

budget
OF THE
UNITED
STATES
GOVERNMENT
FY 1985

THE BUDGET DOCUMENTS

Budget of the United States Government, 1985 contains the Budget Message of the President and presents an overview of the President's budget proposals. It includes explanations of spending programs in terms of national needs, agency missions, and basic programs, and an analysis of receipts, including a discussion of the President's tax program. This document also contains a description of the budget system and various summary tables on the budget as a whole.

United States Budget in Brief, 1985 is designed for use by the general public. It provides a more concise, less technical overview of the 1985 budget than the above volume. Summary and historical tables on the Federal budget and debt are also provided, together with graphic displays.

Budget of the United States Government, 1985—Appendix contains detailed information on the various appropriations and funds that comprise the budget. The *Appendix* contains more detailed information than any of the other budget documents. It includes for each agency: the proposed text of appropriation language, budget schedules for each account, new legislative proposals, explanations of the work to be performed and the funds needed, and proposed general provisions applicable to the appropriations of entire agencies or groups of agencies. Supplementals and rescission proposals for the current year are presented separately. Information is also provided on certain activities whose outlays are not part of the budget-totals.

Special Analyses, Budget of the United States Government, 1985 contains analyses that are designed to highlight specified program areas or provide other significant presentations of Federal budget data. This document includes information about: alternative views of the budget, i.e., current services and national income accounts; economic and financial analyses of the budget covering Government finances and operations as a whole; and Government-wide program and financial information for Federal civil rights and research and development programs.

Instructions for purchasing copies of any of these documents are on the last two pages of this volume.

GENERAL NOTES

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 because of rounding.

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PART 1

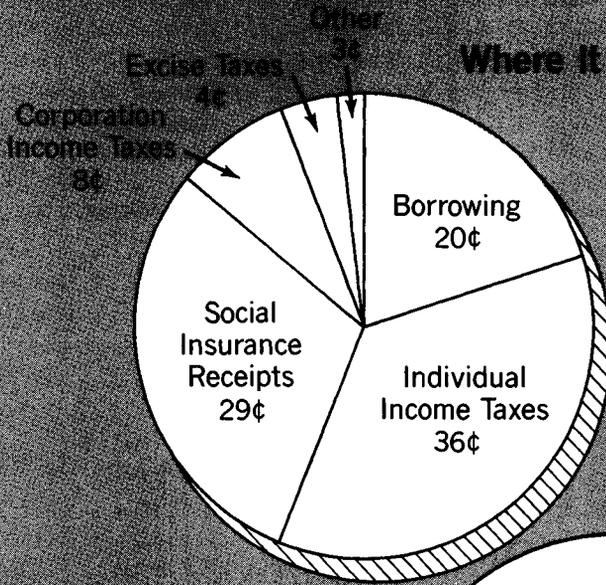
**THE BUDGET MESSAGE
OF THE
PRESIDENT**

M1

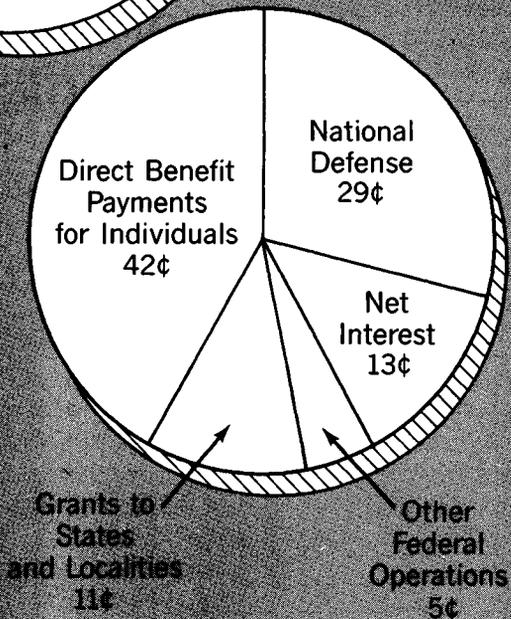
The Budget Dollar

Fiscal Year 1935 Estimate

Where It Comes From



Where It Goes



BUDGET MESSAGE OF THE PRESIDENT

To the Congress of the United States:

In the past year, the Nation's prospects have brightened considerably. The economy has grown strongly—beyond expectation. Inflation has been reduced to its lowest rate in 16 years. Unemployment has declined faster than at any other time in 30 years. We are well on our way to sustained long-term prosperity without runaway inflation.

Our national security is being restored. Our domestic programs are being streamlined to reflect more accurately the proper scope of Government responsibility and intervention in our lives. Government operations are being made more effective and efficient, as steps are taken to reduce costs.

These developments are the result of the program I proposed 3 years ago to correct the severe economic and political problems caused by previous short-sighted and misguided policies and priorities. That program focused on long-range real growth. My tax proposals were designed to provide badly needed incentives for saving and productive investment. I supported the Federal Reserve in its pursuit of sound monetary policy. I worked with the Congress to reverse the growth of Government programs that had become too large or had outlived their usefulness, and as a result, domestic programs, which had been growing rapidly for 3 decades, have finally been contained. I worked to eliminate or simplify unnecessary or burdensome regulations.

To the Nation's great good fortune, the preceding Congress appreciated the fundamental soundness of this program and joined with my administration in helping to make it a reality. Frequently, because of entrenched constituency special interests, the political risks involved in doing so were great. I thanked Members then, and continue to be grateful, for the crucial support my program received. The Nation is now beginning to reap the solid fruits of our joint perseverance and foresight.

The economy's response has fully vindicated my economic program. During the past 2 years the percentage rise in consumer price index has been no more than it was during the first 6 months of 1980. Economic recovery has been vigorous during the past year, with real GNP rising over 6% and industrial production by 16%. Unemployment, though still unacceptably high, has declined by a record 2½ percentage points in a single year. Capacity utilization

in American plants has risen dramatically. Business investment in new plant and equipment has risen 11½% in the past year, in real terms. American productivity, stagnant from 1977 to 1981, climbed 3.7% between the third quarter of 1982 and the third quarter of 1983. Interest rates declined substantially in mid-1982, followed by a major, sustained rally of the stock market that added half a trillion dollars to the net financial worth of American households. Real disposable personal income rose 5.1% in 1983. After a substantial decline, the U.S. dollar has rallied powerfully to its highest level in more than a decade.

We are not, however, out of the woods yet. Despite our success in reducing the rate of growth of nondefense spending in the last three budgets, spending in 1985 will exceed 1981 levels by 41%, reflecting continued increases in basic entitlement programs, essential increases in defense spending, and rapid growth of interest costs. Clearly, much remains to be done. The task of rebuilding our military forces to adequate levels must be carried to completion, and our commitment to provide economic and military support to small, poor nations that are struggling to preserve democracy must be honored. At the same time, further action is required to curb the size and growth of many programs and to achieve managerial efficiencies throughout Government, wherever the opportunity is present.

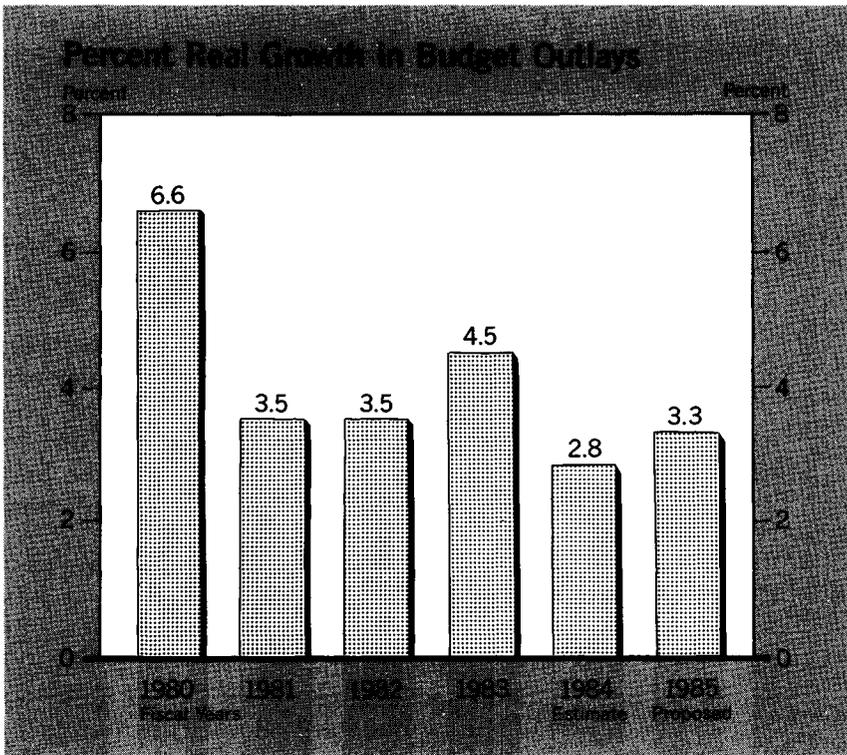
THREE YEARS OF ACCOMPLISHMENT

Last year, I reviewed the dramatic improvements during the preceding 2 years in Government operations, and in the way they affect the economy. I am happy to report that these improvements continued through a third year.

- Where the growth rate of spending was almost out of control at 17.4% a year in 1980, it will decline to 7.3% this year.
- Where spending grew 64% over the 4 years from 1977 to 1981, it will rise by only 41% over the 4-year period from 1981 to 1985, despite legislated cost-of-living adjustments and the needed defense buildup.
- The Federal tax system has been significantly restructured. Marginal income tax rates have been substantially reduced, greatly improving the climate for saving and investment. Depreciation reform has been enacted, restoring the value of depreciation allowances eroded by inflation. Tax loopholes have been closed, making the tax structure more equitable. Efforts have been made to shift to financing Government programs through user fees commensurate with benefits and services provided.
- Our military strength is being restored to more adequate levels.

- Domestic spending, which grew nearly 3-fold in real terms in a little more than 2 decades, will actually be lower this year than it was in 1981.
- The rapid growth of means-tested entitlement programs has been curbed. Eligibility criteria have been tightened to target benefits more to the truly needy, and significant steps have been taken to improve the efficiency and effectiveness of these programs. Unnecessarily frequent cost-of-living adjustments were pared back.
- The social security system has been rescued from the threat of insolvency raised by rampant inflation, excessive liberalizations, and lagging growth of its tax base.
- Unnecessary or excessive Federal credit activities have been eliminated or cut back. Improvements in the management and control of Federal credit activities are being pursued. The administration has supported the basic intent of proposed legislation that would move off-budget lending onto the unified budget, in order to provide better budgetary control over Federal lending.
- Proliferation of regulations and red tape has been stopped. The number of new Federal rules has fallen by over a quarter during the past three years, and hundreds of unnecessary old rules have been eliminated. For the first time, the *Federal Register* of new regulatory actions has grown shorter for three consecutive years; it is now one-third shorter than in 1980. Federal paperwork requirements have been cut by well over 300 million hours annually, and will be reduced even further in 1984. This has saved the American public over 150,000 work-years that had been spent every year filling out unnecessary Federal forms and reports. Our regulatory reform efforts to date will save individual citizens, businesses, and State and local governments over \$150 billion over the next decade.
- Major management improvement initiatives are underway that will fundamentally change the way the Federal Government operates. The President's Council on Integrity and Efficiency has reported \$31 billion in cost reductions or funds put to better use.
- The Federal nondefense work force has been reduced by 71,000 employees since I took office.

These are impressive accomplishments—accomplishments to be proud of and to build on. And together we can build on them. With this budget I call on all Members of the Congress once again for additional steps to ensure the firmness of our foundations and overcome the Nation's budget problem.



MAINTAINING ECONOMIC RECOVERY

Before us stands the prospect of an extended era of peace, prosperity, growth, and a rising standard of living for all Americans. What must we do to ensure that that promise shall be realized and enjoyed in the years to come? What must we do to ensure that the high price of adjustment to this new era paid by the Nation in recent years shall not have been paid in vain?

All signs point to continued strong economic growth, vigorous investment, and rising productivity, without renewed inflation—all but one. Only the threat of indefinitely prolonged high budget deficits threatens the continuation of sustained noninflationary growth and prosperity. It raises the specter of sharply higher interest rates, choked-off investment, renewed recession, and rising unemployment.

This specter must be laid to rest: just as fears of rampant inflation and its attendant evils are being laid to rest; just as fears of helplessness before growth in Soviet military might and all it threatens are being laid to rest; just as fears that the Nation's

social security system would “go under” have been laid to rest. A number of actions will be required to lay it to rest. This budget requests these actions of Congress; it calls for measures to continue to curb the upward momentum of Federal spending and to increase Federal receipts. Other actions involve such fundamental reform of our fiscal procedures that they will require that the Constitution be amended.

Congress has each year enacted a portion of my budget proposals, while ignoring others for the time being. It is moving slowly, year by year, toward the full needed set of budget adjustments. I urge the Congress to enact this year not only the proposals contained in this budget, but also constitutional amendments providing for a line-item veto and for a balanced budget—rather than the fitful policy of enacting a half-hearted reform this year, another one next year, and so on.

Where Congress lacks the will to enforce upon itself the strict fiscal diet that is now necessary, it needs the help of the Executive Branch. We need a constitutional amendment granting the President power to veto individual items in appropriations bills. Forty-three of the fifty States give this authority to their governors. Congress has approved a line item veto for the District of Columbia, Puerto Rico, and the trust territories. It is now time for Congress to grant this same authority to the President. As Governor of California, I was able to use the line-item veto as a powerful tool against wasteful government spending. It works, and works well, in State government. Every number in this document bears testimony to the urgent need for the Federal Government to adopt this fundamental fiscal reform.

Let us also heed the people and finally support a constitutional amendment mandating balanced Federal budgets and spending limits. I encourage our citizens to keep working for this at the grassroots. If you want to make it happen, it will happen.

We must seek a bipartisan basis for fundamental reforms of Government spending programs. We need to reexamine just what, how, and how much the Federal Government should be doing—given our need for security and well-being and our desire to leave power and resources with the people. The President’s Private Sector Survey on Cost Control (Grace Commission) has already come up with some interesting suggestions in this regard that, with the help of the Congress, will be adopted wherever possible.

To those who say we must raise taxes, I say wait. Tax increases pile unfair burdens on the people, hurt capital formation, and destroy incentives for growth. Tax cuts helped sustain the recovery, leading to faster growth and more jobs. Rather than risk sabotaging our future, let us go forward with an historic reform for fair-

ness, simplicity, and growth. It is time to simplify the entire tax code so everyone is on equal footing.

The tax system must be made simpler and fairer; honest people should not pay for cheaters; the underground economy should come back into the sunlight; and everyone's tax rates should be reduced to spark more savings, investment, and incentives for work and economic growth. This is the blueprint for a brighter future and a fairer tax system. Therefore, I am directing the Department of the Treasury to complete a study with recommendations by the end of the year.

With these changes completed and the necessary fiscal tools in place, I am confident that we can devise a sweeping set of fiscal policy changes designed to reduce substantially the persistent Federal deficits that cloud our otherwise bright economic future. The plan must be based on these cardinal principles:

- It must be bipartisan. Overcoming the deficits and putting the Government's house in order will require everyone's best efforts.
- It must be fair. Just as all Americans will share in the benefits that are coming from recovery, all should share fairly in the burden of transition to a more limited role of Government in our society.
- It must be prudent. The strength of our national defense must be restored so that we can pursue prosperity in peace and freedom, while maintaining our commitment to the truly needy.
- Finally, it must be realistic. Government spending will not be curbed by wishful thinking.

In the meantime, the proposals in this budget provide important additional steps toward reducing the deficit.

MEETING FEDERAL RESPONSIBILITIES

My administration seeks to limit the size, intrusiveness, and cost of Federal activities as much as possible and to achieve the needed increase in our defense capabilities in the most cost-effective manner possible. This does not mean that appropriate Federal responsibilities are being abandoned, neglected, or inadequately supported. Instead, ways are being found to streamline Federal activity, to limit it to those areas and responsibilities that are truly Federal in nature; to ensure that these appropriate Federal responsibilities are performed in the most cost-effective and efficient manner; and to aid State and local governments in carrying out their appropriate public responsibilities in a similarly cost-effective manner. The Nation must ask for no more publicly-provided services and benefits than the taxpayers can reasonably be asked to finance.

Education.—I have devoted considerable time this year to the problems of our schools. The record of the last two decades is not good, though relieved in places by the efforts of many dedicated teachers, administrators, parents, and students. It has been extremely gratifying to observe the response all across the country to my call for a renewed commitment to educational excellence. Excellence in education will only happen when the States and school districts, parents and teachers, and our children devote themselves to the hard work necessary to achieve it. Federal money cannot buy educational excellence. It has not in the past and will not in the future. What we will do in this budget is seek resources to help the States plan and carry out education reforms. My budget includes \$729 million, about 50% more than Congress appropriated for 1984, for the education block grant and discretionary fund. States and localities will receive this increase in resources and be able to use the funds for education reform without Federal prescription and interference.

The budget also provides for stabilizing funding for almost all major education State grant programs at the 1984 level and in the future allows room for modest growth for most of these programs.

Finally, the budget reflects continued support of several more important initiatives that will strengthen American education:

- Enactment of tuition tax credits for parents who send their children to qualified private or religiously-affiliated schools.
- Establishment of education savings accounts to give middle- and lower-income families an incentive to save for their children's college education and, at the same time, to encourage a real increase in saving for economic growth.
- Reorientation of student aid programs to ensure that students and families meet their responsibilities for financing higher education.
- Permission for States or localities, if they so choose, to use their compensatory education funds to establish voucher programs to broaden family choice of effective schooling methods for educationally disadvantaged children.
- Assistance to States to train more mathematics and science teachers.

Training and employment.—While the economic forecast predicts continuing improvement in the economy and further steady declines in the unemployment rate, I recognize that there are those who lack the skills to find and hold steady jobs. This is particularly true for some of our youth. In the past, Federal training and employment programs have not always helped these people gain the skills needed for success in the job market. Instead the Government spent precious tax dollars funding temporary, dead-end, make-work jobs that did little, if anything, to prepare these people

for holding real jobs in the private sector. My administration worked with the Congress to change that. The Job Training Partnership Act, which I signed into law in 1982, involves private industry in the design and delivery of job training programs. Each year it will train 1.5 million disadvantaged adults and youths, dislocated workers, and welfare recipients in skills needed for private sector jobs. Additional work experience for over 700,000 disadvantaged youths will be provided during the summer months. What is needed now is not more Government programs, but removal of Government-created barriers that make it difficult for youths who want to work to find jobs. It has long been acknowledged that the minimum wage is a barrier to job finding for youths, especially minority youths, who lack skills. Therefore, I am again asking the Congress to authorize a wage of 75% of the minimum wage for youths newly hired for jobs during the summer months. This will let employers lower their costs to levels more in line with the skills youths possess, and it will help many young people find jobs and gain valuable work experience. The legislation I have proposed includes protections for adult workers.

Research.—Recognizing the Federal responsibility to maintain and strengthen U.S. leadership in science and technology, the budget proposes further increases of more than 10% in Government-wide funding for basic research. The \$8 billion planned for support of such research represents a relatively small share of the budget, but it is a critical investment in the Nation's future. Basic research lays the foundation for a strong defense in the years to come and for new technologies and industries that will maintain U.S. industrial leadership, create new jobs, and improve our quality of life.

Space.—Our civilian space program has made remarkable progress in the past year. The space shuttle, the world's most advanced space transportation system, has made eight pathbreaking trips into space and is progressing rapidly towards achieving routine operational status.

We can now look forward confidently to the next major challenge in space—a space station. The space station, to be placed in permanent Earth orbit in the early 1990's, is intended to enhance the Nation's science and application programs, to help develop advanced technologies potentially useful to the economy, and to encourage greater commercial use of space. The budget provides planning money to initiate this program.

National defense.—During the past 3 years, we have also taken decisive measures to increase our military strength to levels necessary to protect our Nation and our friends and allies around the

world. At the same time, we have vigorously pursued diplomatic approaches, such as arms reduction talks, in an effort to ensure the principles of security and freedom for all.

The improvement in our defense posture has been across the board. Long-overdue modernization of our strategic forces is proceeding, while our conventional forces are also being modernized and strengthened. Successful recruiting and retention over the past 3 years have resulted in all of our armed services being more fully manned with capable, high-caliber men and women.

Energy.—My administration has significantly reoriented the country's approach to energy matters toward reliance on market forces—instead of Government regulation and massive, indiscriminate Federal spending. This has resulted in greater energy production, more efficient use of energy, and more favorable energy prices. For example:

- The U.S. economy currently is using 30% less oil and gas per dollar's worth of output than it did 10 years ago when energy prices began to rise.
- Heating oil prices have been lower this past year than they were in January 1981, when I removed oil price controls. Gasoline prices have fallen to levels which, after adjustments for general inflation and sales taxes, are within 5% of those that prevailed in the U.S. in the 1950's.

Energy programs proposed in the budget are designed to complement market forces by focusing resources on limited but appropriate responsibilities of the Federal Government and by managing these programs well. Thus, for example, the budget proposes increased spending for basic and other long-term energy research. In addition, the administration continues its commitment to filling the strategic petroleum reserve. The reserve has more than tripled in size in the last three years.

Health care.—Progress has been made in slowing the explosive growth of health costs. As part of the Social Security Amendments of 1983, Congress enacted the Administration's proposed fixed price prospective payment system for hospital care. This replaced the previous Medicare hospital reimbursement system under which hospitals were reimbursed for their costs. The new prospective payment system has altered incentives and should lessen the rate of increase in hospital costs.

Under the proposals in this budget, physicians will be asked to maintain present fee levels for medicare through the next fiscal year. Tax incentives prompting overly-costly employee health insurance benefits would be revised to make users and providers more sensitive to costs. Finally, resources for biomedical research will increase.

Transportation.—My administration has sought to shift much of the costs of transportation from the general taxpayer to those who use transportation services and facilities. I signed into law several administration-backed proposals to increase excise taxes on aviation and highway users and thereby provide funding needed to revitalize and modernize these important segments of the Nation's transportation system. The proportion of the Department of Transportation's budget financed by user fees has risen from 49% in 1982 to 72% in 1985. The budget reflects the administration's continued commitment to the "users pay" principle by including receipts proposals for nautical and aviation aids, the inland waterway system, and construction and maintenance of deep-draft ports.

Recognizing the importance of safety in our transportation systems, the budget provides for significant improvements in this area. In addition, my administration secured passage of legislation designed to rebuild the Nation's highway and public transportation facilities. This legislation substantially increased funds available to the States and local communities to complete and repair the aging interstate highway system, to rehabilitate principal rural and urban highways and bridges, and to improve mass transit systems. The budget also provides for improvements in the safety of our transportation systems.

Improved ports and channels will help to make U.S. coal exports competitive in world markets. My administration will work with the Congress to provide for timely and efficient port construction. A system that recovers a significant portion of the cost of existing port maintenance and new port construction must be enacted prior to any new construction. In the last 3 years, my administration has sent several reasonable proposals to the Congress, and progress is being made. It is time for action on this important issue.

Reducing the Federal presence in commercial transportation, currently regulated by the Interstate Commerce Commission, the Civil Aeronautics Board, and the Federal Maritime Commission, will improve the efficiency of the industry. Authority for the Civil Aeronautics Board will expire next year, and its residual functions will be assumed by other agencies. The administration will continue to seek legislation to deregulate ocean shipping, and will propose legislation to deregulate oil pipelines and natural gas. Experience since the adoption of initial transportation deregulation legislation has shown clearly that both consumers and industry benefit from reduced Federal involvement in these activities.

Criminal justice.—My administration has continued to strengthen the Federal criminal justice system by seeking major legislative changes in immigration policy, sentencing, and bail procedures, and by seeking increased funding for law enforcement activities. An additional organized crime drug enforcement task force will be

established in Florida, bringing the total number of task forces to 13. The budget proposes to bolster immigration control by strengthening border enforcement and improving the effectiveness of border inspection programs. Additional attorneys will be sought for the Internal Revenue Service and the Justice Department, underscoring my administration's determination to tackle the serious problem of tax protesters and evaders. The administration will enhance its efforts to identify, neutralize, and defeat foreign agents who pose a threat to the Nation.

International affairs.—Our foreign policy is oriented toward maintaining peace through military strength and diplomatic negotiation; promoting market-oriented solutions to international economic problems; telling the story abroad of America's democratic, free-enterprise way of life; and reducing barriers to free trade both here and abroad.

- The security assistance portion of the international affairs program has been increased to assist friendly governments facing threats from the Soviet Union, its surrogates, and from other radical regimes.
- Development aid emphasizes encouraging the private sectors of developing nations and increasing U.S. private sector involvement in foreign assistance.
- The budget provides for continuing the major expansion of international broadcasting activities started last year. Television, exchanges of people, and other programs to improve communications with foreign countries are included.
- My administration will continue to work with the Congress to strengthen the management and coordination of the Government's international trade functions by consolidating them in a Department of International Trade and Industry.

The United States faces threats to its interests in many parts of the world. The Middle East, with its vital energy resources, is still in turmoil. In Central America, Marxist forces continue to threaten democratic governments, exploiting temporary economic dislocations and the continuing poverty of less developed countries. In Africa, the poorest nations of the world are facing the prospect of great privation, accentuated by drought. This budget addresses each of these concerns:

- It continues military and economic support for Israel and Egypt, with improved financial terms.
- It provides for a significant increase in assistance to Central America, the specific nature of which will be defined after our review of the recommendations of the National Bipartisan Commission on Central America.
- It provides special humanitarian aid to counter the immediate effects of African drought and proposes a longer-term

program aimed at the root causes of Africa's economic problems.

Although now less than 2% of the budget, international programs are critical to American world leadership and to the success of our foreign policy.

Civil service retirement.—There is growing recognition that civil service retirement has far more generous benefits and is much more costly than retirement programs in the private sector or in State and local governments. Accordingly, the administration continues its strong support of the civil service reform proposals advanced in last year's budget. In 1985, the administration will focus its legislative effort on three of those proposals, in modified form: cost-of-living adjustment (COLA) reform, a high 5-year salary average for the benefit formula, and increased employee and agency retirement contributions.

GI bill rate increase.—The budget proposes legislation to provide a 15% increase in the rates of educational assistance and special training allowances to GI bill trainees and disabled veterans receiving vocational rehabilitation assistance, effective January 1985. The increase will offset increased costs since GI bill benefits were last raised in 1981. It will provide an increase in monthly education benefit checks to 544,000 veterans and their dependents and survivors.

CONTINUING REFORM OF OUR FEDERAL SYSTEM

The overall efficiency of Government in the United States can also be improved by a more rational sorting out of governmental responsibilities among the various levels of government in our Federal system—Federal, State, and local—and by eliminating or limiting overlap and duplication.

In 1981, the Congress responded to my proposals by consolidating 57 categorical programs into nine block grants. In 1982, a block grant was created for job training in the Jobs Training Partnership Act.

The administration is improving the management of intergovernmental assistance by providing State and local elected officials with greater opportunity to express their views on proposed Federal development and assistance actions before final decisions are made. Under Executive Order 12372, Intergovernmental Review of Federal Programs, which I signed in July 1982, Federal agencies must consult with State and local elected officials early in the assistance decision process and make every effort to accommodate their views. The Order also encourages the simplification of State planning requirements imposed by Federal law, and allows for the substitu-

tion of State-developed plans for federally required State plans where statutes and regulations allow.

CONTROLLING FEDERAL CREDIT PROGRAMS

Federal credit in all its forms imposes costs on the U.S. economy that must be weighed against its benefits. Federal intervention through guarantees and direct loans may misdirect investment and preempt capital that could be used more efficiently by unsubsidized, private borrowers. Because federally assisted borrowers are frequently less productive than private borrowers, large Federal credit demands, and the degree of subsidy involved in Federal credit activity, must be reduced if we are to improve prospects for economic growth.

The administration continues its strong commitment to control Federal direct loans and loan guarantees. It has supported the basic intent of proposed legislation to move off-budget Federal lending into the unified budget. It seeks other basic reforms in the way in which direct loans and loan guarantees are presented and controlled.

In the coming year, my administration will issue a directive establishing Government-wide policies on credit. This directive will be both an explicit statement of the administration's goals in providing credit assistance and a means of controlling the manner in which that assistance is provided.

REGULATORY REFORM

Federal regulation grew explosively throughout the 1970's. Whether well or poorly designed, whether aimed at worthy or dubious objectives, these rules have one thing in common: they "tax" and "spend" billions of dollars entirely within the private sector of the economy, unconstrained by public budget or appropriations controls.

My administration has taken steps to correct this problem. Under Executive Order 12291, all Federal regulations must be reviewed by the Office of Management and Budget before being issued to determine whether their social benefits will exceed their social costs. As a result of this review process, we have reversed the rate of growth of Federal regulations. Hundreds of ill-conceived proposals have been screened out, and hundreds of existing rules have been stricken from the books because they were unnecessary or ineffective. Equally important, numerous existing regulations have been improved, and new rules have been made as cost-effective as possible within statutory limits. We are steadily winding down economic controls that regulate prices, form barriers to entry for new firms, and other anti-competitive regulations. At the same

time we are increasing the effectiveness of our programs promoting health, safety, and environmental quality.

Our regulatory reform program has been open and public. New rules and changes to existing rules now require public notice and comment. My Executive Order requires regulatory agencies to consider the interests of the general public as well as special interest groups in rulemaking proceedings. The Task Force on Regulatory Relief and the Office of Management and Budget have issued regular reports detailing the progress of regulatory reform efforts. *The Unified Agenda of Federal Regulations*, issued twice each year, describes all planned and pending regulatory changes in virtually all Federal agencies. The administration's *Regulatory Policy Guidelines*, published in August 1983, is the first comprehensive statement of regulatory policy ever to be issued.

I believe it is time the policies and procedures of Executive Order 12291 were enacted into law. Individual regulatory decisions will always be contentious and controversial, but surely we can all agree on the general need for regulatory reform. Making each Government rule as cost-effective as possible benefits everyone and strengthens the individual regulatory statutes. Regulation has become such an important role of the Federal Government that strong and balanced central oversight is becoming a necessity and a bi-partisan objective. The Laxalt-Leahy Regulatory Reform Act, which passed the Senate unanimously in 1982, would have accomplished this reform. I strongly urge the Congress to take up and pass similar legislation this year. In addition, my administration continues to support measures to deregulate financial institutions.

IMPROVING THE EFFICIENCY OF GOVERNMENT

It is important to continue to reduce the size of Government. It is equally important to use the remaining resources as efficiently and effectively as possible. My administration has begun to make great strides in doing exactly that.

During the past 3 years, we have initiated several Government-wide management improvement efforts under the guidance of the Cabinet Council on Management and Administration. They are:

- Reform 88;
- Personnel management reform;
- Federal field structure reform; and
- The President's Private Sector Survey on Cost Control.

These management improvement and cost reduction programs focus on 4 objectives:

- Reducing fraud, waste, and mismanagement;
- Improving agency operations;
- Developing streamlined Federal Government management systems; and

—Improving the delivery of services.

Reducing fraud, waste, and mismanagement.—This objective seeks better use of appropriated dollars. The President's Council on Integrity and Efficiency (PCIE) was formed in early 1981 and is made up of 18 department and agency Inspectors General. They recently reported \$8.4 billion in cost reductions or funds put to better use in the last 6 months of 1983 and a total of \$31 billion since they were appointed. The PCIE is beginning to direct its efforts toward preventing problems before they occur, through improved technology and better audit processes, as described in their latest report.

The PCIE also found that enormous waste was occurring because the Federal Government had never established an effective cash management system—despite the fact that it handles almost a trillion dollars in cash annually. This is currently being corrected by installing sophisticated, up-to-date systems that the Department of the Treasury estimates could save as much as \$3½ billion a year.

When my administration came to office we found delinquent debt owed the Government rising at a rate of over 40% per year—with a total debt outstanding of over \$240 billion. After only 2 years' effort, this annual growth rate has been reduced to 2%. A credit pre-screening system is now being put in place, and automated collection centers are being installed.

Federal procurement involves annual expenditures of \$170 billion. Procurement was an overly complex process with only 50% of our contract dollars awarded under competitive bid. My administration has replaced three sets of regulations with one, and we are now setting up a new pro-competitive policy to cut costs.

We have extended our fight to reduce waste and mismanagement to a direct attack on that nemesis that has always characterized the Federal Government: red tape and paperwork. We have already reduced the paperwork burden placed on the private sector by the Federal Government by well over 300 million hours. In this current fiscal year we intend to reduce the burden by another 130 million hours.

Further savings and improvements are possible. The President's Private Sector Survey on Cost Control (Grace Commission) developed numerous recommendations for savings and cost avoidance. These recommendations range from reducing costs of Federal employee retirement programs to upgrading the Government's seriously outdated and inefficient management and administrative systems. I have already included many of these ideas in this budget and will include more in future budgets. My administration will develop a tracking system to make sure they are carried out.

These are but a few of the efforts underway to make sure that appropriated funds go further and are used for the purposes for which they were intended.

Improving agency operations.—I am directing Federal agencies to coordinate their administrative activities so that they reduce their current operating costs immediately, rather than wait for future improvements in systems and technologies. Savings resulting from these efforts are reflected in this budget. These efforts include: (1) consolidating headquarters and regional administrative services; (2) requiring service centers to meet minimum productivity standards for processing documents; (3) using private sector contractors to provide support services where appropriate and economical; (4) reducing Federal civilian employment by 75,000 by the beginning of 1985, reducing higher graded staff, and improving personnel planning; (5) reducing office space by 10%; (6) reducing printing plants by 25% and publications by 25%; and (7) eliminating the processing of documents altogether for most small agencies, by requiring them to obtain services from larger agencies that have efficient centers.

Developing streamlined Federal Government management systems.—As we are reducing the size of Government and reducing fraud, waste, and abuse, we also need to change fundamentally the way the Federal Government is managed. When I came into office, we found that the Federal Government lacked a well-planned compatible management process, so we set about developing one. This effort involves five major projects: (1) planning and budgeting, (2) financial management and accounting, (3) personnel management and payroll, (4) personal and real property, and (5) automatic data processing and telecommunications management. Responsibilities and resources for the development of each of these management systems have been assigned to those agencies that have or are capable of developing the most advanced management system in each category. Without this effort, the Federal Government would continue to operate in an inefficient manner that does not serve our citizens well.

Improving the delivery of services.—My administration is looking seriously at the way the delivery of Federal services is handled across the country. The objective of this effort is to achieve improved service at lower cost, through improved technology and management techniques such as prescreening, computer matching, adjusted payment schedules, contractor and grantee performance incentives, and a streamlined field structure.

All of these efforts are being planned and coordinated centrally as part of the budget process. The results of these efforts will be

reported to the Congress together with resulting savings and proposals to upgrade management of the Federal Government.

CONCLUSION

Vigorous, noninflationary economic recovery is well underway. The long winter of transition from the misguided policies of the past, with their inflationary and growth-deadening side-effects, is now yielding to a new springtime of hope for America. The hope of continued recovery to long-term noninflationary prosperity can be realized if we are able to work together on further deficit reduction measures. Bold, vigorous fiscal policy action to break the momentum of entrenched spending programs, together with responsible and restrained monetary policy, is essential to keep the recovery on track; essential to the Nation's future economic health and vitality. Limited measures to increase receipts will also be necessary to make our tax system fairer and more efficient. But it is important—more than important, *crucial*—to get the mix of spending restraint and receipts increases right. There must be substantial reductions in spending and strictly limited increases in receipts.

I call urgently upon the Congress, therefore, to take the actions proposed in this budget. Far too much is at stake to permit casual dismissal of these essential belt-tightening measures. The Nation has paid a high price for the prospect of a secure, prosperous, noninflationary future; that prospect must not be sacrificed to a sense of complacency, to an expedient ducking of the issues.

With confidence in the ultimate beneficial effects of our actions, let us seize the high ground and secure, for ourselves and our posterity, a bright and prosperous future—a future in which the glory that was America is again restored.

RONALD W. REAGAN

FEBRUARY 1, 1984

PART 2

**ECONOMIC ASSUMPTIONS
AND THE BUDGET**

2-1

ECONOMIC ASSUMPTIONS AND THE BUDGET

This part of the budget discusses the economic assumptions underlying the 1985 budget estimates. The first section reviews the economic achievements of 1983 and discusses the favorable economic outlook for sustained growth and moderating inflation. The second section presents the near-term forecast and the long-term economic assumptions underlying the budget. The third section demonstrates that, even with high employment in 1989, there will still be a substantial deficit unless appropriate policy actions are taken. The fourth section describes how economic developments and changes in the economic outlook have modified the budget outlook since last year. The last section analyzes the sensitivity of the budget to changes in economic assumptions.

ECONOMIC DEVELOPMENTS AND OUTLOOK

The full results of the administration's economic policies started to become evident in 1983. The economy grew rapidly, as it usually does in the first year of recovery, but inflation continued to moderate. In fact, 1983 was one of the best years in the postwar period in terms of achieving the combined objectives of output growth, job creation, and control of inflation. Real GNP growth of 6.1% from the fourth quarter of 1982 to the fourth quarter of 1983 was faster than in 18 of the previous 20 years. The 4.1% increase in the implicit price deflator for GNP was the lowest in 16 years. Responding to the rapid rise in output, the labor market rebounded impressively. Civilian employment grew at a faster rate last year than in 19 of the past 20 years, as 4.0 million more Americans found jobs. The 2.5 percentage point fall in the unemployment rate was the largest 1-year decline since 1951.

Such a favorable outcome was not anticipated by most forecasters, including the administration in its 1984 budget. For example, last January, the Blue Chip consensus forecast (an average of 43 private forecasts) called for only a 4% increase in real GNP over the four quarters of 1983, 2 percentage points lower than actually occurred. The consensus forecast was also too pessimistic about inflation, overestimating the increase in the GNP deflator by more than a full percentage point. The unemployment forecast was even further off the mark. The consensus predicted a fourth quarter average of 9.9% for the civilian unemployment rate, 1.4 percentage points above the actual result. After years of deteriorating econom-

ic performance, 1983 was a welcome change, with its robust growth and moderate inflation.

Although the magnitude of the recovery was somewhat surprising, the eventual reversal of the economic trends of the previous decade was expected. Indeed, it has been the goal of the administration's economic policies from its first days in office.

The legacy of stagflation.—In the 1970's Government policy too often created barriers to economic growth. Well-intended policies frequently had the unintended consequence of distorting economic incentives and diverting resources from more productive uses to less productive ones. Federal tax rates rose. Between the early 1970's and 1980 marginal personal income tax rates for a median-income family of 4 increased by over 25%, from 19% to 24%.

Federal spending also rose sharply, even after adjustment for the effects of inflation. Constant-dollar Federal outlays increased at an average annual rate of 3.6% from 1970 to 1980, much faster than real GNP. The growth of the money supply accelerated from an annual average rate of 3.9% in the 1960's to 6.6% in the 1970's (7.5% in the period 1977-1980). Federal regulation also expanded at a very rapid pace.

These trends led to accelerating inflation. At the end of the 1960's inflation had risen sharply. In subsequent years, although inflation declined occasionally following recessions, the underlying trend was unmistakably upward. By the end of the decade, most broad measures of inflation were rising by more than 10% a year.

All of these trends contributed to a general deterioration in the performance of the American economy. From the late 1960's through the end of the 1970's economic growth declined, productivity improvements slowed down, and, as a result, real incomes grew more slowly. These trends are shown in the following table.

DETERIORATING ECONOMIC PERFORMANCE

(Average annual rates of growth)

	Inflation ¹	Real GNP	Productivity ²	Real average hourly earnings	Real disposable personal income
1960-66.....	1.8	4.5	3.3	1.7	4.4
1967-73.....	4.7	3.5	2.4	1.6	4.2
1974-81.....	8.0	2.4	0.8	-1.1	2.5

¹ Implicit price deflator for GNP.

² Private business sector.

First steps toward revived economic growth.—By 1980, the conviction was widespread that it was time for a change. Working with Congress and the Federal Reserve, the administration embarked in 1981 on a program to reverse the unfavorable economic trends of

the past decade, bringing inflation under control and rekindling economic growth. Marginal personal income tax rates were cut substantially to increase incentives for work, saving, investment, and risk-taking. Depreciation allowances were liberalized to stimulate investment in plant and equipment. The expansion of Government regulations and of Federal spending was curtailed to provide a more hospitable economic environment for private-sector growth. The administration supported a Federal Reserve Board policy of maintaining stable, moderate growth of the money supply, a policy that has both helped curb inflation and reduced economic uncertainty.

ANNUAL INFLATION RATES

(Percent, 4th quarter over 4th quarter)

	GNP deflator	Consumer Price Index	Producer Price Index	Average hourly earnings
1980.....	10.2	12.6	12.4	9.6
1981.....	8.7	9.4	7.3	8.4
1982.....	4.4	4.5	3.6	6.0
1983.....	4.1	2.9	0.9	3.9

Although 1982 was a year of rising unemployment and declining output, it was also the year in which the first positive effects of the new policies became fully evident. The consumer price index rose only 3.9% from December 1981 to December 1982, and the producer price index only 3.7%, both about one-third the rate experienced during the year before the administration took office. This moderation of inflation was accompanied by a sharp drop in interest rates as inflationary expectations declined. Lower interest rates spurred a recovery in housing—private housing starts increased 45% from the cyclical low in the final quarter of 1981 to the fourth quarter of 1982.

SELECTED INTEREST RATES

(4th quarter averages)

	91-day Treasury bills	Prime rate	20-year Treasury bonds	Mortgage rate (FHLMC)
1980.....	13.6	16.7	12.2	14.3
1981.....	11.8	17.0	14.1	17.8
1982.....	7.9	12.0	10.7	14.0
1983.....	8.8	11.0	11.9	13.5

Moreover, lower interest rates and improved prospects for economic growth resulting from the changes in economic policy led to a strong upturn in the stock market beginning in August 1982. In this more favorable economic environment, businesses were able to

raise equity capital in the stock market and improve their balance sheets by replacing short-term debt with long-term debt. In addition, household balance sheets improved sharply, largely because of the surge in stock prices.

1983: The recovery.—The healthy economic developments in 1982 were the prelude to the vigorous growth of output and employment last year. Residential construction was already moving strongly upward at the start of 1983. After the first quarter, a broad surge in consumer spending occurred, reflecting the improved financial position of households and the faster growth of real disposable income. The 5% growth of real disposable income last year arose from sizable employment gains, a rise in real hourly earnings as inflation continued to decelerate, and a 10% cut in marginal personal tax rates in July.

The increase in purchases of durable goods was especially pronounced. These purchases tend to be discretionary and are sensitive to interest rates. Sales of domestic automobiles jumped from 5.8 million units in 1982 to 6.8 million last year, while total automobile sales increased from 8.0 million in 1982 to 9.2 million in 1983. Sales of furniture and household appliances increased 11½% in real terms, the largest four-quarter gain in a decade.

The willingness of consumers to spend reflected their optimistic attitudes. The University of Michigan Index of Consumer Sentiment reached a 10-year high in the third quarter of last year and remained at that level in the fourth quarter.

COMPONENTS OF REAL GNP

(Dollar amounts in billions of 1972 dollars)

	1982:4 ¹	1983:4 ²	Change	Percent change
Real GNP	\$1,480.7	\$1,570.5	\$89.8	6.1
Consumption	979.6	1,032.2	52.6	5.4
Business fixed investment	160.5	178.9	18.4	11.5
Residential investment	40.6	56.1	15.5	38.2
Inventory change	-22.7	7.5	30.2	.....
Net exports	23.0	2.5	-20.5	.....
Federal purchases	124.4	116.9	-7.5	-6.0
State and local purchases	175.2	176.3	1.1	0.6

¹ Cyclical trough.

² Preliminary.

The economic recovery became broadly based and firmly established in the second quarter when business capital spending also turned upward. Following the normal cyclical pattern, investment in new equipment recovered before investment in new structures, but after mid-year both were increasing rapidly. The strength of capital spending last year reflected a number of highly favorable underlying factors: corporate profits increased more rapidly than

at any other time since 1976; in addition, liberalized depreciation allowances had reduced the cost of investment and increased after-tax profits. Responding to the improved business prospects, equity markets strengthened, enabling firms to raise capital; and the capacity utilization rate rose sharply, inducing firms to expand and modernize plant and equipment. Improved profits were achieved without upward pressure on prices; instead, there was a significant deceleration of unit labor costs as productivity rose while nominal wage increases slowed. Real earnings increased, however, despite the deceleration in nominal wages, because of the even more rapid fall in the rate of inflation.

UNIT PRICES, COSTS, AND PROFITS: NONFINANCIAL CORPORATE SECTOR

(Percent change, fourth quarter to fourth quarter)

	Unit prices ¹	Unit costs ²	Profit margins ³	Total profits ⁴
1980.....	11.6	11.9	8.0	7.0
1981.....	9.2	8.7	14.2	16.4
1982.....	3.6	5.8	-20.1	-23.3
1983.....	3.6	-0.7	65.2	78.4

¹ The implicit price deflator for gross domestic product of nonfinancial corporate business.

² Labor and interest charges plus non-factor costs (e.g., depreciation) divided by real output of nonfinancial corporate sector.

³ Pre-tax profits (with inventory valuation and capital consumption adjustments) of nonfinancial corporate business divided by output in 1972 dollars.

⁴ Pre-tax profits (with inventory valuation and capital consumption adjustments) of nonfinancial corporate business.

Rising final sales and the improved financial position of businesses enabled firms to rebuild inventories. In fact, the swing from massive inventory liquidation in late 1982 to accumulation a year later accounted for 34% of the increase in real GNP during the year. Despite the restocking, inventories still remained very low in relation to rapidly growing sales at the end of 1983, which is one element suggesting that production and employment will continue to expand strongly in the months ahead.

A less favorable development during 1983 was the 1 to 1½ percentage point rise in most interest rates during the last half of the year. Several factors underlay the rise. One was brisk economic activity, which increased private credit demands, in conjunction with large current Federal borrowing. Second, short term interest rates increased as monetary policy became less accommodating after May when the Federal Reserve became concerned about the effects of continued high rates of growth of the monetary aggregates on future inflation and inflationary expectations. Third, continuing concerns in financial markets about the prospects of large future Federal deficits tended to prevent long-term interest rates from declining along with the decline in current inflation.

A significant area of weakness last year was the foreign trade sector. Real net exports of goods and services fell \$20.5 billion during 1983, with virtually all of the deterioration occurring in merchandise trade. U.S. merchandise exports increased very little

in real terms during the year, while real merchandise imports other than petroleum climbed nearly 30%. These adverse trends can be attributed primarily to the sharp appreciation of the dollar. On a multilateral, trade-weighted basis, the dollar has risen 50% since 1980, of which 10% occurred during 1983.

Underlying the high value of the dollar during 1983 was the confidence in U.S. economic policies, especially in curbing inflation, and the higher real rates of return available on dollar-denominated assets. Heightened political and financial uncertainties abroad caused foreigners' asset preferences to shift in favor of the dollar. U.S. exports were also hampered by the sluggish recovery in other industrialized countries and by programs to curtail imports in several debtor countries, especially in Latin America.

Foundation for a sustained expansion.—Last year provided substantial evidence of a break from the pattern of stagflation and subnormal productivity growth that characterized the 1970's. A foundation for lasting recovery is now in place. It consists of markedly reduced inflation and inflationary expectations, curtailed growth of real Federal spending, a restructured tax system that improves incentives, and a reduction in Federal regulatory interference in the economy. If the new policies are maintained consistently, the recent favorable economic trends are likely to strengthen and persist in the years ahead.

The most significant accomplishment is the unwinding of inflation over the past two years. From the early 1960's to the early 1980's, prices and wage rates persistently ratcheted upward from one business cycle to the next, with each economic recovery beginning at a significantly higher rate of inflation than its predecessor.

GROWTH OF PRICES AND NOMINAL WAGES: FIRST YEAR OF RECOVERY

(Percent change)

	GNP deflator	CPI	Average hourly earnings
Trough:			
1961:I.....	2.0	0.9	NA
1970:IV.....	4.7	3.5	6.7
1975:I.....	5.9	6.4	7.1
1980:III.....	9.3	10.8	9.1
1982:IV.....	4.1	2.9	3.9

This pattern was broken last year. Rates of increase in prices and nominal wages were even lower than those that followed the last three recessions.

In the future a new fundamental factor will work to prevent a renewal of inflation. This new factor is a drastic reduction in inflationary expectations, resulting from the achievement of much

lower inflation and the demonstrated commitment of the administration and the Federal Reserve to control future inflation. It appears that labor and management have begun to realize that inflationary contracts will not be validated by expansionary monetary policy. These changes offer greatly improved long-range prospects for price level stability as the recovery proceeds.

Like inflation, the growth of real Federal spending was accelerating until this administration came into office. Real outlays, which increased at an average annual rate of 3.6% from 1960 to 1974, rose at a 4.6% rate from 1974 to 1981. This excessive growth diverted resources from private to public uses and reallocated resources within the private sector away from productivity-enhancing capital spending to consumption. In the last two years, the administration has succeeded in slowing the growth of Federal spending. Between 1981 and 1985, real outlays rise at only a 3.5% average annual rate, even lower than during the 1960-74 period. In light of the increased public awareness of the need to restrain the growth of Government, it is likely that this newer, slower spending path will be continued.

Indexation of personal income tax brackets starting in 1985 will also increase the pressure to restrain Federal spending and will remove any incentive for policy-makers to acquiesce to inflation because it raises taxes through bracket creep. In the 1970's bracket creep pushed up tax receipts faster than the growth of personal income. Indexing means that future increases in Federal individual income taxes as a share of personal income (unless they stem from real income gains) will require explicit legislation.

The tax law changes enacted in the past two years have increased incentives for working and saving. Marginal tax rates have been cut, allowing individuals to keep more of the return from their work and their saving. The accelerated cost recovery system (ACRS) significantly shortened depreciation periods, raising the return on business investment by lowering the after-tax cost of capital. Corporate cash flow after taxes may be increased by a total of \$200 billion between 1984 and 1989 because of ACRS. This stimulus to expansion and modernization of our capital stock will help raise productivity and economic growth.

Consumers and businesses are now well placed to increase spending, in part because of their improved financial health. By late 1983, the debt burden of the household sector, as indicated by the ratio of consumer installment credit outstanding to personal disposable income was 15% below its 1979 peak. Moreover, the 50% gain in the stock market from mid-1982 has raised household net worth by half a trillion dollars. The stock market revival also has provided firms with an important source of capital. Corporations raised nearly \$50 billion through gross new equity issues last year,

about double the amount raised in 1981. This has contributed to restructuring and strengthening of corporate balance sheets. By the third quarter of 1983, corporate liquidity, as measured by the quick ratio (cash and other liquid assets to short-term liabilities), had risen a substantial 23% from its low point in the first quarter of 1982 to reach the highest level in 6 years. The improvement reflects the recovery of profits and a shift toward equity and long-term debt financing as interest rates declined.

The prospect for productivity growth is more favorable now than in many years. The factors underlying the slowdown in productivity growth during the 1970's are not completely understood, but it is likely that the unfavorable economic environment of that period—accelerating inflation, two oil price shocks, increased regulation, sluggish output growth, and cyclical instability—was a principal cause. Rapid and unpredictable inflation distorted price signals, heightened uncertainty about the future, and encouraged speculative investments. The oil price shocks sharply increased the price of energy, raised inflation, reduced growth, and made some capital stock obsolete. Slow economic growth and three recessions in the past decade inhibited investment in new plant and equipment, and also in research and development. Furthermore, proliferating Government regulations tended to divert businesses' resources away from productivity-enhancing investment. In contrast, the administration's policies to curtail inflation, slow the growth of Government spending, reduce taxes, reduce burdensome regulations, and promote private-sector initiative have created a climate that fosters and rewards improvements in productivity.

When productivity is growing, real wages can rise even though nominal wages are rising much less rapidly than in the recent past. This occurred last year as real wages rose for the second year in a row (following 4 years of declines) despite slowly rising nominal wages, because inflation was even lower. As the recovery proceeds, improved productivity will make possible further steady advances in real wages.

ECONOMIC ASSUMPTIONS

The economy and the budget are interrelated. Budget receipts and outlays depend directly on the level of economic activity, inflation, interest rates, unemployment, and other economic factors. Likewise, both budget outlays and the tax structure have substantial effects on the state of the economy—output, employment, and interest rates. In estimating budget receipts and outlays for future years, therefore, the economic assumptions underlying the estimates must be clearly specified.

The accompanying two tables show the economic assumptions that underlie the estimates in this budget. The first table shows

SHORT-RANGE ECONOMIC FORECAST

(Calendar years; dollar amounts in billions)

Item	Actual 1982	Forecast		
		1983 ¹	1984	1985
Major economic indicators:				
Gross national product, percent change, fourth quarter over fourth quarter:				
Current dollars.....	2.6	10.4	9.8	8.9
Constant (1972) dollars.....	-1.7	6.1	4.5	4.0
GNP deflator (percent change, fourth quarter over fourth quarter).....	4.4	4.1	5.0	4.7
Consumer Price Index (percent change, fourth quarter over fourth quarter) ²	4.5	2.9	4.5	4.7
Unemployment rate (percent, fourth quarter) ³	10.5	8.4	7.7	7.5
Annual economic assumptions:				
Gross national product:				
Current dollars:				
Amount.....	3,073	3,309	3,642	3,974
Percent change, year over year.....	4.0	7.7	10.1	9.1
Constant (1972) dollars:				
Amount.....	1,485	1,535	1,616	1,682
Percent change, year over year.....	-1.9	3.3	5.3	4.1
Incomes:				
Personal income.....	2,579	2,742	2,978	3,224
Wages and salaries.....	1,568	1,664	1,802	1,946
Corporate profits.....	174	205	255	292
Price level:				
GNP deflator:				
Level (1972=100), annual average.....	206.9	215.6	225.4	236.2
Percent change, year over year.....	6.0	4.2	4.5	4.8
Consumer Price Index: ²				
Level (1967=100), annual average.....	288.6	297.4	310.4	324.6
Percent change, year over year.....	6.0	3.0	4.4	4.6
Unemployment rates:				
Total, annual average ³	9.5	9.5	7.8	7.6
Insured, annual average ⁴	4.7	3.8	3.3	3.3
Federal pay raise (percent) ⁵	4.0	.....	3.5	3.5
Interest rate, 91-day Treasury bills (percent) ⁶	10.7	8.6	8.5	7.7
Interest rate, 10-year Treasury notes (percent).....	13.0	11.1	10.3	9.2

¹ Preliminary actual data.² CPI for urban wage earners and clerical workers. Two versions of the CPI are now published. The index shown here is that currently used, as required by law, in calculating automatic cost-of-living increases for indexed Federal programs. The manner in which this index measures housing costs will change significantly in 1985.³ Percent of total labor force, including armed forces residing in the U.S.⁴ This indicator 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.⁵ In 1984 and 1985, general schedule and military pay raises occur in January. The military pay raises are 4.0% and 5.5%, respectively. An October 1985 pay raise of 5.6% (military and general schedule) is projected.⁶ Average rate on new issues within period, on a bank discount basis. These projections assume, by convention, that interest rates decline with the rate of inflation. They do not represent a forecast of interest rates.

the short-range economic forecast through 1985; the second table shows the long-range assumptions underlying the 4-year budget projections. The common practice is followed in showing these assumptions for calendar years, rather than fiscal years.

LONG-RANGE ECONOMIC ASSUMPTIONS

(Calendar years; dollar amounts in billions)

	Assumptions			
	1986	1987	1988	1989
Major economic indicators:				
Gross national product, percent change, fourth quarter over fourth quarter:				
Current dollars	8.6	8.3	8.0	7.4
Constant (1972) dollars.....	4.0	4.0	4.0	3.8
GNP deflator (percent change, fourth quarter over fourth quarter)	4.4	4.1	3.8	3.5
Consumer Price Index (percent change, fourth quarter over fourth quarter) ¹	4.4	4.1	3.8	3.5
Unemployment rate (percent, fourth quarter) ²	7.2	6.5	5.8	5.7
Annual economic assumptions:				
Gross national product:				
Current dollars:				
Amount.....	4,319	4,681	5,059	5,445
Percent change, year over year.....	8.7	8.4	8.1	7.6
Constant (1972) dollars:				
Amount.....	1,750	1,820	1,892	1,966
Percent change, year over year.....	4.0	4.0	4.0	3.9
Incomes:				
Personal income.....	3,503	3,782	4,055	4,358
Wages and salaries.....	2,109	2,296	2,496	2,708
Corporate profits.....	318	355	377	391
Price level:				
GNP deflator:				
Level (1972=100), annual average.....	246.9	257.3	267.4	277.0
Percent change, year over year.....	4.5	4.2	3.9	3.6
Consumer Price Index: ¹				
Level (1967=100), annual average.....	339.3	353.6	367.4	380.6
Percent change, year over year.....	4.5	4.2	3.9	3.6
Unemployment rates:				
Total, annual average ²	7.3	6.8	6.1	5.7
Insured, annual average ³	3.2	2.8	2.4	2.2
Federal pay raise, October (percent) ⁴	5.8	5.5	5.3	5.1
Interest rate, 91-day Treasury bills (percent) ⁵	7.1	6.2	5.5	5.0
Interest rate, 10-year Treasury notes (percent).....	8.6	7.2	6.1	5.5

¹ CPI for urban wage earners and clerical workers. Two versions of the CPI are now published. The index shown here is that currently used, as required by law, in calculating automatic cost-of-living increases for indexed Federal programs.

² Percent of total labor force, including armed forces residing in the U.S.

³ This indicator 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.

⁴ General schedule pay raises normally become effective in October—the first month of the fiscal year. Thus, the October 1986 pay raise will set new pay scales that will be in effect during fiscal year 1987.

⁵ Average rate on new issues within period, on a bank discount basis. These projections assume, by convention, that interest rates decline with the rate of inflation. They do not represent a forecast of interest rates.

The current services estimates displayed in the budget are based on these same economic assumptions. Permitting the budget to proceed on a current services basis—that is, with no future policy action to change program spending or receipts—would change significantly the economic performance from what is assumed for the budget. However, the convention of basing both the budget estimates and the current services estimates on a common set of economic assumptions limits their differences to the direct effects of proposed policy actions. This enhances the ability of the current services estimates to serve their purpose as a baseline against which to measure the budgetary effects of policy proposals.

The outlook to 1985.—While last year was one of economic recovery, 1984 should be one of solid expansion built upon the foundations discussed in the previous section. Real GNP is expected to grow 4.5% during the four quarters of 1984, not significantly different from the Blue Chip consensus forecast of 4.3%. For 1985, real growth is forecast to moderate to 4.0%.

The forecast for 1984 projects a substantial rise of nearly 12% in real business fixed investment, following a 9.6% increase over the four quarters of 1983. This reflects continued strength in equipment expenditures and an increase, which is already underway, for investment in nonresidential structures. Investment will continue to lend strength to 1985 growth. State and local purchases should also contribute to real GNP growth this year. There was significant improvement in State and local government financial positions in 1983. The operating account surplus changed from an annual average of \$3 billion in 1979–1982 to \$15 billion in 1983, as continued austerity measures curtailed expenditures while an expanding economy and, in some instances, tax legislation increased receipts. On the other hand, some slowdown in the growth of personal consumption expenditures, residential construction, and inventory investment is expected this year, as would be normal in a second year of recovery.

The total unemployment rate, which fell sharply in the second half of 1983, is expected to decline steadily, though less rapidly, during 1984 as output growth settles to a more sustainable pace. The forecast shows the unemployment rate at 7.7% in the final quarter of this year.

Short-term interest rates, as measured by the 91-day Treasury bill rate, are projected to decline moderately. This reflects a lowering of inflationary expectations in response to the demonstrated resolve of the administration and the Federal Reserve to keep money growth and inflation under control.

Longer-range economic assumptions.—In contrast to the near-term economic forecast for 1984 and 1985, the long-range assumptions for the 1986–1989 period are not forecasts of future economic conditions. Instead, they are trend projections, consistent with the economic policies and economic policy objectives of the administration, that assume steady progress in sustaining economic growth and in reducing inflation, interest rates, and unemployment. It is assumed that the rate of growth of the money supply will gradually decline and that the administration's 1985 fiscal policy proposals, and future deficit-reduction measures, will be enacted.

Real GNP is projected to grow at a 4.0% annual rate from 1986 through 1988, but to moderate to 3.8% in 1989. Consistent with this trend growth of real output, the total unemployment rate is expected to fall gradually and to reach 5.7% in 1989.

Inflation, as measured by the GNP deflator, is forecast to increase somewhat, to 5.0% in 1984 (on a fourth-quarter to fourth-quarter basis), and is projected to decline gradually to 3.5% by 1989. This downward trend in the rate of inflation over an extended period of sustained economic expansion is predicated on the resolute commitment of the Federal Reserve and the administration to reduce gradually the rate of growth of the money supply. It is assumed that lower inflation will be accompanied by lower interest rates.

These long-range assumptions for real growth are comparable with historical experience. The present expansion began from a cyclical trough in the fourth quarter of 1982, and the economic assumptions extend 7 years from that date to the fourth quarter of 1989. Real GNP growth is projected to average 4.3% during this period. This is only a little higher than the average 3.8% growth during the 25 years between the cyclical peaks in the last quarter of 1948 and the last quarter of 1973, a period that excludes the sluggish economic activity and rapid inflation during most of the 1970's.

The real GNP growth projected for the 7-year period beginning with the last quarter of 1982 is also comparable with the real GNP growth in the first 7 years following previous postwar recessions. This is shown in the next table. The 4.3% average growth projected for the current period is only slightly above the average 4.0% real growth in the corresponding 7-year periods after previous recessions. Three of the earlier periods had higher growth and three had lower growth. This comparison is only suggestive, in part because the earlier periods overlap in certain years, which causes some double counting. However, it does imply that the current projection is in line with what has occurred before.

CHANGE IN REAL GNP AND INFLATION DURING 7 YEARS FOLLOWING CYCLICAL TROUGHS

Recession trough	Average annual rate of increase (percent)	
	Real GNP	GNP deflator
1949:4.....	4.7	2.8
1954:2.....	3.0	2.2
1958:2.....	4.6	1.7
1961:1.....	5.0	2.2
1970:4.....	3.6	6.3
1975:1.....	3.0	7.5
Average.....	4.0	3.8
1982:4.....	¹ 4.3	¹ 4.2

¹ Projected.

CYCLICAL AND STRUCTURAL COMPONENTS OF THE DEFICITS

Generally, Federal deficits tend to rise in recessions and to shrink during recoveries. The two back-to-back recessions beginning in early 1980 pushed the unemployment rate to a postwar high of over 10% at the end of calendar year 1982, and contributed substantially to the large deficit—approaching \$200 billion for fiscal year 1983. Although a cyclical downturn pushed the deficit up, it is incorrect to assume that economic recovery will, by itself, eliminate the deficit. The comforting assumption that the deficits will disappear, more or less “automatically,” as recovery proceeds is not warranted.

Budget projections on a current services basis—that is, assuming no further policy actions to curb spending growth or increase receipts—indicate that deficits will remain near the \$200 billion level even after the economy has returned to lower levels of the unemployment rate, below 6% in 1989. At that time economic recovery will have completed its contribution to deficit reduction. Attempts to achieve still lower levels of unemployment by monetary stimulus would be likely to lead to a reacceleration of inflation and an end to sustainable economic recovery, so projected deficits at this level of unemployment are not “cyclical” or temporary. They are permanent or structural and will persist unless determined policy actions are taken to eliminate them.

The growing structural deficit problem has its roots in the strong momentum of Federal spending increases, and in the debilitating economic policies of the 1970's, which stunted the economy's ability to grow. The excessive momentum of domestic spending programs in the late 1970's was partially masked by serious underfunding of our defense effort. The need to restore defense funding to more adequate levels, combined with rapidly growing interest costs (both as a result of deficits, which add to the outstanding debt, and because of high interest rates), will keep outlays growing in line with receipts. As a result, a substantial current services deficit is projected, even after a sustained economic recovery.

If no policy actions were taken to reduce them, these large current services deficits would pose serious economic problems. If they are financed by money creation, they will renew inflation and again bring on the inefficiencies, misdirection of resources, and cyclical instability that led to the stagnant growth and recessions of the 1970's. If they are not monetized, then the credit demands of the Federal Government will crowd out productive private investment. This would inhibit economic growth by generating excessive real interest rates. Excessive Federal borrowing also adds to the Nation's trade deficit and causes problems for U.S. exporters and for domestic industries that must compete with imports. All of

these effects are harmful to the long-run growth and well-being of the Nation.

CHANGES IN THE BUDGET OUTLOOK SINCE LAST YEAR

In December 1982, the unemployment rate was reported at 10.7%, and the 1984 budget, submitted in January 1983, forecast that it would average 10.7% during 1983 and 9.9% during 1984. In fact, it averaged 9.5% during 1983 and had fallen to 8.1% in December 1983. It is now projected to average 7.8% during 1984—over two percentage points lower than was forecast a year ago.

Real economic growth was forecast in last year's budget at 3.1% from the fourth quarter of 1982 to the fourth quarter of 1983. In fact, it was 6.1%. Over the same period, inflation, as measured by the GNP deflator, was forecast at 5.6%. In fact, it was 4.1%.

COMPARISON OF JANUARY 1983 AND CURRENT ECONOMIC ASSUMPTIONS

(Calendar years; dollar amounts in billions)

	1983	1984	1985	1986	1987	1988
Nominal GNP:						
1983 forecast ¹	3,262	3,566	3,890	4,232	4,599	4,996
1984 forecast.....	3,309	3,642	3,974	4,319	4,681	5,059
Real GNP (percent change):						
1983 forecast.....	1.4	3.9	4.0	4.0	4.0	4.0
1984 forecast.....	3.3	5.3	4.1	4.0	4.0	4.0
GNP deflator (percent change):						
1983 forecast.....	5.2	5.2	4.9	4.6	4.5	4.4
1984 forecast.....	4.2	4.5	4.8	4.5	4.2	3.9
Interest rate on 91-day Treasury bills (percent):						
1983 forecast.....	8.0	7.9	7.4	6.8	6.5	6.1
1984 forecast.....	8.6	8.5	7.7	7.1	6.2	5.5
Unemployment rate (percent):						
1983 forecast.....	10.7	9.9	8.9	8.1	7.3	6.5
1984 forecast.....	9.5	7.8	7.6	7.3	6.8	6.1

¹ Adjusted for July 1983 historical revisions.

These, and other better-than-expected economic indicators, have substantially improved the budget outlook since last year. The above table contrasts the current forecast with last year's in terms of annual averages. It shows real GNP growth substantially higher in 1983 and 1984 than was projected last January, and the unemployment rate substantially lower in all years. Inflation is significantly lower in 1983 and 1984, but nominal GNP is nonetheless \$84 billion higher in 1985 than last year's projection. The Treasury bill rate, on the other hand, is 0.6 percentage points higher in both 1983 and 1984 than in last year's forecast.

The table below indicates the estimated magnitude of the improvement in the budget outlook resulting from better economic performance during 1983 and the changed economic outlook for the years ahead. The addendum separates these two elements of

change, showing that the better-than-anticipated 1983 performance accounts for most of the improvement.

EFFECTS OF THE BUDGET OF CHANGES IN ECONOMIC ASSUMPTIONS SINCE LAST YEAR

(Fiscal years; in billions of dollars)

	1984	1985	1986	1987	1988
Current budget estimates ¹ adjusted to January 1983 forecast:					
Receipts.....	651.7	721.6	790.1	862.7	954.3
Outlays.....	880.9	954.0	1,013.8	1,091.2	1,162.5
Deficit (—).....	—229.2	—232.4	—223.6	—228.4	—208.2
Changes due to economic assumptions:					
Receipts.....	18.4	23.5	24.8	25.1	24.0
Outlays:					
Inflation.....	—3.2	—5.1	—5.7	—6.2	—7.6
Unemployment.....	—10.6	—8.3	—4.9	—3.0	—1.9
Interest rates.....	5.5	5.1	5.8	4.0	—2.1
Interest on changes in borrowing.....	—2.6	—5.5	—8.1	—10.4	—12.9
Total, outlays.....	—10.9	—13.7	—12.9	—15.7	—24.5
Decrease in deficit (+).....	29.3	37.2	37.7	40.7	48.5
Current budget estimates: ¹					
Receipts.....	670.1	745.1	814.9	887.8	978.3
Outlays.....	870.0	940.3	1,000.9	1,075.5	1,138.0
Deficit (—).....	—199.9	—195.2	—185.9	—187.7	—159.7
Addendum:					
Change in deficit due to:					
Actual 1983 economic performance.....	27.4	32.7	37.5	41.8	46.4
Change in the forecast for 1984–1988.....	1.9	4.5	0.2	—1.1	2.1
Percent due to 1983 economic performance.....	(94)	(88)	(99)	(103)	(96)

¹ Includes off-budget outlays.

Improvement in the economy and in the budget outlook since January 1983 has not compensated for the declines that had by then occurred from the forecast in the March 1981 budget revisions, as shown below. The 1981 forecast, like most private forecasts at the time, did not anticipate the 1981–1982 recession. Further, it assumed that the velocity of money and, thus, nominal GNP (and receipts) would grow more rapidly in the out years (then 1983–1986) than is now assumed.

EFFECTS ON THE DEFICIT OF CHANGES IN ECONOMIC ASSUMPTIONS SINCE MARCH 1981

(Fiscal years; in billions of dollars)

	1982	1983	1984	1985	1986
Increase in deficit, March 1981–January 1983.....	70.0	167.3	197.7	224.6	252.3
Decrease in deficit, January 1983–January 1984.....		—11.8	—29.3	—37.2	—37.7
Net increase in deficit, March 1981–January 1983.....	70.0	155.5	168.4	187.4	214.6

SENSITIVITY OF THE BUDGET TO ECONOMIC ASSUMPTIONS

The budget estimates are based upon and sensitive to the economic forecast. The sensitivity of the budget aggregates to economic conditions seriously complicates budget planning because forecasting the economy inaccurately leads to forecasting the budget inaccurately, and economic forecasting is not an exact science.

The relationship between the economic forecast and budgetary estimates is not a simple one. Last year the budget presented a set of rules-of-thumb that were designed to assist in rough calculations of the effects on the budget of changes in the economy. Incautiously applied, however, such rules-of-thumb can be quite misleading. For example, a 1 percentage point increase in the real growth rate will have one effect on the budget estimates if no change in nominal GNP growth is assumed, and a different effect if it causes a 1 percentage point increase in nominal GNP growth. In the latter case, receipts will rise more than they would if nominal growth were unchanged. Similarly, a 1 percentage point change in inflation will have a different effect if it takes place with unchanged nominal growth than if there is no change in real growth.

Another example is the effect of a 1 percentage point change in the unemployment rate. By and of itself, a change in unemployment, with no other effect on the economy, has a relatively small impact on the budget, changing only unemployment-sensitive outlays. Typically, however, a decline in unemployment is associated with a rise in real GNP. If that typical relationship is assumed, a one percentage point decline in unemployment is associated with a rise in real GNP of slightly over 2%, which in turn will give rise (absent any change in inflation) to a large increase in receipts. Thus, indirectly, a change in unemployment can be associated with a dramatic effect on the budget, although that effect depends on the relationship between the unemployment change and the growth of real output (not to mention the further question of whether the increase in real GNP raises nominal GNP or simply raises real GNP while causing inflation to decline).

In order to minimize the ambiguities associated with a set of rules-of-thumb, all of which are only partial measures of a more complex interrelationship, the estimated budgetary differences between two alternative economic projections are presented below. Both assume the same growth in nominal GNP as in the basic budget forecast. The optimistic forecast assumes 1 percentage point higher real growth than in the budget assumptions starting in the first quarter of 1985, with a corresponding decline in inflation at that time. The pessimistic forecast assumes 1 percentage point lower real growth beginning in 1985 than in the base forecast, with a percentage point higher inflation. The pessimistic forecast fur-

ther assumes that nominal interest rates do not decline after the end of 1984. Thus, it is a forecast of slower real growth than is assumed for the budget and higher real interest rates. The more optimistic forecast has higher real growth, lower inflation, and interest rates that decline faster than in the base forecast, in keeping with the faster decline in inflation. The real interest rate in the optimistic forecast is thus the same as in the basic budget forecast.

EFFECT ON DEFICIT OF SHIFT IN THE COMPOSITION OF NOMINAL GNP

(Fiscal years; in billions of dollars)

	1985	1986	1987	1988	1989
Administration forecast of total deficits	-195.2	-185.9	-187.7	-159.7	-128.2
Alternative deficit projections: ¹					
Higher growth/lower inflation	-191.6	-172.2	-162.2	-122.0	-73.5
Lower growth/higher inflation	-197.4	-198.5	-218.5	-216.5	-213.9

¹ Alternative projections assume that the rates of growth of real GNP and inflation are changed in opposite directions and by 1 percentage point, beginning in January 1985. Interest rates are assumed to be 1 percentage point lower than in the administration forecast in the first alternative, but not to change after 1984 in the second.

The most complete and consistent estimate of the effect of changes in the economy on the budget must come from a comparison of two complete and consistent detailed forecasts. Nonetheless, rules-of-thumb that approximate the effect of a change in a single economic variable can be useful. The rest of this section gives estimates of the size of these effects. They are, of course, only approximations. In general, the discussion is concerned with tax and spending responses that are automatic under current law. The rules-of-thumb assume that each measure of economic performance can be shifted alone, and that the budgetary effects of changes in several separate measures can be directly added to obtain the overall effects of a set of changes.

Inflation.—Inflation has a direct impact on both Federal tax collections and on Federal spending. Tax collections increase automatically as inflation swells various tax bases—corporate profits, personal incomes, payrolls, and sales. Historically, the increase in total receipts has been larger than the growth in incomes because of the progressive individual income tax with exemptions and brackets fixed. Beginning next year, however, the indexing to inflation of tax brackets, exemptions, and the zero-bracket amount will reduce this effect.

At the same time, Federal spending in a variety of areas—such as social security, other retirement programs, and medicare—also increases automatically as a result of inflation. Outlay increases may also occur in other areas, such as defense procurement, as a result of congressional or executive action to maintain real program or benefit levels.

The automatic increases in response to inflation differ in timing and magnitude as between receipts and outlays. Tax collections begin to rise almost immediately when inflation increases, in large part due to withholding and estimated payments. For outlays, however, the lags are generally longer. Statutory cost-of-living benefit increases occur at fixed intervals and are not paid until several months after the price increases that trigger them. (Income tax indexation will also occur with a lag.) Similarly, higher interest rates that may accompany higher inflation are reflected only in new debt issues and do not affect existing debt until it must be refinanced.

The upper part of the table below shows the automatic effects of a one percentage point rise in the inflation rate and in nominal GNP growth on outlays and receipts in 1985 through 1989. Interest rates are also assumed to be 1 percentage point higher. The effects shown are those that would occur under current law. The increases in outlays are for indexed programs, for interest costs, and for medicare and medicaid, all of which respond automatically under current law to price changes. If the rate of inflation and nominal GNP growth is one percentage point higher than projected, beginning in January 1985, outlays in 1986 would be roughly \$11½ billion higher, and receipts would be \$13½ billion higher, thus reducing the deficit by \$2 billion. The same rules-of-thumb apply in reverse if inflation is lower than projected. To the extent that discretionary programs are also adjusted for inflation, the outlay increase would be higher and the reduction in the deficit would be smaller.

SENSITIVITY OF THE BUDGET TO RATES OF ECONOMIC CHANGE

(Fiscal years, in billions of dollars, current law basis)

	1985	1986	1987	1988	1989
Effect of a one percentage point change in annual nominal GNP growth rate resulting from:					
A one percentage point higher annual rate of inflation (and interest rates) beginning January 1985:					
Receipts.....	3.7	13.4	23.9	37.0	51.4
Outlays.....	3.6	11.4	18.3	25.0	30.3
Change in deficit.....	-0.1	-2.0	-5.6	-12.0	-21.1
A one percentage point lower annual rate of real growth beginning January 1985:					
Receipts.....	-3.2	-12.9	-24.5	-38.5	-54.1
Outlays.....	1.0	3.7	7.3	11.4	16.2
Change in deficit.....	4.2	16.6	31.8	49.9	70.3

Some important qualifications should be noted. First, these estimates assume that real growth, productivity, and unemployment

are unchanged. If the higher inflation is offset by reduced real growth, the outlay increase would be higher and the receipts increase (if any) would be less, as can be seen by summing the receipt, outlay and deficit effects in the upper and lower portions of the table. There is little net change in receipts, but outlays increase substantially, resulting in a \$49 billion net increase in the 1989 deficit. The generally symmetrical nature of these results can be seen by comparison with the opposite case of a percentage point higher growth and lower inflation and interest rates presented earlier, which produced a \$55 billion reduction in the 1989 deficit.

Second, these estimates reflect an increase in domestic prices that is accompanied by a corresponding increase in domestic incomes. To the extent that the higher inflation is due to import price increases (for example, due to a fall in the foreign exchange value of the dollar) for which there are no corresponding increases in domestic income, the increase in receipts would be less than is shown.

Third, the receipts increase resulting from inflation is quite sensitive to how the inflation-induced growth in incomes is distributed by type of income—wage and salary income, non-wage personal income, and corporate profits, in particular, all of which are subject to different marginal Federal tax rates.

Finally, higher inflation would likely be accompanied by much higher interest rates, perhaps more than the percentage point per percentage point increase assumed here, which would also add significantly to outlays.

Because of the program-by-program variation in the timing of automatic cost-of-living increases under existing law, the outlay effect of increases in the consumer price index (CPI) on indexed programs will differ depending upon their timing. Outlays in 1985, for example, will be most affected by CPI increases for the year between the third quarter of calendar year 1983 and the third quarter of calendar year 1984. The rise in the CPI during this period will determine, under current law, the January 1985 cost-of-living increases for social security, supplemental security income, railroad retirement, and veterans pensions. Subsequent CPI increases will not increase outlays for these programs until January 1986.

Each percentage point increase in the CPI by the third quarter of calendar year 1984 increases fiscal year 1985 outlays for indexed programs by \$2.5 billion. The fiscal year 1985 outlay effect resulting from CPI increases after the third quarter of calendar year 1984 will be substantially smaller.

These estimated effects of higher prices are conservative because they do not include additional spending for other price-sensitive programs such as medicare and medicaid. Nor do they include

increases that may result from congressional or executive action to maintain real program or benefit levels for discretionary programs.

Real GNP growth.—Differences from anticipated levels of real GNP can also affect the budget substantially. Lower real GNP growth, by itself (with no change in the rate of inflation), would reduce personal and corporate incomes and therefore lower receipts. Since lower real GNP growth is accompanied by higher unemployment (unless productivity growth is reduced equally), outlays for unemployment-sensitive programs would be increased. A one percentage point lower real growth rate beginning in January 1985, with no change in inflation, would raise outlays in fiscal year 1986 by about \$3½ billion, reduce receipts by \$13 billion, and increase the deficit by \$16½ billion as shown in the lower part of the preceding table. These effects are generally symmetrical; they would be of about the same magnitude but opposite sign for a percentage point higher real growth.

Unemployment.—Higher unemployment leads directly to higher unemployment benefits with almost no lag. It also raises outlays for certain other programs, such as social security, food stamps, and public assistance, which have more beneficiaries when unemployment rises. Outlays for the latter programs generally increase with some lag. A one percentage point rise in the unemployment rate would add an estimated \$4.9 billion to 1985 outlays with about two-thirds of the increase being for unemployment benefits.

Over time the unemployment rate has tended to follow real GNP growth, with a percentage point lower unemployment rate generally associated with about a 2.1 percentage point higher level of real GNP. If inflation were to be unchanged, nominal GNP would rise by the same percentage, or by about \$82 billion for 1985. With Federal taxes having an effective marginal rate on real-growth-induced increases in GNP of about 24 or 25%, this implies an increase in receipts of about \$20 billion. Together with a \$5 billion decline in unemployment-sensitive outlays, this further implies a \$26 billion decline in the deficit associated with a one percentage point decline in the unemployment rate, *if* it is associated with a “corresponding” increase of 2.1% in real GNP *and* there is no change in inflation.

It is important to note that the sharp drop in the unemployment rate that occurred in 1983 was much greater than would have been expected on the basis of the “normal” relationship to real GNP growth in that year, and thus was not associated with as large an increase in receipts as would ordinarily be expected.

Interest rates.—Additional outlays resulting from higher interest rates occur only for new borrowing and not for existing debt until

it has to be refinanced. Thus, the outlay effect of a sustained interest rate change increases over time as more and more securities are issued at the higher or lower rates. The timing of the effect therefore varies with the term structure of the public debt. Currently, about half of the marketable debt held by the public turns over for refinancing within 15 months, and three-quarters within 5 years. Some will not be refinanced for 30 years. A one percentage point increase in all interest rates beginning January 1, 1984, would increase fiscal year 1985 outlays for net interest by \$7.1 billion. A one percentage point increase beginning July 1, 1984, would increase 1985 outlays by \$5.7 billion. However, long-term and short-term interest rates do not always move together, as is assumed for these estimates.

Changed economic conditions also affect interest outlays by changing the deficit and therefore the amount the Treasury needs to borrow. Based on the interest rate assumptions used in this budget, a \$100 billion 1985 deficit increases 1985 net interest outlays by roughly \$5.2 billion. The 1986 (full year) outlay effect of this 1985 deficit would be nearly double this magnitude, or \$9.4 billion.

Federal pay raises.—Each additional percentage point increase in Federal pay adds about \$1 billion to outlays, with about 40% going to the military, one-fourth to civilian employees in the Department of Defense, and one-third to employees of civilian agencies.

Changes in sensitivity.—In recent years, legislative changes, administrative reforms, and economic developments have reduced the acute sensitivity of the budget to economic assumptions. Indexation of the individual income tax brackets, to begin in 1985, is a major example; it will reduce the growth in receipts in response to inflation-induced increases in nominal incomes. Unemployment insurance extended benefits now only trigger on State by State, not simultaneously nationwide, which reduces the overall sensitivity of unemployment compensation to the national unemployment rate. This, together with a lower responsiveness of insured unemployment to overall unemployment in recent years, has significantly reduced the sensitivity of unemployment compensation to the unemployment rate in the past several years.

Stricter eligibility standards and policing against waste, fraud and abuse have somewhat reduced the estimated sensitivity of such programs as food stamps and public assistance to unemployment. At the same time, elimination of twice-a-year cost-of-living adjustments for Federal employee retirement, food stamps, and other programs reduces the rapidity with which their outlays rise in response to inflation. The delays in cost-of-living adjustments proposed in this budget, of course, would also reduce the near-term

sensitivity of the budget to economic assumptions—though only on a one-time basis.

SENSITIVITY OF THE BUDGET TO ECONOMIC ASSUMPTIONS

(Fiscal years; in billions of dollars)

	1984	1985	1986	1987	1988	1989
PRICES (EFFECT ON INDEXED PROGRAM OUTLAYS)						
Sustained one percentage point higher rate of inflation beginning:						
Under current law:						
January 1984.....		1.2	3.9	7.0	10.5	14.3
July 1984.....		0.4	2.6	5.7	9.1	12.8
Under proposed law:						
January 1984.....		1.3	3.9	7.0	10.5	14.2
July 1984.....		0.4	2.6	5.6	9.1	12.8
One-time one percentage point jump in price level occurring:						
Under current law:						
January 1984.....		1.7	2.6	2.6	2.8	2.8
July 1984.....		1.6	2.6	2.7	2.8	2.8
Under proposed law:						
January 1984.....		1.9	2.6	2.7	2.8	2.8
July 1984.....		1.8	2.6	2.7	2.8	2.8
INTEREST RATES (EFFECT ON NET INTEREST)						
Sustained one percentage point increase in interest rates under budget policy deficits, beginning: ¹						
January 1, 1984.....	2.2	7.1	10.3	13.5	16.5	18.1
July 1, 1984.....	0.3	5.7	9.5	13.1	16.0	18.0
INTEREST COST OF HIGHER FEDERAL BORROWING						
Effect of \$100 billion borrowing in 1985 ²		5.2	9.4	9.3	8.7	8.1
UNEMPLOYMENT RATE						
One percentage point higher rate beginning January 1, 1984:						
Unemployment benefits.....	2.5	3.1	3.0	2.8	2.7	2.5
Other unemployment-sensitive outlays.....	1.0	1.8	2.0	2.0	2.0	2.0
FEDERAL PAY RAISES						
Outlay effect of one percentage point increase in October 1985:						
Military personnel.....			0.4	0.5	0.5	0.5
Civilian employees:						
Department of Defense.....			0.2	0.3	0.3	0.3
Civilian agencies.....			0.3	0.3	0.4	0.4
Employer share, employee retirement.....			-0.1	-0.1	-0.1	-0.1

¹ Omits increase in receipts due to higher Federal Reserve System deposits of earnings.

² Includes subsequent interest on borrowing incurred to pay for previous interest costs.

PART 3

**BUDGET PROGRAM
AND TRENDS**

3-1

BUDGET PROGRAM AND TRENDS

The President's 1985 budget embodies four major elements:

- a continued freeze on real domestic spending growth and further progress in the remarkable reduction in domestic spending relative to GNP that has been under way since 1981;
- continued realignment of national budget priorities toward defense, international security, and other core purposes of Government;
- modest further domestic programmatic budget savings totaling \$62 billion over 1985-89 that can and should be adopted by this Congress; and
- a total spending burden on the U.S. economy (share of GNP) that is coming down from the recession peaks, but which is still *too high* and which defines the spending control challenge for 1985 and beyond.

The Dramatic Halt in Domestic Spending Growth

After three budget rounds, the explosive domestic budget growth of the three decades prior to 1980 has clearly been contained. Constant dollar domestic spending doubled between 1954 and 1961; doubled again by 1971; and nearly doubled again by 1981. But after completion of most congressional action on the 1984 budget, real domestic spending now stands *lower* than in 1981. And if the policies proposed in the President's 1985 budget are adhered to, there will be essentially *no growth* in real terms through 1989. Thus, after an era in which the real cost of government *doubled three times* in less than three decades, the shift in national policy inaugurated by the Reagan administration will result in a *decade-long domestic real spending freeze*.

Moreover, this abrupt halt to the runaway growth momentum of domestic government is now built into the structure of the budget—even if the modest additional savings proposed for 1985 and out-years are not fully implemented by Congress. The current services budget for domestic programs will rise only 6% in constant dollars between 1981 and 1989.

Note: In this Part, domestic spending refers to all non-interest outlays except the Department of Defense—military and national interest programs as detailed beginning on p. 3-49; defense refers to Department of Defense—military only; all spending figures through p. 3-15 include off-budget outlays; and, where nominal dollars are adjusted for inflation and converted to constant dollars, they are deflated by the GNP deflator (fiscal year 1985=100).

DOMESTIC SPENDING

(In billions of constant 1985 dollars)

Pre-Reagan:	<i>Amount</i>
1954.....	57.5
1961.....	126.5
1971.....	269.9
1981.....	526.6
Since Reagan:	
1984 enacted.....	522.8
1985 proposed.....	523.1
1989 proposed.....	529.1
1989 current services.....	558.3

No domestic spending growth means declining burden on an expanding economy.—During the years from 1954 to 1981, real domestic spending grew at an average rate of more than 5 percentage points per year faster than the real growth in goods and services (GNP) produced by the American people. As a consequence the domestic spending share of GNP skyrocketed from 4.0% to 15.0%—more than tripling in less than three decades.

By contrast, the Federal Government's success in achieving domestic spending control since the late 1970's means that the economy (real GNP) is now growing faster than domestic spending. Consequently, the economic burden of domestic government is at long last heading down. This reversal is nearly without precedent among major industrial democracies.

DOMESTIC SPENDING AS A PERCENT OF GNP

Pre-Reagan:	<i>Percent of GNP</i>
1954.....	4.0%
1961.....	7.3
1971.....	10.5
1981.....	15.0
Since Reagan:	
1984 enacted.....	14.0
1985 proposed.....	13.4
1989 proposed.....	11.6
1989 current services.....	12.3

Non-entitlement domestic outlays* have been cut 24% in real terms and will decline by 40% under the President's 1985 budget.—Between 1954 and 1978, constant dollar domestic spending excluding entitlements increased *five-fold*. Due to the sweeping retrenchment in domestic programs since 1981, real domestic discretionary

*All domestic spending except social insurance and low-income benefit programs.

spending has already receded to nearly its 1974 level (down 24% from its 1978 peak), and under the President's proposed 1985 budget will be more than 40% lower than the 1978 level by 1989. In short, the continued restraint embodied in the President's 5-year budget plan, if adhered to, would shrink the constant dollar size of domestic government, excluding entitlements, to nearly its 1971 level.

DOMESTIC SPENDING EXCLUDING ENTITLEMENTS

(In billions of constant 1985 dollars)

Pre-Reagan:	<i>Amount</i>
1954	38.8
1974	138.2
1978	207.7
Since Reagan:	
1984 enacted	158.4
1985 proposed	153.8
1989 proposed	122.8
1989 current services	138.1
Average annual real growth (percent):	
1954-78	+7.2%
1978-84	-4.4
1984-89	-5.0

Domestic discretionary share of GNP: declining to post-Korean War levels.—When measured relative to GNP, the progress achieved and proposed for the future is even more dramatic. Non-entitlement domestic spending approved by Congress for 1984 will amount to only 4.2% of GNP. This means that since 1978, the economic burden of financing domestic government excluding entitlements has dropped by one-third. Moreover, the proposed 1985 budget would further reduce the burden of domestic non-entitlement spending to 4.0% of GNP—with continued shrinkage to 2.7% by 1989. Even without the additional savings proposed in the 1985 budget for this category of domestic spending—the 1989 current services spending projection at 3.0% of GNP would be only slightly higher than in 1954.

DOMESTIC SPENDING EXCLUDING ENTITLEMENTS AS A PERCENT OF GNP

Pre-Reagan:	<i>Percent of GNP</i>
1954	2.7%
1958	2.8
1964	4.0
1978	6.3
Since Reagan:	
1984 enacted	4.2
1985 proposed	4.0
1989 proposed	2.7
1989 current services	3.0

Low-income benefit reforms have stopped the massive growth of welfare costs.—Between 1954 and 1981 the constant dollar cost of federal means-tested benefit programs increased *eleven-fold*—from \$6 billion to \$68 billion. Although Congress has not adopted all of the reforms proposed by the administration, estimated 1984 current law real costs will be lower than 1981, as will the means-tested budget share of GNP. Moreover, even on a current services basis, both constant dollar costs and the GNP share will be nearly *stable* for the remainder of the 1980's. Again, the turnaround could not be more dramatic: after increasing over *1,000%* in real terms between 1954 and 1981, the outlook through 1989 is for virtually no further real cost growth at all. Contrary to the claims of some critics, the social safety net is as strong today as it was in 1981 as measured by constant dollars of budget resources: the difference is that unsustainable, unnecessary, and socially counterproductive expansion has been stopped.

LOW-INCOME BENEFIT PROGRAMS

(1985 constant dollar amounts in billions)

	Amount	Percent of GNP
Pre-Reagan:		
1954.....	6.2	0.4%
1970.....	20.8	0.8
1981.....	68.0	1.9
Since Reagan:		
1984 enacted.....	66.8	1.8
1985 proposed.....	65.5	1.7
1989 proposed.....	68.4	1.5
1989 current services.....	72.1	1.6

Due to bipartisan reform the rapid growth of social insurance programs has finally slowed.—Nearly the entire growth in the Federal budget relative to the national economy from 1954 to 1981 is accounted for by the sustained expansion and evolution of the Nation's social insurance system. Over these 27 years, the constant dollar cost of social security, unemployment insurance, medicare, Federal pensions, and related smaller programs grew from \$26 billion to \$267 billion or over *ten-fold*. The social insurance spending claim on GNP likewise surged from less than 2% to 7.6%.

Beginning about 1977, however, a bipartisan recognition that the various social insurance programs were rapidly approaching both unaffordability and insolvency generated successive benefit reform and financial improvement bills. These included the 1977, 1980 and 1983 social security bills, and various medicare, unemployment

insurance, and railroad retirement solvency and cost control measures. Since most of these legislative changes were prospective in nature, the fiscal effects will materialize in the mid-to-late 1980's. This can be seen in the dramatic decline in the annual real growth rate from 8.8% over 1954-1983 to only 2.3% under current services for the 1983-1989 period. Consequently, after peaking at 8.6% of GNP in the recession year of 1983, the social insurance budget will steadily fall relative to the economy's capacity to support it in the years ahead.

SOCIAL INSURANCE PROGRAMS

(1985 constant dollar amounts in billions)

	Amount	Percent of GNP
Era of bipartisan expansion:		
1954 *.....	25.8	1.8%
1968 *.....	102.3	4.3
1981.....	266.8	7.6
1983.....	302.8	8.6
Effects of bipartisan legislative restraint since 1977:		
1984 enacted.....	297.7	8.0
1985 proposed.....	303.8	7.8
1989 proposed.....	338.0	7.4
1989 current services.....	348.1	7.7
Average annual real growth (percent):		
1954-83.....	+8.8%	.....
1983-89 proposed.....	+1.8	.....
1983-89 current services.....	+2.3	.....

*Excludes military retirement accruals.

DEFENSE AND NATIONAL INTEREST PROGRAMS: RETURN OF BUDGET COMMITMENT TO POST-WAR MID-POINT RELATIVE TO GNP

Critics of the administration's defense and security-related budget build-up frequently compare current and proposed budget levels to those which prevailed in the late 1970's and allege that administration policies have resulted in inordinate budget growth. But this represents a cramped and misleading view of defense and national interest funding requirements, as well as failure to consider the longer trend of post-war budgetary history.

The programs in the aggregation addressed in this section embody core purposes of the Federal Government; Department of Defense—military (DOD) expenditures; defense related spending for weapons development and production (Department of Energy); the conduct of foreign policy and the economic and security assistance expenditures required by it; leadership in space and science (NASA); the servicing and policing of our vast coastal borders (Coast Guard); and the national defense and strategic petroleum stockpiles. While constant dollar budget resources have risen strongly since 1980, the fact remains that enacted real funding for 1984 barely exceeds peak

expenditures recorded in 1968. The 1968 level reflected the coincident fiscal pressures of the Vietnam War, the Apollo moonshot, and substantial commitments to economic and security assistance for areas of national interest around the world. Moreover, relative to GNP, 1984 spending for these programs is actually 33% lower than what the national economy proved capable of sustaining in 1968.

DEFENSE AND NATIONAL INTEREST EXPENDITURES: 1968 VERSUS 1984 ENACTED

(1985 constant dollar amounts in billions)

	Amount	Percent of GNP
1968.....	265.2	11.0%
1984 enacted.....	276.3	7.4
Difference.....	+11.1	-3.6

Thus, it is clear that the needed defense catch-up and modernization programs launched on a bipartisan basis by Congress in 1980 and accelerated during the Reagan administration, along with expenditures for other national interest programs, do not come close to imposing the burden on the U.S. economy experienced during earlier periods when equally critical national interests were at stake. The widespread misconception on this score stems from a failure to appreciate the degree to which the low expenditure burden for defense and national interest programs experienced during the mid-1970's represented a transient and aberrant historic interlude. The resulting fiscal windfall was unsustainable because these depressed funding levels were inconsistent with stated national security, foreign policy, and international leadership objectives—objectives that have remained broadly continuous throughout the post-war period.

As shown in the table below, between 1968 and the low point in 1976, constant dollar defense and national interest expenditures plummeted by 32%. Likewise, the GNP share fell from 11.0% to 6.1% or by over two-fifths.

ABRUPT DECLINE IN DEFENSE AND NATIONAL INTEREST EXPENDITURES, 1968-76

(1985 constant dollar amounts in billions)

	Amount	Percent of GNP
1968.....	265.2	11.0%
1976.....	180.0	6.1
Percent change.....	-32%	-45%

This massive drop occurred because, for reasons of both short-run national policy trends and happenstance, all major categories within this budget sector were declining simultaneously. The space program was then between the Apollo mission and the build-up of

the shuttle program; DOD expenditure declines reflected operational cost reductions attributable to the withdrawal from Vietnam and the large mid-70's decline in end-strength; and strategic and conventional weapons programs were allowed to slacken substantially during this period.

