
500 Education, training, employment, and social services	1,067	1,199	1,054	1,604	2,394	595	2,719	3,059
550 Health	5,734	5,936	7,149	8,628	10,727	2,709	11,929	12,994
570 Medicare	8,364	9,040	10,680	14,121	16,942	4,584	20,779	24,275
600 Income security	27,257	27,818	32,967	49,300	59,358	14,083	59,584	59,938
650 Social security	39,364	48,176	54,990	63,558	72,702	19,458	83,698	92,447
700 Veterans benefits and services	11,198	12,492	13,479	16,516	18,301	4,018	18,001	18,729
750 Administration of justice	1	2	1	4	88	53	128	162
800 General government	....	....	....	....	....	....	....	....
Total payments for individuals	93,055	104,739	120,407	153,836	180,634	45,534	196,978	211,761

See footnotes at end of table.

Table 11.2—FUNCTIONAL COMPOSITION OF OUTLAYS FOR PAYMENTS FOR INDIVIDUALS: 1940–1993—Continued

(in millions of dollars)

Category and Function	1979	1980	1981	1982	1983	1984	1985	1986
Direct Payments for Individuals:								
050 National defense	....	....	....	....	....	....	....	....
150 International affairs	....	....	....	....	....	46	102	125
400 Transportation	174	207	239	258	292	311	299	336
500 Education, training, employment, and social services	3,706	5,011	6,087	5,701	6,550	6,921	7,623	7,828
550 Health	1,003	1,261	1,262	1,776	1,602	1,147	1,184	1,181
570 Medicare	28,160	33,954	41,267	49,167	55,499	60,951	69,649	74,184
600 Income security	50,897	67,156	77,236	84,402	96,600	85,102	86,615	90,287
650 Social security	102,594	117,065	137,881	153,917	168,513	176,053	186,432	196,547
700 Veterans benefits and services	19,484	20,897	22,502	23,637	24,652	25,047	25,735	26,229
750 Administration of justice	259	326	332	267	244	279	311	316
800 General government	....	....	....	....	....	*	*	....
Total direct payments for individuals	206,276	245,879	286,807	319,123	353,951	355,856	377,950	397,036
Grants to States for Payments for Individuals:								
050 National defense	....	....	....	....	....	....	....	....
150 International affairs	....	....	....	....	....	....	....	....
400 Transportation	....	....	....	....	....	....	....	....
500 Education, training, employment, and social services	62	78	78	57	51	70	76	82
550 Health	13,914	15,551	18,466	18,638	19,921	21,587	24,193	26,567
570 Medicare	....	....	....	....	....	....	....	....
600 Income security	13,535	16,973	19,257	20,049	22,543	23,638	24,999	27,494
650 Social security	....	....	....	....	....	....	....	....
700 Veterans benefits and services	49	49	50	57	57	59	84	81
750 Administration of justice	....	....	....	....	....	....	....	....
800 General government	....	....	....	....	....	....	....	....
Total grants for payments for individuals	27,561	32,652	37,851	38,800	42,572	45,353	49,352	54,225
Total Payments for Individuals:								
050 National defense	....	....	....	....	....	....	....	....
150 International affairs	....	....	....	....	....	46	102	125
400 Transportation	174	207	239	258	292	311	299	336
500 Education, training, employment, and social services	3,767	5,089	6,166	5,758	6,601	6,990	7,699	7,910
550 Health	14,917	16,813	19,728	20,414	21,522	22,734	25,377	27,749
570 Medicare	28,160	33,954	41,267	49,167	55,499	60,951	69,649	74,184
600 Income security	64,432	84,129	96,493	104,450	119,143	108,740	111,614	117,781
650 Social security	102,594	117,065	137,881	153,917	168,513	176,053	186,432	196,547
700 Veterans benefits and services	19,533	20,947	22,552	23,694	24,709	25,106	25,819	26,311
750 Administration of justice	259	326	332	267	244	279	311	316
800 General government	....	....	....	....	....	*	*	....
Total payments for individuals	233,837	278,530	324,658	357,924	396,523	401,209	427,302	451,261

See footnotes at end of table.

Table 11.2—**FUNCTIONAL COMPOSITION OF OUTLAYS FOR PAYMENTS FOR INDIVIDUALS: 1940–1993—Continued**

(in millions of dollars)

Category and Function	1987	1988	1989	1990	1991	1992	1993 estimate
Direct Payments for Individuals:							
050 National defense	....	....	....	....	....	44	255
150 International affairs	138	137	143	145	150	169	210
400 Transportation	350	360	386	402	457	461	505
500 Education, training, employment, and social services	7,264	7,934	9,695	10,223	11,061	10,258	12,890
550 Health	1,090	1,312	1,321	1,474	1,797	2,653	3,253
570 Medicare	79,913	85,704	94,299	107,410	114,219	129,411	145,033
600 Income security	92,763	97,504	103,182	112,198	131,746	155,187	161,111
650 Social security	205,105	216,808	230,138	246,350	266,482	284,918	301,999
700 Veterans benefits and services	26,570	28,141	29,188	28,427	31,010	32,841	34,096
750 Administration of justice	329	323	325	329	399	384	426
800 General government	*	*	*	*	500	500	501
Total direct payments for individuals	413,522	438,222	468,677	506,958	557,821	616,825	660,279
Grants to States for Payments for Individuals:							
050 National defense	....	....	....	....	....	....	....
150 International affairs	....	....	....	....	....	....	....
400 Transportation	....	....	....	....	....	....	....
500 Education, training, employment, and social services	66	68	68	73	60	73	663
550 Health	29,186	32,260	36,355	43,485	55,389	70,964	83,935
570 Medicare	....	....	....	....	....	....	....
600 Income security	28,409	30,000	30,805	33,443	36,909	41,012	44,438
650 Social security	....	....	....	....	....	....	....
700 Veterans benefits and services	94	106	125	131	138	155	190
750 Administration of justice	....	....	....	....	....	....	....
800 General government	....	....	....	....	....	....	....
Total grants for payments for individuals	57,755	62,434	67,353	77,132	92,497	112,204	129,226
Total Payments for Individuals:							
050 National defense	....	....	....	....	....	44	255
150 International affairs	138	137	143	145	150	169	210
400 Transportation	350	360	386	402	457	461	505
500 Education, training, employment, and social services	7,331	8,002	9,763	10,297	11,121	10,331	13,553
550 Health	30,276	33,572	37,676	44,959	57,187	73,617	87,188
570 Medicare	79,913	85,704	94,299	107,410	114,219	129,411	145,033
600 Income security	121,172	127,504	133,987	145,641	168,656	196,199	205,549
650 Social security	205,105	216,808	230,138	246,350	266,482	284,918	301,999
700 Veterans benefits and services	26,664	28,247	29,312	28,558	31,148	32,996	34,286
750 Administration of justice	329	323	325	329	399	384	426
800 General government	*	*	*	*	500	500	501
Total payments for individuals	471,277	500,656	536,030	584,090	650,318	729,029	789,504

Note: Includes both on and off-budget outlays. All social security payments for individuals are off-budget.
* $500 thousand or less.

Table 11.3—**OUTLAYS FOR PAYMENTS FOR INDIVIDUALS BY CATEGORY AND MAJOR PROGRAM: 1940–1993**

(in millions of dollars)

Program	1940			1941			1942		
	Total	Direct	Grants	Total	Direct	Grants	Total	Direct	Grants
Social security and railroad retirement:									
Social security: old age and survivors insurance	16	16	....	64	64	....	110	110	....
Railroad retirement	113	113	....	121	121	....	126	126	....
Total, social security and railroad retirement	129	129	....	186	186	....	237	237	....
Federal employees retirement and insurance:									
Military retirement	60	60	....	65	65	....	70	70	....
Civil service retirement	68	68	....	74	74	....	78	78	....
Veterans service-connected compensation	244	244	....	247	247	....	246	246	....
Other	17	17	....	16	16	....	16	16	....
Total, federal employees retirement and insurance	389	389	....	402	402	....	410	410	....
Unemployment assistance	498	498	....	451	451	....	377	377	....
Medical care:									
Hospital and medical care for veterans	69	68	1	73	72	1	81	79	1
Other	27	10	18	30	10	20	32	11	22
Total, medical care	97	78	18	104	82	21	113	90	23
Housing assistance	....	....	....	5	....	5	10	....	10
Public assistance and related programs:									
Family support payments to States	279	....	279	330	....	330	376	....	376
Veterans non-service connected pensions	185	185	....	186	186	....	185	185	....
Total, public assistance and related programs	464	185	279	516	186	330	561	185	376
All other payments for individuals:									
Veterans insurance and burial benefits	4	4	....	4	4	....	4	4	....
Refugee assistance and other	76	76	....	63	63	....	46	46	....
Total, all other payments for individuals	80	80	....	67	67	....	50	50	....
Total, payments for individuals	1,657	1,360	298	1,730	1,374	356	1,758	1,348	410

Table 11.3—**OUTLAYS FOR PAYMENTS FOR INDIVIDUALS BY CATEGORY AND MAJOR PROGRAM: 1940–1993—Continued**

(in millions of dollars)

Program	1943			1944			1945		
	Total	Direct	Grants	Total	Direct	Grants	Total	Direct	Grants
Social security and railroad retirement:									
Social security: old age and survivors insurance	149	149	....	185	185	....	240	240	....
Railroad retirement	130	130	....	134	134	....	141	141	....
Total, social security and railroad retirement	280	280	....	319	319	....	381	381	....
Federal employees retirement and insurance:									
Military retirement	75	75	....	80	80	....	85	85	....
Civil service retirement	85	85	....	105	105	....	154	154	....
Veterans service-connected compensation	251	251	....	365	365	....	497	497	....
Other	16	16	....	17	17	....	18	18	....
Total, federal employees retirement and insurance	428	428	....	567	567	....	754	754	....
Unemployment assistance	176	176	....	61	61	....	71	71	....
Medical care:									
Hospital and medical care for veterans	87	85	1	97	96	1	131	129	1
Other	34	14	20	38	18	20	40	20	20
Total, medical care	121	100	21	136	114	22	171	149	22
Housing assistance	10	....	10	10	....	10	9	....	9
Public assistance and related programs:									
Family support payments to States	395	....	395	430	....	430	401	....	401
Veterans non-service connected pensions	191	191	....	130	130	....	235	235	....
Total, public assistance and related programs	586	191	395	560	130	430	636	235	401
All other payments for individuals:									
Veterans insurance and burial benefits	9	9	....	5	5	....	40	40	....
Refugee assistance and other	37	37	....	65	65	....	153	153	....
Total, all other payments for individuals	46	46	....	70	70	....	193	193	....
Total, payments for individuals	1,647	1,220	427	1,721	1,260	461	2,215	1,784	432

Table 11.3—OUTLAYS FOR PAYMENTS FOR INDIVIDUALS BY CATEGORY AND MAJOR PROGRAM: 1940–1993—Continued

(in millions of dollars)

Program	1946			1947			1948		
	Total	Direct	Grants	Total	Direct	Grants	Total	Direct	Grants
Social security and railroad retirement:									
Social security: old age and survivors insurance	321	321	....	426	426	....	512	512	....
Railroad retirement	152	152	....	173	173	....	222	222	....
Total, social security and railroad retirement	472	472	....	599	599	....	734	734	....
Federal employees retirement and insurance:									
Military retirement	93	93	....	122	122	....	136	136	....
Civil service retirement	287	287	....	296	296	....	243	243	....
Veterans service-connected compensation	942	942	....	1,400	1,400	....	1,434	1,434	....
Other	17	17	....	25	25	....	26	26	....
Total, federal employees retirement and insurance	1,340	1,340	....	1,844	1,844	....	1,839	1,839	....
Unemployment assistance	1,145	1,145	....	869	869	....	858	858	....
Medical care:									
Hospital and medical care for veterans	253	252	1	516	515	2	559	557	2
Other	43	22	22	55	22	33	53	24	29
Total, medical care	296	274	23	571	536	35	612	581	31
Assistance to students:									
Veterans education benefits	1,342	1,342	....	3,566	3,566	....	3,174	3,174	....
Total, assistance to students	1,342	1,342	....	3,566	3,566	....	3,174	3,174	....
Housing assistance	7	....	7	6	....	6	3	....	3
Food and nutrition assistance:									
Child nutrition and special milk programs	....	....	....	76	....	76	68	....	68
Total, food and nutrition assistance	....	....	....	76	....	76	68	....	68
Public assistance and related programs:									
Family support payments to States	421	....	421	644	....	644	732	....	732
Veterans non-service connected pensions	275	275	....	332	332	....	386	386	....
Total, public assistance and related programs	696	275	421	976	332	644	1,118	386	732
All other payments for individuals:									
Veterans insurance and burial benefits	44	44	....	197	197	....	260	260	....
Refugee assistance and other	330	330	....	349	349	....	377	377	....
Total, all other payments for individuals	374	374	....	546	546	....	637	637	....
Total, payments for individuals	5,673	5,222	451	9,052	8,292	761	9,043	8,208	835

Table 11.3—**OUTLAYS FOR PAYMENTS FOR INDIVIDUALS BY CATEGORY AND MAJOR PROGRAM: 1940–1993—Continued**

(in millions of dollars)

Program	1949			1950			1951		
	Total	Direct	Grants	Total	Direct	Grants	Total	Direct	Grants
Social security and railroad retirement:									
Social security: old age and survivors insurance	607	607	....	727	727	....	1,498	1,498	....
Railroad retirement	278	278	....	300	300	....	317	317	....
Total, social security and railroad retirement	885	885	....	1,027	1,027	....	1,815	1,815	....
Federal employees retirement and insurance:									
Military retirement	162	162	....	195	195	....	324	324	....
Civil service retirement	220	220	....	267	267	....	269	269	....
Veterans service-connected compensation	1,467	1,467	....	1,533	1,533	....	1,516	1,516	....
Other	27	27	....	38	38	....	44	44	....
Total, federal employees retirement and insurance	1,877	1,877	....	2,032	2,032	....	2,153	2,153	....
Unemployment assistance	1,327	1,327	....	2,013	2,013	....	898	898	....
Medical care:									
Hospital and medical care for veterans	620	617	3	764	761	3	744	741	4
Other	70	36	34	84	44	40	94	49	45
Total, medical care	690	653	37	848	805	43	838	790	48
Assistance to students:									
Veterans education benefits	3,207	3,207	....	2,739	2,739	....	1,953	1,953	....
Total, assistance to students	3,207	3,207	....	2,739	2,739	....	1,953	1,953	....
Housing assistance	3	....	3	7	....	7	7	....	7
Food and nutrition assistance:									
Child nutrition and special milk programs	75	....	75	83	....	83	83	....	83
Total, food and nutrition assistance	75	....	75	83	....	83	83	....	83
Public assistance and related programs:									
Family support payments to States	921	....	921	1,123	....	1,123	1,186	....	1,186
Veterans non-service connected pensions	424	424	....	476	476	....	520	520	....
Total, public assistance and related programs	1,345	424	921	1,599	476	1,123	1,706	520	1,186
All other payments for individuals:									
Veterans insurance and burial benefits	263	263	....	214	214	....	136	136	....
Refugee assistance and other	393	393	....	3,101	3,101	....	691	691	....
Total, all other payments for individuals	656	656	....	3,315	3,315	....	826	826	....
Total, payments for individuals	10,065	9,029	1,036	13,664	12,407	1,257	10,279	8,955	1,324

Table 11.3—OUTLAYS FOR PAYMENTS FOR INDIVIDUALS BY CATEGORY AND MAJOR PROGRAM: 1940–1993—Continued

(in millions of dollars)

Program	1952			1953			1954		
	Total	Direct	Grants	Total	Direct	Grants	Total	Direct	Grants
Social security and railroad retirement:									
Social security: old age and survivors insurance	1,982	1,982	....	2,627	2,627	....	3,275	3,275	....
Railroad retirement	385	385	....	459	459	....	496	496	....
Total, social security and railroad retirement	2,367	2,367	....	3,087	3,087	....	3,771	3,771	....
Federal employees retirement and insurance:									
Military retirement	329	329	....	358	358	....	386	386	....
Civil service retirement	299	299	....	361	361	....	409	409	....
Veterans service-connected compensation	1,545	1,545	....	1,713	1,713	....	1,731	1,731	....
Other	52	52	....	61	61	....	63	63	....
Total, federal employees retirement and insurance	2,225	2,225	....	2,493	2,493	....	2,589	2,589	....
Unemployment assistance	1,057	1,057	....	1,034	1,034	....	1,836	1,836	....
Medical care:									
Hospital and medical care for veterans	783	779	4	755	752	4	675	672	4
Other	100	53	47	108	60	48	106	64	42
Total, medical care	883	832	51	863	812	51	781	736	46
Assistance to students:									
Veterans education benefits	1,326	1,326	....	668	668	....	546	546	....
Total, assistance to students	1,326	1,326	....	668	668	....	546	546	....
Housing assistance	12	....	12	26	....	26	44	....	44
Food and nutrition assistance:									
Child nutrition and special milk programs	84	....	84	83	....	83	84	....	84
Total, food and nutrition assistance	84	....	84	83	....	83	84	....	84
Public assistance and related programs:									
Family support payments to States	1,178	....	1,178	1,330	....	1,330	1,438	....	1,438
Veterans non-service connected pensions	558	558	....	660	660	....	716	716	....
Total, public assistance and related programs	1,735	558	1,178	1,990	660	1,330	2,153	716	1,438
All other payments for individuals:									
Veterans insurance and burial benefits	75	75	....	47	47	....	36	36	....
Refugee assistance and other	1,088	1,088	....	660	660	....	769	769	....
Total, all other payments for individuals	1,163	1,163	....	707	707	....	805	805	....
Total, payments for individuals	10,853	9,528	1,325	10,950	9,460	1,490	12,610	10,999	1,611

Table 11.3—OUTLAYS FOR PAYMENTS FOR INDIVIDUALS BY CATEGORY AND MAJOR PROGRAM: 1940–1993—Continued

(in millions of dollars)

Program	1955			1956			1957		
	Total	Direct	Grants	Total	Direct	Grants	Total	Direct	Grants
Social security and railroad retirement:									
Social security: old age and survivors insurance	4,333	4,333	....	5,361	5,361	....	6,515	6,515	....
Railroad retirement	579	579	....	604	604	....	675	675	....
Total, social security and railroad retirement	4,912	4,912	....	5,965	5,965	....	7,190	7,190	....
Federal employees retirement and insurance:									
Military retirement	419	419	....	477	477	....	511	511	....
Civil service retirement	428	428	....	504	504	....	588	588	....
Veterans service-connected compensation	1,828	1,828	....	1,864	1,864	....	1,876	1,876	....
Other	71	71	....	77	77	....	84	84	....
Total, federal employees retirement and insurance	2,746	2,746	....	2,922	2,922	....	3,059	3,059	....
Unemployment assistance	2,099	2,099	....	1,498	1,498	....	1,729	1,729	....
Medical care:									
Hospital and medical care for veterans	706	700	5	768	762	6	780	774	6
Other	106	65	41	123	73	50	142	87	55
Total, medical care	811	765	46	891	836	55	922	861	61
Assistance to students:									
Veterans education benefits	678	678	....	781	781	....	787	787	....
Total, assistance to students	678	678	....	781	781	....	787	787	....
Housing assistance	67	....	67	82	....	82	91	4	87
Food and nutrition assistance:									
Child nutrition and special milk programs	83	....	83	82	....	82	98	....	98
Total, food and nutrition assistance	83	....	83	82	....	82	98	....	98
Public assistance and related programs:									
Family support payments to States	1,427	....	1,427	1,455	....	1,455	1,556	....	1,556
Veterans non-service connected pensions	800	800	....	883	883	....	950	950	....
Total, public assistance and related programs	2,227	800	1,427	2,338	883	1,455	2,507	950	1,556
All other payments for individuals:									
Veterans insurance and burial benefits	52	52	....	52	52	....	44	44	....
Refugee assistance and other	622	622	....	599	599	....	601	601	....
Total, all other payments for individuals	674	674	....	651	651	....	645	645	....
Total, payments for individuals	14,297	12,674	1,623	15,208	13,534	1,674	17,027	15,226	1,802

Table 11.3—OUTLAYS FOR PAYMENTS FOR INDIVIDUALS BY CATEGORY AND MAJOR PROGRAM: 1940–1993—Continued

(in millions of dollars)

Program	1958			1959			1960		
	Total	Direct	Grants	Total	Direct	Grants	Total	Direct	Grants
Social security and railroad retirement:									
Social security: old age and survivors insurance	7,875	7,875	....	9,046	9,046	....	10,266	10,266	....
Social security: disability insurance	168	168	....	339	339	....	528	528	....
Railroad retirement	721	721	....	768	768	....	943	943	....
Total, social security and railroad retirement	8,764	8,764	....	10,153	10,153	....	11,738	11,738	....
Federal employees retirement and insurance:									
Military retirement	562	562	....	641	641	....	694	694	....
Civil service retirement	696	696	....	783	783	....	893	893	....
Veterans service-connected compensation	2,024	2,024	....	2,071	2,071	....	2,049	2,049	....
Other	90	90	....	103	103	....	95	95	....
Total, federal employees retirement and insurance	3,372	3,372	....	3,597	3,597	....	3,730	3,730	....
Unemployment assistance	3,288	3,288	....	3,206	3,206	....	2,782	2,782	....
Medical care:									
Hospital and medical care for veterans	832	826	6	894	887	6	931	925	6
Other	162	101	61	176	112	64	173	117	56
Total, medical care	993	926	67	1,069	999	70	1,104	1,043	62
Assistance to students:									
Veterans education benefits	711	711	....	585	585	....	392	392	....
Total, assistance to students	711	711	....	585	585	....	392	392	....
Housing assistance	99	4	95	117	6	111	140	13	127
Food and nutrition assistance:									
Child nutrition and special milk programs	165	....	165	216	....	216	232	*	232
Total, food and nutrition assistance	165	....	165	216	....	216	232	*	232
Public assistance and related programs:									
Family support payments to States	1,795	....	1,795	1,966	....	1,966	2,059	*	2,059
Veterans non-service connected pensions	1,036	1,036	....	1,153	1,153	....	1,263	1,263	....
Total, public assistance and related programs	2,831	1,036	1,795	3,119	1,153	1,966	3,322	1,263	2,059
All other payments for individuals:									
Veterans insurance and burial benefits	44	44	....	52	52	....	56	56	....
Refugee assistance and other	664	664	....	642	642	....	665	665	....
Total, all other payments for individuals	708	708	....	693	693	....	720	720	....
Total, payments for individuals	20,931	18,810	2,121	22,757	20,393	2,364	24,162	21,682	2,480

* $500 thousand or less.

Table 11.3—OUTLAYS FOR PAYMENTS FOR INDIVIDUALS BY CATEGORY AND MAJOR PROGRAM: 1940–1993—Continued

(in millions of dollars)

Program	1961			1962			1963		
	Total	Direct	Grants	Total	Direct	Grants	Total	Direct	Grants
Social security and railroad retirement:									
Social security: old age and survivors insurance	11,162	11,162	....	12,666	12,666	....	13,846	13,846	....
Social security: disability insurance	703	703	....	1,011	1,011	....	1,171	1,171	....
Railroad retirement	982	982	....	1,024	1,024	....	1,064	1,064	....
Total, social security and railroad retirement	12,848	12,848	....	14,702	14,702	....	16,080	16,080	....
Federal employees retirement and insurance:									
Military retirement	786	786	....	894	894	....	1,015	1,015	....
Civil service retirement	951	951	....	1,060	1,060	....	1,178	1,178	....
Veterans service-connected compensation	2,034	2,034	....	2,017	2,017	....	2,116	2,116	....
Other	99	99	....	103	103	....	110	110	....
Total, federal employees retirement and insurance	3,871	3,871	....	4,075	4,075	....	4,418	4,418	....
Unemployment assistance	4,426	4,426	....	3,475	3,475	....	3,212	3,212	....
Medical care:									
Medicaid	23	....	23	103	....	103	157	....	157
Hospital and medical care for veterans	996	988	8	1,043	1,035	7	1,102	1,094	7
Other	189	125	64	209	124	85	221	129	92
Total, medical care	1,208	1,114	95	1,354	1,159	195	1,479	1,223	256
Assistance to students:									
Veterans education benefits	246	246	....	159	159	....	102	102	....
Total, assistance to students	246	246	....	159	159	....	102	102	....
Housing assistance	155	15	140	167	13	154	182	11	170
Food and nutrition assistance:									
Food stamp program	....	....	....	14	....	14	20	1	19
Child nutrition and special milk programs	239	*	239	261	3	258	263	1	262
Total, food and nutrition assistance	239	*	239	275	3	272	284	2	281
Public assistance and related programs:									
Family support payments to States	2,144	*	2,144	2,329	....	2,329	2,572	....	2,572
Veterans non-service connected pensions	1,532	1,532	....	1,635	1,635	....	1,698	1,698	....
Total, public assistance and related programs	3,676	1,532	2,144	3,964	1,635	2,329	4,271	1,698	2,572
All other payments for individuals:									
Veterans insurance and burial benefits	55	55	....	46	46	....	51	51	....
Refugee assistance and other	801	801	....	723	723	....	879	879	....
Total, all other payments for individuals	857	857	....	768	768	....	930	930	....
Total, payments for individuals	27,525	24,907	2,618	28,938	25,987	2,951	30,958	27,677	3,280

* $500 thousand or less.

Table 11.3—OUTLAYS FOR PAYMENTS FOR INDIVIDUALS BY CATEGORY AND MAJOR PROGRAM: 1940–1993—Continued

(in millions of dollars)

Program	1964			1965			1966		
	Total	Direct	Grants	Total	Direct	Grants	Total	Direct	Grants
Social security and railroad retirement:									
Social security: old age and survivors insurance	14,578	14,578	....	15,229	15,229	....	18,072	18,072	....
Social security: disability insurance	1,250	1,250	....	1,392	1,392	....	1,723	1,723	....
Railroad retirement	1,092	1,092	....	1,116	1,116	....	1,194	1,194	....
Total, social security and railroad retirement	16,920	16,920	....	17,738	17,738	....	20,989	20,989	....
Federal employees retirement and insurance:									
Military retirement	1,209	1,209	....	1,384	1,384	....	1,591	1,591	....
Civil service retirement	1,320	1,320	....	1,440	1,440	....	1,687	1,687	....
Veterans service-connected compensation	2,158	2,158	....	2,176	2,176	....	2,221	2,221	....
Other	108	108	....	106	106	....	107	107	....
Total, federal employees retirement and insurance	4,795	4,795	....	5,106	5,106	....	5,607	5,607	....
Unemployment assistance	3,012	3,012	....	2,537	2,537	....	2,068	2,068	....
Medical care:									
Medicaid	210	....	210	272	....	272	770	....	770
Hospital and medical care for veterans	1,182	1,174	8	1,218	1,210	8	1,266	1,257	9
Other	266	146	119	296	147	148	378	191	186
Total, medical care	1,657	1,321	337	1,786	1,358	428	2,413	1,449	965
Assistance to students:									
Veterans education benefits	77	77	....	58	58	....	54	54	....
Student assistance—Department of Education and other	....	....	....	....	....	....	45	45	....
Total, assistance to students	77	77	....	58	58	....	100	100	....
Housing assistance	193	11	183	219	11	208	239	13	226
Food and nutrition assistance:									
Food stamp program	30	1	29	34	3	32	69	4	65
Child nutrition and special milk programs	278	2	276	265	2	263	294	2	291
Total, food and nutrition assistance	308	3	305	299	5	295	363	6	357
Public assistance and related programs:									
Family support payments to States	2,734	....	2,734	2,787	....	2,787	2,758	....	2,758
Veterans non-service connected pensions	1,743	1,743	....	1,864	1,864	....	1,910	1,910	....
Total, public assistance and related programs	4,477	1,743	2,734	4,651	1,864	2,787	4,668	1,910	2,758
All other payments for individuals:									
Veterans insurance and burial benefits	53	53	....	60	60	....	70	70	....
Refugee assistance and other	725	725	....	648	648	....	559	559	....
Total, all other payments for individuals	778	778	....	708	708	....	630	630	....
Total, payments for individuals	32,217	28,658	3,559	33,103	29,385	3,718	37,076	32,771	4,305

Table 11.3—**OUTLAYS FOR PAYMENTS FOR INDIVIDUALS BY CATEGORY AND MAJOR PROGRAM: 1940–1993—Continued**

(in millions of dollars)

Program	1967			1968			1969		
	Total	Direct	Grants	Total	Direct	Grants	Total	Direct	Grants
Social security and railroad retirement:									
Social security: old age and survivors insurance	18,887	18,887	....	20,737	20,737	....	23,734	23,734	....
Social security: disability insurance	1,867	1,867	....	2,104	2,104	....	2,458	2,458	....
Railroad retirement	1,257	1,257	....	1,388	1,388	....	1,533	1,533	....
Total, social security and railroad retirement	22,011	22,011	....	24,229	24,229	....	27,725	27,725	....
Federal employees retirement and insurance:									
Military retirement	1,830	1,830	....	2,095	2,095	....	2,444	2,444	....
Civil service retirement	1,962	1,962	....	2,136	2,136	....	2,403	2,403	....
Veterans service-connected compensation	2,310	2,310	....	2,466	2,466	....	2,658	2,658	....
Other	121	121	....	134	134	....	149	149	....
Total, federal employees retirement and insurance	6,224	6,224	....	6,830	6,830	....	7,654	7,654	....
Unemployment assistance	2,042	2,042	....	2,270	2,270	....	2,297	2,297	....
Medical care:									
Medicare: hospital insurance	2,508	2,508	....	3,736	3,736	....	4,654	4,654	....
Medicare: supplementary medical insurance	664	664	....	1,390	1,390	....	1,645	1,645	....
Medicaid	1,173	....	1,173	1,806	*	1,806	2,285	....	2,285
Hospital and medical care for veterans	1,332	1,324	9	1,410	1,399	11	1,498	1,484	14
Other	497	239	257	494	180	314	658	249	409
Total, medical care	6,174	4,735	1,439	8,836	6,706	2,130	10,740	8,032	2,708
Assistance to students:									
Veterans education benefits	305	305	....	478	478	....	701	701	....
Student assistance—Department of Education and other	226	226	....	460	460	....	570	570	....
Total, assistance to students	532	532	....	938	938	....	1,271	1,271	....
Housing assistance	257	7	251	281	−3	284	342	−5	346
Food and nutrition assistance:									
Food stamp program	114	8	106	185	14	171	248	13	234
Child nutrition and special milk programs	304	2	302	321	3	318	339	3	336
Total, food and nutrition assistance	418	10	408	505	16	489	587	16	570
Public assistance and related programs:									
Family support payments to States	2,720	....	2,720	3,166	....	3,166	3,618	....	3,618
Veterans non-service connected pensions	1,893	1,893	....	2,048	2,048	....	2,149	2,149	....
Total, public assistance and related programs	4,613	1,893	2,720	5,215	2,048	3,166	5,767	2,149	3,618
All other payments for individuals:									
Veterans insurance and burial benefits	85	85	....	75	75	....	72	72	....
Refugee assistance and other	853	853	....	671	671	....	771	771	....
Total, all other payments for individuals	938	938	....	746	746	....	843	843	....
Total, payments for individuals	43,211	38,392	4,819	49,849	43,779	6,070	57,225	49,983	7,243

* $500 thousand or less.

Table 11.3—OUTLAYS FOR PAYMENTS FOR INDIVIDUALS BY CATEGORY AND MAJOR PROGRAM: 1940–1993—Continued

(in millions of dollars)

Program	1970			1971			1972		
	Total	Direct	Grants	Total	Direct	Grants	Total	Direct	Grants
Social security and railroad retirement:									
Social security: old age and survivors insurance	26,268	26,268	....	31,103	31,103	....	34,542	34,542	....
Social security: disability insurance	2,794	2,794	....	3,403	3,403	....	4,073	4,073	....
Railroad retirement	1,592	1,592	....	1,899	1,899	....	2,119	2,119	....
Total, social security and railroad retirement	30,654	30,654	....	36,404	36,404	....	40,735	40,735	....
Federal employees retirement and insurance:									
Military retirement	2,849	2,849	....	3,386	3,386	....	3,885	3,885	....
Civil service retirement	2,746	2,746	....	3,228	3,228	....	3,772	3,772	....
Veterans service-connected compensation	2,974	2,974	....	3,354	3,354	....	3,485	3,485	....
Other	172	172	....	203	203	....	221	221	....
Total, federal employees retirement and insurance	8,741	8,741	....	10,171	10,171	....	11,363	11,363	....
Unemployment assistance	3,083	3,083	....	5,760	5,760	....	6,652	6,652	....
Medical care:									
Medicare: hospital insurance	4,804	4,804	....	5,443	5,443	....	6,109	6,109	....
Medicare: supplementary medical insurance	1,979	1,979	....	2,035	2,035	....	2,255	2,255	....
Medicaid	2,727	....	2,727	3,362	....	3,362	4,601	....	4,601
Hospital and medical care for veterans	1,723	1,706	17	1,954	1,935	18	2,336	2,317	18
Other	792	332	460	887	407	480	1,112	412	700
Total, medical care	12,026	8,822	3,204	13,681	9,820	3,861	16,413	11,093	5,320
Assistance to students:									
Veterans education benefits	1,015	1,015	....	1,659	1,659	....	1,960	1,960	....
Student assistance—Department of Education and other	503	503	....	904	904	....	1,067	1,067	....
Total, assistance to students	1,519	1,519	....	2,563	2,563	....	3,026	3,026	....
Housing assistance	480	38	442	737	175	562	1,121	371	751
Food and nutrition assistance:									
Food stamp program	577	18	559	1,568	1,548	20	1,909	1,882	27
Child nutrition and special milk programs	383	4	379	611	8	603	716	8	707
Commodity donations and other	....	....	....	....	....	....	593	13	580
Total, food and nutrition assistance	960	22	938	2,179	1,556	623	3,218	1,904	1,314
Public assistance and related programs:									
Family support payments to States	4,142	....	4,142	5,486	....	5,486	6,559	....	6,559
Veterans non-service connected pensions	2,255	2,255	....	2,330	2,330	....	2,531	2,531	....
Total, public assistance and related programs	6,397	2,255	4,142	7,816	2,330	5,486	9,089	2,531	6,559
All other payments for individuals:									
Coal miners and black lung benefits	10	10	....	319	318	1	418	418	*
Veterans insurance and burial benefits	79	79	....	77	77	....	85	85	....
Refugee assistance and other	857	857	....	856	856	....	934	934	....
Total, all other payments for individuals	946	946	....	1,253	1,252	1	1,437	1,437	*
Total, payments for individuals	64,806	56,079	8,727	80,564	70,030	10,533	93,055	79,112	13,943

* $500 thousand or less.

Table 11.3—**OUTLAYS FOR PAYMENTS FOR INDIVIDUALS BY CATEGORY AND MAJOR PROGRAM: 1940–1993—Continued**

(in millions of dollars)

Program	1973			1974			1975		
	Total	Direct	Grants	Total	Direct	Grants	Total	Direct	Grants
Social security and railroad retirement:									
Social security: old age and survivors insurance	42,173	42,173	....	47,851	47,851	....	54,847	54,847	....
Social security: disability insurance	5,201	5,201	....	6,207	6,207	....	7,701	7,701	....
Railroad retirement	2,425	2,425	....	2,654	2,654	....	4,730	4,730	....
Total, social security and railroad retirement	49,799	49,799	....	56,712	56,712	....	67,277	67,277	....
Federal employees retirement and insurance:									
Military retirement	4,390	4,390	....	5,128	5,128	....	6,242	6,242	....
Civil service retirement	4,515	4,515	....	5,661	5,661	....	7,048	7,048	....
Veterans service-connected compensation	3,836	3,836	....	3,985	3,985	....	4,680	4,680	....
Other	240	240	....	263	263	....	385	385	....
Total, federal employees retirement and insurance	12,980	12,980	....	15,036	15,036	....	18,355	18,355	....
Unemployment assistance	4,893	4,893	....	5,594	5,594	....	12,806	12,806	....
Medical care:									
Medicare: hospital insurance	6,649	6,649	....	7,807	7,807	....	10,355	10,355	....
Medicare: supplementary medical insurance	2,391	2,391	....	2,874	2,874	....	3,765	3,765	....
Medicaid	4,600	....	4,600	5,818	....	5,818	6,840	....	6,840
Hospital and medical care for veterans	2,611	2,591	20	2,896	2,871	25	3,527	3,502	26
Other	1,306	467	839	1,299	467	832	1,752	594	1,158
Total, medical care	17,557	12,098	5,459	20,694	14,019	6,675	26,241	18,217	8,024
Assistance to students:									
Veterans education benefits	2,800	2,800	....	3,249	3,249	....	4,591	4,591	....
Student assistance—Department of Education and other	1,199	1,199	....	1,054	1,054	....	1,604	1,582	22
Total, assistance to students	3,999	3,999	....	4,303	4,303	....	6,196	6,173	22
Housing assistance	1,614	559	1,055	1,794	673	1,122	2,093	761	1,333
Food and nutrition assistance:									
Food stamp program	2,208	2,177	31	2,845	2,797	48	4,599	4,463	136
Child nutrition and special milk programs	693	8	685	802	8	793	1,575	10	1,565
Commodity donations and other	740	12	728	787	44	743	469	18	451
Total, food and nutrition assistance	3,641	2,197	1,444	4,433	2,850	1,583	6,643	4,491	2,152
Public assistance and related programs:									
Supplemental security income program	....	....	....	1,954	1,907	47	4,320	4,209	110
Family support payments to States	5,922	....	5,922	5,423	....	5,423	5,121	....	5,121
Veterans non-service connected pensions	2,565	2,565	....	2,530	2,530	....	2,739	2,739	....
Total, public assistance and related programs	8,487	2,565	5,922	9,907	4,437	5,470	12,180	6,948	5,231
All other payments for individuals:									
Coal miners and black lung benefits	952	952	....	1,000	1,000	*	968	968	....
Veterans insurance and burial benefits	95	95	....	119	119	....	162	162	....
Refugee assistance and other	723	723	....	814	814	....	915	915	....
Total, all other payments for individuals	1,770	1,770	....	1,933	1,933	*	2,045	2,045	....
Total, payments for individuals	104,739	90,860	13,879	120,407	105,557	14,851	153,836	137,074	16,762

* $500 thousand or less.

Table 11.3—OUTLAYS FOR PAYMENTS FOR INDIVIDUALS BY CATEGORY AND MAJOR PROGRAM: 1940–1993—Continued

(in millions of dollars)

Program	1976			TQ			1977		
	Total	Direct	Grants	Total	Direct	Grants	Total	Direct	Grants
Social security and railroad retirement:									
Social security: old age and survivors insurance	62,149	62,149	....	16,876	16,876	....	71,278	71,278	....
Social security: disability insurance	9,314	9,314	....	2,582	2,582	....	11,212	11,212	....
Railroad retirement	3,465	3,465	....	912	912	....	3,768	3,768	....
Total, social security and railroad retirement	74,929	74,929	....	20,371	20,371	....	86,258	86,258	....
Federal employees retirement and insurance:									
Military retirement	7,296	7,296	....	1,947	1,947	....	8,216	8,216	....
Civil service retirement	8,267	8,267	....	2,261	2,261	....	9,531	9,531	....
Veterans service-connected compensation	5,154	5,154	....	1,321	1,321	....	5,722	5,722	....
Other	463	463	....	129	129	....	553	553	....
Total, federal employees retirement and insurance	21,180	21,180	....	5,658	5,658	....	24,022	24,022	....
Unemployment assistance	18,560	18,560	....	3,304	3,304	....	14,318	14,318	....
Medical care:									
Medicare: hospital insurance	12,270	12,270	....	3,315	3,315	....	14,912	14,912	....
Medicare: supplementary medical insurance	4,672	4,672	....	1,269	1,269	....	5,867	5,867	....
Medicaid	8,568	....	8,568	2,229	....	2,229	9,876	....	9,876
Hospital and medical care for veterans	3,892	3,861	31	999	991	8	4,532	4,485	48
Other	2,117	676	1,441	470	172	297	2,007	796	1,211
Total, medical care	31,519	21,479	10,040	8,281	5,748	2,534	37,195	26,061	11,134
Assistance to students:									
Veterans education benefits	5,527	5,527	....	783	783	....	3,700	3,700	....
Student assistance—Department of Education and other	2,394	2,359	35	595	590	6	2,719	2,657	62
Total, assistance to students	7,920	7,885	35	1,378	1,372	6	6,419	6,357	62
Housing assistance	2,466	873	1,594	648	236	413	2,964	1,139	1,825
Food and nutrition assistance:									
Food stamp program	5,632	5,365	267	1,325	1,260	65	5,399	5,128	271
Child nutrition and special milk programs	1,890	12	1,878	393	3	390	2,792	17	2,775
Supplemental feeding programs (WIC and CSFP)	143	1	141	41	1	41	245	3	242
Commodity donations and other	294	10	284	64	2	62	91	5	86
Total, food and nutrition assistance	7,959	5,389	2,570	1,824	1,266	558	8,527	5,153	3,375
Public assistance and related programs:									
Supplemental security income program	4,573	4,507	67	1,165	1,159	5	4,772	4,732	39
Family support payments to States	5,753	....	5,753	1,570	....	1,570	6,165	....	6,165
Low income home energy assistance	....	....	....	....	....	....	110	....	110
Earned income tax credit	808	808	....	86	86	....	901	901	....
Legal services	85	85	....	52	52	....	125	125	....
Veterans non-service connected pensions	2,859	2,859	....	719	719	....	3,113	3,113	....
Total, public assistance and related programs	14,078	8,259	5,819	3,591	2,016	1,575	15,186	8,872	6,314
All other payments for individuals:									
Coal miners and black lung benefits	998	998	....	240	240	....	956	956	....
Veterans insurance and burial benefits	165	165	....	48	48	....	164	164	....
Refugee assistance and other	861	861	....	190	190	....	968	968	....
Total, all other payments for individuals	2,023	2,023	....	478	478	....	2,088	2,088	....
Total, payments for individuals	180,634	160,576	20,058	45,534	40,449	5,085	196,978	174,268	22,710

Table 11.3—OUTLAYS FOR PAYMENTS FOR INDIVIDUALS BY CATEGORY AND MAJOR PROGRAM: 1940–1993—Continued

(in millions of dollars)

Program	1978			1979		
	Total	Direct	Grants	Total	Direct	Grants
Social security and railroad retirement:						
Social security: old age and survivors insurance	78,531	78,531	....	87,604	87,604	....
Social security: disability insurance	12,298	12,298	....	13,512	13,512	....
Railroad retirement	3,950	3,950	....	4,245	4,245	....
Total, social security and railroad retirement	94,779	94,779	....	105,361	105,361	....
Federal employees retirement and insurance:						
Military retirement	9,171	9,171	....	10,279	10,279	....
Civil service retirement	10,867	10,867	....	12,369	12,369	....
Veterans service-connected compensation	6,159	6,159	....	6,743	6,743	....
Other	483	483	....	538	538	....
Total, federal employees retirement and insurance	26,681	26,681	....	29,930	29,930	....
Unemployment assistance	10,886	10,886	....	9,837	9,837	....
Medical care:						
Medicare: hospital insurance	17,419	17,419	....	19,900	19,900	....
Medicare: supplementary medical insurance	6,856	6,856	....	8,260	8,260	....
Medicaid	10,680	....	10,680	12,407	....	12,407
Hospital and medical care for veterans	5,059	5,019	41	5,410	5,361	49
Other	2,262	839	1,423	2,453	946	1,507
Total, medical care	42,277	30,133	12,143	48,431	34,467	13,963
Assistance to students:						
Veterans education benefits	3,362	3,362	....	2,825	2,825	....
Student assistance—Department of Education and other	3,059	3,004	56	3,767	3,706	62
Total, assistance to students	6,421	6,366	56	6,592	6,530	62
Housing assistance	3,631	1,208	2,423	4,230	1,447	2,784
Food and nutrition assistance:						
Food stamp program	5,499	5,200	299	6,822	6,498	324
Child nutrition and special milk programs	2,665	139	2,526	3,014	152	2,862
Supplemental feeding programs (WIC and CSFP)	371	....	371	542	....	542
Commodity donations and other	325	4	321	338	4	334
Total, food and nutrition assistance	8,859	5,343	3,516	10,716	6,654	4,061
Public assistance and related programs:						
Supplemental security income program	5,280	5,241	39	4,865	4,824	41
Family support payments to States	6,393	23	6,369	6,358	27	6,331
Low income home energy assistance	193	....	193	186	....	186
Earned income tax credit	881	881	....	773	773	....
Legal services	157	157	....	254	254	....
Veterans non-service connected pensions	3,239	3,239	....	3,522	3,522	....
Total, public assistance and related programs	16,143	9,542	6,601	15,957	9,399	6,558
All other payments for individuals:						
Coal miners and black lung benefits	1,005	1,005	....	1,604	1,604	....
Veterans insurance and burial benefits	175	175	....	177	177	....
Refugee assistance and other	905	849	56	1,003	871	132
Total, all other payments for individuals	2,085	2,029	56	2,784	2,651	132
Total, payments for individuals	211,761	186,967	24,795	233,837	206,276	27,561

Table 11.3—OUTLAYS FOR PAYMENTS FOR INDIVIDUALS BY CATEGORY AND MAJOR PROGRAM: 1940–1993—Continued

(in millions of dollars)

Program	1980			1981			1982		
	Total	Direct	Grants	Total	Direct	Grants	Total	Direct	Grants
Social security and railroad retirement:									
Social security: old age and survivors insurance	100,625	100,625	...	119,418	119,418	...	134,660	134,660	...
Social security: disability insurance	14,998	14,998	...	16,849	16,849	...	17,437	17,437	...
Railroad retirement	4,710	4,710	...	5,257	5,257	...	5,676	5,676	...
Total, social security and railroad retirement	120,333	120,333	...	141,524	141,524	...	157,773	157,773	...
Federal employees retirement and insurance:									
Military retirement	11,920	11,920	...	13,729	13,729	...	14,938	14,938	...
Civil service retirement	14,662	14,662	...	17,597	17,597	...	19,405	19,405	...
Veterans service-connected compensation	7,434	7,434	...	8,426	8,426	...	9,276	9,276	...
Other	661	661	...	735	735	...	816	816	...
Total, federal employees retirement and insurance	34,677	34,677	...	40,487	40,487	...	44,436	44,436	...
Unemployment assistance	16,889	16,889	...	18,406	18,406	...	22,314	22,314	...
Medical care:									
Medicare: hospital insurance	23,802	23,802	...	28,916	28,916	...	34,354	34,354	...
Medicare: supplementary medical insurance	10,152	10,152	...	12,351	12,351	...	14,813	14,813	...
Medicaid	13,957	...	13,957	16,833	...	16,833	17,391	...	17,391
Hospital and medical care for veterans	6,290	6,241	49	6,732	6,683	50	7,296	7,238	57
Other	2,784	1,189	1,595	2,814	1,182	1,632	2,925	1,678	1,247
Total, medical care	56,985	41,384	15,601	67,647	49,132	18,516	76,778	58,083	18,695
Assistance to students:									
Veterans education benefits	2,450	2,450	...	2,395	2,395	...	2,113	2,113	...
Student assistance—Department of Education and other	5,089	5,011	78	6,166	6,087	78	5,758	5,701	57
Total, assistance to students	7,538	7,460	78	8,561	8,482	78	7,870	7,814	57
Housing assistance	5,418	1,965	3,453	6,775	2,716	4,059	7,960	3,038	4,922
Food and nutrition assistance:									
Food stamp program	9,117	8,705	412	11,253	10,764	489	11,014	10,262	752
Child nutrition and special milk programs	3,536	148	3,388	3,543	183	3,359	3,043	167	2,875
Supplemental feeding programs (WIC and CSFP)	717	1	716	930	2	928	930	1	928
Commodity donations and other	562	5	557	394	5	389	506	6	500
Total, food and nutrition assistance	13,932	8,858	5,074	16,119	10,954	5,165	15,493	10,436	5,056
Public assistance and related programs:									
Supplemental security income program	5,716	5,677	39	6,467	6,422	45	6,864	6,844	20
Family support payments to States	6,924	36	6,888	7,736	42	7,694	7,530	42	7,488
Low income home energy assistance	1,577	398	1,180	1,780	126	1,653	1,687	2	1,685
Earned income tax credit	1,275	1,275	...	1,318	1,318	...	1,201	1,201	...
Legal services	320	320	...	324	324	...	259	259	...
Veterans non-service connected pensions	3,585	3,585	...	3,755	3,755	...	3,879	3,879	...
Total, public assistance and related programs	19,398	11,291	8,107	21,380	11,988	9,393	21,421	12,228	9,193
All other payments for individuals:									
Coal miners and black lung benefits	1,788	1,788	...	1,770	1,770	...	1,706	1,706	...
Veterans insurance and burial benefits	183	183	...	208	208	...	140	140	...
Refugee assistance and other	1,388	1,049	338	1,780	1,140	641	2,033	1,155	878
Total, all other payments for individuals	3,358	3,020	338	3,759	3,118	641	3,879	3,001	878
Total, payments for individuals	278,530	245,879	32,652	324,658	286,807	37,851	357,924	319,123	38,800

Table 11.3—**OUTLAYS FOR PAYMENTS FOR INDIVIDUALS BY CATEGORY AND MAJOR PROGRAM: 1940–1993—Continued**

(in millions of dollars)

Program	1983			1984			1985		
	Total	Direct	Grants	Total	Direct	Grants	Total	Direct	Grants
Social security and railroad retirement:									
Social security: old age and survivors insurance	148,642	148,642	....	155,852	155,852	....	165,422	165,422	....
Social security: disability insurance	17,592	17,592	....	17,775	17,775	....	18,657	18,657	....
Railroad retirement	6,049	6,049	....	6,097	6,097	....	6,216	6,216	....
Total, social security and railroad retirement	172,284	172,284	....	179,724	179,724	....	190,295	190,295	....
Federal employees retirement and insurance:									
Military retirement	15,945	15,945	....	16,471	16,471	....	15,801	15,801	....
Civil service retirement	20,717	20,717	....	21,813	21,813	....	23,012	23,012	....
Veterans service-connected compensation	9,844	9,844	....	9,916	9,916	....	10,243	10,243	....
Other	759	759	....	825	825	....	790	790	....
Total, federal employees retirement and insurance	47,265	47,265	....	49,025	49,025	....	49,846	49,846	....
Unemployment assistance	29,815	29,815	....	16,911	16,911	....	16,186	16,186	....
Medical care:									
Medicare: hospital insurance	38,005	38,005	....	41,476	41,476	....	47,841	47,841	....
Medicare: supplementary medical insurance	17,493	17,493	....	19,475	19,475	....	21,808	21,808	....
Medicaid	18,985	....	18,985	20,061	....	20,061	22,655	....	22,655
Hospital and medical care for veterans	8,044	7,987	57	8,604	8,545	59	9,264	9,180	84
Other	2,463	1,527	935	2,600	1,075	1,526	2,652	1,113	1,539
Total, medical care	84,991	65,013	19,978	92,217	70,571	21,646	104,219	79,942	24,277
Assistance to students:									
Veterans education benefits	1,854	1,854	....	1,564	1,564	....	1,352	1,352	....
Student assistance—Department of Education and other	6,601	6,550	51	7,036	6,966	70	7,800	7,724	76
Total, assistance to students	8,455	8,404	51	8,600	8,531	70	9,152	9,076	76
Housing assistance	9,366	3,648	5,718	9,932	4,163	5,769	11,200	4,783	6,417
Food and nutrition assistance:									
Food stamp program	11,839	11,210	629	11,561	10,829	732	11,701	10,815	886
Nutrition assistance for Puerto Rico	814	....	814	814	....	814	825	....	825
Child nutrition and special milk programs	3,293	178	3,115	3,552	192	3,361	3,681	201	3,480
Supplemental feeding programs (WIC and CSFP)	1,150	3	1,147	1,398	2	1,396	1,538	*	1,538
Commodity donations and other	773	5	768	647	9	637	712	9	704
Total, food and nutrition assistance	17,869	11,396	6,473	17,972	11,032	6,941	18,457	11,025	7,431
Public assistance and related programs:									
Supplemental security income program	7,894	7,881	13	7,633	7,625	8	8,654	8,654	....
Family support payments to States	7,875	31	7,844	8,346	34	8,311	8,625	33	8,592
Low income home energy assistance	1,993	3	1,991	2,026	2	2,024	2,141	2	2,139
Earned income tax credit	1,213	1,213	....	1,193	1,193	....	1,100	1,100	....
Legal services	234	234	....	271	271	....	300	300	....
Veterans non-service connected pensions	3,894	3,894	....	3,874	3,874	....	3,842	3,842	....
Total, public assistance and related programs	23,103	13,255	9,848	23,342	13,000	10,343	24,662	13,931	10,731
All other payments for individuals:									
Coal miners and black lung benefits	1,737	1,737	....	1,687	1,687	....	1,663	1,663	....
Veterans insurance and burial benefits	122	122	....	128	128	....	133	133	....
Refugee assistance and other	1,517	1,013	504	1,668	1,083	585	1,489	1,069	420
Total, all other payments for individuals	3,376	2,872	504	3,484	2,899	585	3,285	2,865	420
Total, payments for individuals	396,523	353,951	42,572	401,209	355,856	45,353	427,302	377,950	49,352

* $500 thousand or less.

Table 11.3—**OUTLAYS FOR PAYMENTS FOR INDIVIDUALS BY CATEGORY AND MAJOR PROGRAM: 1940–1993—Continued**

(in millions of dollars)

Program	1986			1987		
	Total	Direct	Grants	Total	Direct	Grants
Social security and railroad retirement:						
Social security: old age and survivors insurance	174,364	174,364	....	182,055	182,055	....
Social security: disability insurance	19,531	19,531	....	20,436	20,436	....
Railroad retirement	6,351	6,351	....	6,518	6,518	....
Total, social security and railroad retirement	200,246	200,246	....	209,009	209,009	....
Federal employees retirement and insurance:						
Military retirement	17,621	17,621	....	18,080	18,080	....
Civil service retirement	23,942	23,942	....	25,713	25,713	....
Veterans service-connected compensation	10,416	10,416	....	10,502	10,502	....
Other	942	942	....	907	907	....
Total, federal employees retirement and insurance	52,920	52,920	....	55,203	55,203	....
Unemployment assistance	16,427	16,427	....	15,760	15,760	....
Medical care:						
Medicare: hospital insurance	49,018	49,018	....	49,976	49,976	....
Medicare: supplementary medical insurance	25,166	25,166	....	29,937	29,937	....
Medicaid	24,995	....	24,995	27,435	....	27,435
Hospital and medical care for veterans	9,634	9,553	81	10,061	9,967	94
Other	2,674	1,102	1,572	2,757	1,007	1,750
Total, medical care	111,488	84,839	26,649	120,165	90,886	29,279
Assistance to students:						
Veterans education benefits	1,172	1,172	....	1,105	1,105	....
Student assistance—Department of Education and other	8,036	7,954	82	7,469	7,402	66
Total, assistance to students	9,208	9,126	82	8,574	8,508	66
Housing assistance	12,279	4,836	7,443	12,626	5,226	7,400
Food and nutrition assistance:						
Food stamp program	11,619	10,651	968	11,555	10,448	1,107
Nutrition assistance for Puerto Rico	824	....	824	852	....	852
Child nutrition and special milk programs	3,835	157	3,678	4,060	138	3,922
Supplemental feeding programs (WIC and CSFP)	1,614	*	1,613	1,702	*	1,701
Commodity donations and other	632	9	624	693	10	684
Total, food and nutrition assistance	18,524	10,817	7,707	18,863	10,596	8,267
Public assistance and related programs:						
Supplemental security income program	9,323	9,323	....	9,933	9,933	....
Family support payments to States	9,877	....	9,877	10,540	....	10,540
Low income home energy assistance	2,046	....	2,046	1,829	....	1,829
Earned income tax credit	1,415	1,415	....	1,410	1,410	....
Legal services	305	305	....	309	309	....
Veterans non-service connected pensions	3,874	3,874	....	3,793	3,793	....
Total, public assistance and related programs	26,840	14,917	11,922	27,814	15,445	12,369
All other payments for individuals:						
Coal miners and black lung benefits	1,612	1,612	....	1,598	1,598	....
Veterans insurance and burial benefits	122	122	....	131	131	....
Refugee assistance and other	1,596	1,174	422	1,535	1,161	374
Total, all other payments for individuals	3,330	2,907	422	3,263	2,890	374
Total, payments for individuals	451,261	397,036	54,225	471,277	413,522	57,755

* $500 thousand or less.