TRENDS IN MAJOR DEFENSE AND NATIONAL INTEREST PROGRAMS: 1968-1976

(1985 constant dollar amounts in billions)

	1968	1976	Percent change
Space program.....	13.3	6.0	-55%
DOE weapons and preparedness	4.3	2.9	-33
Development aid, security assistance and other national interest	14.7	11.9	-19
DOD military.....	232.8	159.1	-32
Total.....	265.2	180.0	-32

The inadequacy and unsustainability of these depressed mid-1970's funding levels were reflected in budget trends emerging during the Carter administration. The deterioration of the international security environment and the growing congressional recognition of U.S. military inadequacy resulted in a 12½% increase in real defense and national interest outlays between 1976 and 1980. Even then, constant dollar spending in the last full Carter administration budget (1980) was still 12½% below the \$232 billion per year average of 1964-1970. More importantly, the continued real growth of the national economy meant that the spending share of GNP stayed below 6% through 1980 compared to over 10% from 1964-1970.

Thus, when the 1970-1980 valley in defense and national interest spending trends is accounted for, a decidedly different picture emerges regarding the necessary rise in these expenditures that has been achieved thus far and that is planned for future years. As shown below, constant dollar expenditures for DOD and national interest programs have risen by 36% since 1980. The President's proposed budget would continue this trend during the remainder of the 1980's.

GROWTH IN DEFENSE AND NATIONAL INTEREST PROGRAMS

(1985 constant dollar amounts in billions)

	DOD	National interest	Total
Change to date:			
1980.....	175.6	27.0	202.6
1984 enacted.....	242.0	34.3	276.3
Percent change from 1980	+38%	27%	+36%
Proposed 1985 budget:			
1985.....	264.4	36.7	301.1
1989.....	339.1	35.0	374.1
Percent change from 1980	+93%	+29%	+85%

Yet, as substantial as these increases appear to be, they will result in a claim on GNP that is lower than that which prevailed during the entire 1954-1970 period. Devotion of 8% of GNP to the fundamental purposes of Government and, most particularly, to the Nation's military security in a difficult and threatening world can hardly be considered excessive. Indeed, it represents no more than a mid-point between the normal burden prior to 1970 and the temporarily depressed levels of the mid and late 1970's.

TRENDS IN DEFENSE AND NATIONAL INTEREST SPENDING

Historic trend:	Percent of GNP
1954-1970.....	10.8%
1976-1980.....	5.8
1984 enacted.....	7.4
Proposed 1985 budget:	
1985.....	7.7
1989.....	8.2

REORDERING THE NATION'S FISCAL PRIORITIES

Vast changes in the Federal budget's structure occur over time. The re-direction of policy inaugurated by the Reagan administration is such a change.

Measuring budget changes from any given year, however, can confuse as easily as enlighten. Nevertheless, the budget structure of 1971 stands out as perhaps an equilibrium point in post-war budgetary history: it represents the mid-point between the high defense/low domestic budget structure of the immediate post-Korean war period and the low defense/high domestic budget composition of the late 1970's. Neither extreme is compatible with the requirements and realities of the 1980's. The low defense level of the later 1970's was unsustainable and has been abandoned. The low domestic level of the 1950's has been surpassed by history and settled national commitments.

By contrast, defense spending was still at a healthy level in 1971 and much of the modern structure of domestic spending commitments had already emerged. In particular, the Great Society domestic programs had been well established and the Nation's social insurance system had been expanded to include most of its current protections, including disability, medicare, and extended unemployment benefits. Significantly, however, the large across-the-board benefit increases enacted in the 1970's and the impact of excessive

indexing and policy errors in entitlement programs had not yet occurred.

The table below demonstrates that the fiscal course charted by the administration for the 1980's essentially seeks a restoration of the 1971 *status quo ante*. Substantial progress in this direction has already been realized, as measured by the congressionally enacted 1984 budget. Unfortunately, the reduction in the domestic spending claim has proceeded more slowly than the rise in defense and other national interest outlays—resulting in a slight increase in the total non-interest Federal spending claim on GNP since 1980. Nevertheless, if the policies embodied in the President's 1985 budget are faithfully adhered to, the 1971 *status quo ante* as between domestic and defense/national interest spending claims on GNP will have been nearly restored by the end of the decade. Overall, this shift in composition would result in less than a 1% rise in the total programmatic spending burden.

**DOMESTIC AND DEFENSE/NATIONAL INTEREST CLAIMS ON GNP:
RESTORATION OF THE 1971 STATUS QUO ANTE**

(Percent of GNP)

	Domestic	Defense/ national interest	Total
Historic reference:			
High defense/low domestic: 1954	4.0%	14.1%	18.1%
Low defense/high domestic: 1978	14.6	5.6	20.2
Post-war midpoint: 1971	10.5	8.4	18.9
1980's compared to 1971 midpoint:			
1980	15.0	5.9	20.9
Change from 1971	+4.5	-2.6	+2.0
1984 enacted	14.0	7.4	21.4
Change from 1971	+3.5	-1.0	+2.5
1985 proposed	13.4	7.7	21.2
Change from 1971	+3.0	-0.7	+2.2
1989 proposed	11.6	8.2	19.9
Change from 1971	+1.1	-0.2	+0.9

Decomposition of the domestic spending component of the budget highlights the strong challenge posed by the path embodied in the 1985 budget. First, achieving the 11.6% of GNP overall domestic target for 1989 depends crucially on four conditions:

- that constant dollar cost of the means-tested safety net programs will remain between \$65 and \$70 billion—implying no real benefit or caseload expansion or contraction—thereby permitting the GNP share to fall slowly in the context of an expanding economy;
- that no additional domestic discretionary program commitments beyond those embodied in the 1984 budget baseline will

be undertaken during the remainder of the decade unless existing programs of equal cost are eliminated;

- that annually appropriated funding levels for discretionary programs and periodic re-authorizations for programs like highway building and price supports will be consistently constrained below the cumulative inflation rate in order to cause continued erosion in real program levels, as has been the policy since 1980; and
- that the economy will remain on a steady path of sustained real growth and low inflation throughout the 1980's. The latter condition is essential in order to avoid periodic legislative pressures for "real funding catch-ups" for appropriated programs subsequent to a rising inflation trend. The former is required to avoid recession-induced caseload growth in means-tested entitlements and legislated liberalizations in response to short-term social distress.

The path charted in the 1985 budget assumes that these 4 conditions will be fulfilled. As shown below, this permits the total domestic spending share of GNP to fall nearly to its 1971 level, despite the fact that the social insurance claim remains substantially higher than in 1971 and that the policy of a stable constant dollar means-tested safety net results in a higher GNP claim even by 1989 than was the case in 1971. Stated differently, the high real cost of even the restrained social insurance and low income entitlement structure that has emerged after three budget rounds during the Reagan administration requires the steady withering of other domestic spending if the total domestic budget burden is to be restored to the 1971 level.

DOMESTIC PROGRAMS

(As a percent of GNP)

	Social insurance	Low income benefits	Other programs	Total domestic
1971.....	4.7%	1.1%	4.7%	10.5%
1980.....	7.2	1.8	6.0	15.0
Change from 1971.....	+2.5	+0.7	+1.3	+4.5
1984 enacted.....	8.0	1.8	4.2	14.0
Change from 1971.....	+3.2	+0.7	-0.4	+3.5
1989 proposed.....	7.4	1.5	2.7	11.6
Change from 1971.....	+2.7	+0.4	-2.0	+1.1

These calculations make clear that attainment of fiscal equilibrium by the end of the decade is totally incompatible with new large-scale domestic policy initiatives now being advanced in some quarters. Such initiatives would virtually guarantee the need for a major general tax increase. Given the nearly 8% of GNP required

for social insurance, the other components of the domestic budget must continue to shrink relative to GNP—an outcome that cannot be achieved if significant new program commitments are undertaken. Thus, a major increase in Federal aid to education, an expensive national industrial policy, a significant restoration of pre-1982 constant dollar Federal spending for health, training, and social service programs, or major increases in domestic infrastructure investment, if combined with full current services funding of existing commitments, would push total domestic spending back into a range of 13–14% of GNP. When combined with the 8% of GNP required for defense and national interest programs and additional requirements for debt service, the permanent total spending burden range would exceed 24% of GNP.

Conversely, the minimization of potential future tax increases will require additional steps to lower domestic spending to below the 1989 goal of 11.6% of GNP now embodied in the proposed budget. Among other things, this would likely involve accelerating the decline that will occur in the mid and late 1980's under current law in the social insurance share of GNP. Given the pending solvency crisis in medicare, excessive annuity levels embodied in Federal pensions, and the potential for further reform of benefit indexing mechanisms, it is apparent that opportunities for such savings do exist. If a bipartisan consensus can be obtained, these reforms could reduce social insurance spending to 7.0% of GNP by the late 1980's.

Thus, meeting the current domestic budget goal of 11.6% of GNP by 1989, and reducing it to below 11% in future budget plans in order to minimize the threat of major tax increases will require ceaseless restraint and significant further retrenchment in all parts of the domestic budget. Yet, this is achievable if the policy climate of 1981–1984 can be maintained throughout the remainder of the decade. The essential dynamics of the 1981–84 domestic budget shrinkage have been four-fold:

- no entitlement liberalizations or repeal of prior reforms;
- no new substantial discretionary spending commitments of the type that proliferated during the 1970's;
- declining real budget resources for discretionary appropriations and operating agencies; and
- steady reform and retrenchment of existing entitlement program features—particularly social insurance.

In the context of a stable economy, a domestic fiscal policy that remains anchored to these premises can reduce total Federal spending excluding interest to the 1971 *status quo ante*—19% of GNP. But, a policy that abandons one or more of these conditions is both doomed to failure and is a recipe eventually for massive general tax increases.

THE DEBT SERVICE PROBLEM

The previous sections demonstrate that the fiscal course charted by the Reagan administration is compatible with returning the programmatic spending share of GNP to below 20% by the end of the decade, and to the 1971 status quo ante (19%) with additional reforms, mainly in the social insurance budget in future years. This leaves for consideration the funding requirement for debt service.

In the context of the generally stable and low-inflation economic environment that prevailed prior to the late 1960's, debt service averaged an almost constant 1.3% of GNP each year over the course of two decades (1954-1974). But subsequently, under the pressure of rising nominal interest rates, as well as significantly larger average annual deficits, the debt service claim on GNP rose steadily until it reached 2.0% in 1980. The recent period of high interest rates and recession-fueled high deficits that accompanied the monetary and economic correction of 1981-83 pushed debt service costs still higher.

It is currently estimated that constant dollar debt service costs in 1984 will be triple 1971 levels and that the GNP share will reach 3.0%—or more than double its 1971 claim.

RISE IN DEBT SERVICE COSTS SINCE 1971

(1985 constant dollar amounts in billions)

	Amount	Percent of GNP
1971	37.0	1.4%
1980	70.4	2.0
1984 enacted	113.6	3.0
Percent change from 1971	+207%	+111%

This staggering rise in the debt service burden, which has been building continuously for more than a decade, accounts in considerable part for the elevated and unprecedented total Federal spending claims on GNP that have been recorded since 1980. As shown below, during the recession/recovery cycle years of 1975-1977 programmatic spending averaged 20.8% of GNP—a level only slightly below the 21.7% average for the comparable years 1982-84. But the net interest claim was nearly double in the latter period, contributing 60% of the overall rise in the spending claim on GNP between 1975-77 and 1982-84.

A similar comparison of the proposed 1985 budget with the 1971 *status quo ante* highlights the degree to which the attainment of fiscal equilibrium by the end of the 1980's depends on further progress both in reducing the present level of nominal interest

COMPARISON OF SPENDING SHARES OF GNP DURING RECESSION/RECOVERY CYCLES

(Average percent of GNP)

Period	Net interest	Programmatic spending	Total spending
1975-77.....	1.6%	20.8%	22.4%
1982-84 enacted.....	2.9	21.7	24.6
Difference.....	+1.3	+1.0	+2.3

rates and in achieving a reduction in the domestic spending claim on GNP that exceeds that charted in the 1985 budget plan.

For 1985, debt service payments are projected to remain at their historic high (3.0% of GNP) while programmatic spending will decline slightly from the 1984 level, resulting in a total spending claim on GNP that remains above 24% of GNP for the fourth successive year. However, if the 1985 budget plan is adhered to, the debt service claim on GNP would steadily decline. This declining path is a consequence of the gradual fall of proposed programmatic spending and deficit claims relative to GNP and the forecast assumption that the 91-day Treasury bill rate will drop from 8.6% in fiscal year 1984 to 5.1% by 1989. With the further assumption that future policy action will constrain programmatic spending to 19% of GNP, the interest burden would fall to around 2% by the end of the decade. Under these conditions, fiscal equilibrium could be attained with total Federal spending in a range between 20-21% of GNP.

Failure to achieve these economic and policy conditions, however, would have seriously adverse consequences. The current services programmatic spending level projected for 1989 is \$44 billion or about 1% of GNP higher than the severely constrained spending path proposed in the 1985 budget. In the event that any combination of defense and non-defense spending were permitted to drift toward the current services level, debt service would remain at 3% through 1987, resulting in total spending staying above 23% of GNP through 1989.

More critically, if, in addition, the declining interest rate path assumed in these projections is not achieved, the debt service claim could rise above even the 3% level that now obtains. These consequences are displayed in the current services alternate forecast entry in which the Treasury bill rate is assumed to remain at current levels (9%) throughout the period and, as a consequence, the trend real GNP growth rate falls from 4% per year to 3%.

Under these adverse policy and economic conditions, debt service rises to 4.4% of GNP by the end of the decade—a claim on the national economy *3.5 times* larger than the pre-1974 equilibrium.

While programmatic spending would be similar to the 1985 level (21.1%), the total spending burden would surge to 25-26% of GNP.

Thus, adherence to both the spending policy plan and the economic forecast path assumed in the 1985 budget is imperative if the current historically-unprecedented debt service claim on GNP is to be reduced, and the total Federal spending claim is to recede toward the 1971 *status quo ante* (20.4% of GNP).

THE POTENTIAL DEBT BURDEN TO 1989

(Percent of GNP)

	Debt service	Programmatic spending	Total spending
1971.....	1.4%	18.9%	20.4%
1985 proposed.....	3.0	21.2	24.2
Change from 1971.....	+1.6	+2.2	+3.8
1989 proposed.....	2.4	19.9	22.2
Change from 1971.....	+0.9	+0.9	+1.8
1989 current services.....	2.6	20.7	23.3
Change from 1971.....	+1.2	+1.7	+2.9
1989 current services with alternate forecast.....	4.4	21.1	25.5
Change from 1971.....	+2.9	+2.2	+5.1

The 1985 Spending Restraint Program ¹

This section provides further detail and analysis regarding the firm fiscal restraint embodied in the 1985 budget, as measured relative to the current services baseline and relative to historic constant dollar spending levels. Since no widely accepted current services baseline exists for the Defense Department, discussion of DOD spending policy changes is excluded from this section.

As shown in the table below, the net non-DOD programmatic spending reduction relative to current services is modest, amounting to a 2% reduction over 1985-1989.

1985 BUDGET VERSUS CURRENT SERVICES: NONDEFENSE PROGRAMMATIC SPENDING

(Dollar amounts in billions)

	1985	1986	1987	1988	1989	Total
Current services.....	549.6	575.6	610.3	645.4	679.0	3,059.9
1985 budget.....	545.0	566.0	598.2	629.7	658.6	2,997.6
Proposed savings.....	-4.6	-9.6	-12.0	-15.7	-20.4	-62.3
Percent reduction.....	-0.8%	-1.7%	-2.0%	-2.4%	-3.0%	-2.0%

These totals, however, fail to capture the full degree of fiscal restraint embodied in the 1985 budget for two reasons.

First, in a number of critical areas, the 1985 budget proposes policy increases for selective programs that net against savings proposed throughout the remainder of the budget. As shown in the table below, these add-ons to the current services baseline total \$4.5 billion in 1985 and \$47.5 billion over five years. By contrast, savings proposed elsewhere in the budget total \$110 billion over 1985-1989, representing a 4% reduction from current services. On a net basis, then, 43% of the savings from current services proposed throughout the budget are needed to offset the selective increases to current services for programs listed in the table.

In addition, it should be noted that consistent with last year's bipartisan agreement on social security reform, no changes in current law spending are proposed for social security. Unemployment insurance is treated in a similar manner. Consequently, the \$110 billion in 5-year gross savings are generated from a relatively small share of the budget baseline. As shown in the table, proposed 1985 savings in the budget remainder, excluding social security and unemployment insurance, total 3% in 1985 and rise to nearly 10% by 1989.

¹The spending figures throughout the rest of Part 3 exclude off-budget outlays in order to maintain consistency with program and budget totals displayed elsewhere.

NONDEFENSE PROGRAMMATIC INCREASES AND SAVINGS IN 1985 BUDGET

(Dollar amounts in billions)

	1985	1986	1987	1988	1989	Total
Selective Program Increases						
Development aid/Central America:						
Current services.....	5.7	5.6	5.9	6.2	6.1	29.4
Proposed increases.....	+1.0	+0.6	+0.6	+0.4	+0.3	+2.8
Space program:						
Current services.....	6.4	6.1	5.6	5.3	5.3	28.8
Proposed increases.....	+0.3	+1.0	+1.9	+2.7	+3.1	+8.9
Security assistance/FMS:						
Current services.....	4.9	5.2	5.5	5.9	6.1	27.6
Proposed increases.....	+2.2	+3.5	+3.8	+3.7	+3.5	+16.6
State Department/USIA:						
Current services.....	2.3	2.4	2.7	2.8	2.9	13.1
Proposed increases.....	+0.3	+0.4	+0.5	+0.5	+0.5	+2.1
DOE weapons program and preparedness:						
Current services.....	6.9	7.3	7.0	7.0	7.2	35.4
Proposed increases.....	+0.7	+1.5	+2.3	+2.8	+3.1	+10.5
NSF and energy science:						
Current services.....	2.0	2.1	2.1	2.2	2.3	10.8
Proposed increases.....	+0.1	+0.2	+0.2	+0.3	+0.3	+1.1
Law enforcement:						
Current services.....	5.7	5.9	6.2	6.6	6.9	31.4
Proposed increases.....	+0.1	+0.1	+0.2	+0.2	+0.2	+0.8
Veterans program:						
Current services.....	26.1	27.0	28.3	29.8	30.8	142.0
Proposed increases.....	-0.1	+0.5	+0.6	+0.8	+0.8	+2.6
Airways/airports:						
Current services.....	4.5	4.7	5.0	5.2	5.5	25.0
Proposed increases.....	-0.1	+0.5	+0.6	+0.6	+0.4	+2.0
Selective program increases, subtotal:						
Current services.....	64.5	66.4	68.5	71.1	73.0	343.5
Proposed increases.....	+4.5	+8.2	+10.7	+11.9	+12.2	+47.5
Remainder of Nondefense Programmatic Budget						
Current services.....	485.1	509.3	541.8	574.3	606.0	2,716.5
Proposed savings.....	-9.2	-17.8	-22.7	-27.6	-32.5	-109.8
Percent change.....	-1.9%	-3.5%	-4.2%	-4.8%	-5.4%	-4.0%
Remainder of Nondefense Programmatic Budget Excluding Social Security and Unemployment						
Current services.....	278.6	289.8	308.4	327.5	344.9	1,549.2
Proposed savings.....	-9.2	-17.8	-22.7	-27.6	-32.5	-109.8
Percent change.....	-3.3%	-6.1%	-7.4%	-8.4%	-9.4%	-7.1%

The second dimension of fiscal restraint embodied in the 1985 budget is the fact that 3 budget rounds of severe retrenchment, entitlement reform, and substantial program level reduction have nearly eliminated the powerful growth momentum that built up during the 1970's. Stated differently, the current services baseline itself now reflects an implicit policy of restraint relative to recent historical norms. If the current law structure of entitlements and other mandatory programs is left intact and discretionary programs are funded at no greater than the prior year level plus inflation, constant dollar budget growth would average only 1.3% per year over 1985-1989—3 times less than the projected average growth of real GNP. Thus, for 1985 and future years, a major component of the restrictive fiscal policy needed to achieve budget equilibrium by the end of the decade will be simply preservation of the restraint now built into the structure of the budget.

The table below compares the 1985-1989 current services baseline in constant dollars with two 5-year intervals in the 1970's. Actual constant dollar budget growth in 1971-1975 was *seven times greater* than the real growth rate now built into the current services baseline for 1985-1989. During 1976-1980 real growth was three and a half times greater.

Moreover, the constant dollar current services baseline for 1985—\$549.6 billion—represents only 4.3% increase over the actual level attained in 1980. This means that over the last 4 years (1980-1984) real non-DOD spending growth has averaged only 1.1% per year.

COMPARISON OF 1985-1989 NONDEFENSE PROGRAMMATIC REAL BUDGET GROWTH WITH 1970's TRENDS

(1985 constant dollar amounts in billions)

	1971	1972	1973	1974	1975	Average
1971-75 actual:						
Amount.....	293.5	327.5	348.8	355.7	415.6	348.2
Annual real growth.....	+11.0%	+11.6%	+6.5%	+2.0%	+16.8%	+9.6%
	1976	1977	1978	1979	1980	Average
1976-80 actual:						
Amount.....	451.0	466.0	491.2	487.0	527.1	484.5
Annual real growth.....	+8.5%	+2.7%	+5.4%	-0.8%	+8.2%	+4.6%
	1985	1986	1987	1988	1989	Average
1985-89 current services:						
Amount.....	549.6	550.4	559.5	569.0	577.4	561.2
Annual real growth.....	+1.8%	+0.1%	+1.7%	+1.7%	+1.5%	+1.3%
1985-89 President's budget:						
Amount.....	545.0	541.2	548.5	555.2	560.1	550.0
Annual real growth.....	+1.0%	-0.7%	+1.3%	+1.2%	+0.9%	+0.7%

When the modest additional reductions proposed in the 1985 budget for the aggregate non-DOD programmatic spending are factored in, the proposed constant dollar spending path averages only 0.8% per year.

Even these figures, however, understate the full degree of restraint built into most categories of the current services baseline. The medical entitlement programs—medicare and medicaid—are now nearly unique in exhibiting strong real growth under current law. As shown below, the current services baseline real growth rate for the medical entitlements over 1985–1989 averages 7.5%. However, when these programs are deducted from the totals, the remainder of the non-DOD current services programmatic baseline exhibits virtually no constant dollar change. Thus, with the exception of the medical entitlements, the non-DOD current services programmatic budget is already *frozen in real terms* for the remainder of the decade.

This condition is even more pronounced in the policy path charted in the President's 1985 budget. When the modest medicare and medicaid reforms proposed in the budget are accounted for, the medical entitlement real growth rate drops to 6.2% over the 5 years. But the remainder of the non-DOD programmatic budget actually contracts in real terms by 2% between the 1984 enacted level and the proposed 1989 level.

NONDEFENSE PROGRAMMATIC BUDGET GROWTH 1985–1989: MEDICAL ENTITLEMENTS VERSUS ALL OTHER

(1985 constant dollar amounts in billions)

	1985	1986	1987	1988	1989	Average
Current services:						
Medical entitlements:						
Amount	91.1	96.3	103.3	110.8	118.8	104.1
Real growth rate.....	+10.1%	+5.7%	+7.3%	+7.3%	+7.2%	+7.5%
Non-DoD remainder:						
Amount	458.5	454.1	456.2	458.2	458.5	457.1
Real growth rate.....	+0.2%	-1.0%	+0.5%	+0.4%	+0.1%	+0.1%
1985 budget:						
Medical entitlements:						
Amount	89.0	93.3	99.1	105.3	111.7	99.7
Real growth rate.....	+7.8%	+4.8%	+6.3%	+6.2%	+6.2%	+6.2%
Non-DoD remainder:						
Amount	456.0	447.9	449.4	449.9	448.3	450.3
Real growth rate.....	-0.2%	-1.8%	+0.3%	+0.1%	-0.4%	-0.4%

In order to clarify and amplify these more complex trends underlying the non-DOD budget totals, the detailed programmatic savings and policy initiatives contained in the 1985 budget are presented below in 9 major categories. These categories are similar to

the official "budget functions" in that they combine hundreds of related programs and activities. However, they contain far greater coherence and consistency relative to the congressional process and administration fiscal policy objectives than the purely analytically derived functions of the official budget classification system. The discussion and tables that follow are designed to facilitate a more comprehensive and lucid understanding of the domestic spending policy changes implemented thus far, and the further steps toward fiscal restraint proposed in the 1985 budget.

COMMERCIAL AND FINANCIAL PROGRAMS, ECONOMIC SUBSIDIES AND COMMUNITY ASSISTANCE

This component of the budget includes local fiscal subsidies (general revenue sharing), community development aid (EDA and CDBG), industrial sector support (maritime, energy, trade adjustment, export aid) and Federal commercial and financing activities (uranium enrichment and FDIC). The proposed savings represent a continuation of the administration's long-standing efforts to eliminate or sharply curtail unwarranted and largely ineffective economic subsidies.

The proposed savings amount to only 13% of the current services baseline over the 5 years, reflecting essentially two factors. First, the administration is committed to maintaining general revenue sharing and modest aid levels in the form of CDBG and UDAG to urban areas and smaller communities. It also has proposed to maintain energy funding but to shift priorities away from expensive commercialization projects toward research and development. Likewise, it has proposed to maintain minimum subsidy levels for SBA, the postal service, health professions training, Amtrak, the Export-Import Bank and the maritime industry (not displayed).

COMMERCIAL AND FINANCIAL PROGRAMS, ECONOMIC SUBSIDIES AND COMMUNITY ASSISTANCE:
SUMMARY

(Dollars in billions)

	1985	1986	1987	1988	1989	1985-89 total
Totals						
Current services.....	17.2	15.1	15.4	14.4	13.4	75.6
Proposed savings.....	-0.9	-1.6	-2.1	-2.6	-3.0	-10.2
Percent change.....	-5.4%	-10.6%	-13.8%	-17.8%	-22.5%	-13.5%
Major Program Changes						
Nuclear Energy Programs:						
Current services.....	1.1	1.2	1.2	1.0	1.0	5.5
Proposed savings.....	+*	-0.1	-0.1	-0.1	-0.1	-0.5
Non-Nuclear Energy:						
Current services.....	1.7	1.8	1.9	2.2	2.4	10.0
Proposed savings.....	-*	-0.1	-0.2	-0.2	-0.2	-0.6
Community development block grant/ UDAG:						
Current services.....	4.4	4.0	4.0	4.0	4.1	20.6
Proposed savings.....	0.0	0.0	-*	-0.1	-0.2	-0.3
Economic Development Administration:						
Current services.....	0.4	0.3	0.3	0.4	0.3	1.7
Proposed savings.....	-*	-0.1	-0.2	-0.3	-0.3	-0.9
Appalachian development:						
Current services.....	0.2	0.2	0.2	0.2	0.2	1.0
Proposed savings.....	-*	-0.1	-0.1	-0.1	-0.2	-0.5
Section 202 housing loans:						
Current services.....	0.8	0.7	0.7	0.7	0.8	3.7
Proposed savings.....	0.0	0.0	-0.1	-0.2	-0.2	-0.4
Amtrak:						
Current services.....	0.8	0.8	0.9	0.9	0.9	4.2
Proposed savings.....	-*	-0.1	-0.2	-0.2	-0.2	-0.8
Export-Import bank:						
Current services.....	1.7	0.9	0.6	0.3	-*	3.5
Proposed savings.....	-0.1	-0.1	-0.1	-0.2	-0.2	-0.8
Postal subsidy:						
Current services.....	1.0	0.8	0.8	0.7	0.8	4.1
Proposed savings.....	-0.3	-0.4	-0.3	-0.3	-0.3	-1.6
Small Business Administration:						
Current services.....	0.7	0.8	0.8	0.8	0.9	4.0
Proposed savings.....	-0.2	-0.1	-0.2	-0.4	-0.4	-1.3
Health professions training:						
Current services.....	0.2	0.2	0.2	0.3	0.3	1.2
Proposed savings.....	-*	-0.1	-0.1	-0.1	-0.1	-0.5
All other: ¹						
Current services.....	4.2	3.4	3.8	2.9	1.7	16.1
Proposed savings.....	-0.2	-0.4	-0.5	-0.5	-0.6	-2.0

*\$50 million or less.

¹ Includes major financial institution accounts (FDIC, FSLIC) and housing revolving funds (FHA).

Second, and more importantly, the first three budget rounds have been enormously successful in eliminating entire programs (regional commissions and most of trade adjustment assistance) or in substantially reducing constant dollar funding levels (EDA, CDBG, UDAG). As a consequence, the constant dollar cost of this component of the enacted 1984 budget will have declined by 51% from its 1980 peak. If the additional savings proposed in the 1985 budget are adopted, constant dollar spending levels by 1989 will be 80% below the 1980 peak.

**CHANGE FROM PEAK FUNDING: COMMERCIAL AND FINANCIAL PROGRAMS, ECONOMIC SUBSIDIES
AND COMMUNITY AID**

(1985 constant dollar amounts in billions)

	Amount	Reduction from peak year
Totals:		
1980 peak	44.9	
1984 enacted	21.8	-51%
1985 proposed.....	16.3	-64
1989 proposed.....	8.9	-80
Nuclear and non-nuclear energy programs:		
1979 peak	4.8	
1984 enacted	2.9	-40
1985 proposed.....	2.8	-42
1989 proposed.....	2.6	-45
EDA, CDBG/UDAG/GRS/other community development programs:		
1978 peak	23.6	
1984 enacted	11.5	-51
1985 proposed.....	10.8	-54
1989 proposed.....	8.4	-65
Amtrack, railroad, airline and maritime subsidies:		
1981 peak	6.2	
1984 enacted	4.1	-35
1985 proposed.....	2.3	-63
1989 proposed.....	1.7	-73
Export-Import Bank, trade adjustment, health professions, disaster aid and flood insurance, SBA, postal service:		
1980 peak	10.6	
1984 enacted	3.7	-65
1985 proposed.....	3.1	-71
1989 proposed.....	0.7	-94

SOCIAL INSURANCE AND PENSIONS

In 1984, social insurance and pension programs will comprise 55% of all Federal non-DOD programmatic outlays. Under current services, this fraction would rise to 60% by 1989. Proposed savings in the 1985 budget total just \$35 billion, or 2% of the current services baseline over the period 1985-1989. These savings consist largely of civilian and military COLA delays and medicare savings previously proposed. The latter includes a phased-in increase of the Part B premium to 35% of program costs by 1990 and a temporary freeze on physician fee increases.

SOCIAL INSURANCE AND PENSIONS: SUMMARY

(Dollars in billions)

	1985	1986	1987	1988	1989	Total
Total						
Current services.....	305.8	329.1	354.8	381.2	409.3	1,780.3
Proposed savings.....	-2.1	-4.7	-6.8	-9.2	-11.9	-34.6
Percent change.....	-0.7%	-1.4%	-1.9%	-2.4%	-2.9%	-1.9%
Major programs						
Medicare:						
Current services.....	69.1	76.9	86.6	97.2	108.7	438.6
Proposed savings.....	-1.0	-2.1	-3.4	-5.1	-7.1	-18.8
Federal civilian retirement:						
Current services.....	23.6	25.5	27.4	29.3	31.1	136.9
Proposed savings.....	-0.4	-0.8	-1.0	-1.2	-1.4	-4.8
Pension Benefit Guarantee Corp.:						
Current services.....	—*	*	*	*	0.1	0.1
Proposed savings.....	-0.2	-0.2	-0.2	-0.2	-0.3	-1.0
Military retirement:						
Current services.....	17.6	18.9	20.1	21.4	22.6	100.7
Proposed savings.....	-0.3	-0.5	-0.5	-0.5	-0.6	-2.4
Unemployment insurance:						
Current services.....	18.3	17.7	17.0	15.5	14.9	83.3
Proposed changes.....	0.0	0.0	0.0	0.0	0.0	0.0
Social Security:						
Current services.....	188.3	201.8	216.4	231.3	246.2	1,083.9
Proposed changes.....	0.0	0.0	0.0	0.0	0.0	0.0
Black Lung:						
Current services.....	1.7	1.8	1.8	1.8	1.8	8.8
Proposed savings.....	—*	—*	—*	—*	—*	-0.1
Railroad retirement:						
Current services.....	6.4	6.5	6.7	6.9	7.1	33.7
Proposed savings.....	—*	—*	—*	—*	—*	—*

* \$50 million or less.

Note: Items do not add to total because off setting receipt accounts for military retirement and railroad retirement interchange and other small accounts are not displayed.

The modest proposals forwarded at this time reflect a number of considerations. First, major reforms in the direction of benefit restraint and solvency improvement were imposed on two of the major programs—social security and railroad retirement—during 1983. In combination, these reform bills will increase revenues or decrease outlays by \$132 billion over the 1984–1989 period. Since both of these reform undertakings represented carefully balanced bipartisan compromises, it would be inappropriate to re-open these issues at the present time.

Secondly, it should be noted that despite frequent assertions to the contrary, the social insurance budget has experienced substantial reform and fiscal restraint over the last 3 years. The table below compares actual and current law spending levels for 1982–1986 with the levels that would have occurred under the laws that existed prior to January, 1981. Over 1982–1986, these savings total \$84 billion. Due to already implemented reforms, social insurance costs will be 7% lower in 1985 and 1986 than under pre-1981 law.

SOCIAL INSURANCE BUDGET SAVINGS, 1982–1986

(Dollars in billions)

	1982	1983	1984	1985	1986	Total
Pre-1981 law.....	254.6	287.0	303.2	328.9	354.8	1,528.4
Actual/current services.....	248.9	276.8	283.8	305.8	329.1	1,444.4
Savings from prior law.....	-5.7	-10.1	-19.4	-23.1	-25.7	-83.9
Percent savings.....	-2.2%	-3.5%	-6.4%	-7.0%	-7.2%	-5.5%

As a consequence of reforms adopted since 1980, the rapid real cost expansion that occurred from 1966 through 1980 has largely abated. As is shown in the comparative 5-year intervals below, the constant dollar current services growth rate for 1985–1989 will be almost *one-fourth* the pace recorded during the late 1960's and first half of the 1970's. With the additional reforms proposed in the 1985 budget, the real growth rate would drop to 2.6%—well below the projected 4% real GNP growth rate for the period.

Thus, the outlook for the 1980's reflects significant success in bringing social insurance and pension cost growth within sustainable limits. Despite the temporary surge of unemployment insurance costs in 1982–83, the 1985 current services baseline stands 23% above its 1980 constant dollar level, reflecting growth of 4.2% per year. It is entirely possible that the additional medicare, Feder-

al retirement and indexing reforms that will be required after 1985, could reduce the remaining growth momentum of the social insurance budget to negligible rates by the end of the decade. This would permit the cost burden on the national economy to fall and forestall the need for significant additional boosts in the already high payroll tax rates that finance it.

COMPARATIVE SOCIAL INSURANCE AND PENSION GROWTH, 1966-1989

(1985 constant dollars in billions)

	1966	1967	1968	1969	1970	Average
Actual 1966-70:						
Amount.....	66.8	78.2	87.1	94.4	102.8	.....
Percent real growth.....	+12.7%	+17.1%	+11.4%	+8.4%	+8.9%	+11.7%
	1971	1972	1973	1974	1975	Average
Actual 1971-75:						
Amount.....	122.0	133.6	150.0	162.7	192.3	.....
Percent real growth.....	+18.7%	+9.5%	+12.3%	+8.4%	+18.2%	+13.3%
	1976	1977	1978	1979	1980	Average
Actual 1976-80:						
Amount.....	212.6	220.0	222.0	227.4	248.6	.....
Percent real growth.....	+10.6%	+2.8%	+0.1%	+2.4%	+9.3%	+5.0%
	1985	1986	1987	1988	1989	Average
Current services, 1985-89:						
Amount.....	305.8	314.7	325.3	336.1	348.1	.....
Percent real growth.....	+2.7%	+2.9%	+3.4%	+3.3%	+3.6%	+3.2%
1985 Budget, 1985-89:						
Amount.....	303.8	310.2	319.1	328.0	338.0	.....
Percent real growth.....	+2.3%	+2.1%	+2.9%	+2.8%	+3.1%	+2.6%

This remarkable de-acceleration in the cost growth of the social insurance programs reflects a 4-point bipartisan policy consensus that has emerged since 1977. The principles underlying this consensus include: 1) commitment to maintaining the basic structure of universal protections against the risks of unemployment, retirement, old age, sickness, and disability that emerged over the 4 decades prior to 1980; 2) recognition that benefit liberalizations, coverage expansions and ad hoc payment increases granted during the 1960-1970's had produced unsustainable growth momentum that had to be checked firmly; 3) rejection of massive general fund subsidies as a means of halting the deteriorating financial condition of the various social insurance trust funds in favor of "solven-

cy plans" that reinforced the essential social insurance character of these programs (i.e. mandatory savings via the payroll tax to generate adequate dedicated financing for the universal protections provided); and 4) a solvency reform formula based on an "all parties contribute" principle that has steadily reversed the massive funding shortfalls that emerged in the late 1970's and early 1980's.

The significant measure of success achieved thus far in both slowing the growth and repairing the solvency of the major social insurance programs is displayed in the table below. To be sure, the dedicated financing principle is not comprehensive among the entire range of programs here classified as social insurance. General fund subsidies cover 26% of the gross cost of medicare, temporary FSC benefits under UI are financed with general revenues, and the civil service retirement program is only partially funded by employer/employee contributions. Nevertheless, on an aggregate basis, dedicated financing is the overwhelming policy rule.

Between 1979 and 1983, the balance between current cash outlays and dedicated receipts steadily worsened under the combined pressure of recession-swollen outlays for unemployment insurance and the severe deterioration in the financial status of railroad retirement, OASDI, and the medicare program. The steady improvement projected under both current law and the 1985 budget for 1985-89 reflects the cumulative and growing effects of solvency reform and benefit restraint legislation adopted since 1977.

These legislative improvements began with the 1977 Social Security Act. This initial measure raised scheduled payroll taxes throughout the 1980's and also prospectively lowered the benefit replacement rate by 40% when fully effective in 1989 compared to prior law. The disability amendments of 1980 have likewise had a substantial effect on the trend growth rate of outlays in this part of the system. Between 1970 and 1979 real social security disability costs rose by 169%, while current services costs are now projected to *decline* by 8% in real terms between 1980 and 1989. Similarly, the 1981 Reconciliation Act amendments resulted in strong incentives for state actions to restrain UI benefits and improve solvency, as well as modest medicare and social security benefit cost savings. The 1982 TEFRA amendments will have a major cost restraining impact on medicare as prospective reimbursement takes hold. Finally, the 1983 bipartisan solvency bills on railroad retirement and social security have obviously resulted in major financial improvements in the status of these systems.

Taken together, these steps will nearly close the financing gap in the social insurance budget as a whole by 1989—with revenue coverage rising from 76 cents to 95 cents on each dollar of aggregate outlays. It is evident that the future solvency reform measures needed to arrest the continued deterioration of the medicare fund,

fully integrate Federal retirement with social security, and improve the functioning of indexing mechanisms can be expected to close most of the remaining gap.

SOCIAL INSURANCE AND PENSION BUDGET SOLVENCY TRENDS

(Dollars in billions)

	1979	1980	1981	1982	1983	1984
1979-1984 actual or enacted:						
Outlays	154.7	183.5	216.1	246.8	276.2	283.5
Receipts	138.9	157.8	182.7	201.5	209.0	239.5
Cash deficit	-15.8	-25.7	-33.4	-45.3	-67.3	-44.1
Receipts/outlays .....	.90	.86	.85	.82	.76	.84
	1985	1986	1987	1988	1989	
1985-1989 current services:						
Outlays	305.5	328.4	354.0	380.2	408.2	
Receipts	269.0	294.6	320.3	357.7	389.5	
Cash deficit	-36.5	-33.8	-33.7	-22.5	-18.6	
Receipts/outlays .....	.88	.90	.90	.94	.95	
Impact of 1985 Budget	+2.7	+6.8	+9.5	+12.5	+15.6	

LOW-INCOME BENEFIT PROGRAMS

This group includes all of the major means-tested entitlements such as food stamps, AFDC, SSI, medicaid, subsidized housing and child nutrition except veterans pensions. It also includes certain discretionary programs that provide means-tested cash or in-kind benefits, principally WIC, low-income energy assistance and refugee aid. Taken together these programs largely constitute the direct social safety net of cash and in-kind assistance available to the nation's low-income population.

The President's 1985 budget proposes only modest additional reforms including continuation of the 3% matching reduction in medicaid and mandatory co-payments to restrain excessive utilization; further steps to reduce overlap and erroneous payments in AFDC; minor cost-savings in the food stamp and child nutrition programs, and funding slightly below the current services rate for WIC, low-income energy aid, and subsidized housing.

LOW-INCOME BENEFIT PROGRAMS: SUMMARY

(Dollars in billions)

	1985	1986	1987	1988	1989	Total
Totals						
Current services	68.3	72.0	76.3	81.1	84.8	382.5
Proposed savings	-2.8	-3.5	-3.8	-4.1	-4.4	-18.7
Percent change	-4%	-5%	-5%	-5%	-5%	-5%

LOW-INCOME BENEFIT PROGRAMS: SUMMARY—Continued

(Dollars in billions)

	1985	1986	1987	1988	1989	Total
Major program changes						
Medicaid:						
Current services.....	22.0	23.8	26.1	28.5	31.0	131.4
Proposed savings.....	-1.1	-1.1	-1.2	-1.2	-1.2	-5.7
Subsidized housing:						
Current services.....	10.7	11.4	12.1	12.7	13.3	60.2
Proposed savings.....	-0.2	-0.4	-0.5	-0.6	-0.8	-2.5
Food stamps:						
Current services.....	11.1	11.7	12.1	12.3	12.6	59.7
Proposed savings.....	-0.4	-0.4	-0.4	-0.3	-0.3	-1.8
Women, infants, children (WIC):						
Current services.....	1.5	1.5	1.6	1.6	1.7	7.9
Proposed savings.....	-0.2	-0.2	-0.2	-0.2	-0.2	-1.1
Child nutrition:						
Current services.....	3.8	4.1	4.4	4.7	5.0	21.9
Proposed savings.....	-*	-0.1	-0.2	-0.2	-0.3	-0.9
AFDC:						
Current services.....	6.8	7.0	7.1	7.1	7.3	35.3
Proposed savings.....	-0.8	-1.0	-1.1	-1.1	-1.1	-5.1
Low-income energy assistance:						
Current services.....	2.0	2.0	2.1	2.2	2.3	10.7
Proposed savings.....	-0.1	-0.2	-0.3	-0.3	-0.4	-1.3
All other low-income:*						
Current services.....	10.4	10.5	10.8	12.0	11.6	55.4
Proposed savings.....	-*	-0.1	-0.1	-0.2	-0.1	-0.3

* Principal programs include SSI, food donations and commodity distribution, and earned income tax credit.

Over the past three budget rounds, one of the most intractable budget and social policy issues facing the Nation in 1980 has largely been resolved. The essential dilemma was the competing requirements to slow drastically the 1970's runaway growth momentum of low-income benefits programs and, at the same time, to maintain an adequate social safety net to support the income needs of the Nation's poor. The latter requirement applied both to periods of special circumstances, such as the 1982-83 recession, and to ordinary economic times in the case of those who cannot support themselves through no fault of their own. That both of these objectives have been accomplished is perhaps best illustrated by the constant dollar funding trend over the past 15 years. After more than tripling in real terms between 1970 and 1981, low-income benefit costs will remain constant between the pre-recession, prior law level (1981) and the post-recession current law level. Stated differently, the unsustainable real growth rates of the 1970's have been brought to an abrupt halt, but the network of in-kind and cash support evolved during that period has not been reduced in real terms—just better targeted to genuine need.

LOW-INCOME BENEFIT OUTLAYS

(1985 constant dollar amounts in billions)

	Amount	Percent change from 1970
1970.....	20.8	.....
1981.....	68.0	+ 228%
1985 current services.....	68.3	+ 229

This stabilization of real program costs is attributable to the carefully targeted reforms proposed by the administration and enacted in substantial measure by the Congress over the past 3 years. The table below compares the estimated cost of pre-1981 law with actual and current services outlays for 1982-86. The cumulative reduction of \$38 billion in nominal outlays over the period has been sufficient to halt real program growth as indicated above, yet maintain a spending level that in 1984 will amount to nearly \$2,000 per capita relative to the officially defined poverty population in the U.S.

LOW-INCOME BENEFIT PROGRAM SAVINGS ENACTED: 1982-1986

(Dollars in billions)

	1982	1983	1984	1985	1986	Total
Pre-1981 Law.....	62.7	70.2	71.4	76.1	81.4	361.7
Actual/current services.....	56.6	63.2	63.7	68.3	72.0	323.8
Enacted savings.....	-6.1	-7.0	-7.7	-7.8	-9.4	-37.9
Percent change.....	-10%	-10%	-11%	-10%	-12%	-10%

It has been frequently asserted that these reforms resulted in a significant abandonment of Federal financial responsibility to the poor—especially during the difficult economic times of 1982-83. As is shown in the table below, the truth is more nearly the opposite. Relative to nearly comparable economic conditions in 1975-76 and less severe recession conditions in 1971-72, constant dollar availability of cash and in-kind support for the Nation's poor in 1982-83 was 35% and 110% greater, respectively, despite the reform measures enacted during this period.

MAJOR LOW-INCOME BENEFIT PROGRAMS

(Average annual constant (1985) dollar outlays)

	1971-72	1975-76	1982-83
Cash assistance.....	13.8	18.5	20.1
Housing aid.....	2.2	4.2	9.6
Medical.....	9.3	13.7	19.3
Nutrition.....	6.5	13.1	17.9
Total.....	31.8	49.4	66.8

Under the President's proposed 1985 budget, the new equilibrium attained during 1981-84 would be maintained through the remainder of the decade. In aggregate real terms, the social safety net of low-income benefit programs would neither expand nor contract. The focus would be on sustaining economic growth to reduce the level of need, medical cost containment to ensure adequate assistance to the poor and elderly at minimum budget cost, and marginal program reforms elsewhere to improve targeting and eliminate remaining abuses of these programs. As shown in the table below, after a 30-year period in which the assistance needs of the Nation's poor were increasingly recognized and a variety of rapidly expanding in-kind and cash benefit programs were put in place to meet these needs, a stable policy and budget framework has now been achieved. The task of Federal policy can henceforth shift from the question of budget resource adequacy to the improvement of program structures in order to eliminate inequities, program overlaps and gaps, and the detrimental social impact of the disincentives to self-support and work effort remaining in many individual programs.

GROWTH AND STABILIZATION OF FEDERAL LOW-INCOME BENEFIT PROGRAMS, 1954-1989

(1985 constant dollar amounts in billions)

	Ending level	Average annual real growth over period
1954-1964.....	10.4	5.3%
1964-1974.....	39.8	14.4
1974-1984.....	66.8	5.2
1984-1989 proposed.....	68.4	0.5

EDUCATION, TRAINING, HEALTH, AND SOCIAL SERVICES

This category includes the whole array of Federal human services support programs that have evolved since the early 1960's. In constant dollars, these programs grew from \$5 billion in 1962 to \$46 billion by 1979. The significant fiscal retrenchment achieved in these programs since 1980 would be reinforced by modest additional savings in the 1985 budget.

EDUCATION, TRAINING, HEALTH AND SOCIAL SERVICES: SUMMARY

(Dollars in billions)

	1985	1986	1987	1988	1989	Total
Totals						
Current services.....	30.8	32.0	33.0	34.1	35.1	164.9
Proposed savings.....	-1.8	-3.1	-4.2	-5.1	-6.0	-20.2
Percent change.....	-5.8%	-9.8%	-12.7%	-15.0%	-17.0%	-12.2%
Major program changes						
Impact aid:						
Current services.....	0.6	0.7	0.7	0.7	0.7	3.4
Proposed savings.....	-0.1	-0.1	-0.1	-0.2	-0.2	-0.7
Compensatory education:						
Current services.....	3.4	3.6	3.8	4.0	4.1	19.0
Proposed savings.....	-*	-0.2	-0.3	-0.5	-0.6	-1.5
Handicapped education:						
Current services.....	1.2	1.3	1.4	1.4	1.5	6.7
Proposed savings.....	-*	-0.1	-0.1	-0.2	-0.2	-0.6
Vocational and adult:						
Current services.....	0.9	0.9	0.9	0.9	1.0	4.6
Proposed savings.....	-*	-*	-0.1	-0.1	-0.1	-0.4
State education block grant:						
Current services.....	0.4	0.5	0.5	0.5	0.5	2.5
Proposed increases.....	+0.1	+0.2	+0.2	+0.2	+0.2	+0.9
Student assistance:						
Current services.....	4.0	4.2	4.4	4.6	4.7	21.9
Proposed savings.....	-0.1	-0.5	-0.7	-0.8	-0.9	-3.0
Guaranteed student loans:						
Current services.....	2.9	3.1	3.0	2.8	2.7	14.4
Proposed savings.....	-0.2	-0.2	-0.2	-0.2	-0.3	-1.1
State employment and training grants:						
Current services.....	2.9	2.9	3.0	3.2	3.2	15.2
Proposed savings.....	-0.1	-0.2	-0.3	-0.4	-0.5	-1.5
Work incentives program:						
Current services.....	0.3	0.3	0.3	0.3	0.3	1.5
Proposed savings.....	-0.2	-0.3	-0.3	-0.3	-0.3	-1.5
Rehabilitation services:						
Current services.....	1.2	1.2	1.3	1.3	1.4	6.4
Proposed savings.....	-0.1	-0.1	-0.2	-0.2	-0.2	-0.8
Indian health services:						
Current services.....	0.9	0.9	1.0	1.0	1.1	4.8
Proposed savings.....	-0.1	-0.1	-0.2	-0.2	-0.2	-0.7
Community services block grant:						
Current services.....	0.4	0.4	0.4	0.4	0.4	2.0
Proposed savings.....	-0.2	-0.4	-0.4	-0.4	-0.4	-1.9
Legal Services Corporation:						
Current services.....	0.3	0.3	0.3	0.3	0.3	1.6
Proposed savings.....	-0.3	-0.3	-0.3	-0.3	-0.3	-1.6
All other programs:¹						
Current services.....	11.4	11.7	12.0	12.7	13.2	60.9
Proposed savings.....	-0.3	-0.8	-1.2	-1.5	-2.0	-5.8

**\$50 million or less.

¹ Major programs include bilingual and Indian education, higher and continuing education, jobs corps, older Americans employment, Federal State employment service grants, social services block grant, Head start, Older Americans Act grants, child welfare and foster care, primary care, maternal and child health grants, preventive health block grant, ADAMHA block grant and Action.

With the exception of 4 significant programs, savings proposed in this category consist largely of restraining nominal funding growth to slightly below the current services level after 1985 and continued retrenchment of small special project discretionary authorities associated with many of the major state and local grant programs (e.g. disadvantaged and handicapped education, the Jobs Partnership and Training Act, rehabilitation services, etc.).

The four exceptions—student aid and higher education, community services block grant, the Legal Services Corporation and WIN—account for 50% of the savings from current services proposed in this category. The administration continues to believe that student aid levels are excessive and that the latter three programs should be terminated. As shown in the table below, programs other than these four would be funded at about 92% of the current services level over the next 5 years.

**COMPARISON OF EDUCATION, TRAINING, HEALTH AND SOCIAL SERVICES FUNCTION BETWEEN
DEEP-CUT PROGRAMS AND NEAR-CURRENT SERVICES PROGRAMS**

(Dollars in billions)

	1985	1986	1987	1988	1989	Total
Continued reform: Student aid and higher education, LSC, CSBG, and WIN:						
Current services	8.4	8.8	8.9	9.0	9.1	44.2
Proposed savings	-1.1	-1.9	-2.1	-2.4	-2.6	-10.0
Percent change	-13%	-21%	-24%	-26%	-28%	-23%
Near current services: All other education, training, health and social service programs:						
Current services	22.4	23.2	24.1	25.0	26.0	120.7
Proposed savings	-0.7	-1.3	-2.1	-2.7	-3.4	-10.2
Percent change	-3%	-6%	-9%	-11%	-13%	-8%

The relatively mild degree of additional restraint proposed in the 1985 budget for this category reflects the fact that the original reform goals proposed by the administration in 1981 have been substantially achieved. Dozens of funding authorities for education, training, health, and social services grants have been consolidated into six block grants. Wasteful programs like public service jobs (CETA) have been eliminated entirely. Due to these economies and reforms, constant dollar funding levels have been substantially reduced without significant reduction in local service levels or responsiveness to genuine need. Most importantly, the runaway growth momentum exhibited by these programs in the late 1970's has been stopped and reversed.

As displayed in the table below, the programs in this category grew at unsustainable rates throughout the 1970's—rising by 5.3% per year in real terms during 1970-1974 and 9.3% between 1975-1979.

By contrast, since the constant dollar peak in 1979, substantial contraction has occurred in this sector of the budget—averaging 7.3% per year. The current services budget for 1985-89 would continue to contract slightly reflecting the declining real trends in GSL costs. The 1985 budget plan proposes to essentially continue the rate of contraction begun during the Carter administration and accelerated in 1982. By 1989, constant dollar funding would be returned to its 1970 level.

TRENDS IN EDUCATION: TRAINING, HEALTH, AND SOCIAL SERVICE PROGRAMS

(1985 constant dollar amounts in billions)

	1970	1971	1972	1973	1974	Average
1970-74 actual:						
Amount.....	24.1	26.6	32.5	32.3	29.1	.....
Annual real growth.....	+7.6%	+10.3%	+22.1%	-0.6%	-9.9%	+5.3%
	1975	1976	1977	1978	1979	Average
1975-79 actual:						
Amount.....	34.4	38.0	39.2	45.2	46.4	.....
Annual real growth.....	+18.3%	+10.5%	+2.6%	+15.2%	+2.7%	+9.3%
	1980	1981	1982	1983	1984	Average
1980-84 actual:						
Amount.....	44.7	41.6	32.5	30.9	31.8	.....
Annual real growth.....	-3.7%	-6.8%	-21.8%	-5.0%	+2.8%	-7.3%
	1985	1986	1987	1988	1989	Average
1985-89 current services:						
Amount.....	30.8	30.6	30.2	30.0	29.8	.....
Annual real growth.....	-3.5%	-0.6%	-1.1%	-0.7%	-0.6%	-1.3%
1985-89 President's budget:						
Amount.....	29.0	27.6	26.4	25.5	24.8	.....
Annual real growth.....	-8.9%	-4.8%	-4.3%	-3.3%	-3.0%	-4.9%

An analysis of the distribution of the constant dollar funding decline, from mid-1970's peak levels, demonstrates that it has been accomplished in a way consistent with national needs, the proper fiscal roles of Federal, State, and local governments, and the results of program evaluations undertaken over the years. Public service employment and the CETA program have been cut the most, reflecting their general ineffectiveness over a decade in which nearly \$54 billion was spent. The case is similar for the original Great Society community action type programs that produced little lasting betterment.

Elementary and secondary education funding has been contracted about 19% thus far, as is consistent with the original administration consolidation and reduced funding proposal. A further re-

duction to 28% is warranted in light of the relative fiscal positions of the Federal Government vs. State and local governments projected for the remainder of the decade.

Health, mental health, and social services programs, in which a large share of budget dollars are absorbed by vendors and middle-income professionals, have also been reduced by 20-40% thus far—with further contraction proposed for the future. The one exception to this pattern of contraction is higher education and student aid: the degree of reduction through 1984 is still far less than is consistent with the merits of funding largely middle income students and the sharp fiscal constraints operative on the budget as a whole.

CHANGE FROM PEAK FUNDING: EDUCATION, TRAINING, HEALTH, AND SOCIAL SERVICES

(1985 constant dollar amounts in billions)

	Amount	Reduction from peak year
Total:		
1979 peak	46.4	
1984 enacted	31.9	-31%
1985 proposed	29.0	-38
1989 proposed	24.8	-47
Public employment and job training services:		
1978 peak	17.0	
1984 enacted	5.3	-69
1985 proposed	4.8	-72
1989 proposed	4.2	-75
Original Great Society: community action, LSC, juvenile justice, Action:		
1973 peak	3.4	
1984 enacted	1.4	-60
1985 proposed	0.7	-80
1989 proposed	0.5	-86
Elementary and secondary education:		
1980 peak	9.0	
1984 enacted	7.3	-19
1985 proposed	7.1	-21
1989 proposed	6.4	-29
Social services block grant, foster care, Head Start, rehabilitation, elderly programs, and other social services:		
1979 peak	8.6	
1984 enacted	6.8	-20
1985 proposed	6.4	-25
1989 proposed	5.6	-35
Health and mental health services:		
1976 peak	4.8	
1984 enacted	3.0	-37
1985 proposed	2.8	-41
1989 proposed	2.6	-47
Higher education and student aid:		
1981 peak	8.3	
1984 enacted	8.1	-3
1985 proposed	7.1	-14
1989 proposed	5.6	-33

AGRICULTURAL AND RURAL PROGRAMS

These programs consist of three main types designed to assist the agricultural economy and rural communities: 1) the price support and subsidy payment operations of the Commodity Credit Corporation (CCC); 2) various agricultural sector subsidy and service programs such as soil conservation activities and the extension service; and 3) subsidized rural housing, development and farm credit programs operated by the Farmers Home Administration. No progress has been made in reducing the budget cost of this function since 1981. The administration is therefore proposing substantial savings and reforms in the 1985 budget, and will propose even greater retrenchment in future years.

AGRICULTURAL AND RURAL PROGRAMS: SUMMARY

(Dollar amounts in billions)

	1985	1986	1987	1988	1989	Total
Totals						
Current services.....	17.5	17.6	17.4	16.8	16.4	85.8
Proposed savings.....	—*	—2.2	—2.1	—2.1	—2.2	—8.6
Percent change.....	**	—12%	—13%	—12%	—13%	—10%
Major programs						
Farm price supports (CCC):						
Current services.....	10.7	10.4	10.1	9.4	9.0	49.6
Proposed changes.....	+0.1	—1.8	—1.5	—1.3	—1.2	—5.7
Soil and water conservation subsidies:						
Current services.....	0.7	0.7	0.7	0.7	0.8	3.6
Proposed savings.....	—0.1	—0.2	—0.2	—0.2	—0.2	—0.9
Rural housing and development:						
Current services.....	2.8	3.1	3.1	3.1	3.1	15.1
Proposed changes.....	+0.1	—0.1	—0.1	—0.2	—0.3	—0.6
Subsidized Farm Credit:						
Current services.....	1.4	1.3	1.2	1.2	1.1	6.1
Proposed changes.....	—*	—*	—*	—*	—*	—*
Agricultural research:						
Current services.....	0.8	0.8	0.9	0.9	1.0	4.4
Proposed savings.....	—*	—0.1	—0.1	—0.1	—0.1	—0.4
Extension service:						
Current services.....	0.3	0.4	0.4	0.4	0.4	1.9
Proposed savings.....	—*	—0.1	—0.1	—0.1	—0.1	—0.4
All other:¹						
Current services.....	0.9	1.0	1.1	1.1	1.2	5.1
Proposed savings.....	—0.1	—0.1	—0.1	—0.1	—0.1	—0.5

*\$50 million or less.

**0.5% or less.

¹ Includes inspection and marketing services, foreign agricultural and statistical services, Federal crop insurance, and animal and plant health programs.

This part of the non-DOD budget is the singular case in which a substantial *increase* in constant dollar budget costs has occurred

over the past 3 years. To a substantial degree, this outcome was driven by the depressed state of the farm economy and the excessively costly and counter-productive farm bill enacted in 1981. While CCC costs have been historically volatile in response to cyclical swings in farm prices, production and incomes, the table below makes clear that actual and current services constant dollar costs over 1982-86 will exceed all 5-year periods since the early 1960's by large magnitudes.

AGRICULTURE AND RURAL PROGRAMS, 1962-1986

(1985 constant dollar amounts in billions)

	Average annual outlays			Percent increase in 1982-86 average compared to
	Price supports (CCC)	All other	Total	
1962-1966	9.4	2.9	12.3	+ 56%
1967-1971	10.0	2.6	12.6	+ 53
1972-1976	4.9	2.8	7.7	+149
1977-1981	6.1	4.7	10.7	+ 80
1982-1986 ¹	12.3	7.0	19.3	.....

¹ Current services level for 1984-86.

The President's 1985 budget seeks a steady unwinding of these historically high budget levels during the remainder of the 1980's. In the case of farm price support-CCC costs, the proposed target price freeze for the major commodity programs and the assumption that the dairy price support will be reduced to \$11.50/hundred weight under the existing program and then frozen at that level through the remainder of the decade, results in constant dollar outlays dropping to the \$6 billion-\$7 billion range by the end of the budget period. Nevertheless, the proposed CCC-farm price support budget even with these reforms averages \$8.1 billion per year in constant dollars over 1985-89. It is, therefore, imperative that when the current farm program expires in 1985, additional substantial retrenchment of price-support, target price and subsidy levels be enacted in order to bring the farm programs within acceptable budget levels.

The 1985 budget also proposes to steadily reduce budget costs for conservation, rural housing and development, and USDA services relative to the peak constant dollar costs generated during earlier years. In combination with a lower-cost, market-oriented 1985 bill, these steps should make it possible to reduce total agriculture and rural program constant dollar costs to \$10 billion per year or less by the late 1980's. In real terms, this is a level consistent with pre-1981 costs and only about half the bloated levels experienced during 1982-1986.

CHANGE FROM PEAK FUNDING: AGRICULTURE AND RURAL PROGRAMS EXCLUDING PRICE SUPPORTS

(1985 constant dollar amounts in millions)

	Amount	Percent reduction from peak
Soil and water conservation subsidies:		
1962 peak	1,192	
1981	730	-39%
1984 enacted	665	-44
1985 proposed	572	-52
1989 proposed	458	-62
Subsidized farm credit: ¹		
1982 peak	1,563	
1984 enacted	1,533	-2
1985 proposed	1,367	-13
1989 proposed	899	-42
Rural housing and development:		
1974 peak	3,133	
1984 enacted	3,084	-2
1985 proposed	2,874	-8
1989 proposed	2,353	-25
USDA research, extension, animal and plant health and other support services:		
1979 peak	1,811	
1984 enacted	1,677	-7
1985 proposed	1,537	-15
1989 proposed	1,431	-21

¹ On budget outlays only.

PUBLIC INFRASTRUCTURE

This category includes the water resources and navigation programs, highways, airways, mass transit, and the sewage treatment grant program. Considerable progress has been achieved over the past three budget rounds in strengthening Federal policy within the historically accumulated range of national funding responsibilities. The Federal financial role in purely local sewer systems and mass transit funding has been reduced. The long-term decline in inefficient Federal navigation and water project investment has been accelerated. And more adequate user tax levels to meet clear national responsibilities for the Nation's highway and airway/airport systems have been enacted. The President's 1985 budget would continue these trends by proposing more adequate user fees for inland navigation and deep ports, further reductions in excessive Federal funding for local mass transit, and implementation of the highway and airways/airports improvement programs as envisioned in the 1982 user tax legislation in these areas.

After three budget rounds, it is evident that a decisive sorting out has occurred among traditional Federal infrastructure investment roles. In the case of that portion of the Nation's public infrastructure that is truly national in scope and integrated in function, the Federal funding role has been strengthened with increased user fees and program levels commensurate with demon-

PUBLIC INFRASTRUCTURE: SUMMARY

(Dollars in billions)

	1985	1986	1987	1988	1989	Total
Totals						
Current services.....	28.8	29.8	30.8	31.4	32.2	153.0
Proposed savings.....	-0.6	-0.2	-0.3	-0.6	-0.9	-2.5
Percent change.....	-2%	-1%	-1%	-2%	-3%	-2%
Major programs						
Water projects and navigation: ¹						
Current services.....	4.1	4.1	4.2	4.5	4.7	21.6
Proposed changes.....	-0.3	-0.2	-0.1	-*	+0.1	-0.6
Highway trust fund and other: ²						
Current services.....	13.4	14.0	14.6	14.8	15.0	71.8
Proposed savings.....	-0.1	-0.1	-0.2	-0.3	-0.3	-0.9
Local mass transit:						
Current services.....	4.2	4.6	4.7	4.6	4.6	22.7
Proposed savings.....	-0.2	-0.3	-0.5	-0.6	-0.8	-2.5
Airport grants:						
Current services.....	0.8	0.8	0.9	0.9	0.9	4.3
Proposed changes.....	+*	+0.1	+0.1	+0.1	+0.1	+0.4
FAA airway modernization: ³						
Current services.....	0.8	0.9	1.0	1.0	1.1	4.7
Proposed increases.....	+0.1	+0.3	+0.5	+0.6	+0.5	+2.0
FAA operations and other:						
Current services.....	3.0	3.0	3.2	3.3	3.5	15.9
Proposed changes.....	-0.2	+0.1	-*	-0.1	-0.2	-0.4

* \$50 million or less.

¹ Army Corps of Engineers, Bureau of Reclamation, and USDA small watershed projects.² Includes small programs such as highway safety demonstrations funded from general revenues.³ Includes facilities and equipment fund and research and engineering.

strated investment needs. As shown in the table below, average constant dollar financing for highways in the President's proposed 1985 budget will be increased above the 1960's levels, thereby reversing the "crowding out" that occurred during the 1970's due to declining trust fund receipts and other domestic spending priorities. Likewise, constant dollar funding for the airports and airway systems will exceed all previous levels, reflecting the growing importance of this segment of the Nation's transportation system. Consequently, real funding levels for both programs combined in the 1985-89 budget will exceed that for all 5-year intervals since 1960—but without adding to the deficit due to the 1982 legislative enactment of sound user tax financing programs.

By contrast, constant dollar funding levels for primarily local infrastructure needs have been substantially curtailed after three budget rounds. For example, real outlays for local mass transit exploded during the 1970's—rising from a mere \$0.3 billion in 1970 to \$4.8 billion by 1981. Under the out-going Carter administration budget plan, local mass transit outlays would have risen further to

SPENDING TRENDS: MAINLY NATIONAL PUBLIC INFRASTRUCTURE PROGRAMS

(In billions of 1985 constant dollars)

	Average over period		
	Highways	Airports/ airways	Total
1962-1966.....	11.3	2.4	13.8
1967-1971.....	12.0	3.0	14.9
1972-1976.....	10.8	3.9	14.7
1977-1981.....	11.1	4.1	15.1
1985-1989 proposed.....	13.0	4.9	18.0

\$5.2 billion in real terms in 1984. By contrast, 1984 enacted mass transit funding will total \$4.1 billion—a 21% reduction from the previously projected level.

Likewise, real funding levels for local sewage treatment plants would have remained above \$4.6 billion per year by 1984 under the outgoing Carter administration budget. Due to the cost sharing and eligibility reforms instituted in 1981 at the administration's behest, 1984 outlays will be \$2.6 billion—or 44% lower in real terms.

As shown in the table below, all categories of local and regional public infrastructure investment will have been reduced substantially in the enacted 1984 budget from their historic peak levels. Under the administration's proposed budget for 1985-89, this contraction of inappropriate Federal funding will continue.

CHANGE FROM PEAK FUNDING: LOCAL AND REGIONAL PUBLIC INFRASTRUCTURE INVESTMENT

(1985 constant dollar amounts in billions)

	Amount	Percent change from peak
Local water projects and regional navigation:		
1980 peak.....	5.7	.....
1984 enacted.....	4.4	-22%
1985 proposed.....	3.8	-32
1989 proposed.....	4.0	-28
Local mass transit:		
1981 peak.....	4.8	.....
1984 enacted.....	4.1	-14
1985 proposed.....	4.0	-17
1989 proposed.....	3.2	-32
Local sewage treatment grants:		
1977 peak.....	6.0	.....
1984 enacted.....	2.6	-56
1985 proposed.....	2.5	-58
1989 proposed.....	1.8	-70

As a consequence of these divergent budget trends, overall constant dollar funding levels for public infrastructure will decline moderately from the peak level of 1980 through the proposed level for 1989. However, by 1989, fully two-thirds of total funding will be

devoted to highways and airports/airways, while funding for largely local and regional investments will decline from 49% of the budget in 1980 to 34% in 1989.

**SHIFT OF PUBLIC INFRASTRUCTURE BUDGET PRIORITIES TO MAINLY NATIONAL PUBLIC
INFRASTRUCTURE NEEDS**

(1985 constant dollar amounts in billions)

	1981 actual	1984 enacted	1989 proposed
Infrastructure outlays	29.8	27.5	26.6
Distribution of funding:			
National highways/airways	51%	59%	66%
Primary regional and local programs.....	49%	41%	34%

VETERANS PROGRAMS

The President's 1985 budget for veterans programs, ranging from disability compensation and pensions to the health care system, housing guarantee program, life insurance plans, and GI education benefits, is largely a current services budget. This reflects the administration's continuing commitment to fulfill the obligations and promises made to America's veterans over many decades. In two cases—GI bill benefits and hospital construction—modest increases to the current services level are proposed. In the former case, a 15% increase in education readjustment benefit levels is requested because no increase has been granted since 1980—despite a 20% increase in the cost-of-living and even greater rises in tuition costs at most qualifying institutions. The increase for hospital construction reflects the out-year construction costs of 4 major design projects proposed for 1985—the largest number of new starts in recent times. While budget resources are self-evidently scarce in the current fiscal environment, the growing number of veterans eligible for health care services and the serious obsolescence and disrepair of many facilities makes these planned increases unavoidable given prevailing policy commitments to the veterans population.

In 1985 veterans programs will cost \$26 billion and account for nearly 18% of domestic current services outlays outside of low-income benefits and social insurance. The proposed current services funding level for 1985-89 therefore obviously limits overall budget savings potential. Nevertheless, it has been possible to achieve some savings in veterans programs since 1981. The actual and current services funding level for 1982-1986 is about \$5 billion or 4% below the level proposed in the outgoing Carter administration budget.

VETERANS PROGRAMS: SUMMARY

(Dollars in billions)

	1985	1986	1987	1988	1989	Total
Totals						
Current services.....	\$26.1	27.0	28.3	29.8	30.8	142.0
Proposed increase.....	-0.1	+0.5	+0.6	+0.8	+0.8	+2.6
Percent change.....	-**	+2%	+2%	+3%	+3%	+2%
Major Programs						
Pensions and disability compensation:						
Current services.....	14.3	14.8	15.4	16.0	16.5	77.0
Proposed change.....	0.0	0.0	0.0	0.0	0.0	0.0
Readjustment benefits (education):						
Current services.....	1.6	1.2	1.1	1.0	0.9	5.6
Proposed increase.....	-*	+0.2	+0.1	+0.1	+0.1	+0.5
Medical care system operations:						
Current services.....	8.8	9.4	10.1	10.9	11.6	50.8
Proposed change.....	-0.1	+	+	+	+	-*
Hospital construction:						
Current services.....	0.6	0.7	0.7	0.7	0.7	3.4
Proposed increase.....	+	+0.3	+0.4	+0.6	+0.7	+2.0
Other veterans programs: ¹						
Current services.....	0.7	0.9	1.1	1.3	1.2	5.2
Proposed change.....	+	+	+	+	+	+0.1

* \$50 million or less.

** 0.5% or less.

¹ Offsetting receipts for readjustment benefits as well as outlays for medical research, housing funds, and life insurance.

Despite these relatively modest savings, it is also important to note that the real cost of meeting the Nation's veterans commitments has declined significantly since the mid-1970's, and will continue to remain stable in constant dollar terms throughout the 1980's—even with the small increases in GI benefits and the hospital construction rise proposed in the 1985 budget.

VETERANS SAVINGS: 1982-1986

(In billions of dollars)

	1982	1983	1984	1985	1986	Total
Pre-Reagan baseline ¹	23.4	24.9	26.1	28.0	28.7	131.1
Change to actual or current services.....	-0.1	-0.7	-1.0	-2.0	-1.6	-5.4

* \$50 million or less.

¹ Pre-Reagan veterans entitlement law repriced for actual and projected economic assumptions.

The reason for this declining real cost trend is that the major veterans benefit programs—primarily pensions, disability compensation, and readjustment benefits—reached a peak constant dollar cost of \$24.5 billion in 1976 and have subsequently declined to \$16.4 billion in the enacted 1984 budget. This drop is mainly accounted

for by the steady phase-out of Vietnam-era GI bill eligibility and costs, with smaller declines attributable to pension program reforms and declining caseloads since the 1970's. Disability compensation costs reached a \$10 billion per year constant dollar cost later—in 1981—but are projected to remain stable at this level through the remainder of the decade.

By contrast, the constant dollar cost of health care operations and hospital construction has increased from \$7.0 billion in 1976 to \$9.1 billion in 1984—or by nearly 30%. Under the administration's 1985 budget, constant dollar costs for these activities will rise further to a level of \$11.0 billion by 1989.

Nevertheless, the actual and projected decline in veterans entitlement costs is more than sufficient to offset the rising cost of the medical care system. As a consequence, 1984 total veterans cost will be down 19% in real terms from the 1976 peak, and will remain essentially frozen at that level through 1989.

The table also makes clear that if overall veterans budget costs are to be reduced in future years a thorough reappraisal of veterans health care system policy, hospital capacity, and operational methods will be necessary. These issues will be subject to intensive scrutiny by the administration in preparation for the 1986 budget.

TRENDS IN VETERANS PROGRAM COSTS: 1976-1989

(1985 constant dollar amounts in billions)

Year	Amount	Percent change from 1976
Total: ¹		
1976.....	32.3	.....
1984 enacted.....	26.3	-19%
1985 proposed.....	26.0	-19
1989 proposed.....	26.9	-17
GI Bill benefits (readjustment):²		
1976.....	10.0	.....
1984 enacted.....	1.5	-85
1985 proposed.....	1.3	-87
1989 proposed.....	0.6	-94
Pensions, disability compensation, and other entitlements:		
1976.....	14.8	.....
1984 enacted.....	14.8	.....
1985 proposed.....	14.5	-2
1989 proposed.....	14.2	-4
Health care system operations:		
1976.....	6.7	.....
1984 enacted.....	8.5	+28
1985 proposed.....	8.7	+30
1989 proposed.....	9.9	+48
Hospital construction:		
1976.....	0.4	.....
1984 enacted.....	0.6	+71
1985 proposed.....	0.7	+90
1989 proposed.....	1.2	+236

¹ Small net outlays for housing, life insurance, and medical research not displayed in detail.

² Net outlays after offsetting receipts from contributions.

GENERAL GOVERNMENT

This category includes all remaining components of the non-DOD budget except for net interest and the defense and international affairs related programs classified as "national interest programs" and discussed below. While it is necessarily a catch-all classification, there are nevertheless a half-dozen clusters of programs and activities that accord with well settled Federal responsibilities or the inherent overhead costs of operating a large central government. These clusters include: 1) regulation of commerce and health and safety; 2) Federal law enforcement agencies, including their border control activities; 3) Federally-supported scientific and medical research and cultural subventions; 4) management of the public domain and offsetting receipts from the sale of minerals and other natural resources; 5) central functions such as tax collection, the weather service, statistical agencies, and the patent office; and 6) the administrative costs of Federal entitlement programs and departmental salary and expenses and other overhead costs not allocated to specific, direct Federal activities.

The 1985 budget proposes funding levels consistent with well-established administration priorities. Funding for law enforcement and scientific research is increased above the current services level. In almost all other cases, continued firm fiscal restraint is proposed, with aggregate savings amounting to over \$10 billion during the 5-year budget period.

Due to the inclusion of large, volatile offsetting receipt accounts for OCS sales, on-shore mineral and resource proceeds and certain

GENERAL GOVERNMENT: SUMMARY

(Dollars in billions)

	1985	1986	1987	1988	1989	Total
Totals						
Current services.....	26.5	23.8	24.8	26.8	26.8	128.6
Proposed savings.....	-0.7	-1.5	-2.2	-2.8	-3.2	-10.5
Percent change.....	-3%	-6%	-9%	-10%	-12%	-8%
Major programs						
Regulatory agencies ¹ :						
Current services.....	4.5	4.7	4.9	5.0	5.2	24.4
Proposed savings.....	+0.1	-*	-0.1	-0.2	-0.2	-0.4
Law enforcement ² :						
Current services.....	5.7	5.9	6.2	6.6	6.9	31.4
Proposed increases.....	+0.1	+0.1	+0.2	+0.2	+0.2	+0.8
Management of the public domain ³ :						
Current services.....	-5.5	-9.4	-9.6	-8.8	-9.9	-43.3
Proposed savings.....	-0.3	-0.4	-0.6	-0.7	-0.8	-2.7
NSF and energy science:						
Current services.....	2.0	2.1	2.1	2.2	2.3	10.8
Proposed increases.....	+0.1	+0.2	+0.2	+0.3	+0.3	+1.1

GENERAL GOVERNMENT: SUMMARY—Continued

(Dollars in billions)

	1985	1986	1987	1988	1989	Total
Cultural and education support ⁴ :						
Current services	1.1	1.1	1.2	1.2	1.3	5.8
Proposed savings	—*	—0.1	—0.2	—0.3	—0.3	—1.0
National Institutes of Health ⁵ :						
Current services	5.2	5.4	5.7	6.0	6.2	28.5
Proposed savings	—0.2	—0.3	—0.4	—0.6	—0.7	—2.2
NOAA:						
Current services	1.1	1.2	1.2	1.3	1.3	6.1
Proposed savings	—0.1	—0.2	—0.2	—0.2	—0.2	—1.1
Internal Revenue Service, BGFO and related:						
Current services	4.0	4.1	4.4	4.7	4.9	22.0
Proposed increases	+0.1	+*	+*	—*	+*	+0.1
Payment to D.C.:						
Current services	0.6	0.6	0.6	0.6	0.6	2.9
Proposed savings	—0.1	—0.1	—0.1	—0.1	—0.1	—0.6
Major department central overhead ⁶ :						
Current services	3.3	3.4	3.4	3.7	3.8	17.6
Proposed savings	—0.2	—0.2	—0.3	—0.3	—0.3	—1.3
Social insurance administrative costs ⁷ :						
Current services	5.9	6.1	6.4	6.6	6.8	31.7
Proposed savings	—0.1	—0.1	—0.2	—0.3	—0.3	—1.0
Low-income benefit administrative costs ⁸ :						
Current services	4.8	5.0	5.3	5.5	5.8	26.4
Proposed increases	+0.1	+0.1	+0.2	+0.2	+0.2	+0.7
Federal employee health benefits:						
Current services	1.3	1.6	1.8	2.0	2.2	8.8
Proposed savings	0.0	—0.2	—0.3	—0.4	—0.5	—1.5
Legislative functions:						
Current services	1.5	1.5	1.5	1.6	1.6	7.7
Proposed changes	—*	—*	—*	—*	—*	—*

*\$50 million or less.

Note: Details may not add to totals due to omission of various small programs and minor offsetting receipt accounts.

¹ FERC and EPA, NRC, OSMR, EPA operations and superfund, CFTC, FCC, FTC, SEC, NHTSA, ICC, CAB, NLRB, ESA, Food Safety Administration, FDA, OSHA.² FBI, DEA, BATF, INS, Customs, Secret Service, DOT legal divisions, Federal Judiciary, Federal Corrections System.³ Naval Petroleum Reserve, Forest Service, BLM, Indian lands, F&WS, land and water conservation fund, NPS, Geological Survey, OCS receipts, various on-shore receipts for mineral and other resource sales.⁴ Libraries aid, NIE, public telecommunications planning grants, National Endowments for Arts and Humanities, Smithsonian and Library of Congress.⁵ Includes ADAMHA research.⁶ Department-wide or major bureau salaries and expense accounts in USDA, HHS, Labor, Education, Energy, HUD, DOT, Interior, Commerce and VA.⁷ Administrative costs of UI, social security, medicare and civil service retirement.⁸ Administrative costs of AFDC-CSE, nutrition programs, SSI and medicaid, including federal matching grants for state administrative costs.

intragovernmental transactions, long-term trends for the category as a whole have limited analytical value. However, among the major programmatic or activity clusters, a number of clear trends

are apparent that highlight the changes that have been introduced since 1981 and define opportunities for future budget savings.

First, the steady constant dollar expansion of the Federal law enforcement budget that has been under way since the early 1960's, has been reinforced by the high priority placed on these activities by the Reagan administration. As shown in the table below, constant dollar law enforcement spending rose from \$1.4 billion in 1962 to \$4½ billion by 1981, and will reach \$5.7 billion in the 1984 enacted budget. The proposed 1985 budget will increase constant dollar funding levels to \$6.0 billion by 1989—a 26% increase over 1981 and a level 4 times greater than 1962.

FEDERAL LAW ENFORCEMENT TRENDS: 1962-1989

[In constant 1985 dollars]

	<i>Amount</i>
1962.....	\$1.4
1970.....	2.3
1981.....	4.8
1984 enacted.....	5.7
1985 proposed.....	5.8
1989 proposed.....	6.0

Secondly, the explosive 1970's growth of regulatory agency budgets has been sharply contained. After having doubled in real terms between 1962 and 1969, and tripled between 1969 and 1980, constant dollar regulatory agency costs in the enacted 1984 budget will recede to their 1979 level (\$4.4 billion). The President's 1985 budget would stabilize real costs at about this level through 1989. Thus, the rapid growth of regulatory costs has been brought to a halt—with likely future real costs stabilizing in the \$4½ billion annual range. Since this plateau reflects the near termination of traditional economic regulatory activities (e.g., ICC and CAB), most of the remaining costs are attributable to the large health, safety and environmental protection agencies (i.e., OSHA, NRC, EPA and FDA will account for 52% of 1984 regulatory agency budget costs). Prospects for additional future budget savings depend in considerable degree, then, on whether further progress in reducing the scope and burden of health and safety regulation is made in the years ahead.

REGULATORY AGENCY TRENDS: 1962-1989

[In constant 1985 dollars]

	<i>Amount</i>
1962.....	0.8
1969.....	1.6
1980.....	4.8
1984 enacted.....	4.4
1985 proposed.....	4.6
1989 proposed.....	4.3

Thirdly, due to the initiation of widescale leasing and production from the outer continental shelf, the net budget flow to the Treasury from the public domain now substantially exceeds the operational costs of all major agencies responsible for its management.

NET BUDGET IMPACT OF PUBLIC DOMAIN RECEIPTS AND MANAGEMENT

(In constant 1985 dollars)

	<i>Average amounts</i>
1962-1970.....	+ 0.6
1971-1980.....	- 2.3
1981-1984.....	- 7.1
1985-1989 proposed.....	- 8.4

This shift toward a strong positive cash flow and, therefore, reduction in unified budget outlays is attributable to two factors. First, significant cost savings and economies in public domain management agency operations have been achieved by the administration since 1980. Secondly, OCS and other receipts have been rising steadily due to the administration's more flexible mineral leasing policies. Between 1980 and 1984 operating costs have been reduced 22% in real terms while constant dollar receipts have risen by 36%.

The proposed 1985 budget would continue these trends with further cost reductions and a continued rise in planned receipts. Given both the minimum operating cost requirements of the major agencies—Forest Service, BLM, National Park Service and Fish and Wildlife—as well as environmental and economic constraints on leasing activities, it will be an increasingly difficult challenge to further improve the net budget position of public domain activities beyond the levels proposed in the President's 1985 budget.

CHANGE IN NET OUTLAYS OF PUBLIC DOMAIN ACTIVITIES

(In constant 1985 dollars)

	Major operational programs ¹	Leasing, royalty and other receipts ²	Net budget outlays
1980.....	+ 6.5	- 8.7	- 2.2
1984 enacted.....	+ 5.1	- 11.8	- 6.8
1989 proposed.....	+ 4.6	- 13.6	- 9.0

¹ Consists of program outlays for Forest Service, BLM, land and water conservation fund, Fish and Wildlife Service, National Park Service, Geological Survey, Bureau of Mines and Naval Petroleum Reserves.

² Primarily OCS receipts, Interior receipts, Naval petroleum reserve sales and Forest Services sales proceeds.

Fourthly, constant dollar budget levels for scientific research, the National Institutes of Health and cultural support programs will have been reduced by about 5% in real terms between the 1980 peak and the 1984 enacted budget. The proposed 1985 budget essentially stabilizes total funding at this level—with constant dollar outlays projected to average about \$7.9 billion over the 1985-89 period.

However, within this stable total a modest reordering of priorities would continue to occur. Outlays in 1984 for scientific research (NSF and the DOE energy science programs) will be 6% above the 1980 constant dollar level—with proposed future increases resulting in a 19% increase by 1989. By contrast, cultural support programs have been reduced by 29% in real terms and proposed further reductions in constant dollar funding—mainly in the National Endowments and Corporation for Public Broadcasting—would result in a 46% reduction by 1989. Real funding levels for NIH would remain slightly below the 1980 level for the remainder of the decade.

TRENDS FOR SCIENTIFIC AND MEDICAL RESEARCH AND CULTURAL SUPPORT

(1985 constant dollar amounts in billions)

	Amount	Percent change from 1980
Scientific research (NSF and energy):		
1980.....	1.9	
1984 enacted.....	2.1	+6%
1985 proposed.....	1.9	+16
1989 proposed.....	2.2	+19
NIH and ADAMHA research and training:		
1980.....	4.9	
1984 enacted.....	4.8	-2
1985 proposed.....	4.9	+1
1989 proposed.....	4.7	-4
Cultural support programs: ¹		
1980.....	1.5	
1984 enacted.....	1.1	-29
1985 proposed.....	1.0	-31
1989 proposed.....	0.8	-46
Total: Science, medical, and culture:		
1980.....	8.3	
1984 enacted.....	7.8	-5
1985 proposed.....	8.1	-2
1989 proposed.....	7.7	-7

¹ Includes National Endowments for the Arts and Humanities, Corporation for Public Broadcasting, Smithsonian, Library of Congress, public library grants, NIE and smaller related programs.

These trends make clear that this component of the budget has been stabilized and new priorities have been established. However, given the two-fifths reduction already proposed for cultural support programs, further reductions beyond those already assumed in the 1985 budget will inevitably raise serious policy questions about the

appropriate level of Federal support for medical and scientific research.

Fifthly, the constant dollar cost of major central government functions—IRS, debt management, BLS-census, NOAA, patent office, GSA-property supply and record management, International Trade and NBS—has drifted steadily upward in real terms over many years, rising from \$3 billion in 1962 to \$6.3 billion in 1981. This trend has continued over the past 3 years, with the 1984 enacted budget for these functions up by 12% to \$7 billion. Under the proposed 1985 budget, constant dollar expenditures would average about \$7 billion per year over 1985-89.

The failure to reverse the overall trend thus far is primarily attributable to the rising real cost of the IRS. As shown below, the IRS constant dollar budget has risen by 16% since 1981 and will be 24% higher by 1989. All other central function costs have risen by 8%, with a modest further rise proposed by 1989.

Given the increasing emphasis on tax compliance and debt collection it will be difficult to reduce the major, dynamic cost component of this function (IRS) appreciably in future years. However, increased receipt collections resulting from these funding augmentations will contribute to overall deficit reduction.

TRENDS IN COSTS OF CENTRAL FUNCTIONS

(1985 constant dollar amounts in billions)

	Amount	Percent change from 1981
Internal Revenue Services:		
1981.....	3.0	
1984 enacted.....	3.4	16%
1985 proposed.....	3.5	+18
1989 proposed.....	3.7	+24
All other central functions ¹ :		
1981.....	3.3	
1984 enacted.....	3.6	+8
1985 proposed.....	3.1	-6
1989 proposed.....	3.8	+15

¹ Includes D.C. payment in lieu of taxes in addition to major activities referred to in text.

As a result of the rapid expansion of Federal programs during the 1970's, the constant dollar cost of departmental overhead not specifically allocable to direct Federal services grew rapidly—from \$7.4 billion in 1970 to \$13.8 billion by 1981. However, more than 80% of this growth was attributable to the administrative costs of major entitlement programs ranging from social security, medicare, and unemployment benefits to AFDC, SSI, medicaid and the Federal nutrition programs.

Since 1981, central overhead costs have been held constant in real terms, but the abrupt slowdown is almost entirely attributable to departmental and major agency salary and expense account

reductions. The cost of entitlement benefit administration has continued to rise and is projected to stabilize at about \$10.6 billion per year over 1985-89. Under the proposed 1985 budget, all other Federal overhead costs would decline by about 16% in real terms by 1989.

Thus, because nearly two-thirds of unallocated overhead costs are now attributable to entitlement benefit administration, it is clear that significant future savings depend upon the development of more efficient administrative systems to serve the millions of Federal entitlement beneficiaries. Achieving this objective while simultaneously reducing entitlement program errors and abuse poses one of the most formidable management challenges faced by the administration.

TRENDS IN MAJOR ADMINISTRATIVE OVERHEAD

(1985 constant dollar amounts in billions)

	Amount	Percent change from 1981
Entitlement benefit administrative costs:		
1981.....	9.8	
1984 enacted.....	10.5	+7%
1985 proposed.....	10.6	+9
1989 proposed.....	10.6	+8
Departmental overhead and fringe benefits:		
1981.....	5.0	
1984 enacted.....	4.7	-7
1985 proposed.....	4.5	-11
1989 proposed.....	4.2	-16

NATIONAL INTEREST PROGRAMS

This grouping consists of programs that for the most part have attained priority status as the administration's foreign policy, international security and national leadership objectives have been defined and developed. Consequently, major increases to the current services funding level are proposed for many programs within this component of the non-DOD budget.

The increases for atomic energy defense (Department of Energy) are largely driven by the strategic weapons modernization program and the need to upgrade weapons research, production and testing facilities. Likewise, the emergency preparedness increases are integrally related to the administration's overall national security objectives.

In the international security assistance and economic aid area, substantial increases for military assistance, foreign military sales financing and the Central American initiative are partially offset by savings in the refugee, international development bank and international organizations categories.

After declining throughout the late 1970's, the space program has now been stabilized and will rise substantially above current services levels in the out-years, as the manned space station development activities gain momentum.

Overall, the President's 1985 budget calls for a \$4.4 billion increase over current services for national interest programs in 1985, with a \$40 billion or 27% increase projected for 1985-89. It should be noted, however, that over 40% of this 5-year increase is the result of the proposed conversion of the large military sales lending program (now financed off-budget at Treasury loan rates) to a direct grant and concessional loan program funded out of the regular foreign military sales (FMS) and military assistance accounts in the budget. Over the near term this conversion will approximately double the grant value (i.e. subsidy) of military sales credits to recipient nations without increasing overall Treasury borrowing. Over the longer run, however, reduced receipts from loan interest and repayments will cause the true budget cost to rise appreciably.

NATIONAL INTEREST PROGRAMS: SUMMARY

(Dollars in billions)

	1985	1986	1987	1988	1989	Total
Totals						
Current services.....	28.7	29.2	29.4	29.8	30.2	147.2
Proposed increases.....	+4.4	+6.8	+8.9	+10.0	+10.4	+40.4
Percent change.....	+15%	+23%	+30%	+33%	+34%	+27%
Major Programs						
Atomic energy defense (DOE):						
Current services.....	6.5	6.8	6.6	6.5	6.6	33.0
Proposed increases.....	+0.7	+1.4	+2.2	+2.6	+2.8	+9.7
Emergency preparedness (FEMA):						
Current services.....	0.3	0.3	0.3	0.3	0.3	1.5
Proposed increases.....	+0.1	+0.1	+0.2	+0.2	+0.3	+0.8
Multilateral development banks:						
Current services.....	1.6	1.4	1.6	1.8	1.4	7.8
Proposed savings.....	-0.1	-0.1	-0.1	-0.2	-0.2	-0.8
Bilateral development aid (AID):						
Current services.....	1.9	2.0	2.1	2.2	2.3	10.6
Proposed changes.....	+*	+0.1	+0.1	+*	-*	+0.1
International organization contributions/as-						
assessments and refugee aid:						
Current services.....	1.3	1.3	1.4	1.4	1.5	6.8
Proposed savings.....	-0.1	-0.2	-0.2	-0.2	-0.3	-0.9
Public Law 480:						
Current services.....	1.3	1.3	1.3	1.3	1.4	6.6
Proposed savings.....	+*	+*	-*	-0.1	-0.1	-0.2
Micronesia compact:						
Current services.....	0.0	0.0	0.0	0.0	0.0	0.0
Proposed increases.....	+0.3	+0.1	+0.1	+0.1	+0.1	+0.9

NATIONAL INTEREST PROGRAMS: SUMMARY—Continued

(Dollars in billions)

	1985	1986	1987	1988	1989	Total
State Department and related:						
Current services.....	1.4	1.5	1.6	1.7	1.8	7.9
Proposed increases.....	+0.2	+0.2	+0.3	+0.3	+0.4	+1.4
BIB/USIA and related:						
Current services.....	0.9	0.9	1.1	1.1	1.1	5.2
Proposed increases.....	+*	+0.2	+0.2	+0.1	+0.1	+0.7
Space program (NASA): ¹						
Current services.....	6.4	6.1	5.6	5.3	5.3	28.8
Proposed increases.....	+0.3	+1.0	+1.9	+2.7	+3.1	+8.9
Coast Guard: ²						
Current services.....	2.4	2.5	2.7	2.6	2.7	13.0
Proposed savings.....	+*	-0.1	-0.2	-0.1	-0.1	-0.5
Foreign military sales: ³						
Current services.....	1.3	1.5	1.6	1.7	1.8	7.9
Proposed increases.....	+1.9	+3.3	+3.6	+3.7	+3.6	+16.1
Economic support fund:						
Current services.....	3.0	3.0	3.2	3.4	3.5	16.0
Proposed savings.....	+0.1	-*	-0.1	-0.2	-0.3	-0.5
Military grant assistance:						
Current services.....	0.6	0.7	0.7	0.7	0.7	3.4
Proposed increases.....	+0.2	+0.2	+0.2	+0.2	+0.2	+1.0
Central American allowance (Kissinger Commission):						
Current services.....	0.0	0.0	0.0	0.0	0.0	0.0
Proposed increases.....	+0.8	+0.7	+0.8	+0.8	+0.8	+3.7

* \$50 million or less.

¹ All of NASA except aeronautical R&D.² Excluding retired pay.³ Includes FMS receipts and reserve guarantee fund outlays.

When viewed in historical perspective, it is clear that the rising budget levels for national interest programs proposed in the 1985 budget are not unprecedented. As shown in the table below, constant dollar funding levels for this function recorded in the early 1960's exceed the levels proposed for 1985-1989. Moreover, the real GNP forecasted for the late 1980's will be more than twice as large as that which supported the higher 1960's level.

Indeed, the 1985 and out-year funding levels proposed for these priority purposes appear to be high only relative to the severely depressed levels that obtained during the mid-1970's. The latter is attributable to a confluence of unsustainable factors including large one-time sales from the defense stockpile, temporary, large negative outlays for foreign military sales transactions and historically low levels of real funding for NASA, security assistance and foreign economic aid. By 1981, however, constant dollar national interest funding had already risen by 36% from the mid-1970's low,

as these temporary factors reversed and additional requirements for security assistance and foreign policy support emerged.

Since 1981, constant dollar funding for national interest programs has risen another 14% in response to a wide variety of new requirements identified by the administration—including a substantial upgrade in USIA's capabilities and effectiveness, provision of more adequate security assistance, and augmentation of the defense preparedness program. While these requirements were not fully anticipated in earlier administration budget plans, the enhanced 1985 request still represents only a partial restoration of funding levels that have been traditionally required to maintain an effective foreign policy, national leadership in space, and a variety of defense-related programs.

NATIONAL INTEREST TRENDS

(1985 constant dollar amounts in billions)

	Average amount	Percent of 1962-66 level
1962-1966	36.3	.....
1967-1971	29.3	81%
1972-1976	20.1	55
1977-1981	22.0	61
1985-1989 proposed	34.4	95

The 15% constant dollar increase from 1980 level reflected in the enacted 1984 national interest budget, as well as the planned overall growth of more than 40% over the course of the decade, results from a substantial realignment of priorities among programs within the overall function. The largest real growth will occur in atomic energy defense, foreign military sales, emergency preparedness, and military grant assistance. By 1989, these programs would account for over 40% of total national interest outlays compared to only 26% in 1980. By contrast, real funding levels for food-for-peace, multilateral development banks, international organizations, and refugee assistance have either already declined substantially, or, as in the case of multilateral development banks, will decline after 1985 as inherited commitments are run out.

The 51% real increase projected over the decade for the Department of State and the international communications agencies provide yet another illustration of unanticipated budget requirements. These activities are personnel and overhead intensive, yet it has been discovered that significant loss of mission capability occurred during the decade prior to 1980 and that substantial additions to personnel, facilities, security and specialized functions will be needed in order to support adequately U.S. foreign policy objectives.

Overall, the funding levels proposed in the 1985 budget close what had previously been a growing gap between stated policy objectives and projected budget paths. While the upward adjustment provided in the 1985 budget intensifies the challenges of re-establishing fiscal equilibrium, the added burden is modest and the national interests served are of paramount importance.

MAJOR NATIONAL INTEREST PROGRAMS

(1985 constant dollar amounts in billions)

	Amount	Percent change from 1980
Total:		
1980.....	24.4	
1984 enacted.....	28.2	+ 15%
1985 proposed.....	33.1	+ 35
1989 proposed.....	34.5	+ 41
Atomic energy defense:		
1980.....	3.9	
1984 enacted.....	6.2	+ 60
1985 proposed.....	7.1	+ 85
1989 proposed.....	8.1	+ 109
Emergency preparedness (FEMA):		
1980.....	0.2	
1984 enacted.....	0.3	+ 62
1985 proposed.....	0.3	+ 90
1989 proposed.....	0.5	+ 192
Multilateral development banks:		
1980.....	1.1	
1984 enacted.....	1.6	+ 50
1985 proposed.....	1.5	+ 38
1989 proposed.....	1.0	- 1
International organizations/refugees:		
1980.....	1.6	
1984 enacted.....	1.3	- 16
1985 proposed.....	1.2	- 24
1989 proposed.....	1.0	- 35
Public Law 480:		
1980.....	1.4	
1984 enacted.....	1.1	- 23
1985 proposed.....	1.3	- 8
1989 proposed.....	1.1	- 26
State Department and related:		
1980.....	1.2	
1984 enacted.....	1.5	+ 27
1985 proposed.....	1.6	+ 36
1989 proposed.....	1.8	+ 51
USIA/BIB and related:		
1980.....	0.7	
1984 enacted.....	0.8	+ 13
1985 proposed.....	0.9	+ 28
1989 proposed.....	1.1	+ 52
Space program:		
1980.....	5.8	
1984 enacted.....	6.7	+ 16
1985 proposed.....	6.7	+ 15
1989 proposed.....	7.2	+ 23

MAJOR NATIONAL INTEREST PROGRAMS—Continued

(1985 constant dollar amounts in billions)

	Amount	Percent change from 1980
Coast Guard: ¹		
1980.....	1.9	.....
1984 enacted.....	2.4	+ 25%
1985 proposed.....	2.4	+ 29
1989 proposed.....	2.2	+ 18
Foreign military sales:		
1980.....	2.0	.....
1984 enacted.....	0.8	- 58
1985 proposed.....	3.2	+ 62
1989 proposed.....	4.6	+ 131
Economic support fund:		
1980.....	2.5	.....
1984 enacted.....	3.0	+ 21
1985 proposed.....	3.0	+ 21
1989 proposed.....	2.7	+ 8
Military assistance grants:		
1980.....	0.3	.....
1984 enacted.....	0.6	+ 89
1985 proposed.....	0.8	+ 138
1989 proposed.....	0.8	+ 147

¹ Excluding retired pay.

Budget Totals and Savings Plan

The table summarizes changes to the current services baseline for major components of the budget. Outlays would be reduced by \$19 billion in 1985—with savings rising to \$46 billion by 1989. Measures to strengthen the revenue base and adjust certain unwarranted or no longer justifiable features of the Internal Revenue Code boost receipts by \$8 billion in 1985 and \$75 billion over the period. Overall, the 1985 budget proposes specific steps to reduce the deficit by \$226 billion over 1985-1989.

Additional savings of even greater magnitude will be needed in future years to ensure the continuation of economic recovery. But the measures outlined in the 1985 budget offer the essential first steps toward the restoration of budget balance over the longer-run.

1985 BUDGET TOTALS AND SAVINGS

(Dollars in billions)

	1985	1986	1987	1988	1989	Total
Outlays:						
Current services.....	945	1,019	1,094	1,163	1,230	5,451
Defense savings (DOD)	-13	-13	-6	-7	-14	-53
Non-DOD savings.....	-5	-10	-12	-16	-20	-62
Debt services savings.....	-2	-5	-7	-10	-12	-36
Subtotal, outlay savings....	-19	-27	-26	-33	-46	-151
Budget proposal.....	925	992	1,068	1,130	1,184	5,300
Receipts:						
Current services.....	737	803	874	960	1,037	4,411
Receipt increases.....	8	12	14	18	23	75
Budget proposal.....	745	815	888	978	1,060	4,487
Budget deficit (-).....	-180	-177	-180	-152	-123	-813
Percent of GNP:						
Budget outlays.....	23.8%	23.4%	23.3%	22.8%	22.1%	23.1%
Budget receipts.....	19.2	19.3	19.3	19.7	19.8	19.5
Budget deficit (-).....	-4.6	-4.2	-3.9	-3.1	-2.3	-3.6

PART 4

BUDGET RECEIPTS

4-1

BUDGET RECEIPTS

Budget receipts are taxes and other collections from the public that result from the exercise of the Government's sovereign or governmental powers. These receipts are compared with budget outlays to determine the budget surplus or deficit.

This section of the budget discusses budget receipts for 1983 to 1987 and the legislative proposals and administrative actions affecting them.¹

SUMMARY

Total budget receipts in 1985 are estimated to be \$745.1 billion, an increase of \$75.1 billion from the \$670.1 billion estimated for 1984. Receipts in 1986 and 1987 are estimated to be \$814.9 billion and \$887.8 billion, respectively. These estimates include the effects of:

- the income tax reductions and other tax changes provided in the Economic Recovery Tax Act of 1981;
- the tax revisions and improvements in compliance and collection provided in the Tax Equity and Fiscal Responsibility Act of 1982;
- the 5 cents a gallon increase in the motor fuels tax and other tax changes provided in the Highway Revenue Act of 1982;
- the changes in the financing of the social security and railroad retirement systems provided in the Social Security Amendments of 1983 and the Railroad Retirement Revenue Act of 1983, respectively; and
- the receipts proposals in this budget.

Composition of budget receipts.—The Federal tax system relies predominantly on income and payroll taxes. In 1985:

- Income taxes paid by individuals and corporations are estimated at \$328.4 billion and \$76.5 billion, respectively. These sources combined account for 54.3% of estimated budget receipts.
- Social insurance taxes and contributions—composed largely of payroll taxes levied on wages and salaries, most of which are

¹ Detailed estimates of budget receipts by source for 1983 to 1985 are shown in Tables 14 and 21 of Part 9. The economic assumptions on which the receipts estimates are based are presented in Part 2, and estimates of receipts for 1988-89 are presented in table 2 of Part 9. Part 6 contains an analysis of the difference between actual receipts for 1983 and the budget estimates for 1983 transmitted to the Congress in February 1982. Part 7 explains the conceptual basis for classifying certain amounts collected by the Federal Government as budget receipts and other amounts as offsetting collections.

BUDGET RECEIPTS BY SOURCE

(In billions of dollars)

Source	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
Individual income taxes.....	288.9	293.3	328.4	364.1	401.6
Corporation income taxes.....	37.0	66.6	76.5	87.9	97.9
Social insurance taxes and contributions.....	209.0	239.5	270.7	297.8	324.1
Excise taxes.....	35.3	38.2	38.4	34.1	33.4
Estate and gift taxes.....	6.1	5.9	5.6	5.1	4.6
Customs duties.....	8.7	9.1	9.4	9.6	9.9
Miscellaneous receipts.....	15.6	17.5	16.0	16.3	16.3
Total, budget receipts.....	600.6	670.1	745.1	814.9	887.8

paid in equal amounts by employers and employees—will yield an estimated \$270.7 billion, 36.3% of the total.

- Excise taxes imposed on selected products, services, and activities are expected to provide \$38.4 billion, 5.2% of the total.
- Estate and gift taxes, customs duties, and miscellaneous receipts are estimated at \$31.1 billion, the remaining 4.2% of budget receipts.

Under the tax policy and economic assumptions presented in this budget, the income tax share of total receipts is projected to rise to 56.3% by 1987, 2.0 percentage points more than for 1985. This rise is the combined effect of a 1.2 percentage point rise in the individual income tax share and a 0.8 percentage point rise in the corporation income tax share to 11.0%. Social insurance taxes and contributions are projected to rise as a share of total receipts from 36.3% in 1985 to 36.5% in 1987. The excise tax share is projected to decline to 3.8% in 1987, 1.4 percentage points less than for 1985. The projected share of all other receipts declines by 0.7 percentage point between 1985 and 1987.

ENACTED LEGISLATION

Several major tax laws have been enacted since this administration took office in January 1981. The first, the Economic Recovery Tax Act of 1981 (ERTA), provides incentives for work, saving, and investment. The substantial reductions in income taxes and other changes provided in the Act are estimated to reduce receipts by \$133.6 billion in 1984, \$165.0 billion in 1985, \$207.7 billion in 1986, and \$248.5 billion in 1987. The major provisions of the Act include an across-the-board reduction in individual income tax rates and other reductions in individual income taxes; the annual adjustment of the zero bracket amount, the personal exemption, and individual income tax brackets for inflation beginning in 1985; and the accelerated cost recovery of capital expenditures.

The second major tax law, the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), improves the fairness of the tax system while preserving the incentives for work, saving, and investment enacted in 1981. This Act increases receipts primarily by eliminating unintended benefits and obsolete incentives, and providing mechanisms to increase taxpayer compliance and improve collection techniques. The provisions of this Act are estimated to increase receipts by \$35.4 billion in 1984, \$39.7 billion in 1985, \$49.3 billion in 1986, and \$60.7 billion in 1987.

The Highway Revenue Act of 1982 is the third major tax law enacted since January 1981. This Act increases the excise tax on gasoline and diesel fuel by 5 cents a gallon and restructures other highway related taxes to make the taxes paid by various highway users correspond more equitably to the wear and tear that such users cause to the highway system. The provisions of this Act are estimated to increase receipts by \$4.1 billion to \$4.5 billion in each year, 1984-1987.

Three laws affecting receipts were enacted during 1983: the Social Security Amendments of 1983, the Interest and Dividends Tax Compliance Act of 1983, and the Railroad Retirement Revenue Act of 1983. The first, the Social Security Amendments of 1983, assures the future solvency of the social security trust funds through a combination of revenue increases and benefit reductions that restore reserves to safer levels. The revenue provisions of this Act are estimated to increase receipts by \$6.2 billion in 1984, \$8.8 billion in 1985, \$9.3 billion in 1986, and \$11.4 billion in 1987.

The Interest and Dividends Tax Compliance Act of 1983 repeals the withholding of taxes on interest and dividend income provided in TEFRA, permits the deductibility of expenses incurred in attending a business convention in a qualifying Caribbean Basin country, and pays to the Treasuries of Puerto Rico and the U.S. Virgin Islands all excise taxes collected on rum imported into the United States. The provisions of this Act are estimated to reduce receipts by \$2.6 billion in 1984, \$2.4 billion in 1985, \$2.1 billion in 1986, and \$1.7 billion in 1987.

The tax increases provided in the Railroad Retirement Revenue Act of 1983, together with the benefit reductions provided in the Railroad Retirement Solvency Act of 1983, are designed to place the railroad retirement program on a sound financial basis. The provisions of the Railroad Retirement Revenue Act are estimated to increase receipts by \$0.2 billion in 1984, rising annually to \$1.1 billion by 1987.

Despite the increases provided in 1982 and 1983, taxes have been reduced by \$595.4 billion over the 1983-1987 period, relative to what they would have been under pre-1981 tax law. As shown in the following table, there is a net tax reduction every year during

this period, rising from \$73.0 billion in 1983 to \$172.6 billion in 1987.

NET EFFECT ON RECEIPTS OF ENACTED LEGISLATION ¹

(In billions of dollars)

	1983	1984	1985	1986	1987	1983-1987
Economic Recovery Tax Act of 1981	-91.1	-133.6	-165.0	-207.7	-248.5	-845.9
Tax Equity and Fiscal Responsibility Act of 1982	16.6	35.4	39.7	49.3	60.7	201.8
Highway Revenue Act of 1982	1.5	4.1	4.2	4.4	4.5	18.7
Social Security Amendments of 1983		6.2	8.8	9.3	11.4	35.8
Interest and Dividends Tax Compliance Act of 1983	-0.1	-2.6	-2.4	-2.1	-1.7	-8.8
Railroad Retirement Revenue Act of 1983	*	0.2	0.7	1.1	1.1	3.1
Net tax reduction	-73.0	-90.3	-113.8	-145.7	-172.6	-595.4

*\$50 million or less.

¹ These estimates are based on the direct effect only of legislative changes at a given level of economic activity. Induced effects are taken into account for forecasting incomes, however, and in this way affect the receipts estimates by major source and in total.

The major provisions of the three laws enacted in 1983 are described below.²

SOCIAL SECURITY AMENDMENTS OF 1983

Expansion of coverage.—Federal civilian employees and employees of State and local governments and non-profit organizations were exempt from mandatory social security coverage under prior law. This Act extends mandatory coverage to all new Federal civilian employees and to employees of non-profit organizations effective January 1, 1984. State and local governments participating in the social security system are no longer allowed to withdraw.

Acceleration of scheduled increases in the Old-Age and Survivors and Disability Insurance (OASDI) payroll tax rate.—Prior to enactment of the Social Security Amendments of 1983, the combined OASDI employer-employee tax rate was scheduled to increase from 10.8% to 11.4% on January 1, 1985, and to 12.4% on January 1, 1990. Under these amendments the rate increased to 11.4% on January 1, 1984, and is scheduled to increase to 12.12% on January 1, 1988, and to 12.4% on January 1, 1990. For 1984, employees are provided a tax credit against the OASDI payroll tax equal to 0.3% of taxable wages, the rescheduled portion of the employee tax rate. These changes also apply to contributions to social security equivalent benefits provided under railroad retirement.

Comparability of self-employment Old-Age and Survivors and Disability and Hospital Insurance (OASDHI) payroll tax rate.—Self-employed individuals previously paid 75% of the combined employer-employee OASDI tax rate and 50% of the combined HI tax rate.

² For a more detailed discussion of the Economic Recovery Tax Act of 1981, see Part 4 of the 1983 *Budget*. A more detailed discussion of the Tax Equity and Fiscal Responsibility Act of 1982 and the Highway Revenue Act of 1982 is provided in Part 4 of the 1984 *Budget*.

Under these amendments self-employed individuals are required to pay the combined employer-employee OASDHI tax rate effective January 1, 1984. To reduce the effect of this increase, self-employed individuals are provided a tax credit against the payroll tax equal to 2.7% of taxable wages in 1984, 2.3% of taxable wages in 1985, and 2.0% of taxable wages in 1986 through 1989.

Taxation of social security (OASDI) benefits.—Social security benefits were exempt from the Federal income tax under prior law. Effective January 1, 1984, a portion of social security benefits and social security equivalent benefits provided under railroad retirement are subject to the Federal income tax. The amount taxed is the lesser of one-half the benefits received, or one-half the amount by which the sum of adjusted gross income from non-social security sources, income from tax-exempt bonds, and 50% of social security benefits exceeds \$25,000 for a single taxpayer and \$32,000 for a married couple filing a joint return.

INTEREST AND DIVIDENDS TAX COMPLIANCE ACT OF 1983

Repeal of withholding on interest and dividend income.—Under the Tax Equity and Fiscal Responsibility Act of 1982, withholding at the rate of 10% was required on all interest and dividend payments made after June 30, 1983. This Act repeals that provision effective July 1, 1983 and replaces it with an expanded system of “backup withholding,” which is intended primarily to improve the accuracy of information reporting and increase taxpayer compliance. Effective January 1, 1984, payers of interest, dividends and certain other payments, as well as brokers and barter exchanges, are required to impose backup withholding at the rate of 20%, if the recipient of a payment or a customer fails to furnish a correct taxpayer identification number in the manner required, or, for interest and dividends only, has been identified by the IRS as having failed to report interest or dividend income.

Caribbean Basin Initiative (CBI).—Under prior law, expenses incurred in attending business conventions outside the North American area were deductible only if it was as reasonable to hold the convention outside the North American area as within it. Effective June 30, 1983, expenses incurred in attending a business convention in a qualifying Caribbean Basin country are deductible, provided they meet the standards for deductibility of North American business expenses and an agreement to exchange tax information is in effect with that country. The Act also provides that effective June 30, 1983, all excise taxes collected on rum imported into the United States, wherever produced, be paid into the Treasuries of Puerto Rico and the U.S. Virgin Islands. Under prior law, only taxes collected on rum produced in Puerto Rico or the U.S. Virgin

Islands and transported to the United States were transferred to Puerto Rico or the U.S. Virgin Islands.

RAILROAD RETIREMENT REVENUE ACT OF 1983

Increase in railroad retirement payroll taxes.—The railroad retirement system provides payments to former rail employees under a two tier system that is equivalent to a combination of social security and a multi-employer industry pension plan. About 350,000 former employees also receive windfall payments that are fully subsidized by other taxpayers. Under prior law, rail employers contributed 11.75% of monthly taxable compensation (\$2,975 in 1983) to finance rail industry pension payments; the employee contribution was 2%. This Act increases the employer contribution to 12.75% on January 1, 1984, to 13.75% on January 1, 1985, and to 14.75% on January 1, 1986. The employee contribution increases to 2.75% on January 1, 1984, to 3.5% on January 1, 1985, and to 4.25% on January 1, 1986.³

Increase in railroad unemployment insurance taxes.—Effective January 1, 1984, rail employers are subject to an unemployment insurance tax of 8% on the first \$600 of monthly wages per employee. This tax had been limited to the first \$400 of monthly wages under prior law.

Enactment of temporary Federal unemployment insurance repayment tax.—Effective July 1, 1986, a temporary Federal unemployment insurance repayment tax is levied on rail employers. The tax is initially 2% of the first \$7,000 in annual wages per employee and increases annually thereafter by 0.3 percentage point each January 1. This tax will be used to repay loans made by the railroad retirement trust fund to the railroad unemployment insurance fund.

Taxation of benefits.—All payments received under the rail industry pension plan after December 31, 1983, will be subject to the Federal income tax to the extent that they exceed previously taxed contributions. These benefits were exempt from tax under prior law.⁴ Windfall payments will be taxed under similar rules.

³ Contributions to social security equivalent benefits provided under railroad retirement are at the same rate as the social security (OASDI) payroll tax and increase when social security taxes rise.

⁴ The Social Security Amendments of 1983 provide for the taxation of a portion of social security equivalent benefits provided under railroad retirement, effective January 1, 1984.

EFFECT OF ENACTED LEGISLATION ON RECEIPTS ¹

(In billions of dollars)

	1983	1984	1985	1986	1987
Economic Recovery Tax Act of 1981					
Individual income tax provisions.....	-64.0	-96.0	-113.6	-138.1	-166.4
Capital cost recovery provisions:					
Individual income taxes.....	-2.9	-4.3	-5.7	-7.6	-9.2
Corporation income taxes.....	-14.9	-21.8	-29.4	-41.1	-49.6
Subtotal, capital cost recovery provisions.....	-17.8	-26.1	-35.1	-48.7	-58.8
Saving incentive provisions.....	-7.0	-8.6	-10.8	-14.1	-15.2
Estate and gift tax provisions.....	-2.4	-3.7	-4.9	-6.5	-8.1
Other:					
Individual income taxes.....	-0.1	-0.1	-0.1	0.3	-0.1
Corporation income taxes.....	*	0.4	-0.5	-0.7	-0.2
Social insurance taxes and contributions.....	0.5	0.5	0.5	0.6	0.6
Excise taxes.....	-0.2	*	-0.4	-0.5	-0.4
Subtotal, other.....	0.1	0.8	-0.4	-0.3	*
Total, Economic Recovery Tax Act of 1981.....	-91.1	-133.6	-165.0	-207.7	-248.5
Tax Equity and Fiscal Responsibility Act of 1982					
Compliance and collection:					
Individual income taxes.....	3.0	6.1	7.2	7.4	7.9
Corporation income taxes.....	1.6	5.7	1.9	2.0	1.5
Employment taxes and contributions.....	0.1	0.2	0.3	0.4	0.4
Subtotal, compliance and collection.....	4.7	12.0	9.4	9.9	9.9
Unintended benefits and obsolete incentives:					
Individual income taxes.....	0.3	3.3	3.8	5.4	7.1
Corporation income taxes.....	4.2	8.0	13.0	22.8	32.5
Estate and gift taxes.....		0.2	0.2	0.2	0.2
Subtotal, unintended benefits and obsolete incentives.....	4.6	11.6	17.1	28.5	39.8
Excise tax provisions.....	3.4	4.9	5.7	2.2	1.6
Employment tax provisions:					
Individual income taxes.....	0.6	0.7	0.6	0.5	0.5
Social insurance taxes and contributions.....	2.1	3.1	3.2	2.9	2.6
Subtotal, employment tax provisions.....	2.7	3.8	3.7	3.4	3.1
Other:					
Individual income taxes.....	-0.5	-0.4	-0.4	0.5	0.9
Corporation income taxes.....	1.8	3.5	4.2	4.9	5.4
Subtotal, other.....	1.3	3.1	3.8	5.4	6.3
Total, Tax Equity and Fiscal Responsibility Act of 1982.....	16.6	35.4	39.7	49.3	60.7
Highway Revenue Act of 1982					
Individual income taxes.....	-0.4	-1.1	-1.2	-1.2	-1.3
Corporation income taxes.....	*	-0.1	-0.2	-0.2	-0.2
Excise taxes.....	1.9	5.2	5.7	5.9	6.0
Total, Highway Revenue Act of 1982.....	1.5	4.1	4.2	4.4	4.5

EFFECT OF ENACTED LEGISLATION ON RECEIPTS ¹—Continued

(In billions of dollars)

	1983	1984	1985	1986	1987
Social Security Amendments of 1983					
Individual income taxes.....		-2.3	-0.6	-0.6	-0.7
Social insurance taxes and contributions.....		8.5	9.4	9.9	12.1
Total, Social Security Amendments of 1983.....		6.2	8.8	9.3	11.4
Interest and Dividends Tax Compliance Act of 1983					
Individual income taxes.....	-0.1	-2.6	-2.4	-2.1	-1.7
Corporation income taxes.....	* [*]				
Total, Interest and Dividends Tax Compliance Act of 1983.....	-0.1	-2.6	-2.4	-2.1	-1.7
Railroad Retirement Revenue Act of 1983					
Individual income taxes.....	*	0.1	0.3	0.3	0.3
Social insurance taxes and contributions.....	*	0.1	0.4	0.8	0.8
Total, Railroad Retirement Revenue Act of 1983.....	*	0.2	0.7	1.1	1.1
ADDENDUM					
Effect on receipts by source:					
Individual income taxes.....	-71.0	-104.5	-121.4	-147.2	-175.5
Corporation income taxes.....	-7.3	-4.9	-12.6	-14.4	-13.0
Social insurance taxes and contributions.....	2.7	12.5	13.9	14.5	16.6
Excise taxes.....	5.1	10.1	11.0	7.6	7.2
Estate and gift taxes.....	-2.4	-3.5	-4.7	-6.3	-7.9
Total.....	-73.0	-90.3	-113.8	-145.7	-172.6

* \$50 million or less.

¹ These estimates are based on the direct effect only of legislative changes at a given level of economic activity. Induced effects are taken into account for forecasting incomes, however, and in this way affect the receipts estimates by major source and in total.

RECEIPTS PROPOSALS

Women's initiative.—The administration supports several tax changes that primarily improve the structure of the tax system and its impact upon women. These changes are estimated to reduce receipts by \$0.3 billion in 1985, \$0.9 billion in 1986, and \$0.9 billion in 1987:

- **Expansion of individual retirement accounts (IRAs).**—Under current law, an individual generally is permitted to deduct annual contributions to an IRA up to a maximum of \$2,000 or 100 percent of compensation, whichever is less. If deductible contributions are made to an IRA established by a working individual for the individual and a spouse who does not receive compensation, the maximum annual contribution is increased to \$2,250. The administration proposes to increase the \$2,250 annual spousal IRA limit to \$4,000. In addition, the administration proposes to permit divorced individuals to treat taxable alimony as compensation in determining the IRA deduction limit.

- *Reclassification of certain day care organizations.*—The administration proposes to classify all qualified, nonprofit dependent care facilities as tax-exempt organizations.
- *Restructuring of the dependent care tax credit.*—The administration proposes to increase the dependent care tax credit to 40 percent of qualifying dependent care expenses for individuals with an annual income of \$10,000 or less. The credit will be reduced as the individual's income increases above \$10,000, and will phase out completely when income reaches \$60,000.

Structural reform. —The administration proposes the following structural reforms, which are estimated to increase receipts by \$0.8 billion in 1984, \$1.1 billion in 1985, \$2.2 billion in 1986, and \$3.7 billion in 1987:

- *Restrictions on tax-exempt leasing.*—Restrictions will be imposed on the use of the accelerated cost recovery system (ACRS) and investment tax credits for properties that are the subject of sale-leaseback and similar transactions with Federal, State, and local governments, or with other organizations not subject to U.S. taxation.
- *Taxation of life insurance companies.*—Broad-based improvement in the system of taxing life insurance companies is proposed. The multi-phase system adopted in 1959 will be replaced with a more rational single-phase system, and the definition of "life insurance" will be clarified.
- *Restrictions on industrial development bonds.*—A number of proposals will limit the alarming growth in private purpose tax-exempt bonds, including industrial development bonds. Key features of the proposals would impose State-by-State volume limits on certain private purpose bonds; limit the volume of obligations that could benefit any one user; strengthen the arbitrage bond limitations; limit the tax exemption for federally guaranteed obligations; and apply all statutory limitations, including the arbitrage bond limitations currently applicable to State and local governments, to obligations issued by Puerto Rico and other U.S. possessions.

Curtailement of tax shelter, accounting, and corporate tax abuse.—Transactions have been identified that abuse existing partnership, accounting, and corporate tax provisions. The administration proposes a number of changes that will curtail transactions that generate unintended tax benefits or form the basis for tax shelter schemes. These changes are estimated to increase receipts by \$0.8 billion in 1984, \$3.2 billion in 1985, \$4.3 billion in 1986, and \$4.7 billion in 1987.

Tax incentives for higher education.—The administration proposes to exclude from taxation earnings on savings deposited in special accounts that will be used to pay future higher education expenses of dependent children. The maximum annual contribution to these accounts will be \$1,000 per child. However, this maximum will be reduced 5 cents for each dollar that the taxpayer's adjusted gross income exceeds \$40,000, so that any taxpayer with adjusted gross income in excess of \$60,000 will be ineligible.

Eligible expenses generally are tuition and room and board incurred by a full-time student enrolled in a postsecondary education program leading to a degree or certification (including graduate school). In the case of part-time students in such a program, only tuition qualifies. Special savings accounts will qualify only if the dependent children on whose behalf the savings are made are under age 18. In no case may an account be kept open for a child over the age of 25. Eligible expenses will not include amounts paid to schools that follow a racially discriminatory policy. This proposal will be effective January 1, 1985, and is estimated to reduce receipts by a negligible amount in 1985, \$0.1 billion in 1986, and \$0.3 billion in 1987.

Tuition tax credit.—The administration proposes to provide taxpayers a nonrefundable credit for 50 percent of tuition expenses paid to private elementary and secondary schools for certain qualified dependents. The maximum credit allowable for each dependent is \$100 in 1984, \$200 in 1985, and \$300 thereafter, with the maximum amount in each year phased out for taxpayers with adjusted gross incomes between \$40,000 and \$60,000. Credits will not be allowed for expenses paid to private schools that follow a racially discriminatory policy. This proposal, which will be effective for expenses incurred after July 31, 1984, is estimated to reduce receipts by \$0.3 billion in 1985, \$0.6 billion in 1986, and \$0.9 billion in 1987.

Enterprise zone tax incentives.—Under current law, the only tax incentive for the redevelopment of economically distressed areas is a relaxation of limitations on tax-exempt financing for facilities receiving assistance under the Urban Development Action Grant program. The administration proposes that up to 25 small areas per year (not to exceed 75 in total) be designated "enterprise zones." Effective January 1, 1985, the following tax incentives will be available for economic redevelopment in the zones: an exemption from capital gains tax on certain qualified property; a tax credit for employees equal to 5 percent of the first \$10,500 of wages earned; a tax credit for employers equal to 10 percent of any qualified increases in their payrolls; a separate tax credit for employers of certain disadvantaged individuals equal to 50 percent of

the wages of such persons for the first three years of employment (the percentage declines by 10 points in the fourth year and each year thereafter); an increase of 50 percent in the regular investment tax credit for investment in equipment; a 10 percent investment tax credit for new construction and reconstruction of buildings; and continued availability of tax-exempt bond financing beyond the 1986 sunset date for small issue bonds. These incentives, which generally will remain fully in effect for 20 years and be phased out over the succeeding four years, are estimated to reduce receipts by \$0.1 billion in 1985, \$0.4 billion in 1986, and \$0.8 billion in 1987.

Tax treatment of health insurance premiums.—Under current law, compensation paid in cash is fully taxable for both social security and income tax purposes, while compensation in the form of employer-paid health insurance premiums is nontaxable. The administration proposes that effective January 1, 1985, employees be required to pay social security and income taxes on employer-paid health insurance premiums in excess of \$175 per month or \$2,100 per year for a family plan, and \$70 per month or \$840 per year for a single plan. Employer-paid health insurance premiums below these amounts still will be excluded from taxation. The \$175 and \$70 amounts will be indexed to rise with inflation. This proposal is estimated to increase receipts by \$3.9 billion in 1985, \$6.5 billion in 1986, and \$8.0 billion in 1987.

Changes in contributions to civil service retirement (CSR).—Currently, employees contribute 7% of wages and salaries to CSR, employing agencies contribute 7%, and the general fund of the Federal Government contributes 50% of the remaining cost. The administration is proposing several reforms that would reduce the cost of CSR, and increase contributions to the fund. These changes, which are estimated to increase governmental receipts by \$0.7 billion in 1985, \$1.4 billion in 1986, and \$1.5 billion in 1987, include the following:

- ***Increase employee contributions.***—The administration's proposal increases employee contributions (including District of Columbia employees who are under CSR) from 7% of wages and salaries to 8% effective October 1984, and to 9% effective October 1985.
- ***Increase the District of Columbia (D.C.) employer contribution.***—Matching the proposed contribution by D.C. employees, the administration's proposal increases the D.C. Government contribution from the current 7% to 8% effective October 1984, and to 9% effective October 1985. A corresponding increase in the contribution of Federal employing agencies is proposed; however, these employer contributions are shown

on the outlay side of the budget and do not affect budget receipts.⁵

Extension of Federal/State unemployment insurance coverage to railroad employment.—Railroad employment is the only sector not covered by the regular Federal/State unemployment insurance system. The separate Railroad Sickness and Unemployment Insurance Fund (RSUI), which is financed by payroll taxes paid by rail employers, has been insolvent for a number of years.

In the past, when contributions have been insufficient to pay benefits, RSUI has borrowed from the rail pension fund. Even though RSUI will not be permitted to borrow from the pension fund after 1985, and the Railroad Retirement Revenue Act of 1983 increased RSUI contributions and established a separate debt repayment tax, it is estimated that the RSUI debt to the rail pension fund will grow to nearly \$1 billion by the end of 1985.

The administration proposes to extend regular Federal/State unemployment insurance coverage to railroad employment. Under this proposal rail employment will be covered under Federal and State unemployment insurance tax laws effective January 1, 1985. Existing RSUI contributions and the special debt repayment tax will remain in place to finance sickness payments and to ensure that all debt to the rail pension fund is repaid. This proposal is estimated to increase receipts by \$0.1 billion in each year, 1985-1987.

Taxation of Foreign Sales Corporation.—Under present law, taxes on a portion of a company's income from U.S. exports sold through a Domestic International Sales Corporation (DISC) can be deferred. The administration proposes to replace the current DISC provisions with a new system of taxing export sales income that is intended to preserve the competitiveness of U.S. exports while addressing concerns expressed by other General Agreement on Tariff and Trade (GATT) members. This provision is estimated to reduce receipts by a negligible amount in 1985 and 1986, and to increase receipts by \$0.1 billion in 1987.

Withholding on U.S. real estate gains of foreign individuals.—The administration proposes to withhold taxes on gains realized by foreign individuals on the sale of U.S. real property. It is estimated that this proposal will increase receipts by \$0.1 billion in 1985 and negligible amounts in subsequent years.

Change in the taxation of Trusts for Investment in Mortgages (TIMs).—Changes in the tax laws necessary to permit the develop-

⁵ The administration proposes to increase the contributions of the Postal Service by the same amount. Contributions of the Postal Service to CSR are shown on the outlay side of the budget and do not affect budget receipts.

ment of TIMs are being proposed. These changes will remove regulatory and tax constraints, thereby facilitating trading and expansion of the private secondary mortgage market, as well as reducing the dependence of the mortgage market upon Government-sponsored enterprises.

Tax exemption for deceased military personnel.—The administration proposes to exempt from tax the income of certain military personnel killed in action overseas. This proposal is estimated to have a negligible effect on receipts.

Extension of expiring provisions.—The following provisions, which are scheduled to expire under present law, are proposed to be extended: the credit for research and experimental expenditures, which is scheduled to expire December 31, 1985; the present moratorium on the application of existing research and experimentation allocation regulations, which ensure that all research and experimentation deductions can be used to offset U.S. source income; the targeted jobs tax credit, which is scheduled to expire December 31, 1984; and, to a limited extent, the payment-in-kind (PIK) program. Extension of these provisions is estimated to reduce receipts by \$0.1 billion in 1984, \$0.3 billion in 1985, \$0.8 billion in 1986, and \$1.1 billion in 1987.

Petroleum overcharge restitution fund.—The administration proposes legislation to establish a special fund in the Department of Health and Human Services (HHS) to hold monies recovered by the Federal Government from petroleum pricing and allocation violations under the Emergency Petroleum Allocation Act of 1973, in instances where the overcharged customers cannot be identified and repaid. Oil overcharge money deposited into this fund will be used to finance the HHS Low-Income Home Energy Assistance Program, the Department of Energy (DOE) Low-Income Weatherization Program, and DOE energy conservation grants to schools and hospitals. It is estimated that \$2.0 billion will be collected in 1984.

EFFECT OF PROPOSED LEGISLATION AND ADMINISTRATIVE ACTION ON RECEIPTS¹

(In billions of dollars)

	1984	1985	1986	1987
Women's initiative.....		-0.3	-0.9	-0.9
Structural reform.....	0.8	1.1	2.2	3.7
Curtailment of tax abuse.....	0.8	3.2	4.3	4.7
Higher education tax incentive.....		—*	-0.1	-0.3
Enterprise zone tax incentives.....		-0.1	-0.4	-0.8
Tuition tax credit.....		-0.3	-0.6	-0.9
Taxation of health insurance premiums.....		3.9	6.5	8.0
Contributions to civil service retirement.....		0.7	1.4	1.5
Railroad unemployment insurance coverage.....		0.1	0.1	0.1
Extension of expiring provisions.....	-0.1	-0.3	-0.8	-1.1
Petroleum overcharge restitution fund.....	2.0			
Other.....	—*	*	—*	0.1
Total.....	3.5	7.9	11.6	14.2
ADDENDUM				
Effect of proposals on receipts by source:				
Individual income taxes.....	0.8	5.0	6.4	7.2
Corporation income taxes.....	0.7	1.1	1.9	3.1
Social insurance taxes and contributions.....		1.8	3.3	3.9
Other.....	2.0	*	*	*
Total.....	3.5	7.9	11.6	14.2

* \$50 million or less.

¹ These estimates are based on the direct effect only of legislative changes at a given level of economic activity. Induced effects are taken into account for forecasting incomes, however, and in this way affect the receipts estimates by major source and in total.

EFFECT OF ENACTED AND PROPOSED CHANGES ON RECEIPTS

The actual change in receipts that will result from an enacted or proposed tax revision will depend on both the direct effect of the tax change and the indirect or "feedback" effect. The direct effect is the increase or decrease in receipts due only to the tax change at given levels of income. The indirect or feedback effect is the increase or decrease in receipts due to the effect of the tax change on income levels.

The estimates of the effect of enacted and proposed tax changes shown in this budget represent the direct effect of these changes on receipts, based on levels of corporate and individual income that reflect enactment of the tax change. The estimated indirect or feedback effect on receipts due to the tax-induced change in incomes is not included in these estimates because it is already included in gross receipts.

For example, the estimates of the effect of the Economic Recovery Tax Act of 1981 shown in this budget represent only the direct effect of the changes provided in the Act. The increased receipts resulting from the tax-induced increase in incomes are included in gross receipts. The estimates of the direct effect of the Economic

Recovery Tax Act of 1981 on receipts therefore overstate the net loss to the Treasury of the income tax reductions and other tax changes provided in the Act.

The estimates in this budget of the effect of the administration's proposals on receipts also represent only the direct effect of these changes. The indirect effect of these proposals is included in gross receipts.

CHANGES IN BUDGET RECEIPTS

Budget receipts are estimated to increase by \$69.5 billion in 1984, \$75.1 billion in 1985, \$69.8 billion in 1986 and \$72.9 billion in 1987. The year-to-year changes can be divided between changes due to growth in the tax base and changes due to revisions in the tax structure. Under the tax rates and structure in effect on January 1, 1981, receipts would have risen by \$79.8 billion in 1984, \$81.9 billion in 1985, \$87.4 billion in 1986, and \$89.2 billion in 1987. Thus, the combined effect of administrative action and enacted and proposed tax law changes, which is shown in the accompanying table, reduces the growth in receipts by \$10.3 billion in 1984, \$6.8 billion in 1985, \$17.6 billion in 1986, and \$16.3 billion in 1987.

	1984	1985	1986	1987
Growth in receipts (in billions of dollars):				
Under existing law and administrative action and proposed legislation.....	69.5	75.1	69.8	72.9
Under tax rates and structure in effect Jan. 1, 1981	79.8	81.9	87.4	89.2
Difference.....	-10.3	-6.8	-17.6	-16.3

CHANGES IN BUDGET RECEIPTS

(In billions of dollars)

	1983	1984	1985	1986	1987
Receipts under tax rates and structure in effect January 1, 1981 ¹	667.6	747.4	829.3	916.7	1,005.9
Administrative action	0.2	*	0.2	0.2	0.2
Enacted legislative changes:					
Economic Recovery Tax Act of 1981.....	-91.1	-133.6	-165.0	-207.7	-248.5
Tax Equity and Fiscal Responsibility Act of 1982..	16.6	35.4	39.7	49.3	60.7
Highway Revenue Act of 1982.....	1.5	4.1	4.2	4.4	4.5
Social Security Amendments of 1983 ²		2.4	5.8	7.3	9.0
Interest and Dividends Tax Compliance Act of 1983.....	-0.1	-2.6	-2.4	-2.1	-1.7
Railroad Retirement Revenue Act of 1983.....	*	0.2	0.7	1.1	1.1
Social security taxable earnings base increases: ⁵					
\$29,700 to \$32,400 effective Jan. 1, 1982.....	3.2	3.7	4.3	5.1	6.0
\$32,400 to \$35,700 effective Jan. 1, 1983.....	1.2	3.6	4.2	5.0	5.9
\$35,700 to \$37,800 effective Jan. 1, 1984.....		0.7	2.2	2.6	3.1
\$37,800 to \$39,300 effective Jan. 1, 1985.....			0.6	1.7	2.1
\$39,300 to \$41,400 effective Jan. 1, 1986.....				0.8	2.6
\$41,400 to \$43,800 effective Jan. 1, 1987.....					1.0
Social security (OASDHI) tax rate increases: ^{3 5}					
13.3% to 13.4% effective Jan. 1, 1982.....	1.4	1.5	1.6	1.7	1.9
13.4% to 14.0% effective Jan. 1, 1984.....		3.8	10.2	12.6	13.9
14.0% to 14.1% effective Jan. 1, 1985.....			1.2	1.8	2.0
14.1% to 14.3% effective Jan. 1, 1986.....				2.7	4.0
Other.....	-*	-*	0.1	*	*
Total, receipts under existing legislation	600.6	666.6	737.2	803.3	873.7
Proposed legislation and administrative action:					
Women's initiative.....			-0.3	-0.9	-0.9
Structural reform.....		0.8	1.1	2.2	3.7
Curtailment of tax abuse.....		0.8	3.2	4.3	4.7
Taxation of health insurance premiums.....			3.9	6.5	8.0
Contributions to civil service retirement.....			0.7	1.4	1.5
Higher education tax incentive.....			-*	-0.1	-0.3
Enterprise zone tax incentives.....			-0.1	-0.4	-0.8
Tuition tax credit.....			-0.3	-0.6	-0.9
Railroad unemployment insurance coverage.....			0.1	0.1	0.1
Extension of expiring provisions.....		-0.1	-0.3	-0.8	-1.1
Petroleum overcharge restitution fund.....		2.0			
Other.....		-*	*	-*	0.1
Total, receipts under existing and proposed legislation and administrative action ⁴	600.6	670.1	745.1	814.9	887.8

* \$50 million or less.

¹ These figures assume a social security taxable earnings base of \$29,700.² Excludes the effect of increases in the OASDHI tax rate that are shown below.³ The combined employer-employee old age and survivors, disability, and hospital insurance (OASDHI) tax rate.⁴ These estimates include both the direct and indirect effects of administrative action and legislative changes.⁵ Technical note: When the tax rate and the taxable earnings base increase at the same time, dividing up the total effect on receipts is arbitrary to some small extent because of an interaction effect. The increase in receipts due to this interaction effect is attributed to the rate and base changes in proportion to the increases in receipts that would occur if the rate and base were each changed separately.

RECEIPTS BY SOURCE

Individual income taxes.—Individual income tax receipts are estimated at \$293.3 billion in 1984 and \$328.4 billion in 1985. These estimates reflect the individual income tax reductions provided in the Economic Recovery Tax Act of 1981, which reduce individual income tax receipts in 1984 and 1985 by \$108.3 billion and \$128.6 billion, respectively. These reductions are partially offset by the tax revisions and improvements in compliance and collection provided in the Tax Equity and Fiscal Responsibility Act of 1982, which increase individual income taxes by an estimated \$9.7 billion in 1984 and \$11.2 billion in 1985. The proposed changes in this budget are estimated to increase individual income taxes by \$0.8 billion in 1984 and \$5.0 billion in 1985.

Individual income taxes in 1986 and 1987 are projected at \$364.1 billion and \$401.6 billion, respectively. The changes in individual income taxes provided in ERTA and TEFRA result in a net reduction in individual income tax receipts of \$143.5 billion in 1986 and \$172.1 billion in 1987. The administration's proposals are estimated to increase individual income taxes by \$6.4 billion in 1986 and \$7.2 billion in 1987.

Corporation income taxes.—Corporation income tax receipts are estimated at \$66.6 billion in 1984 and \$76.5 billion in 1985. These estimates reflect the Accelerated Cost Recovery System and other provisions of ERTA, which are estimated to reduce corporation income tax receipts in 1984 and 1985 by \$22.1 billion and \$31.6 billion, respectively. The tax revisions and improvements in tax collection and enforcement provided in TEFRA add \$17.2 billion to corporation income tax receipts in 1984 and \$19.1 billion in 1985.

Corporation income tax receipts in 1986 and 1987 are estimated at \$87.9 billion and \$97.9 billion, respectively. These estimates reflect net reductions of \$14.2 billion in 1986 and \$12.8 billion in 1987 due to enactment of ERTA and TEFRA. The administration's proposals are expected to increase corporation income taxes in 1986 and 1987 by \$1.9 billion and \$3.1 billion, respectively.

Social insurance taxes and contributions.—This category includes social security and railroad retirement taxes, unemployment insurance taxes and deposits, and other retirement contributions.

Receipts from this source are expected to be \$239.5 billion in 1984 and \$270.7 billion in 1985. These estimates reflect the increases in social security coverage and tax rates, and other changes provided in the Social Security Amendments of 1983. These Amendments are estimated to increase social insurance taxes and contributions by \$8.5 billion in 1984 and \$9.4 billion in 1985. The changes provided in ERTA, TEFRA, and the Railroad Retirement

Revenue Act of 1983 are estimated to increase social insurance taxes and contributions by an additional \$4.0 billion in 1984 and \$4.5 billion in 1985. Scheduled increases in the social security taxable earnings base from \$35,700 in 1983 to \$37,800 in 1984 and to \$39,300 in 1985 also are reflected in these estimates.

The estimates for 1986 and 1987 are \$297.8 billion and \$324.1 billion, respectively. These estimates reflect the legislated increases in the combined employer-employee social security tax rate provided in the Social Security Amendments of 1983 and annual increases in the taxable earnings base to \$43,800 in 1987. The increases in social insurance taxes and contributions provided in ERTA, TEFRA, and the Railroad Retirement Revenue Act add \$4.7 billion to receipts in 1986 and \$4.5 billion in 1987.

Excise taxes.—Excise taxes are levied on a variety of products, services, and activities. Receipts from these taxes are estimated at \$38.2 billion in 1984 and \$38.4 billion in 1985. These estimates include the windfall profit tax, which is estimated at \$9.5 billion in 1984 and \$8.2 billion in 1985. The estimates also reflect enactment of ERTA, which reduces excise taxes by \$0.4 billion in 1985. TEFRA, which increased excise taxes on airport and airway users, cigarettes, and telephone service, increases excise taxes in 1984 and 1985 by an estimated \$4.9 billion and \$5.7 billion, respectively. The 5 cent per gallon increase in the excise tax on gasoline and diesel fuel, and other provisions of the Highway Revenue Act of 1982, add an additional \$5.2 billion to excise taxes in 1984 and \$5.7 billion in 1985.

The estimates for 1986 and 1987 are \$34.1 billion and \$33.4 billion, respectively. These estimates include \$6.8 billion from the windfall profit tax in 1986 and \$6.1 billion in 1987. They also reflect a net increase of \$7.6 billion in 1986 and \$7.2 billion in 1987 due to the provisions of ERTA, TEFRA, and the Highway Revenue Act.

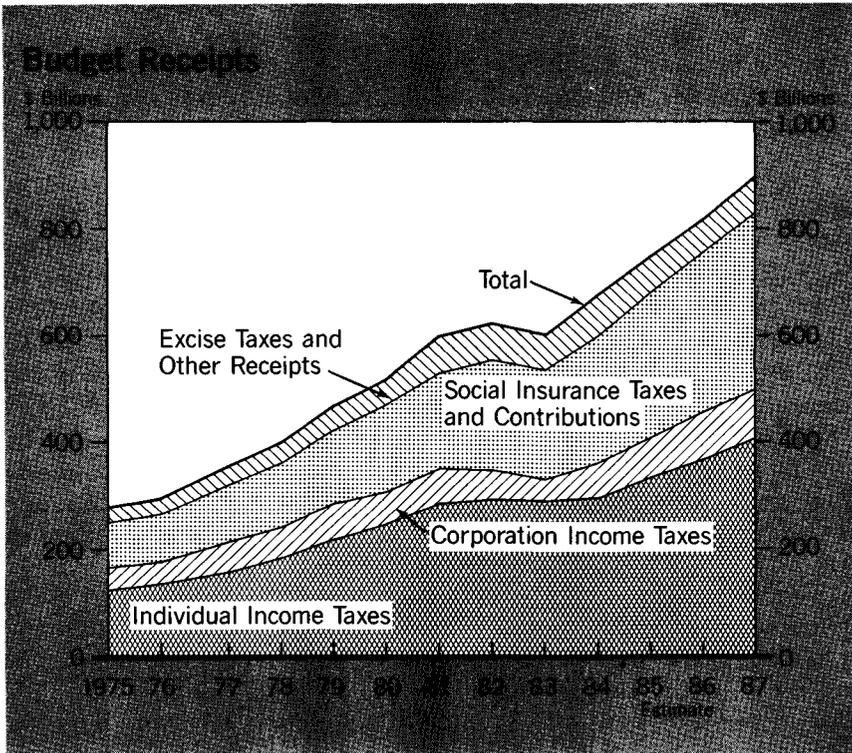
Estate and gift taxes.—Estate and gift taxes are estimated at \$5.9 billion in 1984, \$5.6 billion in 1985, \$5.1 billion in 1986, and \$4.6 billion in 1987. These estimates reflect reductions due to enactment of ERTA and partially offsetting increases due to enactment of TEFRA.

Other receipts.—Customs duties and miscellaneous receipts (almost all of which are deposits of earnings by the Federal Reserve System) are estimated to total \$26.6 billion in 1984, \$25.4 billion in 1985, \$25.9 billion in 1986, and \$26.1 billion in 1987.

Proprietary receipts.—In addition to budget receipts, the Government receives significant proprietary income from the public. This income is derived from various market-oriented activities and takes

the form of interest, rents, royalties, and the sale of Government property, products, and services. Because this income arises from business-type transactions rather than from taxation, it is treated as an offset to related outlays and budget authority rather than as budget receipts. Proprietary receipts from the public are explained further in Part 7 and are shown in Table 15 of Part 9.

[Insert chart: BUDGET RECEIPTS, 1975-1987]



PART 5

**MEETING NATIONAL NEEDS:
THE FEDERAL
PROGRAM BY FUNCTION**

5-1

INTRODUCTION

The discussion in this introduction serves two purposes: (1) for the convenience of new readers, it describes the structure of the Part 5 presentation; and (2) for those familiar with Part 5 from previous budgets, it describes major changes in structure or usage from that in previous versions of the budget.

Part 5 is structured to focus on national needs and the functional classification. It discusses budget authority, outlays, and related measures of Federal spending, focusing on the end purposes that the spending serves. The presentation is organized in terms of national needs as defined by the functional structure.¹

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. It has two additional categories—allowances and undistributed offsetting receipts—that are not functions but are required in order to cover the entire budget. Budget authority and outlays are classified in the functional structure 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 that defines 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.

Structure of the Part 5 sections.—Each function has a common structure. Each section starts with a sentence describing the national needs served by that function. Each section has a table that shows budget authority and outlays for that function for 5 years (1983 through 1987). The table displays each subfunction and provides programmatic detail below the subfunction level. Off-budget authority and outlays are shown as addendum entries to these tables.

Allowances.—The budget has two categories of undistributed allowances: an allowance for civilian agency pay raises (including Coast Guard personnel), and an allowance for increased employing agency matching payments to employee retirement funds. The transactions in these categories are discussed in greater detail in the allowances section. Additionally, the national defense function

¹ See the sections entitled "Functional classification" and "National needs presentation" in Part 7 of this volume for additional background information.

has allowances for pay raises for military and civilian personnel of the Department of Defense.

Changes in the functional structure.—The only major changes in the structure of Part 5 from last year are changes in the functional classification. It is obviously desirable to maintain stability in the functional classification from budget to budget so that budget users will not have to learn a new system each year. However, absolute stability is impossible; changing conditions frequently require modifications. For example, the Social Security Amendments of 1983 required that the 1985 budget contain a new function—social security and medicare—that contains major programs previously included in the income security and health functions. Whenever such changes are made, the historical data base is revised to conform to the new usage so that budget users can compare program trends over time without discontinuities caused by changes in classification or accounting conventions.

Other major functional changes are as follows:

The defense authorization bill for 1984 provides for a new military retirement trust fund beginning in 1985. The cash benefits for military retirees will be paid out of the trust fund, while the costs for retirement benefits that are currently accruing will be charged to the defense budget. The creation of this new trust fund will put the funding of military pensions on a basis roughly akin to the funding of Federal pensions for civilian employees. However, it creates severe discontinuities in functional comparisons of spending for all years prior to 1985 with spending for 1985 and subsequent years. The budget shows the affected functional totals without adjustment, but it also shows an alternative display adjusting the pre-1985 data for comparability. In the alternative display: (a) the retirement benefits previously in subfunction 051 (DOD-military) are shifted into subfunction 602 (Federal employee retirement and disability); (b) the retirement benefits in subfunction 051 are replaced by a stream of retired pay accrual imputations; and (c) the imputed accruals (in subfunction 051) are offset by equal imputed offsetting receipts in subfunction 951 (employer share, employee retirement).

The alternative set of data using the adjusted accounting treatment is used in the budget for time series analysis (for computing growth rates, percentages of the budget totals, percentages of GNP, etc.) to minimize distortion. An OMB staff paper discussing these changes, the derivations of the data, and the reasons for developing this alternative data series is available from the Office of Management and Budget, Room 6025, New Executive Office Building, Washington, D.C. 20503.

Major changes have also been made in the treatment of offsetting receipts. Offsetting receipts constitute a large portion of the

business-type income that is recorded as offsets to outlays rather than as budget receipts (see Part 7, "Collections," for a more detailed explanation). Prior to the 1985 budget, data on "offsetting receipts" were tabulated in great detail; the result of this highly detailed data collection and display in the agency and functional tables of the budget and related documents created considerable confusion and yielded few compensating benefits. In the summer of 1983 the OMB and Treasury, with the concurrence of the Appropriations and Budget Committees of the Congress, streamlined this data base. Approximately 700 offsetting receipt accounts, each with collections of under \$10 million per year (many under \$1 million per year) were merged into three consolidated receipt accounts reported as collections of the Treasury Department. Two of these consolidated receipt accounts compose subfunction 809, which is a new subfunction established to record offsetting receipts that belong in the general government function but that are not closely related to any particular subfunction in that function. As a result, approximately \$300 million a year of offsetting receipts that previously had been offset against various other functional locations is now offset in the new subfunction 809. The remaining consolidation shifted a substantial number of relatively small interest collections into a consolidated account for offsetting receipts of interest (in subfunction 908).

In previous budgets a substantial number of offsetting receipts were offset at the function rather than the subfunction level. As part of the offsetting receipts streamlining, all offsetting receipts have been shifted to be offset at the subfunction level. Although these changes affect the totals shown in 34 different subfunctions, only one subfunction (302; conservation and land management) was importantly affected.

Interest paid by trust funds is also now treated differently. Trust funds that have surplus balances generally invest these surpluses in public debt securities. In these cases, both the interest payments and the offsetting receipts are included in the net interest function. Recently, certain trust funds have begun to borrow money from other trust funds or from the Treasury. In these cases the payments of interest on these borrowings had been recorded in the function of the paying account, while the offsetting receipts were recorded in net interest. For example, the old-age and survivors insurance trust fund paid \$1.4 billion of interest to the disability insurance and hospital insurance trust funds in 1983. The payments were counted as outlays of the function containing the paying account (currently subfunction 571), whereas the offsetting receipts were included in net interest (subfunction 908). This treatment overstated the cost of programs in the function of the paying account and also understated the cost of net interest to the public.

To correct this deficiency, trust fund interest payments to receipt accounts within the budget and the matching offsetting receipts are both classified in the subfunctions of the paying accounts.

The standard rule in the budget functional classification is that the data base should be reconstructed whenever classification changes occur, in order to maintain a comparable data series. Because of this rule, one can, for example, use the data base showing social security and medicare outlays by function for all years as if the function had always existed. This permits comparing program trends over time without major discontinuities due to changes in classification or accounting conventions. The data in this budget and associated data sources have been reconstructed to reflect these changes on a comparable basis.

Relationship to other budget tables.—Other parts of the budget include a number of tables that supplement the tables shown in Part 5 by showing data over a longer period of years or showing more detailed data than those printed in the Part 5 tables.

- Budget outlays by function and subfunction for 1975 through 1985 appear in Table 22 in Part 9. (Data for earlier years are available upon request from the Office of Management and Budget.)
- Data on budget authority by function and major program for 1983 through 1989 are contained in Table 6 of Part 9.
- Data on budget outlays by function and major program for the years 1983 to 1989 are published in Table 3 of Part 9.
- Part 8 contains a detailed set of budget authority and outlay figures for all budget and off-budget accounts. Each account has a 3-digit code indicating the function and subfunction in which it is classified.

The Full Employment and Balanced Growth Act.—Section 4(a) of the Full Employment and Balanced Growth Act of 1978 requires that the President's budget incorporate the programs and policies that the President deems necessary to achieve the goals specified in the act. These goals are discussed in the President's *Economic Report*. Programs and policies to help achieve these goals, as well as a broad range of other goals mentioned in the act, are discussed throughout Part 5.

As demonstrated by the following functional discussions, the goals listed in the act were among those weighed in developing the President's budget recommendations.

Credit budget.—Federal credit activity may take the form of direct loans or loan guarantees, and both direct loans and loan guarantees may be issued by either on-budget agencies or off-budget Federal entities. Hence, in order to have a comprehensive

system of control over Federal credit, it is necessary to include all of these transactions in a single credit budget.

Tables in Part 5 display the program activity of the credit budget by function; the sum of the figures in these tables add up to the credit budget totals. The presentation that follows contains no major changes in the credit structure from last year's budget. More information on Federal lending activities can be found in Part 6 of this document and in Special Analysis F ("Federal Credit Programs").

Tax expenditures.—Tax expenditures are features of the individual and corporation income tax laws that provide special benefits or incentives in comparison with what would be permitted under the general provisions of the Internal Revenue Code. They arise from special exclusions, exemptions, or deductions from gross income, or from special credits, preferential tax rates, or deferrals of tax liability. In many cases tax expenditures can be viewed as alternatives to other means by which the Federal Government can carry out policy objectives, such as direct outlays, loan guarantees, regulations, and other tax law provisions.

Tax expenditures are discussed in the following sections on the Federal program by function, so that they may be compared with outlays and loan guarantees that serve similar programs. To aid in this comparison all tax expenditures estimates in Part 5 are shown as outlay equivalents, that is, the amount of budget outlays required to provide the same level of after-tax benefits by substituting a direct spending program for the tax expenditure. The definition of tax expenditures and the measurement of outlay equivalents are explained in Part 6 and in Special Analyses G, "Tax Expenditures."

Tax expenditure estimates cannot simply be added together to obtain totals for functional areas or a grand total. In many cases, simply adding tax expenditures together produces inaccurate totals because certain tax expenditures affect the value of other tax expenditures. These interaction effects are also explained in Part 6 and in Special Analysis G, "Tax Expenditures." In Part 5 the tax expenditure totals for each function have been adjusted for interaction effects.

Other Federal fiscal activities.—The Federal Government allocates resources by means other than those reflected in budget outlays, loan guarantees, and tax expenditures. Outlays of the off-budget Federal entities, which are federally owned and controlled but excluded from the budget under provisions of laws, are similar in nature to budget outlays. The regulation of economic activity also has a major impact on the economy in many sectors. Finally, provisions of the tax law affect the allocation of resources among

private uses and the distribution of income among individuals in many important ways not covered by tax expenditures, which include only special provisions of income taxes. Federal taxes other than income taxes have economic effects, as do the tax rates, personal exemptions, and other features of the income tax structure that are not treated as tax expenditures.

The sections that follow also include information on off-budget Federal entities. Off-budget Federal entities and privately owned, Government-sponsored enterprises are discussed in Part 6 of the Budget and in Special Analyses E and F.

NATIONAL DEFENSE

The objective of our national defense program is to protect the Nation and its allies from foreign aggression. We seek to maintain peace by preventing war. However, we must be prepared to defend ourselves successfully, should war occur. Deterring foreign threats to our vital interests and those of our allies and friends depends on the maintenance of a full range of defense capabilities. These include: strategic nuclear capabilities; maritime strength; strong, forward-deployed forces in Europe and other areas critical to our defense; and the ability to deploy rapidly and sustain our military forces worldwide.

U.S. defense policies are designed to deter war by maintaining nuclear and conventional forces sufficient to convince any potential adversary that the cost of aggression would not justify an attack. Should deterrence fail, we must have sufficient strength to defeat the attack and achieve our national objectives, while minimizing the scope and intensity of the conflict.

The budget proposes \$313.4 billion in budget authority and \$272.0 billion in outlays for the national defense function in 1985. The accompanying table shows budget authority and outlays for the three major national defense components: military functions of the Department of Defense, atomic energy defense activities, and defense-related activities of other agencies.

Department of Defense-Military.—The \$46.8 billion increase in budget authority requested for the Department of Defense in 1985 reaffirms the administration's commitment to provide the military strength needed to ensure the nation's security. In the face of large improvements in Soviet military capabilities, U.S. forces must be strengthened to meet the Soviet challenge and to protect our national interests. This requires that we continue efforts to:

- modernize all components of U.S. strategic forces to ensure their ability to deter a nuclear attack, and to survive and retaliate should an attack occur;
- improve the Nation's ability to respond militarily to crises anywhere in the world;
- maintain sufficient maritime strength to ensure our ability to deploy U.S. forces to critical regions overseas to protect our interests, support our allies, and ensure continued access to essential resources;
- maintain alliances and coalitions to protect U.S. interests worldwide and in particular to achieve NATO objectives; and
- improve the readiness and combat endurance of conventional forces and modernize the equipment of these forces.

Achievement of these objectives requires sustained increases in defense resources over the coming years.

Fiscal year 1984 supplemental.—The administration will propose 1984 supplemental appropriation requests for costs associated with military operations in Lebanon and Grenada, and with revised health benefits, social security taxes, and disability compensation for defense employees.

Budget authority requested for the Department of Defense-Military is shown by mission category in the following table and discussed below.

Strategic forces.—Since October 1981, the administration has vigorously pursued a program of strategic modernization consistent with a policy of deterrence. The budget continues efforts to modernize our nuclear forces. Only by establishing modern, capable U.S. forces do we create the necessary incentives for the Soviet Union to negotiate genuine arms reductions.

The budget includes a high-priority development program for a small land-based missile. Deployment of the Peacekeeper (MX) missile is essential to maintaining effective deterrence. The 1985 budget includes funds for continued MX research and development, production of the missile, and modifications to the Minuteman silos that will hold the new missiles. Also included in the 1985 program is an authorization request for the twelfth Trident submarine and the initial funding for Trident II missile production.

Modernization of our bomber force requires deployment of air-launched cruise missiles (ALCMs), first on B-52's and later on B-1B's. In 1985, the first B-52H's will be modified to carry these missiles, which are already deployed on B-52G's. The budget also provides for the procurement of 34 B-1B multi-role bombers and for continued development of an advanced technology (stealth) bomber. Procurement of support equipment and engines to modify KC-135A tanker aircraft will expand our aerial refueling capability.

Funding is provided for a range of technology initiatives to explore possibilities of eliminating the threat of ballistic missile attack. These initiatives include expanded efforts in directed energy technology; surveillance, acquisition, and tracking; and high velocity missiles. The budget also proposes continued development of an antisatellite system, and improvements in our strategic command, control, communications, and intelligence systems.

General purposes forces.—General purpose forces, which deter or counter non-nuclear military aggression, must be able to respond effectively to the most demanding of potential conflicts—a war between NATO and the Warsaw Pact—while retaining the flexibility to meet other threats to U.S. interests. Under the budget proposals, the following active forces will be supported: 17 Army divisions, 3 Marine divisions, 3 marine airwings, 26 wings of Air Force tactical aircraft, and 545 deployable battle force ships (including strategic missile submarines and support ships).

NATIONAL DEFENSE

(Functional code 050; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
Department of Defense—Military:					
Military personnel:					
Including accruals ¹	(61,050)	(65,077)	67,832	70,118	71,844
Excluding accruals	45,688	48,574			
Retired military personnel: ²					
Existing law	16,155	16,795			
Proposed legislation		-243			
Operation and maintenance	66,540	70,941	80,927	90,603	100,126
Procurement	80,355	85,996	107,586	125,959	137,000
Research, development, test and evaluation	22,798	26,868	33,985	37,797	38,426
Military construction	4,512	4,521	7,158	9,989	10,620
Family housing	2,712	2,674	3,161	3,821	4,235
Revolving funds and other	1,103	2,551	1,795	3,103	3,092
Offsetting receipts	-389	-526	-698	-713	-721
Allowance for civilian pay raises			620	2,264	3,934
Allowance for military pay raises and benefits			2,467	6,883	10,932
Other legislation			168	-186	-273
Subtotal, Department of Defense—Military:					
Including accruals ¹	(238,681)	(258,102)	305,000	349,637	379,214
Excluding accruals	239,474	258,151			
Atomic energy defense activities	5,718	6,712	7,806	8,723	9,173
Defense-related activities	642	452	569	622	700
Total, budget authority ³	245,835	265,316	313,375	358,982	389,087

The 1985 budget proposes budget authority of \$128.2 billion for general purpose forces, a 29% increase over 1984, in part because of a shift in retirement costs. The request provides for strengthening our forces—including rapid deployment forces—by increasing combat readiness and by fielding new and improved equipment.

Army general purpose forces.—The 1985 budget supports the continued acquisition of systems designed to improve the firepower, tactical mobility, and survivability of our forces. Procurement of 720 M-1 Abrams tanks, 710 Bradley Fighting Vehicles, and other modern fighting vehicles will support our armored combat capability. In 1985 the Army's new AH-64 Apache attack helicopter will enter service, and funds are requested for procurement of 144 additional AH-64's, and for continued procurement of assault support helicopters, such as the UH-60 Blackhawk. The budget also supports development of a new family of light rotorcraft (LHX) to perform scout, utility, and attack missions, as replacements for existing helicopters now approaching the end of their useful service lives.

The Army's conventional forces require a balanced mix of air defense systems including shorter-range systems such as the Sting-

NATIONAL DEFENSE—Continued

(Functional code 050; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
OUTLAYS					
Department of Defense—Military:					
Military personnel:					
Including accruals ¹	<i>(60,885)</i>	<i>(64,543)</i>	67,324	69,744	71,493
Excluding accruals	45,523	48,040			
Retired military personnel: ²					
Existing law	15,945	16,748	20		
Proposed legislation		-243			
Operation and maintenance	64,915	68,539	76,854	86,564	95,881
Procurement	53,624	64,450	77,576	91,232	106,688
Research, development, test and evaluation	20,554	25,157	30,458	34,707	37,002
Military construction	3,524	4,072	4,908	6,307	8,226
Family housing	2,126	2,578	2,865	3,262	3,731
Revolving funds and other	-810	2,186	1,894	1,835	2,401
Offsetting receipts	-389	-526	-698	-713	-721
Allowance for civilian pay raises			610	2,236	3,905
Allowance for military pay raises and benefits			2,421	6,812	10,867
Other legislation			168	-186	-273
Subtotal, Department of Defense—Military:					
Including accruals ¹	<i>(204,429)</i>	<i>(230,998)</i>	264,400	301,800	339,200
Excluding accruals	205,012	231,000			
Atomic energy defense activities					
	5,171	6,002	7,133	8,179	8,746
Defense-related activities					
	301	546	507	571	649
Total, outlays⁴					
	210,484	237,548	272,040	310,550	348,595
ADDENDUM					
Off-budget Federal entity:					
Federal Financing Bank:					
Defense production:					
Budget authority	1	3	5	5	4
Outlays	1	3	5	5	4

¹ The accounting for military retired pay is shifted to an accrual basis beginning in 1985. The italicized figures for 1983 and 1984 shown in parentheses are what would have been shown if the accounting had been done on an accrual basis in these years.

² Beginning in 1985, the cash payments for retired military personnel are included in the income security function. The accruals for retired military personnel in 1985-87 are included in the military personnel line above. When using the imputed accruals for 1983 and 1984 shown above, the cash retirement benefits should be shifted from this function to the income security function. A more detailed discussion of the changes in military retirement is in the Introduction to Part 5.

³ See Table 6 in Part 9 for functional totals adjusted for military retirement accruals.

⁴ See Table 22 in Part 9 for functional totals adjusted for military retirement accruals.

er and Chaparral missiles, the Sergeant York gun to defend elements of deployed divisions near the front lines, and longer-range systems like Patriot and Hawk missiles to defend larger, more widely dispersed areas of the battlefield. Beginning in 1985, the Patriot missile will be fielded with U.S. Army units in Europe, where it will form the backbone of NATO's future air defense system. The 1985 program also supports deployment of additional Pershing II ballistic missiles in Europe as part of NATO's long-range tactical and nuclear force modernization.

Emphasis continues to be placed upon realistic unit training and greater participation of rapid deployment force units in service-wide exercises. Funding for spare parts and depot repair work

MISSION CATEGORIES: DEFENSE, MILITARY

(Functional code 051; in billions of dollars)

Major missions and programs	Budget authority				
	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
Strategic forces ¹	19.7	26.3	31.6	33.9	32.7
General purpose forces.....	98.8	99.7	128.2	151.0	168.7
Intelligence and communications.....	17.3	20.1	25.8	28.7	30.9
Airlift and sealift.....	4.3	5.6	7.5	9.6	9.6
Guard and reserve.....	12.1	12.9	16.5	19.0	21.8
Research and development ²	18.7	21.4	27.0	30.5	32.0
Central supply and maintenance.....	21.6	22.5	26.5	29.3	32.1
Training, medical, and other general personnel activities ³	42.2	44.2	35.6	40.1	43.4
Administration and associated activities.....	4.1	4.8	5.6	6.6	7.1
Support of other nations.....	.7	.7	.7	.9	.9
Total, budget authority.....	239.5	258.2	305.0	349.6	379.2
Prior-year funds and other financial adjustments.....	-.8	.9	.7	.7	.7
Total obligational authority.....	238.7	259.1	305.7	350.3	379.9

¹ Excludes strategic systems development included in the research and development category.² Excludes research and development in other program areas on systems approved for production.³ Military retired pay is included in training, medical and other general personal activities through 1984. In 1985 and later years, military retired pay is funded on an accrual basis with costs distributed to all mission categories.

makes an essential contribution to meeting readiness objectives. The ability to sustain our forces in conventional combat requires adequate levels of supplies and replacement equipment and ammunition.

Improvements in the structure of Army heavy divisions are underway and efforts are being initiated to improve the combat capability and the ease and speed of deployment of our light forces. The overall number of active divisions will increase from 16 to 17, within planned manpower and equipment resources. The new division will be smaller, lighter, and will require less strategic air- or sea-lift than our current infantry divisions.

Navy general purpose forces.—These forces must provide a deterrent to military aggression both in peacetime and during crises. Should deterrence fail, they must be able to defend the sea lines of communication over which critical U.S. reinforcements and resupply must travel to forward theaters. They must also be able to conduct offensive operations against Soviet naval forces and facilities, if necessary.

To continue to counter military threats we must further modernize our naval weapons systems and increase our force levels. The Navy's deployable battle force (including strategic missile submarines and support ships) will increase from 525 ships in 1984 to 545 in 1985, and will reach the administration's goal of 600 by the end of the decade. Navy plans for 1985-1989 include modernizations to extend the service life of two aircraft carriers now in use; modern-

izing amphibious assault forces; and reactivating the remaining two Iowa-class battleships. New shipbuilding planned for the same period includes 13 AEGIS cruisers, 14 guided missile destroyers, 20 attack submarines, 30 support ships, and 25 minesweepers.

Active naval aviation forces are an integral part of naval general purpose forces. They will consist of 16 tactical airwings (13 Navy and three Marine Corps), 24 land-based patrol squadrons, and various support aircraft. To maintain and modernize these forces, the budget provides funding for continued production of F-14 and F/A-18 aircraft for the tactical airwings, and the P-3C long-range patrol aircraft and SH-60B helicopter for anti-submarine warfare.

There has been a marked improvement in naval readiness. Since January 1981, the proportion of ships in the fleet rated "combat operationally ready" has increased by 13 percentage points. Contributing to this increase have been an improvement in recruiting and retention of personnel and increased funding for spare parts and other maintenance programs. Further improvements in readiness will result from shifting the funding of certain Navy aircraft spare parts (depot level reparable) from procurement appropriations to operations appropriations, where the funds will be under the control of operational commanders.

Realizing the full potential of the investment in naval ships and aircraft requires highly trained crews. Navy tactical aircraft pilots will average about 288 flying hours in 1985, up from 276 hours in 1984. Ship steaming hours are projected to increase by more than 3%.

Naval ordnance inventories have nearly doubled over the last three years, increasing combat endurance. Special attention has been paid to meeting requirements for torpedoes, surface-to-air and air-to-air missiles, and anti-ship cruise missiles.

Air force general purpose forces.—Tactical air forces consist of fighter and attack aircraft and a variety of special-purpose aircraft that support them in combat. Their role is to respond rapidly to aggression by quickly destroying enemy targets and by providing an air defense umbrella for our combat forces. In 1985, the Air Force plans to procure 48 F-15s and 150 F-16s. In addition, the 1985 program continues funding for a new variant of the F-15 or F-16 that will have ground-attack capabilities. This aircraft will significantly improve the range/payload capability of our tactical forces as well as their ability to operate at night and in adverse weather. Selection of an F-15 or F-16 derivative for development should occur in 1984. In addition, there are several ongoing weapons development programs, such as the Advanced Medium-Range air-to-air missile (AMRAAM), to improve the combat capability of our aircraft.

The budget request provides for procurement of additional TR-1 aircraft for high-altitude standoff reconnaissance and surveillance, and includes funds for highly accurate, precision-guided tactical bombs and missiles. The ground-launched cruise missile is being procured as part of NATO's long-range nuclear force modernization. Deployment of the cruise missile in Europe will continue in 1985.

The U.S. fighter force consists of 26 active wings. In addition to the ongoing modernization program, the budget supports continued improvements to readiness through emphasis on spare parts purchases and through increased flying hours and more realistic training for aircrews. In 1985, Air Force tactical aircraft pilots will average about 240 flying hours. Joint service exercises, in which Air Force, Navy, and Marine Corps units conduct integrated operations, increase the combat proficiency of our crews.

Intelligence and Communications.—In order to employ our weapon systems and forces effectively, we must have the means to direct them in accordance with national policy and military strategy. Information on both friendly and hostile or potentially hostile forces must be gathered and evaluated and decisions made. Decisions and operational orders, in turn, must be communicated to the appropriate forces.

The budget provides for improvement in the execution of these functions by emphasizing development and modernization in such areas as command centers, sensors, computers, satellites, and other communication links. These improvements will be applied throughout five broad mission areas: strategic and non-strategic nuclear force management; theater and tactical force management; worldwide information and communication systems; electronic warfare; and intelligence.

Airlift and sealift forces.—In order to assure a forward defense with limited peacetime presence, we must have the ability to deliver military personnel and combat equipment rapidly to crisis areas anywhere in the world and to sustain them once deployed. The budget reflects an expansion of our airlift capacity through procurement of 10 additional C-5B and 8 additional KC-10 cargo aircraft, and through the Civil Reserve Air Fleet (CRAF) enhancement program whereby civilian passenger and cargo aircraft will be available to augment military airlift forces during an emergency. In addition, the budget continues efforts to improve existing aircraft and increase capacity through modifications. Sealift capabilities will be strengthened by modification of container ships for the ready reserve force.

Positioning of equipment and materials near potential trouble spots is critical to our ability to sustain deployed forces in distant

areas. Under the Prepositioning of Material Combined in Unit Sets (POMCUS) program, the Army has prepositioned heavy equipment for 4 Army divisions and supporting units in Europe and is acquiring equipment for two more divisions.

National Guard and Reserves.—U.S. defense planning relies heavily on the ability of reserve components to respond quickly in times of crisis. The 1985 budget reflects the continuing trend of improvement in guard and reserve manning, training, and equipment. The reserve components—the Army Reserve, Army National Guard, Naval Reserve, Marine Corps Reserve, Air Force Reserve, and Air National Guard—have experienced significant manning improvements in recent years. Selected reserve manpower is projected to reach 1,103,696 by the end of 1985, a 5.0% increase over 1984. Guard and reserve forces will continue to be improved through the continued introduction of modern equipment including M-1 tanks, F-16 aircraft and Perry-class guided missile frigates. The Air Force Reserve will establish its first military airlift squadron equipped with C-5A's.

Research and development.—New and improved weapon systems must be developed and tested in response to changing requirements for military equipment. At the same time, a strong research and technology base must be maintained for purposes of longer-term weapon development. An increase of 26% in budget authority for research and development is proposed for 1985, with a continuing emphasis on strategic programs. Major strategic efforts, described earlier, include the Peacekeeper and Trident II missiles, the B-1B and advanced technology bombers, and the new strategic defense initiative. Tactical development efforts include new Army helicopters, a new attack submarine, and an advanced air-to-air missile.

Training, medical, and other general personnel activities.—General personnel activities include the provision of training and medical services for active duty personnel and benefits for retired military personnel. The 1985 budget request continues improvements to individual training begun several years ago. High priority is being placed on training and facilities required to develop team proficiency and cohesion of operational units.

Military personnel and compensation.—The budget proposes a military pay raise of 5.5% effective January 1985. Increases in military compensation and improvements in the quality of service life have helped considerably in attracting and retaining qualified personnel. Over the last few years there have been significant improvements in the manning of our armed forces. In terms of recruiting and retention, last year was one of the best in the past decade. Test scores and educational levels of recruits exceed those

of the civilian youth population. Continued improvements in retention have resulted in a career force that is growing in size, experience, and quality.

The Fifth Quadrennial Review of Military Compensation (QRMC) has proposed changes to special and incentive pay programs for military personnel and to the military retirement system. These proposals are being reviewed, and it is anticipated that legislation will be forwarded to the Congress upon completion of this review.

The budget reflects a change in the accounting treatment of military retired pay. In prior years, the defense budget reflected only the benefits paid to personnel who were already retired. Beginning in 1985, these payments are reflected in the income security function. The defense budget reflects the accruing cost of future retirement benefits currently being earned by personnel on active or reserve duty during the budget year. A military retirement trust fund has been established, to which amounts equal to the estimated accruals are paid and from which benefit payments are made. This system is more consistent with private sector pension practices and with the way in which other Federal retirement programs are presented in the budget.

Management initiatives.—The administration seeks to strengthen the U.S. defense posture in the most efficient manner possible. This requires that management throughout the Department of Defense be improved. The administration will continue efforts to improve weapons systems acquisition through multi-year procurement; realistic budgeting of costs; and cancellation of lower priority or marginal programs. Competition will be emphasized as a means to keep costs down, improve quality, speed innovation, and strengthen the defense industrial base.

A program has been initiated to end price abuses in our spare parts program. As part of this effort, the Defense Contract Audit Agency (DCAA) has been directed to work with the contract administration offices of the military departments and defense agencies to strengthen spare parts pricing procedures and to assist in the negotiations of major spare parts purchases.

Legislation will be proposed to establish reimbursement procedures for the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) similar to those enacted in 1983 for Medicare. This will lead to substantial savings and will also simplify the processing of claims. Another proposal will allow the Government to seek reimbursement from private medical insurers for care provided to their beneficiaries in military hospitals and clinics.

The 1983 defense authorization act established an Inspector General for the Department of Defense. In cooperation and coordination with the military departments, the Inspector General has

SUMMARY OF ACTIVE MILITARY PERSONNEL AND FORCES

(Year end—i.e., as of September 30)

	1983 actual	1984 estimate	1985 estimate
Military personnel (in thousands):			
End strength:			
Army.....	780	780	781
Navy.....	558	565	575
Marine Corps.....	194	197	200
Air Force.....	592	595	610
Total, Department of Defense.....	2,123	2,136	2,166
Average strength:			
Army.....	778	781	780
Navy.....	552	558	571
Marine Corps.....	196	196	199
Air Force.....	590	597	605
Total, Department of Defense.....	2,117	2,132	2,154
Strategic forces:			
Intercontinental ballistic missiles:			
Minuteman.....	1,000	1,000	1,000
Titan II.....	42	31	23
Poseidon-Trident.....	568	616	640
Strategic bomber squadrons.....	21	21	21
General purpose forces:			
Land forces:			
Army divisions.....	16	16	17
Marine Corps divisions.....	3	3	3
Tactical air forces:			
Air Force wings.....	26	26	26
Navy attack wings.....	12	13	13
Marine Corps wings.....	3	3	3
Naval Forces:			
Attack and multipurpose carriers.....	13	13	13
Battleships.....	1	2	2
Nuclear attack submarines.....	93	93	96
Other warships.....	199	204	211
Amphibious assault ships.....	61	59	59
Airlift and sealift forces:			
C-5A airlift squadrons.....	4	4	4
Other airlift squadrons.....	13	13	13
Sealift fleet.....	75	77	92

initiated a full-scale effort to search out waste, fraud, and abuse. Other management improvements will result from reforms that support and encourage many of the acquisition initiatives discussed above.

Tax expenditures.—The exclusion from taxable income of housing and meals for military personnel, provided either in cash or in-kind, results in a tax expenditure estimated at \$2.5 billion in 1985. In addition, disability pensions received by current military retirees are largely excluded from taxable income, resulting in a tax

expenditure estimated at \$125 million for 1985. Thus, tax expenditures for national defense total \$2.6 billion in 1985.

Atomic energy defense activities.—These activities include research, development, testing, and production of nuclear weapons; production of special nuclear materials; storage of nuclear wastes from defense programs, and design of reactors for nuclear-powered Navy vessels. They are conducted outside the Defense Department by the Department of Energy, in conjunction with the civilian energy and science programs. The accompanying table shows the funding levels for these programs. In total, budget authority of \$7.8 billion is requested for 1985, compared to \$6.7 billion for 1984. Outlays are estimated to increase from \$6.0 billion in 1984 to \$7.1 billion in 1985.

The nuclear weapons program involves the design, research, development, testing, and production of nuclear warheads for the nuclear weapons stockpile, including quality control and periodic inspection of the finished devices. Funding levels proposed for 1985 provide for increased missiles warhead production for current and new weapon systems, and for increased production of special nuclear material for use in these warheads.

The defense nuclear waste management program provides interim storage for all defense nuclear wastes. The program also supports research to develop technology for isolation and permanent storage of these wastes.

The naval reactor development program includes the research and development, design, procurement, and testing of prototype reactors for current and future naval vessels.

Other atomic energy defense and research and development programs involve security at defense nuclear facilities, security investigations, and arms control and verification technology development.

Defense-related activities.—Activities of civilian departments and agencies that support national defense include emergency management, maintenance of strategic stockpiles, and the Selective Service System.

The defense-related functions of the Federal Emergency Management Agency provide for the Nation's civil defense, mobilization, and other preparedness programs, and involve outlays estimated at \$339 million in 1985. The civil defense program is responsible for maintaining an ability to respond effectively to all types of emergencies, including natural disasters.

To meet our needs for materials that might be unavailable during wartime, the General Services Administration stockpiles strategic and critical materials. Sales of \$78 million and purchases of \$120 million are proposed in 1985 to restructure the stockpile to

ATOMIC ENERGY DEFENSE ACTIVITIES

(Functional code 053; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
Weapons research, development, test, and production	3,344	3,767	4,543	5,024	5,319
Weapons materials production and waste management	1,827	2,303	2,617	3,029	3,156
Naval reactor development	418	493	497	529	556
Other research programs	129	149	174	193	196
Management savings (undistributed)			-25	-52	-54
Total, budget authority	5,718	6,712	7,806	8,723	9,173
OUTLAYS					
Weapons research, development, test, and production	2,963	3,386	4,088	4,563	4,959
Weapons materials production and waste management	1,663	2,018	2,351	2,958	3,107
Naval reactor development	410	471	548	536	541
Other research programs	135	151	174	188	193
Management savings (undistributed)		-24	-28	-66	-54
Total, outlays	5,171	6,002	7,133	8,179	8,746

Note: 1984 figures include a proposed supplemental.

reflect current requirements. The 1985 request shows a change in accounting treatment to a revolving fund approach.

The Selective Service System is responsible for maintaining a standby capacity to meet defense personnel requirements during an emergency national mobilization. The budget includes estimated outlays of \$28 million in 1985. The budget request provides for improving the Selective Service System's mobilization capability, including recruiting and training of appeal board members, strengthening national registration, and continuing non-registrant prosecution programs to ensure compliance with the law.

Credit programs.—Defense production guarantees of \$25 million committed in 1982 continue to be disbursed through the Federal Financing Bank. These guarantees assist private businesses in fulfilling defense production contracts.

CREDIT PROGRAMS—NATIONAL DEFENSE

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Direct loans:					
National defense programs:					
Net outlays	-12		-1		
Outstandings	2	2	1	1	1
National defense programs (loans made by FFB):					
Net outlays ¹	1	3	5	5	4
Outstandings	1	4	9	14	18
Guaranteed loans:					
National defense programs:					
Net change	—*	—*	—*		
Outstandings	*	*			

*500 thousand or less.

¹ These are guarantees by the agency for loans that the FFB will disburse. In effect, they are commitments for off-budget direct loans, and are counted as such in the credit budget.

INTERNATIONAL AFFAIRS

The Federal Government is responsible for protecting and advancing the interests of the United States and its people in international affairs. The predominant U.S. interest is promoting a world order that fosters peace, security and prosperity, in which individuals may enjoy political and economic freedom. International affairs expenditures proposed in this budget support U.S. foreign policy and national security objectives. For 1985, \$22.3 billion in budget authority is requested with outlays estimated to be \$17.5 billion. These compare with estimates for 1984 of \$23.0 billion in budget authority and \$13.5 billion in outlays. For 1985, total new direct loan obligations for international affairs are proposed to be \$11.1 billion, and total new guaranteed loan commitments are proposed to be \$10.3 billion.

The 1984 and 1985 budget amounts are affected by two special factors. First, the 1984 budget authority includes a payment of \$8.5 billion to increase the U.S. quota for the International Monetary Fund, which does not recur in 1985. Second, the 1985 amounts are increased by \$3.8 billion in budget authority and \$1.4 billion in outlays, because for the first time certain foreign military sales credit activities previously accounted for off-budget are brought onto the budget.

Foreign aid.—Two budget subfunctions—international security assistance and foreign economic and financial assistance—comprise foreign aid.

International security assistance.—Security assistance programs are vital instruments of United States national security and foreign policy, serving to strengthen allied and friendly governments where the United States has special security concerns. Through these programs, the United States assists other governments in strengthening their economies and in acquiring and using modern military equipment necessary for their defense. Security assistance also helps ensure U.S. access to military bases and facilities overseas. For 1985, overall security assistance budget authority of \$10.0 billion is proposed, and outlays are estimated to be \$7.8 billion.

NATIONAL NEED: CONDUCTING INTERNATIONAL RELATIONS

(Functional code 150; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
Foreign aid:					
International security assistance:					
Military aid financing	1,558	1,825	5,915	6,052	6,181
Economic support fund.....	3,089	2,958	3,068	3,138	3,205
Assistance to Central America (proposed)		500	750	750	750
Other.....	78	110	389	409	484
Offsetting receipts.....	-137	-126	-117	-131	-209
Subtotal, international security assistance.....	4,589	5,267	10,004	10,218	10,412
Foreign economic and financial assistance:					
Multilateral development banks.....	1,537	1,644	1,236	1,287	1,287
International organizations	270	318	242	236	200
Agency for International Development.....	1,861	1,905	2,049	2,092	2,111
Public Law 480 food aid.....	1,028	1,052	1,319	1,300	1,288
Peace Corps.....	109	115	116	118	120
Refugee assistance.....	375	338	341	332	322
Compact of Free Association (Micronesia) (proposed).....			295	143	145
Other.....	65	83	95	97	100
Offsetting receipts.....	-534	-495	-496	-597	-647
Subtotal, foreign economic and financial assistance.....	4,711	4,960	5,198	5,007	4,926
Total, foreign aid.....	9,300	10,227	15,202	15,225	15,338
Conduct of foreign affairs:					
Administration of foreign affairs.....	1,272	1,378	1,600	1,707	1,734
International organizations and conferences	519	580	588	561	605
Other.....	45	57	71	68	70
Subtotal, conduct of foreign affairs.....	1,837	2,014	2,259	2,337	2,409
Foreign information and exchange activities.....	681	787	952	1,069	1,226
International financial programs:					
Export-Import Bank		2,250	3,913	3,397	2,978
Foreign military sales trust fund (net)	-4,550	-700	100	400	500
International monetary programs.....		8,464			
Offsetting receipts.....	-82	-84	-88	-87	-89
Subtotal, international financial programs.....	-4,632	9,931	3,925	3,710	3,389
Total, budget authority.....	7,186	22,959	22,338	22,341	22,362

Military aid financing.—This program, which includes the foreign military sales credit program and the military assistance grant program, enables foreign governments to purchase U.S. military equipment, training, and design and construction services for their security needs. In the face of continuing challenges to U.S. interests and economic difficulties in many parts of the world, the budget provides for a substantial increase in grants and a plan for

NATIONAL NEED: CONDUCTING INTERNATIONAL RELATIONS—Continued

(Functional code 150; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
OUTLAYS					
Foreign aid:					
International security assistance:					
Military aid financing.....	1,011	2,151	3,694	5,222	5,944
Economic support fund.....	2,676	2,900	3,050	3,000	3,100
Assistance to Central America (proposed).....		300	800	675	750
Other.....	205	292	347	381	396
Offsetting receipts.....	-137	-126	-117	-131	-209
Subtotal, international security assistance.....	3,755	5,516	7,775	9,147	9,982
Foreign economic and financial assistance:					
Multilateral development banks.....	1,242	1,513	1,452	1,273	1,502
International organizations.....	219	321	256	243	250
Agency for International Development.....	1,657	1,753	1,872	1,973	2,033
Public Law 480 food aid.....	992	1,052	1,319	1,300	1,288
Peace Corps.....	110	114	115	117	119
Refugee assistance.....	319	356	363	338	329
Compact of Free Association (Micronesia) (proposed).....			295	143	145
Other.....	-45	-13	-7	8	8
Offsetting receipts.....	-534	-495	-496	-597	-647
Subtotal, foreign economic and financial assistance.....	3,960	4,601	5,170	4,797	5,027
Total, foreign aid.....	7,715	10,117	12,945	13,944	15,009
Conduct of foreign affairs:					
Administration of foreign affairs.....	1,243	1,402	1,545	1,504	1,718
International organizations and conferences.....	482	593	588	560	604
Other.....	42	59	71	69	70
Subtotal, conduct of foreign affairs.....	1,766	2,054	2,204	2,133	2,392
Foreign information and exchange activities.....					
	602	770	911	1,088	1,248
International financial programs:					
Export-Import Bank.....	578	1,724	1,635	789	458
Special defense acquisition fund.....	-439	-78	104	105	25
Foreign military sales trust fund (net).....	-776	-800		100	
International monetary programs.....	150				
Other.....	-520	-201	-218	-216	-200
Offsetting receipts.....	-82	-84	-88	-87	-89
Subtotal, international financial pro- grams.....	-1,089	561	1,432	691	194
Total, outlays.....	8,995	13,502	17,492	17,855	18,842
ADDENDUM					
Off-budget Federal entity:					
Federal Financing Bank:					
Overseas Private Investment Corporation:					
Outlays.....	-5	-6	-5	-5	-1
Foreign military sales credit:					
Budget authority.....	3,553	4,313	2,770	700	194
Outlays.....	2,858	3,631	1,964	-329	-1,024
Total:					
Budget authority.....	3,553	4,313	2,770	700	194
Outlays.....	2,852	3,625	1,958	-334	-1,024

concessional loans for the procurement of U.S. military goods and services, using an assumed interest rate of 5%. In addition, the 1985 budget includes the shift of off-budget foreign military sales credit loans from the Federal Financing Bank to on-budget status. By making this change the budget reflects more accurately the entire military aid financing program. This accounts for the large increase in budget authority for military aid financing from the 1984 level of \$1.8 billion to \$5.9 billion as requested for 1985. However, total obligations including on and off-budget amounts would actually decrease by over \$300 million in 1985, and new direct loan obligations are reduced from \$5.7 billion for 1984 to \$5.1 billion for 1985.

Economic Support Fund.—Through this program the United States makes loans and grants for general budget and balance of payments support and finances individual development projects for friendly governments where there are political and economic circumstances that bear on our ability to achieve important national security objectives. The proposed budget authority of \$3.1 billion for 1985 for this program includes \$378 million for direct loans and \$2.7 billion for grants. Budget authority for 1985 is \$110 million more than the amount enacted for 1984.

Assistance to Central America.—This new budget entry consists of the additional amount reserved for various kinds of military and economic assistance in support of friendly Central American countries that are experiencing social, political, economic and security problems. The indicated budget authority of \$500 million for 1984 and \$750 million for 1985 is for planning purposes. The increased assistance is the first part of a multiyear program to help foster and promote democratic, free market countries in the region. Once the recommendations of the National Bipartisan Commission on Central America have been reviewed and the administration's program for these countries has been fully developed, definite requests for 1984 and 1985 will be transmitted.

Other.—Security assistance also includes budget authority requested in 1985 of \$49 million for peacekeeping operations, \$61 million for international military education and training, \$5 million for anti-terrorism assistance, and \$274 million to replenish the guarantee reserve fund. This is the first year in which appropriations are being requested for the fund, the purpose of which is to make payments to the Federal Financing Bank for delinquent and rescheduled foreign military sales credit loans.

Foreign economic and financial assistance.—An important complement to security assistance is the achievement of international policy objectives through foreign economic and financial assistance

programs. These programs are designed to encourage the expansion of a market-oriented international economic system and to help meet the development and humanitarian needs of developing countries. Budget authority requested for 1985 is \$5.2 billion, and outlays are estimated to be \$5.2 billion.

Multilateral development banks.—The United States contributes to the World Bank group of institutions and the three regional banks for Latin America, Asia and Africa. These institutions provided nearly \$20 billion of long-term loans and technical assistance in 1983 and promoted sound economic policies in recipient countries. Lending programs are funded through direct contributions of developed and some advanced developing members and through borrowing in world capital markets backed by callable capital, a means by which developed member governments guarantee repayment. Direct contributions and callable capital are provided in accord with multiyear international agreements to replenish the resources of each bank.

The 1985 request for the banks includes proposed budget authority of \$1.2 billion. Also, \$2.9 billion will be sought for callable capital under program limitations. Three-fifths of proposed budget authority will be used to make the first \$750 million installment to the seventh replenishment of the International Development Association. A first payment is also proposed to the Inter-American Investment Corporation, a new institution for lending for private sector enterprise in this hemisphere's developing countries. Remaining funds will be used to make authorized annual payments to ongoing bank replenishments. In 1984, an additional \$320 million in budget authority and \$795 million in callable capital is being requested to permit the United States to complete 1984 commitments to current replenishments left unfunded under the 1984 continuing resolution for foreign aid.

International organizations.—Voluntary contributions of \$242 million are proposed for several developmental, humanitarian and scientific programs carried out by the United Nations and other international organizations. The administration continues to believe that, useful as some of these programs may be, a higher priority must be afforded other foreign assistance activities accomplishing the same objectives.

Agency for International Development (AID).—AID carries out bilateral development assistance programs in more than 60 countries in Latin America, Africa and Asia. The agency also supports the overseas programs of U.S. private and voluntary organizations and assists development-related research activities in U.S. universities. Proposed budget authority for AID development programs for

1985 is \$2.0 billion, which includes \$434 million for new direct loan obligations. Principal objectives of bilateral development programs include supporting sound economic policies in recipient countries, utilizing the American and recipient country private sectors as vehicles for economic growth, enhancing the capacity of indigenous institutions in developing countries and increasing the use of science and technology in development.

The Africa initiative is a new, multiyear, international effort designed to provide special support to sub-Saharan African countries that, by their actions, have shown a willingness to address their deep-seated economic and financial problems. In 1985, \$75 million of budget authority is requested for initial U.S. participation. Beginning in 1986, the administration will propose that funds appropriated for the Sahel development program be merged with the functional development assistance program appropriations.

Public Law 480 food aid.—Through concessional loans for food imports and direct food distribution to the needy, food aid serves a wide range of policy objectives, including support of security objectives, economic development, export market development, and humanitarian relief. The budget includes a request of \$1.3 billion in budget authority for 1985, an increase of \$267 million from 1984. New direct loan obligations of \$867 million for 1985 are included in the requested budget authority. Assistance will be concentrated on the poorest developing countries and those of major importance to the United States. A significant portion of direct food donations will be devoted to meeting refugee and emergency relief needs.

Peace Corps.—The Peace Corps will continue to support nearly 5,000 volunteers in more than 50 countries worldwide. Budget authority of \$116 million is requested in 1985, continuing the program at its 1984 level.

Refugee assistance.—Due to the persistent needs of refugees in many parts of the world, the United States will continue its refugee assistance program at about the 1984 level. The 1985 budget provides \$341 million for refugee relief abroad, primarily in Africa, the Near East, Pakistan and Southeast Asia, and for the admission of up to 72,000 refugees into the United States, the same number as in 1984. Fifty thousand Indochinese are estimated to be admitted to the United States in both years. The additional assistance that refugees receive once they are settled in the United States is included in the income security function.