Table 11.3—OUTLAYS FOR PAYMENTS FOR INDIVIDUALS BY CATEGORY AND MAJOR PROGRAM: 1940–1993—Continued

(in millions of dollars)

Program	1988			1989			1990		
	Total	Direct	Grants	Total	Direct	Grants	Total	Direct	Grants
Social security and railroad retirement:									
Social security: old age and survivors insurance	192,541	192,541	...	204,648	204,648	...	218,957	218,957	...
Social security: disability insurance	21,416	21,416	...	22,556	22,556	...	24,343	24,343	...
Railroad retirement	6,723	6,723	...	7,030	7,030	...	7,187	7,187	...
Total, social security and railroad retirement	220,679	220,679	...	234,234	234,234	...	250,488	250,488	...
Federal employees retirement and insurance:									
Military retirement	19,011	19,011	...	20,184	20,184	...	21,545	21,545	...
Civil service retirement	28,047	28,047	...	29,134	29,134	...	31,036	31,036	...
Veterans service-connected compensation	11,252	11,252	...	11,650	11,650	...	10,714	10,714	...
Other	970	970	...	1,132	1,132	...	804	804	...
Total, federal employees retirement and insurance	59,280	59,280	...	62,099	62,099	...	64,099	64,099	...
Unemployment assistance	13,857	13,857	...	14,125	14,125	...	17,445	17,445	...
Medical care:									
Medicare: hospital insurance	52,022	52,022	...	57,433	57,433	...	65,912	65,912	...
Medicare: supplementary medical insurance	33,682	33,682	...	36,867	36,867	...	41,498	41,498	...
Medicaid	30,462	...	30,462	34,604	...	34,604	41,103	...	41,103
Hospital and medical care for veterans	10,714	10,608	106	11,242	11,117	125	12,021	11,890	131
Other	3,021	1,222	1,799	2,968	1,217	1,751	3,748	1,366	2,382
Total, medical care	129,900	97,534	32,366	143,114	106,634	36,480	164,282	120,667	43,616
Assistance to students:									
Veterans education benefits	1,071	1,071	...	1,046	1,046	...	828	828	...
Student assistance—Department of Education and other	8,139	8,070	68	9,906	9,838	68	10,442	10,369	73
Total, assistance to students	9,210	9,142	68	10,952	10,884	68	11,270	11,197	73
Housing assistance	13,841	5,190	8,651	14,661	6,108	8,553	15,901	6,349	9,552
Food and nutrition assistance:									
Food stamp program	12,265	11,152	1,113	12,817	11,650	1,167	14,992	13,793	1,199
Nutrition assistance for Puerto Rico	880	...	880	908	...	908	931	...	931
Child nutrition and special milk programs	4,305	146	4,158	4,574	119	4,455	4,996	125	4,871
Supplemental feeding programs (WIC and CSFP)	1,852	3	1,850	1,995	2	1,993	2,196	3	2,194
Commodity donations and other	696	9	687	808	9	799	756	11	745
Total, food and nutrition assistance	19,998	11,310	8,688	21,102	11,780	9,323	23,872	13,932	9,939
Public assistance and related programs:									
Supplemental security income program	11,370	11,370	...	11,503	11,503	...	11,493	11,493	...
Family support payments to States	10,764	...	10,764	11,166	...	11,166	12,246	...	12,246
Low income home energy assistance	1,585	...	1,585	1,393	...	1,393	1,314	...	1,314
Earned income tax credit	2,698	2,698	...	4,002	4,002	...	4,354	4,354	...
Legal services	306	306	...	307	307	...	291	291	...
Veterans non-service connected pensions	3,935	3,935	...	4,024	4,024	...	3,594	3,594	...
Total, public assistance and related programs	30,658	18,309	12,349	32,396	19,837	12,559	33,293	19,733	13,560
All other payments for individuals:									
Coal miners and black lung benefits	1,558	1,558	...	1,520	1,520	...	1,482	1,482	...
Veterans insurance and burial benefits	142	142	...	142	142	...	145	145	...
Refugee assistance and other	1,533	1,221	312	1,684	1,314	370	1,813	1,422	391
Total, all other payments for individuals	3,233	2,921	312	3,346	2,976	370	3,440	3,049	391
Total, payments for individuals	500,656	438,222	62,434	536,030	468,677	67,353	584,090	506,958	77,132

Table 11.3—OUTLAYS FOR PAYMENTS FOR INDIVIDUALS BY CATEGORY AND MAJOR PROGRAM: 1940–1993—Continued

(in millions of dollars)

Program	1991			1992 estimate			1993 estimate		
	Total	Direct	Grants	Total	Direct	Grants	Total	Direct	Grants
Social security and railroad retirement:									
Social security: old age and survivors insurance	236,120	236,120	...	251,317	251,317	...	264,802	264,802	...
Social security: disability insurance	26,905	26,905	...	30,394	30,394	...	33,752	33,752	...
Railroad retirement	7,489	7,489	...	7,630	7,630	...	7,937	7,937	...
Total, social security and railroad retirement	270,514	270,514	...	289,342	289,342	...	306,491	306,491	...
Federal employees retirement and insurance:									
Military retirement	23,093	23,093	...	24,491	24,491	...	25,591	25,591	...
Civil service retirement	33,188	33,188	...	33,545	33,545	...	34,511	34,511	...
Veterans service-connected compensation	12,132	12,132	...	12,641	12,641	...	13,127	13,127	...
Other	1,229	1,229	...	1,235	1,235	...	1,365	1,365	...
Total, federal employees retirement and insurance	69,642	69,642	...	71,911	71,911	...	74,595	74,595	...
Unemployment assistance	25,506	25,506	...	37,851	37,851	...	33,926	33,926	...
Medical care:									
Medicare: hospital insurance	68,705	68,705	...	80,784	80,784	...	90,384	90,384	...
Medicare: supplementary medical insurance	45,514	45,514	...	48,627	48,627	...	54,648	54,648	...
Medicaid	52,533	...	52,533	67,827	...	67,827	80,511	...	80,511
Hospital and medical care for veterans	12,853	12,715	138	14,190	14,036	155	15,167	14,977	190
Other	4,534	1,678	2,857	5,659	2,523	3,137	6,539	3,115	3,424
Total, medical care	184,140	128,612	55,527	217,087	145,969	71,118	247,250	163,125	84,125
Assistance to students:									
Veterans education benefits	849	849	...	1,042	1,042	...	1,147	1,147	...
Student assistance—Department of Education and other	11,272	11,211	60	10,500	10,427	73	13,189	13,100	89
Total, assistance to students	12,121	12,060	60	11,542	11,469	73	14,337	14,248	89
Housing assistance	17,178	6,711	10,466	18,864	6,589	12,275	21,030	7,173	13,857
Food and nutrition assistance:									
Food stamp program	18,684	17,278	1,406	21,804	20,193	1,611	24,027	22,442	1,586
Nutrition assistance for Puerto Rico	965	...	965	996	...	996	1,043	...	1,043
Child nutrition and special milk programs	5,557	139	5,418	6,146	154	5,993	6,862	224	6,638
Supplemental feeding programs (WIC and CSFP)	2,354	5	2,349	2,640	3	2,637	2,935	8	2,927
Commodity donations and other	828	13	815	964	13	951	888	16	871
Total, food and nutrition assistance	28,388	17,435	10,953	32,550	20,363	12,187	35,755	22,690	13,066
Public assistance and related programs:									
Supplemental security income program	14,668	14,668	...	17,907	17,907	...	21,905	21,905	...
Family support payments to States	13,520	...	13,520	15,103	...	15,103	15,865	...	15,865
Low income home energy assistance	1,742	...	1,742	1,142	*	1,142	1,040	...	1,040
Earned income tax credit	4,885	4,885	...	7,763	7,763	...	8,396	8,396	...
Legal services	344	344	...	329	329	...	357	357	...
Payments to States for daycare assistance	...	...	...	...	...	...	412	...	412
Veterans non-service connected pensions	3,917	3,917	...	3,666	3,666	...	3,517	3,517	...
Total, public assistance and related programs	39,076	23,814	15,262	45,911	29,666	16,245	51,492	34,174	17,318
All other payments for individuals:									
Coal miners and black lung benefits	1,462	1,462	...	1,453	1,453	...	1,431	1,431	...
Veterans insurance and burial benefits	119	119	...	105	105	...	116	116	...
Payments to Japanese American WWII internees	499	499	...	500	500	...	500	500	...
Refugee assistance and other	1,675	1,446	228	1,912	1,608	304	2,581	1,809	772
Total, all other payments for individuals	3,755	3,527	228	3,971	3,666	304	4,628	3,856	772
Total, payments for individuals	650,318	557,821	92,497	729,029	616,825	112,204	789,504	660,279	129,226

* $500 thousand or less.

Table 12.1— **SUMMARY COMPARISON OF TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS: 1940–1993**

Fiscal Year	In Millions of Dollars				In Billions of Constant (FY 1987) Dollars				As Percentages of Federal Outlays				As Percentages of GDP			
	Total	Payments for Individuals	Capital Investment	Remainder	Total	Payments for Individuals	Capital Investment	Remainder	Total	Payments for Individuals	Capital Investment	Remainder	Total	Payments for Individuals	Capital Investment	Remainder
1940	872	298	442	132	8.5	2.4	4.2	1.9	9.2	3.1	4.7	1.4	0.9	0.3	0.5	0.1
1941	847	356	290	201	8.1	2.8	2.6	2.8	6.2	2.6	2.1	1.5	0.8	0.3	0.3	0.2
1942	892	410	222	261	8.1	2.9	1.7	3.5	2.5	1.2	0.6	0.7	0.6	0.3	0.2	0.2
1943	914	427	218	269	7.7	2.8	1.6	3.4	1.2	0.5	0.3	0.3	0.5	0.2	0.1	0.2
1944	911	461	183	266	7.3	2.8	1.3	3.2	1.0	0.5	0.2	0.3	0.5	0.2	0.1	0.1
1945	859	432	154	273	6.7	2.5	1.1	3.1	0.9	0.5	0.2	0.3	0.4	0.2	0.1	0.1
1946	819	451	142	226	5.8	2.5	0.9	2.4	1.5	0.8	0.3	0.4	0.4	0.2	0.1	0.1
1947	1,603	761	599	244	9.5	3.7	3.4	2.4	4.6	2.2	1.7	0.7	0.7	0.3	0.3	0.1
1948	1,612	835	440	337	9.3	3.9	2.3	3.1	5.4	2.8	1.5	1.1	0.7	0.3	0.2	0.1
1949	1,876	1,036	462	378	10.2	4.7	2.3	3.1	4.8	2.7	1.2	1.0	0.7	0.4	0.2	0.1
1950	2,253	1,257	484	512	12.5	5.8	2.6	4.1	5.3	3.0	1.1	1.2	0.8	0.5	0.2	0.2
1951	2,287	1,324	566	397	11.6	5.7	2.8	3.0	5.0	2.9	1.2	0.9	0.7	0.4	0.2	0.1
1952	2,433	1,325	575	533	12.0	5.6	2.6	3.8	3.6	2.0	0.8	0.8	0.7	0.4	0.2	0.2
1953	2,835	1,490	756	589	13.6	6.1	3.4	4.1	3.7	2.0	1.0	0.8	0.8	0.4	0.2	0.2
1954	3,056	1,611	744	701	14.7	6.5	3.5	4.7	4.3	2.3	1.1	1.0	0.8	0.4	0.2	0.2
1955	3,207	1,623	820	764	15.3	6.5	3.9	4.9	4.7	2.4	1.2	1.1	0.8	0.4	0.2	0.2
1956	3,561	1,674	915	972	16.8	6.6	4.1	6.1	5.0	2.4	1.3	1.4	0.9	0.4	0.2	0.2
1957	3,974	1,802	1,148	1,024	17.8	7.0	4.7	6.1	5.2	2.4	1.5	1.3	0.9	0.4	0.3	0.2
1958	4,905	2,121	1,788	995	21.0	8.0	7.4	5.6	6.0	2.6	2.2	1.2	1.1	0.5	0.4	0.2
1959	6,463	2,364	2,956	1,144	27.1	8.8	12.1	6.2	7.0	2.6	3.2	1.2	1.3	0.5	0.6	0.2
1960	7,019	2,480	3,321	1,219	29.1	9.0	13.8	6.4	7.6	2.7	3.6	1.3	1.4	0.5	0.7	0.2
1961	7,126	2,618	3,053	1,456	29.4	9.4	12.7	7.3	7.3	2.7	3.1	1.5	1.4	0.5	0.6	0.3
1962	7,926	2,951	3,239	1,736	32.2	10.4	13.3	8.4	7.4	2.8	3.0	1.6	1.4	0.5	0.6	0.3
1963	8,602	3,280	3,600	1,721	34.0	11.4	14.5	8.0	7.7	2.9	3.2	1.5	1.5	0.6	0.6	0.3
1964	10,164	3,559	4,482	2,123	39.7	12.2	17.9	9.7	8.6	3.0	3.8	1.8	1.6	0.6	0.7	0.3
1965	10,910	3,718	4,985	2,207	41.8	12.5	19.5	9.8	9.2	3.1	4.2	1.9	1.6	0.6	0.7	0.3
1966	12,887	4,305	4,912	3,670	48.5	14.1	18.7	15.7	9.6	3.2	3.7	2.7	1.8	0.6	0.7	0.5
1967	15,233	4,818	5,231	5,183	55.3	15.4	19.2	20.7	9.7	3.1	3.3	3.3	1.9	0.6	0.7	0.7
1968	18,551	6,067	5,896	6,588	64.3	18.7	20.8	24.7	10.4	3.4	3.3	3.7	2.2	0.7	0.7	0.8
1969	20,164	7,238	6,165	6,761	65.8	21.4	20.7	23.7	11.0	3.9	3.4	3.7	2.2	0.8	0.7	0.7
1970	24,065	8,717	7,056	8,292	73.6	24.7	21.9	26.9	12.3	4.5	3.6	4.2	2.4	0.9	0.7	0.8
1971	28,099	10,527	7,872	9,700	80.2	28.5	22.5	29.2	13.4	5.0	3.7	4.6	2.7	1.0	0.7	0.9
1972	34,375	13,940	8,417	12,017	92.8	36.2	22.6	34.1	14.9	6.0	3.6	5.2	3.0	1.2	0.7	1.0
1973	41,847	13,871	8,865	19,111	107.3	34.5	22.4	50.4	17.0	5.6	3.6	7.8	3.3	1.1	0.7	1.5
1974	43,357	14,841	9,845	18,672	102.3	34.2	22.3	45.8	16.1	5.5	3.7	6.9	3.1	1.1	0.7	1.3
1975	49,791	16,752	10,880	22,158	105.4	35.1	20.6	49.6	15.0	5.0	3.3	6.7	3.3	1.1	0.7	1.5
1976	59,094	20,043	13,517	25,533	116.1	39.4	24.5	52.2	15.9	5.4	3.6	6.9	3.5	1.2	0.8	1.5
TQ	15,920	5,081	3,936	6,902	30.2	9.6	7.0	13.5	16.6	5.3	4.1	7.2	3.6	1.1	0.9	1.6
1977	68,415	22,692	16,164	29,559	124.3	41.2	27.9	55.2	16.7	5.5	3.9	7.2	3.6	1.2	0.8	1.5
1978	77,889	24,777	18,328	34,785	131.4	42.0	29.0	60.4	17.0	5.4	4.0	7.6	3.6	1.1	0.9	1.6
1979	82,858	27,535	20,061	35,262	128.1	43.1	27.9	57.1	16.5	5.5	4.0	7.0	3.4	1.1	0.8	1.5
1980	91,451	32,619	22,484	36,348	127.6	46.2	27.7	53.7	15.5	5.5	3.8	6.2	3.5	1.2	0.9	1.4
1981	94,762	37,818	22,149	34,795	121.5	49.0	25.4	47.1	14.0	5.6	3.3	5.1	3.2	1.3	0.7	1.2
1982	88,195	38,757	20,151	29,287	106.5	47.2	22.5	36.8	11.8	5.2	2.7	3.9	2.8	1.2	0.6	0.9
1983	92,495	42,536	20,510	29,449	107.0	49.3	22.6	35.0	11.4	5.3	2.5	3.6	2.8	1.3	0.6	0.9
1984	97,577	45,329	22,686	29,562	108.4	50.4	24.5	33.4	11.5	5.3	2.7	3.5	2.6	1.2	0.6	0.8
1985	105,897	49,321	24,875	31,701	113.0	52.9	25.8	34.2	11.2	5.2	2.6	3.3	2.7	1.2	0.6	0.8
1986	112,379	54,184	26,261	31,935	115.9	56.1	26.5	33.2	11.3	5.5	2.7	3.2	2.7	1.3	0.6	0.8
1987	108,446	57,703	23,843	26,899	108.4	57.7	23.8	26.9	10.8	5.7	2.4	2.7	2.4	1.3	0.5	0.6
1988	115,382	62,113	24,879	28,390	110.8	59.5	24.1	27.2	10.8	5.8	2.3	2.7	2.4	1.3	0.5	0.6
1989	121,976	66,523	25,292	30,161	112.2	60.9	23.7	27.7	10.7	5.8	2.2	2.6	2.4	1.3	0.5	0.6
1990	135,377	75,685	27,177	32,514	119.6	66.1	24.9	28.6	10.8	6.0	2.2	2.6	2.5	1.4	0.5	0.6
1991	154,570	90,744	28,233	35,593	130.9	75.5	25.4	30.0	11.7	6.9	2.1	2.7	2.7	1.6	0.5	0.6
1992	178,315	110,034	29,231	39,050	147.2	89.1	25.8	32.3	12.9	8.0	2.1	2.8	3.0	1.9	0.5	0.7
1993 estimate	203,674	126,315	33,080	44,279	163.2	99.2	28.4	35.6	13.8	8.6	2.2	3.0	3.3	2.0	0.5	0.7

Note: Total outlays include off-budget outlays; however, all grant outlays are from on-budget accounts. Grants that are both payments for individuals and capital investment are shown under capital investment.

Table 12.2—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION AND FUND GROUP: 1940–1993**

(in millions of dollars)

Function and Fund Group	1940	1941	1942	1943	1944	1945	1946	1947
Natural resources and environment	2	5	4	3	3	8	7	10
Agriculture	25	25	26	26	26	26	30	34
Transportation	165	172	152	88	48	34	45	183
Community and regional development	277	117	68	130	134	119	68	31
Education, training, employment, and social services	28	89	141	163	134	123	69	56
Health	22	26	30	32	78	91	68	58
Income security	341	401	458	460	476	444	484	828
Veterans benefits and services	1	1	1	1	1	1	30	385
General government	10	11	11	11	11	12	16	18
Total outlays for grants to State and local governments	872	847	892	914	911	859	819	1,603

See footnotes at end of table.

Table 12.2—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION AND FUND GROUP: 1940–1993—Continued**

(in millions of dollars)

Function and Fund Group	1948	1949	1950	1951	1952	1953	1954	1955
National defense	....	....	....	....	*	13	14	10
Energy	....	2	2	2	3	3	4	4
Natural resources and environment	12	14	18	19	21	23	31	36
Agriculture	64	87	106	98	84	97	207	237
Transportation	334	434	465	426	448	528	540	594
Community and regional development	8	8	1	*	20	25	19	48
Education, training, employment, and social services	117	99	150	132	217	343	309	324
Health	40	70	122	174	192	173	144	125
Income security	884	1,096	1,335	1,386	1,387	1,555	1,698	1,715
Veterans benefits and services	128	36	18	10	7	7	6	8
General government	26	31	36	40	54	68	84	105
Total outlays for grants to State and local governments	1,612	1,876	2,253	2,287	2,433	2,835	3,056	3,207

See footnotes at end of table.

Table 12.2—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION AND FUND GROUP: 1940–1993—Continued**

(in millions of dollars)

Function and Fund Group	1956	1957	1958	1959	1960	1961	1962	1963
National defense	10	9	14	11	5	11	17	40
International affairs	....	....	....	....	....	1	7	7
Energy	4	5	5	6	6	6	7	7
Natural resources and environment	41	42	67	94	108	109	116	163
Agriculture	374	369	262	300	243	365	485	464
Commerce and housing credit	....	....	....	....	2	1	*	*
Transportation	746	976	1,562	2,671	2,999	2,688	2,841	3,077
Federal funds	(746)	(23)	(69)	(82)	(86)	(97)	(89)	(93)
Trust funds	....	(953)	(1,493)	(2,589)	(2,913)	(2,591)	(2,752)	(2,984)
Community and regional development	36	44	53	85	109	153	185	246
Education, training, employment, and social services	332	331	370	436	525	567	658	693
Federal funds	(332)	(331)	(370)	(436)	(525)	(447)	(488)	(562)
Trust funds	....	....	....	....	....	(120)	(170)	(131)
Health	138	169	182	222	214	262	365	450
Income security	1,763	1,898	2,253	2,497	2,635	2,780	3,054	3,230
Federal funds	(1,763)	(1,898)	(2,253)	(2,497)	(2,635)	(2,525)	(2,756)	(3,024)
Trust funds	....	....	....	....	....	(255)	(298)	(205)
Veterans benefits and services	8	8	8	8	8	9	8	8
General government	109	123	128	133	165	172	184	216
Total outlays for grants to State and local governments	3,561	3,974	4,905	6,463	7,019	7,126	7,926	8,602
Memorandum:								
Federal funds	(3,561)	(3,021)	(3,412)	(3,875)	(4,106)	(4,161)	(4,707)	(5,282)
Trust funds	....	(953)	(1,493)	(2,589)	(2,913)	(2,966)	(3,220)	(3,320)

See footnotes at end of table.

Table 12.2—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION AND FUND GROUP: 1940–1993—Continued**

(in millions of dollars)

Function and Fund Group	1964	1965	1966	1967	1968	1969	1970	1971
National defense	35	33	25	27	27	34	37	34
International affairs	4	4	6	7	6	6	5	5
Energy	8	9	10	12	18	20	25	28
Natural resources and environment	168	183	227	254	320	351	411	755
Agriculture	599	517	368	427	542	752	604	591
Commerce and housing credit	*	*	2	4	9	10	4	2
Transportation	3,716	4,100	4,072	4,135	4,340	4,408	4,599	4,919
Federal funds	(109)	(120)	(113)	(170)	(222)	(323)	(299)	(295)
Trust funds	(3,607)	(3,980)	(3,959)	(3,966)	(4,117)	(4,085)	(4,300)	(4,624)
Community and regional development	517	643	575	582	862	1,049	1,780	2,138
Federal funds	(517)	(643)	(575)	(582)	(862)	(1,049)	(1,779)	(2,137)
Trust funds	....	....	....	....	....	....	(1)	(1)
Education, training, employment, and social services	844	1,050	2,583	4,165	5,170	5,085	6,417	7,326
Federal funds	(684)	(873)	(2,346)	(3,882)	(4,867)	(4,768)	(6,065)	(6,969)
Trust funds	(160)	(177)	(237)	(283)	(303)	(317)	(351)	(357)
Health	539	624	1,165	1,672	2,706	3,203	3,849	4,494
Income security	3,475	3,512	3,580	3,636	4,188	4,806	5,795	7,074
Federal funds	(3,222)	(3,290)	(3,340)	(3,379)	(3,940)	(4,535)	(5,523)	(6,672)
Trust funds	(253)	(223)	(239)	(257)	(248)	(271)	(273)	(402)
Veterans benefits and services	8	8	9	10	13	14	18	19
Administration of justice	....	....	1	3	12	28	42	197
General government	251	226	264	299	338	396	479	516
Total outlays for grants to State and local governments	10,164	10,910	12,887	15,233	18,551	20,164	24,065	28,099
Memorandum:								
Federal funds	(6,144)	(6,531)	(8,452)	(10,727)	(13,882)	(15,491)	(19,141)	(22,715)
Trust funds	(4,020)	(4,379)	(4,435)	(4,506)	(4,669)	(4,673)	(4,925)	(5,384)

See footnotes at end of table.

Table 12.2—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION AND FUND GROUP: 1940–1993—Continued**

(in millions of dollars)

Function and Fund Group	1972	1973	1974	1975	1976	TQ	1977	1978
National defense	45	57	64	74	89	15	96	60
International affairs	5	6	7	....	....	....	....	....
Energy	31	33	36	43	56	27	74	180
Natural resources and environment	758	1,066	1,995	2,437	3,027	1,064	4,189	3,898
Agriculture	496	484	481	404	425	123	371	426
Commerce and housing credit	*	2	3	2	4	2	8	13
Transportation	5,065	5,349	5,279	5,864	7,980	2,007	8,299	8,837
Federal funds	(387)	(472)	(600)	(916)	(1,497)	(348)	(2,038)	(2,311)
Trust funds	(4,678)	(4,876)	(4,679)	(4,947)	(6,483)	(1,659)	(6,261)	(6,526)
Community and regional development	2,523	2,623	2,702	2,842	3,445	1,024	4,496	7,078
Federal funds	(2,513)	(2,606)	(2,685)	(2,820)	(3,391)	(1,007)	(4,448)	(7,034)
Trust funds	(10)	(17)	(17)	(23)	(54)	(17)	(48)	(43)
Education, training, employment, and social services	9,478	9,497	9,345	12,133	14,141	3,921	15,753	20,557
Federal funds	(9,117)	(9,134)	(8,971)	(11,652)	(13,797)	(3,751)	(15,202)	(19,975)
Trust funds	(360)	(363)	(374)	(481)	(344)	(170)	(551)	(582)
Health	6,010	6,009	7,322	8,810	10,914	2,721	12,104	12,725
Income security	9,040	8,872	8,633	9,352	10,948	2,791	12,663	13,782
Federal funds	(8,624)	(8,421)	(8,175)	(8,716)	(10,080)	(2,582)	(11,699)	(12,843)
Trust funds	(416)	(452)	(458)	(636)	(868)	(209)	(964)	(939)
Veterans benefits and services	19	20	26	32	52	13	79	76
Administration of justice	322	528	639	725	795	169	713	572
General government	584	7,302	6,824	7,072	7,218	2,043	9,571	9,687
Federal funds	(584)	(665)	(719)	(942)	(975)	(455)	(2,814)	(2,864)
Trust funds	....	(6,636)	(6,106)	(6,130)	(6,243)	(1,588)	(6,758)	(6,823)
Total outlays for grants to State and local governments	34,375	41,847	43,357	49,791	59,094	15,920	68,415	77,889
Memorandum:								
Federal funds	(28,910)	(29,503)	(31,724)	(37,574)	(45,101)	(12,277)	(53,834)	(62,975)
Trust funds	(5,465)	(12,344)	(11,634)	(12,217)	(13,992)	(3,643)	(14,581)	(14,914)

See footnotes at end of table.

Table 12.2—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION AND FUND GROUP: 1940–1993—Continued**

(in millions of dollars)

Function and Fund Group	1979	1980	1981	1982	1983	1984	1985	1986
National defense	94	93	75	68	86	95	157	177
Energy	183	499	617	509	482	534	529	538
Natural resources and environment	4,631	5,363	4,944	4,872	4,018	3,779	4,069	4,255
Federal funds	(4,631)	(5,363)	(4,944)	(4,869)	(4,005)	(3,722)	(4,022)	(4,167)
Trust funds	....	....	....	(3)	(13)	(57)	(47)	(88)
Agriculture	456	569	829	986	1,822	1,832	2,420	1,932
Commerce and housing credit	12	3	4	3	62	2	2	2
Transportation	10,438	13,087	13,462	12,171	13,248	15,013	17,055	18,366
Federal funds	(2,818)	(3,518)	(4,041)	(4,035)	(4,127)	(3,860)	(3,160)	(2,901)
Trust funds	(7,619)	(9,569)	(9,421)	(8,136)	(9,121)	(11,153)	(13,894)	(15,465)
Community and regional development	6,641	6,486	6,124	5,379	4,962	5,157	5,221	4,861
Federal funds	(6,596)	(6,442)	(6,081)	(5,364)	(4,960)	(5,155)	(5,221)	(4,861)
Trust funds	(45)	(44)	(43)	(16)	(3)	(2)	(*)	(–*)
Education, training, employment, and social services	22,249	21,862	21,474	16,589	16,125	16,669	17,817	18,953
Federal funds	(21,639)	(21,152)	(20,743)	(15,904)	(15,401)	(15,906)	(16,899)	(18,020)
Trust funds	(610)	(710)	(730)	(685)	(724)	(763)	(918)	(932)
Health	14,377	15,758	18,895	18,839	20,224	21,837	24,451	26,823
Income security	14,740	18,495	21,013	21,930	24,758	25,678	27,153	29,070
Federal funds	(13,788)	(17,357)	(19,697)	(20,513)	(23,056)	(24,130)	(25,577)	(27,500)
Trust funds	(952)	(1,138)	(1,315)	(1,417)	(1,702)	(1,548)	(1,576)	(1,570)
Veterans benefits and services	86	90	74	63	66	66	91	90
Administration of justice	517	529	332	187	101	69	95	155
General government	8,434	8,616	6,918	6,599	6,541	6,849	6,838	7,159
Federal funds	(1,587)	(1,787)	(1,782)	(2,031)	(1,927)	(2,282)	(2,254)	(2,044)
Trust funds	(6,848)	(6,829)	(5,137)	(4,569)	(4,614)	(4,567)	(4,584)	(5,114)
Total outlays for grants to State and local governments	82,858	91,451	94,762	88,195	92,495	97,577	105,897	112,379
Memorandum:								
Federal funds	(66,783)	(73,161)	(78,116)	(73,370)	(76,318)	(79,488)	(84,878)	(89,210)
Trust funds	(16,075)	(18,290)	(16,646)	(14,825)	(16,177)	(18,089)	(21,019)	(23,170)

See footnotes at end of table.

Table 12.2—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION AND FUND GROUP: 1940–1993—Continued**

(in millions of dollars)

Function and Fund Group	1987	1988	1989	1990	1991	1992	1993 estimate
National defense	193	188	253	241	185	318	386
Energy	455	457	420	461	457	448	453
Natural resources and environment	4,073	3,747	3,606	3,745	4,040	3,947	4,096
Federal funds	(3,945)	(3,540)	(3,316)	(3,323)	(3,514)	(3,503)	(3,628)
Trust funds	(128)	(208)	(290)	(422)	(526)	(445)	(468)
Agriculture	2,092	2,069	1,359	1,285	1,220	1,142	1,103
Commerce and housing credit	1	1	....	....	....	3	4
Transportation	16,919	18,083	18,225	19,225	19,878	20,616	23,041
Federal funds	(2,737)	(2,669)	(2,794)	(2,992)	(2,878)	(2,499)	(2,469)
Trust funds	(14,182)	(15,414)	(15,430)	(16,233)	(16,999)	(18,116)	(20,572)
Community and regional development	4,235	4,266	4,074	4,965	4,273	4,437	6,328
Federal funds	(4,235)	(4,266)	(4,074)	(4,965)	(4,273)	(4,437)	(6,328)
Trust funds	(*)	....	(–*)	(–*)	(–*)	....	....
Education, training, employment, and social services	18,657	19,882	21,987	23,359	26,566	29,060	32,719
Federal funds	(17,756)	(18,932)	(20,992)	(22,350)	(25,521)	(28,037)	(31,622)
Trust funds	(901)	(950)	(995)	(1,009)	(1,045)	(1,023)	(1,098)
Health	29,466	32,586	36,679	43,890	55,783	71,416	84,488
Income security	29,972	31,620	32,523	35,189	38,864	43,504	47,271
Federal funds	(28,412)	(30,010)	(30,809)	(33,447)	(36,910)	(41,016)	(44,735)
Trust funds	(1,560)	(1,610)	(1,714)	(1,742)	(1,954)	(2,488)	(2,536)
Veterans benefits and services	95	106	127	134	141	164	195
Administration of justice	288	427	520	574	940	987	1,188
General government	2,000	1,950	2,204	2,309	2,224	2,272	2,401
Federal funds	(1,924)	(1,950)	(2,204)	(2,309)	(2,224)	(2,272)	(2,401)
Trust funds	(76)	(–*)	(*)	....	....	....	....
Total outlays for grants to State and local governments	108,446	115,382	121,976	135,377	154,570	178,315	203,674
Memorandum:							
Federal funds	(91,599)	(97,201)	(103,548)	(115,971)	(134,046)	(156,243)	(179,000)
Trust funds	(16,846)	(18,181)	(18,428)	(19,406)	(20,524)	(22,072)	(24,673)

Note: Federal funds unless otherwise stated
* $500 thousand or less.

Table 12.3—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993**

(in millions of dollars)

	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949
270 ENERGY										
Other Independent Agencies:										
Tennessee Valley Authority fund	....	....	....	....	....	....	....	....	....	2
Total, 270	....	....	....	....	....	....	....	....	....	2
300 NATURAL RESOURCES AND ENVIRONMENT										
Agriculture:										
State and private forestry	2	4	2	2	2	7	6	9	9	9
Subtotal, Agriculture	2	4	2	2	2	7	6	9	9	9
Interior:										
Fish and Wildlife Service	....	1	1	2	1	1	1	2	2	5
Subtotal, Interior	....	1	1	2	1	1	1	2	2	5
Total, 300	2	5	4	3	3	8	7	10	12	14
350 AGRICULTURE										
Agriculture:										
Cooperative State Research Service	7	7	7	7	7	7	7	7	7	7
Extension Service	18	18	19	19	19	19	23	27	26	30
AMS payments to States and possessions	....	....	....	....	....	....	....	....	2	3
Price support and related programs: CCC	....	....	....	....	....	....	....	....	28	46
Total, 350	25	25	26	26	26	26	30	34	64	87
400 TRANSPORTATION										
Transportation:										
Other Federal fund aid for highways	165	172	152	88	48	33	44	183	327	403
Grants-in-aid for airports (Federal funds)	....	....	....	....	....	....	....	....	6	30
Merchant Marine Schools	*	*	*	*	*	*	*	*	*	*
Subtotal, Transportation	165	172	152	88	48	34	45	183	334	434
Total, 400	165	172	152	88	48	34	45	183	334	434
450 COMMUNITY AND REGIONAL DEVELOPMENT										
Housing and Urban Development:										
Public works planning and facilities	277	117	68	130	134	119	68	31	8	8
Subtotal, Housing and Urban Development	277	117	68	130	134	119	68	31	8	8
Total, 450	277	117	68	130	134	119	68	31	8	8

See footnotes at end of table.

Table 12.3—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued**

(in millions of dollars)

	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949
500 EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES										
Education:										
Impact aid	....	....	....	....	....	....	....	5	6	6
Rehabilitation services and handicapped research	4	4	4	5	36	54	48	25	27	18
Special institutions for the handicapped	*	*	*	*	*	*	*	*	*	*
Vocational and adult education	19	80	132	152	93	64	16	20	26	26
Higher education (including college housing loans)	5	5	5	5	5	5	5	5	5	5
Subtotal, Education	28	89	141	163	134	123	69	56	64	55
Labor:										
Unemployment assistance (Training and employment—Federal funds)	....	....	....	....	....	....	....	....	53	44
Subtotal, Labor	....	....	....	....	....	....	....	....	53	44
Total, 500	28	89	141	163	134	123	69	56	117	99
550 HEALTH										
Health and Human Services—except social security:										
Health Resources and Services	....	....	1	3	48	61	38	12	4	11
Disease control (Preventive health)	4	6	8	9	10	10	9	13	7	21
National Institutes of Health	....	....	....	....	....	....	....	....	....	3
*** Health Resources and Services	18	20	22	20	20	20	22	33	29	31
*** Alcohol, drug abuse, and mental health (homeless)	....	....	....	....	....	....	....	....	....	3
Subtotal, Health and Human Services—except social security	22	26	30	32	78	91	68	58	40	70
Total, 550	22	26	30	32	78	91	68	58	40	70
600 INCOME SECURITY										
Agriculture:										
*** State child nutrition payments	....	....	....	....	....	....	....	76	68	75
Subtotal, Agriculture	....	....	....	....	....	....	....	76	68	75
Health and Human Services—except social security:										
*** Family support payments to States	279	330	376	395	430	401	421	644	732	921
Subtotal, Health and Human Services—except social security	279	330	376	395	430	401	421	644	732	921
Housing and Urban Development:										
*** Subsidized housing programs	....	5	10	10	10	9	7	6	3	3
Subtotal, Housing and Urban Development	....	5	10	10	10	9	7	6	3	3
Labor:										
Grants for unemployment services administration (Federal funds)	62	66	72	54	36	34	56	102	80	97
Subtotal, Labor	62	66	72	54	36	34	56	102	80	97
Total, 600	341	401	458	460	476	444	484	828	884	1,096
700 VETERANS BENEFITS AND SERVICES										
Veterans Affairs:										
VA State supervision of schools	....	....	....	....	....	....	....	....	6	5
VA State administration of UI Benefits	....	....	....	....	....	....	....	....	24	21
VA veterans re-use housing	....	....	....	....	....	....	29	358	42	5
VA educational facilities	....	....	....	....	....	....	....	26	53	2
*** Medical care	1	1	1	1	1	1	1	2	2	3
Total, 700	1	1	1	1	1	1	30	385	128	36

See footnotes at end of table.

Table 12.3—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued**

(in millions of dollars)

	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949
800 GENERAL GOVERNMENT										
Agriculture:										
Forest Service: shared revenues	2	2	2	*	*	*	4	4	5	6
Defense—Civil:										
Corps of Engineers: shared revenues	....	....	....	....	....	....	*	*	*	*
Interior:										
Miscellaneous shared revenues	1	1	1	3	2	2	2	2	3	3
Payments to States from Mineral Leasing Act receipts	2	2	2	3	3	4	4	4	6	10
Subtotal, Interior	3	3	3	5	5	6	6	6	9	13
Other Independent Agencies:										
Federal payment to the District of Columbia	6	6	6	6	6	6	6	8	12	12
Subtotal, Other Independent Agencies	6	6	6	6	6	6	6	8	12	12
Total, 800	10	11	11	11	11	12	16	18	26	31
Total, outlays for grants	872	847	892	914	911	859	819	1,603	1,612	1,876

See footnotes at end of table.

Table 12.3—TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued

(in millions of dollars)

	1950	1951	1952	1953	1954	1955	1956	1957	1958
050 NATIONAL DEFENSE									
Other Independent Agencies:									
FEMA: Disaster assistance	....	....	*	13	14	10	10	9	14
Total, 050	....	....	*	13	14	10	10	9	14
270 ENERGY									
Other Independent Agencies:									
Tennessee Valley Authority fund	2	2	3	3	4	4	4	5	5
Total, 270	2	2	3	3	4	4	4	5	5
300 NATURAL RESOURCES AND ENVIRONMENT									
Agriculture:									
Watershed and flood prevention operations	....	....	....	....	6	10	15	13	17
State and private forestry	10	10	10	10	10	10	11	11	12
Subtotal, Agriculture	10	10	10	10	16	20	26	24	29
Environmental Protection Agency:									
Construction grants	1	1	1	....	....	....	....	2	19
Subtotal, Environmental Protection Agency	1	1	1	....	....	....	....	2	19
Interior:									
Mines and minerals	....	....	....	....	....	....	....	....	1
Fish and Wildlife Service	8	8	10	12	15	16	16	16	19
Subtotal, Interior	8	8	10	12	15	16	16	16	19
Total, 300	18	19	21	23	31	36	41	42	67
350 AGRICULTURE									
Agriculture:									
Cooperative State Research Service	12	12	12	12	13	19	25	29	30
Extension Service	31	31	32	32	32	39	44	50	56
AMS payments to States and possessions	1	1	1	1	....	1	1	1	1
Price support and related programs: CCC	62	53	38	52	162	178	305	289	174
Total, 350	106	98	84	97	207	237	374	369	262
400 TRANSPORTATION									
Transportation:									
Other Federal fund aid for highways	432	396	415	501	522	586	729	2	25
Federal-aid highways (trust fund) TF	....	....	....	....	....	....	....	953	1,493
Grants-in-aid for airports (Federal funds)	33	30	33	27	18	8	17	21	43
Merchant Marine Schools	*	*	*	*	*	*	*	*	*
Subtotal, Transportation	465	426	448	528	540	594	746	976	1,562
Total, 400	465	426	448	528	540	594	746	976	1,562

See footnotes at end of table.

Table 12.3—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued**

(in millions of dollars)

	1950	1951	1952	1953	1954	1955	1956	1957	1958
450 COMMUNITY AND REGIONAL DEVELOPMENT									
Housing and Urban Development:									
Public works planning and facilities	1	*	....	....	....	....	....	....	....
Urban renewal programs	....	....	....	8	12	34	14	30	37
Subtotal, Housing and Urban Development	1	*	....	8	12	34	14	30	37
Interior:									
Operation of Indian programs (Area and regional development)	....	....	....	....	....	....	....	....	*
Subtotal, Interior	....	....	....	....	....	....	....	....	*
Other Independent Agencies:									
FEMA: Disaster relief	....	....	16	12	2	9	15	10	12
Alaska and Virgin Islands land use planning and public works	....	....	4	5	5	6	7	4	4
Subtotal, Other Independent Agencies	....	....	20	17	8	15	22	14	15
Total, 450	1	*	20	25	19	48	36	44	53
500 EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES									
Education:									
Impact aid	7	17	91	200	173	203	170	160	178
Compensatory education for the disadvantaged	....	....	....	4	13	5	1	1	2
Rehabilitation services and handicapped research	25	16	22	22	23	26	35	34	41
Special institutions for the handicapped	*	*	*	*	*	*	*	*	*
Vocational and adult education	26	27	26	25	25	30	33	38	39
Higher education (including college housing loans)	5	5	5	5	5	5	5	5	5
Libraries	....	....	....	....	....	....	....	1	5
Subtotal, Education	64	65	144	257	239	269	244	240	271
Interior:									
Indian education	....	....	....	....	....	....	....	....	7
Labor:									
Unemployment assistance (Training and employment—Federal funds)	87	67	74	86	70	55	87	91	92
Subtotal, Labor	87	67	74	86	70	55	87	91	92
Total, 500	150	132	217	343	309	324	332	331	370
550 HEALTH									
Health and Human Services—except social security:									
Health Resources and Services	57	108	125	110	91	75	57	74	110
Disease control (Preventive health)	20	17	15	11	6	5	28	36	6
National Institutes of Health	5	4	4	4	4	3	3	4	4
*** Health Resources and Services	36	42	44	44	40	39	47	51	56
*** Alcohol, drug abuse, and mental health (homeless)	3	3	3	3	2	2	3	4	6
Subtotal, Health and Human Services—except social security	122	174	192	173	144	125	138	169	182
Total, 550	122	174	192	173	144	125	138	169	182

See footnotes at end of table.

Table 12.3—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued**

(in millions of dollars)

	1950	1951	1952	1953	1954	1955	1956	1957	1958
600 INCOME SECURITY									
Agriculture:									
*** Special milk program	....	....	....	....	....	....	....	....	65
*** State child nutrition payments	83	83	84	83	84	83	82	98	100
Subtotal, Agriculture	83	83	84	83	84	83	82	98	165
Health and Human Services—except social security:									
*** Family support payments to States	1,123	1,186	1,178	1,330	1,438	1,427	1,455	1,556	1,795
Subtotal, Health and Human Services—except social security	1,123	1,186	1,178	1,330	1,438	1,427	1,455	1,556	1,795
Housing and Urban Development:									
*** Subsidized housing programs	7	7	12	26	44	67	82	87	95
Subtotal, Housing and Urban Development	7	7	12	26	44	67	82	87	95
Labor:									
Grants for unemployment services administration (Federal funds)	121	111	113	116	133	139	144	157	199
Subtotal, Labor	121	111	113	116	133	139	144	157	199
Total, 600	1,335	1,386	1,387	1,555	1,698	1,715	1,763	1,898	2,253
700 VETERANS BENEFITS AND SERVICES									
Veterans Affairs:									
VA State supervision of schools	4	3	2	2	2	2	3	2	2
VA State administration of UI Benefits	8	2	1	1	....	....	....	....	....
VA veterans re-use housing	2	1	1	*	....	....	....	....	....
VA educational facilities	1	....	....	....	....	....	....	....	....
*** Medical care	3	4	4	4	4	5	6	6	6
Total, 700	18	10	7	7	6	8	8	8	8
800 GENERAL GOVERNMENT									
Agriculture:									
Forest Service: shared revenues	8	9	14	17	19	16	19	29	27
Defense—Civil:									
Corps of Engineers: shared revenues	*	1	1	1	1	1	1	2	2
Interior:									
Miscellaneous shared revenues	5	3	5	12	9	14	11	14	13
Payments to States from Mineral Leasing Act receipts	11	17	15	17	19	22	24	26	32
Administration of territories	....	....	5	7	6	6	6	6	7
Payments to the U.S. territories, fiscal assistance	....	....	....	....	....	4	4	2	3
Subtotal, Interior	16	19	26	36	34	46	45	48	55
Other Independent Agencies:									
Federal payment to the District of Columbia	12	11	11	11	12	22	20	20	20
Subtotal, Other Independent Agencies	12	11	11	11	12	22	20	20	20
Treasury:									
Internal revenue collections for Puerto Rico	....	....	....	....	15	16	18	19	19
Customs: Miscellaneous shared revenues	....	....	2	3	4	3	5	5	6
Subtotal, Treasury	....	....	2	3	19	19	23	25	24
Total, 800	36	40	54	68	84	105	109	123	128
Total, outlays for grants	2,253	2,287	2,433	2,835	3,056	3,207	3,561	3,974	4,905

See footnotes at end of table.

Table 12.3—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued**

(in millions of dollars)

	1959	1960	1961	1962	1963	1964	1965	1966	1967
050 NATIONAL DEFENSE									
Defense—Military:									
Military construction, Army National Guard	....	....	....	....	19	14	11	3	1
Subtotal, Defense—Military	....	....	....	....	19	14	11	3	1
Other Independent Agencies:									
FEMA: Disaster assistance	11	5	11	17	21	20	22	22	26
Total, 050	11	5	11	17	40	35	33	25	27
150 INTERNATIONAL AFFAIRS									
Other Independent Agencies:									
Center for Cultural and Technical Interchange Between East and West	....	....	1	7	7	4	4	6	7
Total, 150	....	....	1	7	7	4	4	6	7
270 ENERGY									
Other Independent Agencies:									
Tennessee Valley Authority fund	6	6	6	7	7	8	9	10	12
Total, 270	6	6	6	7	7	8	9	10	12
300 NATURAL RESOURCES AND ENVIRONMENT									
Agriculture:									
Resource conservation and development	....	....	....	....	....	....	*	*	1
Watershed and flood prevention operations	23	33	32	39	57	57	58	69	72
State and private forestry	12	11	11	14	16	16	15	19	19
Subtotal, Agriculture	35	44	44	53	74	73	74	88	92
Defense—Civil:									
Corps of Engineers: Flood Control	....	....	....	*	17	8	12	18	12
Environmental Protection Agency:									
Construction grants	36	40	44	42	52	66	70	81	84
Abatement, control, and compliance (including loans)	....	....	....	....	....	....	5	7	13
Subtotal, Environmental Protection Agency	36	40	44	42	52	66	75	88	97
Interior:									
Mines and minerals	2	2	*	*	*	*	1	1	*
Colorado River Dam Fund, Boulder Canyon Project	....	....	....	1	1	1	1	1	1
Miscellaneous permanent appropriations	....	....	....	....	....	....	*	*	*
Fish and Wildlife Service	20	22	21	20	20	21	20	22	22
Land acquisition (land and water conservation fund)	....	....	....	....	....	....	*	3	22
Miscellaneous expiring appropriations	....	....	....	....	....	....	....	5	6
Subtotal, Interior	22	24	21	21	21	21	22	32	51
Other Independent Agencies:									
Water resources planning	....	....	....	....	....	....	....	....	2
Total, 300	94	108	109	116	163	168	183	227	254
350 AGRICULTURE									
Agriculture:									
Agricultural Research Service	....	....	....	....	....	....	1	2	3
Cooperative State Research Service	31	31	32	35	37	40	45	51	55
Extension Service	61	61	65	68	72	77	82	87	89
AMS payments to States and possessions	1	1	1	1	1	2	2	2	2
Price support and related programs: CCC	207	149	268	381	353	481	387	227	278
Total, 350	300	243	365	485	464	599	517	368	427

See footnotes at end of table.

Table 12.3—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued**

(in millions of dollars)

	1959	1960	1961	1962	1963	1964	1965	1966	1967
370 COMMERCE AND HOUSING CREDIT									
Commerce:									
Miscellaneous appropriations	...	...	...	...	...	...	...	1	1
Promote and develop fishery products and research	...	...	...	...	...	...	...	*	3
Scientific and technical research and services	...	...	...	...	...	...	*	*	...
Subtotal, Commerce	...	...	...	...	...	...	*	2	4
Small Business Administration:									
Small business assistance	...	2	1	*	*	*	*	...	...
Total, 370	...	2	1	*	*	*	*	2	4
400 TRANSPORTATION									
Transportation:									
Other Federal fund aid for highways	25	29	32	31	39	37	38	43	63
Federal-aid highways (trust fund) TF	2,589	2,913	2,591	2,752	2,984	3,607	3,980	3,959	3,966
Urban mass transportation grants	...	...	...	*	2	5	11	16	42
Grants-in-aid for airports (Federal funds)	57	57	65	58	52	65	71	54	64
Merchant Marine Schools	*	1	*	1	*	1	1	*	*
Subtotal, Transportation	2,671	2,999	2,688	2,841	3,077	3,716	4,100	4,072	4,135
Total, 400	2,671	2,999	2,688	2,841	3,077	3,716	4,100	4,072	4,135
450 COMMUNITY AND REGIONAL DEVELOPMENT									
Agriculture:									
Rural water and waste disposal grants	...	...	...	...	...	...	...	*	11
Subtotal, Agriculture	...	...	...	...	...	...	...	*	11
Commerce:									
Economic development assistance programs	...	...	...	*	3	11	8	7	20
Subtotal, Commerce	...	...	...	*	3	11	8	7	20
Funds Appropriated to the President:									
Public works acceleration	...	...	...	...	15	257	288	85	19
Housing and Urban Development:									
Planning assistance	...	3	3	7	12	15	17	20	22
Urban renewal programs	77	102	141	163	185	207	281	313	370
Public facilities (including Model cities, water and sewers)	...	...	...	...	*	5	6	8	26
Subtotal, Housing and Urban Development	77	104	144	169	197	227	303	341	418
Interior:									
Operation of Indian programs (Area and regional development)	*	1	1	1	1	1	1	1	1
Subtotal, Interior	*	1	1	1	1	1	1	1	1
Other Independent Agencies:									
Appalachian regional development programs	...	...	...	...	...	...	*	10	60
FEMA: Disaster relief	4	1	7	14	30	21	43	132	53
Alaska and Virgin Islands land use planning and public works	3	2	1	...	...	...	...	...	...
Subtotal, Other Independent Agencies	7	4	8	14	30	21	43	141	112
Total, 450	85	109	153	185	246	517	643	575	582

See footnotes at end of table.

Table 12.3—TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued

(in millions of dollars)

	1959	1960	1961	1962	1963	1964	1965	1966	1967
500 EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES									
Education:									
Impact aid	198	237	267	268	330	323	341	378	417
Compensatory education for the disadvantaged	44	69	50	53	48	69	67	900	1,364
School improvement programs	....	....	....	13	15	15	13	2	10
Education for the handicapped	....	*	1	1	1	1	3	3	2
Rehabilitation services and handicapped research	45	49	55	65	73	88	101	159	185
Special institutions for the handicapped	*	*	*	1	1	1	1	1	1
Vocational and adult education	38	39	40	40	41	41	132	128	233
Higher education (including college housing loans)	5	5	7	15	14	14	16	57	187
Libraries	5	7	7	8	7	7	26	41	57
Subtotal, Education	337	407	427	463	531	559	700	1,669	2,459
Health and Human Services—except social security:									
Social Services Block Grant	....	....	....	....	....	....	....	....	322
ACF services programs	....	13	14	18	24	35	33	98	420
Subtotal, Health and Human Services—except social security	....	13	14	18	24	35	33	98	742
Interior:									
Indian education	6	5	6	7	7	8	9	10	11
Labor:									
Training and employment services	....	....	....	....	....	80	87	336	281
Unemployment assistance (Training and employment—Federal funds)	94	100	....	....	....	....	....	....	....
Unemployment trust fund TF	....	....	120	170	131	160	177	237	283
Departmental management, salaries and expenses	....	....	....	....	....	....	....	....	2
Subtotal, Labor	94	100	120	170	131	240	264	573	566
Other Independent Agencies:									
Community services program	....	....	....	....	....	....	41	229	375
Public broadcasting fund	....	....	....	....	....	2	3	4	8
National Endowments for the Arts: grants	....	....	....	....	....	....	....	*	5
Subtotal, Other Independent Agencies	....	....	....	....	....	2	44	233	388
Total, 500	436	525	567	658	693	844	1,050	2,583	4,165
550 HEALTH									
Health and Human Services—except social security:									
Salaries and expenses	....	3	3	4	6	10	5	4	....
Health Resources and Services	148	145	158	164	184	189	196	204	239
Disease control (Preventive health)	6	5	6	....	....	....	....	....	....
National Institutes of Health	4	6	9	9	12	11	2	*	2
*** Health Resources and Services	58	51	56	75	84	110	137	174	246
*** Alcohol, drug abuse, and mental health (homeless)	6	5	8	10	7	10	11	12	11
*** Grants to States for Medicaid	....	....	23	103	157	210	272	770	1,173
Subtotal, Health and Human Services—except social security	222	214	262	365	450	539	624	1,165	1,672
Total, 550	222	214	262	365	450	539	624	1,165	1,672

See footnotes at end of table.

Table 12.3—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued**

(in millions of dollars)

	1959	1960	1961	1962	1963	1964	1965	1966	1967
600 INCOME SECURITY									
Agriculture:									
*** Rural housing for domestic farm labor	...	...	...	...	...	...	...	...	*
*** Special milk program	72	78	81	92	94	97	86	97	96
*** Food stamp program	...	...	...	14	19	29	32	65	106
*** State child nutrition payments	144	154	157	166	169	179	176	194	206
Subtotal, Agriculture	216	232	239	272	281	305	295	357	408
Health and Human Services—except social security:									
*** Family support payments to States	1,966	2,059	2,144	2,329	2,572	2,734	2,787	2,758	2,720
Subtotal, Health and Human Services—except social security	1,966	2,059	2,144	2,329	2,572	2,734	2,787	2,758	2,720
Housing and Urban Development:									
*** Subsidized housing programs	111	127	140	154	170	183	208	226	250
Subtotal, Housing and Urban Development	111	127	140	154	170	183	208	226	250
Labor:									
Grants for unemployment services administration (Federal funds)	204	217	2	...	...	...	...	...	...
Unemployment trust fund (administrative expenses) TF	...	...	255	298	205	253	223	239	257
Subtotal, Labor	204	217	257	298	205	253	223	239	257
Total, 600	2,497	2,635	2,780	3,054	3,230	3,475	3,512	3,580	3,636
700 VETERANS BENEFITS AND SERVICES									
Veterans Affairs:									
Medical administration and misc. operating expenses	...	...	...	...	...	...	*	*	1
VA State supervision of schools	2	2	1	1	1	...	...	...	...
*** Medical care	6	6	8	7	7	8	8	9	9
*** Grants for construction of State care facilities	...	...	...	...	...	...	...	...	*
Total, 700	8	8	9	8	8	8	8	9	10
750 ADMINISTRATION OF JUSTICE									
Justice:									
Justice assistance	...	...	...	...	...	...	...	1	3
Subtotal, Justice	...	...	...	...	...	...	...	1	3
Total, 750	...	...	...	...	...	...	...	1	3

See footnotes at end of table.

Table 12.3—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued**

(in millions of dollars)

	1959	1960	1961	1962	1963	1964	1965	1966	1967
800 GENERAL GOVERNMENT									
Agriculture:									
Forest Service: shared revenues	22	30	36	26	28	31	34	36	43
Defense—Civil:									
Corps of Engineers: shared revenues	2	1	1	2	2	2	2	2	2
Energy:									
Payments to States under Federal Power Act	....	*	*	*	*	*	*	*	*
Funds Appropriated to the President:									
Alaska transitional grants	....	10	6	6	3	19	1	5	*
Interior:									
Miscellaneous shared revenues	14	19	19	16	18	17	23	22	24
Payments to States from Mineral Leasing Act receipts	33	36	35	39	47	47	48	47	48
Administration of territories	6	2	2	9	8	12	1	10	11
Trust Territory of the Pacific Islands	....	5	6	6	15	20	13	17	15
Payments to the U.S. territories, fiscal assistance	4	5	6	6	8	7	8	10	11
Subtotal, Interior	56	67	69	77	95	103	92	105	109
Other Independent Agencies:									
Federal payment to the District of Columbia	25	25	25	30	30	38	38	44	58
Subtotal, Other Independent Agencies	25	25	25	30	30	38	38	44	58
Treasury:									
Internal revenue collections for Puerto Rico	21	23	25	30	45	45	43	52	59
Customs: Miscellaneous shared revenues	7	8	9	14	13	14	17	20	28
Subtotal, Treasury	28	31	34	44	58	59	60	71	87
Total, 800	133	165	172	184	216	251	226	264	299
Total, outlays for grants	6,463	7,019	7,126	7,926	8,602	10,164	10,910	12,887	15,233

See footnotes at end of table.