Compact of Free Association.—The people of the Federated States of Micronesia and the Marshall Islands have approved the Compact of Free Association negotiated by the United States and their governments. The President will soon transmit the Compact to the

Congress for enactment into law and will notify the United Nations Trusteeship Council of the impending change in status of the two states. The Compact binds the United States to make annual payments to the two states during the next fifteen years totaling \$2.2 billion to aid in their successful development as sovereign states. The administration will seek budget authority of \$295 million for 1985 to carry out the Compact and amend the request for funds included in the general government function to support current Trust Territory of the Pacific Islands arrangements upon enactment of the necessary authorizing legislation.

Conduct of foreign affairs.—These funds primarily cover the operating costs of the Department of State in administering United States foreign policy and provide contributions assessed by international organizations of which the United States is a member. Budget authority of \$2.3 billion is proposed for 1985, and outlays are estimated to be \$2.2 billion.

Administration of foreign affairs.—The administration's commitment to actively promote American interests abroad is reflected in the budget request for State Department operations. Personnel increases are requested to strengthen the Department's overseas reporting and analysis capability and to open several new diplomatic and consular posts. Additional staff are also provided to handle growing passport, consular, and administrative workload. Because the personal safety of United States Government personnel abroad and the protection of United States facilities overseas are important, security personnel and protective measures will be further enhanced in 1985. Funds are provided for the development and construction of needed office buildings and staff housing abroad. These improvements in the administration of foreign affairs increase proposed budget authority from \$1.4 billion in 1984 to \$1.6 billion in 1985.

International organizations and conferences.—The United States appreciates the importance to the world community of effective international organizations carrying out their objectives as determined by their charters. In order to do so, it is the strong belief of the United States that international organizations must be managed effectively and economically. Therefore, the United States plans to continue to maintain a restrictive budget policy that emphasizes the need to reduce administrative costs and to eliminate low priority and obsolete activities. Budget authority of \$588 million for 1985 is proposed. The recent decision of the United States to withdraw from the United Nations Educational, Scientific, and Cultural Organization is reflected in the 1986 and later estimates.

Foreign information and exchange activities.—The need to improve foreign understanding of American society and policies is reflected in the budget request of the United States Information Agency. This agency conducts academic and leader exchanges, broadcasts worldwide through the Voice of America radio in 42 languages, produces and disseminates media materials, holds seminars, and operates libraries and cultural centers in 127 countries. For 1985, an increase of \$183 million to \$849 million in budget authority is proposed for that agency. The most noteworthy element of that request is the administration's continuing effort to modernize and expand the Voice of America, the country's principal vehicle for communicating directly with the peoples of the world. Funds are included for initial work on new transmitter facilities, replacement equipment on existing facilities and for expanded broadcasts. The request also includes increases for other agency programs including the President's International Youth Exchange Program, academic and other exchange programs, Radio Marti (which broadcasts to the people of Cuba), the National Endowment for Democracy, and new efforts to use television to increase international understanding and foreign policy effectiveness.

The Board for International Broadcasting provides grants to Radio Free Europe/Radio Liberty, Inc. (RFE/RL), which broadcasts in 21 languages to Eastern Europe and the Soviet Union. Because of the strong dollar abroad and the completion of capital improvements in 1984, the 1985 request for the Board of \$100 million in budget authority will permit RFE/RL to continue the expanded 1984 level of operations.

International financial programs.—To assist in the steady growth of the international economy, the United States conducts programs to improve the functioning of the international financial system and to facilitate U.S. participation in world trade. For 1985, proposed budget authority is \$3.9 billion, and estimated outlays are \$1.4 billion for these programs. Particular attention has recently been focused on the impact on the U.S. and world economies of the international debt problem. Debt servicing problems of U.S. creditors are expected to increase Federal budget net outlays by \$3.1 billion in 1984 and \$2.7 billion in 1985.

Export-Import Bank.—The Bank provides direct loans, loan guarantees, and insurance to facilitate the export of U.S. goods and services. The administration has determined that \$3.83 billion shall be the direct loan limitation level for 1985. If extraordinary circumstances require it, the need for an increased authorization in the future will be reviewed. For loan guarantee commitments, a \$10.0 billion level is proposed for 1985. These levels will provide substantial room for growth in activity from actual 1983 levels which were

depressed by poor conditions in U.S. export markets. In addition, the administration's success in reducing official subsidies through improved international export credit agreements should permit increased participation by the private sector in export financing.

Special defense acquisition fund.—This fund finances the procurement of military equipment in advance of specific orders by foreign governments. As a result, equipment on order for U.S. military uses need not be diverted to meet pressing needs of foreign countries. For 1985, outlays are estimated to be \$104 million.

Foreign military sales trust fund (net).—Most sales of military equipment and services to foreign governments are made by the Federal Government. Resources in this trust fund come from payments by foreign governments that have purchased military goods and services from the United States. Outlays occur when payments are made to suppliers. This fund may show substantial outlays or receipts in a given year. These represent transactions on behalf of foreign governments and are not a drain on the U.S. taxpayer. Net budget authority for 1985 is expected to be \$100 million, while outlays net of receipts should equal zero for 1985.

Tax expenditures.—In an effort to encourage exports, taxes are deferred on a portion of the profits from the export sales of domestic international sales corporations (DISCs) and Americans working abroad are permitted to exclude substantial amounts of earned income and housing allowances from taxation. Tax expenditures resulting from DISCs and the foreign earned income exclusion are \$1.4 billion and \$2.2 billion, respectively, for 1985. In response to complaints by members of the European Community that DISC violates the General Agreement on Tariffs and Trade (GATT), the administration has proposed the creation of foreign sales corporations (FSCs) as a replacement for DISCs. FSCs would provide similar export incentives as DISCs in a manner more acceptable to GATT. An additional tax expenditure for international affairs of \$1.0 billion results from the deferral of income tax on the undistributed earnings of foreign corporations controlled by U.S. shareholders. Total tax expenditures for international affairs are \$4.7 billion in 1985.

CREDIT PROGRAMS—INTERNATIONAL AFFAIRS

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Direct loans:					
Foreign military sales credit:					
New obligations	1,175	1,315	5,115	5,233	5,345
Net outlays	-84	-75	554	2,055	2,790
Outstandings	226	152	706	2,761	5,551
Foreign military sales credit (loans made by FFB):					
New obligations ¹	3,932	4,401			
Net outlays	2,858	3,631	1,964	-329	-1,024
Outstandings	14,293	17,924	19,888	19,559	18,535
Economic support fund:					
New obligations	418	326	378	392	401
Net outlays	471	270	313	392	401
Outstandings	5,676	5,946	6,260	6,652	7,053
Development credit:					
New obligations	458	453	448	440	432
Net outlays	74	35	55	55	28
Outstandings	12,085	12,119	12,174	12,229	12,257
Development credit (loans held by FFB): ²					
Net outlays	-5	-6	-5	-5	-1
Outstandings	18	12	7	2	1
Public Law 480 food aid:					
New obligations	810	774	867	892	925
Net outlays	494	480	628	542	525
Outstandings	8,801	9,281	9,909	10,451	10,976
Export-Import Bank:					
New obligations	845	2,580	3,830	3,830	3,830
Net outlays	317	1,388	1,264	499	213
Other:					
Outstandings	16,883	18,271	19,535	20,034	20,247
New obligations	440	481	511	536	551
Net outlays	115	175	232	258	274
Outstandings	551	727	958	1,216	1,490
Total, direct loans:					
New obligations	8,078	10,329	11,149	11,323	11,483
Net outlays	4,240	5,898	5,005	3,466	3,206
Outstandings	58,534	64,432	69,437	72,903	76,109

CREDIT PROGRAMS—INTERNATIONAL AFFAIRS—Continued

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Guaranteed loans:					
Foreign military sales credit:					
Net change	-30	-68	40	244	420
Outstandings	227	159	199	443	864
Development credit:					
New commitments	232	250	300	305	305
Net change	127	188	237	165	136
Outstandings	1,232	1,420	1,657	1,822	1,958
Export-Import Bank:					
New commitments	8,524	10,000	10,000	10,000	10,000
Net change	-631	1,123	440	267	262
Outstandings	5,439	6,562	7,001	7,268	7,530
Total, guaranteed loans:					
New commitments	8,757	10,250	10,300	10,305	10,305
Net change	-533	1,243	716	676	818
Outstandings	6,898	8,141	8,857	9,533	10,351
Total credit budget (new obligations and new commitments)	16,835	20,579	21,449	21,628	21,788

¹ These are obligations made by the agency to guarantee loans that the FFB will disburse. In effect, they are obligations for off-budget direct loans, and are counted as such in the credit budget. Policy responsibility for these loans rests with the guaranteeing agency. The totals for foreign military sales credit loans made by FFB in this table are not identical to the entries in the addendum to the National Needs table for off-budget Federal entities due to timing differences between budget authority and new obligations.

² The direct lending activities of the Overseas Private Investment Corporation are financed by the FFB. Loan assets are issued by the agency. According to law, these assets are backed by loans that the agency continues to service. The agency guarantees the loan assets, sells them to the FFB, and repurchases them upon maturity. FFB net outlays for this account represent acquisition of loan assets less repurchases by the agency. Increases in the volume of sales of loan assets are added to the FFB direct loan outstandings, while the agency's direct loan outstandings decrease by the amount of loan assets sold to the FFB.

GENERAL SCIENCE, SPACE, AND TECHNOLOGY

Federal investments in general science and space programs are needed to ensure the future technological strength of the Nation.

The continued growth of scientific knowledge through basic research, the development of new technology, and the training of scientists and engineers are vital to sustained economic growth, to enhanced national security, and to continued improvement in the quality of life.

Most of the Federal investment in science and technology is reflected in research and development programs included in other budget functions that serve specific agency missions, such as health, defense, energy, and agriculture. The programs in this function have the goal of generally helping to ensure U.S. strength and leadership in science and space technology in the broad national interest. Included are all the programs of the National Science Foundation, the space programs of the National Aeronautics and Space Administration, and the general science programs of the Department of Energy. Proposed budget authority for the programs in this function is \$9.1 billion in 1985, an increase of 5.9% over 1984.

Common to the programs in this function is the support of basic research, accounting for more than one-third of the overall Federal funding for such research. Departments and agencies in other functions, chiefly the Department of Agriculture and the National Institutes of Health, provide the major share of support of basic research in the agricultural and life sciences. But the programs in this function are the primary source of funding for the physical and engineering sciences and account for some 80% of the total Federal support for these disciplines. The balance is provided mainly through programs of the Department of Defense.

In 1985, the Federal investment in basic research through programs in this function is projected to grow by about 16%. This increase, together with those in other functions, reflects the high priority that this administration continues to give to the support of basic research. It gives further recognition to the understanding that the private sector lacks sufficient incentives to make adequate investments in such research to serve the broad national interest.

General science and basic research.—This part of the function covers all the programs of the National Science Foundation and the general science programs of the Department of Energy in high energy and nuclear physics. Budget authority of \$2.3 billion is proposed for these programs in 1985, a 15% increase over 1984.

National Science Foundation programs.—The principal mission of the National Science Foundation (NSF) is to promote basic re-

NATIONAL NEED: INCREASING BASIC SCIENTIFIC KNOWLEDGE AND USE OF SPACE

(Functional code 250; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
General science and basic research:					
National Science Foundation programs	1,104	1,326	1,507	1,570	1,636
Department of Energy general science programs	534	638	746	755	800
Subtotal, general science and basic research	1,638	1,965	2,253	2,326	2,437
Space research and technology:					
Space flight	4,085	4,048	3,821	4,001	4,323
Space science, applications, and technology	1,596	1,735	2,019	2,242	2,330
Supporting space activities	647	808	964	934	930
Subtotal, space research and technology	6,328	6,591	6,804	7,177	7,583
Total, budget authority	7,966	8,555	9,057	9,503	10,020
OUTLAYS					
General science and basic research:					
National Science Foundation programs	1,055	1,242	1,457	1,525	1,588
Department of Energy general science programs	589	621	684	761	794
Subtotal, general science and basic research	1,644	1,864	2,141	2,286	2,383
Space research and technology:					
Space flight	4,053	4,091	3,884	3,998	4,190
Space science, applications, and technology	1,486	1,590	1,899	2,127	2,279
Supporting space activities	562	746	894	939	938
Subtotal, space research and technology	6,101	6,427	6,677	7,064	7,407
Total, outlays	7,745	8,291	8,818	9,350	9,790
ADDENDUM					
Off-budget Federal entity:					
Federal Financing Bank:					
Supporting space activities:					
Budget authority	189	1,079			
Outlays	189	131		-7	-86

search in all fields of science and engineering. The NSF's broad-based research programs complement the more specialized support of basic research by agencies in other functions, such as the Department of Defense and the National Institutes of Health, and helps to ensure balanced Federal support across the major scientific disciplines.

The 1985 budget includes \$1.5 billion in proposed budget authority for NSF, \$181 million or 14% above 1984. Within this amount, the support of basic research will increase by 13%.

The principal increase, \$112 million in 1985, will be for additional support of basic research at academic institutions through project grants. Within this increase, further emphasis will be given

to strengthening support for the physical and engineering sciences and to the improvement of university research instrumentation across all disciplines.

The proposed budget for NSF places special emphasis on increasing the access of academic scientists in all scientific fields to the most advanced computers as research tools. As part of this effort, the Foundation plans to extend and expand in 1985 its effort begun in 1984 to provide blocks of time on supercomputers located at existing centers and to increase funding for networks and local user support. A related but separate proposal is to provide for an advanced vector computer at the National Center for Atmospheric Research to serve the special needs of researchers in the atmospheric and ocean sciences. In addition to increased support for engineering research through traditional project grants, the 1985 budget includes \$10 million in budget authority to initiate a program of support for centers for cross-disciplinary research in engineering at universities. This program will support specialized instrumentation and experiments by groups of researchers and students across the engineering disciplines.

The budget also provides for the construction of a sophisticated instrument to further advance radio astronomy, the very long baseline array radiotelescope.

In addition, an increase is provided for the U.S. Antarctic program, managed by NSF, to assure the necessary logistical support for Antarctic research programs and thus maintain an active and influential U.S. scientific presence in that region.

The budget also includes \$76 million in budget authority to continue to develop innovative teaching materials and to improve the instructional capabilities of the Nation's science and mathematics teachers. These funds are intended to complement the efforts of State and local governments and the private sector. Additional Federal assistance to help alleviate the shortage of qualified mathematics and science teachers is included in the education, training, employment, and social services function under the Department of Education.

Department of Energy general science programs.—The general science programs of the Department of Energy (DOE) continue to support basic research in nuclear and high energy physics initiated under the Atomic Energy Commission. The goal of this research is to achieve a comprehensive understanding of the basic constituents of matter and energy and the forces that govern their interaction. Budget authority of \$746 million is requested for support of these programs in 1985, \$108 million above 1984.

This increase includes an additional \$48 million for the operation of particle physics accelerator facilities supported by DOE. This amount will largely cover cost increases over 1984.

The increase also provides an additional \$40 million in 1985 for several on-going or new research facilities. Included in high energy physics are funds to continue construction of the Stanford linear collider. In nuclear physics, additional support is planned to complete the upgrading of accelerator facilities at the University of Washington and at Yale University, and to undertake an upgrading of existing accelerators at the Brookhaven National Laboratory. The budget also includes an increase to finance planning for the construction of an advanced nuclear physics electron facility sponsored by the Southeastern University Research Association at Newport News, Virginia.

Funds to complete the construction of the Tevatron II upgrade at the Fermilab accelerator, and funds to continue the Tevatron I modifications at Fermilab are also provided for at about the 1984 level.

The budget proposes \$20 million in budget authority to continue funding preliminary research and development activities for the design of a possible next generation of high-energy particle accelerators.

Space research and technology.—This part of the function covers the space-related activities of the National Aeronautics and Space Administration (NASA). For 1985, the administration is proposing to continue a vigorous program of space science, applications, and technology development. It is also committed to providing the resources necessary to continue progress towards making the space shuttle fully operational and cost-effective in providing routine access to space. Budget authority of \$6.8 billion is proposed for these programs in 1985, an increase of \$213 million over 1984. New activities for 1985 include the definition and design of a space station.

The budget levels proposed for 1985 and later years reflect economies from management reform efforts now under way or planned. In NASA, efficiency improvements in administrative support services will reduce budget authority and outlays over \$7 million in 1985.

Space flight.—The space flight programs of NASA help sustain and improve the Nation's ability to supply space transportation services. These programs include the development, production, and operation of the four-orbiter space shuttle fleet; research activities using the shuttle-borne Spacelab; development and procurement of the upper stage vehicles to carry shuttle-launched payloads into high-Earth orbit; and cooperative projects with other nations.

Budget authority of \$3.8 billion is proposed for the space flight program. This includes \$150 million in budget authority for a program to define and design a space station. Planned for launch

in the early 1990's, the space station is intended to enhance the Nation's science and applications programs, to help develop advanced technologies potentially useful to the economy, and to encourage greater commercial use of space.

Space science, applications, and technology.—These programs primarily include support for studies of the solar system and the universe; studies in remote sensing of the Earth's resources and environment; and research on materials processing in space. Budget authority of \$2.0 billion is proposed for 1985, a 16% increase over 1984.

In *space science*, funds are proposed to initiate the Mars geoscience/climatology orbiter to continue the Nation's highly successful planetary exploration program. This mission, scheduled for launch in 1990, will carry out a detailed mapping of Martian geological and environmental features. The 1985 budget also proposes the increased funding needed to continue development of approved projects in space astronomy and planetary exploration. These include the space telescope, planned for launch in 1986, and the Galileo mission to Jupiter, also currently planned for launch in 1986. Funding is provided to support spacecraft in flight, e.g., the Voyager mission now enroute to Uranus, and ground-based research and support.

Within *space applications*, proposed activities in 1985 will include space experiments to study the Earth and its environment; research on materials processing in space; and long-term basic technology for space communications. In 1985, development of the upper atmosphere research satellite will be initiated. This is a \$650 million project to carry out research in the Earth's stratosphere that will investigate changes in the chemical composition of that region. Also, development will begin on the scatterometer, a research instrument designed to provide a better understanding of global wind patterns on the surface of the oceans. This instrument will be carried on a Navy satellite now under development.

The basic *space research and technology* program of NASA, is broadly applicable to and supportive of all major space activities. Continued real growth in funding is proposed for 1985 to help provide the science and technology base for the space program in areas such as propulsion, electronics, and materials research.

Supporting space activities.—Budget authority of \$964 million is proposed for spacecraft tracking, data gathering, and processing support for the entire space program, an increase of \$156 million over 1984. This increase is primarily to cover added costs resulting from problems associated with the launch of the first NASA tracking and data relay satellite system (TDRSS).

Credit programs.—The credit table reflects the 1984 level for direct loans made by the Federal Financing Bank for the construction and acquisition of the TDRSS. No additional loans for this system are expected in 1985.

CREDIT PROGRAMS—GENERAL SCIENCE, SPACE AND TECHNOLOGY

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Direct loans:					
NASA satellite leases (loans made by FFB):					
New obligations ¹	189	131			
Net outlays	189	131		-7	-86
Outstandings	947	1,079	1,079	1,072	986
Total credit budget (new obligations)	189	131			

¹ These are commitments made by the agency to guarantee loans that the FFB will disburse. In effect, they are commitments for off-budget direct loans, and are counted as such in the credit budget. Policy responsibility for these loans rests with the guaranteeing agency.

Tax expenditures.—In addition to direct Federal funding of basic research, the tax code encourages private sector research and development, including basic research, by allowing expenditures for such purposes to be deducted as a current expense. The 1985 estimate for this provision is \$605 million. A 25% tax credit is also available to encourage certain basic research and experimentation; the estimate for this tax credit is \$1.1 billion in 1985. Tax expenditures for general science, space, and technology are estimated to total \$1.9 billion in 1985.

ENERGY

The Nation needs adequate supplies of economical energy. The most promising way to meet this need is to let market forces work and to focus Federal Government energy programs on limited but important responsibilities, such as support of longer-term research and the strategic petroleum reserve.

The primary role of the Federal Government with respect to energy is to establish and maintain sound policies based on economic principles that promote efficient energy production and use. This strategy recognizes that most of the decisions about using and producing energy in this country are made by millions of individuals—consumers, workers, managers, inventors and investors—throughout the country in the private sector. It therefore emphasizes the importance of allowing our market economy to function to ensure that these decisions are as productive and efficient as possible. As a major first step toward achieving this objective, the President decontrolled oil markets shortly after taking office and the administration has subsequently supported complete elimination of counterproductive controls on natural gas prices.

The Government has limited but important additional responsibilities in energy, and this budget focuses on continuing to meet those responsibilities. They include establishing and enforcing sensible and effective environmental and nuclear safety regulations, providing for a strategic petroleum reserve, continuing on-going Federal energy production activities, and supporting longer term research and development.

A total of \$3.1 billion in budget authority is proposed for on-budget programs included in this function in 1985, a decrease of \$265 million from 1984 levels. The major causes of this decrease are:

- a \$223 million reduction in the Tennessee Valley Authority and the Federal power marketing agencies largely resulting from reduced construction of new power plants and transmission facilities; and
- a \$90 million reduction in net budget authority needed for the uranium enrichment program, as receipts from the program exactly match budget authority in 1985 after falling short by \$90 million in 1984.

In addition, a reduction of about \$90 million in budget authority is estimated in 1985 as a result of savings from a variety of management reform initiatives underway or planned in the Department of Energy. For example, management improvements in the Department will simplify and consolidate financial procurement and other administrative systems; eliminate excessive management requirements imposed on contractors; and contract-out support services that are readily and economically available from commercial sources.

These and other reductions are offset in part by a \$288 million increase for the strategic petroleum reserve to build storage facilities needed to complete the 750 million barrel system by 1990.

A total of \$6.3 billion in budget authority is estimated for off-budget programs in 1985. This includes \$3.9 billion for the electricity program of the Rural Electrification Administration and \$1.9 billion for acquiring oil for the strategic petroleum reserve.

Energy supply.—The Federal Government's energy supply activities fall into three categories: research and development programs, direct production programs and subsidies to foster private investment in synthetic fuel production.

Private industry invests billions of dollars each year in *research and development (R&D)*, including R&D related to energy. Federal Government spending is, consequently, intended to complement this private sector R&D investment. It does this by supporting basic research where the benefits of the research do not readily accrue to private investors. It also does this by supporting other longer-term R&D, which broadly serves the national interest but is beyond the investment time horizon of private industry.

A total of \$2.3 billion in budget authority is proposed for energy supply research and development programs in 1985, equal to 1984. Virtually all of these programs are funded through the Department of Energy (DOE). They cover three main elements: work on non-nuclear energy, on nuclear energy, and on supporting research which contributes to both nuclear and non-nuclear technology development.

The budget proposes \$514 million in budget authority for non-nuclear R&D in 1985, but with amounts available from prior years, the program level will total \$582 million. The program level for 1985 includes \$226 million for work on solar and other renewable energy resources; \$261 million for research on coal, oil, gas and other fossil fuels; and \$95 million for other non-nuclear energy research and development, including research on advanced environmental control technologies, which would be applicable in dealing with acid rain.

For nuclear energy R&D, the budget proposes \$1.1 billion in budget authority in 1985, about equal in total to the 1984 level. The

NATIONAL NEED: ENERGY

(Functional code 270; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
Energy supply:					
Research and development	2,673	2,294	2,284	2,316	2,293
Direct production (net):					
Uranium enrichment	137	90			
Nuclear waste disposal fund	-65	8	-50	90	24
Petroleum reserves	-981	-1,017	-1,057	-993	-960
Power marketing:					
Existing law	788	659	436	240	-121
Proposed legislation			-30	-29	-29
Subtotal, energy supply	2,552	2,034	1,583	1,624	1,208
Energy conservation:					
Existing law	449	456	144	160	168
Proposed legislation			238	238	238
Subtotal, energy conservation	449	456	382	398	406
Emergency energy preparedness	242	159	447	283	189
Energy information, policy, and regulation	878	764	735	754	758
Total, budget authority	4,121	3,413	3,148	3,059	2,561
OUTLAYS					
Energy supply:					
Research and development	2,715	2,508	2,425	2,339	2,305
Direct production (net):					
Uranium enrichment	-52	42	31		
Nuclear waste disposal fund	95	-27	-28	23	24
Petroleum reserves	-963	-1,017	-1,047	-1,000	-957
Power marketing:					
Existing law	601	453	87	-200	-480
Proposed legislation			-29	-29	-29
Subsidies for nonconventional fuel production	25	73	166	229	313
Subtotal, energy supply	2,421	2,032	1,606	1,361	1,176
Energy conservation:					
Existing law	477	490	339	306	162
Proposed legislation			71	190	238
Subtotal, energy conservation	477	490	410	496	400
Emergency energy preparedness	215	203	357	329	191
Energy information, policy, and regulation	886	737	771	729	750
Total, outlays	3,999	3,463	3,144	2,914	2,517

major programs within this category are magnetic fusion and fission R&D. Budget authority of \$483 million is proposed for fusion, maintaining the program at about the 1984 level of activity.

In nuclear fission related R&D, the 1985 budget provides \$152 million to clean up the waste material from uranium mining, an

NATIONAL NEED: ENERGY—Continued

(Functional code 270; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
ADDENDUM					
Off-budget Federal entities:					
Synthetic Fuels Corporation:					
Budget authority	16	67	162	228	312
Outlays.....					
Rural electrification and telephone revolving fund:					
Budget authority	261	2			
Outlays.....	-2				
Federal Financing Bank:					
REA loan asset sales:					
Budget authority:					
Existing law	344	403	493	375	298
Proposed legislation			-33	-113	-185
Outlays:					
Existing law	344	403	493	375	298
Proposed legislation			-33	-113	-185
REA loan guarantee originations:					
Budget authority.....	3,154	3,765	3,395	4,225	3,035
Outlays	2,657	3,565	3,185	4,005	2,805
Alternative fuels production:					
Budget authority.....	546	470	196		
Outlays	546	470	196		
Tennessee Valley Authority:					
Budget authority.....	161	165	88	117	31
Outlays	161	165	88	117	31
Geothermal resources development fund:					
Budget authority.....	8	10	75	15	
Outlays	8	-35	75	15	
Strategic petroleum reserve:					
Budget authority	2,074	650	1,890	1,656	1,712
Outlays.....	1,641	2,157	1,668	1,632	1,672
Total:					
Budget authority	6,563	5,532	6,265	6,502	5,203
Outlays.....	5,354	6,726	5,671	6,031	4,621

increase of \$53 million over 1984. For breeder technology research, \$308 million is proposed in 1985. With the termination of the Clinch River breeder reactor, both 1984 and 1985 will be a period of reorientation for the breeder program. The program is now expected to focus on developing a technology base for the future development and funding of commercial plants by U.S. industry.

For supporting energy research programs, the budget includes \$669 million in budget authority in 1985, an \$89 million increase over the 1984 level. These are programs where the government clearly has a key role to play. They support energy-related research at major universities and the national laboratories in the physical, biological, environmental and engineering sciences. Their goal is to provide fundamental scientific knowledge and a broad-

ened engineering technology data base for future nuclear and non-nuclear technology development.

The Federal Government's *direct production activities* include enriching uranium in government-owned plants primarily for use in nuclear power reactors; providing for the permanent disposal of commercial nuclear waste; producing and selling oil and gas from the naval petroleum reserves; and generating and transmitting electric power at the Tennessee Valley Authority and the five power marketing agencies.

Receipts from the sale of uranium enrichment services to foreign and domestic customers are expected to match program costs in 1985.

The commercial nuclear waste program provides for the permanent disposal of commercial nuclear waste. At the proposed level of \$328 million in budget authority in 1985, the program will continue necessary steps leading to the development, construction, and operation of a repository for high-level radioactive waste from commercial nuclear power plants by the end of this century. The program is financed by a fee on electricity generated by nuclear power. Receipts collected by the nuclear waste fund are estimated to exceed budget authority for the program by \$50 million in 1985. While receipts can exceed budget authority or outlays for this program in any one year, they are expected to equal outlays through 1998, when a waste repository is scheduled to be available.

The budget assumes that the Federal government will receive \$1.3 billion in 1985 from the oil and gas produced at Elk Hills, California and Teapot Dome, Wyoming and sold to refineries at competitive bid. After deducting expenditures needed to operate these oil fields, net receipts from the naval petroleum reserve program are expected to be \$1.0 billion in 1985, in line with their level in 1984.

Finally, there is a reduction of \$223 million in budget authority from 1984 levels for the Tennessee Valley Authority (TVA) and the five power marketing agencies. Of this amount, \$107 million is due to a decrease in Federal borrowing to finance the construction of new electric power generating facilities of the TVA. The balance of the reduction primarily reflects completion of current electricity transmission construction projects of the power marketing agencies and a slowdown in the pace of new construction. Partially offsetting these decreases are increased costs for power to meet contractual sales agreements.

The budget provides *subsidies for synthetic and other non-conventional fuel production*, primarily through the Synthetic Fuels Corporation. The Corporation estimates that it will award \$10.3 billion in price and loan guarantees in 1984 and \$4.4 billion in 1985. The immediate budget impact of this activity is expected to be outlays

of \$166 million in 1985, up from \$73 million in 1984. Outlays resulting from this program may increase above these estimates, depending on developments in the world oil market, the terms and conditions agreed to by the Corporation, and other factors.

Energy conservation.—The budget proposes a total of \$382 million in budget authority and \$410 million in outlays in 1985 for programs in this subfunction. Of these outlays, \$174 million is estimated for energy conservation research and development, a 23% increase over the 1984 level of \$142 million. These programs provide Federal support for work on methods to increase the efficient use of energy in buildings, transportation and industrial processes.

Market forces continue to be the most promising way to stimulate sound, economically efficient energy conservation. This is demonstrated by the fact that the U.S. economy today needs 30% less oil and gas to produce a dollar's worth of output than it did ten years ago when oil prices first started to rise. The energy conservation R&D programs proposed in the budget are designed to complement the efforts that the private sector undertakes in response to market forces.

In addition to this increased funding for R&D, the energy conservation subfunction includes \$206 million in outlays in 1985 for State and local government energy grant programs. This money is used to insulate school buildings, hospitals, and the homes of low income families.

Beginning in 1985, these programs are proposed to be financed with monies recovered by the Government from petroleum pricing violations under the price control program in instances where the overcharged parties cannot be identified. Legislation is proposed to establish a fund in the Department of Health and Human Services (HHS). Monies in the fund will be allocated to the DOE energy conservation grant programs noted above and to an HHS program which provides help to the poor in paying their fuel bills. Outlays from the fund for the HHS low income energy assistance program are included in the budget in the income security function.

Emergency energy preparedness.—Administration policy for dealing with oil import disruptions is to rely on market forces rather than Government allocation and price controls. That policy has been tested during past disruptions in other countries. It has worked and avoided the shortages and gasoline lines which accompanied Government fuel allocation and price controls in this country.

To augment market forces, the Federal Government is developing the strategic petroleum reserve. Including off-budget amounts, a total of \$2.0 billion in outlays is proposed for the program in 1985, compared to \$2.4 billion in 1984. The 1985 request provides on-

budget funding for construction of storage facilities needed to complete the 750 million barrel system. It also provides off-budget funding for the oil to fill the reserve at a rate of 145,000 barrels per day in 1985.

This fill rate is more moderate than the 186,000 barrel per day rate planned for 1984. It will nonetheless allow the reserve to expand from a total of 429 million barrels of oil in storage at the end of 1984 to 482 million at the end of 1985. Thus, even greater security will be provided against a wide range of possible supply disruptions.

Energy information, policy, and regulation.—Budget authority for energy information, policy and regulation is estimated to be \$735 million in 1985. Included in this total is \$468 million, equal to the 1984 level, to support the work of the Nuclear Regulatory Commission and its efforts to improve the effectiveness and efficiency of its regulations.

This subfunction also includes, for the DOE, the operating expenses of the Federal Energy Regulatory Commission and the Energy Information Administration, as well as the DOE's general administrative expenses. Budget authority for programs in this subfunction is down \$29 million in 1985, due to reduced regulation, increased licensing fees and improved management efficiency.

Credit programs.—The accompanying table summarizes Federal credit activities in the energy function. The Federal Financing Bank (FFB) finances a substantial amount of credit activity in this function as off-budget direct loans. The FFB will provide continued support to the TVA, Rural Electrification Administration (REA), and other programs in 1985.

TVA leases nuclear fuel from the Seven States Energy Corporation. The Corporation borrows from the FFB to finance its costs, with TVA as the guarantor. Compared to presentations made in previous years, the credit program table in this function shows a sharp decrease in this credit activity. This decrease is due to an accounting change that excludes rollovers of existing loans from new direct loans. Direct loan obligations of \$165 million in 1984 and \$88 million in 1985 are expected to be financed through the FFB.

REA provides direct loans and guarantees of loans from the FFB for the construction and operation of rural electric and telephone utilities. Total REA loans outstanding are estimated to be \$37.4 billion at the end of 1984. The reduction in the annual rate of new loans from \$5.8 billion first estimated for 1983 to \$4.5 billion actually made in 1983 and estimated for 1984 is due to lower than expected demand for electricity and a surplus of electric generating capacity. A continuation of that trend, coupled with an expectation

of increased reliance on private financing by rural electric systems, allows for the further reduction to \$1.9 billion for 1985. Legislation is being proposed to fund REA administrative costs with user fees and to provide REA direct loans at the cost of Treasury borrowing, thus reducing the subsidy now given under the current 5% interest rates.

CREDIT PROGRAMS—ENERGY

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Direct loans:					
Alternative fuels production (loans made by the FFB): ¹					
Net outlays	546	470	196		
Outstandings	886	1,356	1,552	1,552	1,552
Tennessee Valley Authority:					
New obligations	41	85	89	77	76
Net outlays	-4	34	27	12	6
Outstandings	259	293	319	331	338
Tennessee Valley Authority (loans made by the FFB):					
New obligations ¹	161	165	88	117	31
Net outlays	161	165	88	117	31
Outstandings	1,418	1,583	1,672	1,788	1,819
Rural electrification and telephone revolving fund:					
New obligations ²	1,101	1,100	575	575	575
Net outlays	104	277	92	130	178
Outstandings	9,878	10,155	10,247	10,378	10,556
Rural electrification and telephone revolving fund (loans held by FFB): ²					
Net outlays	344	403	459	262	113
Outstandings	3,468	3,871	4,330	4,592	4,705
Rural electrification and telephone revolving fund (loans made by the FFB): ¹					
New obligations	3,442	3,360	1,325	1,325	1,325
Net outlays	2,657	3,565	3,185	4,005	2,805
Outstandings	18,939	22,504	25,689	29,694	32,499
Geothermal and other:					
New obligations	4	10	40	40	40
Net outlays	3	8	36	36	33
Outstandings	16	24	61	97	130
Geothermal and other (loans made by the FFB): ¹					
New obligations	100				
Net outlays	8	-35	75	15	
Outstandings	45	10	85	100	100
Total, direct loans:					
New obligations	4,848	4,720	2,118	2,134	2,047
Net outlays	3,818	4,888	4,159	4,577	3,167
Outstandings	34,908	39,796	43,955	48,531	51,698

CREDIT PROGRAMS—ENERGY—Continued

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Guaranteed loans:					
Biomass energy development:					
Net change	45	166	181	54	-26
Outstandings	45	211	392	445	419
Rural electrification and telephone revolving fund:					
Net change	142	5	10	20	29
Outstandings	862	867	877	897	926
Synthetic Fuels Corporation:					
New commitments		4,098	2,400		
Net outlays		247	786	1,055	1,099
Outstandings		247	1,033	2,088	3,187
Geothermal and other:					
New commitments	45		78	26	41
Net change	-69	2	42	22	33
Outstandings	31	33	75	98	131
Total, guaranteed loans:					
New commitments	45	4,098	2,478	26	41
Net change	118	421	1,019	1,151	1,135
Outstandings	937	1,358	2,377	3,527	4,663
Total credit budget (new obligations and new commitments)	4,893	8,818	4,596	2,160	2,088

¹ These are commitments made by the agency to guarantee loans that the FFB will disburse. In effect, they are commitments for off-budget direct loans, and are counted as such in the credit budget. Policy responsibility for these loans rests with the guaranteeing agency.

² The direct lending activities of the Rural Electrification Administration are financed by the Federal Financing Bank (FFB). Certificates of beneficial ownership (CBO's) are issued by the REA. According to law, these certificates are backed by loans that the agency continues to service. REA guarantees the CBO's, sells them to the FFB, and repurchases them upon maturity. FFB net outlays for REA represent acquisition of CBO's less repurchases by REA. Increases in the volume of sales of CBO's are added to FFB direct loan outstandings, while the REA direct loan outstandings decrease by the amount of CBO's sold to the FFB.

Tax expenditures.—To encourage energy exploration and production, the tax code permits certain capital costs to be deducted as current expenses rather than amortized over the useful life of the property. In addition, extractive industries are generally permitted to use percentage depletion rather than cost depletion.

A variety of residential tax incentives stimulate energy conservation and encourage conversion to energy sources other than oil or natural gas. Business investments in specified energy property are also eligible for special tax credits, in addition to the normally available investment tax credit.

Tax expenditures for energy are listed in the accompanying table and discussed in more detail in Special Analysis G.

TAX EXPENDITURES FOR ENERGY

(Outlay equivalents; in millions of dollars)

Description	Estimates		
	1983	1984	1985
Expensing of exploration and development costs:			
Oil and gas.....	2,335	1,815	2,255
Other fuels.....	30	30	35
Excess of percentage over cost depletion:			
Oil and gas.....	1,720	1,625	1,565
Other fuels.....	430	440	475
Capital gains treatment of royalties on coal.....	270	295	320
Exclusion of interest on State and local industrial development bonds for certain energy facilities.....	190	185	175
Residential energy credits:			
Supply incentives.....	445	540	745
Conservation incentives.....	335	370	390
Alternative, conservation and new technology credits:			
Supply incentives.....	320	255	280
Conservation incentives.....	85	45	35
Alternative fuel production credit.....	15	35	45
Energy credit for intercity buses.....	15	15	15
Total (after interactions), energy ¹	4,395	4,015	4,500

¹ The estimate of total tax expenditures for this function reflects interactive effects among the individual items. Therefore the estimates cannot simply be added.

NATURAL RESOURCES AND ENVIRONMENT

Federal natural resources and environment programs manage public lands and resources for their preservation, conservation, and economic development; work with State governments to ensure a clean environment; and encourage increased knowledge and understanding of the environment.

Pollution control and abatement.—Efforts to control pollution of air, water, and land are carried out through direct Federal programs and through financial assistance to State and local governments.

Regulatory, enforcement, and research programs.—Proposed budget authority in 1985 for regulatory, enforcement, and research programs is 8% higher than in 1984. This budget provides for an aggressive enforcement program; initiatives to identify and remove dioxin contamination and to establish Federal emission limits on toxic air pollutants; and the acceleration of regulation and issuance of permits for storage and disposal of hazardous wastes.

Research will be focused on knowledge needed to develop effective regulations within statutory deadlines, and on projects of significant environmental concern. Budget authority for the Government-wide acid rain research effort will be increased by 100%, to \$55 million in 1985. In addition to the research effort, a program to restore lakes with high acid levels will be initiated through the Fish and Wildlife Service, and a new pollution control technology that cheaply reduces sulfur dioxide emissions will be demonstrated through a joint Federal-private sector initiative.

Hazardous substance response fund.—The hazardous substance response trust fund finances clean-up of abandoned hazardous waste sites and hazardous chemical spills. Budget authority in 1985 is \$640 million, a 39% increase over 1984. This will support a significant increase in the number of waste sites that can be cleaned.

Sewage treatment plant construction grants.—This program assists State and local governments in building sewage treatment systems. The \$0.5 billion decrease in outlays from 1983 to 1984 reflects completion of expenditures from grants approved before 1982. The 1985 budget continues budget authority at the authorized level of \$2.4 billion in recognition of the 1982 enactment of program reforms.

Water resources.—Most of the funds for water resources are for continued construction of projects started in previous years. All corps of engineers and bureau of reclamation projects are budgeted

NATIONAL NEED: USING AND PRESERVING NATURAL RESOURCES AND PROTECTING THE ENVIRONMENT

(Functional code 300; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
Pollution control and abatement:					
Regulatory, enforcement and research programs	1,028	1,088	1,177	1,168	1,166
Hazardous substance response fund	210	460	640	475	475
Oil pollution funds	9	9	9	9	9
Sewage treatment plant construction grants	2,430	2,430	2,400	2,400	2,400
Offsetting receipts	—*	—11	—51	—56	—86
Subtotal, pollution control and abatement	3,677	3,976	4,175	3,996	3,964
Water resources:					
Construction, operations, and maintenance, etc.	4,742	3,885	3,975	4,283	4,480
Offsetting receipts:					
Existing law	—137	—169	—170	—222	—241
Proposed legislation (navigation user fees)			—200	—200	—200
Subtotal, water resources	4,605	3,716	3,605	3,861	4,039
Conservation and land management:					
Management of national forests, cooperative forestry and forestry research	2,058	1,692	1,751	1,746	1,739
Management of public lands	464	455	441	433	434
Mining reclamation and enforcement	274	342	361	377	379
Conservation of agricultural lands	599	614	448	446	442
Other	319	295	274	280	285
Offsetting receipts	—1,831	—2,597	—2,990	—3,291	—3,635
Subtotal, conservation and land management	1,883	801	285	—8	—356
Recreational resources:					
Federal land acquisition: ¹					
Existing law	302	287	197	197	197
Proposed legislation			—30	—30	—30
Urban park and historic preservation funds	91	35			
Operation of recreational resources	1,243	1,148	1,219	1,230	1,245
Offsetting receipts:					
Existing law	—55	—60	—65	—68	—72
Proposed legislation (user fees)		—16	—23	—23	—23
Subtotal, recreational resources	1,581	1,394	1,298	1,305	1,317
Other natural resources:					
Program activities	1,560	1,614	1,509	1,521	1,514
Offsetting receipts:					
Existing law	—13	—11	—32	—36	—35
Proposed legislation			—4	—9	—12
Subtotal, other natural resources	1,547	1,603	1,473	1,476	1,467
Total, budget authority	13,294	11,489	10,837	10,630	10,932

¹ Includes budget authority from State grants financed by the land and water conservation fund.

NATIONAL NEED: USING AND PRESERVING NATURAL RESOURCES AND PROTECTING THE ENVIRONMENT—Continued

(Functional code 300; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
OUTLAYS					
Pollution control and abatement:					
Regulatory, enforcement and research programs.....	1,129	1,099	1,178	1,170	1,180
Hazardous substance response fund.....	148	340	535	540	495
Oil pollution funds.....	4	9	9	9	9
Sewage treatment plant construction grants.....	2,983	2,500	2,500	2,340	2,210
Offsetting receipts.....	—*	—11	—51	—56	—86
Subtotal, pollution control and abatement.....	4,263	3,937	4,171	4,003	3,808
Water resources:					
Construction, operations, and maintenance, etc.....	4,038	4,376	4,200	4,150	4,380
Offsetting receipts:					
Existing law.....	—137	—169	—170	—222	—241
Proposed legislation (navigation user fees).....			—200	—200	—200
Subtotal, water resources.....	3,901	4,207	3,830	3,728	3,939
Conservation and land management:					
Management of national forests, cooperative forestry and forestry research.....	1,823	1,835	1,763	1,789	1,738
Management of public lands.....	489	453	440	428	429
Mining reclamation and enforcement.....	163	210	253	300	346
Conservation of agricultural lands.....	576	634	568	491	463
Other.....	283	327	288	295	293
Offsetting receipts.....	—1,831	—2,597	—2,990	—3,291	—3,635
Subtotal, conservation and land management.....	1,503	862	323	13	—366
Recreational resources:					
Federal land acquisition ¹	330	385	284	242	230
Urban park and historic preservation funds.....	59	95	52	23	2
Operation of recreational resources.....	1,121	1,203	1,254	1,243	1,236
Offsetting receipts:					
Existing law.....	—55	—60	—65	—68	—72
Proposed legislation (user fees).....		—16	—23	—23	—23
Subtotal, recreational resources.....	1,454	1,608	1,502	1,417	1,374
Other natural resources:					
Program activities.....	1,561	1,700	1,557	1,530	1,516
Offsetting receipts:					
Existing law.....	—13	—11	—32	—36	—35
Proposed legislation.....			—4	—9	—12
Subtotal, other natural resources.....	1,548	1,689	1,521	1,485	1,469
Total, outlays.....	12,669	12,302	11,346	10,645	10,224

* \$500 thousand or less.

¹ Includes outlays from State grants financed by the land and water conservation fund.

to continue on schedule. Even so, outlays for construction decline because many projects are being completed.

Two new construction starts are budgeted for the Corps of Engineers and two for the Bureau of Reclamation. State and local governments and private project sponsors will be expected to pay a greater share of new project costs than has been the case in the past.

The 1985 budget includes offsetting receipts of \$200 million in navigation user fees in anticipation of legislation to recover capital and operating expenses of deep draft and inland waterway projects.

Conservation and land management.—Changes in these programs reflect the administration's efforts to improve the management and productivity of the national forests and public lands, to streamline mineral leasing programs, and to place maximum responsibility with the States for coal surface mining regulatory and reclamation programs.

Management of national forests, cooperative forestry, and forestry research.—Proposed budget authority in 1985 for direct management of national forests is \$1.0 billion. This amount provides for an increase in planned program levels in 1985 of \$17 million, after adjusting for funding for forest fire fighting and for budgetary accounting changes.

The productivity of national forest management will be improved by carefully controlling costs, adjusting management procedures, and paying close attention to benefit-cost relationships. The objective is to produce timber, recreation, and other products or services at the lowest unit costs. Careful attention will be given to both market values of resources and non-market values, such as water quality, and their associated costs.

Planned timber sales from national forest lands in 1985 of 11.2 billion board feet (BBF), together with the 40 BBF sold but still uncut at the end of 1984, should be adequate to respond to anticipated increases in housing construction in 1985 and subsequent years. Receipts from the harvest of timber are estimated at over \$1.0 billion in 1985, 25% of which is paid under current law to States for schools and roads in the counties of origin. Legislation will be proposed to compute these payments on a tax equivalent basis in 1985.

Budget authority of \$103 million in 1985 for forestry research programs will continue to address high-priority projects while limiting Federal funding for research projects that directly support private industry.

Budget authority for contributions to State and private forestry programs will be reduced from \$61 million in 1984 to \$26 million in 1985. Funding will be retained to provide for national data collec-

tion, information dissemination, and limited but specialized technical assistance to States on national problems. General grants to States for fire protection and forestry technical assistance are not proposed for 1985.

Management of public lands.—These programs provide for administration of approximately 310 million surface acres of public lands for multiple use and about 370 million acres of federally owned subsurface mineral rights.

Streamlined procedures and management initiatives permit slightly reduced budget authority in 1985 without reducing products or services. Emphasis will be placed on mineral leasing, realty transfers, data support systems, and renewable resource activities such as those affecting water, timber, or wildlife, including hazardous waste assessment.

Mining reclamation and enforcement.—An increase of \$27 million in budget authority is proposed for State grants for regulation of the surface effects of coal mining and for approximately 375 projects to reclaim abandoned mined lands in 23 States. A part of this increase is offset by changes in other Federal activities.

Conservation of agricultural lands.—Budget authority for these programs declines 27% in 1985. Technical and financial assistance for conservation will concentrate on high priority soil and water resource problems. A greater role is envisioned for State and local governments and landowners in financing and pursuing good soil and water conservation practices on private lands.

Recreational resources.—The administration's first priority continues to be the improvement and maintenance of existing nationally significant recreation resources such as national parks and wildlife refuges. Since the goal of correcting for years of past neglect of existing parks and refuges is nearing completion, the administration is proposing \$158 million of budget authority for acquisition of additional park and refuge land in 1985. The budget also includes \$8.0 million in budget authority for State grants for wetland conservation in support of a comprehensive legislative initiative to protect wetlands and waterfowl resources. Grants to States for outdoor recreation and for historic preservation are not funded in 1985. These needs can be met through State and local resources and the positive effect of Federal tax incentives on private investment in historic buildings.

The administration again proposes to increase fees for recreational use of national parks, forests, and related facilities, so that those who use them will pay more for their upkeep and maintenance than those taxpayers who do not use them. For 1985 these receipts, including some recreation receipts not counted in this

subfunction, are estimated to be about \$100 million, \$48 million above 1984.

Operation of recreational resources.—An important administration initiative in the operation of recreational resources is a 5-year effort to improve maintenance and to ensure the quality and accessibility of the national parks to all Americans. The administration proposes \$257 million in budget authority for construction and repair of the national park system, including \$157 million for the national park restoration and improvement program and \$100 million for park road improvements funded through the highway trust fund. Additional 1985 budget authority of \$558 million is proposed to operate and maintain the 334 parks, covering 75 million acres, of the national park system.

Other natural resources.—These activities focus on understanding, conservation, and careful husbandry of the Earth's resources, structure, and environment through research and development and information dissemination programs. They comprise elements of the Geological Survey, the Bureau of Mines, and the National Oceanic and Atmospheric Administration (NOAA).

Requested 1985 budget authority of \$118 million for the Bureau of Mines is less than requested in prior years because of reductions in the mineral institute program, which is not authorized in 1985, and in applied research, which should be the responsibility of the mining industry.

Funding for NOAA programs in this category reflects a decrease of approximately 10% in budget authority from \$1,011 million in 1984 to \$913 million in 1985. Reductions are proposed for State and industry financial assistance and lower priority research and service programs. Estimated outlays for 1985 are \$954 million. This funding maintains the priority life-safety, resource management and development programs, and atmospheric and oceanic research and services. Additional funding is included in later years to allow NOAA to replace obsolete equipment and to upgrade its operations related to its severe weather detection and warning mission.

Offsetting receipts.—Offsetting receipts from the entire natural resources and environment function—primarily from user fees, sales of products, rents and royalties—are expected to rise from \$2.9 billion in 1984 to \$3.5 billion in 1985.

Management improvements.—Management improvements are proposed that will reduce outlays in this function by more than \$100 million over the next three years, primarily through consolidating and streamlining administrative activities.

Credit programs.—The 1985 credit budget in this function is proposed to increase \$20 million over 1984 in programs operated by the Bureau of Reclamation. These direct loans are made to State and local governmental entities for construction and rehabilitation of irrigation systems and for storage of municipal or industrial water supplies.

CREDIT PROGRAMS—NATURAL RESOURCES AND ENVIRONMENT

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Direct loans:					
Water resources and other loan programs:					
New obligations	96	54	66	28	9
Net outlays	21	74	69	19	—5
Outstandings	371	445	514	533	528
Total credit budget (new obligations)	96	54	66	28	9

Tax expenditures.—As an incentive to encourage production, certain capital costs associated with exploration and development of nonfuel minerals may be expensed rather than depreciated over the life of the asset. In addition, most nonfuel-mineral extractors use percentage depletion, rather than cost depletion. Percentage depletion is more generous than cost depletion in that total deductions are not limited to the cost of the investment. The total estimates for these two provisions are \$65 million and \$625 million, respectively, in 1985.

Interest on State and local government debt issued to finance the pollution control and waste disposal facilities of private firms is excluded from income subject to tax; the resulting estimate for 1985 is \$1.3 billion.

A special 25% tax credit is available for expenditures made to restore certain historic structures. The 1985 estimate of \$470 million for this provision includes the remaining tax subsidies from special depreciation treatment available under prior law.

Special benefits are provided to the timber and iron industries in order to encourage production. The gains on the cutting of timber and royalties from iron ore deposits are taxed at capital gains rates, which are lower than rates on ordinary income. For 1985, this results in a tax expenditure of \$1.1 billion and \$40 million, respectively. Private forestry is additionally encouraged because a limited amount of reforestation expenditures is eligible for special tax credits and write-offs. This tax expenditure is \$55 million in 1985.

Tax expenditures for natural resources and environment total an estimated \$3.6 billion in 1985.

AGRICULTURE

Federal agriculture programs are intended primarily to limit economic harm to farmers from price fluctuations and to maintain farm income.

The administration's farm program for 1985 would continue the price support and credit programs offered over the past several years. In light of the greatly reduced rate of inflation in farm production costs, legislation has been introduced to eliminate the automatic increase in target prices for wheat, feed grains, cotton, and rice for the 1985 crop year. This would bring production incentives down to levels that prevailed prior to recent sharp increases in price supports mandated in the 1981 Farm Bill. The result will be a better supply/demand balance for most major agricultural commodities and reduced subsidy payments.

In 1983, over \$35 billion of Federal resources (consisting of total on- and off-budget authority in this function) went to farmers. Net farm cash income is expected to reach a record level of over \$42 billion in 1984. The higher income will enable farmers to repay more of their loans and result in lower target price deficiency payments in 1984. As a result, total 1984 agriculture outlays are expected to decline by more than 50% from 1983. The 1985 increase in total outlays for the agriculture function of \$3.6 billion is due mostly to increased cash payments to farmers to meet the target prices set by law, increased commodity net lending, and potential nonrepayments of foreign debt under the CCC export credit guarantee program.

Farm income stabilization.—Reducing the economic risk in farming is the major Federal involvement in the agricultural sector, representing 88% of estimated 1985 outlays in the agriculture function.

Commodity price support and related programs.—Price support and related programs were created to stabilize, support, and protect farm income and prices, and to facilitate the orderly distribution and maintenance of a balanced and adequate supply of agricultural commodities and their products. The Commodity Credit Corporation (CCC) provides price support to producers of agricultural commodities through loans, purchases, payments, and other means.

NATIONAL NEED: IMPROVED AGRICULTURE

(Functional code 350; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
Farm income stabilization:					
Commodity price support and related programs:					
Existing law	27,432	210	10,057	9,800	9,750
Proposed legislation			-1,202	-1,460	-1,750
Crop insurance.....	529	410	368	411	459
Agricultural credit.....	1,306	1,768	1,090	1,216	1,118
Other programs:					
Existing law	63	54	53	53	53
Proposed legislation			-2	-2	-2
Subtotal, farm income stabilization.....	29,330	2,442	10,363	10,018	9,628
Agricultural research and services:					
Research programs.....	712	752	752	751	747
Extension programs.....	329	334	299	299	299
Marketing programs:					
Existing law	141	133	132	132	131
Proposed legislation			-2	-2	-2
Animal and plant health programs:					
Existing law	281	273	255	255	255
Proposed legislation			-27	-33	-43
Economic intelligence.....	167	184	190	189	188
Other programs	182	196	215	214	213
Offsetting receipts.....	-114	-87	-97	-97	-97
Subtotal, agricultural research and services	1,698	1,786	1,717	1,707	1,690
Total, budget authority	31,028	4,227	12,080	11,725	11,318

For several years prior to 1983, good growing conditions resulted in unexpected increases in farm crop production. The increased supply coinciding with a drop in expected demand caused large surpluses of farm goods and low prices. However, the 1983 payment-in-kind (PIK) program plus the recent drought temporarily slowed the growth in surplus supply of some crops. Thus, commodity price support outlays are expected to decline from \$18.9 billion in 1983 to \$6.8 billion in 1984. Outlays of \$1.3 billion in 1984 and \$2.0 billion in 1985 will be made for purchases of dairy products for price support purposes and the new program of payments to dairy farmers for reducing production.

If present programs were unchanged, budget outlays for price supports would increase to \$11.0 billion in 1985 and \$10.7 billion in 1986. However, the administration's proposed target price freeze will reduce outlays by more than \$6 billion over 5 years, beginning in 1985.

The CCC also provides assistance in expanding U.S. agriculture markets abroad. The value of agricultural exports in 1983 was \$34.8 billion, while imports totaled \$16.4 billion, resulting in a

NATIONAL NEED: IMPROVED AGRICULTURE—Continued

(Functional code 350; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
OUTLAYS					
Farm income stabilization:					
Commodity price support and related programs:					
Existing law	18,858	6,765	10,962	10,665	10,300
Proposed legislation			-120	-1,985	-1,725
Crop insurance.....	330	635	327	366	409
Agricultural credit.....	1,408	1,462	1,366	1,255	1,215
Other programs:					
Existing law	32	65	66	55	54
Proposed legislation			-2	-2	-2
Subtotal, farm income stabilization.....	20,628	8,927	12,599	10,354	10,250
Agricultural research and services:					
Research programs.....	690	738	744	738	747
Extension programs.....	323	333	305	299	299
Marketing programs:					
Existing law	121	128	132	132	131
Proposed legislation			-2	-2	-2
Animal and plant health programs:					
Existing law	231	275	255	255	255
Proposed legislation			-27	-33	-43
Economic intelligence.....	159	183	189	189	188
Other programs	169	196	221	215	212
Offsetting receipts.....	-114	-87	-97	-97	-97
Subtotal, agricultural research and services.....	1,578	1,766	1,720	1,695	1,690
Total, outlays	22,206	10,693	14,319	12,048	11,940
ADDENDUM					
Off-budget Federal entity:					
Federal Financing Bank:					
Agricultural credit:					
Budget authority.....	4,160	6,934	4,394	1,314	459
Outlays.....	695	1,539	237	64	74

positive trade balance of \$18.4 billion. The sheer magnitude of these exports mandates that reliance on free-market commercial exports continues to be the driving force in the success of U.S. agricultural trade. Nevertheless, export credit assistance is provided by CCC through direct loans and loan guarantees for the relatively small portion of export sales that could not occur without Federally subsidized credit. While CCC export credit affects only 14% of total agricultural exports, \$12.7 billion in such assistance will be provided from 1981 through 1984. Total new export credit (including direct and guaranteed loans) planned for 1985 is \$3.2 billion. Additional export assistance is provided through Public Law 480 food aid and the Export-Import Bank, shown in the international affairs function.

Crop insurance.—The Federal Crop Insurance Corporation offers insurance to producers against crop losses from natural hazards. All-risk crop insurance is now available in all 3,000 agricultural counties. Insurance in force is expected to reach \$7.8 billion in 1985, an increase of \$2.9 billion over 1984. As the crop insurance program continues to expand, the Farmers Home Administration (FmHA) emergency loan program will be reduced correspondingly. Outlays depend primarily on the weather, the number of participants, and crop prices.

Agricultural credit.—The U.S. relies primarily on private credit for agriculture, as it does in other sectors of the national economy. However, the Federal Government provides 16% of total farm credit, primarily for family farmers who cannot obtain credit elsewhere and for disaster mitigation. The Farmers Home Administration has lent \$47 billion during the last 10 years. In 1983 alone, new direct loan obligations totaled \$3.0 billion, with 18% of this amount going for disaster loans. At the end of 1983, outstanding agriculture credit insurance fund direct loans totaled \$24.4 billion.

The 1985 new loan level of \$3.5 billion is \$1.1 billion less than in 1984 because of an unanticipated one-time increase in 1984 emergency disaster loans in response to the recent drought and a 1-year reopening of the economic emergency loan program. Loans in 1985 are expected to return to normal levels.

Outlays arising from direct loans in the agricultural credit insurance fund are financed through the Federal Financing Bank and are included in the off-budget deficit.

Agricultural research and services.—Research helps to increase agricultural productivity, and it expands knowledge of human nutrition and food safety. The research program will place higher priority on long term basic research. Applied research and development with early profit potential will receive reduced Federal effort, since this is more appropriately financed by private industry. A major increase in outlays for biotechnology research (\$28.5 million) is proposed for 1985, as this represents an important area of long-term basic research.

Marketing programs.—To aid in the orderly marketing of farm products, the Federal Government provides a variety of services such as grain inspection and weighing; tobacco inspection; cotton classing; and meat, poultry, and livestock grading. Most of these services are now provided on a user-fee basis. Legislation authorizing user fees for marketing activities is expected to reduce outlays by \$2 million a year, beginning in 1985.

Animal and plant health.—The Federal Government carries out a number of programs to prevent the introduction and spread of

CREDIT PROGRAMS—AGRICULTURE

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Direct loans:					
Commodity price support and related loans (CCC):					
New obligations	13,915	6,147	6,124	6,700	6,400
Net outlays	3,522	-7,323	589	-322	-250
Outstandings	16,007	8,684	9,272	8,950	8,700
Agricultural credit insurance fund (FmHA):					
New obligations ¹	3,022	4,557	3,503	3,451	3,432
Net outlays	-517	-14			
Outstandings	278	264	264	264	264
Agricultural credit insurance fund (loans held by FFB): ¹					
Net outlays	695	1,539	237	64	74
Outstandings	24,107	25,646	25,884	25,948	26,022
Total, direct loans:					
New obligations	16,937	10,704	9,627	10,151	9,832
Net outlays	3,701	-5,798	826	-258	-176
Outstandings	40,392	34,594	35,420	35,162	34,986
Guaranteed loans:					
Export credit (CCC):					
New commitments	4,669	4,000	3,000	3,000	3,000
Net change	1,708	2,242	546	-45	-350
Outstandings	4,357	6,599	7,145	7,100	6,750
Agricultural and emergency credit (FmHA):					
New commitments	71	156	206	206	206
Net change	-107	-56	-130	-52	-62
Outstandings	1,025	969	839	787	724
Total, guaranteed loans:					
New commitments	4,739	4,156	3,206	3,206	3,206
Net change	1,600	2,186	416	-97	-412
Outstandings	5,382	7,568	7,984	7,887	7,474
Total credit budget (new obligations and new commitments)					
	21,676	14,860	12,833	13,357	13,038

¹ The direct lending activities of the Farmers Home Administration (FmHA) are financed by the Federal Financing Bank (FFB). Certificates of beneficial ownership (CBO's) are issued by the FmHA. According to law, these certificates are backed by loans that the agency continues to service. FmHA guarantees the CBO's, sells them to the FFB, and repurchases them upon maturity. FFB net outlays for REA represent acquisition of CBO's less repurchases by FmHA. Increases in the volume of sales of CBO's are added to FFB direct loan outstandings, while the FmHA's direct loan outstandings decrease by the amount of CBO's sold to the FFB.

plant and animal pests and diseases that can cause severe losses in crop yields or livestock. The 1985 budget provides for user fees to offset partially brucellosis control program costs, which will reduce net Federal outlays from \$69.5 million in 1984 to \$36.3 million in 1985.

Management improvement.—Management improvements are being implemented in the Department of Agriculture that are expected to reduce outlays by \$149 million in 1985, primarily through modernizing cash management procedures and consolidating administrative services.

Tax expenditures.—Agriculture is promoted by several tax expenditures. The tax code permits farmers to immediately deduct various expenses, such as those for feed, fertilizer, and planting, rather than capitalizing them, as is the normal rule. In addition, the sale of certain farm assets may qualify for capital gains treatment rather than ordinary income. The 1985 estimates for these two provisions are \$610 million and \$785 million, respectively. The tax expenditures for agriculture are expected to total \$1.3 billion in 1985.

COMMERCE AND HOUSING CREDIT

There is a recognized national need to promote the private financing of mortgage credit and to support an environment in which there are fair and equitable opportunities for business development and growth. Commerce and housing credit programs supplement private sector financing of the business and housing sectors. Assistance is provided for mortgage credit, deposit insurance, the Postal Service, and other forms of commerce, including small business.

Direct loan or loan guarantee programs make up most of the Federal activity in this function. The credit programs tables within this section reflect the total credit budget activity of these programs. The 1985 budget proposes \$6.0 billion in direct loan obligations and \$44.2 billion in guaranteed loan commitments.

Housing activity is expected to continue at its current strong level in calendar years 1984 and 1985. Housing starts, which reached 1.7 million units in 1983, are expected to grow to 1.8 million units in 1984 and to exceed 1.9 million units in 1985.

To ensure that the private sector has the opportunity to compete with the Government and Government-sponsored enterprises in the secondary mortgage market, the administration has made a number of regulatory and administrative changes that will eliminate unnecessary barriers to the issuance of private mortgage-backed securities (MBSs). In addition, the administration supports further legislative changes to the Securities Act and the Securities Exchange Act, which would remove obstacles that have restricted private issuers of MBSs in relation to Government or Government-sponsored agency issuers. Finally, the administration supports amending the Internal Revenue Code to authorize TIMs (trust for investments in mortgages), a new type of MBS that will expand the market for MBSs to a broader range of investors, and to tax the Federal Home Loan Mortgage Corporation (FHLMC). These changes have resulted and will result in improved competition, and allow the entire secondary mortgage market to keep pace with changes in an increasingly deregulated financial environment. Consistent with these changes, the administration remains committed to the total privatization of two housing-related, Government-sponsored enterprises—the Federal National Mortgage Association and the FHLMC. An interagency Cabinet-level group will continue to pursue this goal. Because they are sponsored by the Federal Government, these two enterprises receive special advantages in the securities markets that completely private institutions do not have.

NATIONAL NEED: COMMERCE AND HOUSING CREDIT

(Functional code 370; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
Mortgage credit and thrift insurance:					
Mortgage purchase activities (GNMA)	2	120	178	209	1,412
Mortgage credit (FHA)	183	179	219	159	167
Housing for the elderly or handicapped	500	631	498	530	566
Rural housing programs (FmHA)	2,102	2,008	1,844	2,021	2,080
National Credit Union Administration		61	10	10	10
Subtotal, mortgage credit and thrift insurance	2,787	2,998	2,749	2,929	4,234
Postal Service:					
Existing law	789	879	970	807	776
Proposed legislation			-279	-364	-332
Subtotal, Postal Service	789	879	692	443	444
Other advancement of commerce:					
Small business assistance	1,017	598	569	613	553
Technology utilization:					
Existing law	211	212	242	236	249
Proposed legislation			5		
Economic and demographic statistics	206	186	206	234	299
Other	260	623	609	610	615
Subtotal, other advancement of commerce	1,694	1,619	1,631	1,692	1,716
Total, budget authority	5,270	5,496	5,071	5,064	6,394

Where use of scarce Federal resources is necessary and justified, the 1985 credit budget targets these resources specifically to those groups with the greatest need. This budget ensures the efficient and effective use of limited Federal credit resources by:

- ensuring a strong private economy by acting only as a lender of last resort in certain areas;
- targeting rural housing programs to low-income families occupying substandard housing;
- emphasizing assistance to minority and handicapped borrowers through guarantees of loans by the Small Business Administration, with the Government assuming risk for these borrowers when the market overestimates the risk; and
- maintaining the availability of the Federal Housing Administration mortgage insurance programs while emphasizing improved processing and the absence of rate regulation.

A variety of management reform initiatives related to programs included in this function are underway or planned. Improvements in the Department of Commerce, Department of Housing and Urban Development, and the Small Business Administration include consolidating administrative services; integrating and improving financial accounting and management systems; and evalu-

NATIONAL NEED: COMMERCE AND HOUSING CREDIT—Continued

(Functional code 370; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
OUTLAYS					
Mortgage credit and thrift insurance:					
Mortgage-backed securities (GNMA)	-153	-189	-225	-278	-328
Mortgage purchase activities (GNMA)	1,095	1,366	319	418	1,444
Mortgage credit (FHA)	-192	-753	-1,157	-1,436	-1,608
Housing for the elderly or handicapped	800	803	803	712	648
Rural housing programs (FmHA)	1,830	2,085	1,842	2,012	1,974
Federal Deposit Insurance Corporation	-613	-1,424	-1,696	-1,975	-2,220
Federal Savings and Loan Insurance Corporation	-453	-700	-1,025	-958	-946
National Credit Union Administration	-189	-125	-38	-38	-39
Subtotal, mortgage credit and thrift insurance	2,125	1,063	-1,177	-1,544	-1,075
Postal Service:					
Existing law	789	879	970	807	776
Proposed legislation			-279	-364	-332
Subtotal, Postal Service	789	879	692	443	444
Other advancement of commerce:					
Small business assistance	909	764	567	610	562
Technology utilization	198	228	243	240	246
Economic and demographic statistics	193	197	203	227	275
Other	208	675	601	589	699
Subtotal, other advancement of commerce	1,508	1,863	1,613	1,666	1,782
Total, outlays	4,422	3,805	1,127	564	1,151
ADDENDUM					
Off-budget Federal entities:					
Postal Service:					
Budget authority	200	2,163	4,180	608	1,032
Outlays	322	1,209	2,801	102	1,028
Federal Financing Bank:					
Rural housing insurance fund:					
Budget authority	4,440	6,112	3,963	1,187	1,142
Outlays	1,755	2,182	1,853	1,187	992
Small business assistance:					
Budget authority	261	730	525	515	515
Outlays	182	636	409	390	384
Total:					
Budget authority	4,901	9,005	8,669	2,310	2,688
Outlays	2,259	4,027	5,063	1,679	2,404

ating specific functions to determine whether they can be accomplished more efficiently by the private sector.

The 1985 budget proposes \$5.1 billion in budget authority and \$1.1 billion in estimated budget outlays for commerce and housing credit. Mortgage credit and thrift insurance programs are the largest portion of the assistance, with \$2.7 billion in proposed budget authority in 1985.

Mortgage credit and thrift insurance.—The most significant contribution the Federal Government can make to both the housing industry and individual homebuyers is to promote prudent fiscal and monetary policies that support stable, non-inflationary economic growth and reasonable interest rates. Hence, the focus of Government mortgage credit programs will be on areas the private sector does not serve.

Mortgage-backed securities.—The Government National Mortgage Association (GNMA) supports the mortgage market through guarantees of mortgage-backed securities. For 1984, a new loan guarantee commitment limitation of \$68.2 billion has been enacted, and guarantees are expected to be issued on about \$40.0 billion in securities. These securities are backed by pools of mortgages that are insured by the Federal Housing Administration, or guaranteed by the Veterans Administration or the Farmers Home Administration. For 1985, the administration proposes to retain the new commitment limitation at \$68.2 billion; about \$42.0 billion of securities are expected to be guaranteed. The credit programs table shows the new commitment limitation proposed for GNMA guarantees. Table F-15 of Special Analysis F, "Federal Credit Programs," shows the estimated guaranteed loans.

Mortgage purchase activities.—The Housing and Urban-Rural Recovery Act of 1983 repealed the statutory authority for the GNMA tandem mortgage subsidy programs, which made direct loans at large losses to the Federal Government. For 1985, the administration proposes that Treasury forgive the debt owed it by GNMA, and that the remaining fund balances be transferred to the GNMA management and liquidating functions fund. However, to retain comparability with prior years, the data in the national needs table for GNMA mortgage purchase activity exclude the effects of the debt forgiveness proposal.

Mortgage credit.—Federal Housing Administration (FHA) provides mortgage and loan insurance for families who may be unable to obtain a mortgage without Federal insurance. FHA mortgage credit is one of the largest programs in the Federal credit budget.

Many families, particularly first-time homebuyers, can afford only a low downpayment when purchasing a home. Mortgage lenders, however, are reluctant to make low downpayment loans unless the mortgages are insured. Although private mortgage insurers currently insure more mortgages and charge lower premiums than FHA, some homebuyers—particularly those able to make only very low downpayments—may be unable to obtain private mortgage insurance. Thus, these homebuyers require FHA mortgage insurance to purchase a home.

In addition, FHA insurance on mortgages is often sought by mortgage bankers for use in conjunction with GNMA guarantees of pools of insured mortgages. These GNMA guarantees provide mortgage bankers and other lenders with the means to finance mortgages, using little of their own capital. The administration proposes to continue the 1984 commitment limitation of \$50.9 billion in 1985. However, it is expected that only \$40.9 billion of commitments will actually be issued in 1985.

Effective September 1983, premiums for FHA single-family mortgage insurance are being collected in one lump sum at the time of settlement. Homebuyers have the option of paying the entire amount out of pocket or including it in the mortgage amount. Although the level of the insurance premium is only sufficient to maintain actuarial soundness of the FHA fund, the up-front collections produce a sizeable increase in income to the FHA fund. Thus, net receipts to the FHA fund are projected at \$0.8 billion in 1984 and \$1.2 billion in 1985.

The administration is also taking a number of steps to improve the availability of and reduce the delay in obtaining FHA mortgage insurance. Processing is being expedited under a new procedure that bypasses the need for any preliminary commitment approvals. Approved lenders take responsibility for underwriting and then submit the mortgage loans to HUD for final insurance endorsement. By 1985, approximately half of FHA's single-family mortgage insurance is expected to be handled under this new arrangement. This procedure is one of the administration's major management initiatives to deliver governmental services more efficiently through expanded use of the private sector.

As proposed by the administration, the Housing and Urban-Rural Recovery Act of 1983 eliminated FHA rate ceilings. This will reduce delays caused by the need to adjust points that are paid to the lender at the time of settlement on a home mortgage sale. The Act also authorizes HUD, on a limited basis, to make FHA insurance available for a number of alternative mortgage instruments, particularly indexed and adjustable rate mortgages, and to reinsure mortgages originally insured by private mortgage insurers. Finally, the Act reduced the downpayment required of homebuyers who are seeking to obtain an FHA insured mortgage for \$50,000 or less. Many of these changes will increase HUD's ability to provide FHA insurance to potential homebuyers who have had difficulty obtaining private mortgage insurance or home mortgage financing.

Housing for the elderly or handicapped.—In addition to supporting private market mortgage financing with FHA insurance, HUD provides direct loans to finance the construction of rental housing for the elderly and the handicapped. The budget proposes \$500 million of new direct loan obligations in 1985. Outlays for this

program are estimated to be \$803 million in 1984 and 1985. The units constructed under this program also receive Section 8 new construction subsidies, which are discussed under the income security function, to make them affordable to low-income elderly or handicapped households.

Rural housing programs (FmHA).—The two principal loan programs of the Farmers Home Administration (FmHA) provide low-interest direct loans to help low-income families purchase homes and to support construction of privately-owned rental housing. These programs are available to rural communities of 10,000 or less, and to communities of 10,000 to 20,000 outside metropolitan statistical areas.

The number of households served by the low-income homeownership program will grow by about 48,000 between 1983 and 1985 to 453,000. As units in planning or under construction are completed, the number of units financed with subsidized loans from FmHA's rental housing program will increase by about 46,000 between 1983 and 1985, to 315,000 units. To ensure that very-low-income families can afford these units, 124,000 households will receive additional rent subsidies from either HUD or FmHA.

The 1985 budget proposes \$2.4 billion in new direct loan obligations, a reduction of \$0.9 billion from the 1984 level. This reduction reflects both improvements in the unsubsidized housing market and increased efforts by HUD to make its housing programs available in rural areas, including a demonstration program in cooperation with private mortgage insurers.

FmHA will improve its efforts to ensure that truly needy households are the primary beneficiaries of the rural housing programs. The agency will first examine whether potential borrowers can obtain credit from another source before granting eligibility for homeownership loans. Outlays for FmHA housing programs in this function are expected to be \$1.8 billion in 1985.

A number of programs enhance the safety and soundness of the banking system and affect its responsiveness to the needs of both savers and borrowers. *The Federal Deposit Insurance Corporation* insures the deposits of all federally and many State chartered commercial and savings banks. Receipts are estimated to exceed expenses by \$1.4 billion in 1984 and \$1.7 billion in 1985.

The Federal Savings and Loan Insurance Corporation, under the direction of the Federal Home Loan Bank Board, insures deposits of member savings and loan associations. Receipts are estimated to exceed costs by \$0.7 billion in 1984 and, with improving economic conditions, an estimated \$1.0 billion in 1985.

The National Credit Union Administration (NCUA) regulates credit unions, provides liquidity assistance to member credit unions, and insures depositors' accounts. Receipts are estimated to

exceed costs by \$125 million in 1984 and by \$38 million in 1985. The decline in net receipts is due to unusually high, one-time revenues in 1984, when membership and capital stock subscriptions in NCUA's Central Liquidity Facility will greatly expand. Membership is estimated to grow from 5,300 credit unions to more than 18,000, nearly 90% of all credit unions.

Postal Service.—The Postal Reorganization Act of 1970 established the U.S. Postal Service as an independent part of the executive branch. Outlays for the general operations of the Postal Service are excluded from Federal budget totals, except for reimbursements for revenue forgone, which subsidize the reduced rates for certain classes of mail. In the past, these reimbursements also included payment for certain liabilities of the former Post Office Department. These payments for 1982 through 1984 were postponed until 1985 by the 1981 Reconciliation Act. The deferred payments, totaling \$240 million, are included in the 1985 budget.

The request for 1985 reflects the administration's belief that postage costs should be paid by those who incur them, not by the taxpayer. Budget authority of \$692 million is requested for 1985, \$187 million below the enacted 1984 level. The administration continues to support legislation proposed last year that would reduce the revenue forgone subsidy to preferred-rate mailers to \$400 million in 1985. No portion of this reduction is applied to the mail subsidy for the blind and handicapped. The 1985 budget also includes \$52 million for a reconciliation payment to cover the cost of 1982 preferred rate mail. The administration proposes that the Postal Service operate in the future within the amount appropriated by Congress each year, not receiving additional amounts, such as reconciliation payments, to supplement the initial appropriation.

Other advancement of commerce.—Federal programs attempt to support an environment for fair and equitable business opportunities by providing technical assistance and loan guarantees, by developing and distributing scientific standards, by collecting and disseminating information on the economy and population, by encouraging innovation and productivity growth, and by providing export promotion assistance to small and medium sized businesses.

International trade and industry.—The administration supports the concept of a Department of International Trade and Industry that would consolidate the trade-related functions of the Government. The administration will continue to work with the Congress on this proposal.

Small business assistance.—Net outlays for assistance to small business are estimated to total \$567 million in 1985, a reduction of \$197 million from the estimated 1984 level. The 1985 budget re-

quest for the Small Business Administration (SBA) again seeks elimination of subsidized on-budget direct loans with the exception of \$41 million in direct financing for minority enterprise small business investment companies and \$494 million of new direct loan obligations to cover claims on defaulted SBA guaranteed loans. In addition, \$515 million of off-budget direct loans financed by the Federal Financing Bank, which are guaranteed by SBA, are proposed. Finally, \$3.3 billion of new guaranteed loan commitments for business loans and pollution control equipment are proposed. As the credit programs table shows, the budget proposes phasing down SBA loan guarantee assistance to reach \$0.9 billion by 1987. Handicapped and minority borrowers would have first priority for credit assistance.

The reduction in SBA financial assistance is part of the administration's overall effort to restrain and reduce Federal credit programs to increase the availability of private credit for businesses. As a group, small businesses will benefit more from the administration's efforts to stabilize financial markets, reduce interest rates, eliminate burdensome regulations, and lower inflation, than from direct Federal credit subsidies. Since the vast majority of small businesses obtain financing without Federal assistance, the administration plans to assist only those businesses for which a valid case can be made that market imperfections may exist. Consistent with this philosophy, it is anticipated that 15% of SBA's guaranteed business loans will be made to minority-owned firms in 1985. In addition, the budget proposes that the other (non-credit) minority business assistance programs in the Department of Commerce and the SBA will operate at current levels in 1985 with outlays of \$95 million.

Other.—Several additional programs support the advancement of commerce. The National Bureau of Standards (NBS) develops and maintains the nation's system of measurements and standards. The 1985 budget proposes to improve the Bureau's scientific standards capabilities, especially in the areas of process and quality control, biotechnology, and materials. Lower priority NBS research and standards work will be phased out in areas for which the private sector should have a larger role.

CREDIT PROGRAMS—COMMERCE AND HOUSING CREDIT

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Direct loans:					
Mortgage-backed securities (GNMA):					
New obligations	1	2	2	3	4
Net outlays	*	-1	*	-1	
Outstandings	6	5	5	4	4
Mortgage purchase activity (GNMA):					
New obligations	500				
Net outlays	-603	-312	-1,638	-1,460	-9
Outstandings	3,465	3,153	1,515	55	46
Mortgage credit (FHA):					
New obligations	1,488	1,716	1,647	1,742	1,873
Net outlays	894	104	-96	-77	1
Outstandings	5,044	5,148	5,052	4,975	4,976
Housing for the elderly or handicapped:					
New obligations	633	666	500	525	551
Net outlays	829	827	762	663	639
Outstandings	4,470	5,297	6,059	6,722	7,361
Rural housing (FmHA):					
New obligations ¹	2,952	3,301	2,370	2,403	2,332
Net outlays	-100	-*	-80	-*	-*
Outstandings	347	347	266	266	266
Rural housing of FmHA (loans held by FFB): ¹					
Net outlays	1,755	2,182	1,853	1,187	992
Outstandings	25,676	27,858	29,711	30,897	31,889
Central Liquidity Facility (NCUA):					
New obligations	194	290	437	437	437
Net outlays	-86	55	50	-25	-25
Outstandings	45	100	150	125	100
Small business assistance: ²					
New obligations	851	749	535	547	480
Net outlays	224	77	-66	-104	-160
Outstandings	3,320	3,397	3,331	3,227	3,067
Small business assistance (loans made by FFB):					
New obligations ³	430	575	515	515	515
Net outlays	192	646	419	400	394
Outstandings	951	1,597	2,016	2,416	2,810
Small business assistance (loans held by FFB): ⁴					
Net outlays	-10	-10	-10	-10	-10
Outstandings	57	47	37	27	17
FDIC, FSLIC and other:					
New obligations	59	36	22	19	17
Net outlays	-285	-74	-321	-60	-61
Outstandings	1,217	1,143	823	763	703
Total, direct loans:					
New obligations	7,108	7,336	6,028	6,191	6,209
Net outlays	2,811	3,492	874	512	1,761
Outstandings	44,598	48,091	48,964	49,476	51,237

CREDIT PROGRAMS—COMMERCE AND HOUSING CREDIT—Continued

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Guaranteed loans:					
Mortgage-backed securities (GNMA): ⁵					
New commitments	64,225	68,250	68,250	68,250	68,250
Net change	36,801	34,282	34,240	33,344	31,508
Outstandings	152,339	186,621	220,861	254,205	285,713
Mortgage credit (FHA):					
New commitments	44,611	38,100	40,900	42,600	45,800
Net change	18,733	21,220	21,261	23,065	24,483
Outstandings	160,985	182,205	203,467	226,531	251,014
Rural housing (FmHA):					
New commitments	21	16	13	4	4
Net change	-70	-41	-180	-169	-39
Outstandings	998	957	777	608	569
Small business assistance:					
New commitments	2,619	3,325	3,290	1,950	930
Net change	-657	257	599	-246	-1,464
Outstandings	8,772	9,029	9,628	9,382	7,918
Chrysler Corporation:					
Net change	-1,200				
FDIC, FSLIC, and other:					
New commitments	58	55	10	10	12
Net change	-37	9	-24	-17	-18
Outstandings	259	268	243	226	209
Less guaranteed loans held as direct loans by GNMA: ⁶					
New commitments	500				
Net change	-603	-312	-1,638	-1,460	-9
Outstandings	3,465	3,153	1,515	55	46
Total, guaranteed loans:					
New commitments	46,809	41,495	44,213	44,564	46,746
Net change	17,371	21,757	23,293	24,093	22,971
Outstandings	167,549	189,306	212,600	236,692	259,663
Total credit budget (new obligations and new commitments)	53,917	48,831	50,241	50,755	52,955

* \$500 thousand or less.

¹ The direct lending activities of the Farmers Home Administration (FmHA) are financed by the Federal Financing Bank (FFB). Certificates of beneficial ownership (CBO's) are issued by the FmHA. According to law, these certificates are backed by loans that the agency continues to service. FmHA guarantees the CBO's, sells them to the FFB, and repurchases them upon maturity. FFB net outlays for RHIF represent acquisition of CBO's less repurchases by FmHA. Increases in the volume of sales of CBO's are added to FFB direct loan outstandings, while the FmHA's direct loan outstandings decrease by the amount of CBO's sold to the FFB.

² Direct loan obligations for 1983 are repurchases of defaulted guaranteed loans.

³ These are obligations to guarantee loans that the FFB will disburse. In effect, they are obligations for off-budget direct loans and are counted as such in the credit budget. Policy responsibility for these loans rests with the guaranteeing agency. The totals for small business assistance loans made by the FFB in this table are not identical to the entries in the addendum to the national needs table for off-budget Federal entities due to timing differences between budget authority and new obligations.

⁴ Some direct lending activities of the Small Business Administration are financed by the FFB. Loan assets are issued by the agency. According to law, these assets are backed by loans that the agency continues to service. The agency guarantees the loan assets, sells them to the FFB, and repurchases them upon maturity. FFB net outlays for this account represent acquisition of loan assets less repurchases by the agency. Increases in the volume of sales of loan assets are added to FFB direct loan outstandings, while the agency's direct loan outstandings decrease by the amount of loan assets sold to the FFB.

⁵ GNMA guarantees securities that are backed by pools of loans previously insured by the FHA, the Veterans Administration or the Farmers Home Administration. These secondary guarantees of loans are not added into guaranteed loan totals for the credit budget.

⁶ When guaranteed loans are acquired by a budget account, they become direct loans and are counted as such in this table. This deduction for GNMA eliminates overlap with direct loans presented above.

Tax expenditures.—The tax system provides a variety of incentives for investment in equipment, commercial and industrial structures, and residential housing. For example, the accelerated cost recovery system (ACRS), enacted as part of the Economic Recovery Tax Act of 1981 (ERTA), increases incentives to invest in buildings, rental housing and capital equipment by permitting faster write-offs of such expenditures. To the extent that allowable depreciation for tax purposes exceeds the rate at which assets actually depreciate, business tax liabilities are deferred. The investment tax credit also provides incentives for investment in capital equipment. Under the capital gains provisions of the tax code, income from the sale of capital assets held for more than one year is taxed at lower rates than income from any other source.

The Federal Government also subsidizes homeownership by allowing deductions for mortgage interest and property taxes on owner-occupied homes. Additional benefits are provided by permitting capital gains on home sales to be either deferred or excluded from income.

Tax expenditures for commerce and housing credit are listed in the accompanying table and discussed in more detail in Special Analysis G.

TAX EXPENDITURES FOR COMMERCE AND HOUSING CREDIT

(Outlay equivalents; in millions of dollars)

Description	Estimates		
	1983	1984	1985
Commerce and housing credit:			
Dividend and interest exclusion	635	620	640
Net interest exclusion			2,730
Exclusion of interest on State and local industrial development bonds	2,195	2,155	2,105
Exemption of credit union income	205	240	265
Excess bad debt reserves of financial institutions	680	1,090	1,410
Exclusion of interest on life insurance savings	6,175	6,645	7,285
Deductibility of interest on consumer credit	9,270	10,155	10,920
Deductibility of mortgage interest on owner-occupied homes	20,945	23,280	25,330
Deductibility of property tax on owner-occupied homes	8,050	8,880	9,725
Exclusion of interest on State and local housing bonds for owner-occupied housing	1,735	1,885	1,645
Exclusion of interest on State and local debt for rental housing	715	895	1,080
Capital gains (other than agriculture, timber, iron ore and coal)	24,815	25,450	27,445
Deferral of capital gains on homes sales	2,170	2,370	2,550
Exclusion of capital gains on home sales for persons age 55 and over	950	1,040	1,120
Carryover basis of capital gains at death	5,415	6,045	6,845
Investment credit, other than employee stock ownership plans, rehabilitation of structures, energy property, and reforestation expenditures	26,435	30,130	34,190
Accelerated depreciation of rental housing	585	715	795
Accelerated depreciation of buildings other than rental housing	320	360	415
Accelerated depreciation of machinery and equipment	12,950	19,305	26,715
Safe harbor leasing rules	3,450	2,935	2,640
Amortization of start-up costs	195	290	400
Exclusion of interest on certain savings certificates	670	105	
Reinvestment of dividends in public utility stock	590	670	685
Reduced rates on the first \$100,000 of corporate income	8,600	10,100	11,045
Total (after interactions), commerce and housing credit ¹	170,590	183,990	206,155

¹ The estimate of total tax expenditures for this function reflects interactive effects among the individual items. Therefore, the estimates cannot simply be added.

TRANSPORTATION

The Federal Government seeks to ensure a transportation system providing safe, efficient and economical movement of people and goods, and support for national defense. This requires private enterprise, State and local governments, and the Federal Government to carry out their responsibilities for the system. Federal programs supporting national priorities for ground, air, and water transportation are financed substantially by user fees.

A safe and efficient transportation system is essential for the Nation's economic health and vitality. It provides mobility to citizens and serves as a distribution network for goods and services. The administration has placed a high priority on maintaining, upgrading, and improving the safety of this vital component of the economy. To this end, the administration requests increases in Federal funding for the interstate highway system, primary highways and bridges, highway safety, the national air navigation and traffic control system, and Coast Guard operations. Proposed budget authority for transportation programs is \$29.5 billion for 1985.

Primary responsibility for other portions of the transportation system lies outside the Federal purview. The administration looks to State and local governments to supply the major share of funding for non-interstate highways and public transportation, and to the private sector for commercial transportation.

The budget reflects the continued effort of the administration to simplify Federal regulations and reduce the Federal role, where appropriate. The administration supports recent laws that reduce the Federal presence in the commercial activities of rail, trucking, airline, and ocean shipping industries. Consistent with these laws, the administration proposes a decrease in budget authority for the Interstate Commerce Commission to reflect its reduced statutory responsibilities. The budget also includes the termination of the Civil Aeronautics Board on January 1, 1985, as mandated by law.

The administration stresses that those who benefit from Federal transportation programs should pay their cost through user fees. The administration has been successful in increasing user fees to support highway, transit, and aviation programs. The proportion of the Department of Transportation's total budget authority to be obtained from user fees will increase from 49% in 1982 to 72% in 1985.

NATIONAL NEED: EFFICIENT TRANSPORTATION SYSTEMS

(Functional code 400; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
Ground transportation:					
Highways.....	13,239	13,941	14,724	15,460	15,420
Highway safety.....	235	271	288	246	250
Mass transit.....	4,529	4,320	4,112	4,117	3,987
Railroads.....	1,088	2,169	742	740	738
Regulation.....	67	60	54	50	47
Subtotal, ground transportation.....	19,159	20,761	19,920	20,613	20,442
Air transportation:					
Airports and airways.....	4,226	4,615	5,632	5,512	5,456
Aeronautical research and technology.....	547	627	687	737	754
Air carrier subsidies.....	52	51	52	52	52
Regulation.....	24	21	18	16	14
Subtotal, air transportation.....	4,850	5,314	6,389	6,317	6,276
Water transportation:					
Marine safety and transportation:					
Existing law.....	2,446	2,804	2,585	2,656	2,710
Proposed legislation.....		-4	-7	-6	-6
Ocean shipping.....	455	426	442	462	449
Regulation.....	12	11	12	12	12
Subtotal, water transportation.....	2,912	3,237	3,032	3,123	3,166
Other transportation.....	110	115	116	117	118
Total, budget authority.....	27,031	29,427	29,457	30,170	30,002

The Department of Transportation has embarked on a number of management reforms that are expected to reduce outlays by an average of \$45 million annually over the next five years, starting with savings of \$16 million in 1985. The Department will: (1) simplify and consolidate financial and administrative systems, (2) contract out services that are economically available from commercial sources, and (3) develop an automated accounting system.

Ground transportation.—Proposed budget authority is \$19.9 billion for highway, highway safety, mass transit, and railroad programs in 1985. This budget continues the policies set forth in the Surface Transportation Assistance Act of 1982 (STAA), which increased Federal revenues and programs for highways and mass transit. The budget also reflects the administration's continued effort to improve highway safety, and to address highway and transit capital rehabilitation and repair.

Highways.—The STAA established the basic thrust and framework for a much enhanced Federal highway program through 1986. Under the Act, the highway motor fuels tax increased from four to

NATIONAL NEED: EFFICIENT TRANSPORTATION SYSTEMS—Continued

(Functional code 400; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
OUTLAYS					
Ground transportation:					
Highways.....	8,905	11,305	13,187	13,745	14,270
Highway safety.....	227	255	276	293	273
Mass transit.....	3,759	3,936	3,990	4,261	4,236
Railroads.....	1,364	2,558	1,125	877	759
Regulation.....	63	61	54	51	48
Subtotal, ground transportation.....	14,316	18,116	18,631	19,228	19,587
Air transportation:					
Airports and airways.....	3,360	4,048	4,380	5,046	5,250
Aeronautical research and technology.....	563	641	693	711	740
Air carrier subsidies.....	54	56	57	52	52
Regulation.....	24	22	19	16	14
Subtotal, air transportation.....	4,000	4,768	5,149	5,824	6,057
Water transportation:					
Marine safety and transportation:					
Existing law.....	2,402	2,580	2,722	2,713	2,723
Proposed legislation.....		-4	-7	-6	-6
Ocean shipping.....	555	506	416	402	379
Regulation.....	12	11	12	12	12
Subtotal, water transportation.....	2,969	3,092	3,143	3,121	3,108
Other transportation.....	99	147	137	117	118
Total, outlays.....	21,385	26,123	27,061	28,290	28,870
ADDENDUM					
Off-budget Federal entities:					
U.S. Railway Association:					
Budget authority.....	6				
Outlays.....	-67	-53			
Federal Financing Bank:					
Railroads:					
Budget authority.....	44	12	10		
Outlays.....	15	-890	-*	-14	-15
Total:					
Budget authority.....	49	12	10		
Outlays.....	-52	-943	-*	-14	-15

*\$500 thousand or less.

nine cents per gallon—the first increase since 1959. Other taxes supporting the Federal highway program were restructured to improve the balance between the tax assigned to highway users and the costs those users impose on the system. The Act also extended the authorization for spending from the user-financed highway trust fund through September 30, 1988.

The administration proposes budget authority of \$14.7 billion for highways in 1985, \$0.8 billion more than in 1984. The budget maintains the salient features of the STAA. Proposed obligations

for the Federal-aid highway program are set at the level projected by the Act, when \$275 million of enacted 1983 economic recovery legislation for highway construction is included. The proposed obligation limitation for Federal-aid highways is \$13.9 billion, which includes funding for all programs except emergency relief.

The STAA greatly increased budget authority for completing and preserving the interstate highway system, and for rehabilitating primary highways and bridges. The 1985 budget adheres to the Act by providing for (1) completion of all segments of the interstate system by the early 1990's, (2) a program level increase for interstate rehabilitation of 263% over 1982 levels, the year prior to the Act, and (3) primary highway and bridge rehabilitation program level increases of 28% and 79%, respectively, over 1982.

All other rural and urban roads remain primarily the responsibility of State and local governments, which must decide the priority of construction, maintenance, and rehabilitation. The budget reflects small increases over the 1984 levels for Federal programs for these roads.

Highway safety.—Proposed budget authority for Federal highway safety programs in 1985 is \$288 million, \$17 million more than 1984. The funds would be used to support Federal vehicle safety research and development, promulgate and enforce Federal safety standards, and supplement State highway safety programs.

The budget includes several important highway safety initiatives. Budget authority for the motor carrier safety grant program, which provides grants to States to enforce Federal truck safety standards, has been increased by 100% over the 1984 level to redouble truck safety efforts. Another grant program, incentive grants to States to strengthen drunk driving laws and augment anti-drunk driving programs, is increased by 16%. Budget authority for highway safety operations and research is also increased by 16%. Finally, the administration has submitted legislation to merge several separate traffic safety functions into a single new agency, to be called the National Traffic Safety Administration. The new administration would combine currently separate truck and auto safety offices into a single bureau that would permit a more coordinated approach to highway safety.

Mass transit.—The Federal Government provides assistance for mass transit through a variety of formula and discretionary grant programs. The majority of funds are reserved for capital projects; grants are also provided for operating assistance, planning activities, demonstration projects, and research.

Budget authority of \$4.1 billion is proposed for mass transit in 1985. These funds are to be used primarily for capital projects, such as construction and rehabilitation of bus and rail facilities and

replacement and repair of operating equipment. The funds are distributed largely through two programs. The discretionary grant program is funded with one cent per gallon of the motor fuels tax and is used for capital projects. The formula grant program, financed from the general treasury, distributes funds for capital and transit operating subsidies in urban and rural areas. In addition to these programs, budget authority is requested for the ongoing program of substituting transit projects for previously planned interstate highway projects, for continuing construction of the Washington, D.C. Metro system, and for research and training.

The budget proposes to increase funding for formula grant capital projects by 31% over the next 5 years. However, the administration continues to believe that operating costs associated with public transit systems should be borne by the users and the State and local governments, rather than general taxpayers. The administration is proposing the gradual phaseout of Federal operating subsidies over the next 5 years. The phaseout is designed to provide municipalities, especially small cities, time to adjust to greater reliance on their own or State and local resources by retaining high subsidy levels in the early years.