Table 12.3—TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued

(in millions of dollars)

	1968	1969	1970	1971	1972	1973	1974	1975	1976
050 NATIONAL DEFENSE									
Defense—Military:									
Military construction, Army National Guard	1	8	10	8	19	26	33	34	51
Subtotal, Defense—Military	1	8	10	8	19	26	33	34	51
Other Independent Agencies:									
FEMA: Disaster assistance	26	26	27	26	26	31	32	39	38
Total, 050	27	34	37	34	45	57	64	74	89
150 INTERNATIONAL AFFAIRS									
Other Independent Agencies:									
Center for Cultural and Technical Interchange Between East and West	6	6	5	5	5	6	7	...	...
Total, 150	6	6	5	5	5	6	7	...	...
270 ENERGY									
Energy:									
Emergency conservation and regulation	5	6	9	8	5	5	5	7	8
Other Independent Agencies:									
Tennessee Valley Authority fund	13	15	16	20	26	27	31	37	48
Total, 270	18	20	25	28	31	33	36	43	56
300 NATURAL RESOURCES AND ENVIRONMENT									
Agriculture:									
Resource conservation and development	2	7	8	12	7	8	8	9	13
Watershed and flood prevention operations	64	64	74	74	80	79	97	94	114
State and private forestry	19	22	21	21	26	26	26	32	40
Subtotal, Agriculture	85	93	104	107	113	112	131	136	167
Commerce:									
NOAA: Operations, research, and facilities	...	...	...	4	20	26	18	18	23
NOAA: Coastal zone management	...	...	...	...	...	...	...	7	13
Subtotal, Commerce	...	...	...	4	20	26	18	24	36
Defense—Civil:									
Corps of Engineers: Flood Control	15	15	19	4	1	...	...	...	...
Environmental Protection Agency:									
Construction grants	122	135	176	478	413	684	1,553	1,938	2,429
Abatement, control, and compliance (including loans)	14	26	18	42	46	61	70	87	134
Subtotal, Environmental Protection Agency	136	161	194	520	460	745	1,623	2,025	2,563
Interior:									
Mines and minerals	*	...	2	−2	2	2	1	4	1
Colorado River Dam Fund, Boulder Canyon Project	1	1	1	1	1	1	1	1	1
Miscellaneous permanent appropriations	*	*	*	*	*	...	...	...	...
Water resources and research	...	*	...	8	11	8	7	9	10
Fish and Wildlife Service	31	34	43	45	54	58	54	72	73
Parks and recreation	...	...	...	*	*	*	*	*	*
Land acquisition (land and water conservation fund)	51	44	46	62	89	107	151	157	156
Historic preservation fund	*	*	...	1	4	4	5	6	6
Youth conservation corps	...	...	...	...	...	...	...	...	9
Subtotal, Interior	83	80	91	116	161	180	219	247	256
Other Independent Agencies:									
Water resources planning	2	2	2	4	3	3	3	5	5
Total, 300	320	351	411	755	758	1,066	1,995	2,437	3,027

See footnotes at end of table.

Table 12.3—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued**

(in millions of dollars)

	1968	1969	1970	1971	1972	1973	1974	1975	1976
350 AGRICULTURE									
Agriculture:									
Agricultural Research Service	3	1	1	1	7	......	......	......	......
Cooperative State Research Service	57	58	60	67	72	80	83	92	101
Extension Service	74	81	106	134	147	158	162	183	181
AMS payments to States and possessions	2	2	2	2	2	2	2	*	–*
Price support and related programs: CCC	405	610	434	387	268	244	234	128	143
Total, 350	542	752	604	591	496	484	481	404	425
370 COMMERCE AND HOUSING CREDIT									
Commerce:									
Miscellaneous appropriations	4	4	4	2	......	......	......	......	......
Minority business development	......	......	......	......	*	2	3	2	4
Promote and develop fishery products and research	5	6	......	......	......	......	......	......	......
Scientific and technical research and services	*	*	*	......	......	......	......	......	......
Subtotal, Commerce	9	10	4	2	*	2	3	2	4
Total, 370	9	10	4	2	*	2	3	2	4
400 TRANSPORTATION									
Other Independent Agencies:									
WMATA	2	6	16	35	84	76	170	175	170
Transportation:									
Other Federal fund aid for highways	80	77	95	104	121	101	76	46	57
Federal-aid highways (trust fund) TF	4,117	4,085	4,300	4,561	4,562	4,604	4,361	4,573	6,132
Other Trust fund aid for highways TF	......	......	......	2	4	7	9	8	1
Highway safety grants TF	......	......	......	......	7	32	66	74	81
Rail service assistance	......	......	......	......	......	......	......	......	2
Railroad safety	......	......	......	......	......	......	......	*	*
Urban mass transportation grants	66	136	104	156	179	291	348	689	1,262
Grants for airports (Airport and airway trust fund) TF	......	......	......	61	105	232	243	292	269
Grants-in-aid for airports (Federal funds)	75	104	83	......	......	......	......	......	......
Coast Guard recreational boating safety	......	......	......	......	2	4	4	5	5
Merchant Marine Schools	*	*	*	*	*	*	*	......	......
Research and special programs (pipeline safety and other)	......	......	......	......	*	......	1	1	1
Subtotal, Transportation	4,338	4,402	4,583	4,884	4,981	5,273	5,109	5,688	7,810
Total, 400	4,340	4,408	4,599	4,919	5,065	5,349	5,279	5,864	7,980

See footnotes at end of table.

Table 12.3—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued**

(in millions of dollars)

	1968	1969	1970	1971	1972	1973	1974	1975	1976
450 COMMUNITY AND REGIONAL DEVELOPMENT									
Agriculture:									
Rural water and waste disposal grants	29	28	25	26	35	42	34	35	75
Rural community fire protection grants	...	...	...	...	...	...	...	2	4
Rural development planning grants	...	...	...	...	...	...	*	4	7
Subtotal, Agriculture	29	28	25	26	35	42	34	41	86
Commerce:									
Economic development assistance programs	114	145	156	176	167	194	202	209	202
Regional development programs	...	...	...	1	16	22	21	19	21
Regional development commissions TF	...	...	1	1	10	16	16	22	53
Subtotal, Commerce	114	145	157	178	193	232	240	250	276
Funds Appropriated to the President:									
Public works acceleration	5	2	1	*	*	*	...	...	...
Housing and Urban Development:									
Planning assistance	25	33	41	49	47	74	99	96	92
Community development grants	...	...	...	...	...	...	...	38	983
Urban renewal programs	475	534	1,054	1,026	1,218	1,010	1,205	1,374	1,166
Public facilities (including Model cities, water and sewers)	84	144	254	505	704	836	726	601	271
New community assistance grants	...	...	...	...	*	*	1	3	1
Subtotal, Housing and Urban Development	584	711	1,349	1,581	1,969	1,921	2,030	2,112	2,513
Interior:									
Operation of Indian programs (Area and regional development)	1	1	2	2	2	10	4	2	2
Subtotal, Interior	1	1	2	2	2	10	4	2	2
Other Independent Agencies:									
Appalachian regional development programs	98	155	184	229	235	260	286	306	315
FEMA: Disaster relief	31	7	61	122	88	156	107	131	252
Alaska and Virgin Islands land use planning and public works	...	...	...	...	...	1	1	*	1
Alaska land use planning: cooperative funds TF	...	...	...	...	...	*	1	1	*
Subtotal, Other Independent Agencies	129	162	245	352	323	417	394	437	568
Total, 450	862	1,049	1,780	2,138	2,523	2,623	2,702	2,842	3,445

See footnotes at end of table.

Table 12.3—TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued

(in millions of dollars)

	1968	1969	1970	1971	1972	1973	1974	1975	1976
500 EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES									
Commerce:									
Job opportunities program	....	....	....	....	....	....	....	22	269
Subtotal, Commerce	....	....	....	....	....	....	....	22	269
Education:									
Indian education	....	....	....	....	....	....	10	24	25
Impact aid	472	375	622	493	602	519	529	577	558
Compensatory education for the disadvantaged	1,455	1,427	1,470	1,798	1,883	1,819	1,615	2,184	2,108
School improvement programs	22	28	86	163	178	161	399	332	218
Bilingual and Immigrant Education	....	....	....	....	....	....	50	93	51
Education for the handicapped	8	22	31	29	33	40	43	58	90
Rehabilitation services and handicapped research	282	353	441	486	490	559	579	810	836
Special institutions for the handicapped	1	1	1	2	2	2	2	2	2
Vocational and adult education	255	255	285	410	501	592	569	653	748
Higher education (including college housing loans)	387	350	342	309	216	187	68	61	8
Libraries	93	68	105	71	68	85	137	210	137
*** Student financial assistance	....	....	....	....	....	....	....	22	35
Subtotal, Education	2,975	2,880	3,384	3,760	3,973	3,962	4,001	5,025	4,816
Health and Human Services—except social security:									
Payments to States for AFDC work programs	....	31	81	123	163	266	323	304	299
Social Services Block Grant	347	378	574	785	1,931	1,613	1,471	2,047	2,251
ACF services programs	441	330	390	430	563	499	679	803	759
Subtotal, Health and Human Services—except social security	788	738	1,045	1,338	2,657	2,377	2,473	3,154	3,310
Interior:									
Indian education	12	13	16	21	24	23	25	24	12
Labor:									
Temporary employment assistance	....	....	....	....	558	1,002	598	372	1,887
Training and employment services	556	513	954	1,107	1,156	987	1,137	2,504	2,853
State unemployment insurance and employment services	....	....	....	....	....	64	60	−19	182
Unemployment trust fund TF	303	317	351	357	360	363	374	481	344
Subtotal, Labor	859	830	1,305	1,464	2,075	2,416	2,169	3,339	5,266
Other Independent Agencies:									
Community services program	526	615	648	715	708	676	622	493	380
Public broadcasting fund	7	5	15	23	35	35	48	62	70
National Endowments for the Arts: grants	3	4	4	5	6	7	8	14	17
Subtotal, Other Independent Agencies	536	624	667	743	749	718	677	569	468
Total, 500	5,170	5,085	6,417	7,326	9,478	9,497	9,345	12,133	14,141
550 HEALTH									
Agriculture:									
Food safety and inspection	1	10	18	27	29	29	30	33	30
Executive Office of the President:									
Special Action Office for Drug Abuse Prevention	....	....	....	....	....	....	6	10	7
Health and Human Services—except social security:									
Health Resources and Services	415	450	578	570	569	484	558	672	768
Disease control (Preventive health)	....	....	2	5	1	46	51	59	67
National Institutes of Health	....	2	....	....	....	....	....	....	....
Alcohol, drug abuse, and mental health (homeless)	171	47	66	50	103	....	....	....	....
*** Health Resources and Services	293	379	380	364	513	520	530	567	905
*** Alcohol, drug abuse, and mental health (homeless)	21	30	80	116	187	319	302	590	535
*** Grants to States for Medicaid	1,806	2,285	2,727	3,362	4,601	4,600	5,818	6,840	8,568
Subtotal, Health and Human Services—except social security	2,705	3,193	3,832	4,467	5,974	5,969	7,259	8,729	10,844
Labor:									
Occupational and mine safety	....	....	....	*	7	11	27	38	34
Total, 550	2,706	3,203	3,849	4,494	6,010	6,009	7,322	8,810	10,914

See footnotes at end of table.

Table 12.3—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued**

(in millions of dollars)

	1968	1969	1970	1971	1972	1973	1974	1975	1976
600 INCOME SECURITY									
Agriculture:									
*** Funds for strengthening markets, income, and supply	....	....	....	....	580	728	743	451	277
*** Rural housing for domestic farm labor	1	3	6	3	1	4	3	3	3
*** Mutual and self-help housing	....	....	....	*	1	1	3	3	3
*** Special milk program	104	102	84	90	93	90	49	122	88
*** Food donations programs for selected groups	....	....	....	....	....	....	....	....	8
*** Food stamp program	171	234	559	20	27	31	48	136	267
*** Supplemental feeding programs (WIC and CSFP)	....	....	....	....	....	....	....	....	141
*** State child nutrition payments	214	234	296	513	615	595	744	1,443	1,790
Subtotal, Agriculture	490	573	944	627	1,316	1,450	1,589	2,159	2,576
Health and Human Services—except social security:									
Family support payments to States	....	....	....	....	....	....	....	....	96
*** Supplemental security income program	....	....	....	....	....	....	47	110	67
*** Family support payments to States	3,166	3,618	4,142	5,486	6,559	5,922	5,423	5,121	5,753
*** Other	....	....	....	1	*	....	*	....	....
Subtotal, Health and Human Services—except social security	3,166	3,618	4,142	5,487	6,559	5,922	5,470	5,231	5,916
Housing and Urban Development:									
*** Subsidized housing programs	283	344	436	558	749	1,049	1,116	1,326	1,410
*** Payments for operation of low income housing	....	....	....	....	....	....	....	....	178
Subtotal, Housing and Urban Development	283	344	436	558	749	1,049	1,116	1,326	1,588
Labor:									
Unemployment trust fund (administrative expenses) TF	248	271	273	402	416	452	458	636	868
Subtotal, Labor	248	271	273	402	416	452	458	636	868
Total, 600	4,188	4,806	5,795	7,074	9,040	8,872	8,633	9,352	10,948
700 VETERANS BENEFITS AND SERVICES									
Veterans Affairs:									
Medical administration and misc. operating expenses	2	*	1	1	*	1	1	1	*
Assistance for health manpower training institutions	....	....	....	....	....	....	....	6	20
*** Medical care	9	12	14	16	17	17	21	22	22
*** Grants for construction of State care facilities	2	2	3	3	2	3	4	3	9
Total, 700	13	14	18	19	19	20	26	32	52
750 ADMINISTRATION OF JUSTICE									
Justice:									
Justice assistance	6	28	41	196	321	526	637	722	789
Subtotal, Justice	6	28	41	196	321	526	637	722	789
Other Independent Agencies:									
Equal Employment Opportunity Commission	6	....	1	1	1	1	2	3	6
Subtotal, Other Independent Agencies	6	....	1	1	1	1	2	3	6
Total, 750	12	28	42	197	322	528	639	725	795

See footnotes at end of table.

Table 12.3—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued**

(in millions of dollars)

	1968	1969	1970	1971	1972	1973	1974	1975	1976
800 GENERAL GOVERNMENT									
Agriculture:									
Forest Service: shared revenues	45	53	79	73	58	86	115	121	89
Defense—Civil:									
Corps of Engineers: shared revenues	2	3	3	3	3	3	3	4	4
Energy:									
Payments to States under Federal Power Act	*	*	*	*	*	*	*	*	5
Interior:									
Miscellaneous shared revenues	25	29	34	31	34	40	50	64	56
Payments to States from Mineral Leasing Act receipts	48	51	53	54	56	56	57	117	120
Administration of territories	10	13	9	11	13	16	17	16	19
Trust Territory of the Pacific Islands	21	34	40	49	51	61	63	69	82
Payments to the U.S. territories, fiscal assistance	12	13	14	13	19	22	17	17	33
Subtotal, Interior	117	139	149	158	172	195	203	283	310
Office of Personnel Management:									
Intergovernmental personnel assistance	....	....	....	....	3	14	14	15	15
Other Independent Agencies:									
Federal payment to the District of Columbia	75	86	115	139	174	182	187	226	226
Subtotal, Other Independent Agencies	75	86	115	139	174	182	187	226	226
Treasury:									
General revenue sharing trust fund TF	....	....	....	....	....	6,636	6,106	6,130	6,243
Internal revenue collections for Puerto Rico	66	80	85	85	101	109	101	122	139
Customs: Miscellaneous shared revenues	32	35	48	58	73	77	95	172	187
Subtotal, Treasury	98	115	133	143	175	6,823	6,302	6,423	6,569
Total, 800	338	396	479	516	584	7,302	6,824	7,072	7,218
Total, outlays for grants	18,551	20,164	24,065	28,099	34,375	41,847	43,357	49,791	59,094

See footnotes at end of table.

Table 12.3—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued**

(in millions of dollars)

	TQ	1977	1978	1979	1980	1981	1982	1983	1984
050 NATIONAL DEFENSE									
Defense—Military:									
Military construction, Army National Guard	8	56	16	49	54	30	29	41	40
Subtotal, Defense—Military	8	56	16	49	54	30	29	41	40
Other Independent Agencies:									
FEMA: Disaster assistance	7	40	43	44	39	45	39	45	55
Total, 050	15	96	60	94	93	75	68	86	95
270 ENERGY									
Energy:									
Emergency conservation and regulation	7	6	100	83	384	480	346	317	356
Housing and Urban Development:									
Assistance for solar and conservation improvements	...	...	...	...	...	...	...	*	8
Other Independent Agencies:									
Tennessee Valley Authority fund	20	68	80	100	116	137	163	165	170
Total, 270	27	74	180	183	499	617	509	482	534
300 NATURAL RESOURCES AND ENVIRONMENT									
Agriculture:									
Resource conservation and development	3	11	17	19	14	17	13	14	17
Watershed and flood prevention operations	27	115	99	123	57	71	144	134	151
Forest research	...	...	8	8	8	6	10	9	7
State and private forestry	3	22	25	42	31	28	32	32	28
Subtotal, Agriculture	33	148	149	191	111	121	199	189	204
Commerce:									
NOAA: Operations, research, and facilities	6	19	18	43	69	47	50	80	109
NOAA: Coastal zone management	5	22	24	27	41	50	33	43	31
Subtotal, Commerce	11	41	42	70	110	97	83	123	140
Environmental Protection Agency:									
Construction grants	919	3,530	3,187	3,756	4,343	3,881	3,756	2,983	2,619
Abatement, control, and compliance (including loans)	36	194	203	206	260	300	320	270	246
Hazardous substance superfund TF	...	...	...	...	...	...	3	13	57
Subtotal, Environmental Protection Agency	955	3,724	3,390	3,963	4,603	4,181	4,079	3,266	2,921
Interior:									
Mines and minerals	–*	*	*	13	25	27	72	80	103
Bureau of Reclamation: Emergency fund	...	...	3	...	...	...	...	...	...
Colorado River Dam Fund, Boulder Canyon Project	1	1	1	1	1	1	1	...	...
Water resources and research	2	...	...	...	...	...	...	...	...
Fish and Wildlife Service	17	90	91	96	124	141	149	155	155
Parks and recreation	...	*	12	10	10	16	35	31	39
Land acquisition (land and water conservation fund)	43	156	180	239	307	292	211	144	166
Historic preservation fund	2	9	10	28	47	51	36	31	51
Youth conservation corps	*	18	18	18	16	11	6	–*	...
Miscellaneous expiring appropriations	...	...	...	...	...	...	...	...	*
Subtotal, Interior	65	274	314	404	531	538	510	440	513
Other Independent Agencies:									
Water resources planning	...	2	3	3	8	7	...	...	...
Total, 300	1,064	4,189	3,898	4,631	5,363	4,944	4,872	4,018	3,779

See footnotes at end of table.

Table 12.3—TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued

(in millions of dollars)

	TQ	1977	1978	1979	1980	1981	1982	1983	1984
350 AGRICULTURE									
Agriculture:									
Agricultural Research Service	....	....	....	....	....	....	....	....	8
Cooperative State Research Service	28	117	87	99	110	117	129	126	139
Extension Service	48	198	252	273	288	301	307	323	330
AMS payments to States and possessions	*	*	1	1	2	2	1	1	1
Price support and related programs: CCC	47	56	87	84	169	409	548	1,366	1,306
Temporary emergency food assistance program	....	....	....	....	....	....	....	7	49
Total, 350	123	371	426	456	569	829	986	1,822	1,832
370 COMMERCE AND HOUSING CREDIT									
Agriculture:									
Miscellaneous expiring appropriations	....	....	....	....	1	2	1	*	*
Commerce:									
Miscellaneous appropriations	....	....	....	....	....	....	....	–*	....
Minority business development	2	8	13	12	2	2	2	2	2
Subtotal, Commerce	2	8	13	12	2	2	2	2	2
Small Business Administration:									
Small business assistance	....	....	....	....	....	....	....	59	....
Total, 370	2	8	13	12	3	4	3	62	2
400 TRANSPORTATION									
Other Independent Agencies:									
WMATA	52	290	149	84	100	61	65	50	33
Transportation:									
Other Federal fund aid for highways	12	101	146	266	230	155	106	232	307
Federal-aid highways (trust fund) TF	1,605	5,799	5,807	6,825	8,675	8,641	7,590	8,529	10,072
Motor carrier safety TF	....	....	....	....	....	....	....	....	2
Other Trust fund aid for highways TF	3	11	24	49	93	84	43	17	12
Highway safety grants TF	26	116	133	189	210	226	164	119	129
Rail service assistance	5	22	35	51	52	48	54	46	32
Railroad safety	*	*	*	1	2	3	1	1	2
Conrail Commuter Transition Assistance	....	....	....	....	....	....	25	135	....
Urban mass transportation grants TF	....	....	....	....	....	....	....	3	233
Urban mass transportation grants	279	1,616	1,972	2,408	3,129	3,771	3,782	3,655	3,483
Grants for airports (Airport and airway trust fund) TF	26	335	562	556	590	469	339	453	694
Coast Guard recreational boating safety	1	7	6	4	2	*	....	5	....
Boat safety TF	....	....	....	....	....	....	....	....	11
Merchant Marine Schools	....	....	*	1	1	....	....	....	....
Research and special programs (pipeline safety and other)	1	2	1	2	3	3	2	3	3
Subtotal, Transportation	1,955	8,009	8,687	10,354	12,988	13,401	12,105	13,197	14,980
Total, 400	2,007	8,299	8,837	10,438	13,087	13,462	12,171	13,248	15,013

See footnotes at end of table.

Table 12.3—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued**

(in millions of dollars)

	TQ	1977	1978	1979	1980	1981	1982	1983	1984
450 COMMUNITY AND REGIONAL DEVELOPMENT									
Agriculture:									
Rural water and waste disposal grants	24	113	180	287	325	269	210	157	135
Rural community fire protection grants	1	4	3	3	3	4	3	2	3
Rural development planning grants	3	10	10	11	12	9	6	4	1
Rural development planning grants	....	....	....	4	5	5	3	1	....
Subtotal, Agriculture	28	126	193	306	346	287	221	163	139
Commerce:									
Economic development assistance programs	59	165	260	345	452	408	323	248	248
Local public works and drought assistance programs	....	579	3,108	1,750	416	83	39	17	9
Regional development programs	2	17	18	19	60	31	10	5	−1
Regional development commissions TF	17	47	43	45	44	43	16	3	2
Coastal energy impact fund	....	....	*	3	4	2	1	−2	....
Subtotal, Commerce	78	808	3,429	2,162	976	567	389	270	259
Energy:									
Energy conservation	....	....	....	*	7	15	10	....	....
Funds Appropriated to the President:									
Public works acceleration	....	....	....	....	*	*	....	....	1
Housing and Urban Development:									
Planning assistance	20	76	67	62	52	39	20	3	−*
Community development grants	439	2,089	2,464	3,161	3,902	4,042	3,792	3,554	3,819
Urban development action grants	....	....	....	73	225	371	388	451	454
Urban renewal programs	295	899	392	298	214	156	101	38	24
Miscellaneous appropriations	....	....	....	....	....	....	1	−*	−*
Public facilities (including Model cities, water and sewers)	33	80	46	38	20	19	9	3	4
New community assistance grants	*	2	1	*	*	1	1	*	*
Subtotal, Housing and Urban Development	787	3,146	2,971	3,632	4,413	4,628	4,310	4,048	4,300
Interior:									
Operation of Indian programs (Area and regional development)	*	....	17	18	18	18	17	17	16
Subtotal, Interior	*	....	17	18	18	18	17	17	16
Other Independent Agencies:									
Appalachian regional development programs	72	246	257	297	335	329	304	262	209
FEMA: Disaster assistance	....	....	2	3	5	....	4	5	10
FEMA: Disaster relief	59	168	209	224	375	268	110	182	207
Alaska and Virgin Islands land use planning and public works	*	1	....	....	....	....	....	....	....
Alaska land use planning: cooperative funds TF	*	1	....	....	....	....	....	....	....
Payment to the Neighborhood Reinvestment Corporation	....	....	....	....	12	12	14	16	16
Subtotal, Other Independent Agencies	131	415	467	524	727	610	432	464	442
Total, 450	1,024	4,496	7,078	6,641	6,486	6,124	5,379	4,962	5,157

See footnotes at end of table.

Table 12.3—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued**

(in millions of dollars)

	TQ	1977	1978	1979	1980	1981	1982	1983	1984
500 EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES									
Commerce:									
Job opportunities program	79	98	12	2	5	*	1	1	1
Public telecommunications facilities, planning and construction	....	....	....	9	20	20	12	23	17
Subtotal, Commerce	79	98	12	11	25	20	14	23	18
Education:									
Indian education	13	47	56	57	90	52	74	65	67
Impact aid	66	719	706	858	622	693	546	548	567
Compensatory education for the disadvantaged	647	2,225	2,666	2,965	3,370	3,345	2,939	2,629	3,067
School improvement programs	60	274	291	395	523	627	636	509	570
Bilingual and Immigrant Education	48	115	135	149	166	160	110	108	112
Education for the handicapped	16	120	226	456	810	1,023	1,131	1,125	791
Rehabilitation services and handicapped research	235	870	868	946	956	978	780	852	1,301
Special institutions for the handicapped	1	3	3	4	4	5	5	5	4
Vocational and adult education	90	692	691	769	854	723	802	705	719
Higher education (including college housing loans)	2	21	6	24	20	11	3	3	....
Libraries	16	160	209	255	158	80	101	124	80
*** Student financial assistance	6	62	56	62	78	78	57	51	70
Subtotal, Education	1,200	5,309	5,912	6,940	7,651	7,774	7,185	6,724	7,346
Health and Human Services—except social security:									
Community services block grant	....	....	....	....	....	....	240	338	353
Payments to States for AFDC work programs	84	348	353	372	383	368	222	281	259
Social Services Block Grant	561	2,534	2,809	3,091	2,763	2,646	2,567	2,508	2,789
ACF services programs	200	950	1,119	1,199	1,548	1,735	1,531	1,685	1,717
Pmts to State for foster care/adoption assistance	....	....	....	....	....	557	402	408	648
Subtotal, Health and Human Services—except social security	846	3,832	4,281	4,662	4,694	5,306	4,962	5,221	5,766
Interior:									
Indian education	2	5	5	7	7	5	5	5	5
Labor:									
Temporary employment assistance	519	2,340	4,769	3,285	1,796	852	38	45	−15
Training and employment services	980	2,940	4,251	5,397	6,191	5,926	3,295	3,187	2,555
Community service employment for older Americans	....	3	24	35	45	52	56	51	59
State unemployment insurance and employment services	−26	53	46	65	24	51	24	−5	16
Unemployment trust fund TF	170	551	582	610	710	730	685	724	763
Departmental management, salaries and expenses	5	....	....	....	....	....	....	....	....
Subtotal, Labor	1,648	5,887	9,673	9,392	8,766	7,611	4,097	4,003	3,378
Other Independent Agencies:									
Community services program	116	499	537	553	547	576	131	−18	−12
Public broadcasting fund	26	103	119	120	152	162	172	137	138
National Endowments for the Arts: grants	6	20	19	22	20	20	18	28	26
Institute of Museum Services	....	....	....	....	....	....	6	2	4
Subtotal, Other Independent Agencies	147	622	675	695	719	758	326	149	156
Treasury:									
Social services claims	....	....	....	543	....	....	....	....	....
Total, 500	3,921	15,753	20,557	22,249	21,862	21,474	16,589	16,125	16,669

See footnotes at end of table.

Table 12.3—TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued

(in millions of dollars)

	TQ	1977	1978	1979	1980	1981	1982	1983	1984
550 HEALTH									
Agriculture:									
Food safety and inspection	6	27	27	30	30	30	29	29	32
Executive Office of the President:									
Special Action Office for Drug Abuse Prevention	*	*	1	1	*	–*	*	...	...
Health and Human Services—except social security:									
Health Resources and Services	168	884	494	293	25	240	4	55	...
Disease control (Preventive health)	11	74	58	93	103	114	120	165	154
*** Health Resources and Services	142	740	818	913	916	968	591	429	1,025
*** Alcohol, drug abuse, and mental health (homeless)	156	471	605	594	679	664	656	506	501
*** Grants to States for Medicaid	2,229	9,876	10,680	12,407	13,957	16,833	17,391	18,985	20,061
Subtotal, Health and Human Services—except social security	2,706	12,044	12,655	14,301	15,679	18,820	18,762	20,141	21,741
Labor:									
Occupational and mine safety	9	32	42	45	48	45	47	54	64
Total, 550	2,721	12,104	12,725	14,377	15,758	18,895	18,839	20,224	21,837
600 INCOME SECURITY									
Agriculture:									
*** Funds for strengthening markets, income, and supply	62	38	269	270	456	285	379	541	408
*** Rural housing for domestic farm labor	1	7	6	6	13	17	20	16	11
*** Mutual and self-help housing	1	4	4	5	6	7	8	7	8
*** Special milk program	47	156	135	130	155	100	22	14	15
*** Food donations programs for selected groups	*	48	52	64	101	104	121	147	172
*** Food stamp program	65	271	299	324	412	489	752	629	732
*** Supplemental feeding programs (WIC and CSFP)	41	242	371	542	716	928	928	1,147	1,396
*** State child nutrition payments	343	2,619	2,391	2,732	3,233	3,259	2,853	3,101	3,345
*** Nutrition assistance for Puerto Rico	...	...	...	...	...	...	...	814	814
Subtotal, Agriculture	560	3,385	3,527	4,072	5,093	5,189	5,084	6,417	6,901
Health and Human Services—except social security:									
Family support payments to States	36	186	247	252	384	439	459	497	487
Payments to States from receipts for child support	...	...	*	*	*	1	1	1	*
*** Supplemental security income program	5	39	39	41	39	45	20	13	8
*** Family support payments to States	1,570	6,165	6,369	6,331	6,888	7,694	7,488	7,844	8,311
*** Low income home energy assistance	...	110	193	186	1,180	1,653	1,685	1,991	2,024
*** Refugee and Entrant Assistance	...	...	56	132	338	641	878	504	585
Subtotal, Health and Human Services—except social security	1,611	6,500	6,904	6,943	8,830	10,473	10,530	10,849	11,416
Housing and Urban Development:									
*** Subsidized housing programs	283	1,309	1,721	2,119	2,610	3,105	3,883	4,151	4,611
*** Congregate services	...	...	...	...	*	1	3	3	4
*** Payments for operation of low income housing	128	506	691	654	824	929	1,008	1,542	1,135
Subtotal, Housing and Urban Development	411	1,814	2,412	2,773	3,435	4,034	4,894	5,695	5,750
Labor:									
State unemployment insurance and employment services	...	...	...	...	...	...	5	15	4
Unemployment trust fund (administrative expenses) TF	209	964	939	952	1,138	1,315	1,417	1,702	1,548
Subtotal, Labor	209	964	939	952	1,138	1,315	1,422	1,718	1,552
Other Independent Agencies:									
*** Emergency food and shelter program	...	...	...	...	...	...	...	79	58
Total, 600	2,791	12,663	13,782	14,740	18,495	21,013	21,930	24,758	25,678
700 VETERANS BENEFITS AND SERVICES									
Veterans Affairs:									
Medical administration and misc. operating expenses	*	*	*	1	1	1	...	4	6
Assistance for health manpower training institutions	5	31	35	37	40	23	5	3	*
Grants for the construction of State veterans cemeteries	...	...	...	...	*	1	1	2	1
*** Medical care	6	40	34	35	35	41	42	44	54
*** Grants for construction of State care facilities	2	8	7	14	14	9	15	14	5
Total, 700	13	79	76	86	90	74	63	66	66

See footnotes at end of table.

Table 12.3—TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued

(in millions of dollars)

	TQ	1977	1978	1979	1980	1981	1982	1983	1984
750 ADMINISTRATION OF JUSTICE									
Housing and Urban Development:									
Fair housing activities	....	....	....	....	....	1	2	5	6
Justice:									
National Institute of Corrections	....	1	4	8	9	8	9	9	3
Justice assistance	168	706	559	497	504	308	159	69	40
Subtotal, Justice	168	707	563	505	513	316	168	79	44
Other Independent Agencies:									
Equal Employment Opportunity Commission	1	6	9	12	16	15	17	18	19
Subtotal, Other Independent Agencies	1	6	9	12	16	15	17	18	19
Total, 750	169	713	572	517	529	332	187	101	69
800 GENERAL GOVERNMENT									
Agriculture:									
Forest Service: shared revenues	110	50	226	241	280	241	243	144	203
Defense—Civil:									
Corps of Engineers: shared revenues	4	....	5	6	5	5	5	6	6
Energy:									
Payments to States under Federal Power Act	*	....	*	*	*	*	*	1	*
Interior:									
Payments in lieu of taxes	....	100	98	105	103	104	96	96	104
Miscellaneous shared revenues	62	36	117	95	109	116	115	55	68
Payments to States from Mineral Leasing Act receipts	78	105	175	210	268	331	536	535	736
Payments to Papago trust and cooperative fund	....	....	....	....	....	....	....	15	....
Administration of territories	16	36	61	77	52	73	115	65	67
Trust Territory of the Pacific Islands	21	84	84	105	68	117	131	131	104
Payments to the U.S. territories, fiscal assistance	3	19	22	27	49	113	66	59	65
Subtotal, Interior	181	381	557	619	649	855	1,058	956	1,145
Office of Personnel Management:									
Intergovernmental personnel assistance	4	13	19	19	19	18	7	*	–*
Other Independent Agencies:									
Federal payment to the District of Columbia	89	276	304	275	339	365	402	427	486
Subtotal, Other Independent Agencies	89	276	304	275	339	365	402	427	486
Treasury:									
Antirecession financial assistance fund	....	1,699	1,329	*	....	....	....	....	....
General revenue sharing trust fund TF	1,588	6,758	6,823	6,848	6,829	5,137	4,569	4,614	4,567
Internal revenue collections for Puerto Rico	29	157	188	213	217	240	245	316	365
Customs: Miscellaneous shared revenues	39	238	237	214	278	58	69	76	77
Subtotal, Treasury	1,655	8,852	8,577	7,275	7,324	5,435	4,883	5,007	5,009
Total, 800	2,043	9,571	9,687	8,434	8,616	6,918	6,599	6,541	6,849
Total, outlays for grants	15,920	68,415	77,889	82,858	91,451	94,762	88,195	92,495	97,577

See footnotes at end of table.

Table 12.3—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued**

(in millions of dollars)

	1985	1986	1987	1988	1989	1990	1991	1992	1993 estimate
050 NATIONAL DEFENSE									
Defense—Military:									
Operation and maintenance, Navy	...	...	5	...	4	...	...	...	...
Research, development, test, and evaluation, Navy	...	...	2	2	1	...	...	...	...
Research, development, test, and evaluation, Army	...	...	...	...	2	...	...	...	...
Military construction, Army National Guard	52	95	107	104	131	150	104	218	289
National Defense Stockpile transaction fund	...	...	...	2	28	...	...	...	...
Subtotal, Defense—Military	52	95	113	108	165	150	104	218	289
Other Independent Agencies:									
FEMA: Disaster assistance	105	81	80	80	88	91	80	100	97
Total, 050	157	177	193	188	253	241	185	318	386
270 ENERGY									
Energy:									
Emergency conservation and regulation	314	311	242	230	187	228	214	207	216
Housing and Urban Development:									
Assistance for solar and conservation improvements	27	32	10	3	1	*	*	*	*
Other Independent Agencies:									
Tennessee Valley Authority fund	188	196	203	225	232	233	243	241	237
Total, 270	529	538	455	457	420	461	457	448	453
300 NATURAL RESOURCES AND ENVIRONMENT									
Agriculture:									
Resource conservation and development	11	10	7	11	9	19	22	28	27
Watershed and flood prevention operations	160	169	124	114	94	122	133	113	113
Forest research	1	8	13	14	15	*	1	*	*
State and private forestry	26	25	27	37	40	56	72	96	83
Subtotal, Agriculture	198	212	171	176	158	197	228	237	223
Commerce:									
NOAA: Operations, research, and facilities	143	139	158	140	151	93	126	48	49
NOAA: Coastal zone management	24	...	...	...	...	...	...	...	...
Construction	...	...	...	...	...	...	...	1	6
Subtotal, Commerce	167	139	158	140	151	93	126	49	55
Environmental Protection Agency:									
Construction grants	2,889	3,109	2,919	2,514	2,354	2,290	2,389	2,412	2,384
Abatement, control, and compliance (including loans)	262	260	290	295	299	341	357	409	490
Hazardous substance superfund TF	47	49	42	78	120	198	262	154	182
Leaking underground storage tank trust fund TF	...	...	...	7	24	45	63	64	64
Subtotal, Environmental Protection Agency	3,197	3,419	3,251	2,895	2,797	2,874	3,071	3,040	3,120
Interior:									
Leases of lands for flood control, navigation, etc.	...	...	...	...	...	...	...	...	1
National forests fund, payment to States	...	...	...	...	...	...	...	...	4
Mines and minerals	144	164	179	195	181	200	197	166	184
Bureau of Reclamation loans program account	...	...	...	...	...	...	...	1	1
Fish and Wildlife Service	155	161	119	134	106	141	156	170	201
Fish and Wildlife Service (Sport fish restoration) TF	...	39	85	122	146	179	200	227	222
Parks and recreation	44	7	4	1	2	2	*	3	8
Land acquisition (land and water conservation fund)	135	90	80	59	37	27	27	20	41
Historic preservation fund	29	25	25	25	28	31	34	35	35
Miscellaneous expiring appropriations	*	...	...	...	...	...	...	...	...
Subtotal, Interior	506	486	493	537	500	580	614	621	698
Total, 300	4,069	4,255	4,073	3,747	3,606	3,745	4,040	3,947	4,096

See footnotes at end of table.

Table 12.3—TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued

(in millions of dollars)

	1985	1986	1987	1988	1989	1990	1991	1992	1993 estimate
350 AGRICULTURE									
Agriculture:									
Agricultural Research Service	3	......	......	......	......	......	......	......	......
Cooperative State Research Service	141	260	281	302	343	350	396	219	232
Extension Service	338	340	319	318	360	364	367	404	424
AMS payments to States and possessions	1	1	1	1	1	1	1	1	1
Price support and related programs: CCC	1,888	1,281	1,445	1,400	493	403	288	349	225
State mediation grants	......	......	......	......	......	......	......	2	2
Agric. resource conservation guaranteed loans	......	......	......	......	......	......	......	......	9
P.L. 102–552 Temporary Assistance	......	......	......	......	......	......	......	......	42
Temporary emergency food assistance program	50	50	46	49	161	167	168	165	167
Total, 350	2,420	1,932	2,092	2,069	1,359	1,285	1,220	1,142	1,103
370 COMMERCE AND HOUSING CREDIT									
Agriculture:									
Miscellaneous expiring appropriations	......	−*	......	......	......	......	......	......	......
Commerce:									
Minority business development	2	2	1	1	......	......	......	......	......
Promote and develop fishery products and research	......	......	......	......	......	......	......	3	4
Industrial Technology Services	......	......	......	......	......	......	......	*	*
Subtotal, Commerce	2	2	1	1	......	......	......	3	4
Total, 370	2	2	1	1	......	......	......	3	4
400 TRANSPORTATION									
Other Independent Agencies:									
WMATA	71	56	52	49	52	60	55	53	52
Transportation:									
Other Federal fund aid for highways	254	153	73	64	72	63	48	117	202
Federal-aid highways (trust fund) TF	12,434	13,785	12,414	13,665	13,196	13,854	14,124	14,884	16,835
Motor carrier safety TF	9	14	26	47	54	65	62	63	64
Other Trust fund aid for highways TF	12	12	12	23	17	37	38	53	134
Highway safety grants TF	132	147	124	127	153	152	145	140	141
Rail service assistance	34	20	19	21	14	14	*	1	3
Railroad safety	1	2	2	1	1	......	......	......	......
Local rail freight assistance	......	......	......	......	......	*	2	6	11
Conrail Commuter Transition Assistance	......	......	......	1	2	2	5	8	3
Urban mass transportation grants TF	507	633	668	696	849	879	1,054	1,268	1,291
Urban mass transportation grants	2,797	2,666	2,586	2,531	2,649	2,849	2,762	2,309	2,186
Grants for airports (Airport and airway trust fund) TF	789	853	917	825	1,135	1,220	1,541	1,672	2,072
Research, development, test, and evaluation	......	......	......	......	......	......	......	*	*
Boat safety TF	12	23	22	31	27	26	35	36	35
Research and special programs (pipeline safety and other)	4	4	4	1	......	......	......	......	......
Pipeline safety	......	......	......	2	4	4	5	6	7
Emergency preparedness grants	......	......	......	......	......	......	......	......	4
Subtotal, Transportation	16,984	18,310	16,867	18,034	18,173	19,166	19,822	20,563	22,989
Total, 400	17,055	18,366	16,919	18,083	18,225	19,225	19,878	20,616	23,041

See footnotes at end of table.

Table 12.3—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued**

(in millions of dollars)

	1985	1986	1987	1988	1989	1990	1991	1992	1993 estimate
450 COMMUNITY AND REGIONAL DEVELOPMENT									
Agriculture:									
Emergency community water assistance grants	....	....	....	....	....	....	1	4	11
Rural development grants	....	....	*	1	3	7	15	14	19
Rural water and waste disposal grants	176	178	157	136	126	132	125	153	212
Rural community fire protection grants	3	3	3	3	3	3	3	4	3
Rural development planning grants	1	1	....	....	....	....	....	....	....
Rural development insurance fund program account	....	....	....	....	....	....	....	9	48
Rural development loan fund liquidating account	....	....	....	2	3	2	2	1	2
Subtotal, Agriculture	180	182	160	142	134	144	146	184	295
Commerce:									
Economic development assistance programs	263	253	205	211	184	160	153	141	214
Local public works and drought assistance programs	2	2	1	*	–*	*	–*	....	....
Regional development programs	10	*	*	*	*	*	....	....	....
Regional development commissions TF	*	–*	*	....	–*	–*	–*	....	....
Subtotal, Commerce	275	255	205	211	183	160	153	141	214
Housing and Urban Development:									
Subsidized housing programs	15	142	166	180	271	....	....	....	....
Other assisted housing programs	....	....	....	....	....	239	88	13	64
Planning assistance	–*	....	....	....	....	....	....	....	....
Community development grants	3,817	3,326	2,967	3,050	2,948	2,818	2,976	3,090	3,150
Urban development action grants	497	461	354	216	242	209	128	52	50
Rental rehabilitation grants	....	....	....	....	4	37	80	....	....
Supp. assist. for facilities for the homeless	....	....	....	3	6	3	4	3	5
Urban renewal programs	28	13	....	....	....	....	....	....	....
Miscellaneous appropriations	–*	–*	–*	....	....	....	....	....	....
Public facilities (including Model cities, water and sewers)	....	....	7	109	8	–1	2	121	79
New community assistance grants	1	*	....	*	....	....	....	....	....
Subtotal, Housing and Urban Development	4,357	3,941	3,494	3,557	3,480	3,304	3,278	3,279	3,348
Interior:									
Operation of Indian programs (Area and regional development)	16	11	8	24	21	20	17	58	65
Pmt to White Earth econ. dev. and tribal govt funds	....	....	7	*	....	....	....	....	....
Indian direct loan program account	....	....	....	....	....	....	....	2	2
Indian guaranteed loan program account	....	....	....	....	....	....	....	1	11
Subtotal, Interior	16	11	14	24	21	20	17	60	78
Other Independent Agencies:									
Appalachian regional development programs	198	154	141	141	104	124	157	125	124
Community investment program	....	....	....	....	....	....	....	....	202
FEMA: Disaster assistance	17	10	9	9	9	11	15	15	17
FEMA: Disaster relief	163	288	193	164	123	1,173	482	606	2,019
FEMA: National insurance development fund	....	2	....	....	....	....	....	....	....
Payment to the Neighborhood Reinvestment Corporation	16	18	19	19	19	27	26	28	30
Subtotal, Other Independent Agencies	393	472	361	333	256	1,335	679	773	2,392
Total, 450	5,221	4,861	4,235	4,266	4,074	4,965	4,273	4,437	6,328

See footnotes at end of table.

Table 12.3—TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued

(in millions of dollars)

	1985	1986	1987	1988	1989	1990	1991	1992	1993 estimate
500 EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES									
Commerce:									
Job opportunities program	*	*	*	*	*	...	...	...	...
Endowment for children's educational television	...	...	...	...	...	...	...	*	*
Public telecommunications facilities, planning and construction	19	18	22	20	18	23	20	22	19
Subtotal, Commerce	19	18	22	20	18	23	20	22	19
Defense—Civil:									
Payment to the Henry M. Jackson Foundation	...	...	10	...	...	...	...	...	...
Education:									
Indian education	78	59	37	18	60	63	59	63	71
Impact aid	629	678	695	694	735	799	747	785	836
Chicago litigation settlement	...	...	...	*	6	10	10	13	17
Compensatory education for the disadvantaged	4,194	3,392	3,199	4,016	4,165	4,437	5,193	6,129	6,853
School improvement programs	479	575	785	384	846	1,080	1,243	1,361	1,572
Bilingual and Immigrant Education	111	98	103	130	132	152	148	160	184
Education for the handicapped	928	1,596	1,159	1,355	1,771	1,485	2,006	2,067	2,522
Rehabilitation services and handicapped research	733	1,198	1,280	1,409	1,490	1,623	1,751	1,835	2,028
Special institutions for the handicapped	4	3	6	5	7	6	8	5	8
Promotion of education for the blind TF	*	–*	*	*	*	*	...	...	...
Vocational and adult education	633	1,008	1,225	1,261	824	1,287	1,038	1,020	1,234
Higher education (including college housing loans)	6	*	15	21	21	25	19	23	23
Higher education facilities loans	8	6	...	...	...	...	...	...	...
Libraries	79	98	122	94	131	127	132	190	150
Education research, statistics and improvement	...	...	...	...	...	...	...	4	29
*** Student financial assistance	76	82	66	68	68	73	60	73	89
Subtotal, Education	7,960	8,794	8,693	9,454	10,256	11,167	12,414	13,728	15,615
Health and Human Services—except social security:									
Community services block grant	372	350	361	408	383	351	420	442	447
Interim assistance to States for legalization	...	...	...	9	321	544	825	501	355
Payments to States for AFDC work programs	274	227	137	90	86	265	546	594	833
Social Services Block Grant	2,743	2,671	2,688	2,666	2,671	2,749	2,822	2,708	2,845
ACF services programs	1,807	1,831	1,771	1,997	2,571	2,267	2,920	3,621	3,900
Pmts to State for foster care/adoption assistance	738	794	783	988	1,338	1,579	2,120	2,505	2,946
*** Aging services programs	...	...	...	...	...	...	...	...	574
Subtotal, Health and Human Services—except social security	5,934	5,873	5,740	6,159	7,369	7,754	9,654	10,372	11,899
Interior:									
Indian education	2	22	23	...	...	...	...	41	43
Labor:									
Temporary employment assistance	–18	...	...	...	...	...	...	...	...
Training and employment services	2,775	3,019	2,929	2,958	3,020	3,042	2,985	3,388	3,500
Community service employment for older Americans	70	71	68	62	68	76	79	88	81
State unemployment insurance and employment services	–27	25	38	29	–22	23	–25	–38	24
Federal unemployment benefits and allowances	...	...	...	...	17	3	51	65	71
Unemployment trust fund TF	918	932	901	950	995	1,009	1,045	1,023	1,098
Subtotal, Labor	3,719	4,046	3,936	3,998	4,078	4,152	4,135	4,526	4,773
Other Independent Agencies:									
Community services program	–1	–2	–3	–*	–1	–1	...	...	...
Public broadcasting fund	150	160	200	214	228	229	299	327	319
National Endowments for the Arts: grants	30	36	31	32	33	30	38	37	46
Institute of Museum Services	5	6	5	5	5	5	6	7	6
Subtotal, Other Independent Agencies	184	199	234	251	266	264	342	371	370
Total, 500	17,817	18,953	18,657	19,882	21,987	23,359	26,566	29,060	32,719

See footnotes at end of table.

Table 12.3—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued**

(in millions of dollars)

	1985	1986	1987	1988	1989	1990	1991	1992	1993 estimate
550 HEALTH									
Agriculture:									
Food safety and inspection	33	33	34	35	36	36	38	39	39
Health and Human Services—except social security:									
Disease control (Preventive health)	162	164	182	213	230	299	281	343	447
Health activities funds	...	...	...	27	3	...	...	...	...
*** Health Resources and Services	1,037	1,078	1,128	1,079	1,085	1,141	1,112	1,359	1,488
*** Alcohol, drug abuse, and mental health (homeless)	501	494	622	720	666	1,241	1,744	1,778	1,936
*** Grants to States for Medicaid	22,655	24,995	27,435	30,462	34,604	41,103	52,533	67,827	80,511
Subtotal, Health and Human Services—except social security	24,356	26,731	29,368	32,500	36,588	43,784	55,670	71,307	84,382
Labor:									
Occupational and mine safety	62	59	65	51	55	70	75	70	68
Total, 550	24,451	26,823	29,466	32,586	36,679	43,890	55,783	71,416	84,488
600 INCOME SECURITY									
Agriculture:									
Supervisory and Technical Assistance Grants	...	...	...	...	...	...	...	...	*
*** Funds for strengthening markets, income, and supply	467	351	381	373	445	368	439	572	475
*** Rural housing for domestic farm labor	3	17	9	7	12	8	13	18	13
*** Mutual and self-help housing	8	7	6	7	7	8	...	...	...
*** Rural housing preservation grants	...	...	10	19	19	20	10	10	11
*** Special milk program	15	15	15	18	18	18	19	19	20
*** Food donations programs for selected groups	167	183	188	194	229	245	243	244	267
*** Food stamp program	886	968	1,107	1,113	1,167	1,199	1,406	1,611	1,586
*** Supplemental feeding programs (WIC and CSFP)	1,538	1,613	1,701	1,850	1,993	2,194	2,349	2,637	2,927
*** State child nutrition payments	3,464	3,663	3,907	4,141	4,437	4,853	5,399	5,974	6,618
*** Nutrition assistance for Puerto Rico	825	824	852	880	908	931	965	996	1,043
Subtotal, Agriculture	7,372	7,642	8,178	8,601	9,237	9,844	10,843	12,080	12,960
Health and Human Services—except social security:									
Program administration	...	6	3	10	4	4	...	...	...
Family support payments to States	577	...	...	...	...	...	...	...	...
Payments to States from receipts for child support	*	*	*	*	*	*	*	*	*
*** Family support payments to States	8,592	9,877	10,540	10,764	11,166	12,246	13,520	15,103	15,865
*** Low income home energy assistance	2,139	2,046	1,829	1,585	1,393	1,314	1,742	1,142	1,040
*** Refugee and Entrant Assistance	420	422	374	312	370	391	228	304	198
*** Child care block grant	...	...	...	...	...	...	...	...	412
Subtotal, Health and Human Services—except social security	11,728	12,351	12,746	12,672	12,933	13,956	15,490	16,550	17,516
Housing and Urban Development:									
Section 8 moderate rehab. single room occupancy	...	...	...	...	...	...	*	1	20
Home Block Grant	...	...	...	...	...	...	...	3	276
*** Subsidized housing programs	5,197	5,221	4,588	5,880	6,154	7,212	7,767	8,602	8,418
*** Congregate services	5	4	4	5	5	5	4	5	6
*** Asst. for the renewal of expiring sect. 8 contracts	...	...	...	...	...	3	240	1,093	2,376
*** HOPE grants	...	...	...	...	...	...	...	...	79
*** Payments for operation of low income housing	1,205	1,181	1,388	1,489	1,519	1,759	2,004	2,162	2,406
*** Drug elimination grants for low-income housing	...	...	...	...	...	...	*	37	210
*** Low-rent public housing—loans and other expenses	...	1,012	1,393	1,210	773	458	313	207	173
*** Emergency shelter grants program	...	...	2	23	42	46	60	71	70
*** Transitional housing program	...	...	...	11	22	33	56	69	85
*** Rental Housing Assistance for the Homeless	...	...	...	...	...	...	...	...	10
Subtotal, Housing and Urban Development	6,407	7,418	7,375	8,618	8,515	9,516	10,444	12,251	14,130
Labor:									
Unemployment trust fund (administrative expenses) TF	1,576	1,570	1,560	1,610	1,714	1,742	1,954	2,488	2,536
Subtotal, Labor	1,576	1,570	1,560	1,610	1,714	1,742	1,954	2,488	2,536
Other Independent Agencies:									
*** Emergency food and shelter program	69	89	114	120	125	132	133	135	129
Total, 600	27,153	29,070	29,972	31,620	32,523	35,189	38,864	43,504	47,271

See footnotes at end of table.

Table 12.3—**TOTAL OUTLAYS FOR GRANTS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION, AGENCY, AND PROGRAM: 1940–1993—Continued**

(in millions of dollars)

	1985	1986	1987	1988	1989	1990	1991	1992	1993 estimate
700 VETERANS BENEFITS AND SERVICES									
Veterans Affairs:									
Medical administration and misc. operating expenses	5	4	....	....	....	....	....	....	....
Assistance for health manpower training institutions	2	1	*	–*	*	....	....	....	....
Grants for the construction of State veterans cemeteries	1	4	1	*	2	3	3	9	6
*** Medical care	63	65	67	78	83	92	99	114	129
*** Grants for construction of State care facilities	20	17	26	28	41	38	39	41	60
Total, 700	91	90	95	106	127	134	141	164	195
750 ADMINISTRATION OF JUSTICE									
Housing and Urban Development:									
Fair housing activities	5	5	6	8	7	5	11	12	7
Justice:									
Weed and seed program	....	....	....	....	....	....	....	....	9
Assets forfeiture fund	....	17	47	77	156	177	267	200	240
National Institute of Corrections	6	7	3	3	3	3	3	3	3
Justice assistance	64	89	148	239	235	244	397	505	654
Crime Victims Fund	....	11	49	58	76	85	105	141	129
Subtotal, Justice	69	124	248	377	469	508	772	849	1,034
Other Independent Agencies:									
Equal Employment Opportunity Commission	20	21	20	20	20	20	24	24	25
State Justice Institute	....	....	*	3	8	10	13	11	12
Subtotal, Other Independent Agencies	20	21	20	23	28	30	38	35	37
Treasury:									
Department of the Treasury forfeiture fund	....	....	....	....	....	....	....	....	110
Payments to the Government of Puerto Rico	....	....	8	8	....	....	....	....	....
Customs forfeiture fund	....	5	6	11	17	30	119	92	....
Subtotal, Treasury	....	5	14	19	17	30	119	92	110
Total, 750	95	155	288	427	520	574	940	987	1,188
800 GENERAL GOVERNMENT									
Agriculture:									
Forest Service: shared revenues	236	399	303	305	362	369	330	338	345
Defense—Civil:									
Corps of Engineers: shared revenues	7	7	7	5	5	6	7	6	6
Energy:									
Payments to States under Federal Power Act	1	*	1	2	2	2	3	2	3
Interior:									
Payments in lieu of taxes	103	100	105	103	104	103	100	101	104
Miscellaneous shared revenues	146	31	89	86	128	231	95	144	107
Payments to States from Mineral Leasing Act receipts	539	423	375	396	432	451	480	432	426
Administration of territories	76	77	52	70	69	78	69	72	76
Trust Territory of the Pacific Islands	106	93	38	35	46	38	22	29	24
Payments to the U.S. territories, fiscal assistance	53	78	71	71	80	74	64	90	81
Subtotal, Interior	1,023	802	731	762	860	976	830	869	819
Other Independent Agencies:									
Commission on national and community service S&E	....	....	....	....	....	....	....	3	144
Federal payment to the District of Columbia	548	530	560	550	538	578	671	691	698
Subtotal, Other Independent Agencies	548	530	560	550	538	578	671	694	842
Treasury:									
General revenue sharing trust fund TF	4,584	5,114	76	–*	*	....	....	....	....
Internal revenue collections for Puerto Rico	336	205	225	210	308	277	272	271	271
Customs: Miscellaneous shared revenues	105	100	97	116	129	101	111	93	115
Subtotal, Treasury	5,024	5,420	398	326	437	378	383	364	386
Total, 800	6,838	7,159	2,000	1,950	2,204	2,309	2,224	2,272	2,401
Total, outlays for grants	105,897	112,379	108,446	115,382	121,976	135,377	154,570	178,315	203,674

* $500 thousand or less. All data in this table are Federal funds, unless noted as being trust funds (TF). All grants that are also payments for individuals are identified by a triple asterisk (***) preceding the title.

Table 13.1—CASH INCOME, OUTGO, AND BALANCES OF THE SOCIAL SECURITY AND MEDICAL TRUST FUNDS: 1936–1993

(in millions of dollars)

	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945
Old age and survivors insurance fund:										
Cash income:										
Social insurance taxes and contributions	...	265	387	503	550	688	896	1,130	1,292	1,310
Intragovernmental receipts:										
Employer share, employee retirement (952)	...	...	...	...	...	...	...	...	...	...
Interest (903)	...	2	15	27	42	56	71	87	103	124
Other	...	...	...	...	...	...	...	...	...	...
Total intragovernmental receipts	...	2	15	27	42	56	71	87	103	124
Other cash income	...	...	...	...	...	...	...	...	...	...
Total cash income	...	267	402	530	592	744	967	1,218	1,395	1,434
Cash outgo:										
Benefit payments	...	*	5	14	16	64	110	149	185	240
Payments to the railroad retirement account	...	...	...	...	...	...	...	...	...	...
Interest payments	...	...	...	...	...	...	...	...	...	...
Administrative expenses	...	...	...	...	12	27	27	27	33	27
Other outgo (mainly for vocational rehabilitation)	...	...	...	...	...	...	...	...	...	...
Total cash outgo	...	*	5	14	28	91	137	177	217	267
Surplus or deficit (−)	...	267	397	516	564	653	830	1,041	1,178	1,167
Borrowing or repayment (−) of borrowing from other trust funds	...	...	...	...	...	...	...	...	...	...
Fund balance, end of year	...	267	664	1,180	1,745	2,398	3,227	4,268	5,446	6,613
Invested balance	...	267	662	1,177	1,738	2,381	3,202	4,237	5,409	6,546
Uninvested balance	...	*	2	3	7	17	26	31	38	67

See footnotes at end of table.

Table 13.1—CASH INCOME, OUTGO, AND BALANCES OF THE SOCIAL SECURITY AND MEDICAL TRUST FUNDS: 1936–1993—Continued

(in millions of dollars)

	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955
Old age and survivors insurance fund:										
Cash income:										
Social insurance taxes and contributions	1,238	1,459	1,616	1,690	2,106	3,120	3,594	4,097	4,589	5,081
Intragovernmental receipts:										
Employer share, employee retirement (952)	...	...	...	...	...	...	...	...	1	6
Interest (903)	148	163	191	230	257	287	334	387	439	438
Other	...	*	1	3	4	4	4	...	12	10
Total intragovernmental receipts	148	164	191	233	260	291	337	387	452	454
Other cash income	...	...	...	...	...	...	*	*	*	*
Total cash income	1,386	1,623	1,807	1,924	2,367	3,411	3,932	4,483	5,040	5,535
Cash outgo:										
Benefit payments	321	426	512	607	727	1,498	1,982	2,627	3,276	4,333
Payments to the railroad retirement account	...	...	...	...	...	...	...	...	...	...
Interest payments	...	...	...	...	...	...	...	...	...	...
Administrative expenses	37	41	47	53	57	70	85	89	89	103
Other outgo (mainly for vocational rehabilitation)	...	...	...	...	...	...	...	...	−*	...
Total cash outgo	358	466	559	661	784	1,569	2,067	2,717	3,364	4,436
Surplus or deficit (−)	1,028	1,157	1,248	1,263	1,583	1,843	1,864	1,766	1,677	1,098
Borrowing or repayment (−) of borrowing from other trust funds	...	...	...	...	...	...	...	...	...	...
Fund balance, end of year	7,641	8,798	10,047	11,310	12,893	14,736	16,600	18,366	20,040	21,141
Invested balance	7,549	8,742	9,937	11,231	12,645	14,323	16,273	17,818	19,337	20,580
Uninvested balance	93	56	110	79	248	413	327	549	703	560

See footnotes at end of table.

Table 13.1—CASH INCOME, OUTGO, AND BALANCES OF THE SOCIAL SECURITY AND MEDICAL TRUST FUNDS: 1936–1993—Continued

(in millions of dollars)

	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
Old age and survivors insurance fund:										
Cash income:										
Social insurance taxes and contributions	6,425	6,457	7,138	7,418	9,671	11,104	11,267	13,117	15,242	15,567
Intragovernmental receipts:										
Employer share, employee retirement (952)	18	83	130	147	171	189	203	224	260	263
Interest (903)	487	555	555	543	516	530	539	512	539	583
Other	7	5	2	*	1	1	2	2	3	3
Total intragovernmental receipts	513	644	687	690	688	720	744	738	801	849
Other cash income	*	*	*	*	*	*	*	*	*	*
Total cash income	6,938	7,101	7,825	8,109	10,360	11,824	12,011	13,856	16,043	16,417
Cash outgo:										
Benefit payments	5,361	6,515	7,875	9,049	10,270	11,185	12,658	13,845	14,579	15,226
Payments to the railroad retirement account	....	....	....	124	600	332	361	423	403	436
Interest payments	....	....	....	....	....	....	....	....	....	....
Administrative expenses	124	150	166	206	203	236	252	263	303	300
Other outgo (mainly for vocational rehabilitation)	....	....	–*	–3	–3	–22	9	1	–1	3
Total cash outgo	5,485	6,665	8,041	9,377	11,069	11,730	13,279	14,531	15,284	15,965
Surplus or deficit (–)	1,452	436	–216	–1,268	–710	94	–1,268	–675	760	452
Borrowing or repayment (–) of borrowing from other trust funds	....	....	....	....	....	....	....	....	....	....
Fund balance, end of year	22,593	23,029	22,813	21,545	20,835	20,929	19,662	18,987	19,746	20,198
Invested balance	22,041	22,263	21,765	20,478	19,756	19,553	18,456	17,633	18,325	18,783
Uninvested balance	552	766	1,048	1,066	1,079	1,376	1,206	1,354	1,421	1,415
Disability insurance trust fund:										
Cash income:										
Social insurance taxes and contributions	....	332	911	878	970	1,005	1,004	1,058	1,124	1,156
Intragovernmental receipts:										
Employer share, employee retirement (952)	....	5	15	17	17	17	18	18	19	19
Interest (903)	....	1	16	33	47	61	70	70	68	65
Other	....	....	....	....	....	....	....	....	....	....
Total interfund receipts.	....	6	31	51	64	78	88	88	87	85
Other intragovernmental receipts	....	....	....	....	27	....	....	....	....	....
Total intragovernmental receipts	....	6	31	51	91	78	88	88	87	85
Inter-trust interest (from OASI)	....	....	....	....	....	....	....	....	....	....
Other cash income	....	....	....	....	....	....	....	....	....	*
Total cash income	....	339	942	928	1,061	1,083	1,092	1,145	1,211	1,241
Cash outgo:										
Benefit payments	....	....	168	339	528	704	1,011	1,171	1,251	1,392
Payments to the railroad retirement account	....	....	....	....	....	5	11	20	19	24
Administrative expenses	....	1	12	21	32	36	66	69	70	82
Interest payments	....	....	....	....	....	....	....	....	....	....
Other outgo (mainly vocational rehabilitation)	....	....	–*	–*	*	–1	*	*	–2	*
Total cash outgo	....	1	180	360	560	745	1,089	1,259	1,339	1,498
Surplus or deficit (–)	....	337	762	568	501	338	3	–114	–128	–258
Lending (–) or repayment of loans to OASI fund	....	....	....	....	....	....	....	....	....	....
Fund balance, end of year	....	337	1,099	1,667	2,168	2,505	2,509	2,394	2,266	2,009
Invested balance	....	325	1,055	1,607	2,101	2,386	2,407	2,278	2,141	1,878
Uninvested balance	....	12	45	60	66	119	102	116	125	131

See footnotes at end of table.

Table 13.1—**CASH INCOME, OUTGO, AND BALANCES OF THE SOCIAL SECURITY AND MEDICAL TRUST FUNDS: 1936–1993—Continued**

(in millions of dollars)

	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Old age and survivors insurance fund:										
Cash income:										
Social insurance taxes and contributions	17,556	22,197	22,265	25,484	29,396	31,354	35,132	40,703	47,778	55,207
Intragovernmental receipts:										
Employer share, employee retirement (952)	310	370	397	469	559	561	579	615	677	810
Interest (903)	588	725	896	1,009	1,346	1,617	1,718	1,846	2,039	2,292
Other	7	79	78	382	442	449	488	475	442	447
Total intragovernmental receipts	905	1,174	1,371	1,859	2,347	2,627	2,785	2,936	3,157	3,549
Other cash income	*	*	4	4	3	1	*	*	*	*
Total cash income	18,461	23,371	23,641	27,348	31,746	33,982	37,916	43,639	50,935	58,756
Cash outgo:										
Benefit payments	18,071	18,886	20,737	23,732	26,267	31,101	34,541	42,170	47,849	54,839
Payments to the railroad retirement account	444	508	438	491	579	613	724	783	909	982
Interest payments	....	....	....	....	....	....	....	....	....	....
Administrative expenses	254	334	449	465	474	552	582	667	723	848
Other outgo (mainly for vocational rehabilitation)	1	1	*	2	1	2	1	3	2	8
Total cash outgo	18,770	19,729	21,624	24,690	27,320	32,268	35,848	43,623	49,483	56,676
Surplus or deficit (−)	−309	3,642	2,017	2,657	4,426	1,714	2,068	16	1,452	2,080
Borrowing or repayment (−) of borrowing from other trust funds	....	....	....	....	....	....	....	....	....	....
Fund balance, end of year	19,889	23,531	25,548	28,205	32,631	34,345	36,413	36,429	37,881	39,961
Invested balance	17,925	21,780	23,250	26,235	30,121	31,375	33,203	35,501	37,717	39,892
Uninvested balance	1,964	1,751	2,298	1,971	2,510	2,970	3,211	928	164	69
Disability insurance trust fund:										
Cash income:										
Social insurance taxes and contributions	1,530	2,204	2,651	3,469	4,063	4,490	4,775	5,381	6,147	7,250
Intragovernmental receipts:										
Employer share, employee retirement (952)	27	45	48	63	78	79	78	80	87	106
Interest (903)	54	67	83	140	221	324	388	434	482	512
Other	....	16	16	32	16	16	50	51	52	52
Total interfund receipts.	81	128	147	235	315	419	516	565	621	670
Other intragovernmental receipts	....	....	....	....	....	....	....	....	....	....
Total intragovernmental receipts	81	128	147	235	315	419	516	565	621	670
Inter-trust interest (from OASI)	....	....	....	....	....	....	....	....	....	....
Other cash income	*	*	2	1	1	1	*	*	*	....
Total cash income	1,611	2,332	2,800	3,705	4,380	4,910	5,291	5,946	6,768	7,920
Cash outgo:										
Benefit payments	1,721	1,861	2,088	2,443	2,778	3,381	4,046	5,162	6,159	7,630
Payments to the railroad retirement account	25	31	20	21	10	13	24	20	22	29
Administrative expenses	184	99	112	134	149	190	212	247	154	253
Interest payments	....	....	....	....	....	....	....	....	....	....
Other outgo (mainly vocational rehabilitation)	2	7	15	15	16	21	28	39	49	71
Total cash outgo	1,931	1,997	2,237	2,613	2,954	3,606	4,309	5,467	6,384	7,982
Surplus or deficit (−)	−321	335	564	1,092	1,426	1,305	982	479	384	−62
Lending (−) or repayment of loans to OASI fund	....	....	....	....	....	....	....	....	....	....
Fund balance, end of year	1,688	2,024	2,587	3,679	5,105	6,410	7,392	7,871	8,255	8,192
Invested balance	1,465	1,835	2,351	3,492	4,835	6,078	7,012	7,803	8,195	8,158
Uninvested balance	224	189	236	187	270	332	380	68	60	35

See footnotes at end of table.

Table 13.1—**CASH INCOME, OUTGO, AND BALANCES OF THE SOCIAL SECURITY AND MEDICAL TRUST FUNDS: 1936–1993—Continued**

(in millions of dollars)

	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Hospital insurance trust fund:										
Cash income:										
Social insurance taxes and contributions	893	2,645	3,493	4,398	4,755	4,874	5,205	7,603	10,551	11,252
Intragovernmental receipts:										
Employer share, employee retirement (951)	16	60	65	79	91	87	85	121	147	166
Interest (902)	6	46	61	96	139	183	190	198	408	614
Interest from OASI	......	......	......	......	......	......	......	......	......	......
Other	......	338	284	771	628	874	551	429	499	529
Total intragovernmental receipts	22	444	410	946	859	1,144	826	748	1,054	1,309
Other (proprietary) receipts:										
Premium income	......	......	......	......	......	......	......	......	4	6
Other (mainly proprietary interest)	......	*	*	*	*	*	*	*	*	1
Total cash income	915	3,089	3,902	5,344	5,614	6,018	6,031	8,352	11,610	12,568
Cash outgo:										
Benefit payments	......	2,508	3,736	4,654	4,804	5,442	6,108	6,648	7,806	10,353
Administrative expenses	64	89	79	104	149	149	166	193	258	256
Interest on normalized transfers	......	......	......	......	......	......	......	......	......	......
Other	......	......	......	......	*	1	1	1	1	2
Total cash outgo	64	2,597	3,815	4,758	4,953	5,592	6,276	6,842	8,065	10,612
Surplus or deficit (−)	851	492	87	586	661	426	−244	1,510	3,545	1,956
Lending (−) or repayment of loans to OASI fund	......	......	......	......	......	......	......	......	......	......
Fund balance, end of year	851	1,343	1,431	2,017	2,677	3,103	2,859	4,369	7,914	9,870
Invested balance	786	1,298	1,370	2,001	2,653	3,030	2,884	4,222	7,864	9,761
Uninvested balance	65	45	60	15	24	73	−25	146	49	109
Supplementary medical insurance trust fund:										
Cash income:										
Offsetting collections:										
Intragovernmental receipts:										
Interest (902)	......	14	21	23	12	17	29	45	76	106
Federal contributions	......	623	634	984	928	1,245	1,365	1,430	2,029	2,330
Total intragovernmental receipts	......	637	655	1,008	940	1,263	1,394	1,476	2,105	2,435
Premium income:										
From aged participants	......	647	698	903	936	1,253	1,340	1,427	1,579	1,750
From disabled participants	......	......	......	......	......	......	......	......	125	151
Total premium income	......	647	698	903	936	1,253	1,340	1,427	1,704	1,901
Other	......	*	*	*	*	*	*	*	*	......
Total cash income	......	1,284	1,353	1,911	1,876	2,516	2,734	2,902	3,809	4,336
Cash outgo:										
Benefit payments	......	664	1,390	1,645	1,979	2,035	2,255	2,391	2,874	3,765
Administrative expenses	......	134	143	195	217	248	289	246	409	404
Other (mainly health insurance experiments)	......	......	......	......	......	*	*	*	*	*
Total cash outgo	......	798	1,532	1,840	2,196	2,283	2,544	2,637	3,283	4,170
Surplus or deficit (−)	......	486	−179	71	−321	233	191	265	526	166
Fund balance at end of year	......	486	307	378	57	290	481	746	1,272	1,424
Invested balance	......	479	281	358	13	257	478	700	1,231	1,378
Uninvested balance	......	7	25	20	44	33	3	46	41	46

See footnotes at end of table.

Table 13.1—**CASH INCOME, OUTGO, AND BALANCES OF THE SOCIAL SECURITY AND MEDICAL TRUST FUNDS: 1936–1993—Continued**

(in millions of dollars)

	1976	TQ	1977	1978	1979	1980	1981	1982	1983	1984
Old age and survivors insurance fund:										
Cash income:										
Social insurance taxes and contributions	58,703	15,886	68,032	73,141	83,410	96,581	117,757	122,840	128,972	150,312
Intragovernmental receipts:										
Employer share, employee retirement (952)	852	220	863	906	948	1,027	1,259	1,406	1,534	1,852
Interest (903)	2,344	80	2,279	2,151	1,920	1,886	2,015	1,707	1,396	2,752
Other	425	...	614	613	615	557	540	675	18,683	8,400
Total intragovernmental receipts	3,621	300	3,756	3,670	3,483	3,470	3,814	3,788	21,613	13,004
Other cash income	3	*	8	*	*	*	*	*	*	*
Total cash income	62,327	16,186	71,795	76,811	86,893	100,051	121,572	126,629	150,586	163,315
Cash outgo:										
Benefit payments	62,140	16,876	71,271	78,524	87,592	100,615	119,413	134,655	148,312	155,846
Payments to the railroad retirement account	1,212	...	1,208	1,589	1,448	1,442	1,585	1,793	2,251	2,404
Interest payments	...	...	...	...	...	...	...	...	1,544	2,565
Administrative expenses	935	234	993	1,086	1,077	1,160	1,302	1,475	1,552	1,585
Other outgo (mainly for vocational rehabilitation) [1]	9	1	7	6	12	10	4	6	330	6
Total cash outgo	64,296	17,110	73,479	81,205	90,129	103,227	122,304	137,929	153,989	162,406
Surplus or deficit (−)	−1,969	−924	−1,683	−4,394	−3,236	−3,176	−733	−11,300	−3,403	909
Borrowing or repayment (−) of borrowing from other trust funds	...	...	...	...	...	...	...	...	17,519	...
Fund balance, end of year	37,992	37,068	35,384	30,990	27,754	24,578	23,845	12,545	26,661	27,570
Invested balance	37,968	37,055	35,410	30,967	27,328	23,577	23,255	11,932	25,503	27,224
Uninvested balance	25	13	−25	23	426	1,000	590	614	1,158	346
Disability insurance trust fund:										
Cash income:										
Social insurance taxes and contributions	7,686	2,130	8,786	12,250	14,584	16,628	12,418	20,626	18,348	15,763
Intragovernmental receipts:										
Employer share, employee retirement (952)	111	29	114	154	166	177	171	240	244	192
Interest (903)	468	13	372	251	305	454	273	363	449	558
Other	90	...	103	128	142	118	130	168	2,447	753
Total interfund receipts.	669	42	589	533	612	749	574	772	3,140	1,503
Other intragovernmental receipts	...	...	...	...	...	11	...	...	...	...
Total intragovernmental receipts	669	42	589	533	612	760	574	772	3,140	1,503
Inter-trust interest (from OASI)	...	...	...	...	...	...	...	...	419	546
Other cash income	*	...	*	*	*	*	*	*	*	*
Total cash income	8,355	2,172	9,374	12,784	15,196	17,388	12,992	21,398	21,907	17,812
Cash outgo:										
Benefit payments	9,222	2,555	11,135	12,214	13,428	14,899	16,853	17,399	17,588	17,735
Payments to the railroad retirement account	26	...	−*	30	30	...	29	26	28	22
Administrative expenses	266	71	378	327	402	334	402	572	659	585
Interest payments	...	...	...	...	...	...	...	...	13	77
Other outgo (mainly vocational rehabilitation)	92	27	77	84	84	99	−4	37	4	40
Total cash outgo	9,606	2,653	11,590	12,655	13,944	15,332	17,280	18,035	18,291	18,459
Surplus or deficit (−)	−1,251	−481	−2,216	128	1,252	2,057	−4,288	3,363	3,615	−647
Lending (−) or repayment of loans to OASI fund	...	...	...	...	...	...	...	...	−5,081	...
Fund balance, end of year	6,941	6,460	4,245	4,373	5,625	7,682	3,394	6,757	5,291	4,644
Invested balance	6,931	6,453	4,242	4,352	5,583	7,674	3,392	6,753	5,288	4,656
Uninvested balance	10	7	3	21	43	7	2	4	2	−12

See footnotes at end of table.

Table 13.1—**CASH INCOME, OUTGO, AND BALANCES OF THE SOCIAL SECURITY AND MEDICAL TRUST FUNDS: 1936–1993—Continued**

(in millions of dollars)

	1976	TQ	1977	1978	1979	1980	1981	1982	1983	1984
Hospital insurance trust fund:										
Cash income:										
Social insurance taxes and contributions	11,987	3,457	13,474	16,668	19,874	23,217	30,340	34,301	35,641	40,262
Intragovernmental receipts:										
Employer share, employee retirement (951) [2]	175	45	175	206	228	249	332	397	1,054	1,306
Interest (902)	716	12	771	797	883	1,061	1,325	1,873	1,656	1,686
Interest from OASI	...	...	...	...	...	...	...	...	1,028	1,337
Other	658	...	944	860	907	871	834	1,015	4,541	1,106
Total intragovernmental receipts	1,549	57	1,890	1,863	2,018	2,182	2,490	3,285	8,279	5,435
Other (proprietary) receipts:										
Premium income	8	2	11	12	17	17	21	25	26	35
Other (after 1984, mainly for kidney dialysis)	*	...	*	*	1	*	*	*	3	*
Total cash income	13,544	3,516	15,374	18,543	21,910	25,415	32,851	37,611	43,949	45,732
Cash outgo:										
Benefit payments	12,267	3,314	14,906	17,415	19,898	23,793	28,909	34,344	38,102	41,461
Administrative expenses	308	88	295	442	443	486	333	510	519	632
Interest on normalized transfers	...	...	...	...	...	...	...	...	27	187
Other	4	1	7	4	1	8	7	10	−97	15
Total cash outgo	12,579	3,404	15,207	17,862	20,343	24,288	29,248	34,864	38,551	42,295
Surplus or deficit (−)	966	112	167	681	1,567	1,127	3,603	2,747	5,398	3,437
Lending (−) or repayment of loans to OASI fund	...	...	...	...	...	...	...	...	−12,437	...
Fund balance, end of year	10,836	10,948	11,115	11,796	13,363	14,490	18,093	20,840	13,800	17,237
Invested balance	10,942	11,009	10,974	11,757	13,164	14,656	18,191	20,800	13,514	16,982
Uninvested balance	−106	−62	141	39	199	−166	−99	40	286	255
Supplementary medical insurance trust fund:										
Cash income:										
Offsetting collections:										
Intragovernmental receipts:										
Interest (902)	104	4	137	229	363	416	384	473	680	807
Federal contributions	2,939	878	5,053	6,386	6,841	6,932	8,747	13,323	14,238	16,811
Total intragovernmental receipts	3,043	882	5,190	6,614	7,204	7,347	9,132	13,796	14,918	17,618
Premium income:										
From aged participants	1,769	492	1,987	2,186	2,373	2,637	2,987	3,460	3,834	4,463
From disabled participants	168	46	206	245	263	291	332	371	393	444
Total premium income	1,937	539	2,193	2,431	2,636	2,928	3,319	3,831	4,227	4,907
Other	*	...	*	*	*	*	*	*	1	*
Total cash income	4,980	1,421	7,383	9,045	9,840	10,275	12,451	17,627	19,147	22,526
Cash outgo:										
Benefit payments	4,671	1,269	5,865	6,852	8,259	10,144	12,345	14,806	17,487	19,475
Administrative expenses	528	132	475	494	544	594	889	746	823	899
Other	1	*	2	4	1	8	7	7	6	...
Total cash outgo	5,200	1,401	6,342	7,350	8,805	10,746	13,240	15,559	18,317	20,374
Surplus or deficit (−)	−220	20	1,041	1,696	1,035	−471	−789	2,068	830	2,151
Fund balance at end of year	1,205	1,225	2,279	3,975	5,010	4,539	3,750	5,818	6,648	8,799
Invested balance	1,230	1,244	2,232	4,021	4,974	4,558	3,821	5,874	6,958	9,117
Uninvested balance	−26	−19	47	−45	36	−19	−72	−56	−310	−318

See footnotes at end of table.

Table 13.1—**CASH INCOME, OUTGO, AND BALANCES OF THE SOCIAL SECURITY AND MEDICAL TRUST FUNDS: 1936–1993—Continued**

(in millions of dollars)

	1985	1986	1987	1988	1989	1990	1991	1992	1993 estimate
Old age and survivors insurance fund:									
Cash income:									
Social insurance taxes and contributions	169,822	182,518	194,541	220,337	240,595	255,031	265,503	273,137	288,503
Intragovernmental receipts:									
Employer share, employee retirement (952)	2,288	2,608	3,011	4,000	4,432	5,038	5,242	5,508	5,884
Interest (903)	3,537	3,698	4,495	6,758	10,649	15,125	19,164	22,557	26,046
Other	6,639	7,544	5,447	5,501	5,819	4,405	5,838	5,949	5,726
Total intragovernmental receipts	12,465	13,850	12,953	16,259	20,900	24,568	30,244	34,015	37,656
Other cash income	*	*	30	*	*	*	*	*	....
Total cash income	182,287	196,368	207,525	236,596	261,495	279,599	295,747	307,152	326,159
Cash outgo:									
Benefit payments	165,422	174,364	182,055	192,541	204,648	218,957	236,120	251,317	264,802
Payments to the railroad retirement account	2,310	2,585	2,557	2,790	2,845	2,969	3,375	3,148	3,391
Interest payments	2,293	1,013	625	836	989	982	418	....	....
Administrative expenses	1,588	1,610	1,542	1,730	1,658	1,566	1,747	1,824	1,924
Military service credit adjustment	....	....	....	....	....	....	2,114	....	....
Other outgo (mainly for vocational rehabilitation)	*	....	....	–*	....	*	*	....	....
Total cash outgo	171,614	179,572	186,780	197,897	210,141	224,475	243,774	256,290	270,118
Surplus or deficit (–)	10,673	16,797	20,745	38,700	51,354	55,125	51,972	50,862	56,041
Borrowing or repayment (–) of borrowing from other trust funds	–4,634	–13,155	....	....	....	....	....	....	....
Fund balance, end of year	33,879	37,521	58,266	96,966	148,320	203,445	255,417	306,280	362,321
Invested balance	30,971	36,948	58,356	97,137	148,565	203,717	255,557	306,524	362,320
Uninvested balance	2,908	573	–89	–171	–245	–271	–140	–244	1
Disability insurance trust fund:									
Cash income:									
Social insurance taxes and contributions	16,348	17,711	18,861	21,154	23,071	26,625	28,382	29,289	30,902
Intragovernmental receipts:									
Employer share, employee retirement (952)	221	249	289	382	426	529	562	593	631
Interest (903)	580	631	795	657	745	866	1,058	1,080	976
Other	548	1,427	167	266	335	302	133	217	296
Total intragovernmental receipts	1,349	2,308	1,251	1,306	1,506	1,697	1,753	1,890	1,903
Inter-trust interest (from OASI)	365	159	....	....	....	....	....	....	....
Other cash income	*	*	3	*	....	*	*	*	....
Total cash income	18,062	20,177	20,115	22,460	24,577	28,322	30,135	31,179	32,805
Cash outgo:									
Benefit payments	18,654	19,526	20,421	21,395	22,516	24,306	26,871	30,360	33,666
Payments to the railroad retirement account	43	68	57	61	88	80	82	58	54
Administrative expenses	603	600	738	803	747	707	785	843	864
Interest payments	69	45	60	80	95	100	45	....	....
Military service credit adjustment	....	....	....	....	....	....	775	....	....
Other outgo (mainly vocational rehabilitation)	3	4	15	21	40	38	34	34	45
Total cash outgo	19,372	20,243	21,290	22,360	23,487	25,230	28,592	31,295	34,629
Surplus or deficit (–)	–1,310	–66	–1,175	100	1,090	3,091	1,543	–116	–1,824
Lending (–) or repayment of loans to OASI fund	2,540	2,541	....	....	....	....	....	....	....
Fund balance, end of year	5,874	8,349	7,174	7,273	8,364	11,455	12,998	12,881	11,057
Invested balance	5,704	8,335	7,193	7,345	8,428	11,505	13,105	12,918	11,056
Uninvested balance	170	14	–19	–72	–65	–50	–107	–36	1

See footnotes at end of table.

Table 13.1—CASH INCOME, OUTGO, AND BALANCES OF THE SOCIAL SECURITY AND MEDICAL TRUST FUNDS: 1936–1993—Continued

(in millions of dollars)

	1985	1986	1987	1988	1989	1990	1991	1992	1993 estimate
Hospital insurance trust fund:									
Cash income:									
Social insurance taxes and contributions	44,871	51,335	55,992	59,859	65,396	68,556	72,842	79,108	83,208
Intragovernmental receipts:									
Employer share, employee retirement (951)	1,449	1,604	1,700	1,884	2,007	2,153	2,205	2,324	2,402
Interest (902) [2]	2,016	2,809	3,994	5,169	6,603	7,943	8,992	10,054	10,705
Interest from OASI	1,207	383	....	....	....	....	....	....	....
Other	1,348	254	999	1,045	1,070	798	631	706	502
Total intragovernmental receipts	6,020	5,049	6,693	8,098	9,679	10,894	11,828	13,084	13,609
Other (proprietary) receipts:									
Premium income	38	40	40	42	42	113	367	484	577
Other (after 1984, mainly for kidney dialysis)	*	*	9	*	....	*	*	*	....
Total cash income	50,928	56,424	62,735	67,999	75,117	79,563	85,038	92,677	97,394
Cash outgo:									
Benefit payments	47,710	48,867	49,804	51,862	57,317	65,722	68,486	80,584	90,186
Administrative expenses	813	667	827	707	805	774	937	1,187	1,315
Interest on normalized transfers	13	....	....	....	....	....	....	....	....
Military service credit adjustment	....	....	....	....	....	....	1,100	....	....
Other	131	151	172	160	116	190	218	200	198
Total cash outgo	48,667	49,685	50,803	52,730	58,238	66,687	70,742	81,971	91,700
Surplus or deficit (–)	2,261	6,739	11,932	15,270	16,880	12,876	14,296	10,706	5,694
Transfer of CHI balances	....	....	....	....	....	....	....	....	1,772
Fund balance, end of year	21,322	38,674	50,606	65,876	82,755	95,631	109,927	120,633	128,099
Invested balance	21,176	38,340	50,779	66,078	82,689	96,249	109,327	120,647	128,098
Uninvested balance	146	334	–173	–202	66	–617	600	–13	1
Supplementary medical insurance trust fund:									
Cash income:									
Individual income taxes [3]	....	....	....	....	527	–527	....	....	....
Offsetting collections:									
Intragovernmental receipts:									
Interest (902) [3]	1,154	1,228	1,019	828	1,025	1,427	1,627	1,716	1,529
Federal contributions	17,898	18,076	20,299	25,418	30,712	33,210	34,730	38,684	43,760
Total intragovernmental receipts	19,052	19,304	21,318	26,246	31,737	34,637	36,358	40,400	45,289
Premium income:									
From aged participants	5,042	5,200	5,897	7,963	10,603	10,499	10,741	11,564	13,088
From disabled participants	482	500	582	793	945	995	1,066	1,184	1,434
Total premium income	5,524	5,699	6,480	8,756	11,548	11,494	11,807	12,748	14,522
Other [4]	–*	*	*	*	....	3	1	1	....
Total cash income	24,576	25,004	27,797	35,002	43,812	45,607	48,166	53,149	59,811
Cash outgo:									
Benefit payments	21,808	25,166	29,932	33,677	36,854	41,450	45,456	48,595	54,622
Administrative expenses [3]	923	1,051	900	1,265	1,450	1,524	1,507	1,658	1,590
Other	....	....	5	4	13	47	58	32	26
Total cash outgo	22,730	26,217	30,837	34,947	38,316	43,022	47,021	50,285	56,238
Surplus or deficit (–)	1,846	–1,214	–3,039	55	5,495	2,585	1,145	2,863	3,573
Transfer of CHI balances	....	....	....	....	....	....	....	....	–1,772
Fund balance at end of year	10,645	9,431	6,392	6,447	11,956	14,541	15,686	18,549	20,350
Invested balance	10,736	9,424	6,166	6,326	11,928	14,286	16,255	18,547	20,349
Uninvested balance	–91	7	226	121	28	255	–569	2	1

* $500 thousand or less.

Note: The medicare amounts in this table combine the transactions of the recently repealed catastrophic insurance trust funds with the supplementary medical insurance trust fund. The two medical trust fund balances also reflect the proposed transfer of catastrophic balances from the SMI trust fund to the HI trust fund in 1992.

[1] In 1983, includes $329.3 million loss on sale of securities.

[2] Starting in 1983, includes amounts from Postal Service.

[3] For 1989 and 1990, includes transactions and balances of the HI and SMI Catastrophic Insurance trust funds, which began in 1989 and were abolished in 1990.

[4] For years after 1986, receipts for kidney dialysis.

Table 14.1—**FEDERAL TRANSACTIONS IN THE NATIONAL INCOME AND PRODUCT ACCOUNTS FOR FEDERAL FISCAL YEARS: 1947–1992**

(in billions of dollars)

	1947	1948	1949	1950	1951	1952	1953	1954
Receipts								
Personal tax and nontax receipts	18.8	20.0	16.3	16.5	23.2	28.8	31.4	30.3
Corporate profits tax accruals	10.6	11.2	10.8	11.8	21.7	19.4	19.7	17.3
Indirect business tax and nontax accruals	8.0	8.0	8.2	8.3	9.5	9.8	10.8	10.4
Contributions for social insurance	6.8	5.3	5.5	5.9	7.0	7.7	8.0	8.3
Total receipts	44.1	44.5	40.7	42.5	61.5	65.6	69.9	66.3
Expenditures								
Purchases of goods and services	14.8	13.9	19.6	20.4	26.5	47.6	56.3	53.6
Defense	(10.8)	(10.3)	(13.0)	(13.0)	(21.9)	(42.0)	(49.1)	(46.0)
Nondefense	(4.1)	(3.6)	(6.6)	(7.3)	(4.7)	(5.6)	(7.2)	(7.5)
Transfer payments	10.1	11.3	13.1	15.7	11.3	11.2	11.4	12.2
Domestic ("to persons")	(8.2)	(8.7)	(8.1)	(11.3)	(8.1)	(8.5)	(9.3)	(10.5)
Foreign	(1.9)	(2.6)	(5.0)	(4.3)	(3.2)	(2.6)	(2.1)	(1.7)
Grants to State and local governments	1.5	1.8	2.1	2.4	2.4	2.5	2.8	2.9
Net interest paid	4.0	4.1	4.2	4.3	4.4	4.5	4.5	4.6
Subsidies less current surplus of government enterprises	0.7	0.4	0.7	0.8	1.2	1.0	0.7	0.6
Subsidies	(N/A)	(N/A)	(N/A)	(N/A)	(N/A)	(N/A)	(N/A)	(N/A)
Current surplus (−) or deficit	(N/A)	(N/A)	(N/A)	(N/A)	(N/A)	(N/A)	(N/A)	(N/A)
Wage disbursements less accruals	....	....	....	....	–*	–*	*	*
Total expenditures	31.1	31.6	39.7	43.6	45.8	66.6	75.7	73.9
Surplus or deficit(−), NIPA basis	13.0	12.9	1.1	−1.1	15.7	−1.0	−5.8	−7.6

N/A: Not available.
* $50 million or less.

Table 14.1—**FEDERAL TRANSACTIONS IN THE NATIONAL INCOME AND PRODUCT ACCOUNTS FOR FEDERAL FISCAL YEARS: 1947–1992—Continued**

(in billions of dollars)

	1955	1956	1957	1958	1959	1960	1961	1962
Receipts								
Personal tax and nontax receipts	29.7	33.6	36.7	36.3	38.1	42.4	43.5	47.2
Corporate profits tax accruals	18.9	21.5	20.8	17.9	21.5	22.2	20.2	22.6
Indirect business tax and nontax accruals	10.1	10.9	11.8	11.7	12.0	13.3	13.4	14.3
Contributions for social insurance	9.2	10.8	12.3	12.9	14.6	17.5	19.0	20.9
Total receipts	68.0	76.9	81.6	78.8	86.2	95.5	96.1	104.9
Expenditures								
Purchases of goods and services	46.0	46.9	49.6	52.4	56.5	55.7	57.5	62.0
Defense	(39.1)	(39.5)	(42.8)	(45.2)	(46.7)	(45.2)	(47.1)	(50.6)
Nondefense	(6.9)	(7.4)	(6.7)	(7.2)	(9.7)	(10.4)	(10.4)	(11.3)
Transfer payments	14.3	14.7	16.3	19.6	21.7	22.4	25.7	27.2
Domestic ("to persons")	(12.1)	(12.8)	(14.4)	(17.8)	(19.9)	(20.6)	(23.6)	(25.1)
Foreign	(2.1)	(1.9)	(1.9)	(1.8)	(1.8)	(1.8)	(2.1)	(2.1)
Grants to State and local governments	3.0	3.2	3.7	4.7	6.2	6.9	6.9	7.6
Net interest paid	4.6	4.8	5.3	5.4	5.6	6.8	6.4	6.4
Subsidies less current surplus of government enterprises	0.5	0.6	1.6	1.4	1.4	1.2	1.9	2.5
Subsidies	(N/A)	(N/A)	(N/A)	(N/A)	(N/A)	(1.2)	(1.6)	(2.2)
Current surplus (−) or deficit	(N/A)	(N/A)	(N/A)	(N/A)	(N/A)	(0.1)	(0.3)	(0.3)
Wage disbursements less accruals	−0.1	0.1	....	−0.3	0.3	....	....	....
Total expenditures	68.2	70.3	76.5	83.1	91.7	93.0	98.3	105.7
Surplus or deficit(−), NIPA basis	−0.3	6.6	5.1	−4.3	−5.4	2.5	−2.3	−0.8

N/A: Not available.

Table 14.1—FEDERAL TRANSACTIONS IN THE NATIONAL INCOME AND PRODUCT ACCOUNTS FOR FEDERAL FISCAL YEARS: 1947–1992—Continued

(in billions of dollars)

	1963	1964	1965	1966	1967	1968	1969	1970
Receipts								
Personal tax and nontax receipts	49.5	50.5	51.2	57.3	64.2	71.1	89.8	93.6
Corporate profits tax accruals	23.2	25.7	27.1	30.8	30.4	32.8	36.8	32.9
Indirect business tax and nontax accruals	15.1	15.7	17.0	15.6	15.9	17.3	18.8	19.4
Contributions for social insurance	23.2	25.0	26.0	30.2	37.7	40.6	46.9	52.0
Total receipts	111.0	116.8	121.4	134.0	148.2	161.9	192.4	197.9
Expenditures								
Purchases of goods and services	65.4	67.7	66.9	74.8	88.6	96.5	99.6	100.8
Defense	(51.1)	(51.5)	(49.4)	(55.7)	(68.8)	(77.0)	(78.5)	(78.2)
Nondefense	(14.3)	(16.1)	(17.5)	(19.1)	(19.8)	(19.5)	(21.1)	(22.6)
Transfer payments	28.5	29.6	30.5	34.0	39.3	44.8	50.9	57.1
Domestic ("to persons")	(26.5)	(27.4)	(28.4)	(31.8)	(37.2)	(42.9)	(48.9)	(55.3)
Foreign	(2.0)	(2.2)	(2.1)	(2.2)	(2.0)	(2.0)	(2.0)	(1.8)
Grants to State and local governments	8.3	9.8	10.9	12.7	14.8	17.8	19.2	22.6
Net interest paid	7.1	7.7	8.2	8.7	9.6	10.4	12.0	13.5
Subsidies less current surplus of government enterprises	2.5	2.6	3.0	3.3	4.6	4.0	4.4	5.2
Subsidies	(2.3)	(2.5)	(2.8)	(3.1)	(4.2)	(3.7)	(4.2)	(4.4)
Current surplus (−) or deficit	(0.3)	(0.1)	(0.2)	(0.3)	(0.5)	(0.3)	(0.2)	(0.7)
Wage disbursements less accruals	....	....	....	....	....	....	....	−0.1
Total expenditures	111.9	117.3	119.5	133.5	157.0	173.6	186.0	199.0
Surplus or deficit(−), NIPA basis	−0.9	−0.5	1.9	0.4	−8.7	−11.6	6.4	−1.0

Table 14.1—FEDERAL TRANSACTIONS IN THE NATIONAL INCOME AND PRODUCT ACCOUNTS FOR FEDERAL FISCAL YEARS: 1947–1992—Continued

(in billions of dollars)

	1971	1972	1973	1974	1975	1976	1977	1978
Receipts								
Personal tax and nontax receipts	87.5	100.1	107.1	122.3	127.1	136.5	165.2	185.5
Corporate profits tax accruals	32.0	34.3	40.4	43.5	42.3	51.7	59.8	67.4
Indirect business tax and nontax accruals	20.1	20.0	20.9	21.7	22.5	24.6	25.0	27.9
Contributions for social insurance	56.5	63.4	76.3	89.8	98.8	109.2	125.4	143.0
Total receipts	196.2	217.9	244.7	277.3	290.7	322.0	375.4	423.8
Expenditures								
Purchases of goods and services	99.9	104.4	107.4	110.6	124.4	132.6	144.7	158.1
Defense	(75.7)	(76.2)	(77.1)	(78.8)	(86.3)	(91.5)	(99.2)	(106.3)
Nondefense	(24.1)	(28.1)	(30.3)	(31.8)	(38.1)	(41.2)	(45.6)	(51.8)
Transfer payments	70.2	79.2	90.1	105.2	135.2	157.4	170.5	182.8
Domestic ("to persons")	(68.1)	(76.5)	(87.6)	(102.3)	(131.9)	(154.3)	(167.1)	(179.3)
Foreign	(2.1)	(2.6)	(2.5)	(2.9)	(3.3)	(3.1)	(3.4)	(3.5)
Grants to State and local governments	26.8	32.6	40.4	41.6	48.4	57.5	66.3	74.7
Net interest paid	14.1	14.0	15.7	19.6	21.7	25.1	28.5	33.1
Subsidies less current surplus of government enterprises	6.6	6.2	8.2	6.9	6.0	6.5	7.2	9.4
Subsidies	(5.3)	(5.3)	(7.4)	(5.4)	(4.4)	(5.0)	(6.3)	(8.9)
Current surplus (−) or deficit	(1.3)	(0.8)	(0.8)	(1.5)	(1.6)	(1.5)	(0.9)	(0.6)
Wage disbursements less accruals	0.1	....	−0.5	0.1	0.3	−0.1	−0.1	−0.1
Total expenditures	217.6	236.3	261.2	284.1	336.0	379.0	417.1	458.0
Surplus or deficit(−), NIPA basis	−21.4	−18.4	−16.5	−6.8	−45.2	−57.0	−41.7	−34.1

Table 14.1—FEDERAL TRANSACTIONS IN THE NATIONAL INCOME AND PRODUCT ACCOUNTS FOR FEDERAL FISCAL YEARS: 1947–1992—Continued

(in billions of dollars)

	1979	1980	1981	1982	1983	1984	1985
Receipts							
Personal tax and nontax receipts	221.6	249.1	287.9	308.4	290.7	300.4	337.0
Corporate profits tax accruals	75.3	70.4	69.3	51.6	56.4	75.1	75.0
Indirect business tax and nontax accruals	29.9	36.2	54.3	51.5	52.0	57.0	59.1
Contributions for social insurance	163.7	182.3	211.5	231.2	247.3	279.3	305.9
Total receipts	490.5	538.1	623.0	642.7	646.4	711.7	777.0
Expenditures							
Purchases of goods and services	174.5	201.0	232.9	259.5	289.8	302.2	335.2
Defense	(117.7)	(136.9)	(160.9)	(187.3)	(210.2)	(228.2)	(251.7)
Nondefense	(56.9)	(64.1)	(72.0)	(72.2)	(79.6)	(74.0)	(83.5)
Transfer payments	202.5	239.7	279.8	311.4	346.3	351.1	372.2
Domestic ("to persons")	(198.5)	(235.4)	(274.6)	(305.6)	(339.8)	(342.4)	(360.7)
Foreign	(4.0)	(4.3)	(5.2)	(5.8)	(6.5)	(8.7)	(11.5)
Grants to State and local governments	79.1	86.7	90.1	83.4	86.2	91.5	98.6
Net interest paid	40.2	50.1	66.1	81.8	89.6	107.5	125.2
Subsidies less current surplus of government enterprises	9.1	9.6	11.0	11.5	16.8	23.0	21.6
Subsidies	(9.6)	(9.3)	(11.7)	(13.5)	(18.2)	(24.3)	(23.3)
Current surplus (−) or deficit	(−0.5)	(0.3)	(−0.7)	(−2.0)	(−1.4)	(−1.3)	(−1.7)
Wage disbursements less accruals	*	....	−0.1	*	0.4	−0.1	0.1
Total expenditures	505.4	587.1	679.9	747.6	829.2	875.3	952.9
Surplus or deficit(−), NIPA basis	−14.9	−49.0	−56.9	−105.0	−182.8	−163.6	−175.9

* $50 million or less.

Table 14.1—FEDERAL TRANSACTIONS IN THE NATIONAL INCOME AND PRODUCT ACCOUNTS FOR FEDERAL FISCAL YEARS: 1947–1992—Continued

(in billions of dollars)

	1986	1987	1988	1989	1990	1991	1992
Receipts							
Personal tax and nontax receipts	353.1	396.3	403.8	456.9	473.2	472.1	470.1
Corporate profits tax accruals	80.4	99.4	107.6	119.2	113.8	104.4	110.5
Indirect business tax and nontax accruals	53.8	57.8	59.6	62.2	63.8	74.8	80.3
Contributions for social insurance	326.5	345.5	384.1	411.8	438.7	463.5	483.6
Total receipts	813.8	899.1	955.1	1,050.1	1,089.6	1,114.9	1,144.5
Expenditures							
Purchases of goods and services	363.7	379.9	386.3	399.4	417.6	447.1	446.5
Defense	(274.3)	(287.6)	(295.1)	(299.5)	(308.9)	(326.6)	(314.9)
Nondefense	(89.3)	(92.2)	(91.2)	(99.9)	(108.8)	(120.6)	(131.6)
Transfer payments	393.1	409.3	430.9	461.1	504.5	510.7	604.5
Domestic ("to persons")	(380.6)	(399.4)	(420.7)	(449.6)	(490.5)	(536.1)	(594.8)
Foreign	(12.5)	(9.9)	(10.2)	(11.6)	(14.0)	(−25.4)	(9.7)
Grants to State and local governments	108.3	103.4	108.4	115.8	128.3	146.9	169.2
Net interest paid	130.5	133.6	143.8	160.5	175.1	183.1	188.0
Subsidies less current surplus of government enterprises	22.1	24.9	28.9	27.6	23.9	23.1	25.1
Subsidies	(25.0)	(28.2)	(31.4)	(31.0)	(26.3)	(28.4)	(30.1)
Current surplus (−) or deficit	(−2.9)	(−3.3)	(−2.5)	(−3.4)	(−2.4)	(−5.3)	(−5.0)
Wage disbursements less accruals	....	−0.1	0.1	....	−*	*	....
Total expenditures	1,017.6	1,051.0	1,098.5	1,164.5	1,249.5	1,310.9	1,433.3
Surplus or deficit(−), NIPA basis	−203.9	−151.9	−143.3	−114.3	−159.9	−196.1	−288.8

* $50 million or less.

Table 14.2—**FEDERAL TRANSACTIONS IN THE NATIONAL INCOME AND PRODUCT ACCOUNTS AS PERCENTAGES OF GDP FOR FEDERAL FISCAL YEARS: 1960–1992**

	1947	1948	1949	1950	1951	1952	1953	1954
Receipts								
Personal tax and nontax receipts	8.4	8.1	6.2	6.2	7.4	8.5	8.6	8.2
Corporate profits tax accruals	4.7	4.5	4.1	4.4	6.9	5.7	5.4	4.7
Indirect business tax and nontax accruals	3.6	3.3	3.1	3.1	3.0	2.9	3.0	2.8
Contributions for social insurance	3.0	2.2	2.1	2.2	2.2	2.3	2.2	2.3
Total receipts	19.8	18.0	15.5	16.0	19.6	19.3	19.2	18.0
Expenditures								
Purchases of goods and services	6.7	5.6	7.5	7.7	8.5	14.0	15.5	14.6
Defense	(4.8)	(4.2)	(4.9)	(4.9)	(7.0)	(12.3)	(13.5)	(12.5)
Nondefense	(1.8)	(1.5)	(2.5)	(2.8)	(1.5)	(1.6)	(2.0)	(2.1)
Transfer payments	4.5	4.6	5.0	5.9	3.6	3.3	3.1	3.3
Domestic ("to persons)	(3.7)	(3.5)	(3.1)	(4.3)	(2.6)	(2.5)	(2.5)	(2.8)
Foreign	(0.8)	(1.1)	(1.9)	(1.6)	(1.0)	(0.8)	(0.6)	(0.5)
Grants to State and local governments	0.7	0.7	0.8	0.9	0.8	0.7	0.8	0.8
Net interest paid	1.8	1.7	1.6	1.6	1.4	1.3	1.2	1.3
Subsidies less current surplus of government enterprises	0.3	0.2	0.3	0.3	0.4	0.3	0.2	0.2
Subsidies	(N/A)	(N/A)	(N/A)	(N/A)	(N/A)	(N/A)	(N/A)	(N/A)
Current surplus (–) or deficit	(N/A)	(N/A)	(N/A)	(N/A)	(N/A)	(N/A)	(N/A)	(N/A)
Wage disbursements less accruals	....	....	....	....	–*	–*	*	*
Total expenditures	13.9	12.8	15.1	16.4	14.6	19.6	20.8	20.1
Surplus or deficit(–), NIPA basis	5.8	5.2	0.4	–0.4	5.0	–0.3	–1.6	–2.1

* 0.05 percent or less.

Table 14.2—**FEDERAL TRANSACTIONS IN THE NATIONAL INCOME AND PRODUCT ACCOUNTS AS PERCENTAGES OF GDP FOR FEDERAL FISCAL YEARS: 1960–1992—Continued**

	1955	1956	1957	1958	1959	1960	1961	1962
Receipts								
Personal tax and nontax receipts	7.7	8.1	8.4	8.1	7.9	8.4	8.4	8.5
Corporate profits tax accruals	4.9	5.2	4.8	4.0	4.5	4.4	3.9	4.1
Indirect business tax and nontax accruals	2.6	2.6	2.7	2.6	2.5	2.6	2.6	2.6
Contributions for social insurance	2.4	2.6	2.8	2.9	3.0	3.5	3.7	3.8
Total receipts	17.7	18.5	18.6	17.6	18.0	18.9	18.6	18.9
Expenditures								
Purchases of goods and services	12.0	11.3	11.3	11.7	11.8	11.0	11.1	11.2
Defense	(10.2)	(9.5)	(9.8)	(10.1)	(9.7)	(9.0)	(9.1)	(9.1)
Nondefense	(1.8)	(1.8)	(1.5)	(1.6)	(2.0)	(2.1)	(2.0)	(2.0)
Transfer payments	3.7	3.5	3.7	4.4	4.5	4.4	5.0	4.9
Domestic ("to persons)	(3.2)	(3.1)	(3.3)	(4.0)	(4.1)	(4.1)	(4.6)	(4.5)
Foreign	(0.6)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Grants to State and local governments	0.8	0.8	0.8	1.0	1.3	1.4	1.3	1.4
Net interest paid	1.2	1.1	1.2	1.2	1.2	1.3	1.2	1.2
Subsidies less current surplus of government enterprises	0.1	0.1	0.4	0.3	0.3	0.2	0.4	0.5
Subsidies	(N/A)	(N/A)	(N/A)	(N/A)	(N/A)	(0.2)	(0.3)	(0.4)
Current surplus (–) or deficit	(N/A)	(N/A)	(N/A)	(N/A)	(N/A)	(*)	(0.1)	(0.1)
Wage disbursements less accruals	–*	*	....	–0.1	0.1	....	....	....
Total expenditures	17.7	16.9	17.5	18.5	19.1	18.4	19.0	19.0
Surplus or deficit(–), NIPA basis	–0.1	1.6	1.2	–1.0	–1.1	0.5	–0.4	–0.1

* 0.05 percent or less.

Table 14.2—FEDERAL TRANSACTIONS IN THE NATIONAL INCOME AND PRODUCT ACCOUNTS AS PERCENTAGES OF GDP FOR FEDERAL FISCAL YEARS: 1960–1992—Continued

	1963	1964	1965	1966	1967	1968	1969	1970
Receipts								
Personal tax and nontax receipts	8.5	8.1	7.6	7.8	8.1	8.4	9.7	9.5
Corporate profits tax accruals	4.0	4.1	4.0	4.2	3.8	3.9	4.0	3.3
Indirect business tax and nontax accruals	2.6	2.5	2.5	2.1	2.0	2.0	2.0	2.0
Contributions for social insurance	4.0	4.0	3.9	4.1	4.8	4.8	5.1	5.3
Total receipts	19.0	18.7	18.1	18.2	18.7	19.1	20.8	20.1
Expenditures								
Purchases of goods and services	11.2	10.8	10.0	10.2	11.2	11.4	10.8	10.2
Defense	(8.7)	(8.2)	(7.4)	(7.6)	(8.7)	(9.1)	(8.5)	(7.9)
Nondefense	(2.4)	(2.6)	(2.6)	(2.6)	(2.5)	(2.3)	(2.3)	(2.3)
Transfer payments	4.9	4.7	4.5	4.6	5.0	5.3	5.5	5.8
Domestic ("to persons)	(4.5)	(4.4)	(4.2)	(4.3)	(4.7)	(5.1)	(5.3)	(5.6)
Foreign	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.2)	(0.2)	(0.2)
Grants to State and local governments	1.4	1.6	1.6	1.7	1.9	2.1	2.1	2.3
Net interest paid	1.2	1.2	1.2	1.2	1.2	1.2	1.3	1.4
Subsidies less current surplus of government enterprises	0.4	0.4	0.4	0.5	0.6	0.5	0.5	0.5
Subsidies	(0.4)	(0.4)	(0.4)	(0.4)	(0.5)	(0.4)	(0.5)	(0.4)
Current surplus (−) or deficit	(*)	(*)	(*)	(*)	(0.1)	(*)	(*)	(0.1)
Wage disbursements less accruals	....	....	....	....	....	....	....	−*
Total expenditures	19.1	18.8	17.8	18.2	19.8	20.5	20.1	20.2
Surplus or deficit(−), NIPA basis	−0.1	−0.1	0.3	0.1	−1.1	−1.4	0.7	−0.1

* 0.05 percent or less.

Table 14.2—FEDERAL TRANSACTIONS IN THE NATIONAL INCOME AND PRODUCT ACCOUNTS AS PERCENTAGES OF GDP FOR FEDERAL FISCAL YEARS: 1960–1992—Continued

	1971	1972	1973	1974	1975	1976	1977	1978
Receipts								
Personal tax and nontax receipts	8.3	8.7	8.4	8.7	8.4	8.1	8.6	8.6
Corporate profits tax accruals	3.0	3.0	3.2	3.1	2.8	3.1	3.1	3.1
Indirect business tax and nontax accruals	1.9	1.7	1.6	1.5	1.5	1.5	1.3	1.3
Contributions for social insurance	5.4	5.5	6.0	6.4	6.5	6.5	6.5	6.6
Total receipts	18.7	19.0	19.2	19.8	19.3	19.1	19.6	19.7
Expenditures								
Purchases of goods and services	9.5	9.1	8.4	7.9	8.2	7.9	7.5	7.3
Defense	(7.2)	(6.6)	(6.0)	(5.6)	(5.7)	(5.4)	(5.2)	(4.9)
Nondefense	(2.3)	(2.5)	(2.4)	(2.3)	(2.5)	(2.4)	(2.4)	(2.4)
Transfer payments	6.7	6.9	7.1	7.5	9.0	9.3	8.9	8.5
Domestic ("to persons)	(6.5)	(6.7)	(6.9)	(7.3)	(8.7)	(9.2)	(8.7)	(8.3)
Foreign	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Grants to State and local governments	2.5	2.8	3.2	3.0	3.2	3.4	3.5	3.5
Net interest paid	1.3	1.2	1.2	1.4	1.4	1.5	1.5	1.5
Subsidies less current surplus of government enterprises	0.6	0.5	0.6	0.5	0.4	0.4	0.4	0.4
Subsidies	(0.5)	(0.5)	(0.6)	(0.4)	(0.3)	(0.3)	(0.3)	(0.4)
Current surplus (−) or deficit	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(*)	(*)
Wage disbursements less accruals	*	....	−*	*	*	−*	−*	−*
Total expenditures	20.7	20.6	20.5	20.2	22.3	22.5	21.8	21.3
Surplus or deficit(−), NIPA basis	−2.0	−1.6	−1.3	−0.5	−3.0	−3.4	−2.2	−1.6

* 0.05 percent or less.

Table 14.2—FEDERAL TRANSACTIONS IN THE NATIONAL INCOME AND PRODUCT ACCOUNTS AS PERCENTAGES OF GDP FOR FEDERAL FISCAL YEARS: 1960–1992—Continued

	1979	1980	1981	1982	1983	1984	1985
Receipts							
Personal tax and nontax receipts	9.1	9.4	9.7	9.9	8.8	8.1	8.5
Corporate profits tax accruals	3.1	2.7	2.3	1.7	1.7	2.0	1.9
Indirect business tax and nontax accruals	1.2	1.4	1.8	1.6	1.6	1.5	1.5
Contributions for social insurance	6.7	6.9	7.1	7.4	7.5	7.6	7.7
Total receipts	20.2	20.4	21.0	20.6	19.5	19.3	19.6
Expenditures							
Purchases of goods and services	7.2	7.6	7.9	8.3	8.7	8.2	8.4
Defense	(4.8)	(5.2)	(5.4)	(6.0)	(6.3)	(6.2)	(6.3)
Nondefense	(2.3)	(2.4)	(2.4)	(2.3)	(2.4)	(2.0)	(2.1)
Transfer payments	8.3	9.1	9.4	10.0	10.4	9.5	9.4
Domestic ("to persons)	(8.2)	(8.9)	(9.3)	(9.8)	(10.2)	(9.3)	(9.1)
Foreign	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.3)
Grants to State and local governments	3.3	3.3	3.0	2.7	2.6	2.5	2.5
Net interest paid	1.7	1.9	2.2	2.6	2.7	2.9	3.2
Subsidies less current surplus of government enterprises	0.4	0.4	0.4	0.4	0.5	0.6	0.5
Subsidies	(0.4)	(0.4)	(0.4)	(0.4)	(0.5)	(0.7)	(0.6)
Current surplus (–) or deficit	(–*)	(*)	(–*)	(–0.1)	(–*)	(–*)	(–*)
Wage disbursements less accruals	*	....	–*	*	*	–*	*
Total expenditures	20.8	22.2	22.9	23.9	25.0	23.7	24.0
Surplus or deficit(–), NIPA basis	–0.6	–1.9	–1.9	–3.4	–5.5	–4.4	–4.4

* 0.05 percent or less.

Table 14.2—FEDERAL TRANSACTIONS IN THE NATIONAL INCOME AND PRODUCT ACCOUNTS AS PERCENTAGES OF GDP FOR FEDERAL FISCAL YEARS: 1960–1992—Continued

	1986	1987	1988	1989	1990	1991	1992
Receipts							
Personal tax and nontax receipts	8.4	8.9	8.4	8.8	8.7	8.4	8.0
Corporate profits tax accruals	1.9	2.2	2.2	2.3	2.1	1.9	1.9
Indirect business tax and nontax accruals	1.3	1.3	1.2	1.2	1.2	1.3	1.4
Contributions for social insurance	7.7	7.8	8.0	8.0	8.0	8.2	8.2
Total receipts	19.3	20.2	19.9	20.3	19.9	19.8	19.5
Expenditures							
Purchases of goods and services	8.6	8.5	8.0	7.7	7.6	7.9	7.6
Defense	(6.5)	(6.5)	(6.1)	(5.8)	(5.6)	(5.8)	(5.4)
Nondefense	(2.1)	(2.1)	(1.9)	(1.9)	(2.0)	(2.1)	(2.2)
Transfer payments	9.3	9.2	9.0	8.9	9.2	9.1	10.3
Domestic ("to persons)	(9.0)	(9.0)	(8.8)	(8.7)	(9.0)	(9.5)	(10.1)
Foreign	(0.3)	(0.2)	(0.2)	(0.2)	(0.3)	(–0.5)	(0.2)
Grants to State and local governments	2.6	2.3	2.3	2.2	2.3	2.6	2.9
Net interest paid	3.1	3.0	3.0	3.1	3.2	3.3	3.2
Subsidies less current surplus of government enterprises	0.5	0.6	0.6	0.5	0.4	0.4	0.4
Subsidies	(0.6)	(0.6)	(0.7)	(0.6)	(0.5)	(0.5)	(0.5)
Current surplus (–) or deficit	(–0.1)	(–0.1)	(–0.1)	(–0.1)	(–*)	(–0.1)	(–0.1)
Wage disbursements less accruals	....	–*	*	....	–*	*	....
Total expenditures	24.1	23.6	22.8	22.5	22.9	23.3	24.4
Surplus or deficit(–), NIPA basis	–4.8	–3.4	–3.0	–2.2	–2.9	–3.5	–4.9

* 0.05 percent or less.