Railroads.—In keeping with the administration's policy of reducing Federal responsibility for rail activities unrelated to safety, proposed budget authority for railroads in 1985 is reduced to \$0.7 billion, \$1.4 billion less than in 1984. Of this difference, \$1.2 billion is due to the Department of Transportation's one-time only repayment in 1984 of Treasury Department loans on behalf of the National Railroad Passenger Corporation (Amtrak), which defaulted on its payments. The rest of the decrease is attributable to the completion of the Northeast corridor improvement program (Washington to Boston rail link), and the elimination of Federal assistance programs in conjunction with the increased ability of the industry to be self-supporting.

The Federal Government subsidizes intercity rail passenger service throughout the United States by providing grants to Amtrak. As Amtrak becomes more efficient, existing services can be retained at decreased cost. Proposed budget authority is \$680 million for subsidies to Amtrak in 1985, a reduction of \$36 million from 1984. Also to be proposed for Amtrak are the following legislative measures for 1986 and beyond: applying performance standards to intrastate and commuter trains, phasing in increased State and local funding for these trains, and tightening existing performance standards for interstate trains.

Conrail, the Government-owned freight railroad that provides service in the Northeast and Midwest, will not require operating subsidies in 1985. However, the Federal Government will continue to provide special unemployment benefits to former Conrail em-

ployees in 1985. Proposed budget authority for this program is \$15 million. The Northeast Rail Services Act of 1981 stipulated that the Federal Government should sell Conrail as part of a private market solution to rail problems.

Air transportation.—Budget authority of \$6.4 billion is requested for air transportation in 1985, an increase of \$1.1 billion over 1984. Federal spending for air transportation is for the improvement, operation, and maintenance of the national airspace system; airport grants; aeronautical research and technology; air carrier subsidies; and the operation of two airports (National and Dulles) in the Washington, D.C. area.

Airports and airways.—The safe and efficient movement of air traffic nationwide is under the direction of the Federal Aviation Administration (FAA). Budget authority of \$5.6 billion is proposed for airports and airways in 1985.

The Airport and Airway Improvement Act of 1982 increased aviation user fees for the Airport and Airway Trust Fund. The receipts are designated to finance the multi-year FAA capital modernization program, airport improvement grants, and an increased share of FAA operations and maintenance costs.

The administration requests budget authority of \$1.9 billion for the third year of the FAA capital modernization program. The request represents a 90% increase from 1984 to 1985 for research, development, and procurement of new facilities and equipment. Proposed budget authority for new facilities and equipment alone totals \$1.7 billion in 1985. This amount not only funds the newly available 1985 authorization, but also restores in 1985 \$250 million of unappropriated 1984 authorizations.

Airport improvement grants will emphasize compliance with airport safety standards, expansion, and noise reduction. The administration proposes obligations of \$987 million, the amount newly authorized for 1985 under the Airport and Airway Improvement Act of 1982, as amended by the Surface Transportation Assistance Act of 1982. The obligation level represents a 23% increase over the 1984 limitation of \$800 million.

The 1985 request for FAA operations and maintenance activities, \$2.7 billion, provides the funds for the first full “normal” year since the air traffic controllers strike in August 1981. The Airport and Airway Trust Fund would finance \$1.8 billion of these expenses. Of the \$1.8 billion, \$500 million partially restores trust fund reimbursement foregone in 1984 due to appropriations being below the authorization for facilities and equipment. The foregone reimbursement resulted from a provision in the Airport and Airway Improvement Act of 1982 requiring that the trust fund reimbursement of operating expenses be reduced by twice the

amount of any facilities and equipment reduction. The administration's proposal to recoup \$500 million of 1984 foregone trust fund reimbursement is based on its request to restore \$250 million of facilities and equipment appropriations and is consistent with views expressed by the aviation community.

Aeronautical research and technology.—The National Aeronautics and Space Administration (NASA) conducts research in basic aeronautical sciences and long-term technology development, and operates unique research and testing facilities—activities that are unlikely to be funded by the private sector.

The administration proposes \$687 million of budget authority for NASA in 1985 to help maintain U.S. leadership in aeronautical research and technology. This amount would allow an increase in aeronautical engineering and system research efforts sufficient to continue the initiatives in numerical aerodynamic simulation and advanced aircraft composite structures technology that are beginning in 1984. It would also provide for an increase in basic aeronautical research and technology efforts.

Air carrier subsidies.—In conjunction with airline deregulation, the air carrier subsidy program is designed to guarantee essential air services to small communities. The subsidies provide compensation to air carriers for operating losses incurred in servicing communities that would otherwise lose air service. Proposed budget authority for air carrier subsidies is \$52 million in 1985.

Economic regulation.—The Civil Aeronautics Board, which has been responsible for the economic regulation of international and domestic aviation, is scheduled to terminate on January 1, 1985. Those Federal activities that the CAB has carried out and that are still required for international and domestic aviation, such as air carrier subsidies and international routing, will be assumed by other Federal agencies, primarily the Department of Transportation.

Water transportation.—To meet its Federal responsibility in water transportation, the administration requests \$3.0 billion in budget authority for 1985. This will allow the Coast Guard to continue to improve its marine safety and law enforcement activities and the Maritime Administration to continue its support for Federal ocean shipping programs. The budget also funds the Federal Maritime Commission, Panama Canal Commission, and St. Lawrence Seaway Commission.

Marine safety and transportation.—Coast Guard services include search and rescue, maintenance of navigation aids, enforcement of maritime laws, and other activities.

The administration requests \$2.6 billion of budget authority in 1985 for Coast Guard operations and improvement of its shore facilities, vessels, and aircraft. Following the commissioning of several new vessels in 1984, two more new large cutters and several additional smaller ones will be commissioned in 1985. Modernization of the fleet's twelve 378-foot and sixteen 210-foot cutters will continue in 1985, resulting in expanded capabilities and extension of the service lives of the cutters. Replacement of the Coast Guard's older patrol boats will also continue in 1985. The Coast Guard's air search and rescue operations have been enhanced by the acquisition of new, faster aircraft with improved radar, and investment in the repair and replacement of shore facilities continues. Operations will also be upgraded and expanded by the introduction of new short-range recovery helicopters. As a result of Federal program activities, boating safety is improving steadily. Since 1978, requests for Coast Guard assistance have declined an average of 3% annually.

Through improved intelligence information and interagency coordination, the Coast Guard contributed substantially to a major reduction in maritime marijuana smuggling in 1983. A high level of maritime law enforcement will be continued in 1985 for both fisheries and anti-smuggling activities.

The Coast Guard plans to achieve management savings in 1985 by contracting out for a number of support activities that it presently performs in-house. In addition, the maintenance of some aids to navigation will be performed by contractors.

Consistent with the handling of military retirement costs by the Department of Defense, legislation will be proposed to establish a retirement fund to pay the annuities of retired Coast Guard personnel. This would replace the current practice of requesting a separate appropriation each year to cover annuity costs.

Ocean shipping.—Programs in ocean shipping are administered by the Department of Transportation's Maritime Administration, the Panama Canal Commission, the St. Lawrence Seaway Commission, and the Federal Maritime Commission. Budget authority for ocean shipping is estimated to be \$442 million in 1985.

The Maritime Administration has traditionally provided two types of direct subsidies to assist the U.S. merchant marine and ship-building industry in competing with foreign maritime industries. Operating subsidies offset the higher costs of operating U.S.-flag vessels, while construction subsidies offset the higher costs of building vessels in U.S. shipyards.

Based on its 1982 review of U.S. maritime policy, the administration again proposes several initiatives to help revitalize the maritime industry. Included are legislative and administrative changes that would streamline or eliminate many of the regulatory restric-

tions under which the U.S. Merchant Marine now operates, thereby reducing costs. One of the most significant elements of the administration's policy is to permit subsidized U.S.-flag ship operators to build or acquire their vessels in foreign countries. This will permit operators to acquire modern, efficient ships in a cost-effective and timely manner. Consequently, the administration continues to propose eliminating ship construction subsidies; that program has been unsuccessful in fostering a modern fleet of U.S.-flag vessels. U.S. shipyards will have ample work from the expanded Navy shipbuilding program. The approximate value of unfinished shipbuilding work in private shipyards has increased from \$11.1 billion in 1980 to \$20.7 billion in 1983, all of the increase attributable to the Navy program. The budget proposes \$378 million in budget authority for operating subsidies in 1985 to meet the Government's obligations on existing contracts; no new contracts are anticipated.

Credit programs.—The Department of Transportation provides direct loans and guaranteed loans for water and ground transportation projects, as shown in the accompanying table. No new commitments for railroad projects are proposed after 1984. The Department of Transportation's program providing authorization for aircraft purchase loan guarantees expired in October 1983.

The Maritime Administration guarantees construction mortgage loans to build U.S.-flag vessels in the United States. It also makes direct loans in the form of advances to operators to avoid defaults on Government guaranteed loans. The administration is proposing to provide \$600 million in ship construction loan guarantees in 1985, holding an additional \$300 million in reserve to be used if needed for national security purposes. In 1984, Amtrak defaulted on an \$880 million Department of Transportation guaranteed loan with the Federal Financing Bank (FFB). The Department paid the FFB on behalf of Amtrak and assumed the loan directly. In 1985, the administration is proposing no new commitments for guaranteed or direct loans to railroads.

CREDIT PROGRAMS—TRANSPORTATION

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Direct loans:					
Highways and mass transportation:					
New obligations	72	30	50	50	50
Net outlays	-21	8	5	3	
Outstandings	253	260	265	227	227
Aid to railroads:					
New obligations	33	1,010			
Net outlays	-136	20	16	-*	-*
Outstandings	1,471	1,490	1,506	1,506	1,506
Aid to railroads (loans made by the FFB):					
New obligations ¹	15	20			
Net outlays	15	-890	-*	-14	-15
Outstandings	1,064	173	173	159	144
Aircraft purchase loan guarantees (defaults):					
New obligations	153				
New outlays	130	-45			
Outstandings	130	85	85	85	85
Assistance to ocean shipping:					
New obligations	125	85	20	15	10
Net outlays	64	82	16	12	6
Outstandings	222	303	320	331	338
Other transportation programs:					
New obligations	4				
Net outlays	-24	12	2		
Outstandings	*	12	14	14	14
Total, direct loans:					
New obligations	402	1,146	70	65	60
Net outlays	28	-815	39	*	-9
Outstandings	3,139	2,325	2,364	2,323	2,313

CREDIT PROGRAMS—TRANSPORTATION—Continued

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Guaranteed loans:					
Highways and mass transportation:					
Outstandings	997	997	997	997	997
Aid to railroads:					
New commitments	14	13	2		
Net change	-68	-104	-41		
Outstandings	149	45	4	4	4
Aircraft purchase loan guarantees:					
New commitments	9				
Net change	-171	-52	-44	-56	-55
Outstandings	562	510	466	410	355
Assistance to ocean shipping:					
New commitments	322	600	600	600	600
Net change	144	10	10	10	10
Outstandings	7,320	7,330	7,340	7,350	7,360
Other transportation programs:					
Net change	-2	-2	-3	-3	-3
Outstandings	18	15	12	9	6
Total, guaranteed loans:					
New commitments	345	613	602	600	600
Net change	-98	-149	-78	-49	-48
Outstandings	9,046	8,897	8,819	8,770	8,722
Total credit budget (new obligations and new commitments)	747	1,759	672	665	660

* \$500 thousand or less.

¹ These are obligations made by the agency to guarantee loans that the FFB will disburse. In effect, they are obligations for off-budget direct loans, and are counted as such in the credit budget. Policy responsibility for these loans rests with the guaranteeing agency. Totals for loans for aid to railroads made by FFB in this table are not identical to the entries in the addendum to the national needs table for off-budget Federal entities due to timing differences between budget authority and new obligations.

Tax expenditures.—In addition to direct Federal funding, 3 tax expenditures provide assistance to shipping concerns, mass transit systems, and motor carriers. Certain companies that operate U.S.-flag vessels are able to defer taxes indefinitely on income invested in construction, repair and modernization of ships; this results in a tax expenditure of \$45 million in 1985. The Economic Recovery Tax Act of 1981 allows state and local governments to issue tax-exempt bonds for mass transit vehicles and provides special write-offs for motor carriers whose operating monopolies were reduced in value by deregulation. These two tax expenditures are estimated to be \$100 million and \$75 million, respectively. Total tax expenditures for transportation are \$220 million in 1985.

COMMUNITY AND REGIONAL DEVELOPMENT

Federal policy for community and regional development is directed toward supporting economic and social growth in urban and rural neighborhoods, communities, and regions. This policy recognizes that the most important stimulus to lasting community and regional development is a sound, expanding economy and that private, State, and local decisions and resources should have the primary role in community and regional development.

Specific Federal programs supporting community and regional development supplement overall economic forces by providing grants, loans, loan guarantees, and technical assistance to States and local governments, intergovernmental and regional organizations, insular areas, and Indian tribes. These programs help recipients address essential development needs or recover from disasters.

For 1985, the administration is requesting budget authority of \$6.4 billion for community and regional development, compared to \$7.2 billion proposed for 1984. Outlays are estimated at \$7.6 billion in 1985. For credit programs, 1985 direct loan obligations are estimated to be \$1.0 billion, and no new guaranteed loan commitments are expected.

Community development.—Several Federal programs, most of which are administered by the Department of Housing and Urban Development, support community development in both rural and urban areas.

Community development block grants.—The community development block grant (CDBG) program provides flexible community and economic development support to cities, counties, Indian tribes, and U.S. territories. Funds are allocated by formula to States, large cities, and urban counties. The States receive funds to distribute to their smaller communities and rural areas by methods that the States design. The administration estimates \$3.9 billion in outlays for this program in 1985.

Urban development action grants.—This grant program is designed to generate economic growth and jobs in distressed areas by leveraging the investment of private capital. Through a competitive selection process, financial assistance is provided to localities and Indian tribes. Urban development action grant (UDAG) funds, along with private and local resources, are used to promote locally-designed economic revitalization projects that could not go forward without Federal assistance. The administration estimates \$490 million in outlays for this program in 1985.

NATIONAL NEED: COMMUNITY AND REGIONAL DEVELOPMENT

(Functional code 450; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
Community development:					
Community development block grants	4,456	3,468	3,468	3,468	3,468
Urban development action grants	440	440	440	440	440
Rental rehabilitation grants		300		150	150
Rental development grants		315			
Urban homesteading	12	12	12	12	12
Other programs	373	258	257	240	230
Subtotal, community development	5,281	4,793	4,177	4,310	4,300
Area and regional development:					
Rural development	1,353	905	982	1,017	1,037
Economic development assistance	294	268	22	12	9
Indian programs	1,178	1,093	1,108	1,166	1,214
Regional commissions	173	162			
Tennessee Valley Authority	216	86	115	111	115
Offsetting receipts	-264	-307	-343	-371	-404
Subtotal, area and regional development	2,950	2,205	1,884	1,935	1,971
Disaster relief and insurance:					
Disaster relief	130	*	100	200	200
National flood insurance fund	223	90	70	53	14
Other programs	127	144	138	142	147
Subtotal, disaster relief and insurance	480	234	308	395	360
Total, budget authority	8,712	7,232	6,369	6,641	6,631

Rental rehabilitation and rental development grants.—In 1983, the administration proposed, and the Congress enacted, a new program to help States and localities rehabilitate properties for low-income renters. Under this program, the Federal Government will subsidize up to half the costs of rehabilitating an estimated 30,000 rental housing units annually. Housing vouchers, described in the income security section, will also be provided to ensure that eligible low-income households can afford the rents in these rehabilitated units. The administration proposes to make budget authority of \$150 million available per year, starting in 1984. The administration estimates outlays of \$75 million for this program in 1985.

In the Housing Urban-Rural Recovery Act (HURRA) of 1983 (Public Law 98-181), the Congress created a new rental development grant program to subsidize the construction or substantial rehabilitation of rental housing in low- and moderate-income neighborhoods experiencing a severe shortage of rental housing. This program will be funded on a demonstration basis for 2 years, with \$200 million in budget authority available in 1984 and another \$115 million becoming available in 1985. The administration

NATIONAL NEED: COMMUNITY AND REGIONAL DEVELOPMENT—Continued

(Functional code 450; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
OUTLAYS					
Community development:					
Community development block grants	3,554	3,900	3,900	3,525	3,477
Urban development action grants	451	480	490	512	530
Rental rehabilitation grants			75	188	188
Rental development grants			20	112	138
Urban homesteading	9	17	16	15	12
Other programs	279	285	287	209	164
Subtotal, community development	4,293	4,682	4,788	4,559	4,508
Area and regional development:					
Rural development	1,039	1,134	1,181	1,167	1,123
Economic development assistance	303	336	316	162	111
Indian programs	1,114	1,150	1,148	1,144	1,179
Regional commissions	279	217	191	141	79
Tennessee Valley Authority	160	200	118	112	115
Other programs	13	39	7	1	*
Offsetting receipts	-264	-307	-343	-371	-404
Subtotal, area and regional development	2,644	2,769	2,618	2,357	2,203
Disaster relief and insurance:					
SBA disaster loans	-430	-321	-213	-222	-201
Disaster relief	202	220	200	200	200
National flood insurance fund	137	93	64	48	7
Other programs	89	151	127	134	131
Subtotal, disaster relief and insurance	-1	143	179	160	137
Total, outlays	6,936	7,594	7,586	7,076	6,848
ADDENDUM					
Off-budget Federal entities:					
Rural Telephone Bank:					
Budget authority	144	147	144	144	144
Outlays	59	154	152	152	152
Federal Financing Bank:					
Community development:					
Budget authority	117	216	120		
Outlays	60	134	47	-106	-131
Rural development:					
Budget authority	1,010	1,626	1,125	261	152
Outlays	505	646	530	231	152
Total:					
Budget authority	1,271	1,988	1,389	405	296
Outlays	624	934	728	276	173

* \$500 thousand or less.

proposes funding both the rental rehabilitation grant and the rental development grant programs in 1984 and 1985 by transferring the entire \$615 million in budget authority from HUD's subsidized housing programs in 1984.

Urban homesteading.—The urban homesteading program reimburses the FHA fund for single-family properties transferred to State and local governments. These properties are then conveyed to local residents who agree to rehabilitate the properties and live in them for 5 years. In 1984, the administration proposes to expand its urban homesteading program to test the feasibility of multi-family homesteading. This expanded program will help improve blighted neighborhoods and provide additional homeownership opportunities to lower-income households who cannot afford the expense of single-family homeownership. The administration estimates outlays in 1985 will total \$16 million.

Area and regional development.—Programs in this category support rural development, programs of American Indian tribal governments, and multi-State regional development.

Rural development.—The Department of Agriculture administers a variety of grant and credit programs for developing rural areas. In 1985, the administration proposes \$982 million in new budget authority for rural development, including \$560 million for the rural development insurance fund and \$90 million for water and waste disposal grants. As shown in the credit programs table, new direct loan obligations totaling \$406 million are proposed for the rural development insurance fund. Rural areas can also receive assistance from the Department of Housing and Urban Development “small cities” community development block grant program.

Economic development assistance.—The Department of Commerce’s Economic Development Administration (EDA) provides public works grants to States, communities, and Indian tribes. Because the administration continues to seek the phaseout of all EDA activities, no new budget authority is requested for 1985, with the exception of small amounts to cover on-going administrative expenses. There is no evidence that categorical EDA project grants create net employment gains for the nation. At worst, they lock resources into unproductive areas and industries, thus subsidizing inefficiency.

Funds for community and economic development programs will continue to be available in 1985 through the community development block grant and urban development action grant programs. Some economic development assistance for rural areas will continue to be available through the Farmers Home Administration.

Indian programs.—The three major objectives of Federal Indian policy are to meet the trusteeship responsibilities of the U.S. Government, to increase self-determination for American Indian tribal governments, and to encourage economic development on Indian reservations.

Outlays for the Indian programs and miscellaneous trust funds for regional development administered by the Bureau of Indian Affairs are estimated to be \$1.15 billion in both 1984 and 1985. The Department of Housing and Urban Development also provides housing and community development support for Indians through the Indian public housing program (discussed in the income security function) and the community development block grant program (described above). Total outlays for special Indian programs government wide, including programs in other functions such as income security and education, are expected to total \$2.8 billion in 1985, not including payments received by individual Indians from the miscellaneous trust funds or from programs available to all qualified U.S. citizens.

Appalachian Regional Commission.—The Appalachian Regional Commission's (ARC) programs are intended to support development in the 13-State region. The Commission and its non-highway and access roads programs are again proposed for termination, this time at the end of 1984. The administration proposes that the Appalachian development highway system program continue to be funded in 1985, but that program funding be provided to the Department of Transportation. This program would then be terminated by the end of 1986. Because the highway system is eligible for funding through Federal aid for highways, continued construction after 1986 would be through Federal aid funds, at the discretion of the States. The administration's policy with respect to the ARC reflects reliance on (1) the private sector and State and local governments to provide the major stimulus for economic development; and (2) the user-financed Federal highway program to meet long-run Appalachian highway constructions needs, rather than on the general taxpayer to finance special-interest highway projects.

Tennessee Valley Authority.—Programs in this function are aimed primarily at strengthening the economic and natural resource base of the 7-State region the Tennessee Valley Authority (TVA) serves. Economic and community assistance; land, water, forest, and agricultural development; and fertilizer research, development, and introduction are among the activities sponsored. Outlays for TVA's activities in this function are estimated to be \$118 million in 1985, down from \$200 million in 1984.

Disaster relief and insurance.—Providing insurance against losses from floods, hurricanes, tornadoes, and other natural disasters is primarily the responsibility of private insurers. However, State and local governments aid recovery when necessary, and Federal insurance and disaster relief programs are available to

supplement State and local resources when those resources are insufficient.

SBA disaster loans.—The Small Business Administration (SBA) provides loans to homeowners and non-agricultural businesses that suffer losses as a result of natural disasters, such as hurricanes or floods. Loan repayments for this program are estimated to exceed gross outlays by \$213 million in 1985.

Disaster relief program.—The Federal Emergency Management Agency administers this nationwide program that provides supplemental assistance to individuals and State and local governments in the event of a Presidentially declared emergency or disaster. In addition, States or Federal agencies may be reimbursed for disaster relief work performed under this authority. Budget authority of \$100 million in 1985 is expected to be sufficient to cover anticipated payments when combined with existing fund balances of \$368 million. Outlays are estimated at \$200 million in 1985.

National flood insurance fund.—The Federal Emergency Management Agency operates a national program of direct Federal flood insurance at subsidized rates. Over the past 5 years, the program has cost the taxpayer approximately \$140 million per year. The proposed 1985 budget continues the plan to phase out this costly subsidy by 1988 through a series of rate increases, thereby recovering clearly allocable costs of flood insurance from those who receive the benefits of this program. Outlays for this program are estimated to be \$64 million for 1985, down from \$93 million in 1984.

CREDIT PROGRAMS—COMMUNITY AND REGIONAL DEVELOPMENT

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Direct loans:					
Rural development insurance fund (FmHA):					
New obligations ¹	744	410	406	362	355
Net outlays	-48	-44	2	-*	-*
Outstandings	105	61	63	63	63
Rural development insurance fund (FmHA) (loans held by FFB): ¹					
Net outlays	505	646	530	231	152
Outstandings	6,908	7,554	8,084	8,314	8,466
Economic development assistance:					
Net outlays	-72	-11	-33	-57	-57
Outstandings	710	700	666	609	552
Small Business Administration disaster loans:					
New obligations	198	440	440	440	440
Net outlays	-577	-436	-311	-311	-280
Outstandings	5,496	5,060	4,749	4,438	4,158

CREDIT PROGRAMS—COMMUNITY AND REGIONAL DEVELOPMENT—Continued

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Rural Telephone Bank:					
New obligations	172	185	185	185	185
Net outlays	81	186	184	184	184
Outstandings	1,254	1,439	1,624	1,808	1,992
Other:					
New obligations	53	161	18	22	18
Net outlays	-27	42	28	-60	-84
Outstandings	1,469	1,511	1,539	1,479	1,395
Other (loans made by the FFB): ²					
New obligations	61	225			
Net outlays	60	134	47	-106	-131
Outstandings	211	345	392	285	155
Total, direct loans:					
New obligations	1,227	1,421	1,049	1,009	998
Net outlays	-77	516	447	-120	-216
Outstandings	16,153	16,669	17,116	16,996	16,780
Guaranteed loans:					
Rural development insurance fund (FmHA):					
New commitments	82	300			
Net change	2	-136	122	20	-130
Outstandings	3,389	3,253	3,375	3,395	3,266
Economic development assistance:					
New commitments	3	30			
Net change	-86	-53	-78	-50	-50
Outstandings	544	491	413	363	314
Small Business Administration disaster loans:					
Net change	-2	-2	-2	-2	-2
Outstandings	9	7	6	4	2
Other:					
New commitments	14	19			
Net change	-55	-20	-7	-20	-11
Outstandings	207	187	180	159	149
Total, guaranteed loans:					
New commitments	98	349			
Net change	-140	-211	35	-51	-192
Outstandings	4,149	3,933	3,973	3,922	3,730
Total credit budget (new obligations and new commitments)	1,325	1,770	1,049	1,009	998

¹ The direct lending activities of the Farmers Home Administration (FmHA) are financed by the Federal Financing Bank (FFB). Certificates of beneficial ownership (CBO's) are issued by the FmHA. According to law, these certificates are backed by loans that the agency continues to service. FmHA guarantees the CBO's, sells them to the FFB, and repurchases them upon maturity. FFB net outlays for RDIF represent acquisition of CBO's less repurchases by FmHA. Increases in the volume of sales of CBO's are added to FFB direct loan outstandings, while the FmHA's direct loan outstandings decrease by the amount of CBO's sold to the FFB.

² These are commitments made by the agency to guarantee loans that the FFB will disburse. In effect, they are commitments for off-budget direct loans, and are counted as such in the credit budget. Policy responsibility for these loans rests with the guaranteeing agency.

Tax expenditures.—Direct Federal funding for community and regional development is supplemented by several existing tax expenditures. Under certain conditions, taxpayers may elect to amortize rehabilitation expenditures for low- and moderate-income rental housing over a 5-year period. The 1985 tax expenditure for this provision is \$85 million. Development is also assisted by the exclusion of interest on State and local industrial development bonds for airports, docks, and sports and convention facilities. The estimate for this provision is \$450 million in 1985. Special tax credits are also available for rehabilitation of older nonresidential buildings. For 1985 the estimate for this program is \$470 million. Total tax expenditures for community and regional development for 1985 are estimated to be \$1.0 billion.

The administration continues to support an enterprise zone program that would provide tax incentives for the redevelopment of economically distressed areas. Enterprise zones offer a new private sector approach to community revitalization by including incentives for public-private partnerships and by working to reduce regulatory burdens that often create disincentives to business investment. Up to 25 small areas per year would be designated “enterprise zones.” Businesses in the zones would be entitled to exemption from tax on certain gains, and to tax credits for capital investment, for increases in employment, and for hiring disadvantaged employees. A tax credit would also be provided to employees in the zones. The tax expenditure from this proposal is estimated to be \$305 million in 1985.

Related programs.—Many programs that fulfill other national needs as their primary purpose also promote community and regional development. For example, Federal outlays for all civil public works projects; grants for local health, education, and transportation programs; and general revenue sharing support State and local development. Community development is also encouraged by other Federal activities, including defense contracting, management of public forests and parks, and the operation of Federal facilities, such as Veterans Administration hospitals, naval shipyards, and NASA research facilities. Disaster relief is also provided by the emergency disaster loan program within the Department of Agriculture/Farmers Home Administration.

EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

Federal programs for education, training, employment, and social services are intended to: (1) assist parents, States, and localities in providing education, especially for educationally disadvantaged, low-income, and handicapped persons; (2) assist economically disadvantaged or dislocated workers in gaining job skills and finding permanent, unsubsidized employment opportunities; (3) help employers and employees maintain stable and productive relations; and (4) help provide social services for needy children, families, the elderly, and other groups. Historically, the responsibility for meeting most of these needs has rested with State and local governments and the private sector. Total outlays for this function are estimated to be \$27.9 billion for 1985. This is a 2.8% decrease from the 1984 level of \$28.7 billion.

EDUCATION

The Federal Government has traditionally played a limited role in financing education, providing less than 10% of the total national support for education.

The administration's budget and supporting legislative proposals have reflected the belief that control over education policy must be primarily the responsibility of States, local school districts, and parents. The 1985 budget maintains this philosophy. Federal funds and programs cannot be allowed to become a vehicle for Federal prescription of State and local education policy.

Elementary, secondary, and vocational education.—The budget requests \$7.3 billion in budget authority and estimates \$7.1 billion in outlays in 1985 for these programs. Most funds are used to assist States and localities educate students with special needs.

Block grant and discretionary fund.—In 1985, \$729 million in budget authority is requested for Chapter 2 of the Education Consolidation and Improvement Act (ECIA) of which \$686 million is for the State education block grant. With these funds, States and localities will have over 50% more resources than in 1984 to plan and implement strategies to improve the quality of education. They can also support special purpose programs such as women's educational equity and civil rights training that are presently administered at the Federal level. Most importantly, they may do so without Federal interference in their choices about what is best for their schools, students, and teachers. The remaining \$43 million will support research and demonstration activity, model program development, dissemination of education reform ideas, and special projects.

Education for the disadvantaged.—The largest share of the funds for elementary and secondary education goes to States and localities for supplementary compensatory education services to educationally disadvantaged children under six programs within Chapter 1 of the ECIA. In the 1985-86 school year, approximately 13,800 school districts will participate in these programs. The 1985 total request of \$3.5 billion in budget authority for Chapter 1 is the same as the 1984 appropriation. Funds would be redistributed within the total to provide more aid for the local school district grant program. The administration will also continue to support legislation proposed last year to give States and local educational agencies the option of providing compensatory education services through locally designed voucher systems.

NATIONAL NEED: EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

(Functional code 500; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
Education:					
Elementary, secondary, and vocational education:					
Block grant and discretionary fund (Ch. 2)	479	479	729	729	729
Education for the disadvantaged (Ch. 1)	3,200	3,480	3,480	3,490	3,530
Science and math education (proposed legislation)		50	50	50	50
Indian education.....	367	327	342	346	351
Impact aid.....	540	585	507	515	525
Education for the handicapped	1,199	1,239	1,214	1,214	1,239
Vocational education:					
Existing law.....	729	738	7	7	7
Proposed legislation.....			731	731	731
Adult education.....	95	100	100	100	100
Other:					
Existing law.....	243	267	41	40	40
Proposed legislation.....			129	129	129
Subtotal, elementary, secondary, and vocational education.....	6,854	7,266	7,331	7,353	7,432
Higher education:					
Student aid:					
Pell/self-help grants.....	2,419	2,800	2,800	2,856	2,913
College work study.....	590	555	850	850	850
Guaranteed student loans:					
Existing law.....	3,100	2,256	3,079	3,089	2,917
Proposed legislation.....			-239	-153	-197
Other student aid.....	609	632	4	4	3
Other:					
Existing law.....	700	688	377	378	377
Proposed legislation.....			134	134	134
Subtotal, higher education.....	7,418	6,931	7,006	7,158	6,997
Research and general education aids.....	1,147	1,115	1,017	1,008	1,011
Subtotal, education.....	15,419	15,312	15,354	15,519	15,440

NATIONAL NEED: EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES—Continued

(Functional code 500; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
Training, employment, and other labor services:					
Training and employment:					
Block grants to States ¹	2,181	3,301	1,886	1,886	1,886
Summer youth employment:					
Existing law	825	1,449	725	725	725
Proposed legislation		-174	-87	-87	-87
Assistance to dislocated workers	135	343	223	223	223
Job Corps	622	992	600	612	624
Older Americans employment	319	317	317	317	317
Work incentive program	271	271			
Other training programs	321	423	243	242	243
Federal-State employment service	842	1,465	938	960	982
Subtotal, training and employment	5,515	8,388	4,845	4,878	4,914
Other labor services	640	687	707	723	727
Subtotal, training, employment, and other labor services	6,154	9,075	5,552	5,601	5,641
Social services:					
Social services block grant	2,675	2,675	2,700	2,700	2,700
Rehabilitation services	1,045	1,121	1,092	1,112	1,132
Community service programs	383	353	3		
Family social services	573	669	642	660	679
Services for children, youth, and families	952	1,035	1,092	1,123	1,146
Services for the elderly and other special groups	823	831	930	952	977
Domestic volunteer programs	129	129	120	118	121
Other social services	24	24	25	24	24
Subtotal, social services	6,604	6,838	6,604	6,688	6,778
Total, budget authority	28,178	31,225	27,510	27,808	27,858
OUTLAYS					
Education:					
Elementary, secondary, and vocational education:					
Block grant and discretionary fund (Ch. 2)	514	462	494	673	724
Education for the disadvantaged (Ch. 1)	2,635	3,368	3,419	3,479	3,490
Science and math education (proposed legislation)		6	40	50	50
Indian education	336	326	331	341	345
Impact aid	548	613	572	540	526
Education for the handicapped	1,290	1,108	1,176	1,223	1,219
Vocational education:					
Existing law	633	698	763	224	46
Proposed legislation			15	508	694
Adult education	85	92	100	98	100
Other:					
Existing law	255	286	237	86	41
Proposed legislation			-4	95	129
Subtotal, elementary, secondary, and vocational education	6,294	6,959	7,144	7,320	7,363

NATIONAL NEED: EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES—Continued

(Functional code 500; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
Higher education:					
Student aid:					
Pell/self-help grants.....	2,898	2,897	2,703	2,817	2,865
College work study.....	528	569	617	835	850
Guaranteed student loans:					
Existing law.....	2,556	2,975	2,913	3,086	2,960
Proposed legislation.....		-13	-166	-174	-186
Other student aid.....	618	632	544	30	3
Other:					
Existing law.....	631	706	566	338	232
Proposed legislation.....			11	105	132
Subtotal, higher education.....	7,231	7,766	7,188	7,037	6,855
Research and general education aids.....	1,055	1,176	1,163	1,075	1,017
Subtotal, education.....	14,580	15,901	15,495	15,432	15,235
Training, employment, and other labor services:					
Training and employment:					
Block grants to States ¹	2,291	1,784	1,886	1,886	1,886
Summer youth employment:					
Existing law.....	750	725	725	725	725
Proposed legislation.....		-78	-87	-87	-87
Assistance to dislocated workers.....	26	230	224	225	227
Job Corps.....	563	610	589	605	613
Older Americans employment.....	274	319	317	317	317
Work incentive program.....	289	273	57		
Other training programs.....	294	312	258	246	244
Federal-State employment service.....	763	902	939	949	971
Expired programs.....	44	11	1		
Subtotal, training and employment.....	5,295	5,085	4,910	4,866	4,896
Other labor services.....	599	673	703	719	724
Subtotal, training, employment, and other labor services.....	5,894	5,758	5,614	5,585	5,620
Social services:					
Social services block grant.....	2,508	2,772	2,796	2,703	2,700
Rehabilitation services.....	949	1,207	1,091	1,109	1,126
Community services programs.....	333	380	123		
Family social services.....	410	664	654	655	673
Services for children, youth, and families.....	1,007	1,005	1,063	1,105	1,132
Services for the elderly and other special groups..	783	839	908	949	968
Domestic volunteer programs.....	126	130	124	119	120
Other social services.....	18	30	27	26	24
Subtotal, social services.....	6,133	7,025	6,785	6,667	6,743
Total, outlays.....	26,606	28,683	27,893	27,684	27,598

¹ In 1983 and 1984 the numbers include programs replaced by the block grant.

Science and math education.—Legislation has been proposed to provide funds to States for training additional secondary school teachers in science and mathematics. The \$50 million in budget authority requested in 1985 for this new block grant, combined with activities of the National Science Foundation (see the discussion in general science, space, and technology) and the education reform resources of Chapter 2, represent a substantial commitment to reversing the decline in the quality of science and mathematics learning in America.

Indian education.—The budget includes \$273 million in budget authority for Bureau of Indian Affairs programs that support the direct operation of schools on Indian lands as well as tribally operated schools, and provide financial assistance to public schools that serve Indian children. Budget authority of \$69 million is requested for Department of Education programs that also provide financial assistance to public schools serving Indian children and support discretionary projects for Indian children and adults.

Impact aid.—This program compensates local school districts deemed adversely affected by Federal activity. Reduced budget authority is requested in 1985 compared to 1984 primarily to reflect the congressional decision to terminate, at the end of 1984, funding for those federally-connected children whose presence imposes little or no financial burden on most school districts. Payments would be made to approximately 1,300 school districts on behalf of 335,000 children who live on Federal property and whose parents work on that property.

Education for the handicapped.—Under the Education of the Handicapped Act, formula grants help States and localities educate handicapped children; smaller discretionary programs support demonstrations, research, and training. For the formula grant, the budget request would maintain the same resource level and approximately the same Federal share of local costs in 1985 as in 1984. A new program to help handicapped children in secondary school make the transition from school to work or further education would be continued in 1985 at \$6 million in budget authority, the same level as in 1984.

Vocational education.—Vocational education assists youth in preparing for careers and assists adults who need training or retraining. The budget authority requested for 1985 would continue the program at the 1984 level of \$738 million. Legislation will be proposed to simplify Federal requirements and allow States greater flexibility in their use of these funds.

Adult education.—The adult education program provides formula grants to States to reduce adult functional illiteracy. These funds are an important element in the President's adult literacy initia-

tive. The budget requests \$100 million in budget authority for this activity.

Other elementary and secondary education.—Budget authority requests in this category are for bilingual education (\$139 million, under proposed legislation to make the program more responsive to local needs), Federal administration of elementary, secondary, and vocational education programs (\$18 million), and the American Printing House for the Blind (\$5 million). Also included is funding for two schools serving deaf children on the campus of Gallaudet College. The 1985 request for these institutions, \$8 million, reflects a legislative proposal to allow these special schools to charge local school districts for the cost of educating their handicapped children. The school districts are otherwise required to provide special services for these children in their own schools.

Higher education.—The administration requests \$7.0 billion in budget authority and \$7.2 billion in estimated outlays to support higher education in 1985.

Student aid.—Under current law, schools and students can obtain funds from as many as six different Federal student aid programs, plus other sources of aid, to pay for post-secondary education. Only a limited family and no student contribution is required before receiving a Federal grant. The budget includes policies intended to restore primary responsibility to the family and the student for meeting postsecondary educational costs. These policies would require higher family contributions and eliminate redundant aid programs.

The present Pell grant program would be modified to increase the maximum grant and require a minimum family or student contribution. The work-study program would be revised to improve placement activity. Schools would be able to use up to 50% of work-study funds as additional grants for needy students. An annual limit of \$4,500 would be imposed on the combined self-help and work study grants, taking into consideration the family contribution. For 1985, \$2.8 billion in budget authority is requested for self-help grants and \$850 million for work-study.

The guaranteed student loan (GSL) program will continue to guarantee loans and pay interest subsidies as under current law. However, legislation will be proposed to provide that all loan applications are subject to need analysis to help assure that Federal interest subsidy benefits go to those who need them most. Other legislative changes would be made in the relationship between the Federal Government and State and other guarantee agencies that actually insure most loans to: eliminate administrative cost allowances no longer needed; modify Federal reinsurance provisions to

provide incentives for closer monitoring of lenders; and recall advances (interest-free loans) made to guarantee agencies in the early years of the program. Billing procedures used by lenders would be modified to reflect actual subsidies earned. Budget authority of \$2.8 billion requested for this program in 1985 is net of a \$239 million reduction, the effect of the proposed changes.

Other student aid.—The supplemental educational opportunity grant program and the State student incentive grant program would not be funded in 1985. In addition, no new Federal capital contributions to schools' national direct student loan (NDSL) revolving funds would be made. These three programs duplicate the student aid authorities to be funded. Schools would retain the authority to make about \$585 million in new NDSL loans annually from the revolving funds, which would remain under their control.

Other higher education aid.—The administration requests \$134 million in budget authority for historically black colleges and other schools serving large numbers of students from low-income families under a legislative proposal to simplify program administration, to better target available funds, and to emphasize endowment building. Budget authority is also requested for Gallaudet College (\$39 million), the National Technical Institute for the Deaf (\$31 million), Howard University (\$158 million), and Federal administration of higher education programs (\$80 million).

Budget authority of \$136 million is requested in 1985 for special programs for disadvantaged students, post-secondary research, grants to improve science teaching at predominantly minority schools, mandatory payments for subsidies under certain facilities loan programs, and for the Harry S Truman Scholarship Foundation and reflects offsetting collections for national direct student loans.

Research and general education aids.—The administration requests \$1.0 billion in 1985 budget authority and \$1.2 billion in estimated outlays for educational research and statistics, the National Endowments for the Arts and the Humanities, the Institute of Museum Services, the Smithsonian Institution, the Library of Congress, and the Corporation for Public Broadcasting. For overhead costs of the Department of Education, the request also reflects savings due to management initiatives resulting, in part, from analyses done under the President's management reform program.

Credit programs.—The largest credit program in this function is the guaranteed student loan program, which guarantees the repayment of loans made by commercial lenders and nonprofit institutions to students and their parents for higher education. The budget assumes that \$7.5 billion in new loans will be guaranteed in

1985, approximately \$352 million more than in 1984. The outstanding loan portfolio at the end of 1985 is expected to be \$32.6 billion.

CREDIT PROGRAMS—EDUCATION

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Direct loans:					
Guaranteed student loans: ¹					
New obligations	502	713	795	788	768
Net outlays	387	567	480	558	542
Outstandings	1,912	2,479	2,959	3,517	4,059
Student financial assistance: ²					
New obligations	181	161			
Net outlays	114	149	77	-66	-61
Outstandings	4,904	5,054	5,131	5,065	5,005
SLMA obligations (loans made by FFB):					
Outstandings ³	5,000	5,000	5,000	5,000	5,000
Other education:					
New obligations	40				
Net outlays	-7	-80	-137	-89	-119
Outstandings	3,537	3,457	3,320	3,231	3,112
Total, direct loans:					
New obligations	724	874	795	788	768
Net outlays	495	636	420	403	362
Outstandings	15,354	15,990	16,410	16,813	17,175
Guaranteed loans:					
Guaranteed student loans:					
New commitments	7,262	7,593	7,907	8,353	8,836
Net change	3,790	3,347	2,780	2,433	2,182
Outstandings	26,490	29,837	32,617	35,050	37,232
Total credit budget (new obligations and new commitments)					
	7,986	8,467	8,702	9,141	9,604

¹ These are purchases of defaulted guaranteed student loans from lenders, prior to Federal collection efforts.

² Defaulted National direct student loans assigned to the Federal Government for collection.

³ These are outstanding commitments made by the agency to guarantee loans that the FFB has disbursed to SLMA. In effect, they are commitments for off-budget direct loans, and are counted as such in the credit budget. Policy responsibility for these loans rests with the guaranteeing agency.

Tax expenditures.—A variety of exclusions, exemptions and deductions provide assistance for education. Student loans are subsidized through the exclusion of interest on State and local student loan bonds; students receive additional benefits because scholarship and fellowship awards are not subject to tax. These two tax expenditures are estimated as \$470 million and \$625 million, respectively, in 1985. Other assistance is provided through a special tax exemption available to parents of students age 19 or over and by the deductibility of charitable contributions for education. Tax expenditures for these two items are \$1.0 billion and \$1.2 billion, respectively, in 1985. The exclusion of interest on State and local debt for private non-profit educational facilities results in a tax

expenditure of \$200 million in 1985. Tax expenditures for education total \$3.6 billion in 1985.

The administration continues to support enactment of a tuition tax credit for parents with incomes below \$60,000 who choose to send their children to private elementary and secondary schools. This is an essential measure that supports freedom of educational choice and is expected to help improve all aspects of elementary and secondary education. The outlay equivalent estimate for this program is \$590 million in 1985.

The administration will also continue to support legislation proposed last year to amend the Internal Revenue code to provide tax advantages for those who save and use the savings exclusively for the costs of higher education. A preliminary estimate of this tax expenditure in 1985, the first full year for the program, is \$75 million.

TRAINING, EMPLOYMENT, AND OTHER LABOR SERVICES

Federal training and employment programs are designed to improve individuals' abilities to obtain and retain jobs and to facilitate the operation of the labor market. Those who have difficulty getting and keeping jobs may receive skill training or information on the location of suitable jobs and how to seek them. Other labor services include the compilation of labor statistics and the regulation of employer-employee relations. In 1985, these activities are expected to spend \$5.6 billion, a decrease of \$144 million from the estimate of \$5.8 billion for 1984.

Training and employment.—The major Federal activities for training and employment are financed through grants to States for training those having greatest difficulties in the job market, helping experienced workers displaced from their jobs into new work, providing subsidized jobs for youth in the summer, and operating the Employment Service. In addition, the Government contracts for the operation of other job training programs, including the Job Corps. In 1984, the Job Training Partnership Act (JTPA) fundamentally restructured the major employment and training programs. Private sector involvement was strengthened, State choice was increased, training was strongly emphasized, and categorical programs were consolidated into a flexible block grant. To provide lead time for adequate planning, the 1984 budget authority for JTPA programs will finance 21 months: a transition period from October 1, 1983, to June 30, 1984, and the first program year from July 1, 1984, to June 30, 1985. For 1985 and beyond, the budget authority will finance a 12-month program year beginning on July 1 of the year for which the appropriation is made.

Block grants to States.—Under JTPA the States, operating in close cooperation with private sector employers, are designing programs to meet the needs of their populations and the opportunities in the State job market. These programs are intended to prepare youth and unskilled adults for entry into the labor force and to provide job training to those who are in special need of such training in order to obtain productive employment. Activities are designed in conjunction with the Employment Service, educational institutions, and other vocational activities in the area to prepare individuals for jobs in the area. Although few restrictions are placed on the States and the service delivery areas, JTPA requires that 70% of the grant amount must be used for training, 90% of the participants must be economically disadvantaged, at least 40% of the resources must be spent for youth, and welfare recipients must be served on an equitable basis. Outlays of \$1.9 billion in 1985 reflect the budget authority provided to enable over 1 million people to be trained in both program years 1984 and 1985.

Summer youth employment.—Under the summer youth employment program, grants are made to States in the spring of each year to subsidize minimum-wage public sector jobs during the following summer months for youth between the ages of 14 and 21. The 21-month 1984 JTPA appropriation will finance about 718,000 summer jobs in 1984 and again in 1985; the request for 1985 will continue that level in the summer of 1986. To permit more youth to gain valuable work experience in real, private sector summer jobs, the administration continues to urge legislation to reduce the minimum wage for youth hired during the summer months. Such legislation will create more jobs by reducing employers' costs to levels closer to the value of the work produced by youth just acquiring job skills. Youth with greater skills will, of course, be able to command higher wages. Limiting the reduction to the summer will allay fears that youth will replace adults in jobs. In addition, the proposed legislation would penalize any employer who fires a worker in order to hire a youth at the lower minimum wage. A secondary effect of this legislation will be to reduce the cost of the last resort public sector jobs subsidized by the summer youth employment program. The budget estimates reflect proposals that will be transmitted, after enactment of the legislation, to rescind \$174 million of the 1984 appropriation (\$87 million for each of the summers of 1984 and 1985) and to reduce the 1985 budget request by \$87 million for the summer of 1986.

Assistance to dislocated workers.—JTPA began a new grant program to help displaced workers obtain new jobs. As a result of the continually changing economy, as new products are introduced and old ones fall out of favor or competitive situations are altered, some

workers find they are unable to retain their jobs or find new ones requiring their skills where they live. With grants from the Federal Government, States can develop programs to help such workers find new jobs. They can be shown new occupations that use their skills, trained in new skills for which there is a demand, aided in their job search, or helped to meet the costs of moving to new locations where they have found long-term jobs. Of amounts available for these grants, 75% are distributed to States by formula and the remainder is granted to States at the discretion of the Secretary of Labor based on applications describing special needs. The 1984 appropriation for JTPA included \$94 million for this program for the nine months from October 1, 1983, to June 30, 1984. In addition, \$26 million was appropriated specifically for training assistance to workers determined to have been displaced by increased imports, making a total of \$120 million available for displaced workers. The 1984 appropriation also made \$223 million available for displaced workers in the program year beginning July 1, 1984, which will be used for both purposes, as will the \$223 million requested for 1985. The Secretary will assure that adequate amounts are made available within the discretionary grant portion for workers displaced because of increased imports. Outlays for these activities are expected to total \$224 million in 1985.

Job Corps.—The Job Corps residential training program will continue to provide approximately 40,000 years of service in the 1985 program year. Increased appropriations for operating costs will be combined with the continuing cost control program to keep the cost of a year of service below \$14,500. Outlays in 1985 are expected to be \$589 million, \$20 million below 1984 when Job Corps camp rehabilitation projects (initiated under a 1983 supplemental appropriation) are being completed.

Older Americans employment.—Part-time public service employment for older workers is provided under Title V of the Older Americans Act through contracts with eight national service organizations and through grants to States. In 1985, the amounts available for grants to States will be allotted along with and under the formula provided for grants for other services for older Americans under Title III of the act. Outlays are estimated at \$317 million in 1985.

Work incentive program.—This separate categorical program has for years provided job services, training, and public service employment to recipients of aid to families with dependent children (AFDC). Although its aim is to help curb welfare dependency, it has not proved successful or cost-effective. The Job Training Partnership Act now requires equitable service to AFDC recipients in a

program better designed to provide the skills needed for private sector jobs. The AFDC program itself has been reformed to create new opportunities for work and work experience. Further work enhancement legislation is being proposed, as described in the income security function. The need for this separate categorical program has ceased. No appropriation is requested for 1985.

Other training programs.—Outlays of \$258 million are estimated in 1985 for other national training programs, including special programs for veterans, native Americans, and migrant and seasonal farm workers. Within these amounts new training approaches will also be tested, labor market information development supported, training programs evaluated, and technical assistance, training, and support and administrative services provided to the State-operated and national programs.

Federal-State employment services.—Under the Wagner-Peyser Act, as amended by JTPA, grants for the Employment Service are made to States under a formula based on each State's share of the civilian labor force and of unemployed individuals. These grants support 100% of the cost of job search and placement services to job seekers and recruitment and special technical services for employers. Employment services designed to meet national needs are performed with additional grants to cover the costs under specific agreements in accordance with the act. National activities to be financed in 1985 include special services to veterans, collection of general purpose labor market statistics, determinations of labor needs under immigration laws, and administration of the targeted jobs tax credit. In 1985, outlays for all these Employment Service activities are estimated at \$939 million.

Other labor services.—The Federal Government establishes and enforces standards affecting the relationship between employers and employees and between unions and their members. This includes enforcement of the minimum wage and related laws, regulation of welfare and pension plans, supervision of labor-management relations, regulation of the equal employment practices of Federal contractors, and assurances that election of labor union officials are democratic and that such officials do not abuse their stewardship. In addition, the Government collects and disseminates employment and unemployment statistics and data on wages, prices, and productivity. Outlays for these activities are estimated at \$703 million in 1985.

Tax expenditures.—Training and employment is encouraged through a diverse group of tax expenditures. The largest employment incentive is provided by the deduction for two-earner married couples, \$6.8 billion in 1985. This provision, enacted as part of the

Economic Recovery Tax Act of 1981 (ERTA), reduces the marriage penalty that arises because the income of second earners is stacked on top of their spouse's earnings, and thus taxed at higher marginal tax rates than if the second earner had been taxed as a single person. ERTA also expanded the credit for child and dependent care and created a special exclusion for employer payments for child care. These provisions, designed to provide work incentives for families with children, are estimated to be \$2.6 billion and \$90 million, respectively, in 1985. The administration proposes to modify the dependent care credit by increasing benefits for low- and moderate-income families. Enactment of this proposal will increase tax expenditures \$140 million in 1985.

The targeted jobs tax credit, estimated at \$1.0 billion in 1985, provides incentives for employers to hire disadvantaged individuals from certain target groups and recipients of certain welfare payments. Legislation will be proposed to extend this tax credit for 1 year past its current expiration date of December 31, 1984. Special tax credits for employee stock ownership plans (ESOPs) are designed to encourage employee ownership of their employer's stock. The tax expenditure from the ESOP provisions is \$3.6 billion in 1985. Total tax expenditures for training and employment are \$14.2 billion in 1985.

Related programs.—A number of other Federal programs are related to training and employment. Job training services provided by the Veterans Administration are included in the veterans function; job safety and health activities are included in the health function; and activities relating to job discrimination on the basis of race, age, or sex are included in the administration of justice function.

SOCIAL SERVICES

The Federal Government makes grants to States and to local public and private institutions to defray the costs of a variety of social services. The beneficiaries of these services are low-income persons, the elderly, the disabled, children, youth, and native Americans. Outlays for social services are expected to decrease from \$7.0 billion in 1984 to \$6.8 billion in 1985.

Social services block grant.—Block grant funding of social services gives States wide discretion in determining the types of services offered and who is eligible to receive them. Services provided by States include child day care, foster care, child protective services, homemaker services, family planning, preparation and delivery of meals, transportation, counselling, legal services, and day care for adults. Funds may also be used for State and local administrative costs and are distributed among the States on the basis of

population. States may transfer up to 10% of any block grant allotment to other block grants that support health services, health promotion and disease prevention activities, or low-income home energy assistance.

Budget authority of \$2.7 billion is requested for the social services block grant in 1985.

Rehabilitation services.—This program makes formula grants to States for services to physically and mentally handicapped individuals to help them become gainfully employed and live more independently. It also supports smaller discretionary programs and projects. Budget authority of \$1.1 billion is being requested in 1985, which would maintain the formula grant at its current level. The budget also requests funding of \$5 million for a new grant initiative to help selected States develop supported work opportunities for severely disabled persons.

Community service programs.—In 1985, budget authority of \$3 million is requested to close out the community services block grant. States may fund community services activities with social services block grant funds.

Family social services.—In 1985, budget authority of \$642 million is requested for foster care, adoption assistance, and a consolidated program for child welfare services and training. Funds support State activities designed to reunite children with their families or to place them promptly in adoptive homes when this is not possible. The budget reflects a policy that taking children from their homes and placing them in foster care should be an explicitly short-term, last resort solution to children's problems. An incentive system will be proposed for 1985 that encourages States to resolve children's problems quickly, and return them to permanent homes. The system will be restructured with the objective of reducing both duration and incidence of foster care.

Services for children, youth, and families.—Federal funds for these programs augment State, local, and nonprofit services designed to improve the lives of low-income, neglected, abused, or homeless children. Budget authority of \$1.1 billion is requested for these programs in 1985, an increase of \$57 million from the 1984 enacted level.

Funding in this area is almost entirely for Head Start, which assists local community groups in providing comprehensive child development programs for low-income preschool children and their families. The 1985 funding level would allow Head Start to maintain enrollment at approximately 430,000 children. Beginning in 1985, Head Start projects would receive all program and nutrition funding directly from the Department of Health and Human Serv-

ices. In prior years, Head Start grantees applied to the Department of Agriculture separately for nutrition funds. For this purpose, \$80 million will be transferred from the Department of Agriculture to the Department of Health and Human Services.

Services for the elderly and other special groups.—For 1985, budget authority of \$930 million is requested for support for elderly people and other special groups. Grants are made to State and area agencies on aging to assist in financing a range of programs for older Americans, particularly those with the greatest economic and social need. Services funded include transportation, information and referral, and legal aid in addition to a variety of services provided in the home. Funds are also used to serve meals in group settings or to deliver meals to the homebound elderly. Legislation will be proposed to consolidate Title III of the Older Americans Act grants to States for services, meals, and administration. Consolidation of Title III grants will give States more flexibility to make allocation decisions. As described above in the older Americans employment section, State agencies on aging will offer public service employment.

Domestic volunteer programs.—The ACTION agency operates three programs to support social service volunteering by citizens 60 and older and provides small grants to stimulate other volunteer services. In 1985, Foster Grandparents will support 18,350 older volunteers to work with 63,000 children with special needs. Enrollment in the retired senior volunteer program (RSVP) is expected to rise from 359,000 in 1984 to 368,000 in 1985. These volunteers will work on a great variety of community needs. The senior companions program will continue to support 4,400 volunteers to work with 15,300 older shut-ins. Funds requested for the VISTA program will complete the phase-out begun in 1982.

Tax expenditures.—The provision of social services by a wide variety of private charitable and religious institutions is encouraged by the tax deductibility of contributions to those institutions. The tax expenditure estimate for charitable contributions, other than to educational and health institutions, is \$11.8 billion in 1985. In addition, the adoption of children with special needs is encouraged by a \$1500 itemized deduction; this results in an estimate of \$15 million in 1985. For social services, tax expenditures total \$11.8 billion in 1985.

Total tax expenditures for education, training, employment, and social services are estimated to be \$29.8 billion in 1985.

HEALTH

The Federal Government contributes to meeting the Nation's health care needs by financing and providing health care services, promoting disease prevention, and supporting research and training. A major problem for both individuals and the Federal Government in meeting health care needs is the rapid inflation of health care costs. Increasingly expensive health care costs undermine the American people's ability to purchase needed health care. Federal policies in the past have contributed significantly to the growth of health care costs. The budget contains major initiatives to reduce cost increases. These include building on reforms legislated recently by the Congress, steps to control costs in medicaid, as well as a limit in tax subsidies for employment-based health insurance.

Health care services.—More than 80% of Federal outlays for health in this function is devoted to financing or providing health care services directly to individuals. Federal outlays for health care services are estimated to rise from \$24.6 billion in 1984 to \$26.6 billion in 1985 and \$28.2 billion in 1986. In the past, budget authority and outlays for medicare have been classified in this subfunction. Beginning this year, medicare is classified with social security in the subsequent function.

Medicaid.—Estimated Federal medicaid outlays of \$22.1 billion in 1985, and an additional \$19 billion provided by States, are expected to finance care for 22.9 million poor Americans. Medicaid is expected to aid one in every nine Americans in 1985.

Since 1981, significant medicaid reforms that increased program economy and effectiveness have been enacted in the Omnibus Budget Reconciliation Act of 1981 (OBRA) and the 1982 Tax Equity and Fiscal Responsibility Act (TEFRA).

OBRA reformed medicaid by establishing target amounts for medicaid cost increases to encourage States to limit the program's explosive growth by reducing Federal matching funds for States whose spending exceeds targets. TEFRA authorized States to expand copayments on certain medicaid beneficiaries and services. The Congress also adopted a number of administration proposals to increase the ability of States to assure continuation of basic health care services to welfare recipients and to manage their programs more efficiently and effectively.

For 1984, the administration proposed both to continue the OBRA medicaid expenditure targets in 1985 and beyond and to require States to set nominal copayments on certain mandatory medicaid services to help deter unnecessary use of medical services. For 1985, the administration repropose these two reforms.

NATIONAL NEED: HEALTH

(Functional code 550; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
Health care services:					
Medicaid:					
Existing law ¹	14,795	20,674	22,280	25,045	27,392
Proposed legislation			-1,067	-1,117	-1,154
Health block grants:					
Existing law	1,392	1,287	1,315	1,353	1,388
Proposed legislation			189	198	206
Federal employees' health benefits:					
Existing law	1,343	1,506	1,342	1,848	2,087
Proposed legislation				-432	-566
Other health care services:					
Existing law	1,700	1,776	1,391	1,399	1,416
Proposed legislation		-1	-4	-6	-6
Subtotal, health care services	19,230	25,242	25,446	28,288	30,763
Health research:					
National Institutes of Health research	3,814	4,264	4,356	4,440	4,529
Other research programs	438	495	494	503	511
Subtotal, health research	4,252	4,759	4,850	4,943	5,040
Education and training of the health care work force:					
Research training	210	212	211	217	220
Clinical training	243	208	121	123	125
Other	38	38	17	18	18
Subtotal, education and training of the health care work force	491	458	349	357	364
Consumer and occupational health and safety:					
Consumer safety:					
Existing law	714	767	785	788	790
Proposed legislation				-5	-9
Occupational safety and health	354	367	373	375	381
Subtotal, consumer and occupational health and safety	1,068	1,134	1,158	1,158	1,162
Total, budget authority	25,041	31,593	31,802	34,747	37,329

Health block grants.—Budget authority of \$1.5 billion is requested for health block grants in 1985, \$217 million more than the 1984 level. This increase reflects both funding increases for the existing block grants and proposed legislation to expand the primary care block grant to include narrow categorical programs for black lung clinics, migrant health, and family planning. The block grants allow States flexibility to coordinate and improve the effectiveness of services for their citizens. States are able to streamline program administration because unnecessary Federal regulatory, legal and reporting requirements previously imposed on States and grantees no longer apply.

NATIONAL NEED: HEALTH—Continued

(Functional code 550; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
OUTLAYS					
Health care services:					
Medicaid:					
Existing law	18,985	20,237	23,196	25,045	27,392
Proposed legislation			-1,067	-1,117	-1,154
Health block grants:					
Existing law	1,273	1,313	1,347	1,353	1,388
Proposed legislation			76	198	206
Federal employees' health benefits:					
Existing law	1,019	1,309	1,339	1,554	1,756
Proposed legislation				-240	-328
Other health care services:					
Existing law	1,760	1,788	1,663	1,429	1,427
Proposed legislation		-1	-4	-6	-6
Subtotal, health care services.....	23,037	24,647	26,550	28,217	30,681
Health research:					
National Institutes of Health research	3,555	3,987	4,296	4,440	4,529
Other research programs	418	447	491	504	510
Subtotal, health research.....	3,973	4,434	4,787	4,944	5,039
Education and training of the health care work force:					
Research training.....	194	205	208	216	220
Clinical training	325	200	169	117	120
Other	59	36	33	18	18
Subtotal, education and training of the health care work force.....	578	442	410	351	358
Consumer and occupational health and safety:					
Consumer safety:					
Existing law	720	769	795	798	797
Proposed legislation				-5	-9
Occupational safety and health.....	346	373	373	375	380
Subtotal, consumer and occupational health and safety.....	1,066	1,143	1,168	1,168	1,168
Total, outlays	28,655	30,665	32,916	34,680	37,246
ADDENDUM					
Off-budget Federal entity:					
Federal Financing Bank:					
Health care services:					
Budget authority.....	12	10	3	1	
Outlays	-14	*	-7	-10	-11

*\$500 thousand or less.

¹ The large increase in 1984 budget authority over that in 1983 is due to a technical change in the appropriations language for 1984 and beyond.

Federal employees health benefits.—The budget includes savings from the administration's proposal to reform the Federal employees' health benefits (FEHB) program.

FEHB is the world's largest, multiple-choice health plan. Since Federal employees pay a share of the cost of the FEHB program and have many plan choices available to them, competitive market forces help to restrain FEHB cost increases.

In 1983, for example, the average cost of health benefit plans offered by private-sector FEHB carriers increased by over 20%. After Federal employees made health plan selections for the year, however, the actual increase in costs was only 4%.

The administration's FEHB reform legislation would build on the competitive features of the FEHB program:

- The Federal Government's contribution for FEHB would no longer be based on the average premiums of the six largest plans in the program, but would be based instead on a broader measure of changes in cost.
- The current 75% limit on the Federal contribution to the cost of any employee's health benefits would be dropped. If an employee chose a plan with a cost lower than the Federal contribution, he or she would be entitled to a rebate of the difference. This would increase the incentives for employees to select low-cost plans.
- A wider range of plans would be allowed to participate, increasing the number of choices available to employees and sharpening competitive forces.
- Off-budget entities (such as the Postal Service) would be required to pay the Federal Government their fair share of the cost of health benefits provided to their annuitants.

Taken together, these measures are expected to reduce outlays for the FEHB program by 15% below current levels, or about \$240 million in 1986.

Other health care services.—Legislation will be proposed to assist Federally-funded health maintenance organizations in competing with other health care providers by removing unnecessary Federal requirements.

For 1985, the administration is requesting \$49 million in budget authority for the direct Federal subsidy for the care of District of Columbia residents at St. Elizabeths Hospital. This request is a reduction of \$19 million from 1984 and represents the third year of a 10-year phasedown of direct Federal subsidies for these residents. In 1984, the District of Columbia will place in the community 200 nursing home patients and 89 drug and alcohol patients from the hospital, which both reduces the hospital's operating costs and complies with a Federal District Court order to place specified patients in settings less restrictive than St. Elizabeths Hospital. Legislation will also be proposed to establish a corporation to administer the hospital and other public mental health services provided to District of Columbia residents. This proposal and the phasedown of direct Federal subsidies for St. Elizabeths Hospital will make Federal policy with regard to the District of Columbia consistent with the Federal relationship to other States and jurisdictions.

Budget authority of \$742 million is requested for the Indian Health Service (IHS) in 1985. In addition, the IHS will seek to collect \$67 million in third-party reimbursements for health services provided to American Indians and Alaskan Natives. Budget authority for the National Health Service Corps (NHSC) is requested at a level of \$67 million in 1985, a decrease of \$24 million from 1984. Increased emphasis will continue to be placed on encouraging NHSC scholarship recipients to enter into private practice in areas with a shortage of health professionals.

Health research.—In 1983, the Federal Government provided more than four-fifths of total national health expenditures for research, excluding drug and medical industries' research. The administration proposes to increase budget authority for health research from \$4.8 billion in 1984 to \$4.9 billion in 1985. These funds primarily will support basic biomedical research conducted by the National Institutes of Health (NIH). Support will be provided for such activities as research project grants, research centers, training of biomedical scientists, and the NIH intramural research program. Funds are also requested for continued support of research on chemical and related behavioral disorders, such as mental illness and alcohol and drug abuse, as well as health services research and health statistical activities.

Education and training of the health care workforce.—In 1985, \$349 million in budget authority is requested for these programs. Since the supply of most health care professionals is now adequate, direct Federal support for health professions training is no longer essential. For this reason, budget authority requested for clinical training of health care professionals decreases from \$208 million in 1984 to \$121 million in 1985. The budget emphasizes support for minority health professions schools and disadvantaged students. In 1985, 13,000 students in health programs will be supported by an estimated \$175 million in new loan guarantees under the health education assistance loan program. Direct support will continue for about 10,000 students pursuing careers in health-related research.

Consumer and occupational health and safety.—Budget authority of \$1.2 billion in 1985 is requested for protecting consumers from unsafe and defective products and for protecting workers from occupational hazards.

Consumer safety.—Budget authority for consumer safety activities is proposed to be \$785 million in 1985. Funding will support research, dissemination of information, and regulatory measures to protect consumers from unreasonable consumer risks. Inspections will be continued to assure the safety and efficacy of drugs, medical

devices, and foods. Legislation will be proposed in 1985 to provide for more efficient meat and poultry processing inspection methods.

Occupational safety and health.—The budget includes \$373 million in budget authority to improve occupational safety and health in 1985. The Occupational Safety and Health Administration (OSHA) and the Mine Safety and Health Administration (MSHA) in the Department of Labor issue and enforce standards to eliminate workplace hazards causing injury, illness, or death. During 1984 and 1985, both OSHA and MSHA will continue efforts to revise or eliminate standards that burden employers without enhancing protection for workers. Resources will be focused on those activities most likely to ensure safe and healthful working conditions. Cooperative and voluntary efforts of employers and employees to increase workplace safety and health will be encouraged.

Credit programs.—The health function includes several small loan and loan guarantee programs, including health-related student loans and assistance to health maintenance organizations. The proposed total credit budget for health programs is \$181 million in 1985.

CREDIT PROGRAMS—HEALTH

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Direct loans:					
Health programs:					
New obligations	15	13	6	6	5
Net outlays	-224	-4	-4	-16	-5
Outstandings	650	646	642	626	621
Health programs (loans held by the FFB): ¹					
Net outlays	-14	*	-7	-10	-11
Outstandings	272	273	265	256	245
Total, direct loans:					
New obligations	15	13	6	6	5
Net outlays	-238	-3	-11	-25	-16
Outstandings	923	919	908	882	866
Guaranteed loans:					
Health programs:					
New commitments	230	250	175	175	175
Net change	304	197	118	123	123
Outstandings	1,558	1,754	1,873	1,996	2,119
Total credit budget (new obligations and new commitments)	245	263	181	181	180

*\$500 thousand or less.

¹ The direct lending activities of these programs are financed by the FFB. Loan assets are issued by the agency. According to law, these assets are backed by loans that the agency continues to service. The agency guarantees the loan assets, sells them to the FFB, and repurchases them upon maturity. FFB net outlays for this account represent acquisition of loan assets less repurchases by the agency. Increases in the volume of sales of loan assets are added to FFB direct loan outstandings, while the agency's direct loan outstandings decrease by the amount of loan assets sold to the FFB.

Tax expenditures.—Federal tax laws help finance health care by allowing employees to exclude from their taxable income the insurance premiums paid by their employers. The estimate for this provision is \$28.2 billion for 1985. Individuals also are permitted to itemize as deductions certain expenses for health care. The Tax Equity and Fiscal Responsibility Act increased the floor under the itemized deduction for medical expenses from 3% to 5% of adjusted gross income, and eliminated the separate deduction of health insurance premiums. In 1985, the estimated tax expenditure for these deductions is \$3.4 billion. In addition, health-related charitable contributions result in a tax expenditure estimate in 1985 of \$1.9 billion, and the exclusion of interest on State and local hospital bonds results in an estimate of \$1.8 billion. After 1982, a tax credit of 50% is allowed for qualified clinical testing of drugs used to treat certain rare diseases or conditions. The estimate for this provision is \$25 million in 1985. Estimated tax expenditures for existing health provisions total \$35.7 billion in 1985.

The current tax subsidy for the cost of health insurance premiums paid by employers has artificially increased the value of this fringe benefit. Thus, it has stimulated excessive health insurance coverage and contributed to health care cost inflation, because consumers have no incentive to hold down costs if they bear only a very limited part of the costs directly. The administration proposes to limit the subsidy to the portion of the monthly premium up to \$175 for a family plan and \$70 for an individual plan. This legislative proposal would continue the subsidy at a level sufficient to promote adequate coverage, but one that would make the tax law neutral with respect to wages and added health insurance. This proposal would reduce the current tax expenditure by \$4.0 billion in 1985.

Related programs.—The Federal Government supports health-related expenditures that are reported in other functions. Among the most important are medicare, in the following function, and medical care for veterans and military personnel, in both veterans benefits and services and national defense. Agency contributions to Federal employees health benefits were described under health care services, but are included in undistributed offsetting receipts.

SOCIAL SECURITY AND MEDICARE

The Federal Government contributes to the income security and health of aged and disabled Americans through social security and medicare. Social security and medicare together represent 28% of estimated Federal outlays in 1985 and provide benefits to one in every six Americans. Because of the importance of these two programs, the Social Security Amendments of 1983 require that they be "treated as a separate major functional category in the budget. . . ." This is the first budget in which this single function has been used.

The management review process and concentration on aggressive debt collection targets by the Department of Health and Human Services will result in outlay reductions in this function in excess of \$400 million per year beginning in 1984.

Social security.—Old-age and survivors insurance (OASI), and disability insurance (DI) touch the lives of virtually all American either through benefits received or through payroll taxes deducted from earnings. In almost all cases, beneficiaries have paid during their working years to help support these programs. Outlays for the combined OASDI programs are estimated to increase from \$179.2 billion in 1984 to \$190.6 billion in 1985 because of:

- benefit increases tied to the consumer price index;
- an increase in the number of aged persons receiving benefits; and
- increases in individual earnings histories upon which benefits are based.

Budget authority for OASDI reflects the increase in receipts that would result from a legislative proposal, discussed in the health function, to include as taxable income the employer contributions to employees' health insurance plans.

On April 20, 1983, the President signed into law the Social Security Amendments of 1983. This legislation, recommended by the bipartisan National Commission on Social Security Reform and endorsed by the President, the Speaker of the House, and the Majority Leader of the Senate, was enacted to assure the solvency of the OASI trust fund. The main provisions of the legislation:

- extend social security coverage to government workers and others not previously covered by social security;
- tax a portion of benefits paid to higher income beneficiaries;
- shift automatic increases in benefits to a calendar year basis;
- reschedule social security payroll tax increases;

NATIONAL NEEDS: SOCIAL SECURITY AND MEDICARE

(Functional code 570; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
Social security:					
OASI:					
Existing law	166,560	158,426	179,529	192,974	205,345
Proposed legislation			808	742	517
DI:					
Existing law	16,813	17,474	18,052	19,384	21,001
Proposed legislation			78	137	181
Offsetting interest receipts and other ¹	760				
Subtotal, social security	184,133	175,900	198,467	213,237	227,044
Medicare:					
Hospital insurance:					
Existing law	31,485	45,284	51,011	59,795	71,286
Proposed legislation			215	1,085	1,877
Supplementary medical insurance:					
Existing law	19,147	22,434	25,661	29,504	33,772
Proposed legislation		5	-669	-1,034	-1,218
Premiums and collections:					
Existing law	-4,253	-4,960	-5,908	-6,439	-6,870
Proposed legislation			-107	-915	-2,058
Offsetting interest receipts and other ¹	24	15			
Subtotal, medicare	46,403	62,778	70,203	81,996	96,789
Total, budget authority	230,536	238,678	268,670	295,233	323,833
OUTLAYS					
Social security:					
OASI	152,445	160,700	171,891	184,665	198,454
DI	18,279	18,460	18,747	19,494	20,375
Subtotal, social security	170,724	179,161	190,639	204,159	218,829
Medicare:					
Hospital insurance:					
Existing law	38,524	44,918	51,967	56,280	62,293
Proposed legislation			-214	-208	-229
Supplementary medical insurance:					
Existing law	18,317	21,256	24,669	28,746	32,860
Proposed legislation		-150	-725	-959	-1,163
Premiums and collections:					
Existing law	-4,253	-4,960	-5,908	-6,439	-6,870
Proposed legislation			-107	-915	-2,058
Subtotal, medicare	52,588	61,064	69,683	76,505	84,833
Total, outlays	223,311	240,225	260,321	280,663	303,661

¹ The annually appropriated budget authority exceeded programmatic requirements.

- make self-employment tax rates equal to the combined employee-employer tax rates;
- reimburse the trust funds for costs that should be borne by other appropriations;
- gradually raise the age of eligibility beginning in the year 2000; and
- create safeguards that stabilize and restore the solvency of the OASI trust fund.

Medicare.—A major problem for both individuals and the Federal Government has been the rapid inflation of health care costs. Federal policies contributed significantly to health care cost increases in the past. The budget contains several initiatives to reduce cost increases, building on reforms recently enacted by Congress. The administration is proposing legislation, which is estimated to save \$1.05 billion in 1985 and greater amounts in later years.

Medicare outlays are estimated to be \$69.7 billion in 1985. These outlays are expected to finance services for approximately 28 million aged and more than 3 million disabled Americans. Since 1981, the administration has proposed, and Congress has enacted, a series of major medicare reforms, including the establishment of a prospective payment system for hospital insurance. The 1985 budget builds on these achievements and proposes additional measures to achieve savings and improve services in medicare.

Supplementary medical insurance (SMI) is a voluntary program for aged and disabled medicare beneficiaries who want to buy additional medical insurance. When SMI began in 1966, beneficiary premiums financed 50% of program costs; the remaining 50% was financed by general revenues. From 1972 to 1982, however, the SMI premium increase was constrained. As a result, SMI premiums financed only 24.4% of program costs in 1982. The administration is proposing three major changes to SMI. First, on January 1, 1985, the SMI premium would be set at 26.67% of program costs and would be increased 1.67 percentage points annually until it reaches 35% on January 1, 1990. Second, for a year, starting in July 1984, medicare payments to physicians would temporarily remain at 1984 reimbursement rates. A third change, proposed for January 1, 1985, would require the SMI deductible to be updated annually based on changes in the medicare economic index.

Other legislative proposals for medicare include beginning medicare eligibility with the first full month after the 65th birthday, instituting a voluntary voucher program, and selecting medicare contractors by competitive bidding.

Tax expenditures.—The exclusion from income tax of a portion of most social security benefits (including those for dependents and survivors) results in a tax expenditure estimate of \$17.7 billion in 1985. The Social Security Amendments require that beginning in 1984 up to one-half of social security benefits may be taxed. This provision will only affect single taxpayers whose incomes exceed \$25,000 or married taxpayers who file jointly and have incomes exceeding \$32,000. The threshold for married taxpayers filing separately is zero. This limited taxation of social security benefits will reduce the tax expenditure estimates from levels that would have prevailed under prior law.

Related programs.—A number of programs related to social security and medicare are discussed in the health and income security functions.

INCOME SECURITY

Federal programs in the income security function help meet needs of individuals by insuring against loss of income resulting from retirement, disability, death, or unemployment of a wage earner, and by assisting the truly needy who are unable to provide for themselves. Beginning with this budget, social security, which has previously been included in this function, is reflected in a new budget function along with medicare. The income security function continues to include retirement and disability programs for Federal civilian workers, railroad employees, and coal miners. Benefits for retired military personnel, previously included in national defense, are also now included in the income security function. Retirement and disability benefits are financed by a combination of employer and employee contributions and direct Federal payments. The budget proposes reforms designed to ensure the long-term solvency of these programs, including changes in timing of cost-of-living adjustments.

The income security function also includes unemployment compensation programs and a wide range of housing, food, and cash assistance to meet specific needs. The budget proposes reforms designed to improve the administration of these programs and better target assistance on families in greatest need. These proposals include expanded use of housing vouchers for the poor, new programs to give welfare recipients work experience to help them become more economically self-sufficient, and improved eligibility and payment rules for food stamps and aid to families with dependent children.

General retirement and disability insurance.—A number of programs that provide retirement and disability benefits for railroad workers, and coal miners are included here.

Railroad retirement.—The Railroad Retirement Board (RRB) administers retirement and disability benefits to 951,000 former railroad employees, their dependents, and survivors in 1985. RRB benefits include social security payments, rail industry pensions, and special federally funded windfall payments. Benefits are financed through payroll deductions by railroad employers and employees, payments from social security trust funds, and direct subsidies by the American taxpayer. Estimated 1985 outlays are \$4.1 billion, including \$405 million for the Federal windfall subsidy component, which represents nearly \$1,100 per active railroad employee. Current rail employees, whose annual income will average over \$35,000 in 1985, can expect to receive total annual RRB pensions after they retire that exceed their preretirement take-home pay.

NATIONAL NEED: PROVIDING INCOME SECURITY

(Functional code 600; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
General retirement and disability insurance:					
Railroad retirement.....	3,275	6,275	5,326	5,448	4,843
Special benefits for disabled coal miners.....	1,726	1,706	1,290	1,731	1,732
Other.....	42	50	66	72	80
Subtotal, general retirement and disability insurance.....	5,043	8,031	6,682	7,251	6,655
Federal employee retirement and disability:					
Civilian retirement and disability programs:					
Existing law.....	34,855	36,818	39,049	41,924	44,847
Proposed legislation.....		-8	949	2,548	2,992
Military retirement:					
Existing law.....	(16,155)	(16,795)	27,276	30,732	33,948
Proposed legislation.....		(-243)	49	54	53
Federal employees workers' compensation:					
Existing law.....	335	216	207	215	225
Proposed legislation.....			-16	-37	-41
Subtotal, Federal employee retirement and disability.....	35,190	37,026	67,513	75,437	82,023
Unemployment compensation:					
Existing law.....	29,348	26,406	21,824	22,351	24,366
Proposed legislation.....			79	99	142
Subtotal, unemployment compensation.....	29,348	26,406	21,903	22,450	24,508
Housing assistance:					
Subsidized housing.....	8,365	6,837	4,267	6,486	8,816
Public housing operating subsidies.....	1,547	1,031	1,124	1,108	1,162
Other housing assistance.....	113	154	192	200	186
Subtotal, housing assistance.....	10,025	8,022	5,582	7,795	10,165
Food and nutrition assistance:					
Food stamps and aid to Puerto Rico:					
Existing law.....	12,815	12,156	11,980	12,621	13,095
Proposed legislation.....			-374	-365	-360
Child nutrition and other programs:					
Existing law.....	5,340	5,502	5,610	5,798	6,148
Proposed legislation.....			-49	-104	-173
Subtotal, food and nutrition assistance.....	18,154	17,657	17,167	17,950	18,709
Other income security:					
Supplemental security income:					
Existing law.....	8,560	8,376	9,362	9,612	9,987
Proposed legislation.....			-16	-16	-15
AFDC and child support enforcement:					
Existing law.....	8,401	8,282	8,160	8,606	8,792
Proposed legislation.....			-652	-866	-846
Earned income tax credit.....	1,213	1,123	1,044	982	923
Refugee assistance.....	585	514	360	332	317
Low-income home energy assistance:					
Existing law.....	1,975	1,875			
Proposed legislation.....			1,875	1,875	1,875
Other.....	254	265	208	202	204
Subtotal, other income security.....	20,989	20,435	20,341	20,726	21,237
Total, budget authority.....	118,748	117,578	139,187	151,608	163,297

NATIONAL NEED: PROVIDING INCOME SECURITY—Continued

(Functional code 600; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
OUTLAYS					
General retirement and disability insurance:					
Railroad retirement	3,811	3,860	4,057	4,199	4,277
Special benefits for disabled coal miners	1,737	1,709	1,708	1,735	1,735
Pension Benefit Guaranty Corporation:					
Existing law	-10	-17	*	11	22
Proposed legislation		-101	-154	-168	-199
Other	42	46	61	69	75
Subtotal, general retirement and disability insurance	5,581	5,496	5,670	5,846	5,910
Federal employee retirement and disability:					
Civilian retirement and disability programs:					
Existing law	20,963	22,232	23,610	25,588	27,432
Proposed legislation		-239	-418	-822	-1,004
Military retirement:					
Existing law ¹	(15,945)	(16,748)	17,624	18,920	20,144
Proposed legislation		(-234)	-298	-481	-515
Federal employees workers' compensation:					
Existing law	180	216	207	215	225
Proposed legislation			-16	-37	-41
Federal employees life insurance fund	-580	-640	-692	-749	-837
Subtotal, Federal employee retirement and disability	20,563	21,569	40,017	42,634	45,404
Unemployment compensation	31,464	20,727	20,069	19,460	18,777
Housing assistance:					
Subsidized housing	7,786	8,584	9,314	9,815	10,424
Public housing operating subsidies	1,542	1,180	1,175	1,117	1,135
Other housing assistance	228	277	419	398	395
Subtotal, housing assistance	9,556	10,041	10,908	11,330	11,954
Food and nutrition assistance:					
Food stamps and aid to Puerto Rico:					
Existing law	12,653	12,061	11,970	12,607	13,080
Proposed legislation			-374	-365	-360
Child nutrition and other programs:					
Existing law	5,299	5,561	5,539	5,778	6,120
Proposed legislation			-46	-100	-169
Subtotal, food and nutrition assistance	17,952	17,622	17,090	17,920	18,671

The Railroad Retirement Solvency Act of 1983, endorsed by rail labor and management, averted a financial crisis threatening rail pensions and enabled RRB to continue paying full pension benefits. This legislation conformed rail pension contributions and payments more closely to social security, added safeguards to protect social security equivalent benefits, and provided temporary Federal rail pension subsidies.

Special sickness and unemployment benefits for railroad employees and proposed legislative reforms are discussed in the unemployment compensation section below.

NATIONAL NEED: PROVIDING INCOME SECURITY—Continued

(Functional code 600; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
Other income security:					
Supplemental security income:					
Existing law	8,724	8,554	9,365	9,612	9,987
Proposed legislation			-16	-16	-15
AFDC and child support enforcement:					
Existing law	8,392	8,079	8,355	8,606	8,792
Proposed legislation			-652	-866	-846
Earned income tax credit	1,213	1,123	1,044	982	923
Refugee assistance	524	599	419	352	324
Low-income home energy assistance:					
Existing law	1,993	1,887	188	26	
Proposed legislation			1,688	1,848	1,875
Other	250	261	216	205	205
Subtotal, other income security	21,096	20,503	20,605	20,750	21,245
Total, outlays	106,211	95,957	114,360	117,939	121,960
ADDENDUM					
Off-budget Federal entity:					
Federal Financing Bank:					
Housing assistance:					
Budget authority	474	202	1,200	1,200	1,200
Outlays	443	160	1,169	1,133	1,117

* \$500 thousand or less.

¹ As discussed in the introduction to this part, the creation of a new military retirement trust fund in 1985 causes a severe discontinuity in the data for this function beginning in 1985. The data in parentheses and italics show the adjusted levels for earlier years comparable to the revised usage that begins in 1985.

Special benefits for disabled coal miners.—Miners who suffer from chronic dust disease of the lungs and who meet specified medical criteria are entitled to monthly cash payments and medical benefits. Cash payments are also made to their dependents and survivors. The basic monthly cash payment is based on the GS-2 Federal salary level. Total outlays are estimated to be \$1.7 billion in 1985.

Pension Benefit Guaranty Corporation (PBGC).—This Government corporation was established in 1974 to insure pension benefits promised workers by their private employers. When a defined benefit pension plan is terminated by a sponsoring employer, the Corporation pays the monthly pensions required by the particular plan, up to a maximum set by law. The Corporation may also lend insolvent multi-employer plans amounts needed to prevent termination, thereby forestalling Government responsibility to pay benefits promised by the plans. PBGC revenues include premiums charged to all employers with defined benefit plans, earnings on investments, and collections from sponsors of terminated plans. Because liabilities assumed under terminated plans exceed income

from all sources, the Corporation has a growing deficit that is expected to reach \$622 million by the end of 1985 under current law. The budget reflects the administration's request that the Congress approve an increase in the single-employer premium to a level sufficient to cover projected claims and amortize the current deficit over a reasonable period of time. The administration also supports legislation to revise the insurance program for single-employer plans to prevent unwarranted assignment to the Corporation of liabilities for unfunded benefits.

Federal employee retirement and disability.—There are a number of employee retirement and disability programs in the legislative, judicial, and executive branches of the Federal Government. The largest program is civil service retirement and disability. Beginning in this budget, payments to retired military personnel, previously classified in national defense, are included in income security.

Civilian retirement and disability programs.—Benefits are paid to former employees, and their survivors, who meet eligibility requirements based on age and length of service. Currently, full retirement benefits begin at age 55 for employees with 30 years of service. Benefit levels are based on the employee's three highest salary years, and are indexed to the consumer price index (CPI). Current workers and their employing agencies each contribute 7% of wages toward retirement costs. The remainder—about 50% of total costs—is paid by taxpayers through annual Treasury payments to the civil service retirement fund. This retirement system is separate from the social security system. However, new Federal employees hired after December 31, 1983 are covered under a combination of civil service retirement and social security. Under existing law, in 1985 an estimated 2.0 million retirees and survivors will receive payments totaling an estimated \$23.6 billion in outlays.

The administration continues its strong support of civil service retirement reforms proposed in the 1984 budget. In 1985, the administration will focus its legislative effort on three proposals: cost-of-living adjustment (COLA) reform, a high 5-year salary average for the benefit formula, and increased employee and agency retirement contributions.

- ***Cost-of-living adjustments (COLAs).***—A set of proposals would change the way civil service annuities are increased to reflect changes in the cost of living. The payment date for the next COLA increase would be shifted from June 1984 to January 1985, the CPI measurement period would be adjusted accordingly, and subsequent COLA increases would be paid in January of each year, as proposed in both the Senate and House versions of reconciliation legislation pending in the 98th Con-

gress. The 1982 Reconciliation Act provision for a minimum 3.3% COLA in 1985 for retirees under age 62 would be eliminated. Beginning in 1986, the civil service retirement COLA would be limited to the lesser of the increase in Federal white collar pay or the CPI. This proposal is similar to a provision of the recently enacted Social Security Amendments of 1983. Finally, civil service retirement COLAs would be limited to 55% of regular COLAs on the amount of annuities that exceed \$10,000 in 1985. The \$10,000 level would be adjusted for inflation in future years.

- *Base annuity calculations on the retiree's highest five years of earnings, instead of the highest three.*—Prior to 1970, a period of relatively low inflation, the formula for computing annuities was based on the average of an employee's five highest salary years; since then the three highest salary years have been used. Employees now eligible for retirement or within three years of retirement eligibility would not be affected.
- *Increase employee and agency contributions for retirement.*—Although retirement costs have skyrocketed, the portion withheld from Federal employees' salaries has remained constant at 7% since 1969. The budget proposes to increase the employee contribution to 8% in 1985 and 9% in 1986. Agency contributions for retirement would also increase by equal amounts. The increase would apply to all Federal agencies and off-budget entities, including the Postal Service and the District of Columbia government, for employees who participate in the civil service retirement system.

The budget also proposes changes to Federal civilian retirement that are consistent with enacted reforms in social security. These include deleting the guaranteed minimum benefit for future annuitants and phasing out special benefits for adult students. In addition, new D.C. government employees hired after September 30, 1984 would not be eligible for coverage under civil service retirement and employee life and health insurance.

In 1985, the total reform package would increase receipts by \$0.9 billion, and would reduce outlays by \$0.4 billion.

Military retirement.—Benefits are also paid to former military personnel and their survivors. It is estimated that there will be 1.5 million military retirees and survivors in 1985 receiving a total of \$17.6 billion in outlays under current law. Normal retirement eligibility is attained at 20 years of service. The initial benefit is 2.5% of final basic pay per year of service. For personnel entering after September 1980, the average of the member's highest three years basic pay will be used instead of final basic pay. Benefits are indexed to the CPI. Consistent with legislation for civil service retirement, the budget proposes to shift the payment date for cost-

of-living adjustments for military retirement to January of each year. This proposal would save an estimated \$0.3 billion in 1985 outlays. Military personnel also make contributions to and are eligible for social security.

The financing of military retired pay has been changed in this budget. Through 1984, retirement benefits were financed by a charge to the Department of Defense, and were included in the national defense function. Beginning in 1985 a newly created trust fund will make the benefit payments, and this will be included in the income security function. The new trust fund will be financed from charges to the Defense budget for the estimated cost of future retirement benefits being currently earned by active military personnel, along with payments from the general fund for the cost of retirement benefits earned by personnel who are already retired.

The establishment of this new trust fund will shift the funding of military pensions to a basis more comparable to most Federal civilian pensions. The new treatment of military retired pay substantially affects the figures for the income security function. For 1985, the income security function includes \$27.3 billion in budget authority and \$17.3 billion in outlays for military retirement. Comparable levels of budget authority and outlays for 1983 and 1984 are shown in parentheses in the budget authority and outlays table. In addition, the introduction to Part 5 provides a more detailed explanation of these changes.

Federal employees workers' compensation.—The Department of Labor provides tax-free cash and medical benefits to Federal employees or their survivors for job-related injuries, illnesses, or deaths. About 46,000 workers with long-term disabilities, or their survivors, will receive monthly payments in 1984. As a result of increased efforts to return recipients to work and to remove those no longer eligible from the rolls, estimated 1985 recipient levels are unchanged from 1984. Consistent with proposed legislation for civil service retirement, the budget proposes to shift payment of the cost-of-living adjustment from April 1985 to January 1986, with subsequent COLA's to be payable in January of each year.

Unemployment compensation.—About 97% of wage and salaried employment in the United States is covered by unemployment compensation programs that pay benefits to individuals who are temporarily out of work and are searching for jobs. Based on the economic assumptions described in Part 2, an estimated average of 3.0 million workers per week will receive unemployment benefits during 1984 and 2.8 million workers in 1985. Outlays are estimated to decrease from \$20.7 billion in 1984 to \$20.1 billion in 1985 due to a decline in the projected average unemployment rate from 8.0% in fiscal year 1984 to 7.6% in 1985.

Regular benefits (usually up to 26 weeks) are financed by a State tax on employers, and vary according to benefit levels set by each State. State and Federal administrative costs are financed by a Federal tax on employers.

Extended unemployment benefits, which increase by 50% the number of weeks an unemployed worker can receive unemployment compensation, are payable in States with high rates of unemployment among covered individuals, as defined by statute. The total number of weeks of regular and extended benefits may not exceed 39. Extended benefits are financed in equal portion by State and Federal taxes on employers.

A temporary program, Federal supplemental compensation (FSC), pays up to 14 additional weeks of benefits to those who use up all their weeks of regular and, where available, extended benefits. The number of weeks available varies by State, depending on the current and previous level of unemployment among covered individuals in the State. FSC will be payable until March 31, 1985. It is estimated that \$4.1 billion of FSC benefits will be paid during fiscal years 1984 and 1985.

In 1985 the Department of Labor, working with the State employment security agencies, will implement a quality control program. The quality control system will uniformly measure the accuracy of unemployment insurance payments in a systematic and representative sample of individual claims. It will identify eligibility and benefit errors and determine their causes. Using information from the system, State administrators will be able to identify sources of payment inaccuracies and allocate resources to correct them.

Former civilian Federal employees receive unemployment compensation through the State system on the same terms as those covered under State laws. Beginning with the fifth week after discharge or release from the armed services, up to 13 weeks of unemployment compensation benefits are also available to ex-servicemembers, including those who quit the service voluntarily. Benefits to former Federal employees are financed by the Federal agencies that employed them.

In addition to regular unemployment compensation programs, special extra benefits are available to certain workers under specific circumstances, such as former Conrail employees. In addition, special trade adjustment assistance benefits are available for workers deemed unemployed because of increased imports.

The Railroad Retirement Board (RRB) administers special sickness and unemployment payments for railroad employees. Railroad employment is the only sector that is not covered by regular unemployment insurance. When employer payroll contributions are insufficient to pay benefits, the railroad unemployment fund borrows

from the RRB rail pension fund. Even under the most optimistic assumptions, the railroad unemployment fund will owe the rail pension fund almost \$1 billion by the end of 1985. The Congress recognized this problem and directed that reform options be studied and reported by April 1984.

The budget includes a proposal to solve this problem by extending regular Federal and State unemployment insurance coverage to rail employees, as supported by the administration last summer. Under this comprehensive proposal, the rail sickness and unemployment insurance funding crisis would be resolved and all debts to the rail pension fund would be repaid by 1994. Under regular unemployment insurance programs, rail workers would be eligible for higher maximum weekly benefits, expanded job search opportunities, and the extended benefits available to all covered workers. Special transition provisions would help States adapt to coverage of railroad employment without additional financial burdens. Railroad labor and management would be freed from inappropriate Federal intrusion in their affairs and would be authorized to bargain collectively over sickness insurance payments. These sickness insurance payments would continue to be administered by the Railroad Retirement Board.

Housing assistance.—The Federal Government provides housing subsidies for low-income households and individuals through several programs administered by the Department of Housing and Urban Development (HUD) and the Farmers Home Administration in the Department of Agriculture (USDA). Eligibility is generally limited to households with annual incomes below 50% of median income in each community. Tenants are required to contribute up to 30% of their cash income toward rent, with the Federal Government paying the remaining costs through the subsidy programs described below.

At the end of 1983, 3.7 million households were receiving HUD housing assistance and another 82,000 were receiving rental subsidies through USDA-administered programs. In 1984, the Congress provided funding to subsidize 100,000 additional households through HUD programs and 1,100 additional households through USDA. The 1985 budget proposes to subsidize the same number of additional households for HUD and maintain the current level of households subsidized by USDA. A total of \$5.6 billion in budget authority is proposed for 1985, compared to \$8.0 billion in 1984. The decline largely reflects the administration's proposal to expand the use of less costly and more flexible housing vouchers in 1985.

As a result of 1984 and 1985 funding, and completion of units currently under planning or construction, the number of households receiving subsidized housing through HUD and USDA will increase to over 4.0 million by the end of 1985.

Subsidized housing.—There are two main types of subsidized housing. Subsidies are either earmarked for specific publicly or privately owned units or are “portable” and can be used for any private units meeting housing quality standards and renting at or below a specified level.

At the end of 1983, HUD subsidized 0.7 million families who live in newly constructed or substantially rehabilitated privately owned units. HUD makes a 20-30 year commitment to landlords to pay the portion of the monthly rent not covered by the required tenant rent contribution. At the time of construction HUD makes the full long term obligations to cover subsidies for both capital and operating costs. This program is often referred to as Section 8 new construction housing assistance. Over the next 30 years, subsidies for current commitments will result in about \$92 billion in outlays. In 1983 Congress repealed authority to make new commitments in the Section 8 new construction program, except for units built with elderly housing loans. The budget proposes to add 10,000 Section 8 new construction units in 1985 for the elderly or handicapped, with budget authority of \$160,000 per unit.