Table 15.1—**TOTAL GOVERNMENT RECEIPTS IN ABSOLUTE AMOUNTS AND AS PERCENTAGES OF GDP: 1947–1992**

(dollar amounts in billions)

Fiscal Year	In Current Dollars					Addendum: Fiscal Year GDP	As Percentages of GDP		
	Total Government Receipts	Federal Government Receipts			State and Local Government Tax Receipts (NIPA Basis)		Total Government Receipts	Federal Government Receipts	State and Local Government Tax Receipts (NIPA Basis)
		Total	On-Budget	Off-Budget					
1947	51.0	38.5	37.1	1.5	12.5	222.9	22.9	17.3	5.6
1948	56.0	41.6	39.9	1.6	14.4	246.7	22.7	16.8	5.8
1949	55.5	39.4	37.7	1.7	16.0	262.7	21.1	15.0	6.1
1950	56.9	39.4	37.3	2.1	17.5	265.8	21.4	14.8	6.6
1951	71.2	51.6	48.5	3.1	19.6	313.5	22.7	16.5	6.3
1952	87.4	66.2	62.6	3.6	21.3	340.5	25.7	19.4	6.2
1953	92.8	69.6	65.5	4.1	23.2	363.8	25.5	19.1	6.4
1954	94.4	69.7	65.1	4.6	24.7	368.0	25.7	18.9	6.7
1955	91.9	65.5	60.4	5.1	26.4	384.7	23.9	17.0	6.9
1956	103.9	74.6	68.2	6.4	29.3	416.3	25.0	17.9	7.0
1957	112.1	80.0	73.2	6.8	32.1	438.3	25.6	18.3	7.3
1958	113.6	79.6	71.6	8.0	34.0	448.1	25.4	17.8	7.6
1959	116.0	79.2	71.0	8.3	36.8	480.2	24.2	16.5	7.7
1960	132.5	92.5	81.9	10.6	40.0	504.6	26.2	18.3	7.9
1961	137.7	94.4	82.3	12.1	43.4	517.0	26.6	18.3	8.4
1962	146.5	99.7	87.4	12.3	46.9	555.2	26.4	18.0	8.4
1963	156.6	106.6	92.4	14.2	50.1	584.5	26.8	18.2	8.6
1964	166.9	112.6	96.2	16.4	54.3	625.3	26.7	18.0	8.7
1965	175.3	116.8	100.1	16.7	58.4	671.0	26.1	17.4	8.7
1966	195.3	130.8	111.7	19.1	64.5	735.4	26.6	17.8	8.8
1967	218.4	148.8	124.4	24.4	69.6	793.3	27.5	18.8	8.8
1968	232.2	153.0	128.1	24.9	79.3	847.2	27.4	18.1	9.4
1969	275.5	186.9	157.9	29.0	88.6	925.7	29.8	20.2	9.6
1970	293.1	192.8	159.3	33.5	100.2	985.4	29.7	19.6	10.2
1971	295.6	187.1	151.3	35.8	108.5	1,050.9	28.1	17.8	10.3
1972	332.3	207.3	167.4	39.9	124.9	1,147.8	28.9	18.1	10.9
1973	369.0	230.8	184.7	46.1	138.2	1,274.0	29.0	18.1	10.8
1974	413.5	263.2	209.3	53.9	150.3	1,403.6	29.5	18.8	10.7
1975	442.3	279.1	216.6	62.5	163.2	1,509.8	29.3	18.5	10.8
1976	479.6	298.1	231.7	66.4	181.6	1,684.2	28.5	17.7	10.8
TQ	126.1	81.2	63.2	18.0	44.9	445.0	28.3	18.3	10.1
1977	563.9	355.6	278.7	76.8	208.3	1,917.2	29.4	18.5	10.9
1978	629.3	399.6	314.2	85.4	229.8	2,155.0	29.2	18.5	10.7
1979	706.9	463.3	365.3	98.0	243.6	2,429.5	29.1	19.1	10.0
1980	783.6	517.1	403.9	113.2	266.5	2,644.1	29.6	19.6	10.1
1981	894.1	599.3	469.1	130.2	294.8	2,964.4	30.2	20.2	9.9
1982	938.0	617.8	474.3	143.5	320.2	3,122.2	30.0	19.8	10.3
1983	947.5	600.6	453.2	147.3	346.9	3,316.5	28.6	18.1	10.5
1984	1,055.6	666.5	500.4	166.1	389.2	3,695.0	28.6	18.0	10.5
1985	1,153.1	734.1	547.9	186.2	419.1	3,967.7	29.1	18.5	10.6
1986	1,221.8	769.1	568.9	200.2	452.7	4,219.0	29.0	18.2	10.7
1987	1,339.6	854.1	640.7	213.4	485.5	4,452.4	30.1	19.2	10.9
1988	1,422.9	909.0	667.5	241.5	514.0	4,808.4	29.6	18.9	10.7
1989	1,544.8	990.7	727.0	263.7	554.1	5,173.3	29.9	19.2	10.7
1990	1,617.4	1,031.3	749.7	281.7	586.0	5,467.1	29.6	18.9	10.7
1991	1,669.3	1,054.3	760.4	293.9	615.1	5,632.6	29.6	18.7	10.9
1992	1,746.5	1,091.6	789.2	302.4	654.9	5,868.6	29.8	18.6	11.2

Table 15.2—**TOTAL GOVERNMENT EXPENDITURES: 1947–1992**

(in billions of dollars)

Fiscal Year	Total Government Expenditures	Federal Government Outlays			Addendum: Federal Grants	State and Local Government Expenditures From Own Sources (NIPA Basis)
		Total	On-Budget	Off-Budget		
1947	45.4	34.5	34.2	0.3	(1.5)	10.9
1948	43.6	29.8	29.4	0.4	(1.8)	13.9
1949	55.0	38.8	38.4	0.4	(2.1)	16.2
1950	61.3	42.6	42.0	0.5	(2.4)	18.8
1951	65.7	45.5	44.2	1.3	(2.4)	20.2
1952	89.4	67.7	66.0	1.7	(2.5)	21.7
1953	98.9	76.1	73.8	2.3	(2.8)	22.8
1954	95.9	70.9	67.9	2.9	(2.9)	25.0
1955	96.5	68.4	64.5	4.0	(3.0)	28.0
1956	100.8	70.6	65.7	5.0	(3.2)	30.1
1957	109.6	76.6	70.6	6.0	(3.7)	33.0
1958	118.4	82.4	74.9	7.5	(4.7)	36.0
1959	130.6	92.1	83.1	9.0	(6.2)	38.5
1960	131.8	92.2	81.3	10.9	(6.9)	39.6
1961	141.3	97.7	86.0	11.7	(6.9)	43.6
1962	153.7	106.8	93.3	13.5	(7.6)	46.8
1963	161.1	111.3	96.4	15.0	(8.3)	49.8
1964	172.2	118.5	102.8	15.7	(9.8)	53.7
1965	176.0	118.2	101.7	16.5	(10.9)	57.8
1966	198.4	134.5	114.8	19.7	(12.7)	63.9
1967	228.7	157.5	137.0	20.4	(14.8)	71.2
1968	256.9	178.1	155.8	22.3	(17.8)	78.8
1969	272.7	183.6	158.4	25.2	(19.2)	89.0
1970	292.2	195.6	168.0	27.6	(22.6)	96.6
1971	319.2	210.2	177.3	32.8	(26.8)	109.0
1972	347.4	230.7	193.8	36.9	(32.6)	116.8
1973	369.1	245.7	200.1	45.6	(40.4)	123.4
1974	409.1	269.4	217.3	52.1	(41.6)	139.8
1975	489.6	332.3	271.9	60.4	(48.4)	157.3
1976	546.4	371.8	302.2	69.6	(57.5)	174.6
TQ	142.7	96.0	76.6	19.4	(15.4)	46.7
1977	594.7	409.2	328.5	80.7	(66.3)	185.5
1978	655.6	458.7	369.1	89.7	(74.7)	196.9
1979	721.8	503.5	403.5	100.0	(79.1)	218.3
1980	834.2	590.9	476.6	114.3	(86.7)	243.2
1981	945.1	678.2	543.1	135.2	(90.1)	266.9
1982	1,038.9	745.8	594.4	151.4	(83.4)	293.2
1983	1,120.2	808.4	661.3	147.1	(86.2)	311.8
1984	1,185.6	851.8	686.0	165.8	(91.5)	333.8
1985	1,311.0	946.4	769.6	176.8	(98.6)	364.6
1986	1,387.3	990.3	806.8	183.5	(108.3)	396.9
1987	1,445.6	1,003.9	810.1	193.8	(103.4)	441.7
1988	1,538.5	1,064.1	861.4	202.7	(108.4)	474.3
1989	1,651.5	1,143.2	932.3	210.9	(115.8)	508.4
1990	1,806.3	1,252.7	1,027.6	225.1	(128.3)	553.6
1991	1,922.2	1,323.8	1,082.1	241.7	(146.9)	598.4
1992	2,020.3	1,381.8	1,129.5	252.3	(169.2)	638.5

Table 15.3—**TOTAL GOVERNMENT EXPENDITURES AS PERCENTAGES OF GDP: 1947–1992**

Fiscal Year	Total Government Expenditures	Federal Government Outlays			Addendum: Federal Grants	State and Local Government Expenditures From Own Sources (NIPA Basis)
		Total	On-Budget	Off-Budget		
1947	20.4	15.5	15.3	0.1	(0.7)	4.9
1948	17.7	12.1	11.9	0.1	(0.7)	5.6
1949	21.0	14.8	14.6	0.2	(0.8)	6.2
1950	23.1	16.0	15.8	0.2	(0.9)	7.1
1951	21.0	14.5	14.1	0.4	(0.8)	6.4
1952	26.3	19.9	19.4	0.5	(0.7)	6.4
1953	27.2	20.9	20.3	0.6	(0.8)	6.3
1954	26.0	19.3	18.5	0.8	(0.8)	6.8
1955	25.1	17.8	16.8	1.0	(0.8)	7.3
1956	24.2	17.0	15.8	1.2	(0.8)	7.2
1957	25.0	17.5	16.1	1.4	(0.8)	7.5
1958	26.4	18.4	16.7	1.7	(1.0)	8.0
1959	27.2	19.2	17.3	1.9	(1.3)	8.0
1960	26.1	18.3	16.1	2.2	(1.4)	7.8
1961	27.3	18.9	16.6	2.3	(1.3)	8.4
1962	27.7	19.2	16.8	2.4	(1.4)	8.4
1963	27.6	19.0	16.5	2.6	(1.4)	8.5
1964	27.5	19.0	16.4	2.5	(1.6)	8.6
1965	26.2	17.6	15.2	2.5	(1.6)	8.6
1966	27.0	18.3	15.6	2.7	(1.7)	8.7
1967	28.8	19.8	17.3	2.6	(1.9)	9.0
1968	30.3	21.0	18.4	2.6	(2.1)	9.3
1969	29.5	19.8	17.1	2.7	(2.1)	9.6
1970	29.7	19.9	17.1	2.8	(2.3)	9.8
1971	30.4	20.0	16.9	3.1	(2.5)	10.4
1972	30.3	20.1	16.9	3.2	(2.8)	10.2
1973	29.0	19.3	15.7	3.6	(3.2)	9.7
1974	29.1	19.2	15.5	3.7	(3.0)	10.0
1975	32.4	22.0	18.0	4.0	(3.2)	10.4
1976	32.4	22.1	17.9	4.1	(3.4)	10.4
TQ	32.1	21.6	17.2	4.4	(3.5)	10.5
1977	31.0	21.3	17.1	4.2	(3.5)	9.7
1978	30.4	21.3	17.1	4.2	(3.5)	9.1
1979	29.7	20.7	16.6	4.1	(3.3)	9.0
1980	31.5	22.3	18.0	4.3	(3.3)	9.2
1981	31.9	22.9	18.3	4.6	(3.0)	9.0
1982	33.3	23.9	19.0	4.8	(2.7)	9.4
1983	33.8	24.4	19.9	4.4	(2.6)	9.4
1984	32.1	23.1	18.6	4.5	(2.5)	9.0
1985	33.0	23.9	19.4	4.5	(2.5)	9.2
1986	32.9	23.5	19.1	4.3	(2.6)	9.4
1987	32.5	22.5	18.2	4.4	(2.3)	9.9
1988	32.0	22.1	17.9	4.2	(2.3)	9.9
1989	31.9	22.1	18.0	4.1	(2.2)	9.8
1990	33.0	22.9	18.8	4.1	(2.3)	10.1
1991	34.1	23.5	19.2	4.3	(2.6)	10.6
1992	34.4	23.5	19.2	4.3	(2.9)	10.9

Table 15.4—TOTAL GOVERNMENT EXPENDITURES BY MAJOR CATEGORY OF EXPENDITURE: 1947–1992

(in billions of dollars)

Fiscal Year	Total Government	Defense and International	Net Interest	Federal Payments For Individuals		Other Federal	State and Local From Own Sources (Except Net Interest)
				Social Security and Medicare	Other		
1947	45.4	18.6	4.3	0.4	8.6	2.6	10.8
1948	43.6	13.7	4.4	0.5	8.5	2.7	13.8
1949	55.0	19.2	4.6	0.6	9.5	5.0	16.1
1950	61.3	18.4	4.9	0.7	12.9	5.7	18.7
1951	65.7	27.2	4.7	1.5	8.8	3.4	20.1
1952	89.4	48.8	4.7	2.0	8.9	3.4	21.7
1953	98.9	54.9	5.2	2.6	8.3	5.1	22.8
1954	95.9	50.9	4.8	3.3	9.3	2.6	25.0
1955	96.5	45.0	4.9	4.3	10.0	4.3	27.9
1956	100.8	44.9	5.2	5.4	9.8	5.4	30.0
1957	109.6	48.6	5.4	6.5	10.5	5.6	32.9
1958	118.4	50.2	5.7	8.0	12.9	5.7	35.9
1959	130.6	52.2	5.9	9.5	13.2	11.4	38.4
1960	131.8	51.1	7.1	11.4	12.8	10.0	39.5
1961	141.3	52.8	6.8	12.2	15.3	10.7	43.5
1962	153.7	58.0	7.0	14.0	14.9	13.0	46.7
1963	161.1	58.7	7.9	15.5	15.5	13.9	49.6
1964	172.2	59.7	8.2	16.2	16.0	18.4	53.7
1965	176.0	55.9	8.4	17.1	16.0	20.6	58.0
1966	198.4	63.7	9.0	20.3	16.8	24.4	64.3
1967	228.7	77.0	9.5	24.5	18.7	27.0	72.0
1968	256.9	87.2	10.1	28.4	21.4	30.0	79.7
1969	272.7	87.1	11.7	33.0	24.2	26.6	90.1
1970	292.2	86.0	12.8	36.4	28.4	30.4	98.1
1971	319.2	83.0	13.2	42.6	38.0	31.7	110.6
1972	347.4	84.0	14.2	47.7	45.3	38.2	118.1
1973	369.1	80.8	15.3	57.2	47.5	42.8	125.5
1974	409.1	85.1	17.8	65.7	54.7	42.4	143.5
1975	489.6	93.6	18.7	77.7	76.2	61.6	161.9
1976	546.4	96.1	22.5	89.6	91.0	68.4	178.9
TQ	142.7	24.7	6.0	24.0	21.5	18.8	47.7
1977	594.7	103.6	25.6	104.5	92.5	78.7	189.8
1978	655.6	112.0	28.4	116.7	95.0	99.5	203.9
1979	721.8	123.8	30.8	130.8	103.1	103.2	230.1
1980	834.2	146.7	34.6	151.0	127.5	113.2	261.1
1981	945.1	170.6	46.3	179.1	145.5	114.2	289.4
1982	1,038.9	197.6	57.3	203.1	154.8	105.2	320.9
1983	1,120.2	221.8	59.3	224.0	172.5	100.3	342.4
1984	1,185.6	243.3	78.1	237.0	164.2	96.2	366.8
1985	1,311.0	268.9	91.9	256.1	171.2	120.7	402.2
1986	1,387.3	287.5	95.7	270.7	180.5	115.5	437.2
1987	1,445.6	293.6	97.8	285.0	186.3	100.3	482.6
1988	1,538.5	300.8	108.7	302.5	198.1	110.8	517.5
1989	1,651.5	313.1	118.9	324.4	211.6	124.7	558.7
1990	1,806.3	313.1	131.1	353.8	230.3	171.3	606.8
1991	1,922.2	289.1	145.1	380.7	269.6	189.8	647.9
1992	2,020.3	314.5	154.6	414.3	314.7	138.9	683.4

Table 15.5—**TOTAL GOVERNMENT EXPENDITURES BY MAJOR CATEGORY OF EXPENDITURE AS PERCENTAGES OF GDP: 1947–1992**

Fiscal Year	Total Government	Defense and International	Net Interest	Federal Payments For Individuals		Other Federal	State and Local From Own Sources (Except Net Interest)
				Social Security and Medicare	Other		
1947	20.4	8.3	1.9	0.2	3.9	1.2	4.8
1948	17.7	5.5	1.8	0.2	3.5	1.1	5.6
1949	21.0	7.3	1.8	0.2	3.6	1.9	6.1
1950	23.1	6.9	1.8	0.3	4.9	2.1	7.0
1951	21.0	8.7	1.5	0.5	2.8	1.1	6.4
1952	26.3	14.3	1.4	0.6	2.6	1.0	6.4
1953	27.2	15.1	1.4	0.7	2.3	1.4	6.3
1954	26.0	13.8	1.3	0.9	2.5	0.7	6.8
1955	25.1	11.7	1.3	1.1	2.6	1.1	7.3
1956	24.2	10.8	1.2	1.3	2.4	1.3	7.2
1957	25.0	11.1	1.2	1.5	2.4	1.3	7.5
1958	26.4	11.2	1.3	1.8	2.9	1.3	8.0
1959	27.2	10.9	1.2	2.0	2.8	2.4	8.0
1960	26.1	10.1	1.4	2.3	2.5	2.0	7.8
1961	27.3	10.2	1.3	2.4	3.0	2.1	8.4
1962	27.7	10.4	1.3	2.5	2.7	2.3	8.4
1963	27.6	10.0	1.3	2.6	2.7	2.4	8.5
1964	27.5	9.5	1.3	2.6	2.6	2.9	8.6
1965	26.2	8.3	1.2	2.5	2.4	3.1	8.6
1966	27.0	8.7	1.2	2.8	2.3	3.3	8.7
1967	28.8	9.7	1.2	3.1	2.4	3.4	9.1
1968	30.3	10.3	1.2	3.4	2.5	3.5	9.4
1969	29.5	9.4	1.3	3.6	2.6	2.9	9.7
1970	29.7	8.7	1.3	3.7	2.9	3.1	10.0
1971	30.4	7.9	1.3	4.1	3.6	3.0	10.5
1972	30.3	7.3	1.2	4.2	3.9	3.3	10.3
1973	29.0	6.3	1.2	4.5	3.7	3.4	9.9
1974	29.1	6.1	1.3	4.7	3.9	3.0	10.2
1975	32.4	6.2	1.2	5.1	5.0	4.1	10.7
1976	32.4	5.7	1.3	5.3	5.4	4.1	10.6
TQ	32.1	5.6	1.3	5.4	4.8	4.2	10.7
1977	31.0	5.4	1.3	5.4	4.8	4.1	9.9
1978	30.4	5.2	1.3	5.4	4.4	4.6	9.5
1979	29.7	5.1	1.3	5.4	4.2	4.2	9.5
1980	31.5	5.5	1.3	5.7	4.8	4.3	9.9
1981	31.9	5.8	1.6	6.0	4.9	3.9	9.8
1982	33.3	6.3	1.8	6.5	5.0	3.4	10.3
1983	33.8	6.7	1.8	6.8	5.2	3.0	10.3
1984	32.1	6.6	2.1	6.4	4.4	2.6	9.9
1985	33.0	6.8	2.3	6.5	4.3	3.0	10.1
1986	32.9	6.8	2.3	6.4	4.3	2.7	10.4
1987	32.5	6.6	2.2	6.4	4.2	2.3	10.8
1988	32.0	6.3	2.3	6.3	4.1	2.3	10.8
1989	31.9	6.1	2.3	6.3	4.1	2.4	10.8
1990	33.0	5.7	2.4	6.5	4.2	3.1	11.1
1991	34.1	5.1	2.6	6.8	4.8	3.4	11.5
1992	34.4	5.4	2.6	7.1	5.4	2.4	11.6

Table 15.6—**TOTAL GOVERNMENT SURPLUSES OR DEFICITS (–) IN ABSOLUTE AMOUNTS AND AS PERCENTAGES OF GDP: 1947–1992**

Fiscal Year	In Billions of Current Dollars					As Percentages of GDP		
	Total Government	Federal Government			State and Local (NIPA Basis)	Total Government	Total Federal	State and Local
		Total	On-Budget	Off-Budget				
1947	5.6	4.0	2.9	1.2	1.6	2.5	1.8	0.7
1948	12.4	11.8	10.5	1.2	0.6	5.0	4.8	0.2
1949	0.4	0.6	–0.7	1.3	–0.2	0.2	0.2	–0.1
1950	–4.4	–3.1	–4.7	1.6	–1.3	–1.7	–1.2	–0.5
1951	5.6	6.1	4.3	1.8	–0.6	1.8	1.9	–0.2
1952	–2.0	–1.5	–3.4	1.9	–0.4	–0.6	–0.4	–0.1
1953	–6.2	–6.5	–8.3	1.8	0.3	–1.7	–1.8	0.1
1954	–1.4	–1.2	–2.8	1.7	–0.3	–0.4	–0.3	–0.1
1955	–4.6	–3.0	–4.1	1.1	–1.6	–1.2	–0.8	–0.4
1956	3.2	3.9	2.5	1.5	–0.8	0.8	0.9	–0.2
1957	2.5	3.4	2.6	0.8	–0.9	0.6	0.8	–0.2
1958	–4.8	–2.8	–3.3	0.5	–2.0	–1.1	–0.6	–0.5
1959	–14.6	–12.8	–12.1	–0.7	–1.8	–3.0	–2.7	–0.4
1960	0.7	0.3	0.5	–0.2	0.4	0.1	0.1	0.1
1961	–3.6	–3.3	–3.8	0.4	–0.2	–0.7	–0.6	–*
1962	–7.1	–7.1	–5.9	–1.3	*	–1.3	–1.3	*
1963	–4.5	–4.8	–4.0	–0.8	0.3	–0.8	–0.8	*
1964	–5.3	–5.9	–6.5	0.6	0.6	–0.8	–0.9	0.1
1965	–0.7	–1.4	–1.6	0.2	0.7	–0.1	–0.2	0.1
1966	–3.1	–3.7	–3.1	–0.6	0.6	–0.4	–0.5	0.1
1967	–10.2	–8.6	–12.6	4.0	–1.6	–1.3	–1.1	–0.2
1968	–24.7	–25.2	–27.7	2.6	0.5	–2.9	–3.0	0.1
1969	2.8	3.2	–0.5	3.7	–0.4	0.3	0.4	–*
1970	0.8	–2.8	–8.7	5.9	3.7	0.1	–0.3	0.4
1971	–23.6	–23.0	–26.1	3.0	–0.5	–2.2	–2.2	–0.1
1972	–15.2	–23.4	–26.4	3.1	8.2	–1.3	–2.0	0.7
1973	–0.1	–14.9	–15.4	0.5	14.8	–*	–1.2	1.2
1974	4.4	–6.1	–8.0	1.8	10.5	0.3	–0.4	0.8
1975	–47.4	–53.2	–55.3	2.0	5.9	–3.1	–3.5	0.4
1976	–66.7	–73.7	–70.5	–3.2	7.0	–4.0	–4.4	0.4
TQ	–16.5	–14.7	–13.3	–1.4	–1.8	–3.7	–3.3	–0.4
1977	–30.8	–53.7	–49.8	–3.9	22.9	–1.6	–2.8	1.2
1978	–26.3	–59.2	–54.9	–4.3	32.9	–1.2	–2.7	1.5
1979	–14.8	–40.2	–38.2	–2.0	25.3	–0.6	–1.7	1.0
1980	–50.5	–73.8	–72.7	–1.1	23.3	–1.9	–2.8	0.9
1981	–51.1	–79.0	–74.0	–5.0	27.9	–1.7	–2.7	0.9
1982	–101.0	–128.0	–120.1	–7.9	27.0	–3.2	–4.1	0.9
1983	–172.7	–207.8	–208.0	0.2	35.1	–5.2	–6.3	1.1
1984	–130.0	–185.4	–185.7	0.3	55.4	–3.5	–5.0	1.5
1985	–157.9	–212.3	–221.7	9.4	54.4	–4.0	–5.4	1.4
1986	–165.5	–221.2	–238.0	16.7	55.8	–3.9	–5.2	1.3
1987	–106.0	–149.8	–169.3	19.6	43.8	–2.4	–3.4	1.0
1988	–115.6	–155.2	–194.0	38.8	39.6	–2.4	–3.2	0.8
1989	–106.7	–152.5	–205.2	52.8	45.8	–2.1	–2.9	0.9
1990	–189.0	–221.4	–278.0	56.6	32.4	–3.5	–4.0	0.6
1991	–252.9	–269.5	–321.7	52.2	16.7	–4.5	–4.8	0.3
1992	–273.8	–290.2	–340.3	50.1	16.4	–4.7	–4.9	0.3

*If dollars, $50 million or less. If percent, 0.05 percent or less.

APPENDICES

Appendix One.
Alternative Budget Presentations

INTRODUCTION TO ALTERNATIVE BUDGET PRESENTATIONS

The budget presentation and concepts used in most of this document are the traditional ones used in presenting a President's budget. In many respects, the concepts and presentation are legally required for a President's budget and are effective tools for Federal budgeting.

There is, however, no single "right" way of looking at Federal receipts and outlays and therefore no single "right" structure for the Federal budget. For example:

- The dividing line between the Federal Government and the private sector cannot be delineated unequivocally.
- Some Federal activities may not be quantifiable or at least not quantifiable in a way that is commensurate with budget receipts and expenditures.
- Federal finances may be presented according to alternative conceptual structures for specialized purposes other than budgeting.
- Budget data may be organized in alternative ways to view spending or receipts from complementary perspectives.
- As the Government, the economy, the political process, and the technical capability of budgeting change over time, the appropriate scope and organization of the budget may also change.

The form of the budget is therefore continually being adjusted to balance various needs: the needs of the President and the Congress in establishing priorities and controlling Federal receipts, expenditures, and borrowing; the needs of the Federal agencies for a workable system of effective program management based on legal requirements and policy guidelines; and the needs of the public, including the press and independent researchers, for information with which to judge Federal operations. The change in budgeting for credit that began in FY 1992 is a major example of such development.

The current budget structure, known as the "unified budget" or "consolidated budget," was developed in conformance with the recommendations of the President's Commission on Budget Concepts (1967). While various adaptations have occurred over the years, the Commission's report continues to provide the basic framework underlying the presentation of the Federal budget. The consolidated budget is intended to be comprehensive, encompassing the full scope of Federal programs. It includes a diverse array of activities—most unique to government but a few similar to business operations—and must accommodate extensive and sometimes inconsistent legal requirements. It is based primarily on the Government's cash receipts and outlays.

The Comptroller General, and some Members of Congress, have criticized the current budget presentation. Some, notably the General Accounting Office (GAO), believe the budget's primary focus on obligation controls and cash flows distorts decisionmaking, prejudicing investment and understating liabilities. Others decry the artificiality, even gimmickry, of certain distinctions between on-budget and off-budget, and the practice of classifying certain Federal entities (such as REFCORP) as non-budgetary Government-sponsored enterprises. On the other hand, some argue that the budget should be more like State budgets that separate activities financed by general funds from those financed by earmarked funds; and some argue that the current practice of including business-type income as an offset to outlays should be replaced by including such income in receipts and showing outlays on a gross basis.

There is no dispute that receipts and spending should be viewed in more than one way. Some standard alternatives have been used longer than the consolidated budget and were taken for granted or strongly endorsed by the President's Commission on Budget Concepts. And there is a degree of merit in many of the criticisms of the present budget. Accordingly, this appendix provides a selection of alternative budget presentations—in order to view Federal finances in different ways, display alternatives to those who have not previously considered them, allow those who criticize the conventional approach to examine the effects of alternatives, and encourage further discussion.

The alternative budget presentations are considered in the next six sections. Sections A and C present longstanding alternative ways of dividing up the budget totals that complement the normal presentation. One divides the budget between trust funds and Federal funds; the other segregates outlays for physical capital with some attention to other outlays with long-term benefits.

Sections B and D show alternative presentations that could replace the consolidated budget, rather than complement it. These presentations and the consolidated budget all contain similar information but are arranged differently. The principal difference is in their focus—that which is highlighted for decision makers and the public. The focus, in turn, may affect the incentive to make one budgetary decision rather than another. The alternative presentations are not exact but rather are approximations of each approach that illustrate the general concepts and some of the key considerations. These two presentations are:

- A proposal made by GAO in 1989, which focuses separately on operating and capital uses, on Federal, trust, and enterprise funds, and on aggregate totals. (GAO recently revised its proposal. The revised proposal divides capital uses into federally owned capital and developmental investment, defines developmental investment more broadly than physical investment, and does not include depreciation in operating uses.)
- A budget cast in the form of the State of California's budget, which, like most State budgets, focuses on individual funds rather than consolidated totals.

The two presentations are compared with each other and the consolidated budget at the end of Section D.

Section E, "A Balance Sheet Presentation," presents a new experimental design for describing the Federal Government's financial condition by an ensemble of three tables. None of the tables in this new framework, taken alone, fulfills the functions of a traditional balance sheet, but together they may permit a more balanced assessment of the Federal Government's management of the resources entrusted to it.

The final section, Section F, discusses generational accounts, which is a new method being developed by academic economists to compare the fiscal treatment of different generations over the very long-term. It is still being developed, and a number of the assumptions used to estimate the accounts are controversial. This section explains the concept, presents some illustrative results, and extends the analysis farther than was possible in the FY 1993 budget.

The budget documents for many years have included a section on the Federal sector as measured in the national income and product accounts, which are an integrated set of measures of aggregate economic activity including the gross domestic product (GDP). No separate section is published in this budgetary statement, because estimates are not available for the Federal sector in 1993 and 1994. However, historical data are published in Part Five, "Historical Tables," section 14, and the concept is explained below.

Federal Sector in National Income and Product Accounts

The National Income and Product Accounts (NIPAs) are an integrated set of measures of aggregate economic activity that are prepared by the Department of Commerce. One of the many purposes of the NIPAs is to measure the Nation's total current production of goods and services, known as gross domestic product (GDP), and the incomes generated in its production. Because the NIPAs are widely used in economic analysis, it is important to show the NIPA presentation of Federal transactions. The Federal sector of the NIPAs is particularly important in analyzing fiscal policy.

GDP is the sum of the net products of the household, business, government, and foreign sectors. Federal transactions are included in the NIPAs as part of the government sector. 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. Rather, it is an accounting translation of the budget to meet specialized and important needs, chiefly the measurement of the impact of Federal receipts, outlays, and deficit on the national economy.

GDP is a measure of final output, which therefore excludes intermediate product to avoid double counting. Government purchases of goods and services are included in GDP as part of final output, together with personal consumption expenditures, gross private domestic investment, and net exports of goods and services. Other Federal expenditures—transfer payments, grants to State and local governments, subsidies, and net interest payments—are not part of final output. Rather, they are transfers of income to others, whose consumption, investment, purchases, or transactions with foreigners are part of final output. An entire set of receipt and expenditure transactions of the Federal Government is prepared as one sector of the NIPAs. However, when the accounts for all the sectors are consolidated into a summary account for the Nation as a whole, transfer payments, grants, subsidies, and net interest expenditures are canceled out by the receipt of those payments as income in other sectors. This leaves only purchases to be included in final output.

Differences between the NIPAs and the budget.—Federal transactions in the NIPAs are measured according to NIPA accounting rules in order to be compatible with the purposes of the NIPAs and other transactions recorded in the NIPAs. As a result the Federal sector in the NIPAs differs from the budget in coverage, timing, and netting. These differences cause total receipts and expenditures to differ between the NIPAs and the budget. Differences in coverage and timing also cause the deficit to differ. Netting differences have the same effect on both receipts and expenditures and thus have no effect on the deficit. Besides these differences in the sector totals, the NIPAs combine transactions into different categories from those used in the budget.

The budget and the NIPAs have a number of coverage differences. Financial transactions such as loans, loan repayments, loan asset sales, and loan guarantees are excluded from the NIPAs on the grounds that such transactions are an exchange of assets with no production involved. In contrast, the budget records loans obligated through 1991 as outlays when disbursed and as offsets to outlays when repaid or sold. For direct loan obligations and loan guarantee commitments made after 1991, the budget records the estimated subsidy cost of the direct loan or loan guarantee when the direct loan or guaranteed loan is disbursed. The nonsubsidized cash flows are recorded in nonbudgetary accounts as a means of financing the budget deficit rather than as budgetary transactions themselves. This treatment recognizes that part of a Federal direct loan is an exchange of assets with equal value but that part is normally a subsidy to the borrower. It also recognizes the subsidy normally granted by loan guarantees. In the NIPAs, neither the subsidies nor the loan transactions are included. However, the NIPAs include all interest transactions with the public, including interest paid to the financing accounts.

Deposit insurance outlays for resolving failed banks and thrift institutions are similarly excluded from the NIPAs on the grounds that there are no offsetting current income flows from these transactions. In recent years, this exclusion has been the largest difference between the NIPAs and the budget and has resulted in NIPA deficits that have been significantly less than the consolidated budget deficits.

There are other coverage differences. The NIPAs include off-budget Federal entities and exclude transactions with U.S. territories. The NIPAs also exclude the proceeds from the sales of assets such as land. Bonuses paid on Outer Continental Shelf oil leases are shown as offsetting receipts in the budget and are deducted from budget outlays. In the NIPAs these transactions are excluded as an exchange of assets.

Timing differences occur for receipts because the NIPAs generally record personal taxes and social insurance contributions when they are paid and business taxes when they are accrued, while the budget records all receipts when they are received. The principal timing difference between NIPA expenditures and budget outlays occurs because purchases are recorded on a delivery basis in the NIPAs, but when cash is disbursed in the budget. This difference can be large for major defense purchases because progress payments are recorded as outlays in the budget, whereas the NIPAs do not record expenditures until delivery is made. The NIPAs count work in progress as part of business inventories until delivery is made to the Government.

Netting differences arise when the budget records certain transactions as offsets to outlays while the NIPAs record them as receipts (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. Any intragovernmental income from one account to another is offset against outlays rather than being recorded as a receipt. Government contributions for employee retirement are one example. The budget offsets these payments against outlays. On the other hand, the NIPAs treat the Federal Government as any other employer and show contributions for employee social insurance as expenditures by the employing agencies and receipts to the appropriate social insurance funds. The NIPAs also include certain imputations that the budget does not. For example, unemployment benefits for Federal employees are financed by direct appropriations rather than social insurance contributions. The NIPAs impute social insurance contributions by employing agencies to finance these benefits.

The budget also offsets against outlays any income that arises from voluntary business-type transactions with the public. The budget classifies Medicare Part B premiums as business-type transactions, whereas the NIPAs record them as receipts.

Federal sector receipts and expenditures.—Receipts in the NIPAs are categorized in four categories that are similar to those used in the budget: personal tax and non-tax receipts, corporate profits tax accruals, indirect business tax and non-tax accruals, and contributions for social insurance.

Expenditures in the NIPAs are categorized in six categories that are very different from the budget categories: purchases of goods and services, transfer payments, grants-in-aid to State and local governments, net interest paid, subsidies less current surplus of government enterprises, and wage accruals less disbursements.

Purchases of goods and services include all the goods and services purchased by the Federal Government, including employee compensation. This category is divided into defense and non-defense components. Purchases is the only category of Federal expenditures that is included directly in GDP.

Transfer payments are the largest expenditure category. Domestic transfer payments are mainly for income security programs, social security, and medicare. Foreign transfer payments include grants to foreign governments and payments under social security and similar programs to individuals living abroad.

Grants-in-aid to State and local governments are designed to help finance a range of programs including income security and infrastructure.

Net interest paid is the interest paid by the Government on its borrowing, less interest received on its lending.

Subsidies less current surplus of Government enterprises consist of two elements: (1) subsidy payments for resident businesses (including farms); and (2) the current surplus (or deficit) of "Government enterprises," such as the Postal Service, which are business-type operations of Government that usually appear in the budget as public enterprise revolving funds.

Wage disbursements less accruals is an adjustment that is necessary when wages are earned in a different period than they are paid.

A. TRUST FUNDS AND FEDERAL FUNDS PRESENTATION

The budget consists of two major groups of funds: Federal funds and trust funds.

The Federal funds group comprises the larger part of the budget and includes all transactions not classified by law as being in trust funds. The main component of the Federal funds group is the general fund, which is used for the general purposes of Government rather than being restricted by law to a specific program. It consists of all receipts not earmarked by law to finance other funds, including virtually all income taxes and many excise taxes, and all outlays financed by these receipts and by general Treasury borrowing.

The Federal funds group also includes special funds and revolving funds. Special funds are financed by earmarked receipts. Where the law requires that Federal fund receipts from a specified source be earmarked to finance a particular program, such as the license fees deposited into the land and water conservation fund, the receipts and associated outlays are recorded in special fund receipt and expenditure accounts. As a general rule, special fund receipts must be appropriated before they can be obligated and payments made.

Revolving funds conduct continuing cycles of business-like activity. They charge for the sale of products or services and use the proceeds to finance their spending. The proceeds are recorded as offsets (reductions) to spending within the fund that makes the expenditure. These collections generally are available automatically for obligation. There are two classes of revolving funds. Public enterprise funds, such as the Postal Service, conduct business-like operations mainly with the public. Intragovernmental funds, such as the Federal Buildings Fund, conduct business-like operations mainly within and between Government agencies.

Trust funds consist primarily of funds that are designated by law as trust funds. They are usually financed by earmarked receipts. The larger trust funds finance social insurance and other payments for individuals, such as social security, medicare, Federal employees retirement, and unemployment compensation. Other major trust funds finance highway construction and airport and airway development. Trust funds also include a few small funds established to carry out the stipulations of trust agreements where the Government is the fiduciary.

The Federal budget meaning of the term "trust" differs significantly from its private sector meaning. In the private sector, the beneficiary owns the trust's assets, and the assets are managed by trustees who act in a fiduciary capacity on behalf of the beneficiary. In contrast, the Federal Government owns the assets of most Federal trust funds, and it can raise or lower future trust fund collections and payments by enacting changes to existing law.

A trust fund must use its receipts for the purposes designated by law, but it is not required to spend them all in the same period they are collected. A surplus of receipts over outlays adds to the trust fund's balances that are available to finance future expenditures. The balances are generally invested, by law, in Treasury debt securities. Any net cash inflow from the public to the trust funds decreases the Treasury's need to borrow from the public in order to finance the Federal funds deficit.

Income and Outgo by Fund Group

Table A-1 shows income, outgo, and surplus or deficit by fund group. The estimates are based on the baseline data discussed in Chapter 4. Income consists mostly of governmental receipts (primarily taxes). It also includes proprietary receipts (derived from business-like transactions with the public) and interfund collections (receipts by one fund of payments from a fund in the other fund group) that are deposited in receipt accounts. Outgo consists of payments made to the public and interfund payments.

Income and outgo exclude transactions between funds within the same fund group. These intrafund transactions must be subtracted when the income and outgo for all funds within a fund group are added together, so that the totals for each fund group record only transactions with the public or with the other fund group. Income also excludes collections that are offset, by law, against the outlays of an expenditure account. Instead, such collections offset (reduce) outgo of the receiving fund group. For example, the Federal Employees Health Benefits (FEHB) Fund collects health insurance premiums paid by Federal agencies. These are recorded as offsets to outlays within the FEHB account, thereby reducing FEHB outgo. It would be correct conceptually to include these as income, but the total amount of such collections is not tabulated separately at present.

Table A-1 also shows offsetting receipts, which must be deducted from the sum of Federal fund and trust fund income and the sum of Federal fund and trust fund outgo in order to derive consolidated budget receipts and outlays. Receipts resulting from voluntary business-like transactions with the public are income for a fund group if they are not offset by law against

Table A–1. RECEIPTS, OUTLAYS, AND SURPLUS OR DEFICIT BY FUND GROUP

(In billions of dollars)

	1992 actual	Estimate 1993	1994	1995	1996	1997	1998
Receipts:							
Federal funds income:							
From the public	672.3	700.9	751.3	799.6	843.0	877.9	929.0
From trust funds:.							
Interest	0.6	0.6	0.6	0.7	0.8	0.9	0.9
Other	3.0	3.2	3.4	3.5	3.6	3.8	3.9
Total, Federal funds income	675.9	704.7	755.3	803.8	847.4	882.6	933.8
Trust funds income:							
From the public	465.9	490.8	527.3	556.0	587.0	614.8	648.5
From Federal funds:							
Interest	77.8	82.1	87.7	94.4	101.5	108.4	116.0
Other	119.7	130.7	127.6	136.6	148.4	164.8	181.4
Total, Trust funds income	663.4	703.6	742.6	787.1	836.8	888.0	945.8
Offsetting receipts	–247.7	–260.8	–267.6	–285.2	–305.8	–330.9	–356.2
Total, consolidated budget receipts	1,091.6	1,147.6	1,230.3	1,305.6	1,378.5	1,439.7	1,523.4
Outlays:							
Federal funds outgo	1,062.1	1,131.8	1,154.5	1,185.4	1,222.9	1,297.6	1,369.2
Trust funds outgo	567.4	603.9	635.8	677.8	727.6	778.0	830.3
Offsetting receipts	–247.7	–260.8	–267.6	–285.2	–305.8	–330.9	–356.2
Total, consolidated budget outlays	1,381.8	1,474.9	1,522.7	1,578.0	1,644.8	1,744.7	1,843.2
Surplus or deficit (–):							
Federal funds	–386.2	–427.1	–399.2	–381.6	–375.5	–415.0	–435.4
Trust funds	96.0	99.7	106.8	109.2	109.2	110.0	115.6
Total, consolidated surplus/deficit	–290.2	–327.3	–292.4	–272.4	–266.4	–305.0	–319.8

Receipts includes governmental, interfund, and proprietary receipts. They exclude intrafund receipts, which are offset against intrafund payments so that income from and outgo to entities outside the fund group are not overstated.

the outlays of an expenditure account. However they are offset against outgo in deriving outlays for the consolidated budget. In this way, consolidated budget receipts measure only the amount of collections raised by the Government in its sovereign capacity; similarly, consolidated budget outlays measure only the amount of resources allocated by the Government in a non-market capacity.

Receipts resulting from transactions between fund groups also constitute income for a fund group, but they are offset against interfund payments in the consolidated budget. In this way, consolidated budget receipts and outlays record only the Government's net transactions with the public.

Contribution to the Federal Deficit

Much attention has focused recently on trust fund surpluses, Federal fund deficits, and the contribution of each to the consolidated deficit. Over the past three decades, growing trust fund surpluses have offset a major part of the large and growing Federal fund deficits. As shown in the bottom of Table A–1, this pattern is expected to continue for several years. It has led to the charge that the consolidated deficit is solely a Federal funds problem.

A different picture emerges if the analysis excludes transactions between fund groups. The consolidated budget deficit measures the Government's net transactions with the public. In contrast, the surplus or deficit for each fund group includes the effect of its transactions with the other fund group (interfund transactions) as well as its transactions with the public. Interfund transactions affect the bottom line of both fund groups, but they have no net impact on the consolidated deficit. For example, Federal fund payments to trust funds increase both the Federal fund deficit and the trust fund surplus, but the increase in one is offset by the increase in the other, and the consolidated deficit is unchanged. If interfund transactions are excluded, the trust fund surplus becomes a deficit and the Federal funds deficit becomes much smaller.

In 1992, for example, the trust fund surplus amounted to $96 billion, and the Federal fund deficit was $386 billion. Both figures include the effects of $194 billion of net payments from Federal funds to trust funds. On the basis of transactions with the public, the trust fund group experienced a $98 billion deficit, and the Federal fund deficit was $192 billion. These amounts are converging over time. By 1996 payments to the public by each fund group are expected to exceed their collections from the public by roughly $130 billion. On this basis, both fund groups can be said to be contributing to the consolidated deficit.

However, transactions with the public may not be the best basis for identifying the source of the consolidated deficit. This is because many interfund payments appropriately allocate the costs of Federal activities to the fund group that incurs and controls the costs. These costs should be financed by each fund group's receipts. To the extent they are not, the deficit ultimately is higher. Including these interfund payments therefore may provide a more reasonable measure of the contribution of each fund group to the overall deficit.

Payments by the Government to the various Federal employee trust funds for retirement and other benefits earned by Federal employees fall into this category. These payments by the Government as an employer allow total employee compensation to be charged to the Federal fund programs that employ Federal workers, or to the general fund. The costs of these benefits do not show up as payments to the public for many years, and the eventual payments to the public are recorded as trust fund outlays. But since the eventual payments result from commitments made in the course of carrying out past Federal fund activities, their impact on the consolidated deficit should be attributed to the Federal funds group. The interfund payments made currently for these purposes are a reasonable, though imperfect, measure of the amount that could be attributed to Federal funds. In 1992, interfund payments for Federal employee retirement alone were almost $67 billion.

Interest payments on trust fund investments in Treasury debt are another example of interfund payments that appropriately allocate costs and thus the responsibility for the consolidated deficit. These are the largest interfund payments, comprising about two-fifths of the total. In 1992 trust fund net interest income was $77 billion, and it is expected to grow to $115 billion by 1998. These payments add equally to the trust fund surplus and the Federal fund deficit. As shown in the top of table A-2, by 1998 the trust fund surplus is eliminated if interfund interest transactions are excluded, and the Federal fund deficit is reduced substantially.

These interest payments are appropriate charges for the borrowing of accumulated trust fund surpluses to finance Federal fund expenditures. The Federal funds borrow from the trust funds to finance current expenditures, and the trust funds are paid interest in recognition of the time value of money to both the borrower and the lender. If permitted by law, the trust fund surpluses could have been invested outside the Government. In that case, the Federal funds would have borrowed more from the public. Trust fund interest collections from the public would have been higher, as would Federal fund interest payments to the public. As a result, both the trust funds surplus and the Federal funds deficit would have been greater than current amounts, measured on the basis of transactions with the public. But it would not mean that trust funds were any less responsible—or Federal funds more responsible—for the consolidated deficit.

There are other interfund payments that appropriately allocate costs and therefore should also be included in assigning responsibility for the consolidated deficit. On the other hand, Federal law sometimes requires interfund payments to be made by a fund group that does not incur or control the costs. Because fund accounting reflects these legal requirements, some interfund payments do not indicate the ultimate responsibility for Federal spending and the deficit. Instead, they cause the impact on the deficit of the fund group making the payment to be overstated and the impact of the fund group receiving the payment to be understated.

The principal payment of this type is the general fund payment to the Federal Supplementary Medical Insurance (SMI) Trust Fund. This payment was about $39 billion in 1992, and it funded about three-quarters of SMI expenditures. Unlike Federal fund payments to trust funds for employee retirement and for interest,

Table A-2. SURPLUS OR DEFICIT BY FUND GROUP

(In billions of dollars)

	1992 actual	Estimate					
		1993	1994	1995	1996	1997	1998
Surplus or deficit (−) excluding interest:							
Federal funds	−309.0	−345.6	−312.1	−287.9	−274.8	−307.5	−320.3
Trust funds	18.8	18.2	19.7	15.5	8.4	2.5	0.5
Net interfund interest receipts/payments (−):							
Federal funds	−77.2	−81.5	−87.1	−93.8	−100.7	−107.5	−115.1
Trust funds	77.2	81.5	87.1	93.8	100.7	107.5	115.1
Surplus or deficit (−) including interest:							
Federal funds	−386.2	−427.1	−399.2	−381.6	−375.5	−415.0	−435.4
Trust funds	96.0	99.7	106.8	109.2	109.2	110.0	115.6

these are not payments for services provided by the SMI trust fund to Federal funds. Instead, they are Federal fund subsidies that finance the bulk of the trust fund's spending. Therefore, the effect of SMI expenditures on the consolidated deficit should be attributed to the trust funds group. The budget, instead, shows most of the impact as an addition to the Federal funds deficit.

Fund group income and outgo could be adjusted for these anomalies. However, even though the trust funds would still have a very large surplus after the adjustment, they would not be absolved from any responsibility for the consolidated deficit. Both Federal fund and trust fund expenditures have to be financed by the same revenue source—the American people. Over the past three decades, total receipts have been, on average, between 18 and 19 percent of gross domestic product. If this is the politically acceptable level of total Federal taxes, then total spending must be kept to that level in order to avoid a deficit. The spending restraint could be applied to Federal fund programs. Conversely, trust fund spending could be reduced. The latter could not only balance the consolidated budget, it would make it possible to reduce the Federal funds deficit by reducing trust fund receipts and raising Federal fund receipts without exceeding the politically acceptable limit on total taxes. In that sense, both fund groups are responsible for the consolidated deficit.

Income, Outgo, and Balances of Trust Funds

Table A–3 shows the trust funds balance at the start of each year, income and outgo during the year, and the end of year balance. Income and outgo are divided between transactions with the public and transactions with Federal funds. Receipts from Federal funds are divided between interest and other interfund receipts.

The trust funds group is expected to have large and growing surpluses over the projection period. As a consequence, trust fund balances will grow substantially, as they have over the past decade. The size of the anticipated balances is unprecedented, and it results mainly from relatively recent changes in the way some trust funds are financed.

Until the 1980s, most trust funds operated on a pay-as-you-go basis. Taxes and user fees were set at levels high enough to finance benefits and administrative expenses and to maintain prudent reserves, generally defined as being equal to one year's expenditures. As a result, trust fund balances tended to grow at about the same rate as their annual expenditures.

Pay-as-you-go financing was replaced in the 1980s by full or partial accrual funding for some of the larger trust funds. In order to partially prefund the "baby-boomers" social security benefits, the Social Security

Table A–3. INCOME, OUTGO, AND BALANCES OF TRUST FUNDS GROUP

(In billions of dollars)

	1992 actual	Estimate					
		1993	1994	1995	1996	1997	1998
Balance, start of year	876.1	973.2	1,072.9	1,179.7	1,289.0	1,398.1	1,508.1
Income:							
Governmental receipts	438.6	460.9	495.3	521.9	551.6	578.4	611.4
Proprietary receipts	27.3	29.9	32.0	34.1	35.3	36.5	37.1
Receipts from Federal funds:							
Interest	77.8	82.1	87.7	94.4	101.5	108.4	116.0
Other	119.7	130.7	127.6	136.6	148.4	164.8	181.4
Subtotal, income	663.4	703.6	742.6	787.1	836.8	888.0	945.8
Outgo:							
To the public	563.8	600.0	631.8	673.7	723.2	773.3	825.4
Payments to Federal funds	3.6	3.9	4.0	4.2	4.4	4.7	4.8
Subtotal, outgo	567.4	603.9	635.8	677.8	727.6	778.0	830.3
Change in fund balance:							
Surplus or deficit (–):							
Excluding interest	18.2	17.6	19.2	14.9	7.8	1.7	-0.3
Interest	77.8	82.0	87.7	94.3	101.4	108.3	115.9
Subtotal, surplus or deficit	96.0	99.7	106.8	109.2	109.2	110.0	115.6
Adjustments:							
Transfers/lapses (net)	0.7	–*	....	....	....	....	....
Other adjustments	0.4	–*	....	....	....	....	....
Total, change in fund balance	97.1	99.7	106.8	109.2	109.2	110.0	115.6
Balance, end of year	973.2	1,072.9	1,179.7	1,289.0	1,398.1	1,508.1	1,623.7

*$50 million or less.

Amendments of 1983 raised payroll taxes above the levels necessary to finance current expenditures. In 1985 a new system was set up to finance military retirement benefits on a full accrual basis. In 1986 full accrual funding of retirement benefits was mandated for Federal civilian employees hired after December 31, 1983. The latter two changes require Federal agencies to make annual payments to the Federal employees' retirement trust funds in an amount equal to the present value of the retirement benefits earned by employees in that year. Since these trust funds will not pay retirement benefits to current employees for many years, they will accumulate substantial balances over time.

Primarily because of these changes, but also because of the impact of real growth and inflation, trust fund balances grew from $205 billion at the end of 1982 to $973 billion at the end of 1992. The balances are expected to grow to $1.6 trillion by the end of 1998. Almost all of these balances are invested in Treasury debt. They earn interest, and they effectively represent the value, in current dollars, of taxes and user fees that have been paid in advance for future benefits and services.

In an accounting sense, these balances are available to finance future benefit payments and other trust fund expenditures. However, from an economic standpoint, the Government is not able to prefund benefits merely by accumulating trust fund balances. That can be accomplished only by simultaneously running trust fund surpluses and reducing the consolidated deficit below what it would otherwise have been by the amount of the trust fund surplus. This would reduce Federal borrowing by the amount of the trust funds surplus, which, in turn, would increase the amount of savings available to finance investments. If the additional investment increased the rate of productivity growth, future incomes and wealth would be expanded. As a result, when the trust funds draw down their investments in Treasury debt to pay future benefits, the burden on future workers of redeeming this debt would be reduced.

The fact of growing balances over the five-year budget horizon should not be interpreted to mean that all trust funds are financially sound. For example, the balances of the Medicare Hospital Insurance trust fund are expected to be depleted by the end of the decade unless current policy is changed. The long-term financial condition of some of the major trust funds is discussed more fully in other chapters, including Chapter 10 (Trust Fund Projections with Alternative Assumptions) and Chapter 11 (Hidden Liabilities Requiring Policy Correction). Estimates of income, outgo, and balances for 1992 through 1998 for the major trust funds are shown in Table A–4.

Table A–4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS

(In billions of dollars)

	1992 actual	Estimate					
		1993	1994	1995	1996	1997	1998
Airport and airway trust funds							
Balance, start of year	15.3	15.2	13.1	13.0	13.0	13.2	13.7
Income:							
Governmental receipts	4.6	3.4	5.7	6.2	6.8	7.3	7.9
Proprietary receipts	....	....	....	....	....	....	....
Interfund receipts:							
Interest	1.3	1.1	0.8	0.8	0.8	0.8	0.8
Other	....	....	....	....	....	....	....
Intrafund receipts	....	....	....	....	....	....	....
Subtotal, income	5.9	4.5	6.6	7.0	7.5	8.1	8.7
Outgo:							
To the public	6.0	6.6	6.7	7.0	7.3	7.6	7.9
Intrabudgetary payments	....	....	....	....	....	....	....
Subtotal, outgo	6.0	6.6	6.7	7.0	7.3	7.6	7.9
Change in fund balance:							
Surplus or deficit (–):							
Excluding interest	–1.3	–3.2	–1.0	–0.8	–0.6	–0.3	....
Interest	1.3	1.1	0.8	0.8	0.8	0.8	0.8
Subtotal, surplus or deficit (–)	–0.1	–2.1	–0.1	....	0.2	0.5	0.8
Adjustments:							
Transfers/lapses (net)	....	....	....	....	....	....	....
Other adjustments	....	....	....	....	....	....	....
Total, change in fund balance	....	–2.1	–0.1	....	0.2	0.5	0.8
Balance, end of year	15.2	13.1	13.0	13.0	13.2	13.7	14.5

Table A-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	1992 actual	Estimate 1993	1994	1995	1996	1997	1998
Federal employees retirement funds							
Balance, start of year	264.1	290.6	318.9	348.4	379.4	409.3	439.4
Income:							
Governmental receipts	4.8	4.8	4.8	4.8	4.9	4.9	4.9
Proprietary receipts	....	....	....	....	....	....	....
Interfund receipts:							
Interest	24.3	25.6	27.0	28.5	30.2	31.6	33.1
Other	31.5	33.0	34.3	35.9	36.9	38.4	40.2
Intrafund receipts	....	....	....	....	....	....	....
Subtotal, income	60.6	63.3	66.1	69.3	71.9	74.9	78.2
Outgo:							
To the public	34.1	35.1	36.6	38.2	42.0	44.8	47.0
Intrabudgetary payments	....	....	....	....	....	....	....
Subtotal, outgo	34.1	35.1	36.6	38.2	42.0	44.8	47.0
Change in fund balance:							
Surplus or deficit (−):							
Excluding interest	2.2	2.7	2.5	2.5	−0.3	−1.5	−1.9
Interest	24.3	25.6	27.0	28.5	30.2	31.6	33.1
Subtotal, surplus or deficit (−)	26.5	28.2	29.5	31.1	29.9	30.1	31.2
Adjustments:							
Transfers/lapses (net)	....	....	....	....	....	....	....
Other adjustments	....	....	....	....	....	....	....
Total, change in fund balance	26.5	28.2	29.5	31.1	29.9	30.1	31.2
Balance, end of year	290.6	318.9	348.4	379.4	409.3	439.4	470.6
Foreign military sales trust fund							
Balance, start of year	6.8	6.5	6.4	6.1	5.6	5.3	5.3
Income:							
Governmental receipts	....	....	....	....	....	....	....
Proprietary receipts	12.2	12.7	12.8	12.4	12.1	12.0	11.4
Interfund receipts:							
Interest	....	....	....	....	....	....	....
Other	....	....	....	....	....	....	....
Intrafund receipts	....	....	....	....	....	....	....
Subtotal, income	12.2	12.7	12.8	12.4	12.1	12.0	11.4
Outgo:							
To the public	12.4	12.8	13.1	12.8	12.4	11.9	11.4
Intrabudgetary payments	....	....	....	....	....	....	....
Subtotal, outgo	12.4	12.8	13.1	12.8	12.4	11.9	11.4
Change in fund balance:							
Surplus or deficit (−):							
Excluding interest	−0.3	−0.1	−0.3	−0.5	−0.3	....	....
Interest	....	....	....	....	....	....	....
Subtotal, surplus or deficit (−)	−0.3	−0.1	−0.3	−0.5	−0.3	....	....
Adjustments:							
Transfers/lapses (net)	....	....	....	....	....	....	....
Other adjustments	....	....	....	....	....	....	....
Total, change in fund balance	−0.3	−0.1	−0.3	−0.5	−0.3	....	....
Balance, end of year	6.5	6.4	6.1	5.6	5.3	5.3	5.3

Table A-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	1992 actual	Estimate					
		1993	1994	1995	1996	1997	1998
Federal old-age, surv. & disab. ins. trust funds							
Balance, start of year	267.8	318.5	372.7	437.5	509.1	590.6	680.2
Income:							
Governmental receipts	302.4	319.4	341.9	361.3	384.3	405.5	430.6
Proprietary receipts	....	....	....	....	....	....	....
Interfund receipts:							
Interest	23.6	27.0	30.4	34.8	39.8	45.6	52.4
Other	12.3	12.5	13.6	14.5	15.4	16.4	17.5
Intrafund receipts	....	....	....	....	....	....	....
Subtotal, income	338.3	359.0	385.9	410.6	439.5	467.6	500.6
Outgo:							
To the public	284.1	301.0	317.2	334.8	353.6	373.3	394.1
Intrabudgetary payments	3.5	3.8	4.0	4.1	4.3	4.5	4.7
Subtotal, outgo	287.6	304.7	321.2	339.0	358.0	377.9	398.8
Change in fund balance:							
Surplus or deficit (−):							
Excluding interest	27.1	27.2	34.3	36.8	41.7	44.0	49.4
Interest	23.6	27.0	30.4	34.8	39.8	45.6	52.4
Subtotal, surplus or deficit (−)	50.7	54.2	64.7	71.6	81.5	89.7	101.8
Adjustments:							
Transfers/lapses (net)	....	....	....	....	....	....	....
Other adjustments	....	....	....	....	....	....	....
Total, change in fund balance	50.7	54.2	64.7	71.6	81.5	89.7	101.8
Balance, end of year	318.5	372.7	437.5	509.1	590.6	680.2	782.1
Medicare: HI trust fund							
Balance, start of year	109.9	120.6	128.1	128.3	121.1	105.3	80.5
Income:							
Governmental receipts	79.1	83.2	89.2	94.3	100.2	105.7	112.3
Proprietary receipts	0.5	0.6	0.7	0.8	0.9	0.9	1.0
Interfund receipts:							
Interest	10.1	10.7	11.0	10.7	9.8	8.1	5.7
Other	3.0	2.9	3.1	3.1	3.1	3.2	3.4
Intrafund receipts	....	....	....	....	....	....	....
Subtotal, income	92.7	97.4	104.0	108.8	114.0	118.0	122.4
Outgo:							
To the public	82.0	91.7	103.8	116.1	129.8	142.8	155.9
Intrabudgetary payments	....	....	....	....	....	....	....
Subtotal, outgo	82.0	91.7	103.8	116.1	129.8	142.8	155.9
Change in fund balance:							
Surplus or deficit (−):							
Excluding interest	0.7	−5.0	−10.8	−17.9	−25.6	−32.9	−39.2
Interest	10.1	10.7	11.0	10.7	9.8	8.1	5.7
Subtotal, surplus or deficit (−)	10.7	5.7	0.2	−7.2	−15.8	−24.8	−33.5
Adjustments:							
Transfers/lapses (net)	....	1.8	....	....	....	....	....
Other adjustments	....	....	....	....	....	....	....
Total, change in fund balance	10.7	7.5	0.2	−7.2	−15.8	−24.8	−33.5
Balance, end of year	120.6	128.1	128.3	121.1	105.3	80.5	47.0

Table A–4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	1992 actual	Estimate					
		1993	1994	1995	1996	1997	1998
Medicare: SMI trust fund							
Balance, start of year	15.7	18.5	20.3	19.3	17.5	15.7	16.4
Income:							
Governmental receipts	....	....	....	....	....	....	....
Proprietary receipts	12.7	14.5	16.7	19.0	20.3	21.3	22.3
Interfund receipts:							
Interest	1.7	1.5	1.5	1.4	1.2	1.0	1.1
Other	38.7	43.8	45.2	51.0	60.0	72.7	85.0
Intrafund receipts	....	....	....	....	....	....	....
Subtotal, income	53.1	59.8	63.4	71.3	81.5	95.1	108.5
Outgo:							
To the public	50.3	56.2	64.3	73.2	83.2	94.4	106.9
Intrabudgetary payments	....	....	....	....	....	....	....
Subtotal, outgo	50.3	56.2	64.3	73.2	83.2	94.4	106.9
Change in fund balance:							
Surplus or deficit (–):							
Excluding interest	1.1	2.0	–2.5	–3.2	–2.9	–0.4	0.4
Interest	1.7	1.5	1.5	1.4	1.2	1.0	1.1
Subtotal, surplus or deficit (–)	2.9	3.6	–1.0	–1.9	–1.7	0.6	1.6
Adjustments:							
Transfers/lapses (net)	....	–1.8	....	....	....	....	....
Other adjustments	....	....	....	....	....	....	....
Total, change in fund balance	2.9	1.8	–1.0	–1.9	–1.7	0.6	1.6
Balance, end of year	18.5	20.3	19.3	17.5	15.7	16.4	17.9
Highway trust funds							
Balance, start of year	20.4	22.0	21.1	19.9	18.2	16.0	13.0
Income:							
Governmental receipts	16.7	17.8	18.1	18.2	18.4	18.7	19.0
Proprietary receipts	....	....	....	....	....	....	....
Interfund receipts:							
Interest	1.7	1.5	1.2	1.1	1.0	0.9	0.7
Other	....	....	....	....	....	....	....
Intrafund receipts	....	....	....	....	....	....	....
Subtotal, Income	18.4	19.3	19.3	19.3	19.4	19.6	19.7
Outgo:							
To the public	16.8	20.1	20.6	20.9	21.6	22.6	23.4
Intrabudgetary payments	....	....	....	....	....	....	....
Subtotal, Outgo	16.8	20.1	20.6	20.9	21.6	22.6	23.4
Change in fund balance:							
Surplus or deficit:							
Excluding interest	–0.1	–2.3	–2.5	–2.7	–3.2	–3.9	–4.3
Interest	1.7	1.5	1.2	1.1	1.0	0.9	0.7
Subtotal, surplus or deficit	1.6	–0.8	–1.3	–1.6	–2.2	–3.0	–3.6
Adjustments:							
Transfers/lapses (net)	–0.5	....	....	....	....	....	....
Other adjustments	0.5	....	....	....	....	....	....
Total, Change in fund balance	1.6	–0.9	–1.3	–1.6	–2.2	–3.0	–3.6
Balance, End of Year	22.0	21.1	19.9	18.2	16.0	13.0	9.4

Table A-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	1992 actual	Estimate 1993	1994	1995	1996	1997	1998
Military retirement fund							
Balance, start of year	76.2	88.2	98.4	108.8	119.8	131.6	144.3
Income:							
Governmental receipts	....	....	....	....	....	....	....
Proprietary receipts	....	....	....	....	....	....	....
Interfund receipts:							
Interest	9.0	10.0	11.1	12.3	13.7	15.1	16.6
Other	27.5	25.8	26.2	26.8	27.6	28.5	29.6
Intrafund receipts	....	....	....	....	....	....	....
Subtotal, income	36.5	35.8	37.3	39.1	41.3	43.6	46.3
Outgo:							
To the public	24.5	25.6	26.8	28.1	29.5	30.9	32.3
Intrabudgetary payments	....	....	....	....	....	....	....
Subtotal, outgo	24.5	25.6	26.8	28.1	29.5	30.9	32.3
Change in fund balance:							
Surplus or deficit (−):							
Excluding interest	3.0	0.2	−0.6	−1.4	−1.9	−2.4	−2.6
Interest	9.0	10.0	11.1	12.3	13.7	15.1	16.6
Subtotal, surplus or deficit (−)	12.0	10.2	10.5	11.0	11.8	12.7	14.0
Adjustments:							
Transfers/lapses (net)	....	....	....	....	....	....	....
Other adjustments	....	....	....	....	....	....	....
Total, change in fund balance	12.0	10.2	10.5	11.0	11.8	12.7	14.0
Balance, end of year	88.2	98.4	108.8	119.8	131.6	144.3	158.3
Railroad retirement trust funds							
Balance, start of year	10.7	12.8	13.3	13.8	14.2	14.5	14.8
Income:							
Governmental receipts	4.0	3.8	3.8	3.8	3.7	3.7	3.7
Proprietary receipts	....	....	....	....	....	....	....
Interfund receipts:							
Interest	1.1	0.9	0.9	0.9	0.9	1.0	1.0
Other	3.2	3.1	3.2	3.4	3.5	3.6	3.7
Intrafund receipts	3.2	3.4	3.7	3.8	4.0	4.1	4.2
Subtotal, income	11.4	11.3	11.6	11.9	12.1	12.4	12.6
Outgo:							
To the public	10.2	10.6	10.8	11.2	11.5	11.8	12.0
Intrabudgetary payments	3.0	3.2	3.3	3.4	3.6	3.8	3.9
Subtotal, outgo	13.2	13.7	14.1	14.6	15.1	15.5	15.9
Change in fund balance:							
Surplus or deficit (−):							
Excluding interest	....	−0.5	−0.4	−0.5	−0.6	−0.7	−0.7
Interest	1.1	0.9	0.9	0.9	0.9	1.0	1.0
Subtotal, surplus or deficit (−)	1.0	0.5	0.5	0.4	0.3	0.3	0.3
Adjustments:							
Transfers/lapses (net)	1.2	....	....	....	....	....	....
Other adjustments	−0.1	....	....	....	....	....	....
Total, change in fund balance	2.1	0.5	0.5	0.4	0.3	0.3	0.3
Balance, end of year	12.8	13.3	13.8	14.2	14.5	14.8	15.1

Table A-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

	1992 actual	Estimate					
		1993	1994	1995	1996	1997	1998
Unemployment trust fund							
Balance, start of year	47.8	35.7	33.1	35.3	39.1	42.5	44.5
Income:							
Governmental receipts	23.3	24.6	27.9	29.3	29.9	29.2	29.4
Proprietary receipts	0.1	0.1	0.2	0.2	0.3	0.4	0.4
Interfund receipts:							
Interest	3.6	2.2	2.0	2.1	2.3	2.4	2.6
Other	2.2	7.7	0.9	0.6	0.6	0.6	0.6
Intrafund receipts	.....	.....	.....	.....	.....	.....	.....
Subtotal, income	29.2	34.6	31.0	32.3	33.1	32.6	33.0
Outgo:							
To the public	41.3	37.2	28.8	28.5	29.7	30.6	31.8
Intrabudgetary payments	.....	.....	.....	.....	.....	.....	.....
Subtotal, outgo	41.3	37.2	28.8	28.5	29.7	30.6	31.8
Change in fund balance:							
Surplus or deficit (−):							
Excluding interest	−15.7	−4.8	0.2	1.7	1.1	−0.4	−1.4
Interest	3.6	2.2	2.0	2.1	2.3	2.4	2.6
Subtotal, surplus or deficit (−)	−12.0	−2.6	2.2	3.8	3.4	2.0	1.2
Adjustments:							
Transfers/lapses (net)	.....	.....	.....	.....	.....	.....	.....
Other adjustments	.....	.....	.....	.....	.....	.....	.....
Total, change in fund balance	−12.1	−2.6	2.2	3.8	3.4	2.0	1.2
Balance, end of year	35.7	33.1	35.3	39.1	42.5	44.5	45.7
Veterans life insurance trust funds							
Balance, start of year	12.7	12.9	13.2	13.4	13.6	13.8	13.9
Income:							
Governmental receipts	.....	.....	.....	.....	.....	.....	.....
Proprietary receipts	0.4	0.4	0.3	0.3	0.3	0.3	0.3
Interfund receipts:							
Interest	1.1	1.1	1.1	1.2	1.2	1.2	1.1
Other	.....	.....	.....	.....	.....	.....	.....
Intrafund receipts	.....	.....	.....	.....	.....	.....	.....
Subtotal, income	1.5	1.5	1.4	1.5	1.5	1.4	1.4
Outgo:							
To the public	1.3	1.1	1.2	1.2	1.3	1.3	1.3
Intrabudgetary payments	.....	.....	.....	.....	.....	.....	.....
Subtotal, outgo	1.3	1.1	1.2	1.2	1.3	1.3	1.3
Change in fund balance:							
Surplus or deficit (−):							
Excluding interest	−0.9	−0.8	−0.9	−0.9	−1.0	−1.0	−1.1
Interest	1.1	1.1	1.1	1.2	1.2	1.2	1.1
Subtotal, surplus or deficit (−)	0.2	0.3	0.2	0.2	0.2	0.1	0.1
Adjustments:							
Transfers/lapses (net)	.....	.....	.....	.....	.....	.....	.....
Other adjustments	.....	.....	.....	.....	.....	.....	.....
Total, change in fund balance	0.2	0.3	0.2	0.2	0.2	0.1	0.1
Balance, end of year	12.9	13.2	13.4	13.6	13.8	13.9	14.0

B. GENERAL ACCOUNTING OFFICE PRESENTATION

The Comptroller General has in recent years become increasingly concerned that the unified budget's almost exclusive focus on obligation controls and cash transactions prejudices investments and understates liabilities. The General Accounting Office stated in its October 1989 Report (entitled "Managing the Cost of Government: Proposals for Reforming Federal Budgeting Practices") that consolidation into a single unified budget of trust and non-trust receipts and outlays, and of the accounting for operating and capital needs, has permitted financing other parts of the budget through trust fund receipts (especially from Social Security); prevented appropriate budgetary treatment of the special needs of the Government's business-type entities (e.g., the U.S. Postal Service and the Tennessee Valley Authority); biased decisionmaking against capital investment by requiring the recording of the entire cost of an asset in the year of acquisition; and failed to distinguish operating deficits from capital financing requirements.

To address its concerns with the unified budget, GAO proposed in its 1989 Report to divide the budget into three separate fund groups: Federal funds (less enterprise funds), trust funds, and enterprise funds. The fund groups were themselves to be aggregated separately in an operating budget and a capital budget.

Recently, however, GAO has substantially changed its proposal. In its June 1992 Report (entitled "Budget Policy, Prompt Action Necessary to Avert Long-Term Damage to the Economy"), GAO noted that its views on budget structure had evolved to divide the capital budget into "federally-owned capital" and "developmental investments" aggregations. The first category would include investments that are intended to improve the efficiency and effectiveness with which government agencies carry out their missions. The second category would encompass investments in research and development, human capital, and other areas, with the intention of improving the prospects for higher rates of economic growth in the future.

The new presentation avoids some of the fundamental problems with the previous recommendation, particularly the problems of not treating R&D and human capital on a par with physical capital and of accounting for depreciation. (These and other problems are discussed below.) GAO says that it expects to develop and refine its budget structure proposal in the future, with the goal of developing a decision making structure that highlights the choice between consumption and investment spending.

The data in Table B–1 show an approximation of the 1993 budget totals on a basis consistent with GAO's 1989 recommendations; no attempt has been made to divide the capital budget into the two pieces recommended in the 1992 Report or to include human capital in the capital budget. In addition, Table B–1 continues to include a depreciation estimate.

As compared with the unified budget, which focuses primarily on aggregate totals (although it provides details by fund group and separately identifies trust funds and revolving funds), the GAO proposal focuses separately on operating and capital needs; disaggregated Federal, trust and enterprise funds; and aggregate totals.

Capital and Operating Budgets.—GAO's 1989 proposed capital budget separated disbursements for physical capital and credit flows (i.e., credit financing excluding credit subsidies) from the operating budget. The cost of newly acquired assets would be recorded as expenditures in the capital budget and as assets on the balance sheet, with most forms of capital subjected to depreciation charges recorded as operating budget outlays (with concomitant reduction in the value of capital assets on the balance sheet). Aggregate totals of the capital and operating budgets would be provided (as in the unified budget), but the distinctions between the two uses of funds would be set out in all summary presentations.

The 1989 GAO proposal included only physical and loan capital in its capital budget. The failure to treat R&D and human capital on a par with physical and loan capital has been criticized in Congress and elsewhere. The 1992 proposal includes direct Federal spending and grants and loans to non-Federal entities for R&D and investment in human capital through education and training, as well as for physical infrastructure, in the developmental investments aggregation. In Table B–1, expenditures for R&D and human capital are retained in the operating budget, consistent with the 1989 proposal.

The GAO proposal would also include in the capital budget the value (or cost) of State and local physical facilities financed by Federal grants. These would be recorded on Federal balance sheets as Federal assets financed but not owned by the Federal Government. The GAO proposal, like the unified budget, would record Federal highway and airport and airway trust fund collections as receipts, but the GAO proposal would include them as receipts to finance the capital budget. A problem with the GAO 1989 proposal is that its allocation of depreciation cannot be charged to the trust funds which finance these investments through earmarked taxes. Recording both earmarked receipts and depreciation would require double counting with respect to assets acquired after the GAO proposal went into effect.

The GAO 1989 proposal would tend to reduce the impediments to Government investment and, as a result, could encourage the Government to make those cost-effective purchases required to meet longer term needs. The portion of the Federal budget attributable to investment in physical capital has declined as a percentage of GDP—from 4.4 percent in 1960 to 2.2 percent in 1992. While most of this decline is attributable to Defense and NASA, there is a question of whether infrastructure needs have been adequately attended to.

On the other hand, GAO's 1989 proposal would also reduce the impediments to "pork barrel" spending. Charges to the operating budget would switch from the point at which they can be controlled—the time of acquisition—to subsequent years in which depreciation charges would be recorded and when it is too late to control expenditures.

Treatment of Sovereign and Business-Type Income.—The GAO proposal would abolish the distinction between sovereign and business-type income from the public. All collections from the public would be recorded as Federal fund, trust fund, or public enterprise fund operating budget receipts and outlays, and outlays would be recorded gross rather than net of offsetting collections. The issue is the degree to which the budget aggregates should focus on receipts arising from the exercise of Government's sovereign power as opposed to total Government revenues and spending (including business-type activities). GAO would focus on the total of Government activity; current budget concepts treat as receipts only those which the Federal Government collects in its role as a government.

Allocations by Function.—Table B-1 shows most of the GAO adjustments by function. Line 14 (Additional Operating Costs Not Currently Allocated by Function), however, includes estimates of two items for which a distribution by function is unavailable. Specifically:

- Line 14(a) records a lump sum estimate of $20.6 billion as a non-defense "asset consumption charge" (depreciation) and a corresponding reduction of $20.6 billion in the capital budget net investment. Defense depreciation of $62.9 billion, also offset in the capital budget, is included in the amounts on line B(1).
- Line 14(b) records a lump sum $28.8 billion imputed payment from the general fund to amortize unfunded pension liabilities.

Comparison with Other Alternatives.—The GAO proposal is compared with the alternative discussed in Appendix One, Section D, and with the unified budget, at the end of Appendix One, Section D.

Table B–1. GAO FEDERAL BUDGET PRESENTATION (COMPARED TO UNIFIED BUDGET PRESENTATION)

(1993, in billions of dollars)

	Unified Budget	GAO Comprehensive Budget				GAO Operating Budget				GAO Capital Budget			
		Total	General	Trust	Enterprise	Total	General	Trust	Enterprise	Total	General	Trust	Enterprise
A. RECEIPTS/REVENUES													
Governmental Receipts:													
(1) Income, Estate, Gift, Customs Duties	646.7	646.7	645.5	1.2		645.5	645.5			1.2		1.2	
(2) Social Insurance Taxes and Contributions	435.8	435.8		435.8		435.8		435.8					
(3) Excise taxes and miscellaneous receipts	65.1	65.1	41.2	23.9		42.6	41.2	1.4		22.5		22.5	
TOTAL RECEIPTS, Federal Budget Basis	**1,147.6**												
Offsetting Collections Converted to Receipts:													
(4) Proprietary Receipts from the Public		44.1	13.4	29.9	0.3	43.2	13.4	29.0	0.3	0.8		0.8	
(5) Reimbursements to Appropriations		164.5	29.5	6.5	128.5	145.8	20.9	6.4	118.4	18.7	8.6	*	10.0
TOTAL GAO REVENUES	**1,147.6**	**1,356.1**	**729.5**	**497.3**	**128.8**	**1,312.9**	**720.9**	**472.6**	**118.8**	**43.3**	**8.6**	**24.6**	**10.0**
B. OUTLAYS, EXPENSES, AND INVESTMENTS													
Outlays by Function:													
(1) Defense/International (050, 150)	308.2	335.6	320.4	13.8	1.4	334.0	319.9	13.8	0.3	1.6	0.5		1.1
(2) Science, Space, Technology (250)	17.1	17.2	17.2	*		14.3	14.3	*		2.9	2.9		
(3) Energy, Natural Resources, Agriculture (270, 300, 350)	47.8	80.0	58.5	3.7	17.8	52.9	37.3	1.6	14.0	27.2	21.2	2.1	3.8
(4) Commerce and Housing Credit (370)	22.1	129.2	10.1	0.4	118.8	122.7	9.4	0.4	112.9	6.5	0.7		5.8
(5) Transportation (400)	36.4	37.4	9.8	26.9	0.7	12.6	7.5	4.5	0.5	24.8	2.3	22.3	0.2
(6) Education, Training, Employment, and Social Services (500)	52.3	53.9	48.6	1.2	4.1	53.7	48.4	1.2	4.1	0.2	0.2		*
(7) Health and Medicare (550,570)	237.8	257.1	105.1	152.0	0.1	256.6	104.7	152.0	*	0.5	0.4	*	0.1
(8) Income Security (600)	207.3	213.5	111.4	101.5	0.7	210.2	108.1	101.5	0.7	3.3	3.3		*
(9) Social Security (650)	304.7	304.7		304.7		304.7		304.7					
(10) Veterans Benefits and Services (700)	35.6	38.8	35.3	2.1	1.3	36.9	34.0	2.1	0.8	1.9	1.4	*	0.5
(11) Other (450,750,800,870,920)	40.1	46.2	43.7	0.2	2.2	38.7	36.8	0.2	1.7	7.5	6.9		0.6
(12) Net Interest (900)	202.8	205.2	205.1			208.0	207.9			−2.8	−2.8		
(13) Undistributed Offsetting Receipts (950)	−37.2	−35.1	−35.1			−35.1	−35.1						
TOTAL OUTLAYS	**1,475.2**												
(14) Additional Operating Costs Not Currently Allocated by Function:													
(a) Asset Consumption						20.6	20.6			−20.6	−20.6		
(b) Pension liabilities			28.8	−28.8			28.8	−28.8					
(15) Total Expenses and Investments Before Transfers		1,683.8	959.0	577.7	147.0	1,630.9	942.7	553.2	135.0	52.9	16.3	24.5	12.1
(16) Interfund Transfers			209.0	−209.0		2.8	209.0	−206.1		−2.8		−2.8	
TOTAL OUTLAYS/AMOUNT TO BE FINANCED		**1,638.8**	**1,167.9**	**368.7**	**147.0**	**1,633.7**	**1,151.6**	**347.1**	**135.0**	**50.1**	**16.3**	**21.7**	**12.1**
C. SURPLUS/DEFICIT/FINANCING	**−327.7**	**−327.7**	**−438.4**	**128.5**	**−18.2**	**−320.9**	**−430.7**	**125.6**	**−16.2**	**−6.8**	**−7.7**	**2.9**	**−2.1**

*$50 million or less.

C. PHYSICAL AND OTHER CAPITAL PRESENTATION

FEDERAL PHYSICAL CAPITAL AND OTHER CAPITAL OUTLAYS

Introduction

Federal capital spending plays an important role in enhancing long-term economic growth and improving government operations. This section identifies capital outlays in the budget, divided according to the types of capital expenditures and the major programs for which capital spending is made.

Capital outlays are outlays that yield long-term benefits. They take several forms and are made for many purposes. They are in the form of grants to State and local governments and direct Federal outlays. They can be for physical capital, which yields a stream of services over a period of years; or for research, development, education, and training, which are less tangible but also provide long-term benefits.

There are two inherent problems in the classification of these data, one involving grants to State and local governments, and the other involving spending that could be shown in more than one category.

For some grants to State and local governments, the recipient jurisdiction, not the Federal Government, ultimately determines whether the money is used to finance capital or current programs. This analysis classifies all of the outlays in the category where the recipient jurisdictions are expected to spend most of the money. Hence, shared revenues are classified as current spending, although some may be spent by recipient jurisdictions on physical capital. Community development block grants are classified as physical capital, although some may be spent for current purposes.

Some spending could be classified into more than one category. For example, grants for construction of research facilities finance the acquisition of physical assets, but they also contribute to research and development. To avoid double counting, the outlays are classified in the category that is most commonly recognized as capital. 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 capital. Similarly, physical capital and research and development related to education and training are included in the categories of physical assets and the conduct of research and development.

In prior years, this analysis included loans, other financial capital, collection of information, and international development as types of capital spending. The Federal Credit Reform Act of 1990 changed the treatment of loans obligated or guarantees committed in 1992 or later. For these direct and guaranteed loans, the estimated subsidy value of the assistance is included as budget outlays beginning in 1992 and related cash flows are not included. The subsidies are classified according to their program purpose, such as for construction, education and training, or non-capital outlays. An explanation of the credit reform concepts is in Part Three, Chapter 11, "Hidden Liabilities Requiring Policy Correction." In addition, the categories for the collection of information and international development were considered sufficiently minor as categories of investment that they are no longer included.

The final section of this chapter, "Supplemental Physical Capital Information," is provided in accordance with the requirements of the Federal Capital Investment Program Information Act of 1984. It projects baseline outlays for ten years and presents other data according to categories specified in the Act. The totals match the category of outlays for "major public physical capital" used in this section.

Composition of Federal Capital Outlays

Major Federal Investment

The composition of major Federal capital outlays is shown in Table C–1. They include major public physical capital investment, the conduct of research and development, and the conduct of education and training. These outlays were $232.8 billion in 1992 and are estimated to be $244.1 billion in 1993. The data are shown in more detail in tables C–2 and C–3.

Physical capital.—Outlays for major public physical capital (hereafter referred to as physical capital outlays in the text) were $132.5 billion in 1992 and are estimated to be $133.1 billion in 1993. Physical capital outlays are primarily outlays for construction, rehabilitation, and major equipment. Direct physical capital outlays by the Federal Government were $103.3 billion in 1992 and are estimated to be $100.0 billion in 1993, and grants to State and local governments for physical capital were $29.2 billion in 1992 and are estimated to be $33.1 billion in 1993.

Direct physical capital outlays by the Federal Government are primarily for national defense, estimated to be $77.1 billion in 1993. Almost all of this, or an estimated $71.3 billion, is for the procurement of weapons and other military equipment, and the remainder,

Table C–1. COMPOSITION OF FEDERAL CAPITAL OUTLAYS

(In billions of dollars)

	1992 actual	1993 estimate
MAJOR FEDERAL CAPITAL OUTLAYS		
Major public physical capital:		
Direct:		
National defense	82.1	77.1
Nondefense	21.2	22.9
Subtotal, direct major public physical capital	103.3	100.0
Grants to State and local governments	29.2	33.1
Subtotal, major public physical capital	132.5	133.1
Conduct of research and development:		
National defense	37.3	39.9
Nondefense	26.3	28.0
Subtotal, conduct of research and development	63.6	68.0
Conduct of education and training:		
Direct	16.1	19.6
Grants to State and local governments	20.6	23.5
Subtotal, conduct of education and training	36.8	43.1
Major Federal capital outlays	**232.8**	**244.1**
MEMORANDUM		
Major Federal capital outlays:		
National defense	119.7	117.5
Nondefense	113.1	126.7
Total, major Federal capital outlays	232.8	244.1
Miscellaneous physical capital:		
Commodity inventories	–0.9	–0.3
Other physical capital (nondefense, direct)	4.2	4.9
Total, miscellaneous physical capital	3.3	4.7
Total, Federal capital outlays including miscellaneous physical capital	236.1	248.8

$5.9 billion, is primarily for construction of military bases and family housing for military personnel.

Outlays for direct physical capital for nondefense purposes are estimated to be $22.9 billion in 1993. The 1993 outlays include $14.7 billion for construction and rehabilitation. These outlays are largely for water, power, and natural resources projects of the Corps of Engineers, the Department of Interior, the Tennessee Valley Authority, and the power administrations in the Department of Energy, for the construction and rehabilitation of veterans hospitals and Postal Service facilities, and for space and science programs. Outlays for the acquisition of major equipment are estimated to be $6.8 billion in 1993. The largest items are for the space program and the air traffic control system. Outlays for the purchase of land and buildings are estimated to be $1.3 billion in 1993, largely for the Federal buildings fund in the General Services Administration.

Grants to State and local governments for physical capital are estimated to be $33.1 billion in 1993. More than half of these outlays, or $17.1 billion, are to assist with the Interstate Highway System and other major highways. Other major grants for physical capital are for sewage treatment plants, community development, airports, and mass transit.

Conduct of research and development.—Outlays for the conduct of research and development are estimated to be $68.0 billion in 1993. These outlays are devoted to increasing our basic scientific knowledge and promoting related research and development. They increase our national security, improve the marginal productivity of capital and labor for both public and private purposes, and enhance the quality of life. Approximately three-fifths of these outlays, an estimated $39.9 billion in 1993, are for national defense. Physical capital for research and development is included in the physical capital category.

Nondefense outlays for the conduct of research and development are estimated to be $28.0 billion in 1993. This is almost entirely direct spending by the Federal Government, and is largely for the space programs, the National Science Foundation, health research, and research for nuclear and non-nuclear energy facilities.

Conduct of education and training.—Outlays for the conduct of education and training are estimated to be $43.1 billion in 1993. 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 $23.5 billion in 1993, more than half of the total. They are primarily for the disadvantaged and the handicapped, and for vocational and adult education. Direct education and training outlays by the Federal Government are estimated to be $19.6 billion in 1993. 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 capital and the conduct of research and development are in the categories for physical capital and the conduct of research and development.

Miscellaneous Physical Capital

In addition, several miscellaneous categories of physical capital outlays are shown in Table C–1. They are generally unrelated to improving government operations or enhancing economic activity. Sales of commodity inventories are estimated to exceed purchases by $0.3 billion in 1993. Outlays in this category are for the purchase or sale of agricultural products pursuant to farm price support programs, purchases of oil for the strategic petroleum reserve, and other purposes.

Outlays for other physical capital are estimated to be $4.9 billion in 1993. This category includes primarily conservation programs and assets acquired and sold as collateral on defaulted loans. These outlays are entirely for nondefense, direct spending.

Additional Information on Capital Spending

Information on capital spending appears in several other places in this volume. Part Two, Chapter 5, "High Priority Investments," discusses the importance and role of Federal investment spending and reviews recent accomplishments. Part Five, "Historical Tables," contains historical data on physical capital in Section 9, and on the conduct of research and development and the conduct of education and training in Section 10. In addition, Appendix One, Section E, "A Balance Sheet Presentation," includes estimates of the stocks of physical capital, research and development capital, and education capital.

Detailed Tables

Tables C–2 and C–3 provide detail on the composition of physical and other capital outlays. They provide two basic displays. Table C–2 divides data between national defense and nondefense capital outlays, and Table C–3 divides data between capital grants for State and local governments and direct Federal capital outlays.

Table C-2. DETAIL OF FEDERAL CAPITAL OUTLAYS BY DEFENSE AND NONDEFENSE

(In millions of dollars)

	1992 actual	1993 estimate
MAJOR FEDERAL CAPITAL OUTLAYS:		
NATIONAL DEFENSE:		
Major public physical capital:		
Construction and rehabilitation:		
Military construction	3,581	4,351
Family housing	298	533
Atomic energy defense activities and other	1,187	1,264
Subtotal, construction and rehabilitation	5,066	6,148
Acquisition of major equipment:		
Procurement	74,617	68,377
Atomic energy defense activities and other	2,626	2,916
Subtotal, acquisition of major equipment	77,243	71,293
Subtotal, major public physical capital	82,309	77,441
Conduct of research and development		
Defense military	35,504	38,071
Atomic energy and other	1,806	1,874
Subtotal, conduct of research and development	37,310	39,945
Conduct of education and training (civilian)	82	89
Subtotal, national defense capital outlays	119,702	117,475
NONDEFENSE:		
Major public physical capital:		
Construction and rehabilitation:		
Highways	15,086	17,167
Mass transportation	2,763	2,650
Rail transportation	180	155
Air transportation	1,742	2,263
Water transportation	143	137
Community development block grants	3,090	3,150
Other community and regional development	844	1,078
Pollution control and abatement	3,405	3,640
Water resources	2,486	2,708
Other natural resources and environment	1,158	1,359
Housing assistance	2,192	3,168
General science, space, and technology	956	1,251
Energy	3,561	3,401
Veterans hospitals and other health	1,028	1,242
Postal Service	1,284	931
Federal buildings fund	974	1,070
Other programs	1,377	1,487
Subtotal, construction and rehabilitation	42,270	46,856
Acquisition of major equipment:		
Air transportation	1,961	1,903
Other transportation	392	336
Space flight, research, and supporting activities	1,771	1,538
General science and basic research	60	103
Veterans medical care	554	545
Postal Service	558	750
General supply fund	354	440
Other	1,071	1,194
Subtotal, acquisition of major equipment	6,723	6,810
Purchase of land and structures	541	1,346
Other physical assets (grants)	654	668

Table C-2. DETAIL OF FEDERAL CAPITAL OUTLAYS BY DEFENSE AND NONDEFENSE—Continued

(In millions of dollars)

	1992 actual	1993 estimate
Subtotal, major public physical capital	50,188	55,680
Conduct of research and development:		
General science, space, andd technology:		
NASA	6,641	6,752
National Science Foundation	1,814	2,098
Other general science	791	874
Subtotal, general science, space, technology	9,246	9,724
Energy	2,222	2,323
Transportation:		
Department of Transportation	360	489
NASA	976	1,087
Subtotal,transportation	1,336	1,577
Health:		
National Institutes of Health	7,936	8,702
All other health	1,721	1,462
Subtotal, health	9,657	10,165
Agriculture	1,067	1,101
Natural resources and environment	1,595	1,674
All other research and development	1,138	1,443
Subtotal, conduct of research and development	26,260	28,006
Conduct of education and training:		
Education, training, employment and social services:		
Elementary, secondary, and vocational education	12,332	14,162
Higher education	11,252	14,009
Research and general education aids	1,775	1,927
Training and employment	4,894	5,457
Social services	4,026	4,821
Subtotal, education, training, and social services	34,280	40,376
Income security	113	131
Veterans education, training, and rehabilitation	995	1,098
Health	748	783
Other education and training	560	591
Subtotal, conduct of education and training	36,696	42,978
Subtotal, nondefense capital outlays	113,144	126,664
Total, major Federal capital outlays	**232,845**	**244,139**
ADDENDUM: Miscellaneous physical capital		
Commodity inventories:		
Agriculture	−1,062	−498
Strategic petroleum reserve and other	187	227
Subtotal, commodity inventories	−875	−271
Other physical assets (direct)	4,174	4,949
Subtotal, miscellaneous physical capital	3,300	4,678
Total capital outlays, including miscellaneous	236,145	248,817

Table C–3. DETAIL OF FEDERAL CAPITAL OUTLAYS BY GRANTS AND DIRECT FEDERAL PROGRAMS

(In millions of dollars)

	1992 actual	1993 estimate
MAJOR FEDERAL CAPITAL OUTLAYS:		
GRANTS:		
Major public physical capital:		
Construction and rehabilitation:		
Highways	15,045	17,128
Mass transportation	2,763	2,650
Rail transportation	14	17
Air transportation	1,672	2,072
Pollution control and abatement	2,631	2,630
Other natural resources and environment	161	258
Community development block grants	3,090	3,150
Other community and regional development	644	839
Housing assistance	2,132	3,146
National defense	225	296
Other construction	201	225
Subtotal, construction and rehabilitation	28,577	32,411
Other physical assets	654	668
Subtotal, major public physical capital	29,231	33,080
Conduct of research and development	296	567
Conduct of education and training:		
Elementary, secondary, and vocational education	11,627	13,308
Higher education	96	112
Research and general education aids	557	542
Training and employment	3,982	4,333
Social services	3,878	4,643
Other	501	532
Subtotal, conduct of education and training	20,641	23,470
Subtotal, grants for capital outlays	50,168	57,117
DIRECT FEDERAL PROGRAMS:		
Major public physical capital:		
Construction and rehabilitation:		
National defense	4,841	5,852
General science, space, and technology	956	1,251
Water resources projects	2,374	2,522
Other natural resources and environment	1,884	2,296
Energy	3,561	3,401
Transportation	419	504
Veterans hospitals and other health facilities	988	1,181
Postal Service	1,284	931
Federal Prison System	517	605
Federal buildings fund	974	1,070
Other construction	961	979
Subtotal, construction and rehabilitation	18,758	20,592
Acquisition of major equipment:		
National defense	77,243	71,293
General science and basic research	60	103
Space flight, research, and supporting activities	1,771	1,538
Energy	821	913
Postal Service	558	750
Air transportation	1,961	1,903
Water transportation (Coast Guard)	215	290
Hospital and medical care for veterans	554	545
General supply fund	354	440
Other	427	328
Subtotal, acquisition of major equipment	83,967	78,103
Purchase of land and structures (nondefense)	541	1,346
Subtotal, major public physical capital	103,265	100,041
Conduct of research and development	63,275	67,383
Conduct of education and training:		
Elementary, secondary, and vocational education	706	854
Higher education	11,156	13,897
Research and general education aids	1,218	1,384
Training and employment	912	1,125
Health	748	783
Veterans education, training, and rehabilitaion	995	1,098
Other	403	457
Subtotal, conduct of education and training	16,137	19,598
Subtotal, direct Federal major capital outlays	182,677	187,022
Total, major Federal capital outlays	**232,845**	**244,139**
ADDENDUM: Miscellaneous physical capital:		
Commodity inventories:		
Emergency energy preparedness	132	137
Commodity Credit Corporation	–1,062	–498
Other	55	90
Subtotal, commodity inventories	–875	–271
Other physical capital		
Department of Agriculture:		
Conservation reserve program	1,669	1,781
Other	2,164	2,617
Subtotal, Department of Agriculture	3,833	4,398
Department of the Interior	129	51
Other	211	501
Subtotal, other physical capital	4,174	4,949
Subtotal, miscellaneous physical capital	3,300	4,678
Total Federal capital, including miscellaneous	236,145	248,817

SUPPLEMENTAL PHYSICAL CAPITAL INFORMATION

The Federal Capital Investment Program Information Act of 1984 (Title II of Public Law 98-501; hereafter referred to as the Act) requires that the budget include projections of Federal physical capital spending and information regarding recent assessments of public civilian physical capital needs. This section is submitted to fulfill that requirement.

This section is organized in two major parts. The first part projects Federal outlays for public physical capital and the second part presents information regarding public civilian physical capital needs.

Projections of Federal Outlays For Public Physical Capital

Federal public physical capital spending was $132.5 billion in 1992 and, for baseline estimates, is projected to increase to $152.6 billion by 2002. The largest components are for national defense and for roads and bridges, which together accounted for about three-fourths of Federal public physical capital spending in 1992.

Table C-4 shows projected baseline outlays for Federal physical capital by the major categories specified in the Act. Total Federal outlays for transportation-related physical capital were $22.3 billion in 1992, and baseline outlays are estimated to increase to $32.1 billion by 2002. Outlays for nondefense housing and buildings were $6.4 billion in 1992 and are estimated to increase to $13.5 billion by 2002. Physical capital outlays for other nondefense categories were $21.5 billion in 1992 and are projected to be $28.4 billion by 2002. For national defense, this spending was $82.3 billion in 1992 and is estimated to be $78.5 billion in 2002.

Table C-5 shows baseline projections on a constant dollar basis to 1998, using fiscal year 1987 as the base year.

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

Public Civilian Capital Needs Assessments

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

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

The needs assessment material in reports of earlier years is incorporated this year largely by reference to earlier editions and by reference to other needs assess-

Table C-4. BASELINE OUTLAY PROJECTIONS FOR FEDERAL PHYSICAL CAPITAL SPENDING

(In billions of dollars)

	1992 actual	Estimate									
		1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Nondefense:											
Transportation-related categories:											
Roadways and bridges	15.5	17.6	17.7	18.0	18.5	19.1	19.8	20.4	21.1	21.9	22.7
Airports and airway facilities	3.7	4.2	4.0	4.2	4.4	4.6	4.8	4.9	5.1	5.3	5.5
Mass transportation systems	2.8	2.6	2.7	2.8	2.8	3.1	3.2	3.3	3.4	3.6	3.7
Railroads	0.4	0.2	0.4	0.5	0.4	0.4	0.4	0.4	0.3	0.2	0.2
Subtotal, transportation	22.3	24.6	24.9	25.5	26.2	27.2	28.2	29.1	30.0	31.0	32.1
Housing and buildings categories:											
Federally assisted housing	2.2	3.2	4.4	5.7	6.1	6.1	6.4	6.7	6.9	7.1	7.4
Hospitals	1.5	1.7	1.8	1.6	1.6	1.6	1.7	1.8	1.8	1.9	1.9
Public buildings [1]	2.7	3.9	3.9	4.7	3.7	3.6	3.7	3.8	4.0	4.1	4.2
Subtotal, housing and buildings	6.4	8.7	10.0	11.9	11.3	11.4	11.8	12.2	12.7	13.1	13.5
Other nondefense categories:											
Wastewater treatment and related facilities	2.6	2.7	2.7	2.9	3.1	3.1	3.2	3.3	3.4	3.6	3.7
Water resources projects	3.2	3.3	3.3	3.3	3.6	3.8	3.9	4.1	4.2	4.4	4.5
Space and communications facilities	4.1	3.8	4.1	4.7	4.1	4.0	4.0	4.1	3.7	3.9	4.0
Energy programs	4.4	4.3	4.1	4.8	4.9	4.4	4.2	4.3	4.4	4.6	4.8
Community development programs	3.3	3.4	3.8	4.4	4.4	4.4	4.6	4.7	4.9	5.0	5.2
Other nondefense	3.9	4.9	5.0	5.1	5.4	5.4	5.5	5.7	5.8	6.0	6.3
Subtotal, other nondefense	21.5	22.4	23.0	25.3	25.4	25.1	25.4	26.2	26.6	27.5	28.4
Subtotal, nondefense	50.2	55.7	57.9	62.7	62.9	63.7	65.3	67.5	69.2	71.5	74.0
National defense	82.3	77.4	71.7	69.1	68.1	68.1	68.7	71.0	73.4	75.9	78.5
Total	132.5	133.1	129.6	131.8	131.1	131.8	134.0	138.6	142.6	147.4	152.6

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

Table C-5. BASELINE OUTLAY PROJECTIONS FOR FEDERAL PHYSICAL CAPITAL SPENDING (IN CONSTANT (1987) DOLLARS)

(In billions of dollars)

	Actual 1992	Estimate					
		1993	1994	1995	1996	1997	1998
Nondefense:							
Transportation-related categories:							
Roadways and bridges	13.7	15.1	14.8	14.4	14.4	14.3	14.3
Airports and airway facilities	3.3	3.6	3.4	3.5	3.5	3.5	3.5
Mass transportation systems	2.4	2.3	2.2	2.3	2.2	2.3	2.3
Railroads	0.3	0.2	0.3	0.4	0.3	0.3	0.3
Subtotal, transportation	19.7	21.1	20.8	20.5	20.3	20.4	20.4
Housing and buildings categories:							
Federally assisted housing	1.9	2.7	3.6	4.6	4.7	4.6	4.7
Hospitals	1.3	1.5	1.5	1.3	1.3	1.3	1.3
Public buildings [1]	2.5	3.4	3.3	3.9	3.0	2.8	2.7
Subtotal, housing and buildings	5.8	7.6	8.5	9.7	8.9	8.6	8.7
Other nondefense categories:							
Wastewater treatment and related facilities	2.3	2.3	2.3	2.4	2.4	2.3	2.3
Water resources projects	2.8	2.9	2.8	2.7	2.9	2.9	2.9
Space and communications facilities	3.7	3.3	3.5	3.9	3.3	3.1	3.0
Energy programs	4.0	3.8	3.5	3.9	3.9	3.4	3.1
Community development programs	2.9	2.9	3.1	3.6	3.4	3.3	3.3
Other nondefense	3.5	4.3	4.2	4.2	4.2	4.2	4.1
Subtotal, other nondefense	19.3	19.5	19.4	20.7	20.1	19.1	18.7
Subtotal, nondefense	44.7	48.3	48.6	50.9	49.3	48.2	47.8
National defense	75.1	68.8	61.8	57.7	55.0	53.2	51.9
Total	119.8	117.2	110.5	108.6	104.3	101.5	99.7

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

ments. 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.

Currently there is an initiative to develop a Federal infrastructure strategy. This effort includes the Department of the Army, the Department of Transportation, the Environmental Protection Agency, the Department of Energy, and other Federal agencies. They have been working in partnership with State and local governments, the private sector and the Congressional Budget Office. See *Toward a Federal Infrastructure Strategy: Issues and Answers* (ACIR) below. Interim reports are scheduled throughout 1993 with a final report due in 1994.

Significant Factors Affecting Infrastructure Needs Assessments

Significant Factors	*Amount*
Highways	
1. Projected annual growth in travel to the year 2009	2.5 percent
2. Annual cost to maintain overall 1989 conditions on highways eligible for Federal-aid	$31.2 billion (1989 dollars)
3. Annual cost to maintain overall 1989 conditions on bridges	$4.2 billion (1989 dollars)
Airports and Airway Facilities	
1. Airport in the National Plan of Integrated Airport Systems with scheduled passenger traffic	568
2. Air traffic control towers	462
3. Airport development eligible under airport improvement program for period 1990–1999	$40.5 billion ($28.2 billion for capacity) (1989 dollars)

Significant Factors Affecting Infrastructure Needs Assessments—Continued

Significant Factors	*Amount*
Mass Transportation Systems	
1. Yearly cost to maintain condition and performance of rail facilities over a period of 10 years	$1.1 billion–$1.7 billion (1991 dollars)
2. Yearly cost to replace and maintain the urban, rural, and special services bus fleet	$2.0–2.2 billion (1991 dollars)
Wastewater Treatment	
1. Total needs of sewage treatment facilities	$80.5 billion (1990 dollars)
2. Total Federal expenditures under the Clean Water Act of 1972	$62.4 billion
3. Percent of population served by centralized treatment facilities that benefits from at least secondary sewage treatment systems	95 percent
4. Estates and territories served by State Revolving Funds	51
Housing	
1. Total unsubsidized very low income renter families (3.6 million*):	
A. In severely substandard units	0.4 million
B. With a rent burden greater than 50 percent	3.4 million
*The total is less than the sum because some renter families have both problems.	
Indian Health Service (IHS) Care Facilities	
1. IHS hospital occupancy rates (1991)	47 percent
2. Average length of stay, IRS hospitals (days) (1991)	4.5
3. Hospital admissions (1989)	102,793
4. Outpatient visits (1990)	4,634,945
5. Population (1990)	1,102,001
Department of Veterans Affairs (VA) Hospitals	
1. Hospitals	171
2. Outpatient clinics	369
3. Domiciliaries	37
4. Outreach centers	196
5. VA owned nursing home beds	15,898
Water Resources	
1. Navigation (deepwater ports and inland waterway) 2. Flood control and storm damage protection. 3. Irrigation. 4. Hydropower. 5. Municipal and industrial water supply. 6. Recreation. 7. Fish and wildlife mitigation and enhancement. 8. Soil conservation.	Needs data are not regularly collected by the Federal Government. Most recent estimates of the need for navigation, flood control and shoreline storm damage protection, and municipal and industrial (M&I) water supply are found in the *National Council on Public Works Improvement, 1987.* Meeting M&I needs as well as certain other water resource needs estimated in this report (e.g., urban storm water management and dam safety) is primarily a non-Federal responsibility.

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D. STATE-TYPE PRESENTATION

California offers a fairly typical example of a State budget presentation. The California budget (Table D–1) differs significantly from the other alternatives in this Appendix. It focuses on separate general, special, and capital funds, although it also provides aggregate totals (albeit inflated through double counting) of these funds. The separate State GAAP (Generally Accepted Accounting Principles) presentation includes proprietary and fiduciary funds excluded from the California budget (i.e., public enterprise and working capital revolving funds, self-financing bond funds, employee retirement funds, and certain funds deemed to be held in trust).

When the California approach combines fund groups, it leaves the inter-fund collections in receipts, thereby overstating total collections from, and payments to, the public. Additionally, when capital expenditures are financed by bond funds, they are double counted, because the bond spending and debt amortization are both included in combined total spending. The California and State GAAP presentations are the least consolidated and most disaggregated of the alternatives discussed in this part of the budget document. In California, the individual funds matter most. The standard California budget presentation has a two-way distribution of income and a three-way distribution of spending. Receipts go to the general and special funds, whereas outlays/expenses and investments are spent from these funds plus the capital fund. The norm for California's special funds is that they should have cash in hand before they spend (similar to the norm for Federal trust funds). However, both the general and special funds can spend more in a year than they take in by reducing carry-over balances.

Balanced Budget Requirement.—California's constitutional requirement of balanced budgets, combined with constitutional limitations on taxes and spending, result in procedures different from Federal procedures. These include appropriated allowances for contingencies, with payments charged back to the activity for which the payment is made, and "encumbrances" (similar to obligations in the Federal budget) for which the spending is charged to the year in which the encumbrance occurs. The use of carry-over balances to finance spending by general and special funds does not violate the requirement of a balanced budget.

The California budget document has information tables on total State indebtedness (akin to the Federal display of total Federal debt). In contrast to the Federal Government, however, California's ability to borrow is subject to several restrictions: borrowing can normally occur only for capital projects (whether general or self-liquidating); and debt normally cannot be issued unless approved by both the legislature and the voters.

Capital Projects Fund.—The Capital Projects Fund is displayed only on the spending side, since bond fund spending is financed by borrowing, which is a source of resources but not income. The California capital fund only includes bonds that are to be amortized by the general fund. "Revenue" bonds (such as for toll bridges, the California water plan, and college dormitories) are excluded from the regular budget altogether, but are displayed in the budget documents for information purposes (similar to the way the Federal budget displays GSEs but leaves them out of the totals).

The estimate of the Capital Projects Fund in Table D–1 (and the associated amortization) was based on several imputations. First, Federal fund (i.e., non-trust) capital outlays (other than those made by the public enterprise funds and other than for grants) are identified as equivalent to the investment that California finances through its Capital Projects Fund. Second, an estimate of amortization of prior debt was made and allocated as expenditures of the general fund. There is no solid basis for amortizing total debt, much less for amortizing debt by function. However, Table D–1 assumes an amortization by function equal to new debt-financed capital investment; it does not distribute interest back to the functions charged with the borrowing.

Sovereign Versus Business-Type Operations and Employee Retirement.—The California budget excludes both business operations and employee retirement and related funds from the budget. So, in the reconstruction of the Federal budget in the form of the California budget, most of the public enterprise funds—plus the civil service, military, and foreign service retirement funds—were excluded from the budget totals (although payments to these funds were left in the budget figures). Thus, the general fund coverage in Table D–1 is less comprehensive than the Federal fund group in the unified budget, and the special fund coverage is less comprehensive than the trust fund coverage in the unified budget. While the California procedure excludes business operations from the budget, any incidental non-tax income to the State (such as rents, royalties, and interest) is included in budget receipts.

State GAAP Basis.—Table D-1 also includes a presentation that approaches a State GAAP presentation. While the State is moving toward GAAP, this will take years to accomplish. The GAAP presentation in the California budget is an auxiliary display of spending only. Table D-1, on the other hand, reconstructs the total budget on a State GAAP equivalent basis. The GAAP display adds "proprietary funds" (i.e., business operations) and "fiduciary funds" (which include the pension funds and the funds the State collects and spends from Federal grants) to the normal California presentation.

SOME DIFFERENCES AMONG THE ALTERNATIVE PRESENTATIONS

A comparison of the GAO and California presentations with each other, and with the unified budget, is presented below.

- The GAO and California budget presentations reflect, primarily, the concerns of financial accounting.
- Employee retirement funds are included by GAO as part of its trust fund grouping. The California approach moves these funds into the fiduciary funds category outside the normal budget presentation (but inside the GAAP presentation). The unified budget includes these funds in the consolidated budget totals.
- Enterprise funds are carried by GAO as one of three separate groupings, together with the general funds and trust funds. The California budget excludes enterprise funds from the normal budget displays but includes them in the GAAP presentation. The unified budget includes these funds in the consolidated budget totals.
- GAO and the unified budget handle interfund transfers as adjustments on the outlay side; they cancel out in deriving the consolidated totals. The California approach adds them to the receipts of each fund group, and does not net them out in combined totals.
- GAO has a capital budget that includes all capital expenditures for physical and loan assets, no matter how financed. It does not have a bond fund. In the main, the GAO capital budget is financed by depreciation charges and earmarked receipts (mainly highway and airport and airway excise taxes). The California approach has a capital fund but includes only those capital expenditures financed by borrowing to be repaid from the general fund on an amortization basis. The unified budget does not distinguish capital expenditures in the budget aggregates. This budgetary statement, however, does have an auxiliary tabulation of outlays for both physical and intangible capital (see Appendix One, Section C).
- GAO includes grants to State and local governments for physical capital investment in its capital budget; this budgetary statement includes grants for capital investment in its auxiliary tabulation of Federal capital expenditures (Appendix One, Section C). The California budget does not include grants to localities for capital projects in its capital fund.

Table D–1. CALIFORNIA PRESENTATION OF THE FEDERAL BUDGET (COMPARED TO UNIFIED BUDGET PRESENTATION)

(1993, in billions of dollars)

	Unified Budget	Normal California Budget Presentation					Additional Transactions for GAAP Presentation		
		General Revenue Funds	Special Revenue Funds	Budget Total	Capital Projects Funds	Total Including Bond Funds	Proprietary Funds	Fiduciary Funds	Grand Total
A. RECEIPTS									
Governmental Receipts:									
(1) Income, Estate, Gift, Customs Duties	646.7	645.4	1.2	646.7	....	646.7	....	....	646.7
(2) Social Insurance Taxes and Contributions	435.8	....	431.1	431.1	....	431.1	....	4.8	435.8
(3) Other Governmental Receipts	65.1	39.0	26.1	65.1	....	65.1	....	....	65.1
TOTAL RECEIPTS, Federal Budget Basis	**1,147.6**	**684.5**	**458.4**	**1,142.8**	....	**1,142.8**	....	**4.8**	**1,147.6**
Offsetting Collections Converted to Receipts:									
(4) Proprietary Receipts from the Public		7.6	23.4	31.0	....	31.0	13.1	....	44.1
(5) Reimbursements to Appropriations		76.5	0.2	76.7	....	76.7	93.5	....	170.2
(6) Interfund Transfers		3.9	117.4	121.2	....	121.2	1.1	94.3	216.7
TOTAL RECEIPTS, California basis	**1,147.6**	**772.4**	**599.4**	**1,371.8**	....	**1,371.8**	**107.7**	**99.1**	**1,578.6**
B. OUTLAYS, EXPENSES, AND INVESTMENTS									
Outlays by Function:									
(1) Defense and International (050, 150)	308.2	412.0	0.5	412.5	77.4	489.9	14.9	....	504.8
(2) Science, Space, Technology (250)	17.1	20.1	*	20.1	2.9	23.0	....	....	23.0
(3) Energy, Natural Resources, Agriculture (270, 300, 350)	47.8	69.8	7.3	77.1	5.1	82.3	12.9	....	95.2
(4) Commerce & Housing Credit (370)	22.1	42.1	0.3	42.4	*	42.4	90.8	....	133.2
(5) Transportation (400)	36.4	10.6	28.9	39.6	0.7	40.3	0.5	....	40.8
(6) Education, Training, Employment, and Social Services (500)	52.3	52.8	1.2	54.0	0.1	54.1	0.9	....	55.0
(7) Health and Medicare (550, 570)	237.8	149.8	148.3	298.1	0.4	298.5	3.8	....	302.2
(8) Income Security (600)	207.4	122.5	44.5	167.0	*	167.0	0.6	60.7	228.3
(9) Social Security (650)	304.7	6.0	304.7	310.8	....	310.8	....	....	310.8
(10) Veterans Benefits and Services (700)	35.6	38.6	0.5	39.1	1.3	40.4	2.5	....	42.9
(11) Other (450, 750, 800, 920)	40.1	65.5	3.3	68.8	2.7	71.5	0.6	....	72.2
(12) Net Interest (900)	202.8	287.6	−0.4	287.2	....	287.2	....	....	287.2
(13) Undistributed Offsetting Receipts (950)	−37.2	....	....	....	....	....	....	....	....
TOTAL OUTLAYS	**1,475.2**	**1,277.4**	**539.2**	**1,816.6**	**90.8**	**1,907.4**	**127.7**	**60.7**	**2,095.7**
C. SURPLUS/DEFICIT	**−327.7**	**−505.0**	**60.2**	**−444.9**	**−90.8**	**−535.6**	**−19.9**	**38.4**	**−517.1**

*$50 million or less.