At the end of 1983, there were an additional 1.0 million households living in other privately owned units, which receive subsidies under a variety of smaller HUD programs.

In addition, at the end of 1983, 0.7 million families lived in private housing units subsidized by Section 8 existing housing assistance. These subsidies are not for specific units, but are for low income tenants to help them afford market rents. Tenants may select any private unit that meets housing quality standards and does not exceed a maximum rent level. HUD pays the difference between the actual rent and the tenant's contribution.

In 1983 the Congress enacted the administration's proposed housing voucher program as a reform of the Section 8 existing housing program. HUD provides a voucher equal to the difference between the area's private market rent level (the payment standard) and the tenant rent contribution. Unlike the Section 8 existing program, tenants retain the savings if they select units that rent below the payment standard. This gives them a powerful incentive to shop for high quality but low cost units. The voucher program also reduces the Federal Government's subsidy commitment from 15 years to 5 years. This shortened commitment will allow greater flexibility to adjust or reconsider subsidized housing policies in the future. The Congress authorized funding for 15,000 vouchers in 1984. The budget proposes to fund 87,500 additional vouchers in 1985 and to begin converting remaining tenants in the Section 8 existing housing program to the new voucher program as current lease and subsidy commitments expire.

At the end of 1983, 1.3 million households lived in units owned and operated by local public housing authorities (PHA's). HUD repays obligations incurred by local PHA's for the capital and interest costs (generally new construction or substantial rehabilitation plus any subsequent modernization) of public housing projects. Over the next 40 years, HUD will repay \$68 billion in currently outstanding PHA obligations. Public housing operating costs are funded separately and are described later in this section.

The 1985 budget proposes to continue the level of new public housing production on Indian reservations, with 2,500 public housing units in 1985, with budget authority of \$156,000 per unit. In addition, this budget continues the administration's emphasis on public housing modernization by requesting the 1984 level of \$1,550 million in budget authority.

Finally, the budget provides \$907 million in 1985 budget authority to fund the increased interest costs of replacing short-term public housing construction financing with long-term obligations through the Federal Financing Bank (FFB). This permanent FFB financing will reduce the Federal Government's exposure to fluctuations in short-term market conditions and will be a more efficient financing vehicle.

Public housing operating subsidies.—HUD funds the difference between total public housing operating costs (based on a HUD-established cost formula) and income from tenant rents and other sources. The budget includes \$1.1 billion in budget authority in operating subsidies for the 1.3 million existing public housing units. The budget also proposes to rescind \$330 million in excess operating subsidy funds appropriated for 1984. Higher tenant rents and reduced costs resulting from lower inflation, some minor program reforms, and energy conservation measures account for lower-than-projected operating subsidy requirements.

Other housing assistance.—A number of smaller housing programs are included here, with estimated 1985 outlays of \$419 million. The largest program is Department of Agriculture (USDA) rural rental housing assistance program. The USDA program operates similar to HUD Section 8 new construction subsidies described above, but subsidy contracts are for a shorter term. The budget includes budget authority to renew expiring subsidy contracts and maintain the current level of subsidized households. The USDA also helps farmers construct housing for farm laborers. In addition, the USDA finances low-income homeownership and construction of rental housing through programs described in the commerce and housing credit function.

Food and nutrition assistance.—Low- and middle-income families and individuals receive food and nutrition assistance through a number of Federal programs.

Food stamps and aid to Puerto Rico.—Food stamps help lower-income Americans maintain a nutritious diet. Eligible households receive monthly allotments of stamps based on income and household size to finance food purchases. These benefits are entirely federally funded; administrative costs are shared equally by the States and the Federal Government. Monthly food stamp participation is estimated at 20 million individuals in 1985, with associated Federal outlays of \$11.1 billion under current law. Outlays for the nutrition assistance block grant for Puerto Rico are estimated to be \$825 million in 1985.

Efforts to improve program administration highlight this year's budget proposals. Overpayments currently account for more than 9% of all benefits and cost the American taxpayer more than \$1 billion annually. States lack sufficient financial incentives to improve administration, because benefits are 100% federally financed. To encourage States to improve program integrity, the budget includes legislation, first proposed in the 1984 budget, to hold States liable for overpayments that exceed 3% of the value of total benefits. The other major assistance programs, aid to families with dependent children (AFDC) and medicaid, already operate under a 3% error rate limit.

The administration is proposing, as it did in 1984, that all States adopt a community work experience program, in which employable recipients must participate in work-related activities as a condition of their eligibility. This program, which parallels an AFDC proposal, would encourage recipients to find work in the private sector or perform useful public services when no private job is available. These legislative proposals would save an estimated \$374 million in 1985 food stamps outlays. The total number of individuals receiving food stamps would be largely unaffected by these proposals.

Child nutrition and other programs.—The child nutrition programs subsidize meals for children in schools, child care facilities, and other institutional settings. Approximately 24.6 million young Americans will receive federally subsidized meals in 1985. Subsidies include both cash payments and commodities. Federal outlays in 1985 are estimated to be \$5.5 billion for all programs in this category.

Legislation is proposed to consolidate the child care and summer feeding programs into a non-school food program grant for the States. This would reduce costly and complicated Federal regulations and maximize State flexibility in providing nutrition assist-

ance for meals consumed by children outside a school setting. Outlays for this grant are estimated to be \$414 million in 1985.

Another legislative proposal, first included in the 1984 budget, would tie the reimbursement rate for all lunches to the cost-of-living. In addition, the budget proposes to have verification of eligibility for free and reduced price lunches made by State and local offices with the ability to independently verify income information. These proposals would save an estimated \$46 million in 1985 outlays.

The special supplemental food program for women, infants, and children (WIC) will provide nutritious food supplements to an estimated average monthly caseload of 2.7 million low-income women and their young children in 1985. It is designed to lessen health problems associated with inadequate diets during critical stages of child development. WIC outlays are estimated to be \$1.3 billion in 1985.

Related food assistance programs in other functions.—The Commodity Credit Corporation (CCC) donates surplus food, such as cheese, butter and nonfat dry milk to needy families, charitable institutions and schools. CCC commodities valued at \$1.2 billion are expected to be donated in 1985. In addition, the Department of Health and Human Services administers an elderly nutrition program with estimated 1985 outlays of approximately \$500 million.

Other income security.—A number of other income security programs assist the poor. Estimated outlays for these programs are \$20.6 billion in 1985.

Supplemental security income.—The Federal supplemental security income program (SSI) will make cash payments to about 4 million needy, aged, blind, or disabled persons in 1985. Federal outlays in 1985 are estimated at \$9.4 billion, compared to \$8.6 billion for 1984. Some States also finance supplements to the basic Federal grant. The recently enacted Social Security Amendments of 1983 contained several SSI changes, including a \$20 monthly benefit increase and a 6-month postponement of annual cost-of-living adjustments, to January instead of July. In addition, the budget reflects proposed legislation to improve coordination between SSI and social security payments.

Outlays in 1984 are lower than 1985 outlays primarily because the 1984 figures include only 11 months of benefits; the first 1984 monthly payment was actually made in advance at the end of 1983. The number of recipients is expected to remain steady in 1985, despite some increased participation resulting from the social security amendments, because aged persons increasingly receive social

security benefits, which are higher than maximum SSI payment levels.

AFDC and child support enforcement.—Aid to families with dependent children (AFDC) helps State and local governments finance cash assistance to needy families. States administer the AFDC program, determining guidelines for eligibility and the level of benefits within broad Federal rules. The Federal Government reimburses States, on average, for slightly more than half of benefit costs. Child support enforcement (CSE) finances most State and local administrative expenses for establishing paternity and collecting support from legally liable absent parents. These collections offset State and Federal AFDC costs. Federal outlays for AFDC and CSE are estimated to be \$7.7 billion in 1985, compared to \$8.1 billion in 1984. About 3.6 million families are expected to receive AFDC benefits in 1985 under current law. Child support collections on behalf of about 1.1 million of these families are also anticipated.

Reforms enacted in the Omnibus Budget Reconciliation Act of 1981 and the Tax Equity and Fiscal Responsibility Act of 1982 have helped refocus AFDC on its original goal: to serve as temporary aid where the resources for complete self-support do not exist. These reforms created new opportunities for work experience, corrected inequities that provided higher benefits from receiving welfare than from working, and retargeted assistance more to the needy by taking into account resources and income available to the family that were previously not counted.

The budget continues to propose legislation previously included in the 1984 budget to further reform the AFDC and child support enforcement programs. Legislation is proposed to establish comprehensive programs of work-related activity for AFDC applicants and recipients in all States; those who are able to work would be required to do so as a condition of AFDC eligibility. Legislation is also proposed to make the program more equitable for similarly situated families by including all related adults and children in the AFDC assistance unit, and adjusting payments for shelter and utilities where costs can be shared with other household members. Several new incentives are proposed to improve State and local performance in collecting child support payments. These changes would reform Federal financing rules to reward and encourage increased collections and improved cost effectiveness. Tougher State laws and procedures would also be required. These reforms to AFDC and CSE will save an estimated \$652 million in Federal outlays in 1985 and a comparable amount in State and local costs. Proposed child support reforms will also strengthen family responsibility and improve the financial situation of women.

Earned income tax credit (EITC).—Wage earners with children are eligible for tax credits if they earn less than \$10,000. When the credit exceeds a wage earner's income tax liability, the Treasury Department makes a cash payment. Credits can be received as additions to paychecks or as a lump sum at the end of the year. Total 1985 outlays for these payments are estimated to be \$1.0 billion. When the credit does not exceed the wage earner's tax liability and no direct Treasury payment is made, the credit is considered a tax expenditure rather than an outlay. In 1985, EITC tax expenditures are estimated to be \$280 million.

Refugee assistance.—The Federal Government fully reimburses States for initial refugee and entrant welfare, health, employment and English language training, and other services. Estimated 1985 outlays are \$419 million. Assistance is designed to help refugees become self-sufficient as soon as possible after they arrive in the United States. Aid to refugees while they are overseas is discussed in the international affairs function. Estimated total Federal assistance to refugees across all programs is \$1.5 billion in 1985.

The administration plans to provide assistance to refugees during their first 90 days after arrival in the United States, principally through voluntary agencies rather than through State and local welfare departments. Since nearly all refugee welfare dependency now begins during the first 90 days, this policy would encourage resettlement organizations to help refugees find employment before they become dependent on welfare. This policy would emphasize the focus of the voluntary sector on resettlement by shifting resources from welfare payments to resettlement organizations.

Low-income home energy assistance.—The Federal Government gives States block grants to aid low-income families in meeting critical heating needs. States can make payments in the form of direct cash assistance, payments to fuel vendors, or payments to public housing building operators. For 1985, the administration proposes to continue the current \$1,875 million budget authority level. However, the budget includes legislation to use recoveries from petroleum price overcharges to partially or fully finance the block grant. Programs for low-income home weatherization and energy conservation for schools and hospitals would also be funded through these recoveries.

Credit programs.—The credit budget totals for the income security function are estimated to be \$15.2 billion in 1985. Most of the credit activities in this function finance public housing operation and construction. For 1985, new direct loan obligations in this function are proposed to be \$253 million and guaranteed loan commitments are proposed to be \$14.9 billion. A portion of the

guaranteed loans for public housing operation and construction have been financed as off-budget direct loans by the Federal Financing Bank.

CREDIT PROGRAMS—INCOME SECURITY

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Direct loans:					
Low rent public housing:					
New obligations	247	250	250	200	150
Net outlays	41			-28	-25
Outstandings	203	203	203	175	150
Low rent public housing (loans made by FFB): ¹					
Net outlays	443	160	1,169	1,133	1,117
Outstandings	2,067	2,227	3,396	4,529	5,647
Other income security:					
New obligations	1	3	3	3	3
Net outlays	-1	*	*	*	*
Outstandings	23	23	23	23	23
Total, direct loans:					
New obligations	248	253	253	203	153
Net outlays	482	160	1,169	1,105	1,092
Outstandings	2,293	2,453	3,623	4,728	5,820
Guaranteed loans:					
Low rent public housing:					
New commitments	14,261	15,159	14,919	14,598	14,305
Net change	790	875	-300	-525	-650
Outstandings	19,935	20,810	20,510	19,985	19,335
Total credit budget (new obligations and new commitments)	14,509	15,412	15,172	29,599	14,458

* \$500 thousand or less.

¹ These are commitments made by the agency to guarantee loans that the FFB will disburse. In effect, they are commitments for off-budget direct loans, and are counted as such in the credit budget. Policy responsibility for these loans rests with the guaranteeing agency. The totals for low rent public housing loans made by the FFB in this table are not identical to the entries in the addendum to the budget authority and outlays table for off-budget Federal entities due to timing differences between budget authority and new obligations.

Tax expenditures.—A variety of income tax exclusions, deferrals and credits assist the retired, disabled, unemployed and elderly as well as low-income recipients of other Federal income security programs. The largest tax expenditure item is the net exclusion of pension contributions and earnings, including contributions to individual retirement accounts (IRAs) and similar pension plans. The maximum IRA contribution is generally limited to \$2,000 annually. However, married taxpayers whose spouses have no earnings may invest up to \$2,250 in a spousal IRA. The administration proposes to increase the limit on spousal IRAs to \$4,000. This recognizes the productive value of nonworking spouses and provides them the opportunity to save more for their retirement. The administration also supports permitting alimony payments to be used for IRA contributions.

Many tax expenditures related to income security programs result because Government benefits are not included in the taxable income of recipients. For example, workers' compensation benefits, unemployment compensation received by lower-income taxpayers, and other income security assistance for the needy are excluded from taxable income. In contrast, Federal employee retirement benefits are subject to tax; therefore, the receipt of such benefits does not result in a tax expenditure.

The Social Security Amendments of 1983 affect several tax expenditures in the income security function. Starting in 1984, one-half of railroad retirement benefits will be taxable for recipients whose incomes exceed certain levels. The tax credit for the elderly has been expanded to cover the permanently disabled. The disability exclusion, which gave special tax treatment to permanently disabled low-income taxpayers, has been repealed.

TAX EXPENDITURES FOR INCOME SECURITY

(Outlay equivalents; in millions of dollars)

Description	Estimates		
	1983	1984	1985
Net exclusion of pension contributions and earnings:			
Employer plans	67,525	72,470	80,725
Individual Retirement Accounts (IRAs)	12,485	12,895	14,170
Keogh plans	2,525	2,500	2,645
Exclusion of other employee benefits:			
Premiums on group term life insurance	2,800	2,960	3,240
Premiums on accident and disability insurance	165	165	170
Income of trust to finance supplementary unemployment benefits	20	20	20
Additional exemption for elderly	2,495	2,515	2,695
Additional exemption for the blind	45	45	45
Tax credit for the elderly and disabled	110	190	205
Exclusion of disability pay	135	35	.....
Exclusion of railroad retirement system benefits	775	525	450
Exclusion of special benefits for disabled coal miners	160	155	155
Exclusion of workmen's compensation benefits	1,890	2,030	2,225
Exclusion of untaxed unemployment insurance benefits	2,995	2,170	1,785
Deductibility of casualty losses	605	520	575
Exclusion of public assistance benefits	500	495	510
Earned income credit ¹	370	330	280
Total (after interactions) income security ²	97,070	101,600	111,645

¹ The figures in the table indicate the tax subsidies provided by the earned income tax credit. The effect on outlays is: 1983 \$1,213 million, 1984 \$1,123 million, 1985 \$1,044 million.

² The estimate of total tax expenditures for this function reflects interactive effects among the individual items. Therefore the estimates cannot simply be added.

VETERANS BENEFITS AND SERVICES

Federal funds for veterans programs are used to provide benefits and services to veterans of military duty. These benefits and services recognize the special needs of veterans and their survivors that result from sacrifices made in military service. Benefits compensate for loss of earnings resulting from service-related disabilities, provide medical care for physical and psychological disabilities, and assist in preparing returning veterans for civilian life. In addition, veterans benefits assist needy veterans of wartime service and their survivors. Outlays for veterans benefits and services are estimated at \$25.8 billion in 1984 and \$26.7 billion in 1985.

A number of management reform initiatives will be undertaken by the Veterans Administration (VA) including integration of automated data processing planning, reducing administrative and field staff, and contracting out support services that are readily and economically available from commercial sources.

Income security for veterans.—In addition to Federal income security programs for the general population, such as social security, unemployment insurance, and food stamps, several VA programs help certain veterans and their survivors maintain their income when the veteran is disabled, aged, or deceased. Outlays for this mission are estimated to increase from \$14.6 billion in 1984 to \$15.1 billion in 1985.

Service-connected compensation.—Monthly compensation payments are provided to veterans with disabilities resulting from military service. The amount of the benefit depends on the degree to which average earnings capacity of individuals with a particular disability is reduced. Payments also are made to survivors of veterans who die from service-connected injuries. Pending legislation is expected to provide an increase of 3.5% in compensation benefits to be effective in April 1984. In addition, the administration is proposing legislation to provide a further 4.3% cost-of-living increase in compensation benefits, effective in April 1985. Allowances provided to compensate beneficiaries for dependents and clothing would also be adjusted for increases in the cost of living.

An estimated 2.6 million veterans and survivors of deceased veterans are expected to receive compensation benefits in each of the years 1984 through 1987. Outlays for compensation benefits are estimated to increase from \$10.0 billion in 1984 to \$10.3 billion in 1985.

NATIONAL NEED: PROVIDING VETERANS BENEFITS AND SERVICES

(Functional code 700; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
Income security for veterans:					
Compensation and pensions:					
Service-connected compensation:					
Existing law.....	9,566	9,903	9,844	9,836	9,836
Proposed legislation.....		161	528	971	1,451
Non-service-connected pensions.....	3,742	3,940	4,006	4,069	4,149
Burial and other benefits.....	122	141	142	148	156
Insurance programs:					
National service life insurance trust fund.....	1,202	1,230	1,268	1,308	1,327
U.S. Government life insurance trust fund.....	26	23	21	19	16
Veterans insurance and indemnities.....	6	7	11	12	14
Insurance program receipts.....	-449	-436	-434	-448	-448
Subtotal, income security for veterans.....	14,216	14,970	15,386	15,916	16,501
Veterans education, training, and rehabilitation:					
GI bill:					
Existing law.....	1,667	1,443	1,138	996	860
Proposed legislation.....			133	167	140
Veterans jobs program.....		130			
Subtotal, veterans education, training, and rehabilitation.....	1,667	1,573	1,270	1,163	1,000
Hospital and medical care for veterans:					
Medical care and hospital services.....	7,773	8,204	8,767	9,139	9,505
Construction.....	831	549	856	1,173	1,238
Medical administration, research, and other.....	212	285	266	259	268
Subtotal, hospital and medical care for veterans.....	8,816	9,039	9,890	10,571	11,011
Veterans housing:					
Loan guaranty revolving fund.....					289
Housing program receipts.....	-78	-67	-75	-76	-78
Subtotal, veterans housing.....	-78	-67	-75	-76	211
Other veterans benefits and services:					
Cemeteries, undistributed VA overhead, and other:					
Existing law.....	703	738	772	771	785
Proposed legislation.....			2	1	1
Non-VA support programs.....	40	50	51	58	70
Subtotal, other veterans benefits and services.....	743	788	825	830	856
Total, budget authority.....	25,364	26,303	27,297	28,404	29,580

Non-service-connected pensions.—Pensions are provided to needy wartime-service veterans who are 65 or older or who have become disabled subsequent to their military service. Survivors of wartime-service veterans also may qualify for pension benefits based on financial need. A 3.5% cost-of-living increase became effective in January 1984. The next cost-of-living increase, to be effective in January 1985, is estimated to be 4.3%.

NATIONAL NEED: PROVIDING VETERANS BENEFITS AND SERVICES—Continued

(Functional code 700; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
OUTLAYS					
Income security for veterans:					
Compensation and pensions:					
Service-connected compensation:					
Existing law.....	9,844	9,916	9,850	9,837	9,836
Proposed legislation.....		134	494	932	1,411
Non-service-connected pensions.....	3,894	3,940	4,004	4,064	4,142
Burial and other benefits.....	122	141	142	148	156
Insurance programs:					
National service life insurance trust fund.....	891	964	1,014	1,087	1,108
U.S. Government life insurance trust fund.....	60	54	50	47	44
Veterans insurance and indemnities.....	-112	-103	-64	-42	-61
Insurance program receipts.....	-449	-436	-434	-448	-448
Subtotal, income security for veterans.....	14,250	14,611	15,056	15,625	16,188
Veterans education, training, and rehabilitation:					
GI bill:					
Existing law.....	1,714	1,441	1,160	1,012	875
Proposed legislation.....			133	167	140
Post-Vietnam era education.....	-82	-53	-51	-50	-52
Veterans jobs program.....		32	96	2	
Other.....	-7	-9	-12	-11	-10
Subtotal, veterans education, training and rehabilitation.....	1,625	1,410	1,325	1,120	953
Hospital and medical care for veterans:					
Medical care and hospital services.....	7,602	8,142	8,640	9,016	9,382
Construction.....	442	581	676	938	1,109
Medical administration, research, and other.....	228	250	281	278	278
Subtotal, hospital and medical care for veterans.....	8,272	8,972	9,597	10,232	10,769
Veterans housing:					
Loan guaranty revolving fund.....	239	113	30	116	291
Direct loan revolving fund.....	-140	-6	-5	-5	-4
Other (HUD participation sales trust fund).....	-19	-20	-22	-25	-27
Housing program receipts.....	-78	-67	-75	-76	-78
Subtotal, veterans housing.....	3	19	-72	10	183
Other veterans benefits and services:					
Cemeteries, undistributed VA overhead, and other:					
Existing law.....	657	738	765	769	781
Proposed legislation.....			2	1	1
Non-VA support programs.....	39	49	51	51	67
Subtotal, other veterans benefits and services.....	696	787	817	821	850
Total, outlays.....	24,846	25,799	26,723	27,808	28,944

Even though the number of veterans age 65 and over is expected to double during the 1980's, the number of pension recipients is expected to decline from 1.6 million in 1984 to 1.5 million in 1985. Outlays for veterans pensions are estimated at \$3.9 billion in 1984 and \$4.0 billion in 1985.

Burial and other benefits.—Families of deceased veterans who received pension or compensation benefits and who are to be buried in private cemeteries may receive allowances to apply toward the purchase of burial plots. Families of these veterans also receive burial benefits to assist in defraying funeral expenses. Outlays for burial and related benefits are estimated to increase from \$141 million in 1984 to \$142 million in 1985.

Insurance programs.—The budget assumes that life insurance programs for veterans and survivors of deceased veterans will provide an estimated \$28.4 billion of coverage on nearly 4 million policies in 1985. Direct loan obligations against life insurance policies in 1985 are expected to be \$136 million, about the same as in 1984.

Veterans education, training, and rehabilitation.—Three programs, the GI bill, the post-Vietnam era education program, and the veterans jobs program, provide education, training, and rehabilitation benefits to veterans and servicepersons who meet specific eligibility criteria. Outlays for these programs are estimated to decline from \$1.4 billion in 1984 to \$1.3 billion in 1985 and to \$1.0 billion by 1987 because of a continued decline in the number of eligible beneficiaries.

GI bill.—The GI bill provides education benefits ranging from college courses to vocational and on-the-job training to veterans and servicepersons whose service was, at least in part, between February 1, 1955 and December 31, 1976. This program helps beneficiaries make the transition from military to civilian life by assisting them to obtain the education they might have received had they not entered military service. Active duty servicepersons and spouses and children of veterans who have died or been totally disabled in military service also are eligible for these benefits.

More than 65% of all eligible Vietnam era veterans have utilized GI bill benefits. In 1985, nearly 544,000 GI bill trainees are expected to participate in the program, compared with 642,000 in 1984. The number of GI bill trainees (including dependents) will continue to drop in the future as the number of eligible veterans and servicepersons becomes smaller.

Legislation will be proposed, to be effective in January 1985, to provide for a 15% increase in Vietnam era educational assistance and vocational rehabilitation benefits. This proposal will help offset cost increases since GI bill benefits were last increased in January 1981.

Post-Vietnam era education.—Individuals who entered military service after 1976 are eligible for the post-Vietnam era education program, which allows them to set aside \$25 to \$100 from their

monthly pay to finance future education. These amounts are matched by the Government on a two-for-one basis and returned to them in education payments after they are discharged. The Veterans Administration administers this program, but it is funded by the Department of Defense.

Veterans jobs program.—The Emergency Veterans Jobs Training Act of 1983 (P.L. 98-77) authorized the VA to establish a temporary program to provide up to 15 months of training benefits for veterans of the Korean conflict and the Vietnam era whose earnings have been impaired by the recent recession. Benefits are provided to help employers offset the cost of hiring and training a veteran who is currently unemployed. Employers must train the veteran in a new and growing occupational skill, and must certify their intention to continue to employ the veteran after the training period is completed. It is expected that 20,000 veterans will receive assistance under this program. The \$130 million in budget authority provided for this program in 1984 is expected to be sufficient to meet the program's objectives. Outlays are projected to be \$32 million in 1984 and \$96 million in 1985.

Hospital and medical care for veterans.—The Veterans Administration provides hospital, medical and dental care to veterans by operating a nationwide medical care system. It is expected to handle over 18 million outpatient medical and dental visits and treat 1.4 million patients in VA and community facilities. This program is carried out in 172 hospitals, 229 outpatient clinics, 113 nursing homes and 16 domiciliary facilities. Outlays for medical programs are estimated to be \$9.0 billion in 1984 and \$9.6 billion in 1985.

Medical care and hospital services.—In 1984 and 1985 the VA will continue to reorder its program of health care services to provide the most appropriate types of care to accommodate the anticipated influx of World War II veterans. Almost all of this group of about 11.1 million veterans (39% of all veterans) will reach age 65 during the 1980's. This milestone is especially significant because veterans reaching age 65 become eligible for a wide variety of medical benefits without regard to financial status. The VA therefore anticipates a rapid increase in the number of veterans seeking long-term and geriatric care.

In addition, VA medical facilities provide care for veterans whose disabilities could result from exposure to agent orange and low-level ionizing radiation. These cases receive outpatient priority second only to veterans being treated for service-connected disabilities.

Outlays for medical care and hospital services are estimated to be \$8.6 billion in 1985, a 6.1% increase from the \$8.1 billion estimated for 1984.

Construction of hospital and extended care facilities.—Budget authority of \$822 million is requested for VA medical construction in 1985, \$291 million more than the enacted amount for 1984. The 1985 request recognizes the critical need for renovation and modification of many of the aging facilities in which medical services are provided. Funding is included for new nursing homes and projects to remedy physical plant and safety deficiencies. Design funds are being requested for the modernization of VA hospitals in Mountain Home, Tennessee and New York, New York. In addition, design funds are requested for replacement hospitals in Augusta, Georgia and Houston, Texas. Site preparation and, if necessary, site acquisition funds are being sought for the future replacement of the Detroit, Michigan hospital.

Budget authority of \$34 million is requested for 1985, \$16 million more than enacted for 1984, for grants to States for the construction or repair of State homes for the care of veterans.

Veterans housing.—VA mortgage loan guarantee and direct loan programs are expected to assist 240,000 veterans in obtaining mortgages in 1985. Guaranteed loan commitments and direct loan obligations for mortgage loans in 1985 are estimated at \$15.0 billion and \$0.4 billion, respectively. Beginning in mid-1984, VA will uniformly pay guarantee claims of mortgagors in lieu of purchasing properties at foreclosure. This administrative change will not affect a veteran's entitlement to a VA guaranteed mortgage. This change will lead to the eventual elimination of the vendee loan program, under which any individual, regardless of veteran status, can purchase property from VA with a 100% mortgage loan held by VA.

Other veterans benefits and services.—The Veterans Administration oversees a national cemetery system for burial of eligible veterans, servicepersons, and their survivors. Outlays for these and other programs are estimated to be \$787 million in 1984 and \$817 million in 1985.

Credit programs.—Additional assistance is provided to veterans through loan guarantees and direct loans. The credit budget for veterans benefits and services is expected to increase from \$14.2 billion in 1984 to \$15.5 billion in 1985. With the improving economy, an increase in demand for mortgage insurance and other housing programs is expected to increase loan guarantee commitments from \$13.4 billion in 1984 to \$15.0 billion in 1985.

CREDIT PROGRAMS—VETERANS BENEFITS AND SERVICES

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Direct loans:					
Income security programs:					
New obligations	131	135	136	137	134
Net outlays	-51	-44	-39	-36	-34
Outstandings	1,349	1,306	1,267	1,231	1,197
Education programs:					
New obligations	1	1	1	1	1
Net outlays	-*	-7	-9	-8	-8
Outstandings	62	55	45	37	30
Mortgage insurance and other housing programs:					
New obligations	1,058	630	396	305	323
Net outlays	-208	63	110	264	280
Outstandings	1,698	1,761	1,871	2,136	2,416
Total, direct loans:					
New obligations	1,190	766	534	443	458
Net outlays	-260	13	61	221	239
Outstandings	3,109	3,122	3,183	3,404	3,642
Guaranteed loans:					
Mortgage insurance and other housing programs:					
New commitments	14,674	13,408	14,988	15,086	15,498
Net change	11,157	10,013	11,326	10,901	11,048
Outstandings	119,941	129,954	141,280	152,181	163,229
Total credit budget (new obligations and new commitments)					
	15,864	14,174	15,522	15,529	15,956

* \$500 thousand or less.

Tax expenditures.—In addition to direct Federal funding, a number of tax expenditures provide assistance to veterans. All benefits administered by the Veterans Administration (disability compensation, pension, and GI bill benefits) are excluded from taxable income. The estimates for these exclusions in 1985 are \$1.9 billion, \$340 million, and \$115 million, respectively. Veterans are aided in obtaining housing because interest on State and local debt for veterans is not subject to tax. In 1985, the estimate for this provision is \$325 million. Total tax expenditures for veterans are estimated to be \$2.6 billion for 1985.

Related programs.—In addition to the assistance provided specifically for veterans by the VA, many veterans receive assistance from other income security, health, housing, education, training, employment, and social service programs supported by the Federal Government and available to the general population. Some of these programs have components specifically intended to assist veterans.

ADMINISTRATION OF JUSTICE

Federal expenditures for the administration of justice are to protect persons and their property through enforcement of Federal laws; to provide Federal courts to resolve disputes; to defend the public interest in criminal and civil proceedings; and to operate detention and correctional facilities for those charged with or convicted of violating Federal law. One of the fundamental responsibilities of the Government is to provide a means to ensure the safety of the people and to resolve disputes peacefully and fairly. In 1985, the Federal Government will spend an estimated \$6 billion to meet these needs.

Federal initiatives center on three major themes:

- controlling the borders against illegal entry of persons and goods;
- combatting organized crime and illegal drug trafficking; and
- providing additional litigative resources to prosecute criminal and civil tax violators.

Federal law enforcement activities.—As in past years, over half of the total Federal resources for the administration of justice are dedicated to law enforcement activities. Estimated outlays of \$3.5 billion in 1985, 3% above the 1984 level, will maintain current activities and meet the objectives outlined above.

Criminal investigations.—Criminal investigations are mainly carried out in the Justice Department by the Drug Enforcement Administration (DEA) and the Federal Bureau of Investigation (FBI). They frequently work together in one of 12 regional organized crime drug enforcement (OCDE) task forces. The OCDE program, an administration initiative undertaken last year, was originally funded as a separate appropriation within the Justice Department to ensure central program control and flexibility for the network of task forces. Now that necessary control mechanisms are well established, the OCDE program will be funded by direct appropriations to the participating agencies.

The FBI and DEA have concurrent jurisdiction to combat drug trafficking. As mentioned above, they work together on narcotics violation investigations through the OCDE task forces. In 1985, a thirteenth OCDE task force will be initiated in Florida. Not only will additional resources be provided for this task force, but also the FBI will increase—to over 800—the number of agents working on drug cases. DEA will expand its domestic intelligence staff as well as its overseas effort.

NATIONAL NEED: ADMINISTRATION OF JUSTICE

(Functional code 750; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
Federal law enforcement activities:					
Criminal investigations (DEA, FBI and OCDE)	1,241	1,445	1,494	1,531	1,560
Alcohol, tobacco, and firearms investigation (ATF)	147	160	162	163	166
Border enforcement activities (Customs and INS)	1,076	1,137	1,177	1,181	1,197
Protection and other activities (Secret Service)	249	309	287	285	295
Other enforcement	347	367	386	393	381
Subtotal, Federal law enforcement activities	3,061	3,417	3,505	3,554	3,598
Federal litigative and judicial activities:					
Civil and criminal prosecution and representation	636	717	808	823	838
Federal judicial activities	825	928	1,046	1,095	1,148
Representation of indigents in civil cases	241	275			
Subtotal, Federal litigative and judicial activities	1,702	1,920	1,854	1,917	1,985
Federal correctional activities	468	489	568	538	543
Criminal justice assistance	137	211	146	147	151
Total, budget authority	5,367	6,038	6,074	6,156	6,277
OUTLAYS					
Federal law enforcement activities:					
Criminal investigations (DEA, FBI and OCDE)	1,113	1,432	1,534	1,503	1,532
Alcohol, tobacco, and firearms investigation (ATF)	142	156	159	160	162
Border enforcement activities (Customs and INS)	1,052	1,143	1,160	1,165	1,182
Protection and other activities (Secret Service)	232	300	279	280	289
Other enforcement	348	376	383	389	381
Subtotal, Federal law enforcement activities	2,887	3,407	3,515	3,497	3,547
Federal litigative and judicial activities:					
Civil and criminal prosecution and representation	597	715	791	802	817
Federal judicial activities	796	922	1,036	1,078	1,130
Representation of indigents in civil cases	234	284	20		
Subtotal, Federal litigative and judicial activities	1,627	1,921	1,847	1,880	1,947
Federal correctional activities	418	500	574	544	524
Criminal justice assistance	167	193	203	165	145
Total, outlays	5,099	6,021	6,140	6,086	6,162

The FBI enforces a broad range of criminal statutes, works with other Federal agencies when appropriate, as well as State and local authorities, and assists States and localities through training, dissemination of information, and other activities. Additional resources are being requested in 1985 to increase the FBI's investigations of traditional organized crime violations and to expand foreign counterintelligence activities. To improve the FBI's overall effectiveness, more resources are also being requested to conduct research and development.

Total outlays for criminal investigations are estimated to be \$1,534 million in 1985, an increase of \$102 million, or 7%, over 1984 levels.

Border enforcement activities.—The Immigration and Naturalization Service (INS) administers laws related to the admission, exclusion, deportation and naturalization of aliens. For 1985, the administration proposes a major increase of 1,000 positions to strengthen immigration control on the southwestern border of the United States. In addition, the budget continues the administration's commitment to increased productivity and better management through further implementation of automated systems and improved recordkeeping.

The United States Customs Service administers laws regarding assessment and collection of customs duties, excise taxes, fees and penalties on imported merchandise; stopping and seizing contraband; and processing persons, carriers, cargo and mail into and out of the United States. The budget proposal for Customs would maintain enforcement in the priority areas of drug trafficking and illegal export of critical technology. Also, the budget proposes that savings be accomplished by greater selectivity in cargo processing systems and implementation of a number of administrative and management efficiencies.

Outlays for border enforcement activities are estimated to be \$1.2 billion in 1985.

Federal litigative and judicial activities.—The Department of Justice litigates all of the Federal Government's criminal cases and most of its civil cases. During the past few years, the Department has been increasing its efforts on the more complex, lengthy criminal cases involving organized crime and drug trafficking. In the civil area, asbestos, radiation, and other toxic substances litigation, as well as major commercial and entitlement litigation, are consuming increasing amounts of litigative resources.

Civil and criminal prosecution and representation.—Outlays for civil and criminal prosecution and representation are estimated to rise from \$715 million in 1984 to \$791 million in 1985.

Among the administration's priorities in this area are:

- establishment of a Federal tax enforcement initiative;
- enforcement operations directed at identifying and seizing the assets and profits of illegal drug trafficking organizations;
- maintaining an active role in civil litigation to protect the Government's financial interests in court, commercial litigation and continued efforts in debt collection; and

- continued support for the recently established law enforcement coordinating committees, composed of Federal, State and local law enforcement officials.

Federal judicial activities.—By law, budget estimates from the judiciary are included in the budget without modification by the executive branch. The U.S. Courts have estimated outlays of \$1 billion in 1985 for judicial branch activities in this function, a 12% increase over the 1984 level.

Representation of indigents in civil cases.—The Legal Services Corporation is a private non-profit organization that funds State and local agencies providing free civil legal assistance to the poor. Grantees are currently involved in cases both for individual clients and in broader “law reform” activities.

The administration proposes that the Corporation not be reauthorized, and that no further separate Federal funding be provided. The administration’s social services block grant includes adequate authority to fund legal services activities that States wish to provide for their citizens. In addition, private attorneys are expected to increase free services to the indigent in accordance with the legal profession’s ethical obligations.

Federal correctional activities.—The Federal Government is responsible for the care and custody of prisoners charged with or convicted of violating Federal laws.

Those people charged with a Federal crime and not yet convicted or acquitted come under the jurisdiction of the U.S. Marshals in their role as agents of the U.S. Courts. These prisoners are usually detained in a State or local jail. If convicted, the offender is transferred to one of the 44 Federal prison facilities. The cooperative agreement program provides funds to renovate and equip local jails that house Federal prisoners. The budget contains \$5 million for this program in 1985.

In response to the continuing growth of the Federal prisoner population, site and planning funding for one new prison, to be located in the southeast, is proposed. Construction funds are provided for a prison in the northeast. Additional funds will be made available to renovate and expand existing facilities. Also, increased funding for more correctional officers positions is provided. Outlays for correctional activities in 1985 are estimated to be \$574 million, 15% above the 1984 level.

Criminal justice assistance.—A criminal justice assistance program, expected to be enacted in 1984, will provide training, technical, and financial assistance to State and local criminal justice agencies through both formula and discretionary grants. These

grants will support innovative projects or programs of proven effectiveness.

The administration is not requesting any new budget authority for juvenile justice and delinquency prevention programs as the primary objective of these programs—the separation of juvenile from adult offenders—has largely been accomplished. Resources to deal with serious juvenile offenders will be available through the new criminal justice assistance program.

Outlays for criminal justice assistance are estimated to be \$203 million in 1985. Included are \$12 million for the National Institute of Corrections, and \$191 million for other justice assistance programs.

Related programs.—A number of programs classified in other functions support the administration of justice. Over 100 agencies and regulatory commissions perform some type of law enforcement activity. About 30 Federal agencies, including the Departments of Agriculture and Labor, the Environmental Protection Agency, and most independent regulatory commissions, have some litigation authority independent of the Department of Justice.

GENERAL GOVERNMENT

The general government function includes the central management and policy responsibilities of the Federal Government. The management focus is largely on Federal finances, property and personnel. The goals of the President and his administration are to provide a government that operates in a business-like manner and provides essential public services as efficiently as possible. The central services performed within this function include tax collection, fiscal operations, personnel management, property control, and records management.

Outlays for general government are estimated to be \$5.7 billion in 1985, a very slight increase over the 1984 level. Major goals in this function are to enhance efforts to identify and collect unpaid taxes and to improve productivity in the Federal Government.

Legislative functions.—By law, budget estimates for the legislative branch are included in the President's budget without change as submitted by the Congress. Estimated outlays for the legislative branch activities in this function are \$1.7 billion in 1985 and include the operation of the Congress, the General Accounting Office, the Congressional Research Service, and similar activities.

Executive direction and management.—Outlays for the White House, other components of the Executive Office of the President, and related activities are estimated to be \$121 million in 1985, an increase of \$7 million over 1984.

Central fiscal operations.—The mission of central fiscal operations is to collect taxes, administer the public debt, supervise the Federal Financing Bank, and carry out certain other financial operations of the Federal Government. Outlays are estimated to be \$3.6 billion in 1985, a slight increase over the 1984 level.

Collection of taxes.—The funds supporting this mission are for the Internal Revenue Service (IRS). In 1985, IRS plans to strengthen its efforts to address the tax gap—taxes owed but unpaid. These efforts will increase tax collections both directly and indirectly, the latter by enhancing voluntary compliance. Through this tax gap initiative, IRS expects to:

- implement the provisions of the Interest and Dividend Tax Compliance Act of 1983 which provides for back-up withholding of 20% on interest and dividend income where compliance problems are found;

NATIONAL NEED: GENERAL GOVERNMENT

(Functional code 800; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
Legislative functions	1,418	1,463	1,412	1,473	1,451
Executive direction and management	103	113	122	120	123
Central fiscal operations:					
Collection of taxes.....	3,043	3,326	3,532	3,550	3,618
Federal Financing Bank	-163	-184	-207	-218	-224
Other fiscal operations.....	367	379	393	395	402
Subtotal, central fiscal operations.....	3,246	3,520	3,717	3,727	3,795
General property and records management:					
Real property.....	56	-202	-238	-148	-130
Personal property.....	15	22	20	20	20
Records management	86	92	93	95	97
Other	320	344	363	361	367
Subtotal, general property and records management.....	476	255	237	328	354
Central personnel management	142	149	153	154	156
Other general government:					
Territories.....	182	193	150	68	71
Indian affairs.....	31	2	1	1	1
Treasury claims	563	258	384	384	256
Other	18	25	33	30	33
Subtotal, other general government.....	794	478	569	483	361
Deductions for offsetting receipts	-636	-424	-425	-408	-408
Total, budget authority	5,544	5,553	5,786	5,878	5,832

- emphasize audits of "Schedule C" business and professional returns which exhibit the greatest evidence of underreported income;
- increase litigations of tax shelter cases;
- expand efforts to collect delinquent accounts; and
- launch a major study to determine the sources and reasons for non-compliance with the tax laws.

IRS will continue its program begun in 1982 to modernize and streamline its operations. Through these activities IRS will:

- complete a major replacement of the tax return processing equipment used in each of the IRS service centers;
- begin the use of optical character recognition technology for putting into computers information on Federal tax deposits (forms used for business withholding taxes);

NATIONAL NEED: GENERAL GOVERNMENT—Continued

(Functional code 800; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
OUTLAYS					
Legislative functions	1,196	1,345	1,447	1,496	1,472
Executive direction and management	96	114	121	119	121
Central fiscal operations:					
Collection of taxes.....	2,907	3,283	3,461	3,477	3,541
Federal Financing Bank.....	-163	-184	-207	-218	-224
Other fiscal operations.....	300	368	388	384	386
Subtotal, central fiscal operations.....	3,045	3,467	3,642	3,643	3,703
General property and records management:					
Real property.....	-170	-44	-244	-271	-223
Personal property.....	13	22	20	20	20
Records management.....	88	94	91	93	95
Other.....	269	327	371	362	367
Subtotal, general property and records management.....	200	399	238	204	259
Central personnel management	115	155	155	153	154
Other general government:					
Territories.....	201	214	183	129	111
Indian affairs.....	16	17	1	1	1
Treasury claims.....	563	258	385	384	256
Other.....	-11	-108	-4	-9	-4
Subtotal, other general government.....	768	597	565	504	372
Deductions for offsetting receipts	-636	-424	-425	-408	-408
Total, outlays	4,784	5,652	5,744	5,712	5,674
ADDENDUM					
Off-budget Federal entity:					
Federal Financing Bank:					
Federal buildings fund:					
Outlays.....	-3	-10	-11	-33	-35
Territories:					
Outlays.....	-*	-*	-*	-1	-1
Other:					
Outlays.....	9	3			
Total:					
Outlays.....	5	-7	-11	-34	-36

*\$500 thousand or less.

- implement an automated collection system, which will enhance significantly IRS' capacity to collect accounts where tax liability is agreed to but unpaid;
- expand use of automation to other enforcement and support programs; and
- begin research on a major redesign of the tax processing system.

Outlays for the collection of taxes are estimated to be \$3.5 billion in 1985, \$0.2 billion higher than in 1984.

Federal Financing Bank.—The Federal Financing Bank (FFB) is an off-budget Federal entity under the supervision of the Treasury Department. It was created to reduce the cost of Federal agency and federally assisted borrowing from the public and to ensure that such borrowing takes place with the least disruption to financial markets. The FFB neither initiates nor reviews Federal programs; it is solely a financing vehicle. The Government agency initiating the program is responsible for its review.

The FFB charges a fee to borrowers for administrative expenses. Any unused monies are transferred to central fiscal operations and shown as offsetting Treasury receipts. They are estimated to be \$207 million in 1985.

Further discussion of the Federal Financing Bank is in Part 6 of this volume, in Special Analysis E, "Borrowing and Debt," and in Special Analysis F, "Federal Credit Programs." These sources also summarize the distribution of FFB activity according to the agencies that use the bank. The tables in each function that show budget authority and outlays display off-budget activities of the FFB as addendum items.

Other fiscal operations.—Other fiscal operations include manufacturing coins by the Bureau of the Mint and printing currency by the Bureau of Engraving and Printing. Estimated outlays in 1985 for other fiscal operations are \$388 million, representing a decrease of \$20 million from 1984.

General property and records management.—The General Services Administration (GSA) is the Government's builder and landlord, wholesaler and retailer, historian and records keeper. These housekeeping services support the activities of other Federal agencies. Outlays for general property and records management are estimated to be \$238 million in 1985.

Central personnel management.—Personnel management functions are carried out by the Office of Personnel Management (OPM), the Federal Labor Relations Authority, and the Merit Systems Protection Board. Estimated outlays for 1985 are \$155 million.

In response to an OPM study identifying a serious overclassification of the general schedule workforce, the administration, through the Office of Personnel Management and the Office of Management and Budget, has directed agencies to reduce the proportion of upper middle and higher grade positions. Agencies' budget authorities have been reduced by the amount necessary to reflect a 2% reduction in the number of general schedule positions in grades 11 through 15 (or equivalents), offset by the funds necessary for a

concurrent increase in the number of positions in grades 1 through 10. Improved position management as well as greater conformance with classification standards will save \$106 million in 1985, and \$1.7 billion in personnel costs throughout the life of the 4-year program. Agencies are to achieve these savings through attrition, with no reductions in the number of Federal jobs or downgrading of employees.

Other general government.—Other activities in the general government function include payments of claims and judgments against the Federal Government, funding for the territories, and other activities. Outlays are expected to be \$565 million in 1985, compared to \$597 million in 1984.

Territories.—Budget authority of \$54 million is proposed for 1985 for continued support of the U.S. territories of Guam, American Samoa, the Virgin Islands, and the Northern Marianas. Budget authority of \$90 million in 1985 is requested for operations and construction in the Trust Territory of the Pacific Islands. The Compact of Free Association, discussed in the international affairs function, has been approved by the people of the Federated States of Micronesia and the Marshall Islands. The President will soon transmit the Compact to the Congress for enactment into law, ending the trusteeship for these two states. Trust Territory funding will be amended once the Congress has completed its enactment of the Compact. In addition to these programs funded by the Department of the Interior, the territories and the Trust Territory receive grants and payments from many other Federal agencies for programs classified in other functions.

Indian affairs.—Funding for American Indians in this function includes miscellaneous trust fund payments to tribes and program support for the Navajo and Hopi Indian Relocation Commission. Funding in 1984 included \$15 million for payment to the Papago Indian Tribe, Arizona, to settle water rights claims of the tribe. Additional assistance to Indian tribes is classified in a number of functions—health; natural resources and environment; community and regional development; and education, training, employment, and social services.

Credit programs.—This function contains two credit programs financed as direct loans by the Federal Financing Bank (FFB). These are General Services Administration loans originated for lease-purchase agreements on some Federal buildings and loans to the territories. The accompanying table shows the level of operation of these two programs. No new activity is proposed for credit programs in this function for 1985.

CREDIT PROGRAMS—GENERAL GOVERNMENT

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Direct loans:					
Loans to U.S. territories (loans made by FFB):					
Net outlays ¹	—*	—*	—*	—1	—1
Outstandings	65	65	64	64	63
General Services Administration:					
Federal buildings fund (GSA) (loans made by FFB):					
Net outlays	—3	—10	—11	—33	—35
Outstandings	417	408	397	364	329
Total, direct loans:					
Net outlays	—4	—10	—11	—34	—36
Outstandings	483	473	462	428	392
Guaranteed loans:					
Federal buildings fund (GSA):					
Net change	—20	—20	—21		
Outstandings	755	735	713	713	713

* \$500 thousand or less.

¹ These are guarantees made by the agency for loans that the FFB will disburse. In effect, they are guarantees for off-budget direct loans, and are counted as such in the credit budget. Policy responsibility for these loans rests with the guaranteeing agency.

Tax expenditures.—In addition to direct Federal funds for general government, the tax code permits individuals to claim a 50% tax credit on political contributions of up to \$100 (\$200 for joint returns). The tax expenditure estimate for this provision is \$290 million in 1985.

GENERAL PURPOSE FISCAL ASSISTANCE

General purpose fiscal assistance provides financial aid to State and local governments without major restrictions or matching requirements. This assistance can generally be used for State or local services, construction, debt retirement, and other purposes of general government. Programs in this category include general revenue sharing, payments to the District of Columbia, Forest Service receipts paid to the States, payments in lieu of taxes, and payments to territories and Puerto Rico. Outlays for this function are estimated to be \$6.7 billion in both 1984 and 1985.

General revenue sharing.—The purpose of the general revenue sharing program is to provide local governments with Federal funds that have few restrictions on their use. Outlays for the program, which was reauthorized last year, are \$4.6 billion annually in 1984 and 1985.

General revenue sharing provides funds to approximately 39,000 local jurisdictions. The funds are first divided among States on the basis of total population, urban population, personal and per capita income, income tax collections, and general tax effort. Local governments' share of the allocation are in turn based primarily on population, per capita income, and tax effort. This formula helps target assistance to governments with the greatest needs.

Other general purpose fiscal assistance.—Several other programs provide funds with minimal restrictions to States and localities. Outlays for these programs are estimated to be \$2.2 billion in 1984 and \$2.1 billion in 1985.

Payments and loans to the District of Columbia.—The District of Columbia's operating budget is financed in part by annual payments from the Federal Government in recognition of the costs to the local government of the Federal presence. Presently, discussions are occurring between the administration and the District of Columbia Government designed to produce a formula Federal payment. The administration requests \$503 million in budget authority for the District of Columbia in 1985. An estimated \$425 million is for the Federal payment. Budget authority of \$52 million is for the annual Federal contribution to the retirement funds for the District's police officers, firefighters, teachers, and judges as required under pension reform legislation enacted in 1979. The remaining \$26 million is primarily for water and sewer payments for Federal buildings using these services.

NATIONAL NEED: FISCAL ASSISTANCE TO STATE AND LOCAL GOVERNMENTS

(Functional code 850; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
General revenue sharing:					
General revenue sharing payments	4,567	4,567	4,567	4,567	4,567
Administration	7	7	8	8	8
Subtotal, general revenue sharing	4,574	4,574	4,575	4,575	4,575
Other general purpose fiscal assistance:					
Payments and loans to the District of Columbia...	494	567	469	473	477
Other payments:					
Payments to States from Forest Service receipts:					
Existing law	144	204	306	371	408
Proposed legislation			-22	-78	-106
Payments to States from receipts under the Mineral Leasing Act		715	599	666	765
Payments to States and counties from Federal land management activities	596	68	78	87	94
Payments in lieu of taxes	96	105	105	105	105
Payments to territories and Puerto Rico	454	502	541	588	638
Other	6	6	6	6	7
Subtotal, other general purpose fiscal assistance	1,790	2,167	2,084	2,218	2,388
Total, budget authority	6,364	6,741	6,658	6,793	6,963
OUTLAYS					
General revenue sharing:					
General revenue sharing payments	4,614	4,567	4,567	4,567	4,567
Administration	6	8	8	8	8
Subtotal, general revenue sharing	4,620	4,574	4,574	4,575	4,575
Other general purpose fiscal assistance:					
Payments and loans to the District of Columbia...	543	567	469	473	477
Other payments:					
Payments to States from Forest Service receipts:					
Existing law	144	204	306	371	408
Proposed legislation			-22	-78	-106
Payments to States from receipts under the Mineral Leasing Act		715	599	666	765
Payments to States and counties from Federal land management activities	593	68	78	87	93
Payments in lieu of taxes	96	105	105	105	105
Payments to territories and Puerto Rico	451	502	541	588	638
Other	7	6	6	6	7
Subtotal, other general purpose fiscal assistance	1,834	2,167	2,084	2,218	2,388
Total, outlays	6,454	6,741	6,658	6,793	6,962

In anticipation of the District of Columbia's successful entry into the private capital market, the 1985 estimates assume that the City will borrow in the private market for its capital needs rather than from the Treasury.

Other payments.—Some jurisdictions receive payments from the Federal Government based on a percentage of receipts generated from the sale of timber, mineral leases, grazing permits, and other activities on Federal property.

Payments to States from Forest Service receipts will return an estimated \$204 million in 1984, and \$284 million in 1985, to States for distribution to counties in which National forests are located. These funds are to be used for schools and roads. The administration will propose legislation to make these payments more equivalent to taxes derived from comparable private property.

Payments to States from receipts under the Mineral Leasing Act were included in payments to States and counties from Federal land management activities in 1983. The decrease in payments made to States out of Mineral Leasing Act receipts in 1985, is due to the passage of the Federal Oil and Gas Royalty Management Act of 1983. The act requires that beginning in 1984, receipts will be distributed to the States monthly, rather than semi-annually. This change moved 5 additional months' payments into 1984. The payments in 1985 reflect the States' share of receipts for 12 months. Outlays are estimated to be \$599 million in 1985.

Payments to States and Counties from Federal land management activities are estimated to be \$68 million in 1984 and \$78 million in 1985 for shared revenues from oil and gas, coal, timber, and grazing activities on Federal lands. The decrease from 1983 to 1984 was caused by the transfer of responsibility for collecting and distributing mineral leasing receipts within the Department of the Interior, from the Bureau of Land Management to the Minerals Management Service shown in the previous category.

Payments in lieu of taxes provide fees to local governments for some Federal lands located within their jurisdictions. Outlays are estimated to be \$105 million for 1985.

Payments to territories and Puerto Rico are made because the Federal Government returns certain taxes to the territories and Puerto Rico. These payments comprise (1) annual advance payments of certain income tax withholding and excise tax collections involving Guam and the Virgin Islands, and (2) excise tax withholding for Puerto Rico. Outlays are estimated to be \$502 million in 1984 and \$541 million in 1985.

CREDIT PROGRAMS—GENERAL PURPOSE FISCAL ASSISTANCE

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Direct loans:					
Loans to the District of Columbia:					
New obligations	295	115			
Net outlays	116	84	-34	-37	-40
Outstandings	1,799	1,883	1,849	1,813	1,773
Guaranteed loans:					
Guarantees of New York City loans:					
Net change	-243	-273	-367	-380	-182
Outstandings	1,201	928	561	182	
Total credit budget (new obligations and new commitments)	295	115			

Tax expenditures.—The Federal Government provides general purpose fiscal assistance through several tax provisions. Interest on State and local government debt is excluded from the taxable income of both businesses (mainly commercial banks and casualty insurance companies) and individuals. As a result, States and local governments can sell their debt at lower interest rates than would be possible if such interest were taxable. In effect, the Federal Government subsidizes States and localities by paying part of their interest costs. Only the effect of excluding interest on general purpose obligations and revenue bonds for public purposes such as schools, sewers and roads is included in this function. The exclusion of interest on tax-exempt bonds issued for private or quasi-public activities is covered in applicable budget functions, such as commerce and housing credit. The tax expenditure estimate for the exclusion of interest on general purpose State and local debt is \$13.3 billion in 1985.

The Federal Government also provides indirect assistance to States and localities by allowing individuals to deduct nonbusiness State and local taxes, primarily income and sales taxes, from income in calculating their Federal tax liability. The value of this assistance is estimated at \$21.6 billion in 1985; the deductibility of taxes on owner-occupied homes is accounted for in the commerce and housing credit function.

As a means of providing assistance to U.S. possessions, primarily Puerto Rico, the Government permits a special tax credit for qualifying U.S. corporations doing business in the possessions. This tax credit, which effectively exempts earnings attributable to the possessions, results in a tax expenditure of \$1.7 billion in 1985. Tax expenditures for general purpose fiscal assistance total \$36.7 billion in 1985.

Related programs.—In addition to general purpose fiscal assistance, the Federal Government provides States and localities with assistance through a variety of Federal grant-in-aid programs. These programs, which range from relatively narrow categorical programs to broader grant programs, are more restrictive than general purpose fiscal assistance, and are designed to meet other national needs and to serve other major missions. Therefore, they are not included as general purpose fiscal assistance, although they provide, when taken together, a large source—22% in 1983—of total State and local expenditures. Total grant-in-aid outlays to States and localities are estimated to increase from \$93.0 billion in 1984 to \$102.2 billion in 1985.

Grants are discussed in more detail in Special Analysis H, “Federal Aid to State and Local Governments.”

NET INTEREST

Interest is the cost of borrowing or the income from lending money. As such, this function includes both interest paid by the Federal Government and, as an offset, interest earned from loans. Net interest outlays are estimated to rise from \$108.2 billion in 1984 to \$116.1 billion in 1985.

Interest on the public debt.—This subfunction includes all interest paid on the public debt. The public debt consists of Treasury securities sold to the public and to trust funds, revolving funds, and deposit funds within the Federal Government. Outlays for interest on the public debt are estimated to be \$164.7 billion in 1985.

Estimates of interest outlays are directly affected by assumptions about interest rates and the size of the debt. It is assumed that the 91-day bill rate will decline steadily from an average of 8.6% in calendar year 1983 to 6.2% by 1987. Despite the projected decline in interest rates, interest on the public debt is estimated to increase by \$20.9 billion in 1984 and an additional \$15.2 billion in 1985. These increases are because of higher debt outstanding due to Treasury borrowing to finance the Federal deficit. The estimates include proposed legislation that increases (net) trust fund holdings of Treasury securities, and thus interest payments, as described below.

Interest received by trust funds.—Most trust fund balances are required by law to be invested in Federal securities. The interest outlays on this debt are included in interest on the public debt. Interest earned by the trust funds is deducted in this subfunction so that budget totals for net interest include only net transactions with the public, not payments between Government accounts. Trust fund interest earnings are estimated to be \$19.4 billion in 1984 and \$22.6 billion in 1985.

More than half of these interest earnings is received by the civil service retirement and disability fund, and about one-fourth is received by social security and medicare. Enacted legislation for military retirement and proposed legislation for civil service retirement will change trust fund balances invested in public debt and thereby affect interest earnings. The total effect of these and similar proposals is to increase interest received by trust funds by \$1.0 billion in 1987.

Other interest.—This subfunction includes interest payments by the Government on tax refunds and, as an offset, interest collections from Federal agencies and the public.

NET INTEREST

(Functional code 900; in millions of dollars)

Programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
Interest on the public debt:					
Existing law.....	128,619	149,483	164,531	177,379	187,580
Proposed legislation.....		17	169	521	1,020
Subtotal, interest on the public debt.....	128,619	149,500	164,700	177,900	188,600
Interest received by trust funds:					
Existing law.....	-17,102	-19,379	-22,418	-25,636	-29,158
Proposed legislation.....		-17	-169	-521	-1,020
Subtotal, interest received by trust funds.....	-17,102	-19,396	-22,587	-26,157	-30,177
Other interest:					
Interest on refunds of tax collections.....	1,954	1,514	1,479	1,590	1,516
Interest on loans to the Federal Financing Bank.....	-14,116	-15,239	-18,259	-19,020	-19,322
Other.....	-9,581	-8,140	-9,195	-10,071	-9,749
Subtotal, other interest.....	-21,742	-21,865	-25,974	-27,501	-27,555
Total, budget authority.....	89,775	108,239	116,138	124,242	130,868
OUTLAYS					
Interest on the public debt:					
Existing law.....	128,619	149,483	164,531	177,379	187,580
Proposed legislation.....		17	169	521	1,020
Subtotal, interest on the public debt.....	128,619	149,500	164,700	177,900	188,600
Interest received by trust funds:					
Existing law.....	-17,102	-19,379	-22,418	-25,636	-29,158
Proposed legislation.....		-17	-169	-521	-1,020
Subtotal, interest received by trust funds.....	-17,102	-19,396	-22,587	-26,157	-30,177
Other interest:					
Interest on refunds of tax collections.....	1,954	1,514	1,479	1,590	1,516
Interest on loans to the Federal Financing Bank.....	-14,116	-15,239	-18,259	-19,020	-19,322
Other.....	-9,581	-8,140	-9,195	-10,071	-9,749
Subtotal, other interest.....	-21,743	-21,865	-25,974	-27,501	-27,555
Total, outlays.....	89,774	108,239	116,138	124,242	130,868
ADDENDUM					
Net interest function.....	89,774	108,239	116,138	124,242	130,868
Deposits of earnings by the Federal Reserve System ¹	14,492	14,352	14,799	14,996	14,971
Net budgetary effect ²	75,282	93,887	101,339	109,246	115,879

¹ Shown as budget receipts.² Net budgetary effect of interest transactions with the public. See text for discussion.

Interest on refunds of tax collections.—Interest payments by the Treasury on tax refunds are estimated to be \$1.5 billion in both 1984 and 1985. Under current law, the rate paid on refunds of tax collections is set at the prime rate.

Interest on loans to the Federal Financing Bank (FFB).—The off-budget Federal Financing Bank is the major source of funds for a number of Government programs. The FFB borrows directly from the Treasury and uses these funds to purchase agency debt and financial assets from various Government programs and to make direct loans to the public at the request of different agencies. It then pays interest to the Treasury on its borrowings. Interest payments from the FFB to the Treasury are estimated to be \$15.2 billion in 1984 and \$18.3 billion in 1985.

Other.—Offsetting interest collections other than from the FFB are estimated to be \$8.1 billion in 1984 and \$9.2 billion in 1985. These come from two principal sources: interest charged by Treasury to Federal agency revolving funds, which is by far the largest source; and interest collected from the public by funds other than revolving funds. Revolving funds borrow from the Treasury primarily to finance direct loans to the public, and then pay interest to the Treasury on their borrowings. Other collections include interest on loans made to the public by non-revolving funds and interest paid by banks on Federal tax collections deposited in those banks.

Net budgetary effect.—The Federal Reserve System owns Government securities for the purpose of carrying out monetary policy. Most of the interest the Federal Reserve receives on these securities is paid to the Treasury as deposits of earnings and classified as budget receipts. As shown in the addendum to the preceding table, deposits of earnings are projected to be \$14.4 billion in 1984 and \$14.8 billion in 1985. Deducting these receipts from the function totals shows the net budgetary effect of interest transactions with the public.

Tax expenditures.—A tax expenditure arises from the optional deferral of interest income on U.S. savings bonds. Interest is normally taxed each year as it is earned, but the holder of the savings bond may defer paying tax until the bond is redeemed. The estimate for this provision is \$795 million in 1985.

ALLOWANCES

The budget includes allowances to cover certain forms of budgetary transactions that are expected to occur, but that are not reflected in the program details shown in the preceding functions. When these transactions actually take place, they are reported as outlays or receipts for the appropriate agencies and functions rather than as allowances. For this reason, allowances for completed years are always zero.

Three allowances are included in the budget: civilian agency pay raises, increased employing agency payments for employee retirement, and allowances for contingencies.

ALLOWANCES

(Functional code 920; in millions of dollars)

Program	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
Civilian agency pay raises.....			446	3,071	5,217
Increased employing agency payments for employee retirement (proposed legislation):					
Department of Defense.....			229	487	516
Civilian agencies.....			280	595	630
Allowances for contingencies:					
Relatively uncontrollable programs.....					
Other requirements.....					
Total, budget authority.....			954	4,153	6,363
OUTLAYS					
Civilian agency pay raises.....			430	2,968	5,134
Increased employing agency payments for employee retirement (proposed legislation):					
Department of Defense.....			229	487	516
Civilian agencies.....			280	595	630
Allowances for contingencies:					
Relatively uncontrollable programs.....					
Other requirements.....					
Total, outlays.....			938	4,050	6,280

Civilian agency pay raises.—This allowance covers the costs of future civilian agency pay raises, including increases for Coast Guard military personnel. Two other pay raise allowances are included in the national defense function.

This allowance includes an assumed pay increase for civilian personnel of 3.5% and a pay increase for the Coast Guard military personnel of 5.5%, both effective in January of 1985. The President's final decision on the 1985 civilian pay increase will be made after he reviews the recommendations of his pay agent and the recommendations of the Advisory Committee on Federal Pay, as

provided for by law. The pay raise allowance includes amounts for 1986 and 1987 that are based on the assumption that Federal civilian employees will receive the same average percentage pay increase as private sector workers.

Increased employing agency payments for employee retirement.—The administration is proposing reforms of Federal employee retirement programs. One of the proposed reforms is an increase in the contribution that Federal employees make toward their own retirement, from the current 7% of salary to 8% in 1985 and 9% in 1986, with a matching increase in contributions by employing agencies. This allowance is the amount necessary to finance the higher employing agency payments. The allowance includes the amount of the increased contribution both by civilian agencies and by the Department of Defense. Upon enactment of the administration's proposal, the allowance amounts will be distributed to individual agencies. The administration's retirement reform proposals are discussed in more detail in the income security function.

Allowances for contingencies.—The Congressional Budget Act of 1974 requires that the budget include two specific allowances for unanticipated spending or savings in relatively uncontrollable programs (such as social security) and in discretionary programs.

The estimates for each of these contingency allowances are zero for all years. The contingency allowance for relatively uncontrollable programs is estimated to be zero because the chance of these outlays being lower than the estimates is as great as the chance of being higher. The contingency allowance for other requirements is also assumed to be zero, with probable increases being offset by anticipated decreases.

Allowances account for estimated net outlays of \$0.9 billion in 1985.

UNDISTRIBUTED OFFSETTING RECEIPTS

Offsetting receipts are generally deducted from outlays and budget authority at the subfunction and agency levels. In two instances, however, such payments are deducted from the budget totals as undistributed offsetting receipts. These are for the employer share of employee retirement, and rents and royalties on the Outer Continental Shelf.

Undistributed offsetting receipts are estimated to be \$17.5 billion in 1984 and \$35.3 billion in 1985. The increase primarily reflects establishment of a military retirement trust fund. A detailed discussion of the trust fund may be found in the Introduction. Details of all offsetting receipts are shown in table 15 in Part 9.

UNDISTRIBUTED OFFSETTING RECEIPTS

(Functional code 950; in millions of dollars)

Offsetting Receipts	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY AND OUTLAYS					
Employer share, employee retirement:					
Existing law:					
Including accrual offset ¹	(-23,484)	(-25,347)	-27,222	-30,198	-32,776
Excluding accrual offset	-8,122	-8,844			
Proposed legislation			-651	-1,381	-1,464
Subtotal, employer share, employee retirement	-8,122	-8,844	-27,873	-31,579	-34,240
Rents and royalties on the Outer Continental Shelf	-10,491	-8,700	-7,400	-11,300	-11,600
Total	-18,614	-17,544	-35,273	-42,879	-45,840

¹ Beginning in 1985, the budget reflects establishment of a military retirement trust fund. Entries in parentheses show amounts for previous years on a comparable basis by including imputed accruals for military retirement contributions reflected in the national defense function. A more detailed discussion may be found in the Introduction.

Employer share, employee retirement.—The payments by Federal agencies to employee retirement funds are counted as outlays of the agencies and as receipts of the respective retirement funds.² A deduction equal to the total amount of these payments is included in undistributed offsetting receipts in order to measure properly the transactions of the Government with the public. Nearly two-thirds of these payments are to the civil service retirement fund. Most of the remainder is paid to the social security trust funds, including medicare.

The administration's proposal to reform civil service retirement, which is discussed in detail in the income security function, would increase employing agency contributions for retirement, and, therefore, undistributed offsetting receipts. The administration's propos-

² Included in the estimate of employing agency payments to trust funds is the effect of projected future pay increases for Federal civilian employees, which are discussed in the allowances function.

al also includes increased contributions from off-budget Federal entities (such as the Postal Service), which increase undistributed offsetting receipts.

Rents and royalties from the Outer Continental Shelf (OCS).— Payments to the Government for rents and royalties on the Outer Continental Shelf are large, and their inclusion in a particular function would distort the display of Federal program budget authority and outlays. These estimates include cash bonuses received from the leasing of OCS lands that have the promise of containing oil and gas; annual rents on existing leases; and royalties, based on a percentage of the value of production. OCS collections from certain lands immediately adjoining State lands or from disputed lands are recorded in deposit funds rather than as offsetting receipts until the title to these amounts is settled. On September 30, 1983, such deposit funds held \$5.7 billion.

The 5-year OCS leasing program now in effect significantly accelerates leasing by offering larger areas and by streamlining leasing procedures. The current estimates of \$8.7 billion in 1984 and \$7.4 billion in 1985 assume that 8 OCS sales will be conducted in 1984 and 9 sales in 1985. No final decision will be made on any of these sales until environmental studies and other requirements under the National Environmental Policy Act have been completed.

PART 6

**PERSPECTIVES ON
THE BUDGET**

6-1

PERSPECTIVES ON THE BUDGET

This part of the budget explains several topics that help to interpret the budget totals and to place the budget in perspective:

- the relationship of budget authority to outlays;
- limitations on the availability of funds;
- fiscal activities outside the Federal budget:
 - outlays of off-budget Federal entities,
 - Government-sponsored enterprises,
 - loan guarantees, and
 - tax expenditures;
- Federal debt and the relationship of budget funds to changes in Federal debt;
- the difference between the initial 1983 budget estimate and the actual outcome for:
 - total outlays,
 - outlays of relatively uncontrollable programs, and
 - total receipts; and
- the allocation of windfall profit tax receipts.

RELATIONSHIP OF BUDGET AUTHORITY TO OUTLAYS

The Congress must usually provide budget authority, generally in the form of appropriations, before Federal agencies can obligate the Government to make outlays. For 1985, \$1,006.5 billion of new budget authority is proposed for those Federal agencies included in the budget. In addition, \$24.7 billion in new budget authority is proposed for those Federal entities that are excluded from the budget.¹

Of the total new budget authority proposed for agencies within the budget in 1985, \$560.8 billion will require congressional action. New budget authority of \$628.9 billion will be available through permanent appropriations under existing law. This consists mainly of trust fund receipts, which in most trust fund programs are automatically appropriated under existing law, and interest on the public debt, for which budget authority is automatically provided under a permanent appropriation enacted in 1847. This gross amount of new budget authority is offset by \$183.2 billion of deductions for offsetting receipts, which consist of transactions within the Government and proprietary receipts from the public. Most of

¹ Budget authority is discussed further in Part 7 of this volume.

the budget authority proposed for off-budget Federal entities will be available under existing law.

BUDGET AUTHORITY

(In billions of dollars)

Description	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
Available through current action by the Congress:					
Enacted and pending appropriations	525.6	521.7			
Proposed in this budget:					
Appropriations			551.5	605.4	641.7
Supplemental requests		5.3			
Rescission proposals		-0.4			
To be requested separately:					
Upon enactment of proposed legislation		0.3	5.3	5.9	6.1
Allowances:					
Civilian agencies ¹			0.4	3.1	5.2
Department of Defense—					
Military ²			3.1	9.1	14.9
Other allowances ³ .....			.5	1.1	1.1
Subtotal, available through current action by the Congress	525.6	527.0	560.8	624.6	669.0
Available without current action by the Congress (permanent appropriations):					
Trust funds (existing law)	326.6	355.7	417.2	451.4	488.2
Interest on the public debt ⁴	128.8	149.5	164.5	177.4	187.6
Other	52.3	29.9	47.2	46.1	47.0
Subtotal, available without current action by the Congress	507.7	535.1	628.9	674.9	722.8
Deductions for offsetting receipts	-166.5	-149.6	-183.2	-199.2	-210.6
Total, budget authority	866.7	912.5	1,006.5	1,100.3	1,181.2
ADDENDUM					
Budget authority for off-budget Federal entities:					
Available through current action by the Congress	2.1	0.6	1.9	1.7	1.7
Available without current action by the Congress	19.1	28.4	22.8	10.8	8.3
Total, off-budget Federal entities	21.2	29.1	24.7	12.4	10.0
Total, budget authority including off-budget Federal entities	887.9	941.6	1,031.2	1,112.7	1,191.2

* \$50 million or less.
¹ Allowance for civilian agency pay raises.
² Includes allowances for civilian and military pay raises for Department of Defense—Military.
³ Allowance for increased employing agency payments for employee retirement.
⁴ Increases in interest on the public debt are included as proposed legislation above in the following amounts: 1984, less than \$50 million; 1985, \$0.2 billion; 1986, \$0.5 billion; 1987, \$1.0 billion.

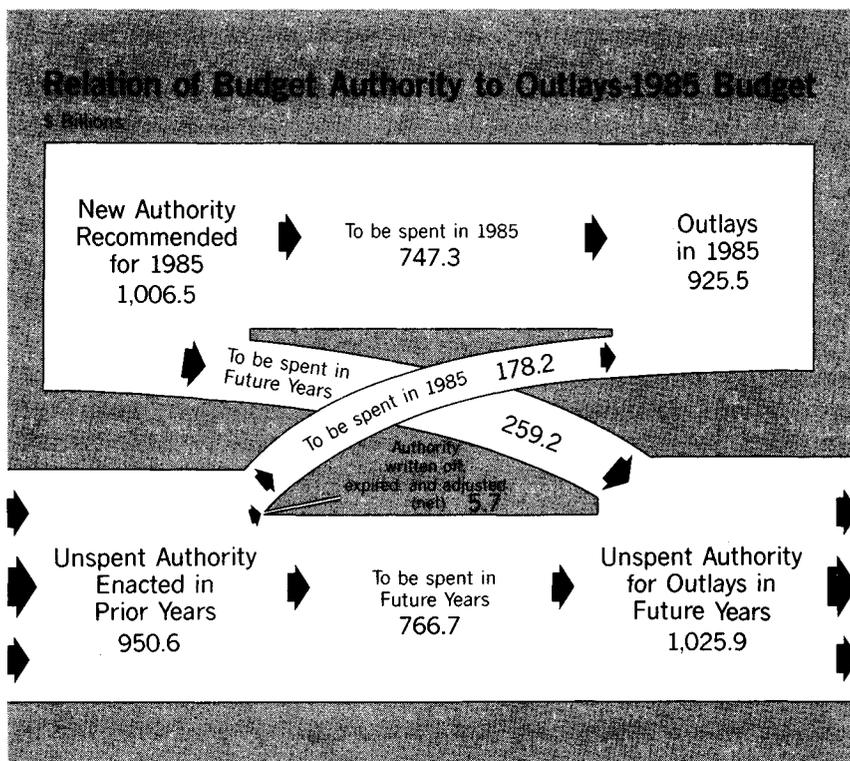
Not all of the new budget authority for 1985 will be obligated or spent in that year: ²

² This subject is also discussed in a separate OMB report, "Balances of Budget Authority," which can be purchased from the National Technical Information Service shortly after the budget is transmitted.

- Budget authority for most trust funds comes from the authority of these funds to spend their receipts from special taxes and contributions and from Federal fund payments. Any balances arising from these receipts remain available to these trust funds indefinitely in order to finance benefits and other purposes specified by law.
- Budget authority for most major construction and procurement projects covers the entire cost estimated when the projects are initiated, even though costs will be incurred and outlays made over a period extending beyond the year for which the budget authority is enacted. Some exceptions are made to this convention, notably for water resource programs.
- Government enterprises are occasionally given budget authority for standby reserves that will be used only in the event of special circumstances.
- Budget authority for the subsidized housing programs is equal to the Government's estimated obligation to pay subsidies under contracts, which may extend for periods of up to 40 years.
- Budget authority for most other long-term contracts also covers the estimated maximum obligation of the Government.
- Budget authority for many direct loan programs provides financing for a number of years; budget authority for many insurance and loan guarantee programs consists of amounts to be used only in the event of defaults or other contingent claims made upon the programs.

As a result of these factors, a substantial amount of budget authority carries over from one year to the next. Most of this is earmarked for specific uses and is not available for new programs. A small part may never be obligated or spent, because it is primarily for contingencies that do not occur or reserves that never have to be used.

As shown in the chart on the next page, \$178.2 billion of the budget outlays in 1985 (19% of the total) will be made from budget authority enacted in previous years. At the same time, \$259.2 billion of the new budget authority proposed for 1985 (26% of the total amount proposed) will not lead to budget outlays until future years. Thus, the total budget authority for a particular year is not useful for the analysis of that year's outlays, since it combines various types of budget authority that have different short-term and long-term implications for budget obligations and outlays. The relationship between budget authority, obligations, and outlays is discussed further in Part 7 of the *Budget* and displayed in table 9 of Part 9.



LIMITATIONS ON THE AVAILABILITY OF FUNDS

Limitations on the availability of funds are another control mechanism that supplements the use of appropriations or other budget authority discussed in the previous section. Limitations on the availability of funds generally are not the source of authority to incur obligations; rather, they place a special ceiling on the use of authority by limiting the amount that can be obligated or committed for a specific purpose. These limitations are established most often through the appropriations process.

Some limitations establish stricter control over amounts provided by appropriations or other acts.

- Many appropriation accounts provide funding for several activities. A limitation can single out and restrict obligations for one or more of these activities within the overall budget authority provided for the account. For example, the 1984 appropriation of \$844 million for Operation of Indian programs in the Department of the Interior includes language specifying that an amount not to exceed \$55 million is available for higher education scholarships.
- In some instances limitations are established on the amount that can be used for a particular type of expense, such as the

purchase of passenger vehicles, travel, or entertainment. These can be restricted to a single account; can cover all amounts within a single appropriations act; or in some cases, can cover amounts in more than one appropriations act or amounts provided in substantive law.

Limitations are frequently used for the above purposes. However, such use generally does not change the overall availability of funds within an appropriation or fund account, because the amounts covered by these limitations could be used for other purposes as authorized by law.

Other limitations can affect the total level—not just the composition—of on and off-budget obligations and spending. As discussed in the previous section on budget authority, limitations in one year can affect spending in subsequent years as well as the current year. They are used to control funds that would otherwise become available under relatively broad authority provided in substantive law without Appropriations Committee action. In most cases these limitations apply either to some trust fund activities, which are normally financed through earmarked receipts for a specific purpose, like the payroll tax receipts for the social security trust funds; to revolving funds, which finance business-type operations that generate their own income to pay their expenses; or to other accounts where substantive law provides spending authority. The three main types of this kind of limitation are as follows:

- Under the credit control system, limitations on Federal direct loan obligations and guaranteed loan commitments are the principal method of controlling the allocation of Federal credit.³ These limitations provide a mechanism for annual Congressional review of the gross level of new loan activity. Most direct loan programs are financed through revolving funds, such as the rural development insurance fund and the Export-Import Bank. All direct lending and all loan guarantees that result in direct loans by the Treasury Department's off-budget Federal Financing Bank will result in gross outlays. The other guaranteed loan limitations, though also important because of effects on the credit market and the economy, generally do not lead to Government spending except in the event of default.
- Certain Federal programs in addition to credit activities are also constrained through the use of limitations on operating and administrative expenses. For example, the use of the budget authority of the highway and airport and airway trust funds is controlled by limitations on the agency's ability to obligate the Federal Government to make payments. Non-

³ The credit control system is discussed further in Part 7 of this volume and in Special Analysis F, "Federal Credit Programs."

loan, business-type activities that are controlled through limitations include the Federal buildings fund and the national defense stockpile transaction fund, both through limitations on the use of receipts.

- For many trust funds, all receipts of the fund automatically become budget authority and are available for spending. The Congress exercises control over the benefits that are paid from these funds through the use of eligibility criteria and benefit levels established in substantive law. With the use of limitations, the Congress can also exercise control over the administrative expenses of these trust funds. Such limits apply, for example, to the old-age and survivors insurance trust fund and the hospital insurance trust fund. Administrative amounts in the unemployment trust fund are not available in the absence of authorization in appropriations acts.

The following table summarizes some of the major limits on the availability of funds that affect on or off-budget spending. The amounts identified are not inclusive of all limitations, especially for credit programs, but help to illustrate that significant spending changes can be directed without changing budget authority.

SELECTED LIMITATIONS THAT AFFECT OUTLAYS

(In billions of dollars)

	1983 enacted	1984 estimate	1985 estimate
Direct loans:			
Direct loan obligations	12.7	11.9	11.0
Guaranteed loan commitments resulting in direct loans by the FFB	9.9	8.5	1.3
Program levels (other than loans)	11.3	16.8	18.4
Administrative expenses	7.2	7.6	7.8
Total, selected limitations	41.1	44.8	38.5

FISCAL ACTIVITIES OUTSIDE THE FEDERAL BUDGET

The budget does not include a number of fiscal activities of the Federal Government that result in spending similar to budget outlays. These activities, nevertheless, channel economic resources toward particular uses in ways that are analogous to the effects of budget spending.

The outlays of off-budget Federal entities are a major exclusion from the budget. They are discussed in some detail below. This is followed by a description of the Government-sponsored enterprises, which are outside the budget because of their private ownership. Loan guarantees, which are discussed next, allocate economic resources toward particular uses by providing credit to borrowers at more favorable terms than would otherwise be available in the private market. Taxation and tax expenditures, which also have

significant allocative effects on the economy, are discussed subsequently.

The regulation of economic activity changes resource allocation in different ways. Some types of regulation have economic effects that in certain respects are similar to budget outlays by requiring the private sector to make expenditures for specified purposes such as safety and pollution control. The effects of this spending are very important, but many of them have not been quantified satisfactorily and therefore cannot be clearly related to the budget.

Outlays of off-budget Federal entities.—Off-budget Federal entities are federally owned and controlled, but their transactions have been excluded from the budget totals under provisions of law.^{4 5} Therefore, their spending is not reflected in either budget outlays or the budget surplus or deficit; appropriation requests for their programs are not included in the totals of budget authority for the budget; and their outlays are not subject to the targets set by the congressional budget resolutions. As shown in the table on page 6-25, the outlays of the off-budget Federal entities are added to the budget deficit to derive the total Government deficit, which for the most part has to be financed by borrowing from the public. When off-budget outlays are financed by Treasury borrowing, as is usual, the additional debt is subject to the statutory debt limitation; when financed by the entities' own borrowing, it is not. In either case the additional debt is part of the gross Federal debt.

Since the 1969 budget, the Federal Government has used the unified budget concept as the foundation for its budgetary analysis and presentation. This concept measures the Government's cash payments to and from the public. The first departure from the unified budget concept occurred in August 1971, when the Export-Import Bank was excluded by statute from the budget. Further departures followed in the next few years under various statutes. The Postal Service fund, the Rural Telephone Bank, the lending transactions that became the Rural Electrification and Telephone revolving fund, and the Housing for the Elderly or Handicapped fund were removed from the budget. The Federal Financing Bank, the U.S. Railway Association, and the Pension Benefit Guaranty Corporation were established off-budget. The Exchange Stabilization Fund had always been outside the unified budget, although it was initially classified as a deposit fund instead of an off-budget Federal entity.

In the past few years the trend toward steadily increasing the number of off-budget Federal entities has been changed. The

⁴ Financial statements for off-budget Federal entities are published in the *Appendix, Budget of the United States Government, Fiscal Year 1985*. See Part III, "Off-Budget Federal Entities."

⁵ The Board of Governors of the Federal Reserve System is a Federal organization. It is excluded from the budget and from this discussion.

Export-Import Bank, the Housing for the Elderly or Handicapped fund, and the Pension Benefit Guaranty Corporation were put on-budget by statute in different years. The operations of the Exchange Stabilization Fund were put on-budget in a series of legislative and administrative actions. Most of the transactions of the U.S. Railway Association were brought into the budget by legislation that required its purchases of Conrail securities to be included in the budget. Whenever a former off-budget entity was put on-budget, the budget outlays and deficits of previous years were revised to include the entity to the extent feasible so that the historical series measuring budget transactions would be as accurate and consistent as possible.

Two new off-budget Federal entities, however, were established to carry out energy programs. The Synthetic Fuels Corporation was created outside of the budget in 1980, although all of its funding is provided in the budget totals of the Treasury Department. The cost of purchasing oil for the strategic petroleum reserve was put off-budget beginning in 1982. The costs of operations, maintenance, construction, and administration, however, remain in the budget. The Social Security Amendments of 1983 provide that beginning in 1993 the old-age and survivors insurance trust fund, the disability insurance trust fund, and the hospital insurance trust fund shall be excluded from the budget.

Despite the exclusion of the off-budget entities from the budget, some of the outlays related to their operations are nonetheless included in the budget totals. The budget totals include the funding of the Synthetic Fuels Corporation, certain expenses of the strategic petroleum reserve, the Federal payment to the Postal Service fund, and the administrative expenses of the Rural Electrification Administration lending programs and of the U.S. Railway Association. Moreover, while the budget authority and outlays of off-budget Federal entities are excluded from the budget totals, some of their activities are subject to other methods of Presidential and congressional review. For example, the credit budget, discussed on page 6-19 and in Part 7 of this volume, includes the direct loans and guaranteed loans of off-budget entities as well as budget agencies; and the outstanding debt and annual borrowing of the Postal Service are limited by statute.

Even though the exclusion of off-budget Federal entities from the budget results from provisions of law, the executive and the Congress have on several occasions expressed concern about this practice and have taken actions to control off-budget spending. This Administration has been very concerned about the effects of off-budget direct loans in allocating credit toward particular uses and about the necessity of financing these loans by additional Federal borrowing from the public. It has used the credit budget process to

help reduce off-budget direct loans from \$20.9 billion in 1981 to an estimated \$13.2 billion in 1984 and still lower levels in 1985 and later years.

This Administration also supports the basic intent of the bills before the Congress that would include the outlays of programs financed by the Federal Financing Bank (FFB) in the budget and would charge these outlays to the agencies that use the FFB to finance their programs. This would improve the review and control of Federal outlays by both the Congress and the executive branch. At the same time, these bills would prevent agencies from avoiding the budgetary control process by financing their programs through fully guaranteed obligations of the type ordinarily financed in the investment securities market. Thus, this change would improve budgetary control while maintaining the principle of efficient debt management that was the purpose for setting up the FFB.

Within Congress, the budget resolutions for 1980 recommended that the congressional budget process should accurately relate the off-budget outlays to the budget. Following this procedural recommendation, the budget resolutions beginning in 1981 have included targets for credit that covered the obligations for new direct loans made by the off-budget Federal entities. The 1984 congressional budget resolution furthermore recommended that the outlays resulting from FFB transactions should be attributed to the agencies using the FFB rather than to the off-budget FFB itself.

The off-budget Federal entities, except for the strategic petroleum reserve account and the Postal Service, incur their outlays in order to carry out direct loan programs. These programs have the same general characteristics as the direct loan programs in the budget. The outlays of the off-budget loan programs are approximately equal to the difference between the new loans disbursed and the repayments of principal. The difference is due to such factors as administrative expenses and interest paid and received.

Like direct loans in the budget, the loans of the off-budget entities are designed to allocate economic resources toward particular purposes. Part 5 of the *Budget*, "Meeting National Needs: the Federal Program by Function," shows the outlays of the off-budget Federal entities by function and discusses some of their more significant activities.

As the following table shows, the Federal Financing Bank accounts for most of the off-budget outlays. The only other off-budget Federal entities with comparatively large outlays are the strategic petroleum reserve account and, in some years, the Postal Service fund. The outlays of the Postal Service fund and the Synthetic Fuels Corporation are calculated net of offsets for the payments that they receive from accounts in the budget. These offsets are estimated to be \$1.7 billion and \$0.2 billion, respectively, in 1985.

OUTLAYS OF OFF-BUDGET FEDERAL ENTITIES

(In billions of dollars)

Off-budget Federal entity	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
Federal Financing Bank.....	10.4	12.7	10.2	6.9	4.4
Rural Electrification and Telephone revolving fund.....	—*				
Rural Telephone Bank.....	.1	.2	.2	.2	.2
Strategic Petroleum Reserve account.....	1.6	2.2	1.7	1.6	1.7
Postal Service fund.....	.3	1.2	2.8	.1	1.0
U.S. Railway Association.....	-.1	-.1			
Synthetic Fuels Corporation.....					
Total.....	12.4	16.2	14.8	8.8	7.2

*\$50 million or less.

The payment to the Postal Service fund is primarily for revenue forgone from carrying certain mail at free or reduced rates; the payment to the Synthetic Fuels Corporation is to fund its entire operations.

The Federal Financing Bank does not operate programs itself. Rather, the FFB finances other programs within the Government by purchasing their debt securities, making direct loans on their behalf, or purchasing their loan assets. FFB obtains the funds for these transactions by borrowing an equal amount from Treasury. The operation of the assisted programs remains with the agencies that FFB finances.

FFB purchases of agency debt securities do not increase FFB outlays. An agency incurs outlays when it spends the proceeds of its borrowing from the FFB, so FFB outlays must exclude this borrowing transaction in order to prevent double counting.

In contrast, FFB outlays are generated by its direct loans and its purchases of loan assets. Both types of transactions involve loan guarantees by another agency. FFB makes direct loan disbursements to the public upon the request of an agency, with the repayment of the loan to the FFB being guaranteed by that agency. These direct loans are outlays outside the budget.

FFB purchases loan assets from various agencies, also upon agency request. Loan assets are loans that an agency has made to the public and for which repayments are still owed. The agency guarantees the loan assets sold to the FFB in order to ensure that the FFB will be paid in the event of default. Loan asset sales are offsets to the outlays of the agency that sells them, regardless of whether they are sold to the FFB or the public. Sales thus reduce the size of an agency's outlays immediately rather than over the normal course of time during which the loans that are sold would be repaid. Therefore, if the selling agency's outlays are included in the budget, the budget outlays caused by its direct loans are offset by the amount of its sales of loan assets. When the FFB buys loan

assets, it in effect converts direct loans that have already been made by another agency into off-budget direct loans of the FFB.

According to law, the category of loan assets also includes certificates of beneficial ownership issued by the Farmers Home Administration and the Rural Electrification and Telephone revolving fund. These certificates are securities backed by loans that the agency continues to hold and service, and they comprise almost all of the loan assets bought by FFB. The President's Commission on Budget Concepts recommended that the sale of such securities (also known as participation certificates) be treated as borrowing, since as a means of financing outlays there is little difference between an agency selling securities labeled "certificates of beneficial ownership," the same agency selling securities labeled "debt," and the Treasury selling securities labeled "debt."⁶

The remainder of FFB outlays consists of the interest that it pays on its borrowings from Treasury, its administrative expenses, and its payment of surplus income to the general fund, the sum of which is offset by the interest that it receives on its holdings of loans and debt. However, under current policy the net interest received (less administrative expenses) is paid in the same year to the general fund. Therefore, this remainder is approximately zero, and FFB outlays approximately equal direct loan disbursements to the public plus purchases of loan assets from other agencies, less repayments.

In order to present the effects of the FFB's transactions for different programs, the budget documents attribute the FFB outlays that are made on behalf of an agency to that agency itself. The following table summarizes this attribution, showing the direct loans to the public or purchases of loan assets, less repayments, for selected agencies and programs. The attribution of FFB outlays by function is shown as an addendum to the tables throughout Part 5, and a complete listing is given in Part 8 in the section that displays the off-budget entities.

As shown in this table, FFB finances a wide variety of programs. Since its inception, over half of its outlays have been for the purchase of certificates of beneficial ownership from the Farmers Home Administration. This proportion is now around one-quarter, however, and is estimated to remain about the same in the next few years due to large repayments of previously issued certificates and declining FFB purchases of new certificates. In 1983 and 1984 over half of FFB outlays are accounted for by direct loans to the public guaranteed by the Rural Electrification and Telephone revolving fund and the foreign military sales credit program. The direct loans guaranteed by the Rural Electrification and Telephone

⁶ See *Report of the President's Commission on Budget Concepts* (Washington: U.S. Government Printing Office, 1967), pp. 8, 47-48, and 54-55.

ATTRIBUTION OF FEDERAL FINANCING BANK OUTLAYS

(In millions of dollars)

Description	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
Outlays from loans, by agency or program:					
Farmers Home Administration: certificates of beneficial ownership	2,955	4,367	2,621	1,481	1,218
Rural Electrification and Telephone revolving fund:					
Certificates of beneficial ownership	344	403	459	262	113
Direct loans to public	2,657	3,565	3,185	4,005	2,805
Foreign military sales credit	2,858	3,631	1,964	-329	-1,024
Energy	554	436	270	15	
Housing and Urban Development:					
Section 108 loan guarantees	60	134	47	-105	-129
Low-rent public housing	443	160	1,169	1,133	1,117
Transportation: Railroad programs	15	-890	*	-14	-15
National Aeronautics and Space Administration	189	131		-7	-86
Small Business Administration	182	636	409	390	384
Tennessee Valley Authority: Seven States Energy Corporation	161	165	88	117	31
Other	-22	-12	-19	-45	-45
Subtotal, outlays from loans	10,396	12,725	10,194	6,903	4,369
Interest, administrative expenses, and payment of surplus income	9	3			
Total, FFB outlays	10,404	12,729	10,194	6,903	4,369

*\$500 thousand or less.

revolving fund are estimated to remain sizable during 1985-87 and to be the largest source of FFB outlays in these years. However, the Administration has proposed that the foreign military sales credit program shift its new activity to on-budget direct loans beginning in 1985. This gradually reduces the estimated outlays made by FFB for this program, as obligations made before 1985 result in fewer and fewer new direct loan disbursements and as repayments continue to be received from loans previously made. During the same years that FFB outlays for the foreign military sales credit program decrease, though, FFB outlays for low-rent public housing rise. FFB outlays as a whole are estimated to decrease substantially.

Since the Farmers Home Administration is on-budget, FFB's purchase of its certificates of beneficial ownership reduces total budget outlays as well as Farmers Home outlays. The total outlays of the Federal Government are not affected, since the decrease in budget outlays is exactly offset by the increase in off-budget outlays. FFB's purchase of certificates of beneficial ownership from the off-budget Rural Electrification and Telephone revolving fund reduces the outlays of this fund to a very small amount, as shown in the preceding table on the outlays of off-budget entities. The purchase

COMPARISON OF OUTLAYS FOR THE BUDGET, OFF-BUDGET FEDERAL ENTITIES, AND GOVERNMENT-SPONSORED ENTERPRISES

(In billions of dollars)

Fiscal year	Outlays			
	Federal Government ¹			Government-sponsored enterprises ²
	Budget	Off-budget Federal entities	Total	
1965.....	118.4	.....	118.4	1.2
1966.....	134.7	.....	134.7	1.9
1967.....	157.6	.....	157.6	-2.9
1968.....	178.1	.....	178.1	1.7
1969.....	183.6	.....	183.6	4.3
1970.....	195.7	.....	195.7	9.6
1971.....	210.2	.....	210.2	*
1972.....	230.7	.....	230.7	4.4
1973.....	245.6	0.1	245.7	11.4
1974.....	267.9	1.4	269.4	14.5
1975.....	324.2	8.1	332.3	7.0
1976.....	364.5	7.3	371.8	4.6
TQ.....	94.2	1.8	96.0	2.3
1977.....	400.5	8.7	490.2	9.7
1978.....	448.4	10.4	458.7	24.5
1979.....	491.0	12.5	503.5	25.9
1980.....	576.7	14.2	590.9	25.3
1981.....	657.2	21.0	678.2	33.4
1982.....	728.4	17.3	745.7	42.4
1983.....	796.0	12.4	808.3	34.3
1984 estimate.....	853.8	16.2	870.0	38.2
1985 estimate.....	925.5	14.8	940.3	41.0
1986 estimate.....	992.1	8.8	1,000.9	(³)
1987 estimate.....	1,068.3	7.2	1,075.5	(³)

*\$50 million or less.

¹ The 1972-80 data have been revised to include the Export-Import Bank, the Housing for the Elderly or Handicapped fund, and the Pension Benefit Guaranty Corporation in the budget instead of with the off-budget Federal entities. The administrative expenses and interest collections of the Exchange Stabilization Fund are included in the budget beginning in 1976, and the actual profits and losses realized from foreign exchange transactions are included beginning in 1979. Earlier data for the ESF are not available on a comparable basis.

² To prevent double counting, outlays of Government-sponsored enterprises exclude loans to other Government-sponsored enterprises and loans to or from Federal agencies and off-budget Federal entities.

³ Not available.

reduces this fund's off-budget outlays and augments the off-budget outlays of the FFB by an equal amount.