E. A BALANCE SHEET PRESENTATION

Introduction

This section presents a new design for describing the Federal Government's financial condition. None of the tables in this framework fulfills the functions of a business balance sheet by itself. Taken together, however, the tables in this presentation offer some of the same insights that such a balance sheet might provide. There are basic conceptual reasons why it is not possible to produce a single table that fulfills these functions. The Government possesses great responsibilities along with the sovereign powers needed to discharge them. Neither the full range of its obligations nor all of its resources would be accurately reflected in a conventional balance sheet.

This is an experimental presentation. The concepts need to be developed further and their limitations explored. The data come from diverse sources; wherever possible data are drawn from the budget, but for some concepts, other sources of data are used. Much more work is needed to improve the quality of the data. Conclusions based on this presentation are necessarily tentative and subject to revision as the methods are improved and better data become available.

Despite these limitations, this balance sheet presentation is useful because it fills some gaps in a traditional budget framework. The budget is an essential tool for allocating resources within the Federal Government, but the standard budget presentation, with its focus on annual outlays, receipts, and the deficit, does not provide sufficient information for a full analysis of the Government's financial and investment decisions. Some of the more serious analytical limitations of the deficit reported in the standard budget presentation are:

- The deficit determines changes in Government liabilities, but it does not reflect changes in Government's asset holdings that might have been financed by an increase in debt.
- The annual deficit measures only the current shortfall of receipts below outlays. It does not indicate whether the imbalance is temporary or permanent. Temporary deficits can be beneficial; permanent deficits have harmful consequences.
- The deficit gives no indication of how national wealth and well-being are changing in response to Government policies. A deficit that is used to finance productive investment elsewhere in the economy is less harmful (or more helpful) than one that only drains savings from the private sector.
- The deficit is not adjusted for inflation's effects on the real value of the debt or for changes in the relative values of Government assets.

Following a further discussion of the new balance sheet framework, each of these limitations is addressed. The balance between Federal assets and Federal liabilities is presented in Table E–1, thus avoiding the limitation of considering only changes in liabilities. Next, a long-run projection of the budget is summarized in Table E–2, showing that, absent new policy initiatives, the budget deficit is likely to remain large. Finally, in Table E–3, estimates of several different ways the Federal Government contributes to national wealth are presented. The data in all three tables are expressed in constant dollar terms to avoid the potentially misleading effects of general inflation when comparing different years.

The three tables of this presentation should be viewed as an ensemble. Each one reflects an important aspect of the Federal Government's management of the resources entrusted to it; together, with the proper data, they permit a balanced assessment of Federal stewardship. Unlike a corporation, the Government does not have a unique bottom-line. Taken in combination, however, Tables E–1 to E–3 may help in determining the financial condition of the Federal Government.

What Can Be Learned from a Balance Sheet Approach

The Federal Government is responsible to the public for promoting the general welfare, which is affected by the Government's financial and investment decisions. It is also responsible for using its own assets efficiently. In judging its performance, citizens need to know whether the Government is adding to or subtracting from the national wealth, as well as its own solvency. The balance between the Government's liabilities and its assets is indispensable to any such assessment, but other information is also necessary.

A conventional balance sheet, such as a corporation might draw up, would be limited to assets that are owned by the Government and to those liabilities that the Government owes. This would leave out some major Governmental resources. The Government's ability to meet future obligations depends primarily on future tax revenue, but the Government does not "own" the resources that will generate this revenue; private citizens do. The Government's sovereign powers to tax and to regulate commerce give it resources that no private corporation possesses, but these resources are not "assets" in any conventional sense and would not be included in a corporate-style balance sheet.

Similar definitional problems arise in considering possible Federal liabilities. The discounted present value of social security benefits, for example, might be classified as a "liability." To be consistent with conventional balance sheet concepts, however, only liabilities that have arisen from past events should be counted. Financial claims that can be reasonably expected to arise from future events should be excluded. This means, for example, that if social security were to be included, at most only those future benefits that have been "paid for" in the past through earmarked taxes would fit the concept. This is a much smaller amount than the present value of all expected future benefits. Furthermore, while some Federal obligations may appear to lend themselves to such treatment, other equally compelling obligations, such as national defense, do not.

Almost all of these broader Federal resources and obligations are subject to change, and future political decisions could alter their value. For example, the Government's claim on taxable resources will obviously depend on future tax law. Even social security has been significantly changed. In the 1983 social security reforms, future benefits were reduced by changing the cost-of-living indexing formula and by postponing the retirement age. This malleability makes such "assets" and "liabilities" unsuitable for balance sheet treatment.

One possible solution to these difficulties is provided by the following design. It proposes a threefold treatment illustrated by Tables E–1, E–2, and E–3. Each table presents a different aspect of the Federal Government's financial condition. Table E–1 offers a narrow statement of assets and liabilities, limited to those that would be included on a corporate balance sheet. For the reasons discussed above, this table needs to be supplemented. Table E–2 provides a long-run budget projection that reflects the full range of future Federal revenue sources and obligations. Table E–3 provides one method of showing what the public has obtained in the way of capital as a result of Federal investments in physical capital, education, and research and development (R&D).

The schematic diagram (Chart E–1) shows how the three tables fit together. The main elements of each table are listed and grouped together in two broad categories, either as assets/resources or as liabilities/responsibilities. Reading down the left-hand side of the diagram shows the full range of Federal resources including the assets the Government owns, the tax receipts it can expect to collect, and the national wealth that provides the base for those revenues. Reading down the right-hand side reveals the full range of Federal obligations and responsibilities, beginning with the Government's acknowledged liabilities and going on to include future budgetary outlays and a set of indicators intended to reflect national needs. The future outlays include the Government's clear obligation to continue transfer payments, such as social security and Medicare, that it has promised to provide. Yet these transfers would not be liabilities in a business balance sheet.

No social indicators have been included in this presentation. It is far from obvious which are the best ones for this purpose and, at present, no specific set of indicators has been chosen. Nevertheless, this part of the diagram points to an important area for further work. The set of social indicators is required by the logic of the general scheme. Without them, it is not really possible to judge how well the Federal Government is meeting its broadest responsibilities. Federal outlays, important as they are, only measure the cost of Federal programs; they are inputs—not outputs. To learn exactly what the Government has accomplished with its spending—and what pressures it will face to do more—will require the type of information envisioned in this diagram.

Relationship with FASAB Objectives:

The framework described above also provides a means of addressing one of the main objectives under consideration by the Federal Accounting Standards Advisory Board (FASAB), for its draft Statement of Federal Accounting Concepts.[1] FASAB was established by OMB, the Treasury Department, and the General Accounting Office (GAO) to recommend accounting standards to OMB, Treasury, and GAO. Approved standards are published for Government use. The FASAB draft report on accounting objectives for the Federal Government proposes four broad objectives, the third of which is:

> 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 condition has changed.

There are three reporting subobjectives under this general goal. They are to determine:

> 3A. Whether the Government's financial position improved or deteriorated over the period.
>
> 3B. Whether future budgetary resources are likely to be sufficient to sustain public services and meet obligations as they come due.
>
> 3C. Whether Government operations have contributed to the current and future well-being of the Nation.

Each of the three tables in this section corresponds to one of these three subobjectives. The net balance of Federal liabilities and assets in Table E–1 offers insight into how the Government's financial position has changed. Table E–2 indicates expected future trends

[1] FASAB has not yet decided upon the specific standards that it will recommend to meet its objectives.

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

ASSETS/ RESOURCES		LIABILITIES/ RESPONSIBILITIES
Federal Assets Financial Assets Gold and Foreign Exchange Other Monetary Assets Mortgages and Other Loans Less Expected Loan Losses Other Financial Assets Physical Assets Fixed Reproducible Capital Defense Nondefense Inventories Non-reproducible Capital Land Mineral Rights	**Federal Government Assets and Liabilities (Table E-1)**	**Federal Liabilities** Financial Liabilities Currency and Bank Reserves Debt held by the Public Miscellaneous Insurance Liabilities Deposit Insurance Pension Benefit Guarantees Loan Guarantees Other Insurance Federal Pension Liabilities Net Balance
Resources/Receipts Projected Receipts Addendum: Real GDP	**Federal Government Resources & Responsibilities: Budget Projections (Table E-2)**	**Responsibilities/Outlays** Discretionary Outlays Mandatory Outlays Social Security Medical Programs Other Programs Net Interest Deficit
National Assets/Resources Federally Owned Physical Assets State & Local Physical Assets Federal Contribution Privately Owned Physical Assets Education Capital Federal Contribution R&D Capital Federal Contribution	**National Wealth and Well-Being (Table E-3)**	**National Needs/Conditions** Indicators of economic, social, educational, and environmental well-being to be used as a scorecard of current conditions

in the balance of budgetary resources and obligations. The third subobjective requires more extensive reporting, but Table E-3 provides a partial answer by showing some aspects of how the Government has contributed to national wealth.

The Federal Government's Assets and Liabilities

Table E-1 presents data on the value of Federal assets and liabilities, thereby obtaining an estimate of the Government's net liabilities. In the early 1960s, the value of Federal assets exceeded liabilities. From then until the mid-1970s, the balance of assets less liabilities deteriorated gradually. The figures in Table E-1 are adjusted to remove the effects of a general rise in the price level, but they do reflect shifts in relative asset values that are often associated with changes in the overall rate of inflation. In the 1970s, high inflation sparked speculative increases in the price of gold and other real assets. Land values soared, and there were two major oil shocks. The economy was damaged and the public was worse off, but the Federal Government, with its large stock of gold and its vast land holdings and mineral deposits, saw a significant increase in the value of its real assets during this period. From 1978 to 1981, the balance of net assets improved by about $2,300 per capita (in 1992 dollars).

Since then, the balance has deteriorated sharply, so that currently Government liabilities exceed the value of assets by about 85 percent. This reflects more Federal debt and steep declines in the value of the Government gold stock and mineral deposits as inflation fell. This has been only partially offset by increases in reproducible capital.

Assets:

Financial Assets: The Federal Government holds a range of financial assets including both monetary assets

Table E-1. GOVERNMENT ASSETS AND LIABILITIES[1]

(As of the end of the fiscal year, in billions of 1992 dollars)

	1960	1965	1970	1975	1980	1985	1990	1991	1992
ASSETS									
Financial Assets:									
Gold, SDR's, and Foreign Exchange	100	115	110	179	348	169	202	182	177
Other Monetary Assets	37	52	31	14	37	22	29	21	36
Mortgages and Other Loans	122	155	199	200	272	320	258	259	238
Less Expected Loan Losses	-2	-6	-10	-20	-37	-35	-40	-45	-47
Other Financial Assets	55	75	58	54	72	85	139	166	194
Total	312	391	389	427	692	561	589	582	598
Physical Assets:									
Fixed Reproducible Capital	973	1,007	1,014	889	816	885	960	965	985
Defense	827	834	828	676	574	652	721	730	741
Nondefense	146	173	186	214	243	233	238	235	244
Inventories	252	216	200	179	216	237	206	185	187
Nonreproducible Capital	410	419	400	593	953	1,010	773	716	681
Land	82	114	144	229	291	299	298	270	260
Mineral Rights	328	305	256	364	662	711	474	446	420
Total	1,635	1,641	1,614	1,661	1,985	2,132	1,938	1,867	1,852
Total assets	**1,947**	**2,032**	**2,003**	**2,089**	**2,677**	**2,693**	**2,527**	**2,449**	**2,450**
LIABILITIES									
Financial Liabilities:									
Currency and Bank Reserves	228	240	258	273	258	263	320	318	348
Debt held by the Public	943	922	785	775	998	1,698	2,332	2,497	2,719
Miscellaneous	8	12	17	19	37	45	74	66	56
Total	1,179	1,174	1,060	1,067	1,293	2,006	2,726	2,881	3,123
Insurance Liabilities:									
Deposit Insurance	0	0	0	0	2	8	106	77	56
Pension Benefit Guarantees	0	0	0	41	29	24	35	43	38
Loan Guarantees	0	1	6	17	32	26	37	59	69
Other Insurance	28	25	19	17	22	12	14	13	15
Total	28	26	25	74	85	70	193	192	178
Federal Pension Liabilities	646	791	949	1,058	1,337	1,289	1,237	1,226	1,250
Total liabilities	**1,853**	**1,991**	**2,033**	**2,199**	**2,715**	**3,365**	**4,156**	**4,299**	**4,550**
Balance	**94**	**42**	**−30**	**−111**	**−38**	**−672**	**−1,629**	**−1,850**	**−2,100**
Per capita (in 1992 dollars)	**526**	**215**	**−148**	**−515**	**−166**	**−2,824**	**−6,533**	**−7,340**	**−8,243**

[1] This table shows assets and liabilities for the Government as a whole, and therefore does not explicitly show assets of certain Government accounts, such as social security, that are liabilities of other Government accounts.

and loans. The value of these assets amounted to about $600 billion at the end of 1992. The stocks of gold, valued here at its market price, and foreign exchange are a major component of this asset category. Over the past 20 years, variations in the price of gold have accounted for major fluctuations in this category of assets. Gold prices have fallen by over 50 percent since 1980. (Sources of data and methods of estimating are described in more detail in the Technical Note at the end of this section.)

Fixed Reproducible Capital: The Federal Government is a major investor in physical capital. Outlays that add to Federally owned tangible assets are classified as investment in physical capital. These assets can be expected to deliver a flow of services over their future lifetime. The stock of capital that has been built up in this way is estimated to be about $985 billion, over three-quarters of which is defense capital.

The stock of national defense capital includes weapons systems as well other nonmilitary equipment and structures used by the armed forces. It declined from 1970 to 1980 following the end of the Vietnam War. Since the early 1980s, it has increased, but at a diminishing rate.

The stock of nondefense capital directly owned by the Federal Government includes computer equipment, motor vehicles, and Federal office buildings. The stock of such capital has grown at a relatively steady rate of 1.7 percent per year since the early 1970s.

These estimated stocks have been calculated by adding up the annual Federal investment in physical capital discussed in Appendix One, Section C with adjustments for depreciation and inflation. This cost-based approach to estimating capital values is widely used by economists. It is, for example, used by the Commerce Department for its capital stock estimates. The main limitation of this approach is that it fails to reflect shifts in the "market" value of existing capital. Recent changes in the world political climate have clearly affected the need for some of the items in the stock of defense capital. In principle, such shifts should be reflected in the value of defense equipment, but that is not possible on a cost-based approach to estimating the value of the existing stock.

Nonreproducible Capital: In addition to the capital acquired through investment, the Government owns a significant amount of land and mineral rights. There are no official estimates for the current value of these holdings, but private researchers have estimated what they might be worth, and those estimates are used and extrapolated in Table E–1. While more reliable estimates would be desirable, those presented here should provide at least a general order of magnitude.

- The estimated value of mineral rights is highly sensitive to changes in energy prices. Largely because of such changes, the real value of these mineral rights doubled from 1975 to 1985; since then, it has fallen by about 40 percent.
- The estimated Federal land values are not nearly so volatile. They are drawn from the work of Boskin, Robinson, and Huber (See technical note). The main difficulty in estimating the value of Government land is determining its market value. Boskin *et al*, have carefully updated their estimates of Federal land values using market prices for land of similar quality, but their benchmark estimate for the value of Federal land comes from a study more than four decades old. It would be highly desirable to have a more recent estimate.

Total Assets: Taken altogether, the value of Government assets totaled about $2.4 trillion last year. This represented an increase over the nominal asset levels of previous years, but in real terms, Government assets are actually smaller than they were in 1985, and even lower than in 1980. As previously indicated, lower real prices for gold, energy, and land have held down asset values, and positive net investment by the Federal Government has not been sufficient to offset these price changes.

Liabilities:

Financial Liabilities: Government financial liabilities include the obligations of the Federal Reserve System, publicly held Federal debt, and small amounts of miscellaneous obligations. The single largest of these liabilities is the Federal debt. It amounted to $2.7 trillion in 1992. Measured in constant dollars, the Federal debt fell from 1960 to 1975. Since then, it has more than tripled in size. The growth of Federal financial liabilities is driven by the deficit, since deficits are financed by selling debt.

The measure of Federal debt held by the public shown here excludes the Federal Reserve System's debt holdings, amounting to nearly $300 billion in 1992. The Federal Reserve is part of the Federal Government. Its liabilities to the public have been included in financial liabilities and are shown in Table E–1. When the Federal Reserve buys Federal debt, its acquisition is paid for by adding to the total of private bank reserves and currency outstanding.

The debt is not adjusted for changes in market value due to fluctuations in interest rates. When interest rates rise, the market value of outstanding Government debt declines, and it increases when rates fall. Recently, debt has been rising in value as interest rates have declined. Analytically, this would be a desirable adjustment, but it is unlikely to affect the trend shown in Table E–1.

Insurance Liabilities: The Federal Government has contingent liabilities arising from Federal loan guarantees and deposit and pension insurance programs. For example, when the Federal Government guarantees loans, it is nearly certain that some of those loans will default and that the Federal Government will incur estimable costs in honoring those guarantees. Such costs constitute a real liability, as the failures in the deposit insurance programs have clearly demonstrated. Until recently, this liability was not recognized in the Budget. Now, the expected value of such promises is shown in Part Three, Chapter 11, and also reported here.

The expected cost of insurance liabilities actually declined this year in real terms mainly because of the ongoing contraction of the savings and loan industry. Essentially, the failed institutions in this industry that were still open for business in the late 1980s constituted a massive contingent liability for the Federal Government. As they have been liquidated, that liability has been transformed into a large increase in Federal debt. The total amount of Federal liabilities is largely unaffected by this transaction, but the insurance component is reduced.

Federal Pension Liabilities: The pensions owed to Federal workers for service performed in the past are another significant Federal liability, although one that is not growing in real terms. As discussed in Chapter 11, recent reforms to the pension system have slowed the growth of pension obligations. The estimated decline in real liabilities also reflects favorable changes in the actuarial assumptions for pay growth and interest rates used to compute program liabilities. Furthermore, since 1983, new Federal workers are automatically covered by social security, and their prospective social security benefits are not included in Table E–1.

The Balance of Net Liabilities:

The Federal Government does not have a single "bottom line," but the net liabilities in Table E–1 reflect a legacy of past Federal actions and decisions. This balance has deteriorated significantly in the past decade. At the end of 1992, the net balance is estimated at about $2.1 trillion. On a per capita basis, this amounts to about $8,200 for every U.S. citizen.

The Balance of Long-term Obligations and Responsibilities

For a private corporation, the rapid increase in net liabilities described above would surely indicate impending bankruptcy. That is clearly not the case for the Federal Government. The balance between assets and liabilities provides only a partial indication of its financial condition. In addition to the assets that would appear on a conventional balance sheet, the Government possesses sovereign powers: it can raise or lower taxes, it can regulate commerce, and it controls the Nation's money supply. These and other powers enable the Government to maintain its solvency in the face of even a large negative balance between assets and liabilities, as defined in conventional balance sheet terms. The Government also has sovereign responsibilities that accompany its sovereign powers. How well it will be able to discharge these responsibilities in the future depends, in part, on the long-run balance between Government receipts and outlays.

One alternative way to report these obligations and resources would be to expand the list of assets and liabilities in Table E–1 to include them. The present discounted value of taxes would be added to the asset side, while discounted future outlays would be classified with the liabilities. Although possible, this treatment is potentially misleading and is not really consistent with private sector accounting. The Federal Government regularly alters the level of obligations promised to the beneficiaries of its so-called "entitlement" programs. It also changes taxes. Such programmatic shifts make the present discounted value of such "assets" and "liabilities" extremely uncertain.

It is also unclear whether all of the Government's expected future obligations would be suitable for treatment as liabilities. Drawing an arbitrary line between Federal financial commitments that are really liabilities and those that are not is extremely difficult, and it would be highly misleading to present a supposedly comprehensive list of Federal obligations that excluded defense or health care.

A better way to reflect the full range of the Government's future financial responsibilities is through a long-run budget projection. Any such projection is necessarily uncertain, but by trying to anticipate the full range of future spending and taxes, the risk of omitting important obligations or resources is minimized compared with an expansion of the conventional balance sheet.

Table E–2 shows a long-run budget projection, assuming that current law is followed in the future and extending the budget's economic assumptions. The long-run projection of real GDP growth is shown as an addendum. Historically, real GDP has grown at an average rate of about 3 percent per year. In these projections, its growth rate slows to less than 2 percent per year as labor force growth declines to nearly zero after the baby-boom generation begins to retire early in the next century.

For the period after 1998, the assumptions were based on the mid-range projections in the most recent report of the Social Security Trustees. The Trustees expect a marked slowing in total population growth to occur in the next century. By decade, the population growth rate falls from 0.9 percent per year in 1990–2000, to 0.7 percent in 2000–2010, to 0.6 percent in 2010–2020, and to 0.4 percent in 2020–2030.[2]

[2] Recently, the Census Bureau has updated its long-run population projections. According to the Census Bureau, future population growth will be stronger than envisioned by the Social Security Trustees. In the Census projections, population growth rates are 1.0 percent per year in 1990–2000, 0.8 percent in 2000–2020, and 0.7 percent in 2020–2030. The increases in these population growth rates would add a corresponding amount to

Table E–2. BUDGET PROJECTIONS

	1990	1995	2000	2005	2010	2015	2020	2025	2030
(In billions of 1992 dollars)									
Receipts	1,106	1,194	1,364	1,550	1,708	1,866	2,024	2,175	2,321
Outlays	1,343	1,440	1,571	1,771	2,018	2,335	2,724	3,213	3,799
Discretionary Outlays	536	499	442	437	436	435	434	433	432
Mandatory Outlays	610	728	896	1,077	1,290	1,543	1,826	2,147	2,483
Social Security	261	308	343	386	446	537	653	777	897
Medicare and Medicaid	147	252	375	502	643	794	951	1,141	1,349
Other Mandatory Outlays	201	168	177	189	201	212	221	229	237
Net Interest	198	213	233	257	292	356	464	633	884
Deficit	−237	−246	−206	−220	−310	−469	−700	−1,038	−1,478
Debt Held by the Public	2,586	3,591	4,164	4,621	5,299	6,518	8,536	11,677	16,330
(As a percentage of GDP)									
Receipts	18.9	18.7	18.6	18.7	18.7	18.8	19.0	19.1	19.1
Outlays	22.9	22.5	21.4	21.3	22.1	23.5	25.6	28.2	31.2
Discretionary Outlays	9.1	7.8	6.0	5.3	4.8	4.4	4.1	3.8	3.5
Mandatory Outlays	10.4	11.4	12.2	13.0	14.1	15.6	17.2	18.9	20.4
Social Security	4.5	4.8	4.7	4.6	4.9	5.4	6.1	6.8	7.4
Medicare and Medicaid	2.5	3.9	5.1	6.0	7.0	8.0	8.9	10.0	11.1
Other Mandatory Outlays	3.4	2.6	2.4	2.3	2.2	2.1	2.1	2.0	1.9
Net Interest	3.4	3.3	3.2	3.1	3.2	3.6	4.4	5.6	7.3
Deficit	−4.0	−3.8	−2.8	−2.7	−3.4	−4.7	−6.6	−9.1	−12.1
Debt Held by the Public	44.1	56.1	56.7	55.6	57.9	65.7	80.2	102.6	134.1
ADDENDUM									
Real GDP	5,866	6,399	7,338	8,309	9,145	9,918	10,637	11,376	12,182

This budget projection clearly indicates that the deficit is not going to go away under current economic and policy assumptions. Following an improvement in the 1993–1996 period, the deficit stabilizes in nominal terms. For several years, it is projected to fluctuate in a range of $200 to $250 billion. After the turn of the century, it begins to rise, and by the end of the projection period, it is rising rapidly.

The key to the long-run deficit projection is the underlying assumption about health care spending. In Table E–2, that assumption is based on estimates by the Health Care Financing Administration actuaries, who are responsible for projecting future trends in Medicare and Medicaid. Their estimates show a continuation of the rapid rate of growth in real health expenditures that has prevailed for several decades in the United States. On these assumptions, Medicare and Medicaid rise as a share of the budget from 11 percent in 1990 to 24 percent by the year 2000, and continue to climb thereafter. Unless this spiral is brought under control, it will be extraordinarily difficult to eliminate the budget deficit.

In the longer term, the expected increase in the proportion of the population that is retired will put even more pressure on the Federal budget. The crunch is expected to come in the decade of 2010–2020 when the baby-boom generation begins to reach age 65. This same demographic trend is likely to slow the growth of real GDP by limiting future increases in the labor supply, which will further limit the resources available to meet future needs.

Relationship to Generational Accounts: The generational accounts developed by Kotlikoff, Auerbach, and Gokhale and described in Appendix One, Section F are an alternative means of examining the long-run balance of Federal resources and responsibilities. The generational accounts are more general than the long-run budget projections in Table E–2 in two ways. First, the accounts provide sophisticated information about the distribution of taxes and transfers by generation. They identify not only future totals but what each generation can expect to pay and to receive. Second, they project all future budget flows into the indefinite future, so that the prospective net obligations of Government are fully reflected in their summary figures. To do this, however, the accounts assume that at some point the Federal Government puts its finances in better order. By making this assumption, the generational accounts are able to show what the cost of this future readjustment might be, but they do not provide a straightforward projection of current policies.

National Wealth and the Federal Contribution

Table E–3 presents a national balance sheet. It includes estimates of three distinct forms of national wealth: physical assets, education capital, and R&D capital. The Federal Government has made major contributions to each of these categories. Estimates of the

projected real GDP growth assuming no change in the projections of labor force participation and productivity improvement. These contrasting population forecasts are a good illustration of the uncertainties that surround any long-run economic or demographic projection.

Federal contribution are shown for each category. Data in this table are especially uncertain. The Federal share of total national wealth measured in this way is about 8 percent, down from around 11 percent in the 1960s.

The only liability that remains on the national balance sheet, after netting out the liabilities that individuals and institutions owe to one another, is the debt we owe to foreign investors. Foreign claims increased substantially in the 1980s, but they are a relatively small proportion of total national wealth—$0.5 trillion compared with $23 trillion of private and public physical capital, or $49 trillion for all three forms of capital shown here.

The debt Americans owe to one another does not appear in this table. When such debts increase as they did in the 1980s, they are offset, in balance sheet terms, by increases in financial assets; the net effect on real wealth is zero. This accounting principle should not be taken as a sign that increases in debt are without consequences. The large debt burdens that many American firms and households were carrying at the end of the 1980s left them highly vulnerable to a downturn in economic activity. When that downturn occurred in 1990, many of these individuals and businesses found it difficult to service their debt, and this difficulty served to prolong the recession and weaken the subsequent recovery.

Physical Assets:

These assets include publicly and privately held stocks of equipment and factories, stores and offices, infrastructure and military facilities, private housing, automobiles, and consumer appliances. The total amount of such capital is staggering. It amounted to around $22.7 trillion in 1992. The publicly owned share of this was $3.9 trillion, or about 17 percent.

Publicly Owned Physical Assets: In addition to its own holdings of physical capital, the Federal Government has financed about $0.5 trillion in State and local gov-

Table E–3. NATIONAL WEALTH

(As of the end of the fiscal year, in trillions of 1992 dollars)

	1960	1965	1970	1975	1980	1985	1990	1991	1992
ASSETS									
Publicly owned physical assets:									
Structures and equipment	1.8	2.0	2.4	2.8	3.0	2.9	3.0	3.0	3.1
Federally owned or financed	1.1	1.2	1.3	1.3	1.3	1.4	1.5	1.5	1.5
Federally owned	1.0	1.0	1.0	0.9	0.8	0.9	1.0	1.0	1.0
Grants to State and local governments	0.1	0.2	0.2	0.4	0.5	0.5	0.5	0.5	0.5
Funded by State and local governments	0.7	0.8	1.2	1.6	1.8	1.5	1.6	1.5	1.6
Other Federal assets	0.7	0.6	0.6	0.8	1.2	1.2	1.0	0.9	0.9
Total	2.4	2.6	3.0	3.6	4.2	4.1	4.0	3.9	3.9
Privately owned physical assets:									
Reproducible assets	5.4	6.1	7.7	10.0	12.7	12.6	14.1	13.9	14.0
Residential structures	1.9	2.2	2.7	3.6	4.7	4.5	5.1	5.1	5.1
Nonresidential plant and equipment	1.9	2.2	2.9	3.9	4.9	5.2	5.7	5.6	5.6
Inventories	0.6	0.7	0.8	1.1	1.3	1.2	1.2	1.1	1.1
Consumer durables	0.9	1.0	1.3	1.5	1.7	1.8	2.2	2.2	2.2
Land	1.9	2.3	2.6	3.3	5.0	5.4	5.5	5.0	4.8
Total	7.3	8.4	10.3	13.3	17.7	18.0	19.6	18.9	18.8
Education capital:									
Federally financed	0.1	0.1	0.2	0.3	0.4	0.5	0.7	0.7	0.7
Financed from other sources	6.1	7.8	10.3	11.9	14.6	16.9	21.6	22.5	23.7
Total	6.1	7.9	10.6	12.2	15.1	17.5	22.3	23.2	24.4
Research and development capital:									
Federally financed R&D	0.2	0.3	0.4	0.5	0.5	0.6	0.7	0.7	0.7
R&D financed from other sources	0.1	0.2	0.3	0.4	0.4	0.6	0.7	0.8	0.8
Total	0.3	0.5	0.7	0.9	1.0	1.2	1.4	1.5	1.5
Total assets	16.1	19.5	24.6	30.0	37.9	40.8	47.3	47.5	48.7
LIABILITIES									
Net claims of foreigners on U.S.	–0.2	–0.2	–0.2	–0.2	–0.4	–0.1	0.4	0.4	0.5
Balance	**16.3**	**19.7**	**24.8**	**30.1**	**38.3**	**40.9**	**46.9**	**47.0**	**48.2**
Per capita (thousands of 1992 dollars)	**90.9**	**102.0**	**121.7**	**140.2**	**168.8**	**171.9**	**188.0**	**186.6**	**189.2**
ADDENDA									
Total federally funded capital	2.0	2.2	2.5	2.8	3.4	3.8	3.8	3.8	3.8
Percent of National wealth	12.1	11.2	10.2	9.4	9.0	9.2	8.2	8.1	8.0

ernment capital. The Federal contribution has come in several areas. Grants for highways have funded transportation projects, including most of the Interstate Highway System. Community and regional development grants added to capital in the 1970s, but not recently. Grants for sewage treatment facilities boosted the capital stock in the 1980s, but they are authorized to be phased out. Altogether, State and local governments own about $2 trillion of physical capital. The Federal Government has funded about 24 percent of this.

Privately Owned Physical Assets: It is estimated that U.S. citizens owned about $18.8 trillion in physical capital in 1992.[3] This wealth consists of houses, factories, business equipment, inventories, automobiles and other consumer appliances, and land. In real terms, the value of this wealth has declined in the last two years, mainly because of a sharp drop in land values, but since 1960 the real value of such wealth has risen 2½ times.

Education Capital:

Economists have developed the concept of human capital to reflect the notion that individuals and society can invest in people as well as in physical structures. Going to college, for example, entails expenses that are similar to an investment in physical capital. The tuition and books, not to mention the earnings forgone while attending class, involve a current sacrifice that is made in the expectation of future returns. The return consists of the added earning power that more education brings, as well as any future nonmarket benefits. There is a return to education just as there is a return to investment in the stock market. The value of the embodied investment in education that generates this return can be thought of as education capital.

For this presentation, the total stock of education capital is based on an estimate of the replacement value of the years of schooling of the adult population, those 16 years of age and older. The federally financed stock is estimated by multiplying the total education stock by a moving average of the ratio of Federal outlays to total educational expenses from all sources. This does not imply that simply maximizing years of schooling would be a desirable goal for Federal education policy. It would not. The benefits of extra schooling must be balanced against their cost in determining the appropriate policy. Replacement costs include out-of-pocket expenses for books and supplies and the forgone earnings of students, as well as other private and Government outlays. Investment in human capital, in its broadest sense, includes even more than these expenses. It involves the cost of acquiring any of the skills and accomplishments that can make workers more productive. This broader definition of investment would include, at a minimum, expenditures on worker training and employment services. It might reasonably include expenditures for Head Start and other social services also. Conceivably, it could even include medical expenditures. Limiting the concept of human capital to the investment in formal education narrows its scope, but illustrates the general concept and makes possible an estimate.

This estimate of education capital has other limitations. It presumes that years of schooling are uniform in quality—that the high school degree of a middle-aged person is equivalent to the high school degree earned last year. No allowance is made for the possibility that education has varied in quality over the last several decades. No adjustment is made either for the possibility that education capital may depreciate. It is assumed that once a year of schooling has been completed, it never becomes outdated or gradually forgotten. Workers are also assumed to remember whatever they need to remember from their education, no matter how long they have been out of school.

These assumptions clearly do not exactly reflect the quality of the actual schooling that U.S. citizens have received or the value of that schooling. It is not clear, however, whether the combination of these assumptions works to raise or lower the estimated stock of education capital. The assumption that such capital does not depreciate raises the estimated value of the stock. Valuing years of schooling at current replacement cost may either understate or overstate their real value.

Using this measurement, despite its flaws, produces an estimate of the total stock of education capital that is huge. It amounts to about $24 trillion, which is as large as the value of all the physical capital in the United States. Most of the stock of education capital has been financed by students, parents, and State and local governments. The Federal contribution to this vast stock is about $0.7 trillion.

Research and Development Capital:

Research and development (R&D) capital is estimated as the accumulated stock of R&D investment net of depreciation on applied R&D. Just as business and Government invest in physical capital, so they also invest in developing new knowledge, technology, and products, i.e., R&D. The cumulated amount of past R&D investment can be thought of as a stock of R&D capital comparable to the stock of physical capital. Both types of stock are built up through investment, and both yield a return.

Total R&D capital amounts to about $1.5 trillion. This is a large sum, but it is a relatively small component of total national wealth. R&D capital is significant because of its high return rather than its absolute amount. The Federal component accounted for slightly

[3] The official data for 1992 are not yet available. The figures used here are based on extrapolations of the 1991 data, using current flows of net investment.

more than half the total stock until the mid-1980s and just under half since then. The Federal Government has consistently spent more on basic research than the nonfederal sector, composed of industry, universities, and other nonprofit organizations. As a result, the stock of basic research financed by the Federal Government exceeds that financed from all other sources combined. Since the late-1970s, the private sector has outspent the Federal Government on applied research and development. Consequently, the stock of such research financed from nonfederal sources exceeds the amount federally financed.

Other Federal Contributions to National Wealth:

The Federal Government contributes to national wealth in many other ways than through direct support of tangible and intangible capital investments. Monetary and fiscal policies, along with tax and regulatory policies, help to shape the economy's growth rate. Tax and regulatory policies can also directly affect private decisions to save or invest. The Federal Government also directs capital investment through its credit assistance policies. The legal system, of which the Federal courts are part, and the safety of persons and property are essential to a well-functioning economy. These broader aspects of Federal policy are not reflected in Table E-3.

The total amount of private capital formation is affected by the Federal budget deficit. With smaller deficits in the 1980s, it is likely that the increase in the private capital stock would have been even larger than that shown in Table E–3. Had the $1.7 trillion in added Federal debt since 1980 been avoided, a significant share of this diverted saving would probably have gone into private investment.

Federal tax policies have also altered the pattern of capital allocation. The amount of capital invested in residential housing is roughly equal to the amount invested in nonresidential plant and equipment. Had the Federal Government's tax policies been less favorable to housing, this proportion might have been significantly different. Some estimates put the excess investment in housing at almost 25 percent.

TECHNICAL NOTE: SOURCES OF DATA AND METHOD OF ESTIMATING

Federally Owned Assets and Liabilities

Assets:

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

Physical Assets:

Fixed Reproducible Capital: Estimates were developed from the OMB historical data base for physical capital outlays presented in Appendix One, Section C, "Physical and Other Capital Presentation," and published in the Historical Tables in Section 9. The data base extends back to 1940 and was supplemented by data from other selected sources for 1915–1939.

The source data are in current dollars. To estimate investment flows in constant dollars, it is necessary to deflate the nominal investment series. This was done using Commerce Department price deflators for Federal purchases of durables and structures. These price deflators are available going back as far as 1940. For earlier years, deflators were obtained based on Census Bureau historical statistics for constant price public capital formation.

The capital stock series were adjusted for depreciation on a straight-line basis, assuming useful lives of 46 years for water and power projects; 40 years for other direct Federal construction; and 16 years for major nondefense equipment and for defense procurement.

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

Liabilities:

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

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

Pension Liabilities: The estimates since 1979 are the accumulated plan obligations for future benefits as reported in the annual actuarial reports for the Civil Service Retirement System, the Federal Employees Retirement System, and the Military Retirement System (adjusted for inflation). Estimates for the years before

1979 are not actuarial; they are extrapolations. For 1992, the estimates are preliminary.

National Balance Sheet Data:

Publicly Owned Physical Assets: Basic sources of data for the federally owned or financed stocks of capital are the investment flows described in Appendix One, Section C. Federal grants for State and local government capital were added together with adjustments for inflation and depreciation in the same way as described above for direct Federal investment. Data for total State and local government capital come from the capital stock data prepared for the Commerce Department by John Musgrave. Revised estimates were published in the *Survey of Current Business,* January 1992.

Privately Owned Physical Assets: Data are from the Flow-of-Funds national balance sheet. Preliminary estimates for 1992 were prepared based on net investment from the National Income and Product Accounts.

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

Federal investment in education capital for this presentation 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. These date are shown in Part Five, "Historical Tables," Table 10.3. The data exclude Federal outlays for physical capital at educational institutions and for research and development conducted at colleges and universities because these outlays are classified elsewhere as investment in physical capital and investment in R&D capital. The data also exclude outlays under the GI Bill; outlays for graduate and postgraduate education spending in HHS, Defense, and Agriculture; and most outlays for vocational training. Part Two, Chapter 5E presents a much broader definition of education investment. Had it been possible to compile historical data for this concept, the estimate of the Federal contribution to education capital, shown here, would have been larger.

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

Research and Development Capital: The stock of R&D capital financed by the Federal Government was developed from a data base that measures the conduct of R&D. This data base is largely consistent with the data published in Part Five, "Historical Tables," Tables 10–1 and 10–2. The data exclude Federal outlays for physical capital used in R&D because such outlays are classified elsewhere as investment in federally financed physical capital. Nominal outlays were deflated using the GDP deflator to convert them to constant dollar values.

Federally funded capital stock estimates were prepared using the perpetual inventory method in which annual investment flows are cumulated to arrive at a capital stock. This stock was adjusted for depreciation by assuming an annual rate of depreciation of 10 percent for applied research and development. Basic research is assumed not to depreciate. The 1993 Budget contains additional details on the estimates of the total federally financed R&D stock, as well as its national defense and nondefense components (see *Budget for Fiscal Year 1993,* January 1992, Part Three, pages 39–40).

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

F. GENERATIONAL ACCOUNTS PRESENTATION

Government deficits, taxes, transfer payments, and other expenditures affect the distribution of income and wealth among different generations. Generational accounting is a new method for considering the fiscal treatment of different generations.[1] It is still being developed, and a number of the assumptions used to estimate the accounts are controversial.

Further development of generational accounts and other analyses of the intergenerational effect of the budget are needed to improve the quality of the estimates and the usefulness of the method. A chapter in the fiscal year 1993 Budget explained the concept and presented some illustrative results. This section updates the results for the baseline generational accounts and estimates the effects of new alternative policies. It also extends the analysis of generational accounts for the first time to lifetime net tax rates—the taxes that a generation pays, less the social security and other transfer benefits it receives, as a percentage of income over its entire lifetime.

The new analysis provides the following major conclusions:

- The lifetime net tax rates paid by Americans in the "baby boom" and successive generations is much higher than the net tax rates paid by Americans born earlier.
- Furthermore, the net tax rates paid by future generations will be substantially higher than those paid by the baby boom and other current generations, unless policy actions are taken now to mitigate this increase.
- The generational imbalance between newly born and future Americans could be largely eliminated by imposing a cap on mandatory spending (excluding social security) from 1993 through 2004 or by an appropriate surtax. Both policies would significantly increase the net taxes—the taxes paid less the transfers received—that are paid by current Americans. The increase for the newly born current Americans would be considerably more under a surtax than under a mandatory cap.

The Nature of Generational Accounts

The budget normally measures receipts and outlays for one year at a time, and it usually shows these estimates for only a few years into the future. This year's budgetary statement, however, shows long-range projections in Part Three and also shows projections to 2030 in Section E of Appendix One, "A Balance Sheet Presentation." The standard budget presentation, moreover, while it divides up receipts and outlays in a number of classifications, does not organize the results in a way that compares the effects of policy on different generations.

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

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

Generational accounts can be used to make two types of comparison. First, they can be used to compare the lifetime net payments by future generations, by the generation of people just born, and by different generations of people born in the past. The lifetime net payments by generations born in the past are based on estimates of actual taxes paid and transfer payments received in past years up through 1991 as well as projections of taxes to be paid and transfer payments to be received in the future.

Secondly, generational accounts can be used to compare the effects of actual or proposed policy changes on the remaining lifetime net payments of generations currently alive and on future generations. Such com-

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

parisons can be made equally well both for policies that change the totals of receipts or expenditures and for those that change the composition of the budget without affecting the deficit.

Generational accounts have a number of limitations as they are now constructed. These accounts, unlike almost every other table in this budget, include the taxes and transfers of all levels of government alike—Federal, State, and local. The baseline generational accounts thus do not show the separate effect of the Federal budget as a whole. However, the difference in generational accounts due to a Federal Government policy change can be analyzed alone. Thus, this treatment does not limit generational accounts as a method for assessing the effects of a change in Federal policy.

Generational accounts reflect only taxes paid to the government and transfers received. They do not impute to particular generations the value of the government purchases of goods and services made to provide them with education, highways, national defense, and other services. Therefore, they do not show the full net benefit or burden that any generation receives from government fiscal policy as a whole, although they can show a generation's net benefit or burden from a particular policy change that affects only taxes and transfers. In the future, it may be feasible to impute the value of certain types of government purchases to specific generations.

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

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

Even within the scope of generational accounts as now constructed, the results in this chapter should be viewed as experimental and illustrative. They are limited by the availability and quality of data, especially for earlier years. In addition, they are necessarily based on a number of simplifying assumptions, about which reasonable people may disagree, concerning the pattern of future taxes and spending, the interest rate used to discount future taxes and transfers to form present values, mortality and birth rates, and so forth. The absolute amounts of the generational accounts are sensitive to these assumptions. However, the generational accounts can be illuminating when considered in the light of their assumptions, as has been the case for the 75-year projections made every year by the social security trustees. Moreover, the most fundamental result holds for a wide range of reasonable changes in the assumptions: the net payment by future generations is relatively much larger than the net payment by the generation just born.

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

The Remaining Net Payments by Existing Generations

Tables F–1 and F–2 show the generational accounts as of calendar year 1991 for every fifth generation of males and females alive in that year. The first column, "net payment," is the difference between the present value of taxes that a member of each generation will pay, on average, over his or her remaining life and the present value of the transfers he or she will receive. The other columns show the average present values of the different taxes and transfers. All Federal, State, and local taxes and transfers are included in these calculations. Because of the time needed to prepare these estimates, Federal spending and receipts are based on the baseline in the Mid-Session Review of the 1993 Budget rather than the projections in the present budgetary statement.

The present value of the future taxes to be paid by the young and middle aged generations is much more than the present value of the future transfers they will receive. For males who were age 40 in 1991, for example, the present value of future taxes is $180,000 more than the present value of future transfers. The amounts are large because these generations are close to their peak tax paying years. For newborn males, on the other hand, the present value of the net payment is much smaller, $79,000, because they will not pay much in taxes for a number of years.

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

Table F–1. GENERATIONAL ACCOUNTS FOR MALES: PRESENT VALUE OF TAXES AND TRANSFERS AS OF 1991

(In thousands of dollars)

Generation's age in 1991	Net payment	Taxes paid				Transfers received		
		Labor income taxes	Capital income taxes	Payroll taxes	Excise taxes	Social security	Health	Welfare
0	78.9	29.2	10.1	31.8	28.2	6.1	11.0	3.3
5	99.7	37.5	12.9	41.0	33.3	7.7	13.1	4.2
10	125.0	47.8	16.5	52.3	38.7	9.2	15.7	5.4
15	157.2	61.1	21.2	67.1	44.6	10.7	19.2	6.9
20	187.1	73.5	26.5	81.3	48.3	11.8	22.2	8.4
25	204.0	80.4	33.1	89.5	49.1	14.6	24.3	9.0
30	205.5	80.4	39.9	89.8	48.5	18.0	26.4	8.6
35	198.8	77.6	46.8	87.0	47.8	22.6	29.7	8.0
40	180.1	71.0	52.3	79.9	46.9	28.5	34.1	7.3
45	145.1	59.8	55.4	67.6	44.5	35.9	39.6	6.6
50	97.2	45.8	55.3	52.0	40.7	45.2	45.4	6.0
55	38.9	30.2	52.2	34.5	36.2	57.1	51.8	5.3
60	−23.0	16.2	46.4	18.6	30.8	72.4	58.1	4.6
65	−74.0	5.7	39.0	6.6	25.6	82.3	64.6	3.9
70	−80.7	2.4	30.9	2.7	20.4	75.5	58.2	3.4
75	−75.5	1.1	23.6	1.3	15.5	63.3	50.9	2.8
80	−61.1	0.6	18.0	0.7	11.0	47.9	41.5	1.9
85	−47.2	0.2	15.0	0.3	7.6	36.4	33.1	0.9
90	−3.5	—	7.1	—	1.7	6.5	5.8	*
Future generations	166.5	—	—	—	—	—	—	—
Percentage difference in net payment: future generations and age zero	111.1	—	—	—	—	—	—	—

*$0.05 thousand or less.

Table F–2. GENERATIONAL ACCOUNTS FOR FEMALES: PRESENT VALUE OF TAXES AND TRANSFERS AS OF 1991

(In thousands of dollars)

Generation's age in 1991	Net payment	Taxes paid				Transfers received		
		Labor income taxes	Capital income taxes	Payroll taxes	Excise taxes	Social security	Health	Welfare
0	39.5	15.1	3.7	16.5	27.3	5.8	9.6	7.7
5	48.7	19.4	4.8	21.2	32.0	7.3	11.5	9.9
10	59.4	24.7	6.1	27.0	36.8	8.7	14.0	12.5
15	72.4	31.4	7.9	34.6	41.8	10.0	17.3	16.0
20	84.0	37.1	9.8	41.3	45.0	11.1	20.0	18.2
25	86.4	38.5	12.3	42.9	46.1	13.7	23.2	16.5
30	81.1	36.2	15.5	40.5	46.1	17.0	26.9	13.4
35	71.9	33.3	19.1	37.4	46.1	21.3	32.1	10.7
40	55.3	29.0	22.3	32.7	45.2	26.9	38.8	8.2
45	29.5	23.1	24.8	26.2	43.2	34.2	47.4	6.1
50	−2.2	16.7	26.1	19.0	39.5	43.5	55.4	4.6
55	−39.5	10.8	26.0	12.3	35.2	55.6	64.4	3.7
60	−80.8	5.6	24.4	6.4	30.3	71.4	73.1	3.1
65	−112.5	2.0	21.7	2.3	25.3	80.3	80.8	2.7
70	−110.6	0.8	18.0	0.9	20.6	74.2	74.4	2.4
75	−100.6	0.4	13.8	0.4	15.8	63.0	65.8	2.1
80	−83.3	0.2	9.3	0.2	11.6	49.5	53.3	1.7
85	−65.6	0.1	4.7	0.1	8.9	36.8	41.1	1.4
90	−9.8	—	0.5	—	1.6	5.6	6.0	0.2
Future generations	83.4	—	—	—	—	—	—	—
Percentage difference in net payment: future generations and age zero	111.1	—	—	—	—	—	—	—

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

The estimates of future net payments by generation are affected by the amounts of taxes, transfers, and other government expenditures assumed year-by-year in the baseline projection. These assumptions could differ widely. As explained in the technical note, the methods of projection generally seek to maintain current policy in some sense. However, "current policy" can be interpreted in different ways, especially for expenditures such as defense; and the long-term projections for medicare and medicaid assume that eventually policy actions or other forces will hold the spending growth to the overall rate of economic expansion (adjusted for shifts in the age and sex composition of the population), even though the growth rate is still quite rapid for the next few decades.[2]

The Net Payments by Future Generations

Future generations—those born in 1992 and later—are estimated to make a 111 percent larger net payment to the government, on average, than those born in 1991. The $166,000 average net payment by future males and the $83,000 average net payment by future females are calculated assuming that the ratio of net payments by males to that of females is the same for future generations as those born in 1991. The calculations also assume that all people of a particular sex born in the future will make the same average net payment over their lifetimes after adjusting for economic growth.

A growth adjustment is needed to the average payment because future generations will pay more in taxes, net of the transfers they receive, simply because their incomes will be higher. To properly assess the net payment by future generations relative to the newly born, it is necessary to calculate the net payment they would make above and beyond the amount due to economic growth. The generational accounts assume that all future generations pay the same net amount apart from the adjustment for growth. This net amount is the number shown in the table for all future generations of the same sex.

A generational imbalance, as defined before, is calculated in such a way that the generations now alive, including the newly born, do not pay any more taxes (or receive any less transfers) than projected in the baseline. This assumption is an analytical device for determining the size of the Nation's fiscal imbalance; it is not meant to suggest that future generations will in fact close the gap all by themselves. Any actual policy change is almost certain to bear in some degree on generations now living as well as those to be born in the future. If such a policy change is made, the percentage difference in net payments between the newly born generations and future generations would be less than shown in this table. Policy changes of this kind are illustrated below.

The size of the imbalance between future generations and the newly born is sensitive to the assumptions about the interest rate used for discounting and the growth rate of the economy. Table F–3 shows the percentage differential under alternative assumptions. It considers interest rates of 3, 6, and 9 percent and productivity growth rates of 0.25, 0.75, and 1.25 percent. The central assumptions used in this chapter were an interest rate of 6 percent and a growth rate of 0.75 percent. This led to a 111 percent larger net payment by future generations than the newly born. Under the alternatives in table F–3, the difference ranges from 65 percent to 228 percent. While this range is large, the basic conclusion holds for all alternatives. Future generations are estimated to make a much larger payment of taxes to the government, net of transfers received, than those just born.

Table F–3. PERCENTAGE DIFFERENCE IN NET PAYMENTS OF FUTURE GENERATIONS AND AGE ZERO FOR ALTERNATIVE ASSUMPTIONS

Interest rate	Growth rate 0.25	0.75	1.25
3.0	117	89	65
6.0	138	111	87
9.0	228	193	162

The generational imbalance also depends on the policy assumption that all future generations of the same sex have the same net payment (after adjusting for growth). Alternatively, suppose that the future generations born during 1992–2001 pay only the same amount as the generation born in 1991. Because these future generations pay less than previously assumed, the future generations born after 2001 will have to make a net payment that is 186 percent larger, rather than 111 percent larger, than the net payment of the 1991 generation. The greater the number of future generations who pay no more than current newborns, the larger is the net payment that will be required of generations who are born still later.

Change in the Imbalance Between 1990 and 1991

The estimated 111 percent imbalance in 1991 between newborns and future generations can be compared with the estimated 79 percent imbalance in 1990 reported in the fiscal year 1993 Budget. The difference primarily reflects lower baseline receipts projected for 1993–2004. Based on last year's projections, the estimated 1991 imbalance would be 81 percent. A second

[2] A pure extrapolation of recent trends, in contrast, would imply that health care costs would eventually bankrupt the Government.

factor is that one more generation, the generation born in 1991, does not make the higher lifetime net payments required of future generations.

Illustrative Policy Changes

Table F–4 compares two alternative policies to rectify the fiscal imbalance between the generation just born and future generations. They would remove the imbalance to about the same degree but would have quite different distributive effects among different generations.

The first of these policies is a cap on the spending of all mandatory programs except social security and deposit insurance. From 1993 to 2004, the savings from the cap would be calculated for each mandatory program with beneficiaries as the difference between (1) baseline spending and (2) spending limited to the growth rate in the number of beneficiaries plus the inflation rate (with a little additional growth allowed in the first two years for transition). Medicare and medicaid are the largest mandatory programs, and they produce most of the total savings. For these two programs, spending would be limited to the amount determined by the calculation of the cap. For all other mandatory programs (except social security and deposit insurance), the required savings would be spread across-the-board as a proportionate reduction in spending. Employing the economic assumptions used for the 1993 Mid-Session Review (and extended to the years after 1997), the consolidated budget is projected to be balanced under the cap in 2004.[3] Thereafter, the spending growth rates for mandatory programs would be the same as in the baseline. However, because the level of mandatory spending in 2004 would be lower than under the baseline, applying these same growth rates would produce permanently lower levels of subsequent spending.

The cap on mandatory spending would largely eliminate the imbalance in net payments between future generations and those just born. Future generations would pay 12 percent more, instead of 111 percent more. The net payment by males in future generations would be $71,000 less than under the baseline, on average, and the net payment by females would be $33,000 less.

All existing generations would have a larger net payment. In terms of age, the largest increase would be for people who are now around 55 to 60 years old. This is because the cap would mostly reduce transfer payments for health care, especially medicare, and medicare is received almost only by the elderly. The increase in net payments would be higher for females than males at almost every age, because they live longer and the cap primarily reduces transfers to the elderly.

The second policy is a surtax on the Federal individual income tax. From 1993 to 2004, the amount of the surtax would equal the amount of the spending reduction that would be required under the mandatory cap. After 2004, the amount of the surtax would increase at the same rate as other taxes generally increase.

[3] The budget would not necessarily be balanced in all later years. Generational balance over a period taken as a whole is consistent with some years of deficit, and the illustrative policies do not entirely eliminate the imbalance.

Table F–4. CHANGE IN GENERATIONAL ACCOUNTS DUE TO ALTERNATIVE POLICIES AS OF 1991

(In thousands of dollars)

Generation's Age in 1991	Males		Females	
	Mandatory Caps	Surtax	Mandatory Caps	Surtax
0	6.4	16.1	5.4	7.5
5	7.7	19.2	6.6	8.9
10	9.1	22.4	7.9	10.4
15	10.5	25.3	9.3	11.4
20	11.1	26.1	10.4	11.6
25	11.8	25.5	11.8	11.1
30	12.6	24.0	13.5	10.4
35	14.0	21.8	15.9	9.4
40	15.9	18.8	18.7	8.2
45	18.2	15.1	22.0	6.8
50	20.7	11.2	25.6	5.3
55	23.0	7.6	29.2	4.0
60	23.2	4.9	30.3	2.8
65	20.0	3.1	27.4	1.9
70	15.6	2.0	22.7	1.2
75	11.0	1.2	16.9	0.6
80	6.6	0.7	10.2	0.2
85	2.5	0.3	3.6	*
90	—	—	—	—
Future generations	−71.3	−57.2	−33.2	−29.3
Percentage difference in net payment: future generations and age zero	11.7	15.1	11.7	15.1

* $0.05 thousand or less.

The surtax would reduce the generational imbalance by almost as much as the mandatory cap. Future generations would pay 15 percent more than those just born, compared to 12 percent under the cap and 111 percent under the baseline. The average male member of future generations would pay $57,000 less, and the average female would pay $29,000 less. All existing generations would pay more.

However, the distributional effect of the surtax would be quite different from the mandatory cap. The surtax would bear much more on the relatively young; the cap, on the relatively old. For example, a 65-year old male would pay $3,000 more under the surtax than the baseline but would pay $20,000 more under the cap; in contrast, a 20-year old male would pay $26,000 more under the surtax but $11,000 more under the cap. This is because the surtax is paid disproportionately by younger people earning income, whereas the cap disproportionately reduces transfer payments to older people.

The second distributional difference is between males and females. The surtax bears more on males; the cap, on females. This is primarily because males tend to have higher incomes and pay more income taxes, whereas females tend to live longer and receive more health care transfers.

The two policies also have different distributional effects between existing and future generations. The reduction in net payments by future generations is less under the surtax: $14,000 less for males, on average, and $4,000 less for females. This is partly because a larger imbalance remains between future generations and those just born, 15 percent compared to 12 percent. The improvement for future generations is less under the surtax, because the older generations do not pay as much more.

Historical Lifetime Tax Rates

The analysis so far has been prospective, considering only the present value of future taxes and transfers as of 1991 for existing generations and generations yet to be born. A prospective analysis can compare policy changes; and it can compare the lifetime fiscal burdens of the newly born and future generations, because their entire lifetimes are in the future. However, it cannot compare the lifetime fiscal burden on one existing generation with the lifetime fiscal burden on another existing generation born in a different year—or with future generations—because part of any living generation's taxes and transfers were in the past and therefore are not taken into account.