The table above compares the outlays of the off-budget Federal entities with budget outlays.⁷ The outlays of the entities that are now off-budget were negligible in 1973 but grew rapidly afterwards for several years, especially due to the Federal Financing Bank. However, the outlays of the off-budget Federal entities decreased from 3.2% of budget outlays in 1981 to 1.6% in 1983. They are estimated to decrease further after 1985, falling to 0.7% in 1987.

⁷ The historical data for budget outlays include Federal entities that are now off-budget for any period when they were in the budget, and include Government-sponsored enterprises for periods when they had any Government ownership. The outlays of former off-budget entities are included in the budget totals for all years to the extent practicable.

Government-sponsored enterprises.—Several Government-sponsored enterprises have been established and chartered by the Federal Government to perform specialized credit functions. The earlier enterprises were all created with partial or full Government ownership and with direct Government control. In time, however, they were converted to private ownership and some new enterprises were created as privately owned institutions.

The rule governing the budget treatment of these enterprises was established in 1967 in accordance with a recommendation by the President's Commission on Budget Concepts. The Commission basically recommended that the budget exclude those Government-sponsored enterprises that are entirely privately owned. However, the Commission recommended that financial statements of their operations be included in the budget documents, because the enterprises carry out federally designed programs and receive benefits from their close association with the Government.

These benefits differ from one enterprise to another and from one type of debt security to another. In most cases, but not necessarily all, they include such advantages as the following: their debt securities can be held by federally regulated financial institutions under circumstances where other private securities or State and local securities are not eligible; they are exempt from Federal income taxation; the interest on their debt securities is exempt from State and local income taxation; and the enterprises are perceived by the securities market to have a special relationship with the Federal Government. Because of these benefits, the Government-sponsored enterprises can borrow at interest rates only slightly higher than the interest rates paid by Treasury on Federal debt.

The Federal Land Banks and Federal Home Loan Banks had both become entirely privately owned a number of years before the unified budget was adopted and therefore have always been excluded from the unified budget. The Federal National Mortgage Association, the Banks for Cooperatives, and the Federal Intermediate Credit Banks became wholly privately owned by repaying their Federal equity capital late in calendar year 1968 and were accordingly removed from the budget for all later periods. The Federal Home Loan Mortgage Corporation and the Student Loan Marketing Association were later established with full private ownership. The Federal Home Loan Mortgage Corporation is not privately operated, however, because its board of directors consists entirely of members of the Federal Home Loan Bank Board, who are Federal Government officials appointed by the President.

* *Report of the President's Commission on Budget Concepts*, pp. 29-30.

† Financial statements for the Government-sponsored enterprises are published in the *Appendix*, Part V, "Government-Sponsored Enterprises." Their borrowing and lending are discussed in Special Analysis E, "Borrowing and Debt," and Special Analysis F, "Federal Credit Programs."

The Government-sponsored enterprises were all created to carry out loan programs, either lending their funds directly for specifically authorized purposes, or buying loans originated by the private groups that they were established to assist. The loans of these enterprises primarily support housing, but also support agriculture and higher education. As shown in the previous table, their outlays have grown considerably—from relatively small amounts in the latter 1960's to over \$20 billion in 1978 and over \$30 billion each year since 1981.

The operations of the Government-sponsored enterprises are not subject to the Federal budget review process, and the economic assumptions on which their estimates are based are not necessarily the same as the Administration's economic assumptions shown in Part 2. These enterprises estimate that they will spend \$41.0 billion in 1985, which equals 4.4% of total Federal outlays in that year. The following table shows the total amounts of Government-sponsored loans outstanding and net loans (i.e., the change in loans outstanding) during 1983-85, in billions of dollars: ¹⁰

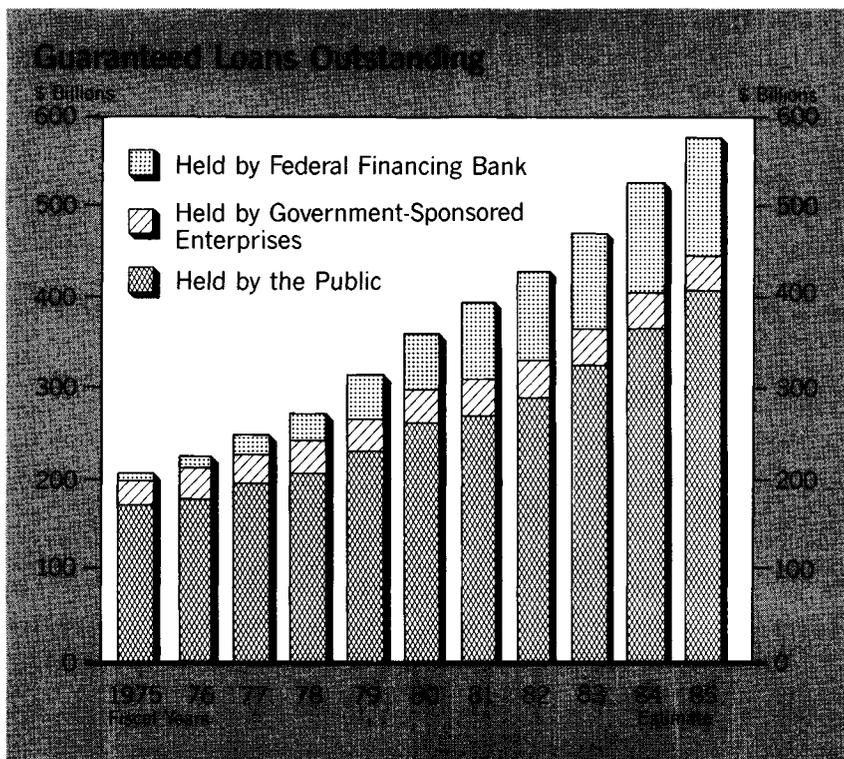
	<i>1983 actual</i>	<i>1984 estimate</i>	<i>1985 estimate</i>
Loans outstanding, end of year.....	261.2	301.0	343.9
Net loans.....	37.1	39.8	42.9

Loan guarantees.—Government-guaranteed loans are loans for which the Government guarantees the payment of the principal and the interest in whole or in part in the event of borrower default. Loan guarantees are contingent liabilities of the Federal Government. They generally do not result in budget outlays except in case of default.

Guaranteed loans may be made to many types of borrowers: individuals, businesses, State and local governments, and foreign governments. The guarantees may be full or partial, and in some programs, such as the guaranteed student loan program, they are supplemented by explicit subsidies or other forms of assistance. Most guaranteed loans are made by banks or other private institutional lenders, and may take the form of mortgages or bank loans. Others are sold in securities markets. In 1983, 16% of total loan guarantee commitments were used to guarantee direct loans disbursed or purchased by the Federal Financing Bank (FFB), which is described above on pages 6-11 to 6-14. Since the FFB is an off-budget Federal entity, these disbursements are off-budget direct loans. An additional amount of guaranteed loans originally made

¹⁰ In order to prevent double counting in adding Government-sponsored loans to Federal direct loans and guaranteed loans, this table excludes loans from one Government-sponsored enterprise to another, loans from the Federal Government, and guaranteed loans acquired.

by private institutions is purchased and held by privately owned, Government-sponsored enterprises, as the following chart shows.



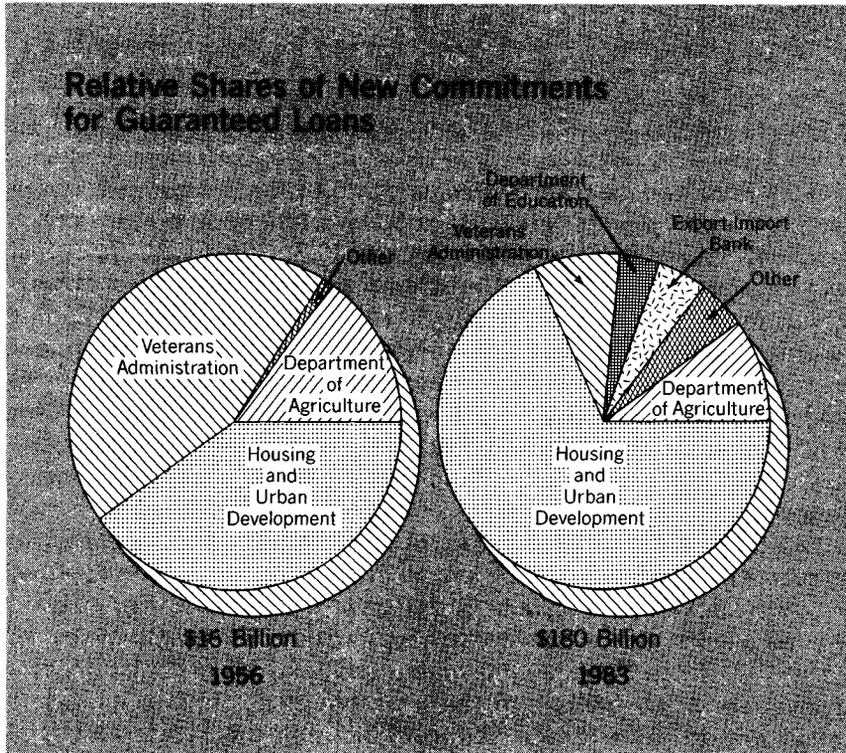
A loan guarantee transfers some or all of the default risk of the loan from the private lender to the Government. Where the Government guarantees timely payment of 100% of the loan principal and interest, it effectively transforms a private loan into a near-government loan financed by a near-government security. The guaranteed loan will not have all the attributes of a Government loan, since private lenders will negotiate different financial terms and conditions (e.g., fees) than would a Government agency. Nor will the guaranteed loan have all of the attributes of a U.S. Treasury security. It will be less liquid and may involve higher transaction costs.

Loan guarantees are designed to allocate economic resources to particular uses by providing credit at more favorable terms than would otherwise be available in the private market. If loan guarantee recipients would not have been sufficiently creditworthy to borrow without Federal assistance, the subsidy provided by the guarantee will be large and the guarantee will directly reallocate credit toward federally selected uses, increasing the total volume of credit channeled into these uses. This leaves a smaller supply of credit to be allocated to those potential borrowers who do not receive assistance, and increases the interest rate to these borrow-

ers. However, the guarantee does not always change the allocation of credit to such a large degree. Some beneficiaries of loan guarantee programs would have been able to secure the funds privately, without Government support. For example, guaranteed mortgage credit might be used to finance, at a lower cost, a house that would have been purchased anyway.

Many of the guarantee programs operated by the Federal Government began in efforts to revive the economy during the depression of the 1930's. The Reconstruction Finance Corporation, created in 1932, was the forerunner of the Export-Import Bank, the Small Business Administration, and other credit programs. The Nation's single largest credit program, the Federal Housing Administration's (FHA) home mortgage insurance program, was created in 1934 to stimulate housing purchases.

During the 1950s and 1960s housing credit dominated Federal credit activities. The home mortgage programs of the FHA and Veterans Administration accounted for 81% of the total volume of new commitments for guaranteed loans in 1956. As the chart below shows, the range of activities financed with Federal guarantees has widened since that time. Guarantees are now offered for business, agriculture, energy, and education, though housing continues to



dominate. For the 1985 budget, home mortgage programs account for 57% of all new guaranteed loan commitments. Assistance for public housing accounts for 15%, and aid to business accounts for 17%. The remaining 11% is primarily for the guaranteed student loan program and for agriculture.

Because loan guarantees are not included in the outlay totals or, usually, in the budget authority totals, they were formerly excluded as well from normal budget discipline. In January 1980 a central control system for Federal credit was instituted to subject guaranteed and direct loans to greater scrutiny throughout the budget process. This system consisted of the Federal credit budget and appropriations bill limitations. The credit budget covers all direct and guaranteed loans by Federal agencies, whether on- or off-budget. Control is effected through appropriations bill limitations, which cover 46% of all new guaranteed loan commitments to be extended in 1985. (See Part 5 for a discussion of credit programs by function, Part 7 for a more complete description of the credit budget and credit control system, and Special Analysis F, "Federal Credit Programs," for a detailed discussion of Federal credit activities.)

Taxation and tax expenditures.—Taxation provides the Government with receipts, which withdraw purchasing power from the private sector in order to finance direct Government expenditure. The structure of the tax system that raises these receipts has important effects on the allocation of resources among private uses and the distribution of income among individuals. These effects are caused by the choice of taxes and by the structural characteristics of each different tax—for example, by the rate schedules, exemptions, deductions, and exclusions of the individual income tax. The effects of taxation on resource allocation and income distribution are analogous to the effects of outlays.

Some features of the tax system have been defined as "tax expenditures" and receive special attention in the budget. Tax expenditures are defined as amounts attributable to provisions of the Federal income tax laws that allow a special exclusion, exemption, or deduction from gross income or that provide a special credit, a preferential rate of tax, or a deferral of tax liability. The Congressional Budget Act requires that estimates of tax expenditures be published in the budget.

Tax expenditures are so designated because they are one means by which the Federal Government pursues public policy objectives, and because in many cases they can be regarded as an alternative means of achieving the same objectives as direct expenditures. They can also be regarded as an alternative means of achieving the same objectives as other instruments of Government policy, such as

loan guarantees, regulations, and provisions of the tax law other than those provisions that cause tax expenditures. There are numerous examples of the similarity in objective between tax expenditures and direct outlays. For instance, the cost of buying ships built in U.S. shipyards is reduced both by construction subsidies and by the deferral of tax on the income of shipping companies that is used to buy new ships; and the cost of borrowing by eligible persons and businesses is reduced both by direct loans at subsidized interest rates and by tax exemption for bonds. Similarly, State and local governments benefit both from direct grants and from the ability to borrow funds at tax-exempt rates; and individuals benefit both from social security payments and from the tax exemption of most of these payments.

Tax expenditures ordinarily result from permanent legislation and therefore are not submitted to the Congress each year and do not routinely receive a formal and systematic annual review. In this sense they share a legislative status with entitlement programs, such as social security, which do not require annual appropriations. However, tax expenditures, other provisions of the income tax, and other tax laws are generally reviewed whenever fiscal policy decisions are considered regarding the overall level of tax receipts. During the last three years the Administration and the Congress have reviewed entitlement programs, tax expenditures, and other provisions of tax law. Part of this work led to the Tax Equity and Fiscal Responsibility Act of 1982, which changed a number of tax expenditures and other tax law provisions.

The classification of certain provisions of law as resulting in tax expenditures requires some baseline tax structure against which the actual tax law can be compared. Deviations of the law from this standard are deemed to cause tax expenditures. The Congressional Budget Act does not provide an exact specification of the baseline against which tax expenditures are measured.

The baseline used in the budget is intended to consist of the general provisions of the Internal Revenue Code. For the individual income tax, the baseline in the 1983 and 1984 budgets included those provisions that exist under current law for the definition of taxpaying units (including the separate corporation income tax), graduated rate schedules, personal exemptions, zero-bracket amounts (standard deductions), and basic accounting rules. The baseline before 1983 was similar but in addition required that the time pattern of depreciation deductions approximate the useful life of assets and that all cash transfers from government be included in taxable income. By definition, characteristics of the tax structure included in the baseline do not give rise to tax expenditures.

The use of many of the general provisions of the Internal Revenue Code for defining both of these baseline tax structures makes

it clear that listing an item as a tax expenditure does not imply that it is either a desirable or an undesirable provision. When different provisions of the Code are considered to be in the baseline, the list of tax expenditures is different and the amounts of particular tax expenditures may also be different. For example, in contrast with the baseline used in earlier years, the baseline in the 1983 and 1984 budgets included the accelerated cost recovery system (ACRS) as the general method for depreciating assets, and it excluded public assistance payments from baseline income. Therefore, under this standard, neither the use of ACRS nor the exclusion of public assistance benefits from adjusted gross income gave rise to tax expenditures. This year's tax expenditure estimates show tax expenditures relative to both of these baselines.

The baselines used for the 1983-84 budgets and for earlier years are not the only baselines that might be used. In particular, a baseline tax structure might reflect a normative judgment about a fully comprehensive income tax base or consumption tax base. A fully comprehensive income tax base, among other changes, would adjust incomes for the effects of inflation; would integrate the individual and corporation income taxes rather than regarding the separate tax treatment of individuals and corporations as part of the baseline tax structure; would include imputed income, such as the consumption benefits received from owner-occupied homes; and would tax income when it was accrued instead of when it was realized. Thus, for example, the failure under present law to take account of inflation in measuring capital gains and interest income would be regarded as negative tax expenditures. Alternatively, under a consumption tax base, income would not be taxed until consumed. However, the proceeds of loans and of withdrawals from savings accounts would be taxable if they were used for consumption. Under either of these alternative baseline structures, the list of tax expenditures and their estimated amounts would be different than they are now.

Regardless of how the baseline is defined, the provisions of tax law that do not result in tax expenditures deserve as much scrutiny as the provisions of tax law that do. This is because the other provisions also have major effects on the allocation of resources and the distribution of income, and because these other provisions may be alternative means of achieving the same objectives or analogous objectives as tax expenditures achieve. For example, investment in equipment may be stimulated by either an increase in the investment tax credit or a decrease in the corporation income tax rate; the former is a change in a tax expenditure, but the latter is not. Similarly, income support may be provided by either the exclusion of social security benefits from taxable income

or by the zero-bracket amount (standard deduction); the former causes a tax expenditure, but the latter does not.

Tax expenditures are estimated in two steps. First, the revenue loss of a tax provision is estimated, i.e., the difference between tax receipts and what tax receipts would be if the tax law were different. If removing a tax provision would increase taxable income, for example, the revenue loss is estimated as the increase in taxable income multiplied by the tax rate that would be paid on the additional income.

The revenue loss is then adjusted to an outlay equivalent, i.e., the amount of outlays that would be required to provide an equal after-tax income to the taxpayer (and thereby an equal incentive) as the special tax provision provides. In many cases the required outlays are greater than the revenue loss, because taxpayers would have to pay taxes on the higher income derived from the outlays. For example, one tax expenditure provision is the exclusion from taxable income of the value of housing and meals supplied to military personnel. If the Government were to repeal this tax exclusion and instead pay higher salaries, the increase in salaries would be taxed. Consequently, if the Government were to use taxable direct expenditures rather than tax expenditures and were to provide the same total after-tax compensation, the increase in direct outlays for higher salaries would have to be greater than the revenue loss under the special tax provision. The Federal deficit would be the same in either case, however, because higher outlays would be required only to the extent needed to make up the difference caused by higher tax receipts.

This adjustment makes the tax expenditures more comparable with direct outlays than the revenue loss would be and therefore more useful in analyzing Federal programs. For some tax expenditures, though, the revenue loss is equivalent to a direct outlay without any adjustment. Special Analysis G, "Tax Expenditures," presents estimates of both tax expenditures and revenue losses, but for program analysis in this budget only the outlay equivalent estimates are used.

The size of a particular tax expenditure depends not only on the tax provision in question but also on the interaction of this provision with the rest of the tax structure. The reductions in the income tax rate schedule enacted in 1981, for example, automatically decreased many tax expenditures below what they otherwise would have been. A tax rate reduction decreases the amount of receipts that would be gained by repealing deductions, exemptions, and exclusions, because lower tax rates are applied to the increase in taxable income.

The interaction among tax provisions means that special calculations are generally needed to add tax expenditures together. For

example, if more than one exclusion from individual income were ended, the gain in receipts would generally be greater than the sum of the separate tax expenditures, because some taxpayers would move into higher tax rate brackets. If more than one personal deduction were ended, the gain in receipts would generally be smaller than the sum of the separate tax expenditures, because some taxpayers would switch to using the zero-bracket amount (standard deduction). Consequently, adding together separate tax expenditures would usually be misleading, and they are not aggregated in this budget except for specially computed totals by functional category.

Tax expenditures are presented at two places in the budget. Part 5, "Meeting National Needs: the Federal Program by Function," discusses the major tax expenditures in each functional category, together with outlays and guaranteed loans, in order to describe more fully the Government's policy. Special Analysis G, "Tax Expenditures," analyzes the concept and measurement of tax expenditures and presents a complete list of tax expenditure estimates for 1983-85.

As discussed in Part 4 of this volume, "Budget Receipts," several tax laws were enacted last year. The bipartisan Social Security Amendments of 1983 included changes in the payroll tax and the individual income tax that helped to ensure the financial solvency of the social security trust funds. One of these changes affected tax expenditures. Part of the social security benefits received by people whose incomes are above specified levels is now subject to tax, which reduces the tax expenditures from not including any social security benefits in adjusted gross income.

The Administration is proposing a number of tax changes in the present budget. Several new or expanded tax expenditures would serve diverse purposes. These tax expenditures include a higher maximum annual contribution to an individual retirement account that is established by a working person for himself or herself and for a spouse who does not receive compensation; a larger tax credit for dependent care expenses paid by low income individuals; a group of incentives for the redevelopment of depressed areas designated as "enterprise zones"; a tuition tax credit for students at private elementary and secondary schools; and education savings accounts for college and university expenses. Other tax expenditures would be reduced. Health insurance premiums that employers pay as part of the compensation of their employees would be included in employees' adjusted gross incomes to the extent they exceeded specified levels; and the use of private purpose tax-exempt bonds, including industrial development bonds, would be limited. The tax expenditure for income from exports would be

altered, several expiring tax expenditures would be extended, and other measures would affect receipts but not tax expenditures.

BUDGET FUNDS AND THE FEDERAL DEBT

The budget consists of two major groups of funds: Federal funds and trust funds.

The Federal funds are derived mainly from taxes and borrowing and are used for the general purposes of the Government. Most of these funds are not restricted by law to any specific Government program. The trust funds, on the other hand, collect certain taxes and other receipts for specified purposes, such as paying social security and unemployment insurance benefits.

BUDGET TOTALS BY FUND GROUP

(In billions of dollars)

	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
Budget receipts:					
Federal funds.....	382.4	420.0	464.2	507.2	552.6
Trust funds.....	317.4	331.5	393.5	428.7	465.1
Interfund transactions.....	-99.2	-81.4	-112.6	-121.0	-129.9
Total, budget receipts.....	600.6	670.1	745.1	814.9	887.8
Budget outlays:					
Federal funds.....	600.9	628.8	687.2	737.9	797.5
Trust funds.....	294.3	306.4	350.8	375.2	400.6
Interfund transactions.....	-99.2	-81.4	-112.6	-121.0	-129.9
Total, budget outlays.....	796.0	853.8	925.5	992.1	1,068.3
Budget surplus or deficit (-):					
Federal funds.....	-218.5	-208.8	-223.0	-230.6	-245.0
Trust funds.....	23.1	25.1	42.6	53.5	64.5
Total, budget surplus or deficit (-).....	-195.4	-183.7	-180.4	-177.1	-180.5
Addendum:					
<i>Deficit (-), off-budget Federal entities¹.....</i>	<i>-12.4</i>	<i>-16.2</i>	<i>-14.8</i>	<i>-8.8</i>	<i>-7.2</i>
Total, surplus or deficit (-) including off-budget Federal entities.....	-207.8	-199.9	-195.2	-185.9	-187.7

¹ No off-budget Federal entities collect governmental receipts, so receipts are not adjusted when on and off-budget totals are consolidated. The off-budget outlays would be classified as Federal funds outlays if they were included in the budget.

The budget includes the receipts and outlays of both the Federal funds and the trust funds and, as shown in the table above, deducts the various transactions that occur between them. The budget totals for receipts and outlays therefore generally display the net transactions of the Federal Government with the public. The budget does not, however, include the net transactions with the public of the Federal Financing Bank and the other off-budget Federal entities, which have been excluded from the budget under provisions of law.

Thus, as shown in the following table, the combined deficit or surplus of the budget and the off-budget entities is the principal

BUDGET FINANCING AND CHANGE IN DEBT OUTSTANDING ¹

(In billions of dollars)

Description	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
Budget surplus or deficit (-)	-195.4	-183.7	-180.4	-177.1	-180.5
Deficit (-) of off-budget Federal entities	-12.4	-16.2	-14.8	-8.8	-7.2
Total, surplus or deficit (-).....	-207.8	-199.9	-195.2	-185.9	-187.7
Means of financing other than borrowing from the public:					
Decrease or increase (-) in cash and other monetary assets.....	-9.7	17.1			
Increase or decrease (-) in liabilities for:					
Checks outstanding, etc.....	2.5	-1.0	1.5		
Deposit fund balances.....	2.1	.3	.1		
Seigniorage on coins.....	.5	.5	.6	.8	.8
Total, means of financing other than borrowing from the public.....	-4.6	16.9	2.2	.8	.8
Total, requirements for borrowing from the public.....	-212.3	-183.0	-193.0	-185.2	-186.9
Change in debt held by the public	212.3	183.0	193.0	185.2	186.9
Change in Federal agency investments in Federal debt:					
Federal funds.....	.7	2.6	3.4		
Trust funds ²	21.3	24.8	42.0	53.5	64.5
Off-budget Federal entities.....	-3	-1.3	-9		
Deposit funds ³.....	.9	.6	-.7		
Total, change in Federal agency investments in Federal debt.....	22.6	26.7	43.8	53.5	64.5
Change in gross Federal debt	234.9	209.7	236.8	238.7	251.4

^{*}\$50 million or less.¹ Several amounts have been assumed to be zero in 1986 and 1987 because they are usually small and cannot be estimated accurately.² Estimates for 1986 and 1987 are equal to the total trust fund surplus.³ Certain deposit funds only.

determinant of the change in the Federal debt held by the public.¹¹ The budget and off-budget deficits, together with the other factors noted in this table, are estimated to increase the Federal debt held by the public from \$1,141.8 billion at the end of 1983 to \$1,517.8 billion at the end of 1985, with the increase in 1985 being about the same as in 1984. Borrowing is projected on a basis consistent with the economic assumptions that are explained in Part 2 of this volume.

Gross Federal debt is the sum of the debt held by the public and the debt held by the Government itself, which includes such investments as the Treasury debt held by the social security and other trust funds. At the end of 1985 gross Federal debt is estimated to be \$1,828.4 billion, of which debt held by the Government itself is

¹¹ Table 13 in Part 9 of this *Budget* contains more detail on budget financing through 1985 and shows the levels of debt from 1982 to 1985. Federal debt is discussed further in Special Analysis E, "Borrowing and Debt."

\$310.6 billion. Thus, gross Federal debt is much larger than the Federal debt held by the public.

Gross Federal debt is estimated to rise by \$236.8 billion during 1985. As indicated in the lower section of the previous table, \$43.8 billion of this increment will be held in trust funds and other Federal accounts. This is mainly due to the investment of trust fund surpluses in Treasury debt.

The gross Federal debt consists almost entirely of securities issued by the Treasury Department. However, a few Government agencies are authorized to issue their own debt instruments to the public or to other Government agencies and funds. These securities are part of the gross Federal debt. At the end of 1983 the public held \$3.6 billion of agency debt, most of which was issued some years ago. The greater part consists of revenue bonds issued by the Tennessee Valley Authority and participation certificates in pools of loans issued by the Government National Mortgage Association on behalf of several agencies. Agency debt is expected to fall by small amounts each year as existing agency debt matures and most new agency borrowing is from the Federal Financing Bank (FFB). The FFB finances its purchases of agency debt by borrowing from Treasury, which in turn borrows from the public. To prevent double counting, FFB's holdings of agency debt are not included in gross Federal debt.

FEDERAL FUNDS FINANCING AND CHANGE IN DEBT SUBJECT TO LIMIT

(In billions of dollars)

Description	1983 actual	1984 estimate	1985 estimate
Federal funds surplus or deficit (—)	—218.5	—208.8	—223.0
Deficit (—) of off-budget Federal entities	—12.4	—16.2	—14.8
Total, amount to be financed	—230.8	—225.0	—237.8
Means of financing other than borrowing:			
Decrease or increase (—) in cash and monetary assets.....	—9.7	17.1	
Increase or decrease (—) in liabilities for:			
Checks outstanding, etc.....	4.3	—7	2.0
Deposit fund balances.....	2.1	.3	.1
Seigniorage on coins.....	.5	.5	.6
Total, means of financing other than borrowing	—2.8	17.2	2.8
Decrease or increase (—) in investments in Federal debt by Federal funds, off-budget entities, and deposit funds ¹	—1.3	—1.9	—1.8
Increase or decrease (—) in Federal funds and off-budget entity debt not subject to limit.....	—1	—1	—1
Total, requirements for borrowing subject to debt limit	—235.0	—209.8	—236.9
Change in debt subject to limit	235.0	209.8	236.9

* \$50 million or less.

¹ Certain deposit funds only.

Almost all Treasury securities are covered by a general statutory debt limitation. The present limit is \$1,490 billion. However, the debt subject to limit is estimated to rise to \$1,587.8 billion by the end of 1984. Therefore, to permit the Federal Government to meet its obligations, the limit will have to be raised during 1984.

Debt subject to the general statutory limit, like gross Federal debt, includes debt held internally within the Government, such as the Treasury issues held by the social security trust funds. Debt subject to the statutory limit is therefore much larger than the debt held by the public and is nearly as large as gross Federal debt. It is a little less than gross Federal debt primarily because most agency debt is excluded from the general statutory limitation.

Since trust fund surpluses for the most part have been invested in debt securities, rather than being held as cash assets, the Federal funds deficit and the deficit of the off-budget Federal entities must be financed primarily by selling Federal debt. This debt is almost entirely subject to the statutory limit. As shown in the previous table, the Federal funds deficit plus the off-budget deficit was \$230.8 billion in 1983, and the increase in debt subject to statutory limit was \$235.0 billion. Thus, these deficits approximately accounted for the increase in the debt subject to limit.

THE INCREASE IN TOTAL 1983 OUTLAYS OVER THE INITIAL BUDGET ESTIMATE

Budget outlays for 1983 were \$796.0 billion, which is \$38.3 billion higher than the initial estimate made by the Administration in its budget transmitted to Congress in February 1982. The actual outlays in recent years have consistently exceeded the initial budget estimate. The difference, however, has declined steadily from 9.0% in 1980 to 7.0% in 1981, 5.4% in 1982, and 5.1% in 1983. This section reviews the major causes of the 1983 increase.

The following table compares the initial outlay estimate and the actual total in current and constant dollars and as a percent of GNP. Constant dollar outlays were 7.5% above the initial estimate. The table also compares defense and nondefense outlays in current dollars. The actual outlays for defense were 4.8% below the initial

1983 OUTLAY DIFFERENCES

(Dollars in billions)

	February 1982 estimate	Actual	Percent change
Budget outlays:			
Current dollars	757.6	796.0	5.1
National defense	221.1	210.5	-4.8
Nondefense	536.5	585.5	9.1
Constant (fiscal year 1972) dollars	329.9	354.5	7.5
As a percent of GNP	22.1	24.7	11.8
Off-budget outlays (current dollars)	15.7	12.4	-21.0

estimate. Outlays for nondefense programs were 9.1% higher than the estimate.

Chronology of outlay increases.—The Administration's initial outlay estimate for 1983 was \$757.6 billion. As shown on the table below, this was revised several times. In April 1982, the estimate increased \$9.4 billion due primarily to changes in agricultural market conditions. This increase was partly offset in July for several reasons, the most important of which was changes made by Congress in the First Congressional Budget Resolution that were endorsed by the Administration. In February 1983, the outlay estimate increased \$43.7 billion, with upward revisions for unemployment compensation and farm price supports accounting for 70% of this increase. Estimated outlays increased an additional \$4.6 billion due to revisions in April and July 1983, largely because of congressional action on the 1983 jobs bill and the Social Security Amendments of 1983. Actual outlays were \$13.9 billion below the July 1983 estimates due to lower than anticipated spending by most Government agencies. The largest shortfalls occurred in the Department of Defense and the farm price support program.

CHRONOLOGY OF THE 1983 OUTLAY INCREASE

(In billions of dollars)

February 1982.....	757.6
Changes:	
April 1982 (April Update): The largest changes were a \$4.9 billion increase in farm price supports, a \$1.9 billion increase in net interest, and a \$1.1 billion decrease in offsetting receipts from the Outer Continental Shelf.....	9.4
July 1982 (Mid-Session Review): A \$2.5 billion increase in net interest was more than offset by a \$2.1 billion decrease in unemployment compensation and a \$4.1 billion decrease to adjust for action in the first Congressional Budget Resolution.....	-5.5
February 1983 (1984 Budget): The largest increases were in unemployment compensation (\$14.3 billion), farm price supports (\$16.4 billion), and food and nutrition assistance (\$4.1 billion).....	43.7
April 1983 (April Update): A \$5.4 billion decrease in unemployment compensation was more than offset by a \$3.0 billion increase in farm price supports and increases due to the 1983 jobs bill (\$2.1 billion) and the Social Security Amendments of 1983 (\$1.0 billion).....	3.3
July 1983 (Mid-Session Review): The largest increase was a \$1.1 billion technical reestimate in the Social Security program.....	1.3
October 1983 (Year-End Statement): The largest decreases were for the Department of Defense (\$3.9 billion) and farm price supports (\$3.0 billion).....	-13.9
Total increase.....	38.3
Actual.....	796.0

Major causes of the increase.—The following table shows the approximate distribution of the increase in budget outlays according to three categories: (1) policy changes, (2) economic conditions that were different from the original assumptions, and (3) estimating and other differences.¹²

Changes in policy explain approximately \$18.7 billion of the total increase. The net effect of changes in economic conditions was an increase of \$3.0 billion. Estimating differences and other changes account for the remainder.

SUMMARY OF REASONS FOR DIFFERENCES IN 1983 OUTLAYS

(in billions of dollars)

	Total
Reasons for difference (net):	
Policy changes	18.7
Economic conditions	3.0
Estimating differences and other changes	16.6
Total	38.3

Policy changes to the 1983 budget proposals were a result of both revised Administration proposals and congressional action that differed from the initial Administration proposals. The net increase due to policy changes was approximately \$18.7 billion. Outlays for national defense programs were \$8.8 billion lower than proposed, while outlays for nondefense programs were \$27.5 billion higher. Policy changes were much more important than in the two previous years; they accounted for a \$5.7 billion increase in 1981 and a \$0.9 billion outlay decrease in 1982.

Policy changes for discretionary programs accounted for \$1.4 billion, or only 7 percent of the total policy increase. This includes increases enacted in the 1983 jobs bill and in both regular and supplemental appropriations bills. Congress reduced outlay levels for annually funded defense-related programs by \$5.3 billion from the Administration's request.

Outlays for entitlement programs were about \$12.1 billion above the Administration's proposal due to policy changes. Three-quarters of this increase is accounted for by changes affecting unemployment compensation, railroad retirement, and food stamps. Outlays for the unemployment compensation program were \$5.8 billion above the original proposal due to congressional enactment of the Federal supplemental compensation program, revision of the program for unemployment compensation for ex-service members, and failure to enact \$0.1 billion in proposed savings. Railroad retirement (\$2.0 billion) and food stamps (\$1.7 billion) increased as a

¹² The amounts in the first two categories account for only the major items, and the third category is a residual. The figures, therefore, are approximations.

result of Congress's failure to enact savings proposed by the Administration.

Policy changes for other mandatory programs and for several of the user fee proposals also increased outlays. For the Commodity Credit Corporation, policy changes of \$3.5 billion were composed of several items, including increases in grain reserve loan rates, increased donations of dairy products owned by the Commodity Credit Corporation, and acreage diversion payments and export promotion subsidies mandated by the Omnibus Budget Reconciliation Act of 1982.

Economic conditions differed from those forecast in February 1982 as shown in the following table. Growth in real GNP was 4.7 percentage points lower than projected for 1982 but slightly higher for 1983. Inflation was lower than projected for both 1982 and 1983, whether measured by the GNP deflator or by the Consumer Price Index. The unemployment rate was 0.7 percentage points higher than projected in 1982 and 1.6 percentage points higher in 1983. Interest rates, as measured by the 91-day Treasury bill rate, were 1.0 percentage point lower than estimated for 1982 and 1.9 percentage points lower in 1983.

COMPARISON OF FEBRUARY 1982 ECONOMIC ASSUMPTIONS AND ACTUAL ECONOMIC PERFORMANCE

(Calendar years)

	February 1982 estimate		Actual		Difference	
	1982	1983	1982	1983	1982	1983
Percent change:						
GNP (constant 1972 dollars): 4th quarter over 4th quarter	3.0	5.2	-1.7	6.1	-4.7	0.9
Inflation (4th quarter over 4th quarter):						
GNP deflator	7.2	5.5	4.4	4.1	-2.8	-1.4
Consumer Price Index (CPI)	6.6	5.1	4.5	2.9	-2.1	-2.2
Civilian unemployment rate (annual average) ...	8.9	7.9	9.6	9.5	0.7	1.6
Interest rate (91-day bills, annual average)	11.7	10.5	10.7	8.6	-1.0	-1.9

The difference between economic assumptions and economic performance resulted in a net increase in outlays of \$3.0 billion. The following table shows the major effects of differences between the initial economic forecast and the actual performance of the economy. Lower inflation reduced outlays for indexed programs by \$4.6 billion. Higher unemployment increased outlays by \$5.6 billion; more than half of the increase was for unemployment benefits. The net effect of lower interest rates and higher borrowing decreased outlays by \$4.1 billion. Receipts from sales and leases on the Outer Continental Shelf were \$6.0 billion lower than initially estimated due primarily to changes in economic conditions in world oil markets.

**EFFECT OF DIFFERENCES BETWEEN ESTIMATED AND ACTUAL ECONOMIC CONDITIONS ON 1983
OUTLAYS**

(In billions of dollars)

Price differences:	
Cost of living adjustments:	<i>Difference</i>
Social security.....	-2.3
Federal retirement.....	-0.6
Food and nutrition assistance.....	-0.3
Other.....	-0.4
Medical prices:	
Medicare and medicaid.....	-1.0
Subtotal, price differences.....	<u>-4.6</u>
Unemployment rate differences:	
Unemployment compensation.....	3.0
Other.....	2.6
Subtotal, unemployment rate differences.....	<u>5.6</u>
Interest differences:	
Net interest: ¹	
Interest rates.....	-10.3
Differences in borrowing.....	6.7
Guaranteed student loans.....	-0.5
Subtotal, interest differences.....	<u>-4.1</u>
Receipts from the Outer Continental Shelf and other adjustments.....	<u>6.1</u>
Total.....	<u>3.0</u>

*\$50 million or less.

¹ Includes effects of differences in borrowing for all reasons, including reasons other than economic assumptions.

Estimating differences and other changes increased 1983 outlays by \$16.6 billion. The largest estimating adjustment was for the Commodity Credit Corporation, which spent \$13.5 billion more than originally estimated for the support of agricultural commodity prices. This increase was primarily a result of unexpectedly high levels of farm crop production. Outlays for interest were reduced \$2.8 billion because more interest than estimated was received on loans made by the Commodity Credit Corporation. Outlays also increased as a result of the failure to achieve some of the savings proposed for management initiatives.

**COMPARISON OF RELATIVELY UNCONTROLLABLE
OUTLAYS AND OF RECEIPTS**

The Congressional Budget Act requires that the budget contain two comparisons between the initial budget estimates and the actual amounts for the last completed fiscal year: a comparison of the differences in relatively uncontrollable outlays by major program, and a comparison of the differences in receipts by major source. These comparisons are made in the following two sections

for the 1983 budget, which was submitted in February 1982 for the fiscal year ending on September 30, 1983.

Comparison of relatively uncontrollable outlays.—Outlays in any one year are considered to be relatively uncontrollable when the program level is determined by existing statutes or by contracts or other obligations. Outlays for these programs generally depend on factors that are beyond administrative control under existing law at the start of the fiscal year. For example, the definition of beneficiaries eligible for programs like medicaid and social security is established by law. Prior-year contracts and obligations are also legally binding.

Relatively uncontrollable outlays are grouped into two major categories: open-ended programs and fixed costs, for which outlays are generally mandated by law; and payments from prior-year contracts and obligations, for which outlays are required because of previous action, such as entering into contracts. Budget estimates of relatively uncontrollable outlays do not include the effects of proposed legislation.

For a number of reasons, the amounts estimated in the budget may differ from the actual outlays that are subsequently realized. For example, legislation may change benefit rates or coverage; the actual number of beneficiaries may differ from the number estimated; and economic conditions (such as interest rates) may differ from what was assumed in making the estimates.

The following table shows the differences between actual outlays for relatively uncontrollable programs in 1983 and the amounts estimated in the 1983 budget. The list of programs is the same as in table 20 (Controllability of Budget Outlays) in Part 9. Beginning in this budget, the administrative costs of relatively uncontrollable payments for individuals, which are controlled through limitations, are classified as relatively controllable in table 20. However, for the purpose of making a comparison to the original estimates in the 1983 budget, this table uses the old classification.

Actual outlays for relatively uncontrollable programs in 1983 were \$600.7 billion, which is \$15.2 billion, or 2.6%, higher than the estimates based on existing law in February 1982. Outlays for open-ended programs and fixed costs were \$16.2 billion above the initial estimate, and outlays from prior-year contracts and obligations were \$1.0 billion lower.

Payments for individuals, which are essentially income transfers, were 76% of all open-ended programs and fixed costs in 1983. Actual outlays for this grouping were \$6.1 billion higher than estimated. This increase was the net effect of legislative action, differences between actual and assumed economic conditions, and the number of beneficiaries.

RELATIVELY UNCONTROLLABLE OUTLAYS FOR 1983

(In billions of dollars)

Relatively uncontrollable under present law	February 1982 estimate (existing law)	Actual	Change
Open-ended programs and fixed costs:			
Payments for individuals:¹			
Social security and railroad retirement.....	175.6	174.1	-1.5
Federal employees' retirement and insurance.....	48.7	47.3	-1.4
(Military retired pay).....	16.6	15.9	-0.6
(Other).....	32.1	31.4	-0.7
Unemployment compensation.....	22.7	31.5	8.8
Medical care.....	76.0	75.8	-0.2
Assistance to students.....	5.1	4.4	-0.7
Food and nutrition assistance.....	3.0	3.3	0.3
Public assistance and related programs.....	21.1	21.7	0.7
All other relatively uncontrollable payments for individuals.....	2.8	2.9	*
Subtotal, payments for individuals.....	354.9	361.0	6.1
Other open-ended programs and fixed costs:			
Net interest.....	96.8	89.8	-7.0
General revenue sharing.....	4.6	4.6	*
Farm price supports (CCC).....	1.9	18.9	17.0
Other open-ended programs and fixed costs.....	-2.2	-2.2	*
Subtotal, other open-ended programs and fixed costs.....	101.0	111.0	10.0
Total, open-ended programs and fixed costs.....	455.8	472.0	16.2
Outlays from prior-year contracts and obligations:			
National defense.....	70.2	68.3	-1.9
Civilian programs.....	59.5	60.4	0.9
Total, outlays from prior-year contracts and obligations.....	129.7	128.7	-1.0
Total, relatively uncontrollable outlays.....	585.5	600.7	15.2

* \$50 million or less.

¹ Beginning in this budget, the administrative costs of relatively uncontrollable payments for individuals, which are controlled through limitations, are classified as relatively controllable. However, for the purpose of making a comparison to the original estimates in the 1983 budget, this table uses the old classification.

Outlays for social security and railroad retirement, the largest category of payments for individuals, were \$1.5 billion lower than estimated. The original estimate assumed automatic benefit increases (based on inflation as measured by the Consumer Price Index) of 8.1% in July 1982 and 6.5% in July 1983. The actual increase in July 1982 was 7.4%. As a result of the Social Security Amendments of 1983 there was no automatic increase in 1983. Instead, the adjustment was delayed from July 1983 to January 1984. The original estimate also assumed that 36.3 million people would collect social security benefits in 1983. Instead the program was making payments to 35.9 million individuals.

Outlays for Federal employees' retirement and disability insurance programs were \$1.4 billion below the budget estimate. These programs consist of military retired pay, civilian employee retirement and disability, and veterans service-connected compensation.

Except for veterans service-connected compensation, these benefits are indexed to the consumer price index. Outlays for the indexed programs were below the initial estimate primarily due to lower than expected inflation in 1983.

Outlays for unemployment compensation programs were \$8.8 billion above the initial estimate. This increase was the result of a higher than assumed rate of unemployment and enacted legislation. Higher unemployment raised outlays by \$3.0 billion; enactment of the Federal Supplemental Compensation Act, changes in unemployment compensation for ex-service members, and failure to enact \$0.1 billion in proposed savings raised outlays \$5.8.

Outlays for medical care were \$0.2 billion lower than estimated. Medicare outlays were \$0.2 billion below the initial estimate. Outlays for the medicaid program were \$0.1 above the initial estimate.

Assistance to students consists of GI bill benefits and the guaranteed student loan program. Outlays for the guaranteed student loan program were \$0.8 billion below the estimate due to the net effect of lower than expected interest rates and participation, and higher than expected interest subsidies reflecting recent changes in borrowing patterns. Use of GI benefits was \$0.1 billion greater than anticipated.

Food and nutrition assistance includes the child nutrition and special milk programs. Outlays for these programs were \$0.3 billion higher than estimated because a greater number of meals were served than initially anticipated.

Public assistance and related programs include public assistance payments, supplemental security income, outlays for earned income tax credits, and veterans non-service-connected pensions. Outlays for these programs were \$0.7 billion above the estimate. The largest change occurred in public assistance payments.

Uncontrollable outlays for all other payments for individuals were only slightly higher than estimated, due primarily to higher than expected payments for black lung disabilities.

Open-ended programs and fixed costs other than payments for individuals account for 66% of the difference between estimated and actual relatively uncontrollable outlays. Outlays for net interest were \$7.0 billion—or 7.2%—lower than the original estimate. This decrease was due in part to lower interest rates than anticipated, which were offset, to some extent, by more Federal borrowing than expected. The budget estimate assumed an 11.1% interest rate on 91-day Treasury bills for fiscal year 1983 whereas the actual rate averaged 8.6%. Another portion of the decrease, \$2.8 billion, was a result of more interest than estimated being received on loans made by the Commodity Credit Corporation.

Outlays for farm price supports (Commodity Credit Corporation) were \$17.0 billion above the initial estimate. This change was due to policy changes as well as unanticipated increases in farm production.

Outlays for prior-year contracts and obligations for civilian and national defense programs were \$1.0 billion below the initial estimate. National defense outlays were \$1.9 billion—or 2.7%—below the estimate because of slower than anticipated spending. Outlays for civilian programs were \$0.9 billion, or 1.5%, above the initial estimate. The largest decreases in civilian programs occurred for Federal aid to highways and training and employment services.

Comparison of actual and estimated receipts.—Budget receipts in 1983 were \$600.6 billion, which is \$65.6 billion less than the February 1982 estimate of \$666.1 billion.

Lower than anticipated incomes, oil prices, and interest rates reduced 1983 receipts by \$64.2 billion below the budget estimate. Changes in collection patterns and effective tax rates reduced receipts by an additional \$8.1 billion. These decreases were offset to a very small extent by differences in tax law and administrative actions from the changes proposed in the budget, which increased 1983 receipts by \$6.7 billion. These legislative and administrative differences consisted of modifications of the proposals reflected in the 1983 budget and of changes that were not proposed at that time.

COMPARISON OF ACTUAL 1983 BUDGET RECEIPTS WITH THE FEBRUARY 1982 ESTIMATES

(In billions of dollars)

	February 1982 estimate	Differences in tax law and administrative actions from 1982 proposals	Different economic conditions	Technical factors	Net change	Actual
Individual income taxes.....	304.5	0.7	-24.4	8.1	-15.6	288.9
Corporation income taxes.....	65.3	-1.2	-17.2	-9.9	-28.2	37.0
Social insurance taxes and contributions.....	222.5	3.2	-12.7	-4.0	-13.5	209.0
Excise taxes.....	41.7	4.0	-7.8	-2.6	-6.4	35.3
Estate and gift taxes.....	5.9	.....	-0.3	0.4	0.1	6.1
Customs duties.....	9.4	*	-0.4	-0.3	-0.7	8.7
Miscellaneous receipts.....	16.8	*	-1.4	0.2	-1.2	15.6
Total.....	666.1	6.7	-64.2	-8.1	-65.6	600.6

*\$50 million or less.

A variety of tax changes designed to eliminate abuses and remove obsolete incentives, together with several improvements in tax collection and enforcement, were proposed in the 1983 budget. These proposals were estimated to increase 1983 receipts by \$12.7 billion. Other proposals, which were estimated to increase 1983

receipts by a net \$0.1 billion, included modification of the railroad retirement system; the extension of social security hospital insurance taxes to Federal employees; and increases in passport, visa, and airport and airway user fees. Together, the February 1982 proposals were estimated to increase 1983 receipts by \$12.8 billion.

Two major tax laws were enacted during 1982 that affected 1983 receipts. The first, the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), included a number of provisions that were modifications of budget proposals. This Act increased 1983 receipts primarily by eliminating unintended benefits and obsolete incentives, providing mechanisms to increase taxpayer compliance and improve collection techniques, and revising existing excise and employment taxes. The second major tax law, the Highway Revenue Act of 1982, included a number of changes in highway-related taxes that had not been proposed in the 1983 budget. The main revenue provision of this Act affecting 1983 receipts increased the excise tax on gasoline and diesel fuel to 9 cents a gallon effective April 1, 1983. These two Acts and several minor legislative and administrative changes increased 1983 receipts by \$6.7 billion more than the Administration had proposed.

Individual income taxes were \$288.9 billion in 1983, \$15.6 billion less than the budget estimate of \$304.5 billion. Lower than anticipated personal incomes reduced individual income taxes by \$24.4 billion. This reduction was partially offset by different collection patterns and effective tax rates than had been assumed, which increased individual income tax receipts by \$8.1 billion. Differences in tax law from the changes proposed in February 1982 increased individual income taxes by an additional \$0.7 billion.

Corporation income taxes were \$28.2 billion below the budget estimate, in large part due to lower than anticipated corporate profits and different collection patterns and effective tax rates, which reduced receipts by \$17.2 billion and \$9.9 billion, respectively. Substitution of TEFRA for the tax code revisions and the improvements in collection and enforcement proposed in February 1982 reduced corporation income taxes by an additional \$1.1 billion. The major provisions of TEFRA that affected 1983 corporation income taxes included the acceleration of corporation income tax payments, changes in the taxation of life insurance companies, and modifications of leasing rules and the completed contract method of accounting. Several minor legislative changes that were not proposed in February 1982 accounted for the remaining \$0.1 billion decrease in corporation income tax receipts.

Social insurance taxes and contributions (which are composed of employment taxes and contributions, unemployment insurance receipts, and other retirement contributions) were \$13.5 billion less than the February 1982 estimate of \$222.5 billion. Lower than

anticipated wages and salaries and self-employment earnings reduced these receipts by \$12.7 billion. This decline was partially offset by congressional inaction on the proposed privatization of the railroad retirement system and by the changes in the Federal unemployment insurance tax rate and base provided in TEFRA, which increased receipts by \$1.7 billion and \$1.5 billion, respectively.

Lower than estimated collections of the windfall profit tax, due in large part to the unanticipated decline in oil prices, reduced 1983 excise taxes by \$11.2 billion. This was partially offset by a \$4.8 billion increase in other excise taxes. Substitution of the excise tax increases provided in TEFRA and the Highway Revenue Act of 1982 for the changes proposed in February 1982 accounted for \$4.0 billion of the rise in other excise tax receipts.

Estate and gift taxes were \$0.1 billion above the February 1982 estimate, and customs duties were \$0.7 billion lower. An overestimate of imports was in large part responsible for the decrease in customs duties receipts.

A decrease in deposits of earnings by the Federal Reserve System, primarily reflecting lower interest rates than anticipated, accounted for most of the \$1.2 billion decline in miscellaneous receipts.

ALLOCATION OF WINDFALL PROFIT TAX RECEIPTS

Section 102 of the Crude Oil Windfall Profit Tax Act of 1980 requires that each year the President propose the allocation of net receipts from the tax in his budget.

This act establishes a Windfall Profit Tax Account in the Treasury "for accounting purposes only." After the Secretary of the Treasury has determined the amount of net receipts from the tax, they are to be allocated to the Windfall Profit Tax Account. Since the Conference Report accompanying the act stated explicitly that the net receipts from the tax "shall not be earmarked or invested separately from general revenues . . .", the allocations referred to in section 102 cannot be interpreted as earmarking funds for specific purposes.

The method for these allocations is prescribed by three formulas in subsections b(1), b(2), and b(3) of section 102. The allocations for 1985 are compared in the following table with the amounts included in this budget for the functional categories referred to in the formula.

ALLOCATION OF WINDFALL PROFIT TAX, NET RECEIPTS, 1985

(In millions of dollars)

	Section 102 Formula	1985 Budget
Total net receipts.....	4,120	4,120
Allocation:		
Low-income assistance.....	1,030	¹ 20,605
Energy and transportation programs.....	618	² 21,775
Income tax reductions.....	2,472	
Total	4,120	42,380

¹ This amount is the total outlays for the other income security subfunction (609).² This amount is the total outlays for all programs in the energy function (270) and the ground transportation subfunction (401).

PART 7

**THE BUDGET SYSTEM
AND CONCEPTS**

7-1

THE BUDGET SYSTEM AND CONCEPTS

The budget system of the U.S. Government provides the framework within which decisions on resource allocation and program management are made in relation to the requirements of the Nation, availability of Federal resources, effective financial control, and accountability for use of the resources.

THE BUDGET PROCESS

The budget process has three main phases: (1) executive formulation and transmittal; (2) congressional action; and (3) budget execution and control. Each of these is interrelated with the others.

Executive formulation and transmittal.—The budget sets forth the President's financial plan and indicates his priorities for the Federal Government. The President's transmittal of his budget to the Congress early in each calendar year is the culmination of many months of planning and analysis throughout the executive branch.

Formulation of a budget begins not later than the spring of the year before it is transmitted. The budget is formulated in the context of a multi-year budget planning and tracking system that extends coverage to the 4 years following the budget year and integrates long-range planning into the executive budget process. This multi-year budget planning system requires that broad fiscal goals and agency spending and employment targets be established beyond the budget year.

During the period when a budget is formulated in the executive branch, there is a continual exchange of information, proposals, evaluations, and policy decisions among the President, the Office of Management and Budget (OMB) and other Executive Office units, and the various Government agencies. The President also receives projections of the economic outlook that are prepared jointly by the Council of Economic Advisers, OMB, and the Treasury.

Following a review of these projections, the President establishes general budget and fiscal policy guidelines. General policy directions and planning ceilings for both the fiscal year that will begin about 15 months later and for the 4 years beyond are then given to the agencies to govern the preparation of their budget requests.

The primary phase of the budget process involves the formulation and preparation of the President's budget for transmittal to

the Congress. Throughout the fall and early winter, the executive branch is involved in this phase of the process. Agency budget requests are submitted to OMB, where they are reviewed in detail, and recommendations are made. These recommendations may be revised as a result of Presidential review. Fiscal policy issues, which affect budget outlays and receipts, are reexamined. The effect of budget decisions on receipts, budget authority, and outlays in the years that follow are also considered and are explicitly taken into account, consistent with the multi-year budget planning system. Thus, the budget formulation process involves the simultaneous consideration of the resource needs of individual programs and the total outlays and receipts that are appropriate in relation to current and prospective economic conditions.

The Congressional Budget Act of 1974 requires that current services estimates be transmitted to provide the Congress with a basis for reviewing the President's budget. These estimates are projections of budget authority and outlays required to continue Federal programs and activities without policy changes from the fiscal year in progress. These current services estimates and similar estimates for receipts are included in the President's budget to facilitate comparison with the budget estimates.¹

Congressional action.—The Congress can act to approve, modify, or disapprove the President's budget proposals. It can change funding levels, eliminate proposals, or add programs not requested by the President. It also enacts legislation affecting taxes and other sources of receipts.

In making appropriations, the Congress does not vote on the level of outlays directly, but rather on budget authority. The Congress first enacts legislation that *authorizes* an agency to carry out a particular program and, in some cases, includes limits on the amount that can be appropriated for the program. Many programs are authorized for a specified number of years or indefinitely; other programs, such as most nuclear energy, space exploration, defense procurement, foreign affairs, and some construction programs, require annual authorizing legislation.

Provision of *budget authority* is usually a separate, subsequent action. Generally, budget authority becomes available each year only as voted by the Congress in appropriation acts. However, in a number of cases the Congress has voted permanent budget authority, under which funds become available annually without further Congressional action. Many trust fund appropriations are permanent, as are a number of Federal fund appropriations, such as the appropriation to pay interest on the public debt.

¹ See Special Analysis A, "Current Services Estimates."

Congressional review of the budget begins when the President transmits his budget estimates to the Congress within 15 days after the start of each new session in January, as required by law. Occasionally, the transmittal date is modified by a joint resolution of the Congress. Under the procedures established by the Congressional Budget Act of 1974, the Congress considers budget totals before completing action on individual appropriations. The act requires each standing committee of the Congress to report on budget estimates to the House and Senate Budget Committees by March 15. It also requires the Congressional Budget Office to submit a fiscal policy report to the two budget committees. The Congress adopts the first concurrent budget resolution as a guide in its subsequent consideration of appropriations and revenue measures. The first budget resolution, which is scheduled to be adopted by May 15, sets targets for total receipts and for budget authority and outlays, in total and by functional category. For the three years prior to 1983, the Congress enacted omnibus reconciliation legislation that reduced budget authority and outlays or increased revenues in response to directives in the concurrent budget resolution. Congress had not completed action on omnibus reconciliation legislation for fiscal year 1984 as of the end of the first session of the 98th Congress.

Congressional consideration of requests for appropriations and for changes in revenue laws occurs first in the House of Representatives. The Appropriations Committee, through its subcommittees, studies the requests for appropriations and examines in detail each agency's performance. The Ways and Means Committee reviews proposed revenue measures. Each committee then recommends the action to be taken by the House of Representatives.

When the appropriation and tax bills are approved by the House, they are forwarded to the Senate, where a similar review process is followed. In case of disagreement between the two Houses of the Congress, a conference committee (consisting of Members of both bodies) meets to resolve the differences. The report of the conference committee is returned to both Houses for approval. When the measure is agreed to, first in the House and then in the Senate, it is ready to be transmitted to the President as an enrolled bill, for his approval or veto.

The Congressional Budget Act also calls for the Congress to adopt a second concurrent budget resolution by September 15. In 1981, however, the second resolution simply endorsed the totals in the first resolution. In 1982 and 1983, the first resolution provided that its amounts would remain in effect if Congress did not pass a second resolution. In both years, Congress did not pass a second resolution. The September 15 target was originally set in anticipa-

tion of the enactment of all regular appropriations bills by that time.

After the second budget resolution is adopted, the Congressional Budget Act provides that Congress may not consider any spending or revenue legislation that would breach the totals specified in this resolution. The Congress may, however, adopt a new budget resolution changing the levels previously set or waive the requirement not to exceed the resolution totals.

If action on appropriations is not completed by the beginning of the fiscal year, the Congress enacts a *continuing resolution* to provide authority for the affected agencies to continue financing operations up to a specified date or until their regular appropriations are enacted.

Budget execution and control.—Once approved, the President's budget, as modified by the Congress, becomes the basis for the financial plan for the operations of each agency during the fiscal year. Under the law, most budget authority and other budgetary resources are made available to the agencies of the executive branch through an apportionment system. The Director of OMB apportions (distributes) appropriations and other budgetary resources to each agency by time periods or by activities, to ensure the effective use of available resources and to preclude the need for additional appropriations.

Changes in laws or other factors may indicate the need for additional appropriations during the year, and supplemental requests may have to be sent to the Congress. On the other hand, reserves may be established under certain circumstances to provide for contingencies or to effect savings made possible by changes in requirements or greater efficiency of operations. Amounts may also be withheld from obligation for policy or for other reasons. The Impoundment Control Act of 1974 provides that the executive branch, in regulating the rate of spending, must report to the Congress any deferrals or proposed rescissions² of budget authority; that is, any effort through administrative action to postpone or eliminate spending provided by law.

COVERAGE OF THE BUDGET TOTALS

Agencies and programs.—The budget totals cover agencies and programs (including Government corporations) no matter how funded, except for the following off-budget Federal entities:

Rural electrification and telephone revolving fund

Rural Telephone Bank

Board of Governors of the Federal Reserve System

² See page 7-9 for definitions of these terms.

SPR Petroleum Account
Federal Financing Bank
Postal Service fund
United States Railway Association ³
United States Synthetic Fuels Corporation ⁴

The off-budget Federal entities listed above are discussed in Part 6 of this volume. Schedules and financial statements are presented in Part III of the Budget Appendix. Except for the Federal Reserve Board, these data are also presented in selected tables throughout the budget documents.

The budget totals do not include transactions of privately owned, Government-sponsored enterprises, such as the Federal land banks and Federal home loan banks. However, these enterprises are discussed in Part 6 of this volume and Special Analyses E and F, and financial statements are presented in Part V of the Budget Appendix.

Functional classification.⁵—The functional classification arrays budgetary data according to the major purpose served by the unit being classified. In accordance with the Congressional Budget Act of 1974, the Congressional budget resolutions establish budget targets by these functional categories.

The following criteria are used in establishing and in assigning activities to functional categories:

- A function must have a common end or ultimate purpose addressed to an important national need. (The emphasis is on what the Federal Government seeks to accomplish rather than the means of accomplishment, what is purchased, or the clientele or geographic area served.)
- A function must be of continuing national importance and the amounts attributable must be significant.
- Each basic unit of classification (generally the appropriation or fund account) is classified into the single best or predominant purpose and assigned to only one subfunction. However, when an account is large and serves more than one major purpose, it may be subdivided into two or more subfunctions.
- Activities and programs are normally classified by common purpose (or function) regardless of which agencies conduct the activities.

National needs presentation.—Section 601 of the Congressional Budget Act of 1974 requires that the budget for each fiscal year

³ Amounts made available for investments in Conrail securities, which comprise almost all of the Association's activity after 1977, are included in the budget totals.

⁴ Cash requirements of the Corporation are met by borrowing from the Secretary of the Treasury. Such borrowing is financed by appropriations to the Secretary, and thus is reflected as budget authority and outlays within the budget totals.

⁵ A discussion of this subject is also found in Part 5 of this volume.

shall contain a presentation of budget authority, proposed budget authority, outlays, proposed outlays, and descriptive information in terms of—

- (1) a detailed structure of national needs, which shall be used to reference all agency missions and programs;
- (2) agency missions; and
- (3) basic programs.

To meet that requirement of law, the functional classification was refined to focus more sharply on end purposes and accomplishments. Each major function is described in the context of national needs being served, and subfunctions are described in the context of major missions devoted to serving national needs. A statement of national needs to be met by each major function, except net interest, can be found in Part 5 ("Meeting National Needs: the Federal Program by Function").

Types of funds.—Agency activities are financed through Federal funds and trust funds.

Federal funds are of several types. The *general fund* is credited with receipts not earmarked by law for a specific purpose and with the proceeds of general borrowing. It is charged with payments from appropriations. *Special funds* contain Federal receipts earmarked for specific purposes, other than for carrying out a cycle of operations. *Public enterprise (revolving) funds* finance a cycle of business-type operations in which outlays generate collections, primarily from the public. *Intragovernmental funds*, including revolving and management funds, finance operations within and between Government agencies and are credited with collections primarily from other Government accounts. Intragovernmental revolving funds are credited with collections earmarked by law to carry out a cycle of business-type operations within and between Government agencies.

Trust funds are established to account for the receipt and expenditure of monies by the Government for carrying out specific purposes and programs in accordance with the terms of a statute or trust agreement. These monies are not available for the general purposes of the Government. *Trust revolving funds* are credited with trust-type collections earmarked by law to carry out a cycle of business-type operations.

Current expense and capital investment.—The budget includes spending for both current operating expenses and capital investment, such as the purchase of lands, structures, and equipment. It also includes capital investment in the form of lending and the purchase of investments.⁶

⁶ These categories of outlays are discussed in Special Analysis D, "Investment, Operating, and Other Federal Outlays."

BUDGET AUTHORITY AND RELATED TRANSACTIONS

Budget authority.—Government agencies—whether or not they are included in the budget totals—are permitted to enter into obligations requiring either immediate or future payment of money only when they have been granted authority to do so by law. This authority is usually provided as budget authority. Collections specifically authorized to be credited to appropriation and fund accounts, while not scored as budget authority, are also available for obligation. Budget authority, and in some cases the use of other resources, usually requires the approval of both authorizing committees and Appropriations Committees. The availability or use of budgetary resources may be further restrained by the imposition of legally binding limitations on direct loans or other obligation levels.⁷

Budget authority permits *obligations* to be incurred. The amounts of budget authority requested are determined by the nature of the programs or projects being financed and the amount of other resources available for the purpose.

For activities such as operations and maintenance, entitlement programs, and continuing research programs, for which the cost depends upon the program level planned for a fiscal year, the amount of budget authority requested covers the obligations expected to be incurred during the year.

For most projects that are separate and distinct units, particularly direct Federal major procurement and construction projects, “full funding” is requested. That is, budget authority is requested in sufficient amounts at the time the project is initiated to complete it, regardless of the expected time of completion.

Budget authority usually takes the form of *appropriations*, which permit obligations to be incurred and payments to be made. Some budget authority is in the form of *contract authority*, which permits obligations in advance of appropriations but requires a subsequent appropriation or the collection of revenues to liquidate (pay) these obligations. There is also *authority to borrow*; such budget authority permits obligations to be incurred and liquidated by using funds that are borrowed, generally from the Treasury.

It is not in order for either House of the Congress to consider any bill, with certain exceptions, that provides new borrowing or contract authority unless that bill also provides that such new spending authority will be effective only to the extent or in such amounts as provided in appropriations acts.

Most appropriations for current operations are made available for obligation only during a specified fiscal year (*annual appropriations*). Some are for a specified longer period (*multiple-year appropriations*). Others, including most of those for construction, some

⁷See “Limitations on the Availability of Funds,” Part 6.

for research, and many for trust funds are made available for obligation until the amount appropriated has been expended or until the objectives have been attained (*no-year appropriations*).

Budget authority can be made available by the Congress for obligation and disbursement during a fiscal year from a succeeding year's appropriation (*advance funding*). For many education programs, Congress provides *forward funding*—budget authority made available for obligation in one fiscal year for the financing of ongoing grant programs during the succeeding fiscal year. When advantageous to the Federal Government, an appropriation is provided by the Congress for use in a fiscal year, or more, beyond the fiscal year for which the appropriation act is passed (*advance appropriations*). Accounts in which budget authority is made available on these bases are listed in Part IV of the Budget Appendix.

When budget authority is made available by the Congress for a specific period of time, any part that is not obligated during that period expires and cannot be used later. Congressional actions that continue the availability of unobligated amounts that have expired or would otherwise expire are known as *reappropriations*. The amounts involved are counted as new budget authority in the fiscal year of the legislation in which the reappropriation action is included, regardless of when the amounts were originally appropriated or when they would otherwise lapse.

A *rescission* is a legislative action that cancels new budget authority or the availability of unobligated balances, prior to the time the authority would otherwise have expired. Rescissions are offset against new budget authority becoming available in arriving at the total of budget authority for each year. A *deferral* is an executive branch action or inaction—including the establishment of reserves under the Antideficiency Act—that delays the obligation and expenditure of funds within the year that the action is taken. Deferrals are not separately identified in the budget.

Most authority to obligate funds is enacted by the Congress during or immediately preceding the fiscal year in which it becomes available (*current authority*). Most current authority is granted year by year. Some budget authority in Federal funds and most budget authority in trust funds becomes available as the result of previously enacted legislation and does not require current action by the Congress (*permanent authority*). Such authority is presented as “current” in the year in which the legislation is enacted and “permanent” in succeeding years.

The amount of budget authority is usually stated specifically or in an amount stated as “not to exceed” a specific aggregate sum in the legislation that makes it available (*definite authority*). In some cases the legislation permits the amount to be determined by subsequent circumstances (*indefinite authority*). Examples of the latter

type are authority to borrow that is limited only to the amount of debt that may be outstanding at any time, the appropriation for interest on the public debt, and the trust fund appropriation equal to receipts under the Federal Insurance Contributions Act (social security). Indefinite budget authority is recorded in the amount of receipts collected or estimated to be collected each year in the case of many special and trust funds, and in the amount needed to finance obligations incurred or estimated to be incurred in the case of certain appropriations, contract authority, and authority to borrow.

Obligations incurred.—Following the enactment of budget authority and the completion of required apportionment action, obligations are incurred by Government agencies. Such obligations include the current liabilities for salaries, wages, and interest; agreements to make loans; contracts for the purchase of supplies and equipment, construction, and the acquisition of land; and other arrangements requiring the payment of money.

Outlays.—Obligations generally are liquidated by the issuance of checks or the disbursement of cash; such payments are called *outlays*. In lieu of issuing checks, obligations may also be liquidated (and outlays recorded) by the accrual of interest on Treasury debt securities held by the public; or by the issuance of bonds, debentures, notes (or by increases in the redemption value of bonds or debentures outstanding), or monetary credits. Payments for tax credits in excess of tax liabilities are treated as outlays rather than as an adjustment to budget receipts. Outlays during a fiscal year may be for payment of obligations incurred in prior years or in the same year. Outlays, therefore, flow in part from unexpended balances of prior year budget authority and in part from budget authority provided for the year in which the money is spent.⁸ Total budget outlays are stated net of offsetting collections and exclude outlays of off-budget Federal entities.

Balances of authority.⁹—Not all budget authority enacted for a fiscal year is obligated and paid out in the same year. In multiple-year or no-year accounts, budget authority that is still available for obligation (*unobligated balances*) may be carried forward for obligation in the following year. The *obligated* balance is that portion of the budget authority that has been obligated but not yet liquidated (paid). For example, in the case of salaries and wages, 1 to 3 weeks elapse between the time of obligation and the time of payment. In the case of major procurement and construction, payment may

⁸ See "Relationship of Budget Authority to Outlays", Part 6.

⁹ These balances may also include collections credited directly to appropriation or fund accounts.

occur over several years. Obligated balances of budget authority are carried forward until the obligations are subsequently paid.¹⁰

Therefore, a change in the amount of budget authority for a given year does not necessarily result in a similar change in either the obligations incurred or the budget outlays of that same year. A change in budget authority in any one year may have an effect on obligations for 2 or more years, and may affect budget outlays for an even longer period.

Allocations between agencies.—In some cases, an agency may share in the administration of a program for which appropriations are made to another agency or to the President. This is made possible by the establishment of allocations from the “parent” account, that is, the account to which the appropriation was made. Obligations incurred under such allocations are included with the parent account in the Budget (without separate identification) and in the Budget Appendix (where the total obligations of each participating agency are identified separately under the parent account).

THE CREDIT BUDGET ¹¹

The credit budget is a presentation of direct loan obligations and guaranteed loan commitments that provides a framework for making planning and policy decisions on the amount of Federal credit to be extended. It also provides a means to analyze, evaluate, and control Federal credit activity. Development of the credit budget is integrated thoroughly with the executive budget process. The credit budget totals and the limitations on credit activity proposed for enactment in appropriations language are transmitted to the Congress as part of the President’s budget.

Concepts used in the credit budget.—The credit budget totals are presented in two parts: total direct loan obligations and total guaranteed loan commitments. These totals are based on the following concepts:

- All direct loan and guaranteed loan activities of the Government are included. The credit budget makes no distinction between on-budget and off-budget Federal entities.
- The credit budget totals measure gross levels of credit activity, without offsets for repayments and other recoveries, except that existing loans that are extended on similar maturities are not treated as new loans. By excluding repayments and other recoveries, the credit budget measures the current

¹⁰ Additional information on balances of budget authority is provided in a separate report, “Balances of Budget Authority,” which is available from the National Technical Information Service, Department of Commerce, shortly after the budget is transmitted.

¹¹ The credit budget is shown by function in Part 5 and guaranteed loans are discussed in Part 6 of this volume. Credit schedules and proposed credit limitations in appropriations language are included in the Budget Appendix. Additional information is provided in Special Analysis F, “Federal Credit Programs.”

level of program activity and enables control to be based on a measure over which the Government has discretion—new extensions of credit.

- The credit budget is based on the amount of *obligations* incurred for direct loans and the amount of *commitments* for guaranteed loans. Obligations for direct loans result from agreements requiring the Government to disburse a loan immediately or at some future time. Commitments for guaranteed loans are agreements entered into by the Government to guarantee the repayment of outstanding principal and/or interest. Since guaranteed loan commitments, unlike direct loan obligations, do not require obligational authority and do not require disbursements, the amounts are not included in the President's budget totals. They create Government liabilities of a contingent nature that result in obligations and outlays *only* in the event of a borrower default. Direct loan obligations and guaranteed loan commitments represent points at which control can most directly be exercised.
- The amount of guaranteed loans presented in the budget is calculated on the basis of the full principal amount of the loan involved, even though the guarantee may extend to only a portion of the loan principal. This is done in order to represent the full amount of credit allocated to a particular purpose through a federally assisted lending program.

Limits on Federal credit programs.—Separate limitations on the amount of new direct loan obligations and guaranteed loan commitments are proposed for enactment in the appropriations language for the accounts that support credit activities. These limitations, if enacted, place annual ceilings on credit programs that, in most cases, are otherwise relatively unlimited.

Appropriation bill limitations are proposed for about two-thirds of the credit budget totals. Exemptions are primarily for entitlements and emergency and disaster programs. These programs can be controlled, however, through changes in authorizing legislation.

Since initiation of the credit budget, Congress has voted non-binding targets in the concurrent budget resolutions for total direct loan obligations and total guaranteed loan commitments. Actual control of credit program levels, however, remains with authorizing legislation and appropriations acts.

COLLECTIONS

In general.—Amounts collected by the Government are classified into two major categories:

- ***Budget receipts***, which are compared with budget outlays in calculating the budget surplus or deficit.

- *Offsetting collections*, which are deducted from gross disbursements in calculating budget outlays.

Budget receipts.—These are collections from the public that result from the exercise of the Government's sovereign or governmental powers. These collections, also called *governmental receipts*, consist primarily of tax receipts (including social insurance taxes), but also include receipts from customs duties, court fines, certain licenses, and deposits of earnings by the Federal Reserve System. Gifts and contributions (as distinguished from payments for services or cost-sharing deposits by State and local governments) are also counted as budget receipts.

Offsetting collections.—These are collections from other Government accounts or the public that are of a business-type or market-oriented nature. They are classified into two major categories: *offsetting collections credited to appropriation or fund accounts* and *offsetting receipts* (that is, amounts deposited in receipt accounts). The offset is applied differently for each type.

When specifically authorized by law, *offsetting collections* are credited to appropriation or fund accounts. In general they are to be used without further action by the Congress. Collections are netted against obligations and outlays.

Offsetting receipts, generally, are deducted from budget authority and outlays by subfunction and by agency. Offsetting receipts are subdivided into two categories, as follows:

- *Proprietary receipts from the public.*—These are collections from the public deposited in receipt accounts of the general fund, special funds, or trust funds. These collections arise out of the business-type or market-oriented activities of the Government (for example, loan repayments, interest, sale of property and products, charges for nonregulatory services, and rents and royalties). Prior to 1983, accounts for these receipts had been established in a manner that identified receipts by source (interest, rent, sale of property, etc.) and by collecting agency. This resulted in great proliferation of offsetting receipts detail. In many cases the detail was not significant, sometimes indicating collections of less than a thousand dollars per year. In 1983, more than 700 individual accounts were consolidated into three Treasury Department accounts established for this purpose. This simplified approach eliminated large numbers of relatively small offsetting receipts entries in Part 8, "The Federal Program by Agency and Account", and in the netting of outlays by subfunction in Part 5, "The Federal Program by Agency and Account".

Collections from rents and royalties from Outer Continental Shelf (OCS) lands are deducted from total budget authority

and outlays for the Government as a whole rather than from any single agency or subfunction. When there is a legal dispute over the disposition of these collections, the disputed amounts are placed in deposit fund accounts and are not included in the receipts totals. Upon settlement of the dispute, the amounts held are added to other similar OCS receipts and deducted in the same manner.

Intragovernmental transactions.—These are payments into receipt accounts from governmental appropriation or fund accounts. Intragovernmental transactions may be *intrabudgetary* (where the payment and receipt both occur within the budgetary universe) or result from *receipts from off-budget Federal entities* in those cases where the payment is made by a Federal entity whose budget authority and outlays are excluded from the budget totals. Intragovernmental transactions are deducted from both the outlays and the budget authority for the agency receiving the payment, with two exceptions. Intragovernmental transactions that involve agencies' payments (including payments by off-budget Federal entities) as employers into employee retirement trust funds and interest received by trust funds appear as special deduct lines in computing total budget authority and outlays for the Government.

Intrabudgetary transactions are subdivided into three categories: (1) *interfund transactions*, where the payment is from one fund group (either Federal funds or trust funds) to a receipt account in the other fund group; (2) *Federal intrafund transactions*, where the payment and receipt both occur within the Federal fund group; and (3) *trust intrafund transactions*, where the payment and receipt both occur within the trust fund group.

OTHER TRANSACTIONS

Borrowing and repayments.—Borrowing and debt repayments are not treated as receipts or outlays. If they were, the budget could be balanced simply by borrowing. This rule applies both to borrowing in the form of public debt securities and to specialized borrowing in the form of agency securities, including the sale of certificates representing participation in a pool of loans. However, some sales of participation certificates, which otherwise would be treated as borrowing, are required by law to be treated as a sale of assets. This results in the proceeds of such sales being credited to an appropriation or fund account with a corresponding reduction in outlays and in the requirement for new budget authority.

Exercise of the monetary power.—Seigniorage is the profit from coining money. It is the difference between the value of coins as money and their cost of production. Seigniorage on coins arises from the exercise of the Government's monetary powers and differs from receipts coming from the public, since there is no corresponding payment by another party. Therefore, seigniorage is excluded from receipts and treated as a means of financing a deficit or as a supplementary amount to be applied to reduce debt or to increase the cash in the Treasury in a year with a surplus. The increment (profit) resulting from the sale of gold as a monetary asset is treated like seigniorage, since the value of gold is determined by its value as a monetary asset rather than as a commodity.

Liabilities in deposit fund accounts.—Certain accounts outside the budget, known as deposit funds, are established to record amounts held in suspense temporarily (for example, proceeds from mineral leases on the Outer Continental Shelf to which title is in dispute) or held by the Government as agent for others (for example, State and local income taxes withheld from Federal employees' salaries and payroll deductions for the purchase of savings bonds by civilian employees of the Government). To the extent that transactions are conducted with nongovernment entities, Treasury's cash balances are affected, even though the transactions are not a part of the budget. To the extent that deposit fund balances are not invested, changes in the amounts are treated as a means of financing.

Exchange of cash.—The Government's deposits with the International Monetary Fund (IMF) are considered to be similar to cash assets. Therefore, the movement of money between the IMF and the Department of the Treasury is not considered in itself a receipt or an outlay, borrowing or lending. In a similar manner, the holdings of foreign currency by the Exchange Stabilization Fund are considered to be cash assets. Changes in these holdings are outlays only to the extent there is a realized loss on the exchange and offsetting collections only to the extent there is a realized profit.

BASIS FOR BUDGET FIGURES

In general.—Outlays usually are stated in terms of checks issued, including cash paid in lieu of checks, net of offsetting collections received. Should a financial instrument be developed to use as a substitute for cash or checks, the monetary value of the instrument is normally counted in the budget to prevent the use of cash equivalent instruments that would otherwise avoid recording transactions as receipts or outlays. The accrual basis is used generally for interest on the public debt held by private investors; however, interest on the public debt held by trust and other Government

accounts is stated on a cash basis. When investments in debt securities are purchased at a premium (or sold at a discount), the difference between the purchase (or sales) price and the redemption value is treated as an obligation and an outlay in the year of the transaction in the investing account.

Data for 1983.—The 1983 column of this budget generally presents the actual transactions and balances as recorded in agency accounts and as summarized in the central financial reports prepared by the Department of the Treasury.

Data for 1984.—All of the regular appropriations acts for 1984 have been enacted, directly or indirectly. Funding for activities covered by three appropriations bills (Agriculture, Rural Development, and related agencies; Treasury, Postal Service and General Government; Foreign Assistance and related programs) was provided in a continuing resolution that is effective through September 30, 1984. Supplemental appropriations are proposed in the 1985 budget for various civilian agency pay raises, principally those that were effective in January 1984, and for additional amounts requested to meet unforeseen program requirements.

Where the word “enacted” is used with reference to 1984 as in tables 1 and 9 of Part 9 of this volume, the amount generally represents budget authority already voted by the Congress. For the budget accounts covered by the final 1984 continuing resolution, the amount is based on the full year effect of appropriations made available. In the case of indefinite appropriations, the enacted sums include the amounts likely to be required. Where the word “estimate” is used, the amounts include enacted budget authority and requested supplementals.

Data for 1985.—This budget includes complete estimates for 1985. Part I of the Budget Appendix generally includes the proposed appropriation language for the various items identified in the budget. In some instances, estimates are included in the budget schedules without appropriation language for 1984 and 1985. For these, proposed legislation may be required or the estimated amounts will be requested later when the requirements are known. In certain tables of the budget, the items for later transmittal and the related outlays are separately identified. Estimates of the total requirements for 1985 include both the amounts formally requested and the amounts planned for later transmittal.

Data for 1986 through 1989.—To place emphasis on longer term objectives and plans consistent with the multi-year budget planning system, this budget presents estimates through 1989. These data often reflect specific Presidential policy determinations and are shown in a number of budget tables.

Allowances.—Lump sum allowances are included in the tables to cover expected additional changes, such as civilian pay increases. The allowance for civilian pay increases includes an estimate of the additional amounts that will be required for pay raises anticipated in January 1985 for employees of civilian agencies of the Government. Separate allowances for pay raises are shown for civilian and military personnel of the Department of Defense, Military, and are included in the figures for the Department of Defense.

An allowance for relatively uncontrollable programs is shown separately, as required by the Congressional Budget Act. The estimates for such programs are zero because the probability of net decreases or net increases for such programs is believed to be equal. Another allowance, entitled "Increased employing agency payments for employee retirement," contains an estimate of the cost to on-budget Federal agencies of increasing the employer share of contributions to the civil service retirement trust fund. In previous years the budget did not record the estimated collections (both budget receipts and offsetting collections) by Federal employee retirement trust funds that arise from pay raise allowances. These estimated collections are now included in the budget totals.

Budget authority and outlays included in the allowance section are never appropriated as undistributed allowances, but rather indicate the estimated budget authority and outlays that may be requested.

PART 8

**THE FEDERAL PROGRAM
BY AGENCY AND ACCOUNT**

8-1

EXPLANATORY NOTE

This tabulation contains information on budget authority (BA) and outlays (O) for each appropriation and fund account. The budget authority in this tabulation takes account of certain transfers between appropriations. All budget authority items are definite appropriations except where otherwise indicated. Also, budget authority and outlay data for off-budget Federal entities are presented at the end of this table. Within the Federal Financing Bank (FFB) presentation, there is a distribution of its budget authority and outlays to the accounts in the various agencies that are provided credit services by the FFB.

Functional code numbers are shown for each account as a cross reference to table 14, where the figures are summarized by functional classification. Types of funds in the budget and the deduct entries at the end of each chapter of this tabulation are explained in Part 7.

Congressional action in the appropriation process occasionally takes the form of a limitation on the use of a trust fund or other fund, or of an appropriation to liquidate contract authority. Amounts for such items, which do not affect budget authority, are included here in parentheses and identified in the stub column, but are not included in the totals.