A comparison of one existing generation with another must be based on its entire lifetime taxes and transfers. Table F–5 shows the results in terms of lifetime net tax rates for different generations born since 1900 and future generations. The lifetime net tax rate of a generation is defined as the present value of its lifetime net taxes (taxes less transfers) divided by the present value of its lifetime income. The present values are calculated as of the generation's year of birth, so that each generation can be compared from the standpoint of when it was born. The lifetime net taxes are the same as the generational account for a generation in the year of its birth. (As shown in table F–1, the lifetime net taxes of the males born in 1991 was $78,900.) Since lifetime taxes, transfers, and income have trended upward and have fluctuated to some extent, it is more appropriate to compare the relative fiscal burden on different generations in terms of lifetime net tax rates rather than in terms of absolute amounts.

The lifetime net tax rates are calculated from historical data on taxes, transfers, and income up to 1991 and projections of future data as described for the previous sections. Historical data, however, are not available to the same extent as the data for recent years that underlie the projections, and in some cases they are not available at all. A technical note at the end of this section summarizes the methods of constructing the historical series.

Table F–5. LIFETIME NET TAX RATES, TAX RATES, AND TRANSFER RATES

(In percentages)

	Males			Females			Average of Males and Females		
	Net Tax Rate	Tax Rate	Transfer Rate	Net Tax Rate	Tax Rate	Transfer Rate	Net Tax Rate	Tax Rate	Transfer Rate
1900	17.8	19.6	1.8	35.3	43.9	8.7	21.5	24.8	3.3
1910	21.8	24.6	2.8	35.7	49.6	13.9	24.7	29.8	5.2
1920	24.2	27.7	3.5	34.0	50.4	16.5	26.3	32.5	6.2
1930	26.4	30.5	4.1	34.4	52.8	18.5	28.1	35.3	7.2
1940	28.2	33.0	4.8	32.7	50.6	17.9	29.3	37.3	8.0
1950	30.6	36.8	6.2	30.6	46.9	16.3	30.6	39.9	9.3
1960	32.3	39.6	7.2	31.5	47.9	16.4	32.1	42.3	10.2
1970	33.6	41.7	8.1	32.5	50.3	17.8	33.2	44.5	11.3
1980	34.1	42.4	8.3	33.1	51.6	18.5	33.8	45.5	11.7
1990	33.9	42.7	8.7	32.9	52.0	19.1	33.6	45.7	12.2
1991	33.9	42.7	8.8	32.8	52.0	19.2	33.5	45.8	12.2
Future Generations	71.5	—	—	69.3	—	—	71.1	—	—

Lifetime calculations also introduce a number of conceptual issues. For example, how should lifetime income be measured? Lifetime income is defined as a present value, like lifetime taxes and transfers. The present value calculation should include all income that increases a generation's resources: labor earnings, inherited wealth, and capital gains over and above the normal return to saving. The normal return to saving is not itself included in income, because that would be double counting. Saving and earning a normal rate of return does not increase the present value of a household's resources. Data do not exist on the share of each generation's income that has come from inherited wealth or supernormal capital gains, so labor earnings are used to represent income.[4]

The lifetime net tax rate for males in the base case exhibits a strong upward trend, rising from 18 percent in 1900 to 34 percent in 1970 and succeeding years. The lifetime net tax rate for females exhibits a quite different behavior. It started much higher than males, at 35 percent, declined irregularly for a half century, and afterwards rose slightly. Since 1950 the net tax rate has been about the same for males and females.

The behavior of the female net tax rate is an artifact of increasing labor force participation and the method used to attribute labor earnings and taxes within a family. Labor earnings are attributed to the person who receives them; some taxes, including excises, are attributed equally to husband and wife. The lower female earnings thus contribute to a higher female tax rate, especially in the early decades of the century. At the same time, the rise in female labor force participation over time has caused female earnings to increase faster than male earnings without directly increasing those taxes that are attributed equally to husband and wife. This has offset the general increase in taxes that contributed to the rising net tax rates observed in the series for males.

This pattern emphasizes a conceptual question in calculating generational accounts. How should income, taxes, and transfers be attributed within a family? Excise taxes could alternatively have been attributed in proportion to labor earnings, or labor earnings could have been attributed equally between husband and wife. Table F–5 displays one answer to this question by also showing lifetime net tax rates for males and females together, calculated as a weighted average of the net tax rate for each sex. The average net tax rate rises significantly for most of this century, increasing from 22 percent for the generation born in 1900 to 32 percent for the generation born in 1960, and to about 33 percent for the generations born since 1970. This trend reflects the growing fiscal role of government. The average net tax rate for future generations is 71 percent, which is the same percentage difference compared to people newly born in 1991 as the percentage difference shown in tables F–1 and F–2. The male and female net tax rates are virtually the same for future generations.

Table F–5 also breaks down the net tax rates between gross tax rates and transfer rates. To calculate these latter rates, the present value of a generation's lifetime taxes (or transfers) is divided by the present value of its lifetime income. This breakdown reveals the expanded role of government transfer payments during the past century. The lifetime transfer rate for males and females taken together nearly quadrupled between the generations born in 1900 and those born in 1991, starting at 3.3 percent and increasing each decade to a rate of 12.2 percent. The increase was more rapid, in both relative and absolute terms, for the generations born before World War II than afterwards.

Because of the growth in the transfer rate, the gross tax rate has not leveled off in the past two decades to the same extent as the net tax rate. The gross tax rate for males and females taken together nearly doubled between the generations born in 1900 and 1991, starting at 24.8 percent and increasing each decade to a rate of 45.8 percent. A generation's lifetime taxes pay for the purchases of goods and services as well as transfers and pay for transfers to other generations as well as its own.

The breakdown further shows that the similarity between males and females in lifetime net tax rates masks very different gross tax and transfer rates. Each rate is much higher for females, which reflects such factors as females' lower lifetime income and greater longevity (as well as the attribution assumptions for taxes and income within the family).

Table F–6 shows how policy changes designed to rectify the generational imbalance would affect the lifetime net tax rates of different generations. For future generations, the cap on mandatory spending reduces the lifetime net tax rate on males and females together from 71 percent to 41 percent, and the surtax reduces it to 46 percent.

For existing generations, the effect of the policy change on lifetime net tax rates is greater as the generation is younger; and for the very youngest generations, born in 1991, it is quite significant. Under the mandatory cap, the lifetime net tax rate of the generation born in 1991 increases by 2.7 percentage points for males. For females, who will live longer, the increase is 4.5 percentage points. A surtax would raise the burden on this generation still more: an increase over the baseline of 6.9 percentage points for males and 6.3 percentage points for females. For older generations, the increase in the lifetime net tax rate is smaller, primarily because the absolute effects of the

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

Table F–6. LIFETIME NET TAX RATES

(In percentages)

Generation's Year of Birth	Males			Females			Average of Males and Females		
	Baseline	Mandatory Caps	Surtax	Baseline	Mandatory Caps	Surtax	Baseline	Mandatory Caps	Surtax
1900	17.8	17.8	17.8	35.3	35.3	35.3	21.5	21.5	21.5
1910	21.8	21.8	21.8	35.7	35.9	35.7	24.7	24.7	24.7
1920	24.2	24.4	24.3	34.0	34.8	34.0	26.3	26.6	26.3
1930	26.4	26.8	26.4	34.4	36.5	34.5	28.1	28.9	28.2
1940	28.2	28.9	28.5	32.7	35.2	33.2	29.3	30.4	29.7
1950	30.6	31.5	31.6	30.6	32.9	31.5	30.6	31.9	31.6
1960	32.3	33.6	34.6	31.5	34.2	33.5	32.1	33.8	34.2
1970	33.6	35.3	37.6	32.5	35.7	35.9	33.2	35.4	37.1
1980	34.1	36.5	39.9	33.1	37.0	38.2	33.8	36.6	39.3
1990	33.9	36.6	40.7	32.9	37.4	39.0	33.6	36.9	40.2
1991	33.9	36.6	40.8	32.8	37.3	39.1	33.5	36.9	40.2
Future generations	71.5	40.9	47.0	69.3	41.7	45.0	71.1	41.3	46.5

policy change are discounted over more years in order to calculate the present value as of the generation's year of birth. In the case of the surtax, the absolute effects are also smaller for older generations because they have fewer remaining years of labor earnings.

The burden that remains on the older generations is greater for the mandatory cap than the surtax, as previously explained, because medicare benefits are relatively high and income taxes relatively low in the remaining years of these generations' lifetimes. Because females live longer than males, the increase in lifetime net tax rate under the mandatory cap is greater for females than males at every age. On the other hand, because males have higher labor earnings, the lifetime net tax rate under the surtax generally increases more for males than for females.

TECHNICAL NOTE: CONSTRUCTION OF THE GENERATIONAL ACCOUNTS

The Present Value Constraint

Generational accounting is based on the present value budget constraint of the government sector. In simple terms, this constraint says that the government must ultimately pay for its purchases of goods and services with resources it obtains from current and future generations or with its current assets (net of debt). If current generations pay less in taxes (net of transfers received) to finance government purchases, future generations will have to pay more. For example, suppose that through borrowing the payments for the government's bills were repeatedly shifted to future generations by each successive current generation. Then this debt would grow, with interest. Eventually the interest would exceed the lifetime income of future generations, which would result in default.

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

The generational accounts for future generations are derived from the aggregate amount (2). For all but one of the illustrations in this chapter, different net payments (after adjusting for economic growth) are not estimated for different future generations. Rather, the aggregate present value net payment by future generations is divided on an even basis among all future generations in such a way that the average net payment by the members of each generation keeps pace with the economy's growth in productivity. Thus, as shown in tables F–1 and F–2, one single (growth adjusted) average figure stands as the generational account for all future generations of a given sex. Because the generational account is calculated indirectly from the above aggregates, it can only be shown as a single number and cannot be divided among specific taxes and transfers.

The Underlying Calculations

The calculation of the generational accounts is a three-step process. The first step entails projecting each currently living generation's average taxes and transfers to each future year in which at least some member of the generation will be alive. The second step converts these projected average taxes and transfers into an actuarial present value, using assumptions for the discount rate and the probability that the generation's members will be alive in each of the future years.

The sum of these present values, with transfers subtracted from taxes, is the generational account or "net payment" for existing generations shown in the first column of tables F-1 and F-2. The third step is to estimate the other terms of the present value constraint explained in the previous section so as to derive the average net payment by future generations. The calculations are based on projections to 2200.

Projection of taxes and transfers.—The projection of average future taxes and transfers begins with the national totals of all Federal, State, and local taxes and transfers as reported by the national income and product accounts (NIPAs) for calendar year 1991. (All years in this section are calendar years unless otherwise stated.) The relationship of the NIPA data to the Federal budget is described in the introduction to Appendix One. Employee retirement and veterans benefits paid by government are considered a form of employee compensation and classified as the purchase of a service rather than a transfer payment.

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

The distribution of average taxes and transfers by age and sex in the future is assumed to equal the base year average amounts after adjustments for growth and projected policy. In the case of Federal taxes and transfers for 1993–2004, the amounts correspond to the current service estimates of taxes and transfers in the Mid-Session Review of the 1993 Budget (July 1992), extended beyond 1997 and updated for the actual fiscal year 1992 results. In the case of State and local taxes and transfers for 1993–2004, the amounts are based on the GDP assumptions in the Mid-Session Review and the assumption that the ratios of State and local tax and transfer aggregates to GDP remain constant at the 1991 levels. After 2004 the average taxes and transfers by age and sex are assumed, with two exceptions, to increase at the assumed rate of productivity growth. Productivity (both labor and multi-factor productivity) is assumed to increase at 0.75 percent a year, which is close to the average annual rate of multi-factor productivity growth since 1970.

Social security and health care transfers are the two exceptions. The projected social security transfers and payroll tax receipts after 2004 are based on special calculations made by the Social Security Administration assuming a productivity growth rate of 0.75 percent. The projected medicare and medicaid transfers from 2005 through 2030 are calculated from the growth rates in the Health Care Financing Administration middle scenario estimates published in 1991.[5] After 2030, health care transfers are assumed to stabilize as a percentage of GDP apart from the effect of changes in the composition of the population by age and sex. Medicare receipts are assumed to grow at 0.75 percent a year.

Assumptions for present value.—The appropriate discount rate for calculating the present value of future amounts depends on whether or not these amounts are known with certainty. Future government receipts and expenditures are risky, which suggests that they be discounted by a rate higher than the real rate of interest on government securities. On the other hand, government receipts and expenditures appear to be less volatile than the real return on capital, which suggests that they be discounted by a lower rate than that. The baseline calculations assume a 6 percent real discount rate, which is intermediate between the roughly 2 percent average real return available in recent years on short-term Treasury securities and the roughly 10 percent real return available in recent years on capital.

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

Other Projections.—Federal purchases of goods and services through 2004, like Federal taxes and transfers, are from the latest Mid-Session Review extended beyond 1997 and updated for the actual fiscal year 1992 results. State and local purchases through 2004 are kept at the same ratio to GDP as in 1991. Federal, State, and local purchases after 2004 were divided between (1) those made on behalf of specific age groups—the young, middle aged, and elderly—such as educational

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

expenditures; and (2) those that are more nearly pure public goods, such as defense and public safety. Purchases per person in each of the three age groups, and purchases of public goods per capita, all increase at the assumed rate of productivity growth.

The economic value of the government's assets that yield income, less the government debt, was estimated to be the cumulative amount of the NIPA deficit since 1900 converted to constant dollars by the GDP deflator.

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

Historical Lifetime Net Tax Rates.—Lifetime net tax rates for generations born between 1900 and 1991 were calculated by dividing the generational account of each generation at birth by its human wealth—the present value at birth of its future labor earnings. The calculation of a generation's human wealth requires knowing its average labor earnings in each future year. The average labor earnings received by particular generations in particular years was determined by distributing aggregate labor income by age and sex using cross-section distributions of labor income found in cross-section survey data. The lifetime generational accounts for generations born between 1900 and 1991 are based on actual taxes and transfers between 1900 and 1991 and projected taxes and transfers in years after 1991.

Aggregate labor earnings, taxes, and transfers were obtained from the national income and product accounts for 1929 and later years. Pre-1929 aggregate labor earnings were from series in *Historical Statistics of the United States, Colonial Times to 1970.* Pre-1929 taxes and transfers were from the 1982 Census of Governments, *Historical Statistics on Government Finances and Employment.* Various cross-section surveys were used to distribute aggregate labor earnings, taxes, and transfers by age and sex. Cross-section surveys prior to the early 1960s were not available for this study, so surveys from years after 1960 were used for earlier years. The Current Population Surveys were used for labor earnings and taxes on labor earnings in 1964 and later years, and the 1964 survey was used for earlier years.

Appendix Two.
Tax Expenditures

TAX EXPENDITURES

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

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

TAX EXPENDITURES IN THE INCOME TAX

Tax Expenditure Baselines

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

The normal tax baseline is patterned on a comprehensive income tax, which defines income as the sum of consumption and the change in net wealth in a given period of time. The normal tax baseline allows personal exemptions, a standard deduction, and deductions of the expenses incurred in earning income. It is not limited to a particular structure of tax rates, or by a specific definition of the taxpaying unit.

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

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

- *Income is taxable when realized in exchange.* Thus, neither the deferral of tax on unrealized capital gains nor the tax exclusion of imputed income (such as the rental value of owner-occupied housing or farmers' consumption of their own produce) is regarded as a tax expenditure. Both accrued and imputed income would be taxed under a comprehensive income tax.
- *There is a separate corporation income tax.* Under a comprehensive income tax, corporate income would be taxed only once—at the shareholder level, whether or not distributed in the form of dividends.
- *Values of assets and debt are not adjusted for inflation.* A comprehensive income tax would adjust the cost basis of capital assets and debt for changes in the price level during the time the assets or debt are held. Thus, under a comprehensive income tax baseline the failure to take account of inflation in measuring depreciation, capital gains, and interest income would be regarded as a negative tax expenditure (i.e., a tax penalty), and failure to take account of inflation in measuring interest costs would be regarded as a positive tax expenditure (i.e., a tax subsidy).

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

- *Tax rates.* The separate schedules applying to the various taxpaying units are included in the reference law baseline. Thus, corporate tax rates below the maximum statutory rate do not give rise to a tax expenditure. The normal tax baseline is similar, except that it specifies the current maximum rate as the baseline for the corporate income tax. The lower tax rates applied to the first $75,000 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 are not a form of compensation.[1] 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.[2]
- *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 are considered here.

Outlay Equivalents

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

The measure is larger than the revenue loss estimate when the tax expenditure is judged to function as a Government payment for service. This occurs because an outlay program would increase the taxpayer's pre-tax income. For some tax expenditures, however, the revenue loss equals the outlay equivalent measure. This occurs when the tax expenditure is judged to function like a price reduction or tax deferral that does not directly enter the taxpayer's pre-tax income.[3]

Tax Expenditure Estimates

The Treasury Department prepared all tax expenditure estimates based upon income tax law enacted as of December 31, 1992. Expired or repealed provisions are not listed if their revenue effects result only from taxpayer activity in years before 1992.

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

- *Eliminating a tax expenditure may have incentive effects that alter economic behavior.* These incentives may affect the resulting magnitudes of the formerly subsidized activity or of other tax preferences or Government programs. For example, if deductibility of mortgage interest were limited, some taxpayers would hold smaller mortgages, with a concomitantly smaller effect on the budget than if no such limits were in force.
- *Tax expenditures are interdependent even without incentive effects.* For example, if the State and local interest exclusion alone were repealed, some taxpayers would be thrust into higher tax brackets,

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

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

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

automatically increasing the size of the charitable contribution tax expenditure even if taxpayers did not make larger contributions. Alternatively, if both the interest exclusion and the charitable deduction were repealed simultaneously, the increase in tax liability would be greater than the sum of the two separate tax expenditures since each is estimated assuming that the other remains in force.

- *The annual value of tax expenditures for tax deferrals is prepared on a cash basis.* For example, the annual budget cost due to employers' contributions to employee pension plans is the sum of tax deferrals on two items—the employers' current year pension plan contributions and the current year pension fund asset earnings—less the taxes paid on pensions received. The resulting budget cost is sensitive to the relative magnitudes of these components, which can change over time. For instance, when changing activity levels cause payments of deferred taxes to exceed new tax deferrals, the tax expenditure estimated on a cash basis would be negative, even though there is a loss of revenue to the Government in present value terms from the new activity that qualifies for a tax deferral.
- *Repeal of some provisions could affect overall levels of income and rates of economic growth.* Changes in projected growth rates for aggregate national income and product could alter the tax base over the forecast period. All receipts and outlays in the budget are based, however, on projections of income and growth that, in effect, assume all existing laws will continue.

Tax Expenditures By Function

The 1992–94 outlay equivalent and revenue loss estimates of tax expenditures are displayed by the budget's functional categories in table 2–1. A description of the provisions follows the table.

Table 2–3 at the end of this appendix ranks the major tax expenditures by fiscal year 1994 revenue loss. Table 2–3 merges several individual entries provided in table 2–1; e.g., table 2–3 contains one merged entry for charitable contributions instead of the three separate entries found in table 2–1.

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

Items treated as tax expenditures under the normal but not the reference tax rules are indicated by the designation "Normal tax" in the table. In these cases, a line designated as "Reference tax" shows that tax expenditures for this item would be zero using the reference tax rules.

Other Considerations

Additional tax expenditure analysis may be helpful to policy makers. In particular, discounted present value estimates of revenue losses would be useful complements to the cash basis tax expenditure estimates for provisions involving tax deferrals. A present value measure would reflect the future loss of tax revenue from new deferral activity occurring in the upcoming year.

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

Table 2–1. **ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX**

(In millions of dollars)

Description	Outlay Equivalents			Revenue loss					
				Corporations			Individuals		
	1992	1993	1994	1992	1993	1994	1992	1993	1994
National defense:									
Exclusion of benefits and allowances to armed forces personnel	2,325	2,370	2,400	—	—	—	1,990	2,030	2,055
International affairs:									
Exclusion of income earned abroad by United States citizens	1,275	1,405	1,545	—	—	—	920	1,010	1,225
Exclusion of income of foreign sales corporations	1,730	1,760	1,900	1,175	1,200	1,270	—	—	—
Deferral of income from controlled foreign corporations:									
Normal tax method	300	310	330	300	310	330	—	—	—
Reference tax method	—	—	—	—	—	—	—	—	—
Inventory property sales source rules exception	3,120	3,280	3,440	2,120	2,230	2,340	—	—	—
Interest allocation rules exception for certain financial operations	140	150	150	95	100	100	—	—	—
Total (after interactions)	6,045	6,375	6,795	....	....	....	....	....	....
General science, space, and technology:									
Expensing of research and development expenditures:									
Normal tax method	1,895	2,020	2,150	1,865	1,985	2,120	30	35	30
Reference tax method	—	—	—	—	—	—	—	—	—
Credit for increasing research activities	1,850	775	325	1,190	510	215	25	10	....
Suspension of the allocation of research and experimentation expenditures	900	355	—	250	—	—	—	—	—
Total (after interactions)	4,455	3,074	2,720	....	....	....	....	....	....
Energy:									
Expensing of exploration and development costs:									
Oil and gas	125	150	165	85	105	120	40	45	45
Other fuels	35	40	40	30	35	35	5	5	5
Excess of percentage over cost depletion:									
Oil and gas	1,260	1,450	1,610	355	435	500	530	580	625
Other fuels	265	280	295	160	170	180	15	15	20
Alternative fuel production credit	970	1,215	1,355	580	720	810	100	130	140
Exception from passive loss limitation for working interests in oil and gas properties	90	85	85	—	—	—	90	85	85
Capital gains treatment of royalties on coal	5	10	10	—	—	—	5	5	5
New technology credit	75	85	90	50	55	60	—	—	—
Alcohol fuel credit [1]	10	10	10	10	10	10	—	—	—
Credit and deduction for clean-fuel vehicles and properties	—	20	75	—	15	45	—	—	5
Exclusion of interest on State and local industrial development bonds for energy facilities	245	240	250	15	10	10	150	155	160
Total (after interactions)	2,175	2,585	2,865	....	....	....	....	....	....
Natural resources and environment:									
Expensing of exploration and development costs, nonfuel minerals	45	50	50	40	45	45	5	5	5
Excess of percentage over cost depletion, nonfuel minerals	330	365	400	230	255	280	25	25	25
Capital gains treatment of iron ore	*	*	*	—	—	—	*	*	*
Capital gains treatment of certain timber income	5	10	10	—	—	—	5	5	5
Special rules for mining reclamation reserves	50	50	50	45	45	45	5	5	5
Exclusion of interest on State and local IDBs for pollution control and sewage and waste disposal facilities	1,740	1,595	1,520	100	70	50	1,085	1,015	980
Tax incentives for preservation of historic structures	145	135	130	50	45	40	95	90	90
Expensing of multiperiod timber growing costs	440	470	500	245	260	275	195	210	225
Investment credit and seven-year amortization for reforestation expenditures	30	35	40	15	15	15	15	20	20
Total (after interactions)	2,730	2,660	2,645	....	....	....	....	....	....
Agriculture:									
Expensing of certain capital outlays	320	180	155	35	20	20	285	160	135
Expensing of certain multiperiod production costs	155	145	140	50	45	45	105	100	95
Treatment of loans forgiven solvent farmers as if insolvent	10	10	10	—	—	—	10	10	10
Capital gains treatment of certain income	60	65	75	—	—	—	45	50	55
Total (after interactions)	515	375	360	....	....	....	....	....	....
Commerce and housing credit:									
Exemption of credit union income	500	560	615	400	445	490	—	—	—

Table 2-1. **ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX—Continued**

(In millions of dollars)

Description	Outlay Equivalents			Revenue loss					
				Corporations			Individuals		
	1992	1993	1994	1992	1993	1994	1992	1993	1994
Excess bad debt reserves of financial institutions	80	100	115	80	100	115	—	—	—
Exclusion of interest on life insurance savings	9,835	10,460	11,215	105	130	170	7,515	7,565	8,030
Special alternative tax on small property and casualty insurance companies	*	*	*	*	*	*	—	—	—
Tax exemption of certain insurance companies	150	155	160	105	110	115	—	—	—
Small life insurance company deduction	150	165	175	110	120	125	—	—	—
Exemption of RIC expenses from the 2% floor for miscellaneous itemized deductions	615	700	800	—	—	—	460	525	600
Exclusion of interest on small issue industrial development bonds	1,680	1,310	965	90	55	30	1,050	835	625
Exclusion of interest on owner-occupied mortgage subsidy bonds	2,340	2,170	1,950	665	620	565	1,210	1,115	995
Exclusion of interest on State and local debt for rental housing	1,585	1,465	1,415	90	65	50	990	930	915
Deductibility of mortgage interest on owner-occupied homes	42,730	45,145	48,145	—	—	—	42,730	45,145	48,145
Deductibility of State and local property tax on owner-occupied homes	12,245	13,100	14,015	—	—	—	12,245	13,100	14,015
Deferral of income from post 1987 installment sales	785	820	860	205	210	220	580	0	640
Capital gains (other than agriculture,timber, iron ore, and coal):									
Normal tax method	2,925	3,160	3,355	—	—	—	2,195	2,370	2,515
Reference tax method	—	—	—	—	—	—	—	—	—
Deferral of gains from sale of broadcasting facilities to minority owned business	240	260	280	240	260	280	*	*	*
Ordinary income treatment of loss from small business corporate stock sale	20	20	20	—	—	—	20	20	20
Deferral of capital gains on home sales	13,265	13,925	14,620	—	—	—	13,265	13,925	14,620
Exclusion of capital gains on home sales for persons age 55 and over	5,685	6,170	6,360	—	—	—	4,265	4,625	4,770
Step-up basis of capital gains at death	31,485	33,690	36,050	—	—	—	23,425	25,065	26,820
Carryover basis of capital gains on gifts	150	120	125	—	—	—	150	120	125
Accelerated depreciation on rental housing:									
Normal tax method	1,360	1,310	1,280	900	875	855	460	435	425
Reference tax method	—	—	—	—	—	—	—	—	—
Accelerated depreciation of buildings other than rental housing:									
Normal tax method	5,625	5,485	5,430	3,990	3,850	3,795	1,635	1,635	1,635
Reference tax method	—	—	—	—	—	—	—	—	—
Accelerated depreciation of machinery and equipment:									
Normal tax method	17,205	19,505	22,065	13,915	15,750	17,785	3,290	3,755	4,280
Reference tax method	—	—	—	—	—	—	—	—	—
Amortization of start-up costs:.									
Normal tax method	185	190	195	50	50	50	135	140	145
Reference tax method	—	—	—	—	—	—	—	—	—
Reduced rates on the first $100,000 of corporate income:									
Normal tax method	4,515	5,075	5,495	2,980	3,350	3,625	—	—	—
Reference tax method	—	—	—	—	—	—	—	—	—
Exception from passive loss rules for $25,000 of rental loss	5,655	6,040	6,245	—	—	—	5,655	6,040	6,245
Treatment of Alaska Native Corporations	90	55	35	90	55	35	—	—	—
Permanent exceptions from imputed interest rules	135	140	140	—	—	—	135	140	140
Total (after interactions)	156,505	166,285	176,780	....	....	....	....	....	....
Transportation:									
Deferral of tax on shipping companies	10	10	15	10	10	15	—	—	—
Community and regional development									
Credit for low-income housing investments	1,130	1,370	1,530	340	410	460	780	950	1,060
Investment credit for rehabilitation of structures (other than historic)	95	90	90	30	30	30	65	60	60
Exclusion of interest on IDBs for airports, docks, and sports and convention facilities	850	860	895	245	250	265	435	435	450
Exemption of certain mutuals' and cooperatives' income	60	65	65	60	65	65	—	—	—
Total (after interactions)	2,135	2,385	2,580	....	....	....	....	....	....

Table 2-1. **ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX—Continued**

(In millions of dollars)

Description	Outlay Equivalents			Revenue loss					
				Corporations			Individuals		
	1992	1993	1994	1992	1993	1994	1992	1993	1994
Education, training, employment, and social services:									
Exclusion of scholarship and fellowship income:									
Normal tax method	770	865	895	—	—	—	700	790	815
Reference tax method	—	—	—	—	—	—	—	—	—
Exclusion of interest on State and local student loan bonds	395	375	370	110	110	110	205	190	185
Exclusion of interest on State and local debt for private nonprofit educational facilities	950	990	1,035	275	290	310	485	500	520
Exclusion of interest on savings bonds transferred to educational institutions	5	5	10	*	*	*	*	5	5
Parental personal exemption for students age 19 or over	535	565	585	—	—	—	485	510	525
Deductibility of charitable contributions (education)	1,780	1,870	1,960	550	580	605	1,230	1,290	1,355
Exclusion of employer provided educational assistance	220	15	....	—	—	—	180	10	—
Total education (after interactions)	4,695	4,725	4,900	....	....	....	....	....	....
Exclusion of employer provided child care	720	805	885	—	—	—	555	615	680
Exclusion of employee meals and lodging (other than military)	565	600	640	—	—	—	465	490	525
Exclusion of contributions to prepaid legal services plans	65	5	....	—	—	—	55	5	....
Credit for child and dependent care expenses	3,215	3,385	3,585	—	—	—	2,550	2,685	2,845
Credit for disabled access expenditures	175	205	220	100	120	130	25	30	30
Targeted jobs credit	180	140	65	150	115	55	30	25	10
Total training and employment (after interactions)	4,990	5,210	5,470	....	....	....	....	....	....
Expensing of costs of removing certain architectural barriers to the handicapped	25	20	20	20	15	15	5	5	5
Deductibility of charitable contributions, other than education and health	11,875	12,470	13,090	690	725	760	11,185	11,745	12,330
Exclusion of certain foster care payments	25	30	35	—	—	—	20	25	30
Exclusion of parsonage allowances	275	305	335	—	—	—	220	245	275
Total social services (after interactions)	12,370	13,005	13,670	....	....	....	....	....	....
Grand total (after interactions)	22,055	22,940	24,040	....	....	....	....	....	....
Health:									
Exclusion of employer contributions for medical insurance premiums and medical care	52,120	57,270	63,225	—	—	—	41,950	46,055	50,820
Credit for child medical insurance premiums [2]	90	120	145	—	—	—	75	100	125
Exclusion of employer share of Hospital Insurance tax	11,270	12,220	13,325	—	—	—	8,705	9,420	12,230
Deductibility of medical expenses	3,225	3,445	3,735	—	—	—	2,690	2,840	3,035
Exclusion of interest on State and local debt for private nonprofit health facilities	1,665	1,710	1,770	480	500	525	850	865	890
Deductibility of charitable contributions (health)	1,610	1,690	1,775	350	370	390	1,260	1,320	1,385
Tax credit for orphan drug research	20	10	....	15	5	....	—	—	—
Special Blue Cross/Blue Shield deduction	185	80	15	135	60	10	—	—	—
Total (after interactions)	70,185	76,545	83,990	....	....	....	....	....	....
Income security:									
Exclusion of railroad retirement system benefits	410	420	430	—	—	—	410	420	430
Exclusion of workmen's compensation benefits	3,505	3,750	4,270	—	—	—	3,505	3,750	4,270
Exclusion of public assistance benefits:									
Normal tax method	460	510	540	—	—	—	460	510	540
Reference tax method	—	—	—	—	—	—	—	—	—
Exclusion of special benefits for disabled coal miners	100	100	100	—	—	—	100	100	100
Exclusion of military disability pensions	120	130	140	—	—	—	120	130	140
Net exclusion of pension contributions and earnings:									
Employer plans	68,310	71,845	70,475	—	—	—	50,980	53,840	52,600
Individual Retirement Accounts	7,530	6,975	6,410	—	—	—	5,695	5,210	4,740
Keogh plans	3,520	3,650	3,840	—	—	—	2,735	2,835	2,985
Exclusion of employer provided death benefits	30	30	35	—	—	—	25	25	30
Exclusion of other employee benefits:									
Premiums on group term life insurance	3,455	3,580	3,715	—	—	—	2,670	2,770	2,870
Premiums on accident and disability insurance	175	180	185	—	—	—	130	135	140
Income of trusts to finance supplementary unemployment benefits	35	35	35	—	—	—	35	35	35
Special ESOP rules (other than investment credit)	3,055	3,130	3,095	2,140	2,195	2,170	—	—	—

Table 2-1. **ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX—Continued**

(In millions of dollars)

Description	Outlay Equivalents			Revenue loss					
				Corporations			Individuals		
	1992	1993	1994	1992	1993	1994	1992	1993	1994
Additional deduction for the blind	45	50	50	—	—	—	40	40	40
Additional deduction for the elderly	1,885	1,915	1,945	—	—	—	1,560	1,585	1,605
Tax credit for the elderly and disabled	90	95	95	—	—	—	75	75	75
Deductibility of casualty losses	485	605	370	—	—	—	385	475	295
Earned income credit[3]	3,900	4,105	4,435	—	—	—	3,315	3,490	3,770
Total (after interactions)	95,230	99,145	98,225	....	....	....	....	....	....
Social security:									
Exclusion of social security benefits:									
OASI benefits for retired workers	17,445	18,190	19,025	—	—	—	17,445	18,190	19,025
Disability insurance benefits	1,485	1,655	1,810	—	—	—	1,485	1,655	1,810
Benefits for dependents and survivors	3,350	3,545	3,745	—	—	—	3,350	3,545	3,745
Total (after interactions)	22,280	23,390	24,580	....	....	....	....	....	....
Veterans benefits and services:									
Exclusion of veterans disability compensation	1,705	1,760	1,815	—	—	—	1,705	1,760	1,815
Exclusion of veterans pensions	80	80	80	—	—	—	80	80	80
Exclusion of GI bill benefits	45	50	50	—	—	—	45	50	50
Exclusion of interest on State and local debt for veterans housing	115	110	115	30	30	35	60	55	55
Total (after interactions)	1,945	2,000	2,060	....	....	....	....	....	....
General purpose fiscal assistance:									
Exclusion of interest on public purpose State and local debt	14,275	14,505	15,040	4,090	4,250	4,465	7,335	7,355	7,565
Deductibility of nonbusiness State and local taxes other than on owner-occupied homes	23,535	25,300	27,195	—	—	—	23,535	25,300	27,195
Tax credit for corporations receiving income from doing business in United States possessions	4,245	4,630	5,045	2,970	3,240	3,530	—	—	—
Total (after interactions)	42,055	44,435	47,280	....	....	....	....	....	....
Interest:									
Deferral of interest on savings bonds	1,335	1,405	1,475	—	—	—	1,335	1,405	1,475
Addendum—Aid to State and local governments:									
Deductibility of:									
Property taxes on owner-occupied homes	12,245	13,100	14,015	—	—	—	12,245	13,100	14,015
Nonbusiness State and local taxes other than on owner-occupied homes	23,535	25,300	27,195	—	—	—	23,535	25,300	27,195
Exclusion of interest on:									
Public purpose State and local debt	14,275	14,505	15,040	4,090	4,250	4,465	7,335	7,355	7,565
IDBs for certain energy facilities	245	240	250	15	10	10	—	—	—
IDBs for pollution control and sewage and waste disposal facilities	1,740	1,595	1,520	100	70	50	—	—	—
Small-issue IDBs	1,680	1,310	965	90	55	30	—	—	—
Owner-occupied mortgage revenue bonds	2,340	2,170	1,950	—	—	—	1,210	1,115	995
State and local debt for rental housing	1,585	1,465	1,415	90	65	50	—	—	—
IDBs for airports, docks, and sports and convention facilities	850	860	895	245	250	265	—	—	—
State and local student loan bonds	395	375	370	—	—	—	205	190	185
State and local debt for private nonprofit educational facilities	950	990	1,035	—	—	—	485	500	520
State and local debt for private nonprofit health facilities	1,665	1,710	1,770	—	—	—	850	865	890
State and local debt for veterans housing	115	110	115	—	—	—	60	55	55
Total (after interactions)	59,830	61,810	64,474	—	—	—	—	—	—

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

[1] In addition, the partial exemption from the excise tax for alcohol fuels results in a reduction in excise tax receipts of $545 million in 1992; $565 million in 1993; and $575 million in 1994.

[2] The figures in the table indicate the effect of the child medical insurance premium credit on receipts. The effect on outlays is: 1992, $420 million; 1993, $515 million; 1994, $590 million.

[3] The figures in the table indicate the effect of the earned income tax credit on receipts. The effect on outlays is: 1992, $7,345 million; 1993, $8,395 million; 1994, $9,275 million.

National Defense

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

International Affairs

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

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

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

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

General Science, Space, and Technology

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

R&E credit.—Under legislation that expired on July 1, 1992, the tax credit was 20 percent of the qualified expenditures in excess of each year's base amount. This threshold was determined by multiplying a "fixed-base percentage" (limited to a maximum of .16 for existing companies) by the average amount of the company's gross receipts for the four preceding years. The "fixed-base percentage" was the ratio of R&E expenses to gross receipts for the 1984 to 1988 period. Start-up companies that did not both incur qualified expenses and have gross receipts in at least three of the base years were assigned a "fixed-base percentage" of .03. A similar credit with its own separate threshold was provided for taxpayers' basic research grants to universities. Beginning in 1989, the otherwise deductible qualified R&E expenditures were reduced by the amount of the credit.

Allocation of R&E expenditures.—Regulations issued in 1977 were designed to achieve a reasonable allocation of R&E expenses between corporations' domestic and foreign activities, but successive legislative actions suspended this requirement. Under legislation that expired on July 1, 1992, 64 percent of both U.S.- and foreign-based R&E expenses were allocated to their respective income sources. The remaining R&E expenses then had to be allocated on the basis of gross sales or gross income.

Energy

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

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

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

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

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

Capital gains treatment of royalties on coal.—Sales of certain coal under royalty contracts can be treated as capital gains. While the top statutory rate on ordinary income is 31 percent, the rates on capital gains are limited to 28 percent.

New technology credits.—A credit of 10 percent is available for investment in solar and geothermal energy facilities. In addition, a credit of 1.5 cents is provided per kilowatt hour of electricity produced from renewable resources such as wind and biomass.

Alcohol fuel credit.—Gasohol, a motor fuel composed of at least 10 percent alcohol, is exempt from 5.4 of the 14 cents per gallon Federal excise tax on gasoline. There is a corresponding income tax credit for alcohol used as a fuel in applications where the excise tax is not assessed. This credit, equal to a subsidy of 54 cents per gallon for alcohol used as a motor fuel, is intended to encourage substitution of alcohol for petroleum-based gasoline.

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

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

Natural Resources and Environment

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

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

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

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

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

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.

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

Credit and seven-year amortization for reforestation.—A special 10 percent investment tax credit is allowed for up to $10,000 invested annually in clearing land and planting trees for the ultimate production of timber. The same amount of forestation investment may also be amortized over a seven-year period. Without this preference, the amount would have to be capitalized and could be recovered (deducted) only when the trees were sold or harvested 20 or more years later. Moreover, the amount of forestation investment that is amortizable is not reduced by any of the investment credit that is allowed.

AGRICULTURE

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

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

Loans forgiven solvent farmers.—In 1986, farmers were granted special tax treatment by being forgiven the tax liability on certain forgiven debt. Normally, the amount of loan forgiveness is accounted for as a gain (income) of the debtor and he must either report the gain, or reduce his recoverable basis in the property to which the loan relates. If the debtor elects to reduce basis and the amount of forgiveness exceeds his basis in the property, the excess forgiveness is taxable. However, in the case of insolvent (bankrupt) debtors, the amount of loan forgiveness never results in an income tax liability.[4] Farmers with forgiven debt are considered insolvent for tax purposes, and thus qualify for income tax forgiveness.

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

COMMERCE AND HOUSING CREDIT

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

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

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

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

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

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

Mutual funds (RIC) expenses.—Individuals may deduct miscellaneous expenses only to the extent that they exceed 2 percent of their adjusted gross income.

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

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

Small issue industrial development bonds.—The interest on small issue industrial development bonds (IDBs) issued by State and local governments to finance private business property is excluded from income subject to tax. Depreciable property financed with small issue IDBs must be depreciated, however, using the straight-line method. The tax exemption of small issue bonds expired in 1986, except for small issue IDBs exclusively issued to finance manufacturing facilities for which the tax exemption expired on July 1, 1992. The budget cost of these bonds continues as long as they are outstanding.

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

Mortgage housing bonds.—Interest on all mortgage revenue bonds issued through June 30, 1992 by State and local governments is exempt from taxation. Proceeds were used to finance homes purchased by first-time buyers—with low to moderate incomes—of dwellings with prices under 90 percent of the average area purchase price. The annual volume of mortgage revenue bonds is restricted to the unified volume cap discussed in the small issue IDB section above.

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

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

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

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

Capital gains (other than agriculture, timber, iron ore and coal).—While the top statutory rate on ordinary income is 31 percent, the rates on capital gains are limited to 28 percent. This treatment is considered a tax expenditure under the normal tax method but not under the reference law method.

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

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

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

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

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

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

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

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

Graduated corporation income tax rate schedule.—The schedule is graduated, with rates of 15 percent on the first $50,000 of taxable income, 25 percent on the next $25,000, and a rate of 34 percent on income over $75,000. As compared with a flat 34 percent tax rate, the lower rates provide a $11,750 reduction in tax liability for corporations with taxable incomes of $75,000. This benefit is recaptured in the cases of corporations with taxable incomes exceeding $100,000. This is accomplished by a 5 percent additional tax on corporate incomes in excess of $100,000, but less than $335,000. At this point the $11,750 is fully recaptured. Since this rate schedule is part of the reference tax law, it does not give rise to a tax expenditure under the reference method. A flat corporation income tax rate is taken as the baseline under the normal tax method; therefore the lower rates do yield a tax expenditure under this concept.

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

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

Imputed interest rules.—Under reference law rules commonly referred to as original issue discount (OID), both the holder and seller of a financial contract are generally required to report interest earned in the period it accrues, not when the contract payments are made. Moreover, the amount of interest accruable is determined by the actual price paid for the contract, not by the stated or nominal principal and interest stipulated in the contract.[5]

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

TRANSPORTATION

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

COMMUNITY AND REGIONAL DEVELOPMENT

Low-income housing investment.—Through 1989, a tax credit for investment in new, substantially rehabilitated, and certain unrehabilitated low-income housing was structured to have a present value of 70 percent of construction or rehabilitation costs incurred and was allowed over 10 years. For Federally subsidized projects and those involving unrehabilitated existing low income housing, the credit was structured to have a present value of 30 percent. Beginning on January 1, 1990 and continuing through June 30, 1992, the credit was extended at a present value of 70 percent, including projects financed with other Federal subsidies, but only if substantial rehabilitation was done. Notwithstanding the capital grant character of this subsidy, the investor's recoverable basis was not reduced by the substantial credit allowed.

Rehabilitation of structures.—A 10 percent investment tax credit is available for the rehabilitation of buildings that are used for business or productive activities and that were erected before 1936 for other than residential purposes. A full reduction by the amount of the credit is required in the taxpayer's recoverable basis.

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

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

EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

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

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

U.S. savings bonds for education.—Interest on U.S. savings bonds, issued after December 31, 1989, may be excluded from tax if the bonds, plus accrued interest, are transferred to an educational institution as payment for educational expenses. The exclusion from tax is phased out for joint returns with adjusted gross incomes of $68,250 to $98,250 and $45,500 to $60,500 for single and head of household returns in 1993.

Dependent students age 19 or older.—Taxpayers can claim personal exemptions for dependent children age 19 or over who receive parental support payments of $1,000 or more per year, are full-time students, and

[5] Thus, when a borrower on December 31, 1992, issues a promise to pay $1,000 plus interest at 10 percent on December 30, 1993, for a total repayment of $1,100, and accepts $900 from a lender in exchange for the contract, the rules require that both parties: (a) recognize that $900 is the amount lent, so that the effective loan interest rate is not the nominal 10 percent rate but is 22.2 percent; and (b) both report $200 as interest paid or received in 1993, as the case may be.

do not claim a personal exemption on their own tax returns. This preferential arrangement usually generates tax savings because the students' marginal tax rates are more often than not lower than their parents' marginal tax rates.

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

Employer provided benefits.—Many employers provide employee benefits that were not counted in employee income. The employers' costs for these benefits are deductible business expenses. The exclusion from an employee's income of the value of educational assistance, child care, meals and lodging, legal service plans, as well as ministers' housing allowances and the rental value of parsonages are tax expenditures. The exclusions for educational assistance and legal services expired on July 1, 1992. Health and other insurance benefits are reported under the health and income security functions.

Child and dependent care expenses.—A tax credit may be claimed by married couples for child and dependent care expenses incurred when one spouse works full time and the other works at least part time or goes to school. The credit may also be claimed by divorced or separated parents who have custody of children, and by single parents. Expenditures up to a maximum $2,400 for one dependent and $4,800 for two or more dependents are eligible for the credit. The credit is equal to 30 percent of qualified expenditures for taxpayers with incomes of $10,000 or less. The credit is reduced to a minimum of 20 percent by one percentage point for each $2,000 of income between $10,000 and $28,000.

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

Targeted jobs credit.—Employers may claim a tax credit for qualified wages paid to individuals who began work before July 1, 1992, and who are certified as members of various targeted groups. The amount of the credit that may be claimed is 40 percent of the first $3,000 paid during the first year of employment. The 40 percent credit also applies to the summer employment wages paid 16 and 17 year old youths who are members of low income families. Employers must reduce their deduction for wages paid by the amount of the credit claimed.

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

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

HEALTH

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

Child health insurance.—The earned income tax credit provides for a credit equal to 6 percent for certain health insurance expenses for certain policies that cover children. The maximum credit will be $465 in 1993 and is phased out at a rate of 4.285 percent through $23,050 of adjusted gross income.

Employer share of hospital insurance tax.—The employer's payment of 1.45 percent of employees' wages (up to $135,000 in 1993) into the Hospitalization Trust Fund, which finances medicare benefits, is not included in employees' reportable compensation.

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

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

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

Orphan drugs.—To encourage the development of drugs for the treatment of rare diseases or physical conditions, a tax credit was granted equal to 50 percent of the costs for clinical testing that had to be completed before manufacture and distribution were approved by the Food and Drug Administration. Because the drug firm was not required to reduce its deduction for testing expenses (an R&D expenditure) by the amount of this credit, the private cost of clinically testing orphan drugs was reduced to little more than 24 cents per $1 expended. This tax expenditure expired June 30, 1992.

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

INCOME SECURITY

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

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

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

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

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

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

Limited amounts (about $8,990 in 1993) can be excluded from an employee's adjusted gross income under a qualified cash or deferred arrangement with the employer (401(k) plan). An employee's own contribution of no more than $9,500 or the 401(k) limitation (whichever is greater) may be excluded annually from an employee's adjusted gross income when placed in a tax-sheltered annuity (403(b) plan).

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

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

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

Support of the aged and the blind.—Taxpayers who are blind or 65 years of age or older may take an additional $900 standard deduction if single, or $700 if married. In addition, individuals who are 65 years of age or older, or who are permanently disabled, can take a tax credit equal to 15 percent of the sum of their earned and retirement income. Qualified income is limited to no more than $2,500 for single individuals or married couples filing a joint return where only one spouse is 65 years of age or older, and up to $3,750 for joint returns where both spouses are 65 years of age or older. These limits are reduced by one-half of the taxpayer's adjusted gross income over $7,500 for single individuals and $10,000 for married couples filing a joint return.

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

Earned income credit.—This credit may be claimed by low-income workers with minor dependents. For 1993, the credit is 18.5 percent (19.5 percent if two or more minors are present) of the first $7,750 of earned income. When the taxpayer's income exceeds $12,200, the credit is phased out at the rate of 12.57 percent (13.93 percent if two or more minors are present) and is completely phased out at $23,050 of adjusted gross income. The credit is increased by a "supplemental young child" credit of 5 percent of the first $7,750 of earned income which is phased out at a rate of 3.57 percent. The supplemental credit is also completely phased out at $23,050 of adjusted gross income. The maximum amount of income on which the earned income credit may be taken is adjusted for inflation, as is the income level at which the phase-out begins.

In any tax year, the amount of the credit must be reduced by the minimum tax liability of the taxpayer. As refundable credits, earned income tax credits in excess of tax liabilities are paid by the Federal Government to individuals. This portion of the credit is included in outlays, while the amount that offsets tax liabilities is shown as a tax expenditure.

Social Security

OASI benefits for retired workers.—Social security benefits that exceed the beneficiary's contributions out of taxed income are deferred employee compensation and the deferral of tax on that compensation is a tax expenditure. These additional retirement benefits are paid for partly by employers' contributions that were not included in employees' taxable compensation. Up to one-half of any recipient's social security benefits and tier 1 railroad retirement benefits are included in the income tax base if a recipient's "modified adjusted gross income" plus one-half of his or her social security and railroad retirement benefits exceed a certain base amount: $32,000 for those filing joint tax returns; $25,000 for single persons; and zero for those married filing separately if they did not live apart from their spouse for the entire year. Modified AGI is equal to AGI plus foreign or U.S. possession income and tax-exempt interest, both excluded from AGI. If the modified AGI exceeds the specified base amount, either one-half of the excess or one-half of the social security or railroad retirement benefits is included in income subject to tax, whichever is less. This limits the tax expenditure to the portion of the benefit which is still excluded.

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

Veterans Benefits and Services

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

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

General Government

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

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

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

INTEREST

U.S. savings bonds.—The interest on U.S. savings bonds is not taxable until the bonds are redeemed, thereby deferring tax liability. The deferral is equivalent to an interest-free loan and, therefore, it is a tax expenditure.

TAX EXPENDITURES IN THE UNIFIED TRANSFER TAX

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

Unified Transfer Tax Reference Rules

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

- *Definition of the taxpaying unit.* The payment of the tax is the liability of the transferor whether the transfer of cash or property was made by gift or bequest.
- *Definition of the tax base.* The base for the tax is the transferor's cumulative, taxable lifetime gifts made plus the net estate at death. Gifts in the tax base are all annual transfers in excess of $10,000 to any donee except the donor's spouse. Excluded are, however, payments on behalf of family members' educational and medical expenses, as well as the cost of ceremonial gatherings and celebrations that are not in honor of the donor.
- *Property valuation.* In general, property is valued at its fair market value at the time it is transferred. This is not necessarily the case in the valuation of property for transfer tax purposes. Executors of estates are provided the option to value assets at the time of the testator's death or up to six months later.
- *Tax rate schedule.* A single graduated tax rate schedule applies to all taxable transfers. This is reflected in the name of the "unified transfer tax" that has replaced the former separate gift and estate taxes. The tax rates vary from 18 percent on the first $10,000 of aggregate taxable transfers, to 50 percent on amounts exceeding $2.5 million. A $192,800 lifetime credit is provided against the tax in determining the final amount of transfer taxes that are due and payable. This allows each taxpayer to make a $600,000 tax-free transfer of assets that otherwise would be liable to the unified transfer tax.[6]
- *Time when tax is due and payable.* Donors are required to pay the tax annually as gifts are made. The generation-skipping transfer tax is payable by the donees whenever they accede to the gift. The net estate tax liability is due and payable within nine months after the decedent's death. The Internal Revenue Service may grant an extension of up to 10 years for a reasonable cause. Interest is charged on the unpaid tax liability at a rate equal to the cost of Federal short-term borrowing, plus three percentage points.

Tax Expenditures by Function

The 1991–93 estimates of tax expenditures in the Federal unified transfer tax are displayed by functional category in table 2–2. Outlay equivalent estimates are similar to revenue loss estimates for transfer tax expenditures and, therefore, are not shown separately. A description of the provisions follows.

NATURAL RESOURCES AND ENVIRONMENT

Donations of conservation easements.—Bequests for conservation are excluded from taxable estates. A conservation bequest is the value of property and easements (in perpetuity) to such property the use of which is restricted to any one or more of the following: the public for outdoor recreation; protection of the natural habitats of fish, wildlife, plants, etc.; scenic enjoyment of the public; and preservation of historic land areas

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

Table 2-2. **ESTIMATES FOR TAX EXPENDITURES IN THE FEDERAL UNIFIED TRANSFER TAX**

(In millions of dollars)

Description	Fiscal Years		
	1992	1993	1994
Natural Resources and Environment:			
Deductions for donations of conservation easements	*	*	*
Agriculture:			
Special use valuation of farm real property	65	70	75
Tax deferral of closely held farms	55	55	55
Commerce:			
Special use valuation of real property used in closely held businesses	20	20	25
Tax deferral of closely held business	10	10	10
Education, training, employment, and social services:			
Deduction for charitable contributions (education)	465	500	525
Deduction for charitable contributions (other than education and health)	1,380	1,480	1,555
Health:			
Deduction for charitable contributions (health)	425	455	480
General government:			
Credit for State death taxes	2,645	2,775	2,915
Grand Total (after interactions)	**4,810**	**5,095**	**5,355**

* $2.5 million or less. All estimates are rounded to the nearest $5 million.

and structures. Similar conservation gifts are excluded from the gift tax base and are also deductible from the donor's otherwise taxable income in the year of the gift.

Agriculture

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

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

Commerce and Housing Credit

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

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

Education, Training, Employment, and Social Services

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

Health

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

GENERAL GOVERNMENT

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

Supplement

Table 2–3. ESTIMATES FOR MAJOR TAX EXPENDITURES IN THE INCOME TAX

(In millions of dollars)

Description	1994
Net exclusion of employer plans pension contributions and earnings	52,600
Exclusion of employer contributions for medical insurance premiums and medical care	50,820
Deductibility of mortgage interest on owner-occupied homes	48,145
Accelerated depreciation (normal tax method)	28,775
Deductibility of nonbusiness State and local taxes other than on owner-occupied homes	27,195
Step-up basis of capital gains at death	26,820
Exclusion of OASI benefits for retired workers	19,025
Deductibility of charitable contributions	16,825
Deferral of capital gains on home sales	14,620
Deductibility of State and local property tax on owner-occupied homes	14,015
Exclusion of employer share of Hospital Insurance tax	12,230
Exclusion of interest on public purpose State and local debt	12,030
Exclusion of interest on life insurance savings	8,200
Exception from passive loss rules for $25,000 of rental loss	6,245
Exclusion of capital gains on home sales for persons age 55 and over	4,770
Net exclusion of IRA pension contributions and earnings	4,740
Exclusion of workmen's compensation benefits	4,270
Exclusion of social security benefits for dependents and survivors	3,745
Reduced rates on the first $100,000 of corporate income (normal tax method)	3,625
Tax credit for corporations receiving income from doing business in United States possessions	3,530
Earned income credit [1]	3,480
Deductibility of medical expenses	3,035
Exclusion of Keogh pension contributions and earnings	2,985
Exclusion of premiums on group term life insurance	2,870
Credit for child and dependent care expenses	2,845
Preferential treatment of capital gains (normal tax method)	2,580
Inventory property sales source rules exception	2,340
Special ESOP rules (other than investment credit)	2,170
Expensing of research and development expenditures (normal tax method)	2,150
Exclusion of benefits and allowances to armed forces personnel	2,055
Exclusion of veterans disability compensation	1,815
Exclusion of disability insurance benefits	1,810
Excess of percentage over cost depletion, fuels and nonfuel minerals	1,630
Additional deduction for the elderly	1,605
Exclusion of interest on owner-occupied mortgage subsidy bonds	1,560
Credit for low-income housing investments	1,520
Deferral of interest on savings bonds	1,475
Exclusion of interest on State and local debt for private nonprofit health facilities	1,415
Exclusion of income of foreign sales corporations	1,270
Exclusion of income earned abroad by United States citizens	1,225
Exclusion of interest on State and local IDBs for pollution control and sewage and waste disposal facilities	1,030
Exclusion of interest on State and local debt for rental housing	965
Alternative fuel production credit	950
Deferral of income from post 1987 installment sales	860
Exclusion of interest on State and local debt for private nonprofit educational facilities	830
Exclusion of scholarship and fellowship income (normal tax method)	815
Exclusion of interest on IDBs for airports, docks, and sports and convention facilities	715
Exclusion of employer provided child care	680
Exclusion of interest on small issue industrial development bonds	655
Exemption of RIC expenses from the 2% floor for miscellaneous itemized deductions	600
Exclusion of public assistance benefits (normal tax method)	540
Exclusion of employee meals and lodging (other than military)	525
Parental personal exemption for students age 19 or over	525
Expensing of multiperiod timber growing costs	500
Exemption of credit union income	490
Exclusion of railroad retirement system benefits	430
Deferral of income from controlled foreign corporations (normal tax method)	330

Table 2-3. **ESTIMATES FOR MAJOR TAX EXPENDITURES IN THE INCOME TAX—Continued**

(In millions of dollars)

Description	1994
Deductibility of casualty losses	295
Exclusion of interest on State and local student loan bonds	295
Deferral of gains from sale of broadcasting facilities to minority owned business	280
Exclusion of parsonage allowances	275
Expensing of exploration and development costs, fuels and nonfuel minerals	255
Credit for increasing research activities	215
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Excess bad debt reserves of financial institutions	115
Exclusion of special benefits for disabled coal miners	100
Interest allocation rules exception for certain financial operations	100
Exclusion of interest on State and local debt for veterans housing	90
Investment credit for rehabilitation of structures (other than historic)	90
Exception from passive loss limitation for working interests in oil and gas properties	85
Exclusion of veterans pensions	80
Tax credit for the elderly and disabled	75
Targeted jobs credit	65
Exemption of certain mutuals' and cooperatives' income	65
New technology credit	60
Credit and deduction for clean-fuel vehicles and properties	50
Exclusion of GI bill benefits	50
Special rules for mining reclamation reserves	50

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

[1] The figures in the table indicate the effect of the earned income tax credit on receipts. The increase in 1994 outlays is $9,275 million.

[2] The figures in the table indicate the effect of the child medical insurance premium credit on receipts. The increase in 1994 outlays is $590 million.

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APPENDIX THREE. LIST OF CHARTS AND TABLES

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