BUDGET ACCOUNTS LISTING (in thousands of dollars)

Account and functional code		1983 actual	1984 estimate	1985 estimate
Legislative Branch				
Senate				
<i>Federal funds</i>				
General and Special Funds:				
Compensation of Members, Senate	801			
Appropriation, permanent, indefinite.....	BA	8,431	8,793	8,553
Outlays.....	0	7,072	8,793	8,553
Mileage of the Vice President and Senators	801			
Appropriation, current.....	BA	60	60	60
Outlays.....	0	49	60	60
Expense allowances of the Vice President, President Pro Tempore, Majority and Minority Leaders and Majority and Minority Whips	801			
Appropriation, current.....	BA	50	50	50
Outlays.....	0	32	50	50
Salaries, officers and employees	801			
Appropriation, current.....	BA	152,116	153,487	165,702
			^A 124	
			^D 6,172	
Outlays.....	0	139,980	159,659	165,702
			^A 124	
	BA	152,116	159,783	165,702
	0	139,980	159,783	165,702
Office of the Legislative Counsel of the Senate	801			
Appropriation, current.....	BA	1,202	1,280	1,403
			^D 33	
Outlays.....	0	1,044	1,313	1,403
Total Office of the Legislative Counsel of the Senate.....	BA	1,202	1,313	1,403
	0	1,044	1,313	1,403
Office of Senate Legal Counsel	801			
Appropriation, current.....	BA	520	545	574
Outlays.....	0	457	545	574
Expense allowances of the Secretary of the Senate, Sergeant at Arms, and Doorkeeper of the Senate and secretaries for the majority and	801			
Appropriation, current.....	BA	12	12	12
Outlays.....	0	7	12	12
Joint Study Panel on Social Security Administration, Senate	801			
Appropriation, current.....	BA		165	
Outlays.....	0		165	
Senate policy committees	801			
Appropriation, current.....	BA	1,712	1,712	1,822
			^A 100	
			^D 80	
Outlays.....	0	1,692	1,792	1,822
			^A 100	
Total Senate policy committees.....	BA	1,712	1,892	1,822
	0	1,692	1,892	1,822

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Legislative Branch—Con.				
Senate—Con.				
Automobiles and maintenance	801			
Appropriation, current.....	BA	90		
Outlays.....	0	80		
Inquiries and investigations	801			
Appropriation, current.....	BA	44,964	45,698 ^D 1,069	48,849
Outlays.....	0	41,414	46,767	48,849
Total Inquiries and investigations.....	BA	44,964	46,767	48,849
	0	41,414	46,767	48,849
Miscellaneous items	801			
Appropriation, current.....	BA	38,140	9,174 ^A 280	10,406
Outlays.....	0	35,694	9,174 ^A 280	10,406
Total Miscellaneous items.....	BA	38,140	9,454	10,406
	0	35,694	9,454	10,406
Secretary of the Senate	801			
Appropriation, current.....	BA		597 ^A 78	720
Outlays.....	0		597 ^A 78	720
Total Secretary of the Senate.....	BA		675	720
	0		675	720
Sergeant at Arms and Doorkeeper of the Senate	801			
Appropriation, current.....	BA		32,869 ^A 342	35,015
Outlays.....	0		32,869 ^A 342	35,015
Total Sergeant at Arms and Doorkeeper of the Senate.....	BA		33,211	35,015
	0		33,211	35,015
Postage stamps	801			
Appropriation, current.....	BA	11		
Outlays.....	0	11		
Stationery (revolving fund)	801			
Appropriation, current.....	BA	131	39	12
Outlays.....	0	38	39	12
Congressional use of foreign currency, Senate	801			
Appropriation, permanent.....	BA	1,325		
Outlays.....	0	675		
Public Enterprise Funds:				
Senate restaurant fund (revolving fund)	801			
Outlays.....	0	-678		
Recording studio (revolving fund)	801			
Outlays.....	0	-124		

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Legislative Branch—Con.				
Senate—Con.				
Senate barber shops (revolving fund) 801				
Outlays	0	- 4		
Total Federal funds Senate	BA 0	<u>248,764</u> 227,439	<u>262,759</u> 262,759	<u>273,178</u> 273,178
House of Representatives				
<i>Federal funds</i>				
General and Special Funds:				
Payments to widows and heirs of deceased members of Congress 801				
Appropriation, current	BA	200	69	
Outlays	0	200	69	
Compensation of Members and related administrative expenses 801				
Appropriation, permanent	BA	33,155	35,955	36,225
Outlays	0	32,206	34,520	36,211
Mileage of Members 801				
Appropriation, current	BA	210	210	210
Outlays	0	109	210	210
House leadership offices 801				
Appropriation, current	BA	2,923	3,005 ^A 116 ^D 83	3,227
Outlays	0	2,627	3,088 ^A 116	3,227
Total House leadership offices	BA 0	<u>2,923</u> 2,627	<u>3,204</u> 3,204	<u>3,227</u> 3,227
Salaries, officers and employees 801				
Appropriation, current	BA	43,713	44,639 ^A 171 ^D 1,107	46,705
Outlays	0	41,885	45,746 ^A 171	46,705
Total Salaries, officers and employees	BA 0	<u>43,713</u> 41,885	<u>45,917</u> 45,917	<u>46,705</u> 46,705
Committee employees 801				
Appropriation, current	BA	34,409	34,734 ^D 1,444	37,532
Outlays	0	31,372	36,069	37,532
Total Committee employees	BA 0	<u>34,409</u> 31,372	<u>36,178</u> 36,069	<u>37,532</u> 37,532

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Legislative Branch—Con.				
House of Representatives—Con.				
Committee on Appropriations (Studies and Investigations) 801				
Appropriation, current.....	BA	3,750	3,700 ^A 300 ^D 75	4,300
Outlays.....	0	3,659	3,775 ^A 300	4,128
Total Committee on Appropriations (Studies and Investigations).....	BA 0	3,750 3,659	4,075 4,075	4,300 4,128
Committee on the Budget (Studies) 801				
Appropriation, current.....	BA	276	299	329
Outlays.....	0	240	298	316
Members' clerk hire 801				
Appropriation, current.....	BA	151,419	150,233 ^A 5,560 ^D 4,634	160,643
Outlays.....	0	154,017	154,741 ^A 5,560	160,643
Total Members' clerk hire.....	BA 0	151,419 154,017	160,427 160,301	160,643 160,643
Allowances and expenses 801				
Appropriation, current.....	BA	90,471	103,242 ^A 18,760	122,584
Outlays.....	0	92,610	102,402 ^A 18,760	121,426
Total Allowances and expenses.....	BA 0	90,471 92,610	122,002 121,162	122,584 121,426
Stationery (revolving fund) 801				
Outlays.....	0	-306	-309	-309
Special and select committees 801				
Appropriation, current.....	BA	40,500	44,000 ^D 1,400	45,400
Outlays.....	0	40,000	45,400	43,584
Total Special and select committees.....	BA 0	40,500 40,000	45,400 45,400	45,400 43,584
Congressional use of foreign currency, House of Representatives 801				
Appropriation, permanent.....	BA	1,500	1,800	1,800
Outlays.....	0	1,431	1,800	1,800
Public Enterprise Funds:				
House of Representatives restaurant fund (revolving fund) 801				
Outlays.....	0	-324	-324	-324
Recording studio (revolving fund) 801				
Outlays.....	0	123	123	123

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Legislative Branch—Con.				
House of Representatives—Con.				
Beauty shop (revolving fund) 801				
Outlays.....	0	—43	—43	—43
House barber shops (revolving fund) 801				
Outlays.....	0	54	54	54
Office of the attending physician (revolving fund) 801				
Outlays.....	0	—1	—1	—1
Page residence hall and meal plan 801				
Outlays.....	0	—59		
Total Federal funds House of Representatives.....	BA	402,526	455,536	458,955
	0	399,800	452,525	455,282
Joint Items				
<i>Federal funds</i>				
General and Special Funds:				
Joint Economic Committee 801				
Appropriation, current.....	BA	2,387	2,437	2,569
			<i>75</i>	
Outlays.....	0	2,117	2,512	2,569
Total Joint Economic Committee.....	BA	2,387	2,512	2,569
	0	2,117	2,512	2,569
Joint Committee on Printing 801				
Appropriation, current.....	BA	855	855	918
			<i>21</i>	
Outlays.....	0	806	876	918
Total Joint Committee on Printing.....	BA	855	876	918
	0	806	876	918
Statements of appropriations, Senate 801				
Appropriation, current.....	BA	6	6	6
Outlays.....	0		6	6
Joint Committee on Taxation 801				
Appropriation, current.....	BA	3,377	3,395	3,622
			<i>77</i>	
Outlays.....	0	2,980	3,465	3,477
Total Joint Committee on Taxation.....	BA	3,377	3,472	3,622
	0	2,980	3,465	3,477
Office of the Attending Physician 801				
Appropriation, current.....	BA	652	653	956
Outlays.....	0	679	652	769
General expenses, Capitol police 801				
Appropriation, current.....	BA	945	1,612	1,645
Outlays.....	0	1,014	1,586	1,579
Capitol Police Board 801				
Appropriation, current.....	BA		213	228
Outlays.....	0	370	213	219
Education of pages 801				
Appropriation, current.....	BA	293	295	
Outlays.....	0	267	295	

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Legislative Branch—Con.				
Joint Items—Con.				
Official mail costs	801			
Appropriation, current.....	BA	200,238	73,944	73,944
Outlays.....	O	86,484	73,944	73,944
Capitol Guide Service	801			
Appropriation, current.....	BA	765	775 ^D 19	810
Outlays.....	O	724	794	810
Total Capitol Guide Service.....	BA	765	794	810
	O	724	794	810
Statements of appropriations, House of Representatives	801			
Appropriation, current.....	BA	6	7	7
Outlays.....	O		7	7
Total Federal funds Joint Items.....	BA	209,524	84,384	84,705
	O	95,441	84,350	84,298
Congressional Budget Office				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	801			
Appropriation, current.....	BA	15,094	16,300 ^D 529	17,650
Outlays.....	O	13,897	16,431	17,516
Total Salaries and expenses.....	BA	15,094	16,829	17,650
	O	13,897	16,431	17,516
Architect of the Capitol				
<i>Federal funds</i>				
General and Special Funds:				
Office of the Architect of the Capitol: Salaries	801			
Appropriation, current.....	BA	4,518	4,806 ^C 25 ^D 99	5,287
Outlays.....	O	4,402	4,902	5,237
Total Office of the Architect of the Capitol.....	BA	4,518	4,930	5,287
	O	4,402	4,902	5,237
Contingent expenses	801			
Appropriation, current.....	BA	210	210 ^A 150	235
Outlays.....	O	264	426 ^A 50	235 ^A 100
Total Contingent expenses.....	BA	210	360	235
	O	264	476	335

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Legislative Branch—Con.				
Architect of the Capitol—Con.				
Capitol buildings	801			
Appropriation, current.....	BA	10,098	10,630 ^A 2,850 ^C 124 ^D 34	12,156
Outlays.....	O	8,948	12,303 ^A 1,000	12,006 ^A 1,850
Total Capitol buildings.....	BA O	10,098 8,948	13,638 13,303	12,156 13,856
Capitol grounds	801			
Appropriation, current.....	BA	4,961	3,199 ^A 200 ^C 52 ^D 4	2,851
Outlays.....	O	2,978	4,675 ^A 200	3,386
Total Capitol grounds.....	BA O	4,961 2,978	3,455 4,875	2,851 3,386
West central front of the Capitol	801			
Appropriation, current.....	BA	49,000		
Outlays.....	O	10	12,663	13,910
Congressional cemetery	801			
Appropriation, current.....	BA	300		
Outlays.....	O	1	199	100
Master plan for future development of the Capitol grounds and related areas	801			
Outlays.....	O		6	
Acquisition of property as an addition to the Capitol grounds	801			
Appropriation, current.....	BA	4,500		
Outlays.....	O	24	173	
Senate office buildings	801			
Appropriation, current.....	BA	21,038	17,412 ^A 11,500 ^C 337	21,012
Reappropriation.....	BA	210		
Outlays.....	O	16,518	22,722 ^A 1,000	20,816 ^A 7,500
Total Senate office buildings.....	BA O	21,248 16,518	29,249 23,722	21,012 28,316
Construction of an extension to the New Senate Office Building	801			
Outlays.....	O	6,283	9,400	1,000
Senate garage	801			
Outlays.....	O	2		

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Legislative Branch—Con.				
Architect of the Capitol—Con.				
House office buildings	801			
Appropriation, current.....	BA	20,842	21,361 ^A 152 ^C 371	23,162
Outlays.....	0	19,054	24,494 ^A 100	22,292 ^A 52
Total House office buildings.....	BA 0	20,842 19,054	21,884 24,594	23,162 22,344
Acquisition of property, construction, and equipment, additional House Office Building	801			
Outlays.....	0		79	
Installation of solar collectors in House office build- ings	801			
Outlays.....	0	849	180	
Capitol Power Plant	801			
Appropriation, current.....	BA	23,150	23,542 ^C 79	24,672
Outlays.....	0	22,432	24,689	24,842
Total Capitol Power Plant	BA 0	23,150 22,432	23,621 24,689	24,672 24,842
Expansion of facilities, Capitol Power Plant	801			
Outlays.....	0		97	
Modifications and enlargement, Capitol Power Plant	801			
Outlays.....	0	1,952	1,270	
Alterations and improvements, buildings and grounds, to provide facilities for the physically handi- capped	801			
Outlays.....	0	105	731	600
Structural and mechanical care, Library buildings and grounds	801			
Appropriation, current.....	BA	5,151	5,980 ^A 111,500 ^C 90	6,039
Outlays.....	0	6,401	7,457 ^A 500	6,839 ^A 28,195
Total Structural and mechanical care, Library buildings and grounds.....	BA 0	5,151 6,401	117,570 7,957	6,039 35,034
Library of Congress James Madison Memorial Build- ing	801			
Outlays.....	0	349	353	
Total Federal funds Architect of the Capitol.....	BA 0	143,978 90,572	214,707 129,669	95,414 148,960

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Legislative Branch—Con.				
Library of Congress				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	503			
Appropriation, current.....	BA	124,240	126,428 ^A 11,500 ^C 149 ^D 3,154	134,678
Outlays.....	0	122,823	127,575 ^A 1,120	133,644 ^A 4,069
Total Salaries and expenses.....	BA 0	124,240 122,823	141,231 128,695	134,678 137,713
Copyright Office: Salaries and expenses	376			
Appropriation, current.....	BA	10,657	10,981 ^D 469	11,133
Outlays.....	0	10,329	11,324	11,089
Total Copyright Office.....	BA 0	10,657 10,329	11,450 11,324	11,133 11,089
Congressional Research Service: Salaries and expenses	801			
Appropriation, current.....	BA	35,240	36,620 ^D 1,442	41,066
Outlays.....	0	34,154	37,618	40,736
Total Congressional Research Service.....	BA 0	35,240 34,154	38,062 37,618	41,066 40,736
Books for the blind and physically handicapped: Salaries and expenses	503			
Appropriation, current.....	BA	33,384	35,099 ^C 7 ^D 124	36,594
Outlays.....	0	26,116	39,155	35,230
Total Books for the blind and physically handicapped.....	BA 0	33,384 26,116	35,230 39,155	36,594 35,230
Collection and distribution of library materials (special foreign currency program)	503			
Appropriation, current.....	BA	4,438	2,962 ^D 13	3,618
Outlays.....	0	3,578	4,187	3,948
Total Collection and distribution of library materials (special foreign currency program)....	BA 0	4,438 3,578	2,975 4,187	3,618 3,948
Furniture and furnishings	503			
Appropriation, current.....	BA	1,226	1,524	1,874
Outlays.....	0	1,681	1,538	1,792

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Legislative Branch—Con.				
Library of Congress—Con.				
Payments to copyright owners	376			
Appropriation, permanent, indefinite.....	BA	53,908	50,000	52,000
Outlays.....	O	45,771	90,800	50,505
Oliver Wendell Holmes devise fund	503			
Appropriation, permanent, indefinite.....	BA		11	8
Outlays.....	O	2		10
<i>Trust funds</i>				
Gift and trust fund accounts	503			
Appropriation, permanent, indefinite.....	BA	8,334	7,160	7,441
Outlays.....	O	7,684	7,876	7,800
Total Federal funds Library of Congress.....	BA	263,093	280,483	280,971
	O	244,454	313,317	281,023
Total Trust funds Library of Congress.....	BA	8,334	7,160	7,441
	O	7,684	7,876	7,800
Government Printing Office				
<i>Federal funds</i>				
General and Special Funds:				
Printing and binding	801			
Appropriation, current.....	BA	12,791	13,420	13,269
Outlays.....	O	12,146	11,194	12,244
Congressional printing and binding	801			
Appropriation, current.....	BA	81,747	86,580	80,879
Outlays.....	O	56,038	61,677	69,819
Office of Superintendent of Documents: Salaries and expenses	806			
Appropriation, current.....	BA	27,291	25,700 <i>D</i> 126	29,747
Outlays.....	O	20,920	26,483	27,536
Total Office of Superintendent of Documents.....	BA	27,291	25,826	29,747
	O	20,920	26,483	27,536
Intragovernmental Funds:				
Government Printing Office revolving fund	806			
Outlays.....	O	-1,169	5,677	7,046
Total Federal funds Government Printing Office...	BA	121,829	125,826	123,895
	O	87,935	105,031	116,645
General Accounting Office				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	801			
Appropriation, current.....	BA	252,665	267,161 <i>D</i> 5,649	328,779
Outlays.....	O	251,140	271,162	326,795
Total Salaries and expenses.....	BA	252,665	272,810	328,779
	O	251,140	271,162	326,795

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Legislative Branch—Con.				
United States Tax Court				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	752			
Appropriation, current.....	BA	14,517	15,165 ^A 400 ^D 400	22,344
Outlays.....	0	12,779	15,503 ^A 400	22,292
Total Salaries and expenses.....	BA	14,517	15,965	22,344
	0	12,779	15,903	22,292
<i>Trust funds</i>				
Tax Court judges survivors annuity fund	602			
Appropriation, permanent, indefinite.....	BA	199	241	241
Outlays.....	0	59	68	42
Other Legislative Branch Agencies				
<i>Federal funds</i>				
General and Special Funds:				
Commission on Security and Cooperation in Europe:				
Salaries and expenses	801			
Appropriation, current.....	BA	550	550	550
Outlays.....	0	519	597	645
Botanic Garden: Salaries and expenses				
Appropriation, current.....	BA	1,897	2,018 ^C 40	2,044
Outlays.....	0	2,080	2,348	2,030
Total Botanic Garden.....	BA	1,897	2,058	2,044
	0	2,080	2,348	2,030
Copyright Royalty Tribunal: Salaries and expenses				
Appropriation, current.....	BA	469	210	217
Outlays.....	0	387	200	216
Railroad Accounting Principles Board: Salaries and expenses				
Appropriation, current.....	BA		50	
Outlays.....	0		50	
Temporary Commission on Financial Oversight of the District of Columbia: Salaries and expenses				
Outlays.....	0	4	2	
Office of Technology Assessment: Salaries and expenses				
Appropriation, current.....	BA	13,084	14,653 ^D 190	16,000
Outlays.....	0	12,880	14,663	15,990
Total Office of Technology Assessment.....	BA	13,084	14,843	16,000
	0	12,880	14,663	15,990

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Legislative Branch—Con.				
Other Legislative Branch Agencies—Con.				
<i>Trust funds</i>				
Office of Technology Assessment: Contributions and donations 801				
Appropriation, permanent, indefinite.....	BA	3	2	3
Outlays.....	O	1	2	3
Total Federal funds Other Legislative Branch Agencies.....				
	BA	16,000	17,711	18,811
	O	15,870	17,860	18,881
Total Trust funds Other Legislative Branch Agencies.....				
	BA	3	2	3
	O	1	2	3
Summary				
Federal funds:				
(As shown in detail above).....	BA	1,687,990	1,747,010	1,704,702
	O	1,439,327	1,669,007	1,744,870
Deductions for offsetting receipts:				
Intrafund transactions 803				
	BA	-788	-722	-742
	O			
	BA	-3,454	-3,911	-4,108
	O			
Total Federal funds.....				
	BA	1,683,748	1,742,377	1,699,852
	O	1,435,085	1,664,374	1,740,020
Trust funds:				
(As shown in detail above).....	BA	8,536	7,403	7,685
	O	7,744	7,946	7,845
Deductions for offsetting receipts:				
Proprietary receipts from the public 503				
	BA	-5,215	-5,116	-5,403
	O			
	BA	-322	-125	-125
	O			
Total Trust funds.....				
	BA	2,999	2,162	2,157
	O	2,207	2,705	2,317
Total Legislative Branch.....				
	BA	1,686,747	1,744,539	1,702,009
	O	1,437,292	1,667,079	1,742,337

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
The Judiciary				
Supreme Court of the United States				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	752			
Appropriation, current.....	BA	12,675	13,635 <i>D</i> 347	14,143
Outlays.....	0	11,584	12,899	14,143
Total Salaries and expenses.....	BA	12,675	13,982	14,143
	0	11,584	12,899	14,143
Care of the building and grounds	752			
Appropriation, current.....	BA	2,000	1,971 <i>A</i> 600 <i>C</i> 23	2,242
Outlays.....	0	2,240	2,466 <i>A</i> 200	2,115 <i>A</i> 400
Total Care of the building and grounds.....	BA	2,000	2,594	2,242
	0	2,240	2,666	2,515
Acquisition of property as an addition to the grounds of the Supreme Court building	752			
Outlays.....	0	25	6	
Total Federal funds Supreme Court of the United States.....	BA	14,675	16,576	16,385
	0	13,849	15,571	16,658
United States Court of Appeals for the Federal Circuit				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	752			
Appropriation, current.....	BA	4,406	4,680 <i>D</i> 137	6,414
Outlays.....	0	3,938	4,727	6,237
Total Salaries and expenses.....	BA	4,406	4,817	6,414
	0	3,938	4,727	6,237
Court of Customs and Patent Appeals				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	752			
Outlays.....	0	1,518	-1,435	

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
The Judiciary—Con.				
United States Court of International Trade				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	752			
Appropriation, current.....	BA	5,501	5,675 ^D 151	6,096
Outlays.....	O	5,143	5,769	6,085
Total Salaries and expenses.....	BA	5,501	5,826	6,096
	O	5,143	5,769	6,085
Court of Claims				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	752			
Outlays.....	O	297	69	
Courts of Appeals, District Courts, and other Judicial Services				
<i>Federal funds</i>				
General and Special Funds:				
Salaries of judges	752			
Appropriation, current.....	BA	68,410	69,500 ^D 3,370	74,200
Outlays.....	O	67,928	72,870	74,200
Total Salaries of judges.....	BA	68,410	72,870	74,200
	O	67,928	72,870	74,200
Salaries of supporting personnel	752			
Appropriation, current.....	BA	309,250	330,000 ^D 11,960	382,460
Outlays.....	O	303,053	340,976	379,614
Total Salaries of supporting personnel.....	BA	309,250	341,960	382,460
	O	303,053	340,976	379,614
Defender services	752			
Appropriation, current.....	BA	34,215	37,000 ^A 4,750 ^D 465	43,715
Outlays.....	O	38,656	29,982 ^A 3,280	41,366 ^A 1,470
Total Defender services.....	BA	34,215	42,215	43,715
	O	38,656	33,262	42,836
Fees of jurors and commissioners	752			
Appropriation, current.....	BA	40,500	43,500	43,500
Outlays.....	O	41,425	43,168	44,472
Expenses of Operation and Maintenance of the Courts	752			
Appropriation, current.....	BA	53,000	75,350	108,270
Outlays.....	O	61,696	73,002	102,674

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
The Judiciary—Con.				
Courts of Appeals, District Courts, and other Judicial Services—Con.				
Salaries and expenses of magistrates	752			
Outlays.....	0	—1	—20	
Bankruptcy courts, salaries and expenses	752			
Appropriation, current.....	BA	95,600	100,895 ^A 3,545 ^B 3,400	119,960
Outlays.....	0	91,090	102,102 ^A 1,333	116,935 ^A 2,212
Total Bankruptcy courts, salaries and expenses...	BA	95,600	107,840	119,960
	0	91,090	103,435	119,147
Services for drug dependent offenders	752			
Appropriation, current.....	BA	4,000	5,000	
Outlays.....	0	3,122	4,699	897
Space and facilities	752			
Appropriation, current.....	BA	127,412	142,624	158,250
Outlays.....	0	119,839	145,580	156,468
Furniture and furnishings	752			
Outlays.....	0	134	250	202
Court security	752			
Appropriation, current.....	BA	12,000	18,690	25,280
Outlays.....	0	1,466	29,050	25,280
Special rail reorganization court	752			
Outlays.....	0	221	291	274
Total Federal funds Courts of Appeals, District Courts, and other Judicial Services.....	BA	754,387	850,049	955,635
	0	728,629	846,563	946,064
Administrative Office of the United States Courts				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	752			
Appropriation, current.....	BA	24,066	26,075 ^D 553	29,360
Outlays.....	0	22,853	26,867	29,084
Total Salaries and expenses.....	BA	24,066	26,628	29,360
	0	22,853	26,867	29,084
Federal Judicial Center				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	752			
Appropriation, current.....	BA	7,684	8,445 ^D 120	9,631
Outlays.....	0	7,032	8,384	9,414
Total Salaries and expenses.....	BA	7,684	8,565	9,631
	0	7,032	8,384	9,414

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
The Judiciary—Con.				
Bicentennial Expenses, The Judiciary				
<i>Federal funds</i>				
General and Special Funds:				
Bicentennial activities	806			
Outlays.....	0		159	20
Judiciary Trust Funds				
<i>Trust funds</i>				
Judicial survivors' annuities fund				
Appropriation, permanent, indefinite.....	602	BA 11,800	12,364	13,291
Outlays.....	0	3,613	3,818	4,047
Summary				
Federal funds:				
(As shown in detail above).....	BA	810,719	912,461	1,023,521
	0	783,259	906,674	1,013,562
Trust funds:				
(As shown in detail above).....	BA	11,800	12,364	13,291
	0	3,613	3,818	4,047
Total The Judiciary.....	BA	822,519	924,825	1,036,812
	0	786,872	910,492	1,017,609

Executive Office of the President

Compensation of the President

<i>Federal funds</i>				
General and Special Funds:				
Compensation of the President	802			
Appropriation, current.....	BA	250	250	250
Outlays.....	0	244	250	250

The White House Office

<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	802			
Appropriation, current.....	BA	21,865	22,830 D 596	24,985
Outlays.....	0	20,522	23,395	25,016
Total Salaries and expenses.....	BA	21,865	23,426	24,985
	0	20,522	23,395	25,016

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code	1983 actual	1984 estimate	1985 estimate
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Executive Office of the President—Con.

Executive Residence at the White House

Federal funds

General and Special Funds:

Operating expenses	802			
Appropriation, current.....	BA	3,949	4,550 <i>c</i> 37 <i>d</i> 45	4,601
Outlays.....	0	3,619	4,472	4,671
Total Operating expenses.....	BA	3,949	4,632	4,601
	0	3,619	4,472	4,671

Official Residence of the Vice President

Federal funds

General and Special Funds:

Operating expenses	802			
Appropriation, current.....	BA	416	262	219
Outlays.....	0	281	474	253

Special Assistance to the President

Federal funds

General and Special Funds:

Salaries and expenses	802			
Appropriation, current.....	BA	1,475	1,593 <i>d</i> 13	1,663
Outlays.....	0	1,437	1,569	1,613
Total Salaries and expenses.....	BA	1,475	1,606	1,663
	0	1,437	1,569	1,613

Council of Economic Advisers

Federal funds

General and Special Funds:

Salaries and expenses	802			
Appropriation, current.....	BA	2,177	2,464 <i>d</i> 29	2,560
Outlays.....	0	2,048	2,467	2,557
Total Salaries and expenses.....	BA	2,177	2,493	2,560
	0	2,048	2,467	2,557

Council on Environmental Quality and Office of Environmental Quality

Federal funds

General and Special Funds:

Council on Environmental Quality and Office of Environmental Quality	802			
Appropriation, current.....	BA	926	1,300	700
Outlays.....	0	827	2,184	940

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Executive Office of the President—Con.				
Council on Wage and Price Stability				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	802			
Outlays.....	0	38		
Office of Policy Development				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	802			
Appropriation, current.....	BA	2,712	2,861 <i>D</i> 43	3,020
Outlays.....	0	2,417	3,133	3,062
Total Salaries and expenses.....	BA	2,712	2,904	3,020
	0	2,417	3,133	3,062
National Security Council				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	802			
Appropriation, current.....	BA	4,064	4,497 <i>D</i> 55	4,605
Outlays.....	0	3,852	4,475	4,605
Total Salaries and expenses.....	BA	4,064	4,552	4,605
	0	3,852	4,475	4,605
Office of Administration				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	802			
Appropriation, current.....	BA	13,108	14,295 <i>D</i> 162	16,172
Outlays.....	0	12,036	14,023	15,691
Total Salaries and expenses.....	BA	13,108	14,457	16,172
	0	12,036	14,023	15,691
Office of Management and Budget				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	802			
Appropriation, current.....	BA	34,987	37,000 <i>D</i> 806	40,005
Outlays.....	0	32,531	38,512	39,755
Total Salaries and expenses.....	BA	34,987	37,806	40,005
	0	32,531	38,512	39,755

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Executive Office of the President—Con.				
Office of Management and Budget—Con.				
Office of Federal Procurement Policy: Salaries and expenses 802				
Appropriation, current.....	BA	2,495	2,556	1,615
Outlays.....	O	2,297	2,576	1,625
Total Federal funds Office of Management and Budget.....	BA O	37,482 34,828	40,362 41,088	41,620 41,380
Office of Science and Technology Policy				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses 802				
Appropriation, current.....	BA	1,863	1,950 ^D 38	2,194
Outlays.....	O	1,676	1,988	2,194
Total Salaries and expenses.....	BA O	1,863 1,676	1,988 1,988	2,194 2,194
Office of the United States Trade Representative				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses 802				
Appropriation, current.....	BA	10,639	11,371	^K 14,179
			^A 511	
			^D 128	
Outlays.....	O	10,147	11,251 ^A 434	13,775 ^A 77
Total Salaries and expenses.....	BA O	10,639 10,147	12,010 11,685	14,179 13,852
Property Review Board				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses 802				
Appropriation, current.....	BA	445	415	
Outlays.....	O	216	500	
Special Action Office for Drug Abuse Prevention				
<i>Federal funds</i>				
General and Special Funds:				
Miscellaneous expired accounts 554				
Outlays.....	O	—2	83	

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Executive Office of the President—Con.				
Summary				
Federal funds:				
Total Executive Office of the President.....	BA	101,371	110,657	116,768
	O	94,186	111,786	116,084

Funds Appropriated to the President

Appalachian Regional Development Programs

Federal funds

General and Special Funds:

Appalachian regional development programs	452			
Appropriation, current.....	BA	165,133	154,400	
Outlays.....	O	263,451	203,000	184,000

Public Enterprise Funds:

Appalachian housing fund	452			
Outlays.....	O	654	—2	

Total Federal funds Appalachian Regional Development Programs.....	BA	165,133	154,400	
	O	264,105	202,998	184,000

Disaster Relief

Federal funds

General and Special Funds:

Disaster relief	453			
Appropriation, current.....	BA	130,000		^K 100,000
Outlays.....	O	201,905	220,047	200,000
Total Disaster relief.....	BA	130,000		100,000
	O	201,905	220,047	200,000

Trust funds

Bequests and gifts	453			
Appropriation, permanent, indefinite.....	BA	62	40	10
Outlays.....	O		300	500

Unanticipated Needs

Federal funds

General and Special Funds:

Unanticipated needs	802			
Appropriation, current.....	BA	1,000	1,000	1,000
Outlays.....	O	284	1,000	1,000

Expenses of Management Improvement

Federal funds

General and Special Funds:

Expenses of management improvement	802			
Outlays.....	O	4	1	

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Funds Appropriated to the President—Con.				
International Security Assistance				
<i>Federal funds</i>				
General and Special Funds:				
Foreign military sales credit	152			
Appropriation, current.....	BA	1,175,000	1,315,000	..... K 5,115,000
Outlays.....	0	609,029	1,616,300	2,976,250
Total Foreign military sales credit.....	BA	1,175,000	1,315,000	5,115,000
	0	609,029	1,616,300	2,976,250
Economic support fund	152			
Appropriation, current.....	BA	2,967,250	2,893,250	..... K 3,067,500
Reappropriation.....	BA	122,124	64,363	.....
Outlays.....	0	2,676,419	2,900,000	3,050,000
Total Economic support fund.....	BA	3,089,374	2,957,613	3,067,500
	0	2,676,419	2,900,000	3,050,000
Military assistance	152			
Appropriation, current.....	BA	383,325	510,000	..... K 800,000
Outlays.....	0	401,538	534,472	718,228
Total Military assistance.....	BA	383,325	510,000	800,000
	0	401,538	534,472	718,228
Assistance to Central America	152			
Appropriation, current.....	BA		✓ 500,000	✓ 750,000
Outlays.....	0		✓ 300,000	✓ 800,000
International military education and training	152			
Appropriation, current.....	BA	46,000	51,532	..... K 60,910
Outlays.....	0	41,720	54,305	58,800
Total International military education and training.....	BA	46,000	51,532	60,910
	0	41,720	54,305	58,800
Peacekeeping operations	152			
Appropriation, current.....	BA	31,100	56,200	..... K 49,000
Reappropriation.....	BA	1,040		.....
Outlays.....	0	44,717	56,000	49,000
Total Peacekeeping operations.....	BA	32,140	56,200	49,000
	0	44,717	56,000	49,000
Assistance for relocation of facilities in Israel	152			
Outlays.....	0	- 116	267	.....
Public Enterprise Funds:				
Guarantee reserve fund	152			
Appropriation, current, indefinite.....	BA			274,000
Outlays.....	0	118,708	179,000	235,000

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Funds Appropriated to the President—Con.				
International Security Assistance—Con.				
<i>Summary</i>				
Federal funds:				
(As shown in detail above).....	BA	4,725,839	5,390,345	10,116,410
	O	3,892,015	5,640,344	7,887,278
Deductions for offsetting receipts:				
Proprietary receipts from the public	152 BA			
	O	—136,732	—126,000	—117,000
	908 BA			
	O	—78,471	—68,000	—148,000
Total International Security Assistance.....	BA	4,510,636	5,196,345	9,851,410
	O	3,676,812	5,446,344	7,622,278
International Development Assistance				
<i>Multilateral Assistance</i>				
<i>Federal funds</i>				
General and Special Funds:				
Contribution to the International Bank for Reconstruction and Development	151			
Appropriation, current.....	BA	126,042	79,721	109,721
			[^] 30,000	
Outlays.....	O	33,592	33,855	27,019
			[^] 3,000	
Total Contribution to the International Bank for Reconstruction and Development.....	BA	126,042	109,721	109,721
	O	33,592	36,855	27,019
Contribution to the International Development Association	151			
Appropriation, current.....	BA	945,000	945,000	.....
			[^] 150,000	^κ 750,000
Outlays.....	O	913,940	1,018,100	910,900
			[^] 4,500	[^] 18,000
Total Contribution to the International Development Association.....	BA	945,000	1,095,000	750,000
	O	913,940	1,022,600	928,900
Contribution to the Inter-American Development Bank	151			
Appropriation, current.....	BA	284,100	118,424	130,501
			[^] 92,500	^κ 20,000
Outlays.....	O	217,393	289,029	304,613
				[^] 2,050
Total Contribution to the Inter-American Development Bank.....	BA	284,100	210,924	150,501
	O	217,393	289,029	306,663

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Funds Appropriated to the President—Con.				
International Development Assistance—Con.				
<i>Multilateral Assistance—Con.</i>				
Contribution to the Asian Development Bank	151			
Appropriation, current.....	BA	131,883	113,233	157,349
			^A 47,116	
Outlays.....	0	41,312	97,774	101,351
				^A 942
Total Contribution to the Asian Development Bank.....	BA	131,883	160,349	157,349
	0	41,312	97,774	102,293
Contribution to the African Development Fund	151			
Appropriation, current.....	BA	50,000	50,000	50,000
Outlays.....	0	17,342	48,360	68,960
Contribution to the African Development Bank	151			
Appropriation, current.....	BA		17,987	17,987
Outlays.....	0	17,987	17,987	17,987
International organizations and programs	151			
Appropriation, current.....	BA	269,502	314,164	50,000
			^B 3,686	^K 191,800
Outlays.....	0	218,736	320,538	252,341
				^B 3,686
Total International organizations and programs.....	BA	269,502	317,850	241,800
	0	218,736	320,538	256,027
Total Federal funds Multilateral Assistance.....	BA	1,806,527	1,961,831	1,477,358
	0	1,460,302	1,833,143	1,707,849
Agency for International Development				
<i>Federal funds</i>				
General and Special Funds:				
Functional development assistance program	151			
Appropriation, current.....	BA	1,303,243	1,326,872	1,408,899
Reappropriation.....	BA	42,512	15,000	
Outlays.....	0	1,157,761	1,187,500	1,251,574
Total Functional development assistance program.....	BA	1,345,755	1,341,872	1,408,899
	0	1,157,761	1,187,500	1,251,574
Sahel development program	151			
Appropriation, current.....	BA	93,757	103,000	
				^K 97,500
Outlays.....	0	66,429	76,209	85,600
Total Sahel development program.....	BA	93,757	103,000	97,500
	0	66,429	76,209	85,600
Economic policy initiative for Africa	151			
Appropriation, current.....	BA			^K 75,000
Outlays.....	0			^K 22,500

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Funds Appropriated to the President—Con.				
International Development Assistance—Con.				
Agency for International Development—Con.				
American schools and hospitals abroad	151			
Appropriation, current.....	BA	20,000	30,000	..... ^K 10,000
Outlays.....	0	20,633	22,929	21,863
Total American schools and hospitals abroad.....	BA	20,000	30,000	10,000
	0	20,633	22,929	21,863
International disaster assistance	151			
Appropriation, current.....	BA	40,000	25,000	..... ^K 25,000
Reappropriation.....	BA	1,950		
Outlays.....	0	61,783	83,556	71,950
Total International disaster assistance.....	BA	41,950	25,000	25,000
	0	61,783	83,556	71,950
Operating expenses Agency for International Development	151			
Appropriation, current.....	BA	344,938	361,533	..... ^K 398,097
			^A 3,700	
			^D 4,790	
Reappropriation.....	BA	1,500		
Outlays.....	0	331,247	354,884	379,064
			^A 2,960	^A 740
Total Operating expenses Agency for International Development.....	BA	346,438	370,023	398,097
	0	331,247	357,844	379,804
Payment to the Foreign Service retirement and disability fund	153			
Appropriation, current.....	BA	36,537	36,537	40,562
			^A 3,895	^J — 6,400
Outlays.....	0	36,537	36,537	40,562
			^A 3,895	^J — 6,400
Total Payment to the Foreign Service retirement and disability fund.....	BA	36,537	40,432	34,162
	0	36,537	40,432	34,162
Miscellaneous appropriations	151			
Reappropriation.....	BA	22		
Outlays.....	0	4,029	3,898	3,500
Public Enterprise Funds:				
Housing and other credit guaranty programs	151			
Outlays.....	0	8,840	4,591	9,490
Private sector revolving fund	151			
Appropriation, current.....	BA		20,000	20,000
Outlays.....	0		1,680	10,924

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Funds Appropriated to the President—Con.				
International Development Assistance—Con.				
Agency for International Development—Con.				
Development loans--revolving fund	151			
Outlays.....	0	929		
Intragovernmental Funds:				
Advance acquisition of property--revolving fund	151			
Outlays.....	0	-1,047		
Office of the Inspector General of Foreign Assistance	151			
Outlays.....	0		139	
<i>Trust funds</i>				
Miscellaneous trust funds	151			
Appropriation, permanent, indefinite.....	BA	13,114	15,000	15,000
Outlays.....	0	6,337	15,000	15,000
Summary				
Federal funds:				
(As shown in detail above).....	BA	1,884,459	1,930,327	2,068,658
	0	1,687,141	1,778,778	1,891,367
Deductions for offsetting receipts:				
Proprietary receipts from the public	151 BA	-385,400	-339,317	-341,971
	0			
	908 BA	-362,040	-288,779	-289,243
	0			
Total Federal funds.....	BA	1,137,019	1,302,231	1,437,444
	0	939,701	1,150,682	1,260,153
Trust funds:				
(As shown in detail above).....	BA	13,114	15,000	15,000
	0	6,337	15,000	15,000
Deductions for offsetting receipts:				
Proprietary receipts from the public	151 BA	-13,114	-15,000	-15,000
	0			
Total Trust funds.....	0	-6,777		
Total Agency for International Development.....	BA	1,137,019	1,302,231	1,437,444
	0	932,924	1,150,682	1,260,153
Trade and Development Program				
<i>Federal funds</i>				
General and Special Funds:				
Trade and development program	151			
Appropriation, current.....	BA	10,500	16,250	^a 21,000
Outlays.....	0	3,675	8,275	13,110
Total Trade and development program.....	BA	10,500	16,250	21,000
	0	3,675	8,275	13,110

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Funds Appropriated to the President—Con.				
International Development Assistance—Con.				
<i>Peace Corps</i>				
<i>Federal funds</i>				
General and Special Funds:				
Peace Corps operating expenses	151			
Appropriation, current.....	BA	109,000	115,000	^K 115,000
Outlays.....	O	110,146	113,835	114,675
Total Peace Corps operating expenses.....	BA	109,000	115,000	115,000
	O	110,146	113,835	114,675
<i>Trust funds</i>				
Peace Corps miscellaneous trust funds	151			
Appropriation, permanent, indefinite.....	BA	467	450	500
Outlays.....	O	263	350	500
Summary				
Federal funds:				
(As shown in detail above).....	BA	109,000	115,000	115,000
	O	110,146	113,835	114,675
Trust funds:				
(As shown in detail above).....	BA	467	450	500
	O	263	350	500
Deductions for offsetting receipts:				
Proprietary receipts from the public	151 BA			
	O	-329		
Total Trust funds.....	BA	138	450	500
	O	-66	350	500
Total Peace Corps.....	BA	109,138	115,450	115,500
	O	110,080	114,185	115,175
Overseas Private Investment Corporation				
<i>Federal funds</i>				
Public Enterprise Funds:				
Overseas Private Investment Corporation	151			
Outlays.....	O	-100,502	-82,574	-91,098
Inter-American Foundation				
<i>Federal funds</i>				
Public Enterprise Funds:				
Inter-American Foundation	151			
Appropriation, current.....	BA	12,000	13,000	^K 11,992
Outlays.....	O	9,828	12,341	16,292
Total Inter-American Foundation.....	BA	12,000	13,000	11,992
	O	9,828	12,341	16,292

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code	1983 actual	1984 estimate	1985 estimate
Funds Appropriated to the President—Con.			
International Development Assistance—Con.			
<i>Inter-American Foundation—Con.</i>			
<i>Trust funds</i>			
Gifts and contributions, Inter-American Foundation			
151			
Outlays.....	0	3	
African Development Foundation			
<i>Federal funds</i>			
General and Special Funds:			
African Development Foundation	151		
Appropriation, current.....	BA	3,000	3,000
Outlays.....	0	1,200	2,500
Total Federal funds International Development Assistance.....	BA 0	3,075,046 2,423,150	3,411,312 3,036,902
Total Trust funds International Development Assistance.....	BA 0	138 -6,843	450 353
International Commodity Agreements			
<i>Federal funds</i>			
General and Special Funds:			
Contributions to international buffer stocks	155		
Outlays.....	0	-1,178	20,000
International Monetary Programs			
<i>Federal funds</i>			
General and Special Funds:			
United States quota, International Monetary Fund	155		
Appropriation, current, indefinite.....	BA	5,812,511	
Outlays.....	0	149,830	
Supplementary financing facility, International Monetary Fund	155		
Outlays.....	0	365	
Loans to International Monetary Fund	155		
Appropriation, current.....	BA	2,651,498	
Total Federal funds International Monetary Programs.....	BA 0	8,464,009 150,195	
Military Sales Programs			
<i>Federal funds</i>			
Public Enterprise Funds:			
Liquidation of foreign military sales fund	155		
Outlays.....	0	-1,474	
Special defense acquisition fund	155		
Outlays.....	0	-439,310	103,838

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Funds Appropriated to the President—Con.				
Military Sales Programs—Con.				
<i>Trust funds</i>				
Foreign military sales trust fund	155			
Contract authority, permanent, indefinite	BA	8,630,341	12,600,000	13,000,000
Liquidation of contract authority, permanent		(13,180,102)	(13,300,000)	(12,900,000)
Outlays	0	12,404,522	12,500,000	12,900,000
Summary				
Federal funds:				
(As shown in detail above)	0	— 440,784	— 77,571	103,838
Trust funds:				
(As shown in detail above)	BA	8,630,341	12,600,000	13,000,000
	0	12,404,522	12,500,000	12,900,000
Deductions for offsetting receipts:				
Proprietary receipts from the public	155 BA			
	0	— 13,180,102	— 13,300,000	— 12,900,000
Total Trust funds	BA	— 4,549,761	— 700,000	100,000
	0	— 775,580	— 800,000	
Total Military Sales Programs	BA	— 4,549,761	— 700,000	100,000
	0	— 1,216,364	— 877,571	103,838
Petroleum Reserves				
<i>Federal funds</i>				
General and Special Funds:				
Petroleum reserves	271			
Outlays	0		2	
Public Works Acceleration				
<i>Federal funds</i>				
General and Special Funds:				
Public works acceleration	452			
Outlays	0		1,136	
Summary				
Federal funds:				
(As shown in detail above)	BA	8,844,458	18,049,162	13,914,418
	0	7,237,136	9,672,955	12,030,811
Deductions for offsetting receipts:				
Proprietary receipts from the public	151 BA			
	0	— 385,400	— 339,317	— 341,971
	152 BA			
	0	— 136,732	— 126,000	— 117,000
	908 BA			
	0	— 440,511	— 356,779	— 437,243
Total Federal funds	BA	7,881,815	17,227,066	13,018,204
	0	6,274,493	8,850,859	11,134,597
Trust funds:				
(As shown in detail above)	BA	8,643,984	12,615,490	13,015,510
	0	12,411,122	12,515,653	12,916,000

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Funds Appropriated to the President—Con.				
Summary—Con.				
Deductions for offsetting receipts:				
Proprietary receipts from the public	151 BA			
	0	— 13,443	— 15,000	— 15,000
	155 BA			
	0	— 13,180,102	— 13,300,000	— 12,900,000
Total Trust funds	BA	— 4,549,561	— 699,510	100,510
	0	— 782,423	— 799,347	1,000
Total Funds Appropriated to the President.....	BA	3,332,254	16,527,556	13,118,714
	0	5,492,070	8,051,512	11,135,597

Department of Agriculture

Office of the Secretary

Federal funds

General and Special Funds:				
Office of the Secretary	352			
Appropriation, current.....	BA	4,695	5,045 ^D 99	5,240
Outlays	0	4,920	5,144	5,240
Total Office of the Secretary.....	BA	4,695	5,144	5,240
	0	4,920	5,144	5,240

Departmental Administration

Federal funds

General and Special Funds:				
Departmental administration	352			
Appropriation, current.....	BA	13,509	17,999 ^C 4 ^D 279	18,697
Outlays	0	9,839	14,461	23,901
Total Departmental administration	BA	13,509	18,282	18,697
	0	9,839	14,461	23,901
Standard level user charges	352			
Appropriation, current.....	BA	56,377	64,270	67,254
Outlays	0	56,622	64,270	67,254
Advisory committees	352			
Appropriation, current.....	BA	1,398	1,398	1,398
Outlays	0	702	1,398	1,398
Intragovernmental Funds:				
Working capital fund	352			
Appropriation, current.....	BA			10,000
Outlays	0	— 4,026	— 90	9,866
Total Federal funds Departmental Administration.	BA	71,284	83,950	97,349
	0	63,137	80,039	102,419

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Agriculture—Con.				
Office of Governmental and Public Affairs				
<i>Federal funds</i>				
General and Special Funds:				
Governmental and Public Affairs	352			
Appropriation, current.....	BA	7,382	7,407 <i>D</i> 59	7,691
Outlays.....	O	6,109	7,466	7,691
Total Governmental and Public Affairs.....	BA	7,382	7,466	7,691
	O	6,109	7,466	7,691
Office of the Inspector General				
<i>Federal funds</i>				
General and Special Funds:				
Office of the Inspector General	352			
Appropriation, current.....	BA	43,041	44,579 <i>D</i> 417	46,066
Outlays.....	O	41,011	44,302	45,362
Total Office of the Inspector General.....	BA	43,041	44,996	46,066
	O	41,011	44,302	45,362
Office of the General Counsel				
<i>Federal funds</i>				
General and Special Funds:				
Office of the General Counsel	352			
Appropriation, current.....	BA	13,924	14,976 <i>D</i> 330	15,865
Outlays.....	O	14,141	15,243	15,882
Total Office of the General Counsel.....	BA	13,924	15,306	15,865
	O	14,141	15,243	15,882
Agricultural Research Service				
<i>Federal funds</i>				
General and Special Funds:				
Agricultural Research Service	352			
Appropriation, current.....	BA	460,626	471,958	483,040
Appropriation, permanent.....	BA	.....	2,800	.....
Outlays.....	O	459,849	481,967	483,498
Total Agricultural Research Service.....	BA	460,626	474,758	483,040
	O	459,849	481,967	483,498
Buildings and facilities	352			
Appropriation, current.....	BA	4,927	27,725	.....
Outlays.....	O	8,008	10,555	13,862

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Agriculture—Con.				
Agricultural Research Service—Con.				
<i>Trust funds</i>				
Miscellaneous contributed funds	352			
Appropriation, permanent, indefinite.....	BA	1,743	2,000	2,000
Outlays.....	O	1,587	2,082	2,082
Total Federal funds Agricultural Research Service	BA	465,553	502,483	483,040
	O	467,857	492,522	497,360
Total Trust funds Agricultural Research Service...	BA	1,743	2,000	2,000
	O	1,587	2,082	2,082
Cooperative State Research Service				
<i>Federal funds</i>				
General and Special Funds:				
Cooperative State Research Service	352			
Appropriation, current.....	BA	244,949	247,655	266,785
Outlays.....	O	220,357	242,957	244,948
Extension Service				
<i>Federal funds</i>				
General and Special Funds:				
Extension Service	352			
Appropriation, current.....	BA	328,654	334,340	299,377
Outlays.....	O	322,729	333,281	305,460
National Agricultural Library				
<i>Federal funds</i>				
General and Special Funds:				
National Agricultural Library	352			
Appropriation, current.....	BA	8,732	10,323 <i>D 59</i>	11,661
Outlays.....	O	6,305	10,221	11,368
Total National Agricultural Library	BA	8,732	10,382	11,661
	O	6,305	10,221	11,368
Statistical Reporting Service				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	352			
Appropriation, current.....	BA	51,830	53,903 <i>D 527</i>	57,534
Outlays.....	O	49,407	54,112	57,182
Total Salaries and expenses.....	BA	51,830	54,430	57,534
	O	49,407	54,112	57,182
<i>Trust funds</i>				
Miscellaneous contributed funds	352			
Appropriation, permanent, indefinite.....	BA	137	150	150
Outlays.....	O	146	150	150

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Agriculture—Con.				
Economics and Statistics Service				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	352			
Outlays.....	0	171		
Economic Research Service				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	352			
Appropriation, current.....	BA	38,966	43,841 <i>D</i> 488	46,935
Reappropriation.....	BA			545
Outlays.....	0	36,836	43,098	46,733
Total Salaries and expenses.....	BA	38,966	44,329	47,480
	0	36,836	43,098	46,733
<i>Trust funds</i>				
Miscellaneous contributed funds				
Appropriation, permanent, indefinite.....	BA	64	64	64
Outlays.....	0	54	85	64
World Agricultural Outlook Board				
<i>Federal funds</i>				
General and Special Funds:				
World agricultural outlook board	352			
Appropriation, current.....	BA	1,463	1,500 <i>D</i> 33	1,677
Outlays.....	0	1,299	1,507	1,636
Total World agricultural outlook board.....	BA	1,463	1,533	1,677
	0	1,299	1,507	1,636
Foreign Agricultural Service				
<i>Federal funds</i>				
General and Special Funds:				
Foreign Agricultural Service	352			
Appropriation, current.....	BA	75,020	83,717 <i>D</i> 266	83,291
Outlays.....	0	70,662	83,983	83,291
Total Foreign Agricultural Service.....	BA	75,020	83,983	83,291
	0	70,662	83,983	83,291
Salaries and expenses (special foreign currency program)	352			
Outlays.....	0	174	177	
Total Federal funds Foreign Agricultural Service..	BA	75,020	83,983	83,291
	0	70,836	84,160	83,291

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Agriculture—Con.				
Office of International Cooperation and Development				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	352			
Appropriation, current.....	BA	3,662	5,016	4,074
Outlays.....	O	9,574	4,016	4,674
Scientific activities overseas (foreign currency program)	352			
Appropriation, current.....	BA	4,977	5,000	5,000
Outlays.....	O	3,029	6,055	5,792
<i>Trust funds</i>				
Miscellaneous contributed funds	352			
Appropriation, permanent, indefinite.....	BA	8,910	4,591	7,900
Outlays.....	O	7,344	7,900	7,900
Total Federal funds Office of International Cooperation and Development.....	BA	8,639	10,016	9,074
	O	12,603	10,071	10,466
Total Trust funds Office of International Cooperation and Development.....	BA	8,910	4,591	7,900
	O	7,344	7,900	7,900
Foreign Assistance Programs				
<i>Federal funds</i>				
General and Special Funds:				
Expenses, Public Law 480, foreign assistance programs, Agriculture	151			
Appropriation, current.....	BA	1,028,000	1,052,000	1,319,000
Outlays.....	O	991,987	1,052,000	1,319,000
Agricultural Stabilization and Conservation Service				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	351			
Appropriation, current.....	BA	55,962	51,986	53,217
Outlays.....	O	27,535	61,374	65,653
				2,360
Total Salaries and expenses.....	BA	55,962	51,986	50,857
	O	27,535	61,374	63,293
Rural clean water program	304			
Outlays.....	O	5,683	9,000	11,000
Agricultural conservation program	302			
Appropriation, current.....	BA	190,000	190,000	80,000
Outlays.....	O	179,772	197,000	185,200
Colorado river basin salinity control program	304			
Appropriation, current.....	BA			12,550
Outlays.....	O			6,275

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Agriculture—Con.				
Agricultural Stabilization and Conservation Service—Con.				
Water Bank program	302			
Appropriation, current.....	BA	8,800	8,800	
Outlays.....	O	10,853	9,600	
Emergency conservation program	453			
Appropriation, current.....	BA		7,000	
Outlays.....	O	9,854	13,250	
Dairy and beekeeper indemnity programs	351			
Appropriation, current.....	BA	7,000	1,800	
Outlays.....	O	6,121	2,841	
Forestry incentives program	302			
Appropriation, current.....	BA	12,500	12,500	
Outlays.....	O	10,554	13,350	
Total Federal funds Agricultural Stabilization and Conservation Service.....	BA	274,262	272,086	143,407
	O	250,372	306,415	265,768
Federal Crop Insurance Corporation				
<i>Federal funds</i>				
General and Special Funds:				
Administrative and operating expenses	351			
Appropriation, current.....	BA	236,191	200,000 ^D 495	227,234
Outlays.....	O	96,763	200,495	227,234
Total Administrative and operating expenses.....	BA	236,191	200,495	227,234
	O	96,763	200,495	227,234
Public Enterprise Funds:				
Federal Crop Insurance Corporation fund	351			
Appropriation, current.....	BA	293,233	110,000	141,000
Authority to borrow, current, indefinite.....	BA		^A 100,000	
Outlays.....	O	233,418	434,937	100,000
Total Federal Crop Insurance Corporation fund.....	BA	293,233	210,000	141,000
	O	233,418	434,937	100,000
Total Federal funds Federal Crop Insurance Corporation.....	BA	529,424	410,495	368,234
	O	330,181	635,432	327,234

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code	1983 actual	1984 estimate	1985 estimate
Department of Agriculture—Con.			
Commodity Credit Corporation			
<i>Federal funds</i>			
Public Enterprise Funds:			
Price support and related programs: Reimbursement for net realized losses 351			
Authority to borrow, current..... BA			^L — 1,202,134
Authority to borrow, permanent..... BA	19,013,359	66,205	9,900,403
Contract authority, permanent, indefinite..... BA	8,315,213		
Liquidation of contract authority, current.....		(9,607,431)	
Outlays..... O	18,757,324	6,585,631	10,785,401
			^L — 120,000
Limitation on administrative expenses and direct loans.....	(500,000)		
Total Price support and related programs..... BA	27,328,572	66,205	8,698,269
	O 18,757,324	6,585,631	10,665,401
General and Special Funds:			
Temporary storage and distribution of Commodity Credit Corporation emergency food assistance 351			
Appropriation, current..... BA	50,000	50,000	50,000
Outlays..... O	6,717	73,103	60,000
National Wool Act (special fund) 351			
Appropriation, permanent, indefinite..... BA	53,855	93,575	106,146
Outlays..... O	93,575	106,146	116,495
Total Federal funds Commodity Credit Corporation..... BA	27,432,427	209,780	8,854,415
	O 18,857,616	6,764,880	10,841,896
Office of Rural Development Policy			
<i>Federal funds</i>			
General and Special Funds:			
Salaries and expenses 452			
Appropriation, current..... BA	2,030	2,000	2,423
		^D 17	
Outlays..... O	1,597	2,367	2,422
Total Salaries and expenses..... BA	2,030	2,017	2,423
	O 1,597	2,367	2,422
Rural development planning grants 452			
Outlays..... O	752	60	
Total Federal funds Office of Rural Development Policy..... BA	2,030	2,017	2,423
	O 2,349	2,427	2,422

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Agriculture—Con.				
Rural Electrification Administration				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	271			
Appropriation, current.....	BA	29,526	29,585 ^b 320	30,340
Outlays.....	O	27,282	30,566	^j — 30,340 30,304
				^j — 28,715
Total Salaries and expenses.....	BA	29,526	29,905	.....
	O	27,282	30,566	1,589
Public Enterprise Funds:				
Rural communication development fund	452			
Appropriation, current.....	BA	91	375	841
Authority to borrow, permanent, indefinite.....	BA	750	1,012	1,101
Outlays.....	O	6,972	15,062	1,942
Total Rural communication development fund.....	BA	841	1,387	1,942
	O	6,972	15,062	1,942
Total Federal funds Rural Electrification Administration.....	BA	30,367	31,292	1,942
	O	34,254	45,628	3,531
Farmers Home Administration				
<i>Federal funds</i>				
General and Special Funds:				
Rural water and waste disposal grants	452			
Appropriation, current.....	BA	300,000	90,000	90,000
Outlays.....	O	156,677	209,485	191,685
Rural development grants	452			
Outlays.....	O	3,586	2,079	1,852
Salaries and expenses	452			
Appropriation, current.....	BA	305,530	327,149 ^c 10 ^d 3,244	327,251
Outlays.....	O	292,860	329,766	325,906
Total Salaries and expenses.....	BA	305,530	330,403	327,251
	O	292,860	329,766	325,906
Rural community fire protection grants	452			
Appropriation, current.....	BA	3,250	3,250	.....
Outlays.....	O	1,891	3,409	1,889
Rural housing for domestic farm labor	604			
Appropriation, current.....	BA	.....	4,393	.....
Outlays.....	O	15,544	15,718	13,209
Mutual and self-help housing	604			
Appropriation, current.....	BA	12,500	6,000	.....
Outlays.....	O	7,116	7,228	7,617
Rural housing supervisory assistance grants	371			
Outlays.....	O	404	278	.....

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Agriculture—Con.				
Farmers Home Administration—Con.				
Very low income housing repair grants	604			
Appropriation, current.....	BA	12,500	12,500	.....
Outlays.....	O	12,198	13,493	625
Rural rental assistance payments	604			
Appropriation, current.....	BA	.....	49,000	116,000
Outlays.....	O	.....	8,700	157,613
Compensation for construction defects	371			
Appropriation, current.....	BA	2,000	2,000	.....
Outlays.....	O	296	2,000	.....
Public Enterprise Funds:				
Self-help housing land development fund	371			
Outlays.....	O	618	-493	-513
Rural housing insurance fund	371			
Appropriation, current.....	BA	1,109,722	1,508,082	1,843,927
Indefinite.....	BA	103,101	143,805	.....
Authority to borrow, permanent, indefinite.....	BA	887,056	353,679	.....
Outlays.....	O	1,828,214	2,083,540	1,842,342
Total Rural housing insurance fund.....	BA	2,099,879	2,005,566	1,843,927
	O	1,828,214	2,083,540	1,842,342
Agricultural credit insurance fund	351			
Appropriation, current.....	BA	682,074	895,522	1,089,943
Authority to borrow, permanent, indefinite.....	BA	623,478	872,000	.....
Outlays.....	O	1,408,424	1,461,874	1,366,358
Total Agricultural credit insurance fund.....	BA	1,305,552	1,767,522	1,089,943
	O	1,408,424	1,461,874	1,366,358
Rural development insurance fund	452			
Appropriation, current.....	BA	336,217	477,829	560,005
Authority to borrow, permanent, indefinite.....	BA	405,625	.....	.....
Outlays.....	O	574,829	572,266	655,332
Total Rural development insurance fund.....	BA	741,842	477,829	560,005
	O	574,829	572,266	655,332
Total Federal funds Farmers Home Administration.....	BA	4,783,053	4,748,463	4,027,126
	O	4,302,657	4,709,343	4,563,915
Soil Conservation Service				
<i>Federal funds</i>				
General and Special Funds:				
Conservation operations	302			
Appropriation, current.....	BA	335,974	346,947	350,730
			8,138	
Outlays.....	O	327,482	354,777	355,552
Total Conservation operations.....	BA	335,974	355,085	350,730
	O	327,482	354,777	355,552
River basin surveys and investigations	301			
Appropriation, current.....	BA	16,419	15,619	13,556
Outlays.....	O	15,714	16,189	13,874

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Agriculture—Con.				
Soil Conservation Service—Con.				
Watershed planning	301			
Appropriation, current.....	BA	8,877	8,675	7,898
Outlays.....	O	8,779	8,675	8,348
Watershed and flood prevention operations	301			
Appropriation, current.....	BA	307,425	183,200 F — 8,138	86,079
Outlays.....	O	190,844	264,699	250,232
Total Watershed and flood prevention operations.	BA	307,425	175,062	86,079
	O	190,844	264,699	250,232
Great plains conservation program	302			
Appropriation, current.....	BA	21,315	21,315	16,773
Outlays.....	O	21,286	21,225	20,980
Resource conservation and development	302			
Appropriation, current.....	BA	30,744	26,000	.....
Outlays.....	O	26,077	37,816	6,204
<i>Trust funds</i>				
Miscellaneous contributed funds:				
(Water resources)	301			
(Appropriation, permanent, indefinite).....	BA	10,806	460	600
(Outlays).....	O	1,304	3,736	3,826
(Conservation and land management)	302			
(Appropriation, permanent, indefinite).....	BA	100	100	100
(Outlays).....	O	100	100	100
Total Miscellaneous contributed funds.....	BA	10,906	560	700
	O	1,404	3,836	3,926
Total Federal funds Soil Conservation Service.....	BA	720,754	601,756	475,036
	O	590,182	703,381	655,190
Total Trust funds Soil Conservation Service.....	BA	10,906	560	700
	O	1,404	3,836	3,926

Animal and Plant Health Inspection Service*Federal funds***General and Special Funds:**

Animal and Plant Health Inspection Service	352			
Appropriation, current.....	BA	275,234	267,558	249,484 L — 27,346
Outlays.....	O	225,988	267,558	249,484 L — 27,346
Total Animal and Plant Health Inspection Service.....	BA	275,234	267,558	222,138
	O	225,988	267,558	222,138
Buildings and facilities	352			
Appropriation, current.....	BA	2,386	2,386	2,386
Outlays.....	O	1,945	4,932	2,386

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Agriculture—Con.				
Animal and Plant Health Inspection Service—Con.				
<i>Trust funds</i>				
Miscellaneous trust funds	352			
Appropriation, permanent, indefinite.....	BA	3,295	2,878	2,878
Outlays.....	O	3,056	2,878	2,878
<hr/>				
Total Federal funds Animal and Plant Health Inspection Service.....	BA	277,620	269,944	224,524
	O	227,933	272,490	224,524
<hr/>				
Total Trust funds Animal and Plant Health Inspection Service.....	BA	3,295	2,878	2,878
	O	3,056	2,878	2,878
<hr/>				
Federal Grain Inspection Service				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	352			
Appropriation, current.....	BA	5,548	6,861	6,936
Outlays.....	O	4,868	6,869	6,932
Public Enterprise Funds:				
Inspection and weighing services	352			
Appropriation, current.....	BA		6,000	
Outlays.....	O	2,238		
<hr/>				
Total Federal funds Federal Grain Inspection Service.....	BA	5,548	12,861	6,936
	O	7,106	6,869	6,932
<hr/>				
Agricultural Marketing Service				
<i>Federal funds</i>				
General and Special Funds:				
Marketing services	352			
Appropriation, current.....	BA	32,925	30,729	29,727
				L - 1,806
Outlays.....	O	8,224	30,729	29,727
				L - 1,806
<hr/>				
Total Marketing services.....	BA	32,925	30,729	27,921
	O	8,224	30,729	27,921
<hr/>				
Payments to States and possessions	352			
Appropriation, current.....	BA	1,000	1,000	
Outlays.....	O	1,013	1,722	
Perishable Agricultural Commodities Act fund				
Appropriation, permanent, indefinite.....	BA	3,683	3,272	3,272
Outlays.....	O	3,081	3,272	3,272

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Agriculture—Con.				
Agricultural Marketing Service—Con.				
Funds for strengthening markets, income, and supply (section 32) 605				
Appropriation, current.....	BA	75,000		
Appropriation, permanent, indefinite.....	BA	400,433	355,947	483,614
Outlays.....	O	546,472	440,142	353,752
Total Funds for strengthening markets, income, and supply (section 32)	BA	475,433	355,947	483,614
	O	546,472	440,142	353,752
<i>Trust funds</i>				
Miscellaneous trust funds 352				
Appropriation, permanent, indefinite.....	BA	88,643	76,237	83,109
Outlays.....	O	93,006	76,237	83,109
Milk market orders assessment fund 351				
Outlays.....	O		100	
Total Federal funds Agricultural Marketing Service	BA	513,041	390,948	514,807
	O	558,790	475,865	384,945
Total Trust funds Agricultural Marketing Service.	BA	88,643	76,237	83,109
	O	93,006	76,337	83,109
Office of Transportation				
<i>Federal funds</i>				
General and Special Funds:				
Office of Transportation 352				
Appropriation, current.....	BA	2,416	2,523	2,540
			^D 26	
Outlays.....	O	2,249	2,551	2,541
Total Office of Transportation	BA	2,416	2,549	2,540
	O	2,249	2,551	2,541
Food Safety and Inspection Service				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses 554				
Appropriation, current.....	BA	328,077	333,696	356,067
			^D 4,362	
Outlays.....	O	323,234	337,834	356,067
Total Salaries and expenses.....	BA	328,077	338,058	356,067
	O	323,234	337,834	356,067
<i>Trust funds</i>				
Expenses and refunds, inspection and grading of farm products 352				
Appropriation, permanent, indefinite.....	BA	664	686	686
Outlays.....	O	1,355	686	686

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Agriculture—Con.				
Food and Nutrition Service				
<i>Federal funds</i>				
General and Special Funds:				
Food program administration	605			
Appropriation, current.....	BA	82,459	81,352 <i>^D 1,710</i>	83,187
Outlays.....	0	82,979	83,046	83,180
Total Food program administration.....	BA	82,459	83,062	83,187
	0	82,979	83,046	83,180
Food stamp program	605			
Appropriation, current.....	BA	11,989,688	11,022,914 <i>^A 308,037</i>	11,154,926 <i>^L - 374,000</i>
Outlays.....	0	11,839,239	10,928,267 <i>^A 307,729</i>	11,144,846 <i>^A 308</i> <i>^L - 373,626</i>
Total Food stamp program.....	BA	11,989,688	11,330,951	10,780,926
	0	11,839,239	11,235,996	10,771,528
Nutrition assistance for Puerto Rico	605			
Appropriation, current.....	BA	825,000	825,000	825,000
Outlays.....	0	814,163	825,000	825,000
Special milk program	605			
Appropriation, current.....	BA	20,100	11,920	17,600
Outlays.....	0	14,912	19,302	19,406
Total Special milk program.....	BA	20,100	11,920	17,600
	0	14,912	19,302	19,406
Child nutrition programs	605			
Appropriation, current.....	BA	1,014,324	705,919 <i>^A 545,544</i>	1,422,447 <i>^L - 48,700</i>
Appropriation, permanent.....	BA	2,281,676	2,307,295	2,301,833
Outlays.....	0	3,278,133	3,033,571 <i>^A 509,538</i>	3,675,125 <i>^A 36,006</i> <i>^L - 45,500</i>
Total Child nutrition programs.....	BA	3,296,000	3,558,758	3,675,580
	0	3,278,133	3,543,109	3,665,631
Special supplemental food programs (WIC and CSFP)	605			
Appropriation, current.....	BA	1,193,350	1,100,150 <i>^A 166,986</i>	1,277,292
Outlays.....	0	1,149,831	1,106,741 <i>^A 146,113</i>	1,264,678 <i>^A 20,873</i>
Total Special supplemental food programs (WIC and CSFP).....	BA	1,193,350	1,267,136	1,277,292
	0	1,149,831	1,252,854	1,285,551

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Agriculture—Con.				
Food and Nutrition Service—Con.				
Food donations program	605			
Appropriation, current.....	BA	172,266	166,936	23,546
Reappropriation.....	BA		^A 17,758	
Outlays.....	0	146,898	162,027	86,148
Total Food donations program.....	BA	172,266	184,694	23,546
	0	146,898	162,027	86,148
Total Federal funds Food and Nutrition Service....	BA	17,578,863	17,261,521	16,683,131
	0	17,326,155	17,121,334	16,736,444
Human Nutrition Information Service				
<i>Federal funds</i>				
General and Special Funds:				
Human Nutrition Information Service	352			
Appropriation, current.....	BA	8,152	6,114	7,496
			^D 34	
Outlays.....	0	5,766	7,913	7,637
Total Human Nutrition Information Service.....	BA	8,152	6,148	7,496
	0	5,766	7,913	7,637
Packers and Stockyards Administration				
<i>Federal funds</i>				
General and Special Funds:				
Packers and Stockyards Administration	352			
Appropriation, current.....	BA	8,834	9,013	9,035
Outlays.....	0	8,217	9,013	9,035
Agricultural Cooperative Service				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	352			
Appropriation, current.....	BA	4,639	4,639	3,565
Outlays.....	0	4,532	4,639	3,565
<i>Trust funds</i>				
Miscellaneous contributed funds	352			
Outlays.....	0	1	1	
Forest Service				
<i>Federal funds</i>				
General and Special Funds:				
Forest research	302			
Appropriation, current.....	BA	107,672	108,555	103,070
			^G 848	
Outlays.....	0	109,764	108,554	103,768
Total Forest research.....	BA	107,672	109,403	103,070
	0	109,764	108,554	103,768

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Agriculture—Con.				
Forest Service—Con.				
State and private forestry	302			
Appropriation, current.....	BA	62,835	60,579 <i>G 174</i>	25,505
Outlays.....	0	66,455	59,321	31,292
Total State and private forestry.....	BA	62,835	60,753	25,505
	0	66,455	59,321	31,292
National forest system	302			
Appropriation, current.....	BA	1,097,277	888,506 <i>A 34,301</i> <i>G 9,769</i>	1,036,959
Outlays.....	0	985,617	966,718 <i>A 34,301</i>	986,330
Total National forest system.....	BA	1,097,277	932,576	1,036,959
	0	985,617	1,001,019	986,330
Forest management, protection and utilization	302			
Outlays.....	0	1,007	7,274	
Construction	302			
Appropriation, current.....	BA	310,566	251,724 <i>F — 10,814</i>	253,898
Outlays.....	0	402,232	282,602	255,264
Total Construction.....	BA	310,566	240,910	253,898
	0	402,232	282,602	255,264
Youth Conservation Corps	302			
Outlays.....	0	82	— 105	
Other appropriations	302			
Appropriation, current.....	BA		281	
Outlays.....	0	2	490	
Acquisition of lands for national forests, special acts	302			
Appropriation, current.....	BA	753	780	782
Outlays.....	0	404	780	782
Acquisition of lands to complete land exchanges	302			
Appropriation, current, indefinite.....	BA	109	20	20
Outlays.....	0	183	20	20
Range betterment fund	302			
Appropriation, current, indefinite.....	BA	5,378	4,028	3,665
Outlays.....	0	5,830	4,210	3,665
Land acquisition	303			
Appropriation, current.....	BA	63,077	38,552 <i>G 23</i>	9,635
Outlays.....	0	37,284	49,135	28,555
Total Land acquisition.....	BA	63,077	38,575	9,635
	0	37,284	49,135	28,555
Forest Service permanent appropriations	302			
Appropriation, permanent, indefinite.....	BA	153,162	159,000	141,953
Outlays.....	0	113,062	154,598	148,056

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Agriculture—Con.				
Forest Service—Con.				
Forest Service permanent appropriations	852			
Appropriation, current.....	BA			^J — 21,500
Appropriation, permanent, indefinite.....	BA	143,656	204,300	306,000
Outlays.....	O	143,656	204,300	306,000
				^J — 21,500
Total Forest Service permanent appropriations.....	BA	143,656	204,300	284,500
	O	143,656	204,300	284,500
Intragovernmental Funds:				
Working capital fund	302			
Outlays.....	O	— 40,638		
<i>Trust funds</i>				
Miscellaneous trust funds	302			
Appropriation, current.....	BA		90	90
Appropriation, permanent, indefinite.....	BA	169,937	150,000	153,270
Outlays.....	O	116,290	149,954	153,106
Total Miscellaneous trust funds.....	BA	169,937	150,090	153,360
	O	116,290	149,954	153,106
Reforestation trust fund	302			
Appropriation, permanent, indefinite.....	BA	150,027	34,180	31,615
Outlays.....	O	62,430	66,317	80,752
Highland scenic highway	401			
Outlays.....	O	53	32	
Total Federal funds Forest Service.....	BA	1,944,485	1,750,626	1,859,987
	O	1,824,940	1,872,198	1,842,232
Total Trust funds Forest Service.....	BA	319,964	184,270	184,975
	O	178,773	216,303	233,858
Summary				
Federal funds:				
(As shown in detail above).....	BA	56,836,124	28,820,209	36,291,801
	O	46,966,238	35,754,335	38,987,916
Deductions for offsetting receipts:				
Intrafund transactions	302 BA			
	O	— 109,868		
Proprietary receipts from the public	302 BA			
	O	— 466,755	— 1,077,012	— 1,329,744
Total Federal funds.....	BA	56,259,501	27,743,197	34,962,057
	O	46,389,615	34,677,323	37,658,172
Trust funds:				
(As shown in detail above).....	BA	434,326	271,436	282,462
	O	286,726	310,258	334,653
Deductions for offsetting receipts:				
Proprietary receipts from the public	302 BA			
	O	— 169,912	— 150,000	— 153,270

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Agriculture—Con.				
Summary—Con.				
352 BA				
0		—114,361	—87,166	—97,487
Total Trust funds	BA	150,053	34,270	31,705
	O	2,453	73,092	83,896
Total Department of Agriculture.....	BA	56,409,554	27,777,467	34,993,762
	O	46,392,068	34,750,415	37,742,068

Department of Commerce

General Administration

Federal funds

General and Special Funds:

Salaries and expenses	376			
Appropriation, current.....	BA	32,968	33,839	40,290
			6,516	
Outlays	O	30,166	33,836	39,255
Total Salaries and expenses.....	BA	32,968	34,355	40,290
	O	30,166	33,836	39,255
White House conference on productivity	376			
Appropriation, current.....	BA	1,500		
Reappropriation.....	BA	1,309		
Outlays	O	200	1,300	
Total White House conference on productivity	BA	2,809		
	O	200	1,300	
Special foreign currency program	376			
Appropriation, current.....	BA	500	693	600
Outlays	O	63	450	600
Intragovernmental Funds:				
Working capital fund	376			
Outlays	O	3,868	—3,868	

Trust funds

Gifts and bequests	376			
Appropriation, permanent, indefinite	BA	380	200	200
Outlays	O	311	200	200
Total Federal funds General Administration.....	BA	36,277	35,048	40,890
	O	34,297	31,718	39,855
Total Trust funds General Administration.....	BA	380	200	200
	O	311	200	200

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Commerce—Con.				
Bureau of the Census				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	376			
Appropriation, current.....	BA	69,232	77,369 6,700	88,070
Outlays.....	0	66,143	76,642	87,038
Total Salaries and expenses.....	BA	69,232	78,069	88,070
	0	66,143	76,642	87,038
Periodic censuses and programs	376			
Appropriation, current.....	BA	98,944	78,220	86,529
Outlays.....	0	91,358	88,474	84,736
Total Federal funds Bureau of the Census.....	BA	168,176	156,289	174,599
	0	157,501	165,116	171,774
Economic and Statistical Analysis				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	376			
Appropriation, current.....	BA	37,782	29,735	31,622
Outlays.....	0	35,873	31,799	31,410
Public Enterprise Funds:				
Technical information clearinghouse fund	376			
Appropriation, current.....	BA			5,000
<i>Trust funds</i>				
Information products and services	376			
Appropriation, current, indefinite.....	BA			31,000
Appropriation, permanent, indefinite.....	BA	25,167	29,000	31,000
Outlays.....	0	26,100	29,000	31,000
				31,000
Total Information products and services.....	BA	25,167	29,000	
	0	26,100	29,000	
Total Federal funds Economic and Statistical Analysis.....	BA	37,782	29,735	36,622
	0	35,873	31,799	31,410
Total Trust funds Economic and Statistical Analysis.....	BA	25,167	29,000	
	0	26,100	29,000	

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Commerce—Con.				
Economic Development Assistance				
<i>Economic Development Administration</i>				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	452			
Appropriation, current.....	BA	25,402	27,487 <i>D</i> 220	22,476
Outlays.....	0	25,998	27,606	23,009
Total Salaries and expenses.....	BA	25,402	27,707	22,476
	0	25,998	27,606	23,009
Economic development assistance programs	452			
Appropriation, current.....	BA	268,500	240,000	.....
Outlays.....	0	264,969	332,090	287,120
Miscellaneous appropriations:				
(Other advancement of commerce)	376			
(Outlays).....	0	9	1,000	509
(Area and regional development)	452			
(Outlays).....	0	17,357	15,000	5,000
(Disaster relief and insurance)	453			
(Outlays).....	0	-69	10	.....
(Training and employment)	504			
(Outlays).....	0	598	1,000	1,270
Total Miscellaneous appropriations.....	0	17,895	17,010	6,779
Public Enterprise Funds:				
Economic development revolving fund	452			
Outlays.....	0	12,281	-24,000	6,000
Total Federal funds Economic Development Administration.....	BA	293,902	267,707	22,476
	0	321,143	352,706	322,908
<i>Regional Development Program</i>				
<i>Federal funds</i>				
General and Special Funds:				
Regional development programs	452			
Outlays.....	0	5,067	3,700	3,834
<i>Trust funds</i>				
Regional development commissions	452			
Outlays.....	0	2,702	2,783	200
Total Federal funds Economic Development Assistance.....	BA	293,902	267,707	22,476
	0	326,210	356,406	326,742
Total Trust funds Economic Development Assistance.....	0	2,702	2,783	200

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Commerce—Con.				
Promotion of Industry and Commerce				
<i>International Trade Administration</i>				
<i>Federal funds</i>				
General and Special Funds:				
Operations and administration	376			
Appropriation, current.....	BA	171,933	166,817 ^K 9,010 ^D 1,948	157,404 ^K 15,544
Outlays.....	0	151,918	189,670	172,773
Total Operations and administration.....	BA	171,933	177,775	172,948
	0	151,918	189,670	172,773
Participation in United States expositions	376			
Outlays.....	0	3,004	3,759	2,382
Total Federal funds International Trade Administration.....	BA	171,933	177,775	172,948
	0	154,922	193,429	175,155
<i>Minority Business Development Agency</i>				
<i>Federal funds</i>				
General and Special Funds:				
Minority business development	376			
Appropriation, current.....	BA	47,265	53,290 ^G 205	49,885
Outlays.....	0	57,062	57,485	52,594
Total Minority business development.....	BA	47,265	53,495	49,885
	0	57,062	57,485	52,594
<i>United States Travel and Tourism Administration</i>				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	376			
Appropriation, current.....	BA	8,189	11,986	^K 8,583
Outlays.....	0	7,765	11,986	8,871
Total Salaries and expenses.....	BA	8,189	11,986	8,583
	0	7,765	11,986	8,871
Total Federal funds Promotion of Industry and Commerce.....	BA	227,387	243,256	231,416
	0	219,749	262,900	236,620

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Commerce—Con.				
Science and Technology				
National Oceanic and Atmospheric Administration				
<i>Federal funds</i>				
General and Special Funds:				
Operations, research, and facilities	306			
Appropriation, current.....	BA	935,600	960,712	798,704 * 49,146
Indefinite.....	BA	155		
Appropriation, permanent.....	BA	22,600	23,600	38,600
Outlays.....	0	913,748	996,055	927,241
Total Operations, research, and facilities.....	BA	958,355	984,312	886,450
	0	913,748	996,055	927,241
Construction	306			
Outlays.....	0	12,070	10,132	
Coastal zone management	302			
Appropriation, current.....	BA	8,409	13,356	
Outlays.....	0	49,659	16,689	18,040
Promote and develop fishery products and research pertaining to American fisheries	376			
Appropriation, permanent, indefinite.....	BA	8,023	9,986	
Outlays.....	0	8,797	20,131	3,780
Fishing vessel and gear damage compensation fund	376			
Appropriation, current.....	BA	1,750	1,732	
Outlays.....	0	829	1,732	2,267
Fishermen's contingency fund	376			
Appropriation, current.....	BA	250	294	250
Outlays.....	0	327	350	400
Foreign fishing observer fund	376			
Appropriation, current.....	BA	5,173	11,880	4,500
Outlays.....	0	3,848	11,484	4,936
Fisheries loan fund	376			
Appropriation, current.....	BA	10,000	3,000	
Outlays.....	0	157	2,883	2,267
Fishermen's guaranty fund	376			
Appropriation, current.....	BA	1,800	2,079	1,800
Outlays.....	0	1,682	1,962	1,791
Public Enterprise Funds:				
Coastal energy impact fund	452			
Outlays.....	0	-2,436	14,000	3,200
Federal ship financing fund, fishing vessels	376			
Authority to borrow, current, indefinite.....	BA	7,100	9,500	
Outlays.....	0	6,614	8,700	

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Commerce—Con.				
Science and Technology—Con.				
National Oceanic and Atmospheric Administration—Con.				
<i>Trust funds</i>				
Aviation weather services program	306			
Appropriation, current.....	BA		27,000	27,000
Outlays.....	O		27,000	27,000
Total Federal funds National Oceanic and Atmospheric Administration.....	BA	1,000,860	1,036,139	893,000
	O	995,295	1,084,118	963,922
Total Trust funds National Oceanic and Atmospheric Administration.....	BA		27,000	27,000
	O		27,000	27,000
Patent and Trademark Office				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	376			
Appropriation, current.....	BA	78,441	80,373 ^D 1,200	101,631
Outlays.....	O	62,193	91,215	97,180
Total Salaries and expenses.....	BA	78,441	81,573	101,631
	O	62,193	91,215	97,180
National Bureau of Standards				
<i>Federal funds</i>				
General and Special Funds:				
Scientific and technical research and services	376			
Appropriation, current.....	BA	114,305	111,953	^K 120,833
Outlays.....	O	113,455	118,531 ^C 1,659	126,733
Total Scientific and technical research and services.....	BA	114,305	113,612	120,833
	O	113,455	118,531	126,733
Intragovernmental Funds:				
Working capital fund	376			
Appropriation, current.....	BA	6,286	3,765	^K 5,229
Outlays.....	O	5,794	5,060	5,140
Total Working capital fund.....	BA	6,286	3,765	5,229
	O	5,794	5,060	5,140
Total Federal funds National Bureau of Standards.....	BA	120,591	117,377	126,062
	O	119,249	123,591	131,873

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Commerce—Con.				
Science and Technology—Con.				
National Telecommunications and Information Administration				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	376			
Appropriation, current.....	BA	12,190	12,756	..... ^K 13,944
			^G 100	
Outlays.....	O	15,353	12,826	13,563
Total Salaries and expenses.....	BA	12,190	12,856	13,944
	O	15,353	12,826	13,563
Public telecommunications facilities, planning and construction				
	503			
Appropriation, current.....	BA	15,000	11,880	.....
Outlays.....	O	22,580	24,400	16,921
Total Federal funds National Telecommunications and Information Administration.....	BA	27,190	24,736	13,944
	O	37,933	37,226	30,484
Total Federal funds Science and Technology.....	BA	1,227,082	1,259,825	1,134,637
	O	1,214,670	1,336,150	1,223,459
Total Trust funds Science and Technology.....	BA	.....	27,000	27,000
	O	.....	27,000	27,000
Summary				
Federal funds:				
(As shown in detail above).....	BA	1,990,606	1,991,860	1,640,640
	O	1,988,300	2,184,089	2,029,860
Deductions for offsetting receipts:				
Intrafund transactions	908 BA	—606	—570	—560
	O			
Proprietary receipts from the public	306 BA	—5,311	—10,008	—31,305
	O			
	BA			^J —4,315
	O			
	376 BA	—61,825	—37,040	—32,040
	O			
Total Federal funds.....	BA	1,922,864	1,944,242	1,572,420
	O	1,920,558	2,136,471	1,961,640
Trust funds:				
(As shown in detail above).....	BA	25,547	56,200	27,200
	O	29,113	58,983	27,400
Deductions for offsetting receipts:				
Proprietary receipts from the public	376 BA	—21,284	—24,070	—26,040
	O			

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Commerce—Con.				
Summary—Con.				
	BA 0			J 26,040
Total Trust funds	BA 0	4,263 7,829	32,130 34,913	27,200 27,400
Interfund transactions	376 BA 0 BA 0	-3,884	-4,930	-4,960 J 4,960
Total Department of Commerce	BA 0	1,923,243 1,924,503	1,971,442 2,166,454	1,599,620 1,989,040

Department of Defense—Military

Military Personnel				
<i>Federal funds</i>				
General and Special Funds:				
Military personnel, Army	051			
Appropriation, current	BA	14,620,848	15,048,533 A 3,400 E 373,200	21,172,900
Outlays	0	14,618,089	15,201,670 A 3,330	21,097,850 A 50
Total Military personnel, Army	BA 0	14,620,848 14,618,089	15,425,133 15,205,000	21,172,900 21,097,900
Military personnel, Navy	051			
Appropriation, current	BA	10,846,708	11,171,278 E 279,630	15,897,500
Outlays	0	10,877,649	11,340,600	15,842,900
Total Military personnel, Navy	BA 0	10,846,708 10,877,649	11,450,908 11,340,600	15,897,500 15,842,900
Military personnel, Marine Corps	051			
Appropriation, current	BA	3,347,977	3,433,859 A 5,500 E 85,710	4,845,900
Outlays	0	3,339,203	3,446,600 A 5,300	4,773,490 A 110
Total Military personnel, Marine Corps	BA 0	3,347,977 3,339,203	3,525,069 3,451,900	4,845,900 4,773,600
Military personnel, Air Force	051			
Appropriation, current	BA	12,217,050	12,577,203 E 328,060	17,799,900
Outlays	0	12,180,119	12,892,600	17,787,400
Total Military personnel, Air Force	BA 0	12,217,050 12,180,119	12,905,263 12,892,600	17,799,900 17,787,400

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense--Military--Con.				
Military Personnel--Con.				
Reserve personnel, Army	051			
Appropriation, current.....	BA	1,228,250	1,361,150 [£] 34,280	2,184,300
Outlays.....	O	1,194,632	1,367,400	2,111,000
Total Reserve personnel, Army.....	BA	1,228,250	1,395,430	2,184,300
	O	1,194,632	1,367,400	2,111,000
Reserve personnel, Navy	051			
Appropriation, current.....	BA	678,425	749,248 [£] 17,700	1,131,600
Outlays.....	O	648,477	735,200	1,074,900
Total Reserve personnel, Navy.....	BA	678,425	766,948	1,131,600
	O	648,477	735,200	1,074,900
Reserve personnel, Marine Corps	051			
Appropriation, current.....	BA	170,900	176,200 [£] 3,400	269,500
Outlays.....	O	166,424	171,900	256,300
Total Reserve personnel, Marine Corps.....	BA	170,900	179,600	269,500
	O	166,424	171,900	256,300
Reserve personnel, Air Force	051			
Appropriation, current.....	BA	362,125	380,000 [£] 8,750	565,800
Outlays.....	O	344,304	388,000	554,100
Total Reserve personnel, Air Force.....	BA	362,125	388,750	565,800
	O	344,304	388,000	554,100
National Guard personnel, Army	051			
Appropriation, current.....	BA	1,677,000	1,882,980 [£] 49,860	3,075,000
Outlays.....	O	1,625,861	1,891,300	2,953,100
Total National Guard personnel, Army.....	BA	1,677,000	1,932,840	3,075,000
	O	1,625,861	1,891,300	2,953,100
National Guard personnel, Air Force	051			
Appropriation, current.....	BA	538,425	589,100 [£] 15,040	889,200
Outlays.....	O	528,697	595,600	872,900
Total National Guard personnel, Air Force.....	BA	538,425	604,140	889,200
	O	528,697	595,600	872,900
Total Federal funds Military Personnel.....	BA	45,687,708	48,574,081	67,831,600
	O	45,523,455	48,039,500	67,324,100

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense--Military—Con.				
Retired Military Personnel				
<i>Federal funds</i>				
General and Special Funds:				
Retired pay, Defense	051			
Appropriation, current.....	BA	16,154,800	16,551,600	.....
			^A 243,000	
			^J — 243,000	
Outlays.....	O	15,944,644	16,505,100	20,400
			^A 243,000	
			^J — 243,000	
Total Retired pay, Defense.....	BA	16,154,800	16,551,600	.....
	O	15,944,644	16,505,100	20,400
Operation and Maintenance				
<i>Federal funds</i>				
General and Special Funds:				
Operation and maintenance, Army	051			
Appropriation, current.....	BA	15,841,484	17,087,466	.....
			^A 90,500	^K 19,486,518
			^C 20,000	
			^D 129,530	
Outlays.....	O	15,499,417	16,353,810	18,601,560
			^A 70,590	^A 15,340
Total Operation and maintenance, Army.....	BA	15,841,484	17,327,496	19,486,518
	O	15,499,417	16,424,400	18,616,900
Operation and maintenance, Navy	051			
Appropriation, current.....	BA	21,070,587	21,955,818	.....
			^A 116,800	^K 26,248,426
			^C 85,610	
			^D 100,500	
Liquidation of contract authority, current.....		(10,619)	.....	.....
Outlays.....	O	20,701,314	21,598,620	24,080,400
			^A 84,680	^A 25,700
Total Operation and maintenance, Navy.....	BA	21,070,587	22,258,728	26,248,426
	O	20,701,314	21,683,300	24,106,100
Operation and maintenance, Marine Corps	051			
Appropriation, current.....	BA	1,463,471	1,524,600	.....
			^A 14,500	^K 1,683,069
			^C 3,915	
			^D 4,405	
Outlays.....	O	1,329,462	1,482,840	1,594,890
			^A 9,960	^A 3,610
Total Operation and maintenance, Marine Corps..	BA	1,463,471	1,547,420	1,683,069
	O	1,329,462	1,492,800	1,598,500

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense--Military—Con.				
Operation and Maintenance—Con.				
Operation and maintenance, Air Force	051			
Appropriation, current.....	BA	17,057,126	17,574,595	..... K 20,234,500
			A 44,500	
			C 27,000	
			D 68,000	
Outlays.....	O	16,594,844	17,183,850	19,604,050
			A 36,050	A 7,050
Total Operation and maintenance, Air Force	BA	17,057,126	17,714,095	20,234,500
	O	16,594,844	17,219,900	19,611,100
Operation and maintenance, Defense agencies	051			
Appropriation, current.....	BA	5,787,210	6,449,652	..... K 7,338,370
			A 20,400	
			C 7,731	
			D 84,899	
Outlays.....	O	5,725,385	6,356,550	7,143,760
			A 17,750	A 2,240
Total Operation and maintenance, Defense agen- cies.....	BA	5,787,210	6,562,682	7,338,370
	O	5,725,385	6,374,300	7,146,000
Operation and maintenance, Army Reserve	051			
Appropriation, current.....	BA	705,584	683,850	..... K 715,450
			A 1,300	
			C 1,000	
			D 5,740	
Outlays.....	O	655,039	661,330	700,740
			A 1,070	A 160
Total Operation and maintenance, Army Reserve.	BA	705,584	691,890	715,450
	O	655,039	662,400	700,900
Operation and maintenance, Navy Reserve	051			
Appropriation, current.....	BA	629,407	634,500	..... K 829,531
			A 500	
			C 865	
			D 625	
Outlays.....	O	585,767	602,950	757,090
			A 350	A 110
Total Operation and maintenance, Navy Reserve..	BA	629,407	636,490	829,531
	O	585,767	603,300	757,200

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense--Military--Con.				
Operation and Maintenance--Con.				
Operation and maintenance, Marine Corps Reserve				
	051			
Appropriation, current.....	BA	51,094	52,129	..... K 58,642
			D 220	
Outlays.....	O	42,276	48,800	53,000
Total Operation and maintenance, Marine Corps Reserve.....				
	BA	51,094	52,349	58,642
	O	42,276	48,800	53,000
Operation and maintenance, Air Force Reserve				
	051			
Appropriation, current.....	BA	765,735	781,600	..... K 883,461
			A 2,600	
			C 2,800	
			D 3,700	
Outlays.....	O	744,254	775,120	868,700
			A 2,380	A 200
Total Operation and maintenance, Air Force Reserve.....				
	BA	765,735	790,700	883,461
	O	744,254	777,500	868,900
Operation and maintenance, Army National Guard				
	051			
Appropriation, current.....	BA	1,195,067	1,170,190	..... K 1,404,643
			A 4,300	
			C 2,000	
			D 10,950	
Outlays.....	O	1,136,581	1,165,500	1,345,580
			A 3,500	A 720
Total Operation and maintenance, Army National Guard.....				
	BA	1,195,067	1,187,440	1,404,643
	O	1,136,581	1,169,000	1,346,300
Operation and maintenance, Air National Guard				
	051			
Appropriation, current.....	BA	1,822,603	1,789,300	..... K 1,862,148
			A 2,600	
			C 8,400	
			D 6,300	
Outlays.....	O	1,767,298	1,773,680	1,834,870
			A 2,320	A 230
Total Operation and maintenance, Air National Guard.....				
	BA	1,822,603	1,806,600	1,862,148
	O	1,767,298	1,776,000	1,835,100

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense—Military—Con.				
Operation and Maintenance—Con.				
National Board for the Promotion of Rifle Practice, Army 051				
Appropriation, current.....	BA	887	899	914 ^K
			10 ^D	
Outlays.....	0	966	900	900
Total National Board for the Promotion of Rifle Practice, Army.....	BA	887	909	914
	0	966	900	900
Claims, Defense 051				
Appropriation, current.....	BA	144,400	160,400	177,900 ^K
Outlays.....	0	130,089	152,900	168,500
Total Claims, Defense.....	BA	144,400	160,400	177,900
	0	130,089	152,900	168,500
Court of Military Appeals, Defense 051				
Appropriation, current.....	BA	3,258	3,372	3,470 ^K
Outlays.....	0	2,258	3,300	3,500
Total Court of Military Appeals, Defense.....	BA	3,258	3,372	3,470
	0	2,258	3,300	3,500
Foreign currency fluctuations, Defense 051				
Appropriation, current.....	BA	2,400		
Summer olympics 051				
Appropriation, current.....	BA		50,000	
Outlays.....	0		31,000	16,600
Environmental restoration, Defense 051				
Appropriation, current.....	BA		150,000	
Outlays.....	0		119,000	25,000
XIII olympic winter games 051				
Outlays.....	0	14		
Total Federal funds Operation and Maintenance...	BA	66,540,313	70,940,571	80,927,042
	0	64,914,964	68,538,800	76,854,500

Procurement

Federal funds

General and Special Funds:

Aircraft procurement, Army 051				
Appropriation, current.....	BA	2,482,872	3,273,248	4,008,300 ^K
Outlays.....	0	1,724,032	1,982,500	2,809,100
Total Aircraft procurement, Army.....	BA	2,482,872	3,273,248	4,008,300
	0	1,724,032	1,982,500	2,809,100

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense--Military—Con.				
Procurement—Con.				
Missile procurement, Army	051			
Appropriation, current.....	BA	2,735,800	2,791,500	..... K 3,442,400
Reappropriation.....	BA	.....	32,600	.....
Outlays.....	0	1,599,678	1,985,100	2,558,800
Total Missile procurement, Army.....	BA	2,735,800	2,824,100	3,442,400
	0	1,599,678	1,985,100	2,558,800
Procurement of weapons and tracked combat vehicles, Army	051			
Appropriation, current.....	BA	4,497,346	4,514,033	..... K 5,092,700
Reappropriation.....	BA	198,200	149,000	.....
Outlays.....	0	3,420,401	3,707,400	4,350,900
Total Procurement of weapons and tracked combat vehicles, Army.....	BA	4,695,546	4,663,033	5,092,700
	0	3,420,401	3,707,400	4,350,900
Procurement of ammunition, Army	051			
Appropriation, current.....	BA	2,115,394	1,939,900	..... K 2,494,000
Outlays.....	0	1,966,106	1,936,300	2,028,300
Total Procurement of ammunition, Army.....	BA	2,115,394	1,939,900	2,494,000
	0	1,966,106	1,936,300	2,028,300
Other procurement, Army	051			
Appropriation, current.....	BA	4,005,464	4,649,928	..... K 6,022,400
Outlays.....	0	2,728,531	3,338,000	4,036,300
Total Other procurement, Army.....	BA	4,005,464	4,649,928	6,022,400
	0	2,728,531	3,338,000	4,036,300
Aircraft procurement, Navy	051			
Appropriation, current.....	BA	10,183,452	10,164,608	..... K 11,474,200
Outlays.....	0	7,489,924	9,139,300	9,735,000
Total Aircraft procurement, Navy.....	BA	10,183,452	10,164,608	11,474,200
	0	7,489,924	9,139,300	9,735,000
Weapons procurement, Navy	051			
Appropriation, current.....	BA	3,446,000	3,691,779	..... K 4,650,860
Reappropriation.....	BA	.....	77,800	.....
Outlays.....	0	2,811,977	3,188,000	3,531,200
Total Weapons procurement, Navy.....	BA	3,446,000	3,769,579	4,650,860
	0	2,811,977	3,188,000	3,531,200

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense--Military—Con.				
Procurement—Con.				
Shipbuilding and conversion, Navy	051			
Appropriation, current.....	BA	15,924,100	11,209,400	..... ^ 13,141,900
Reappropriation.....	BA	211,200	227,600	.....
Outlays.....	O	7,503,719	8,794,200	9,731,800
Total Shipbuilding and conversion, Navy.....	BA	16,135,300	11,437,000	13,141,900
	O	7,503,719	8,794,200	9,731,800
Other procurement, Navy	051			
Appropriation, current.....	BA	3,664,675	4,314,543	..... ^ 5,953,900
Outlays.....	O	3,205,792	3,388,600	4,062,400
Total Other procurement, Navy.....	BA	3,664,675	4,314,543	5,953,900
	O	3,205,792	3,388,600	4,062,400
Procurement, Marine Corps	051			
Appropriation, current.....	BA	1,960,383	1,741,306	..... ^ 1,978,581
Outlays.....	O	783,972	1,350,100	1,663,600
Total Procurement, Marine Corps.....	BA	1,960,383	1,741,306	1,978,581
	O	783,972	1,350,100	1,663,600
Aircraft procurement, Air Force	051			
Appropriation, current.....	BA	17,438,100	21,064,610	..... ^ 28,676,500
Reappropriation.....	BA	170,000	323,100	.....
Outlays.....	O	11,798,713	13,838,900	17,960,300
Total Aircraft procurement, Air Force.....	BA	17,608,100	21,387,710	28,676,500
	O	11,798,713	13,838,900	17,960,300
Missile procurement, Air Force	051			
Appropriation, current.....	BA	4,846,600	7,756,838	..... ^ 9,820,600
Reappropriation.....	BA	15,000	55,000	.....
Outlays.....	O	3,382,920	5,012,600	6,576,300
Total Missile procurement, Air Force.....	BA	4,861,600	7,811,838	9,820,600
	O	3,382,920	5,012,600	6,576,300
Other procurement, Air Force	051			
Appropriation, current.....	BA	5,506,987	6,895,937	..... ^ 9,561,500
Reappropriation.....	BA	4,963	.....	.....
Outlays.....	O	4,704,505	6,048,400	7,482,200
Total Other procurement, Air Force.....	BA	5,511,950	6,895,937	9,561,500
	O	4,704,505	6,048,400	7,482,200
Procurement, Defense agencies	051			
Appropriation, current.....	BA	823,545	947,157	1,243,500
Outlays.....	O	492,554	696,000	886,200

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense--Military—Con.				
Procurement—Con.				
National guard and reserve equipment	051			
Appropriation, current.....	BA	125,000	176,000	.....
Outlays.....	0	2,978	39,300	159,300
Defense production act purchases	051			
Appropriation, current.....	BA			κ 25,000
Procurement of aircraft and missiles, Navy	051			
Outlays.....	0	5,861	5,000	4,000
Procurement of equipment and missiles, Army	051			
Outlays.....	0	2,011	300	.....
Total Federal funds Procurement.....	BA	80,355,081	85,995,887	107,586,341
	0	53,623,674	64,450,000	77,575,700
Research, Development, Test, and Evaluation				
<i>Federal funds</i>				
General and Special Funds:				
Research, development, test, and evaluation, Army	051			
Appropriation, current.....	BA	3,875,283	4,259,375	.....
Outlays.....	0	3,658,014	4,030,500	κ 4,987,100
Total Research, development, test, and evaluation, Army.....	BA	3,875,283	4,259,375	4,987,100
	0	3,658,014	4,030,500	4,579,000
Research, development, test, and evaluation, Navy	051			
Appropriation, current.....	BA	6,063,331	7,571,718	.....
Reappropriation.....	BA	30,300	.....	κ 9,826,076
Outlays.....	0	5,853,891	6,815,300	8,620,000
Total Research, development, test, and evaluation, Navy.....	BA	6,093,631	7,571,718	9,826,076
	0	5,853,891	6,815,300	8,620,000
Research, development, test, and evaluation, Air Force	051			
Appropriation, current.....	BA	10,591,211	12,220,706	.....
Reappropriation.....	BA	29,970	.....	κ 14,401,955
Outlays.....	0	9,181,700	11,843,300	13,578,100
Total Research, development, test, and evaluation, Air Force.....	BA	10,621,181	12,220,706	14,401,955
	0	9,181,700	11,843,300	13,578,100

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense--Military—Con.				
Research, Development, Test, and Evaluation—Con.				
Research, development, test, and evaluation, Defense agencies 051				
Appropriation, current.....	BA	2,153,189	2,767,420	^K 4,707,906
Outlays	O	1,817,341	2,412,100	3,626,500
Total Research, development, test, and evaluation, Defense agencies.....	BA	2,153,189	2,767,420	4,707,906
	O	1,817,341	2,412,100	3,626,500
Director of test and evaluation, Defense 051				
Appropriation, current.....	BA	55,000	49,000	^K 62,000
Outlays	O	43,321	55,800	53,900
Total Director of test and evaluation, Defense.....	BA	55,000	49,000	62,000
	O	43,321	55,800	53,900
Total Federal funds Research, Development, Test, and Evaluation	BA	22,798,284	26,868,219	33,985,037
	O	20,554,267	25,157,000	30,457,500
Military Construction				
<i>Federal funds</i>				
General and Special Funds:				
Military construction, Army 051				
Appropriation, current.....	BA	929,720	1,184,140	^K 1,900,000
Outlays	O	851,229	868,100	1,130,800
Total Military construction, Army.....	BA	929,720	1,184,140	1,900,000
	O	851,229	868,100	1,130,800
Military construction, Navy 051				
Appropriation, current.....	BA	1,080,750	1,206,517	164,100 ^K 1,639,200
Outlays	O	961,472	1,049,960 ^W 5,040	1,262,290 ^W 13,110
Total Military construction, Navy	BA	1,080,750	1,236,517	1,803,300
	O	961,472	1,055,000	1,275,400
Santa Margarita water project, Navy 051				
Appropriation, current.....	BA			^K 142,000
Outlays	O			^K 1,200

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense--Military--Con.				
Military Construction--Con.				
Military construction, Air Force	051			
Appropriation, current.....	BA	1,551,414	1,410,993	..... K 2,165,400
			W 55,000	
Outlays.....	O	1,086,566	1,304,230	1,614,570
			W 7,170	W 24,730
Total Military construction, Air Force.....	BA	1,551,414	1,465,993	2,165,400
	O	1,086,566	1,311,400	1,639,300
Military construction, Defense agencies	051			
Appropriation, current.....	BA	339,770	281,802	..... K 459,500
Outlays.....	O	179,337	324,000	292,000
Total Military construction, Defense agencies.....	BA	339,770	281,802	459,500
	O	179,337	324,000	292,000
North Atlantic Treaty Organization infrastructure	051			
Appropriation, current.....	BA	325,000	50,000	..... K 296,700
Outlays.....	O	202,603	240,000	260,000
Total North Atlantic Treaty Organization infra- structure.....	BA	325,000	50,000	296,700
	O	202,603	240,000	260,000
Military construction, Army National Guard	051			
Appropriation, current.....	BA	54,958	67,620	..... K 88,900
Outlays.....	O	44,586	45,000	64,000
Total Military construction, Army National Guard.	BA	54,958	67,620	88,900
	O	44,586	45,000	64,000
Military construction, Air National Guard	051			
Appropriation, current.....	BA	127,900	108,888	..... K 102,900
Outlays.....	O	77,786	114,800	112,600
Total Military construction, Air National Guard....	BA	127,900	108,888	102,900
	O	77,786	114,800	112,600
Military construction, Army Reserve	051			
Appropriation, current.....	BA	41,800	54,700	..... K 70,400
Outlays.....	O	58,422	45,600	56,000
Total Military construction, Army Reserve.....	BA	41,800	54,700	70,400
	O	58,422	45,600	56,000

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense--Military--Con.				
Military Construction--Con.				
Military construction, Naval Reserve	051			
Appropriation, current.....	BA	25,200	30,605	κ 60,800
Outlays.....	O	30,545	29,200	33,800
Total Military construction, Naval Reserve.....	BA	25,200	30,605	60,800
	O	30,545	29,200	33,800
Military construction, Air Force Reserve	051			
Appropriation, current.....	BA	35,600	41,200	κ 67,800
Outlays.....	O	31,620	38,700	43,100
Total Military construction, Air Force Reserve.....	BA	35,600	41,200	67,800
	O	31,620	38,700	43,100
Total Federal funds Military Construction.....	BA	4,512,112	4,521,465	7,157,700
	O	3,524,166	4,071,800	4,908,200
Family Housing				
<i>Federal funds</i>				
General and Special Funds:				
Family housing, Army	051			
Appropriation, current.....	BA	1,040,341	1,235,003	κ 1,405,400
			<i>c</i> 1,341	
			<i>d</i> 1,899	
Outlays.....	O	873,774	1,067,900	1,327,300
Total Family housing, Army.....	BA	1,040,341	1,238,243	1,405,400
	O	873,774	1,067,900	1,327,300
Family housing, Navy	051			
Appropriation, current.....	BA	740,947	610,493	κ 704,600
			<i>c</i> 1,178	
			<i>d</i> 592	
Outlays.....	O	559,713	641,500	655,100
Total Family housing, Navy.....	BA	740,947	612,263	704,600
	O	559,713	641,500	655,100
Family housing, Air Force	051			
Appropriation, current.....	BA	913,607	804,435	κ 1,030,700
			<i>c</i> 460	
			<i>d</i> 520	
Outlays.....	O	679,451	850,900	862,900
Total Family housing, Air Force.....	BA	913,607	805,415	1,030,700
	O	679,451	850,900	862,900

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense--Military—Con.				
Family Housing—Con.				
Family housing, Defense agencies	051			
Appropriation, current.....	BA	14,313	17,841	19,800 ^K
Outlays.....	O	12,937	15,600	18,400
Total Family housing, Defense agencies.....	BA	14,313	17,841	19,800
	O	12,937	15,600	18,400
Family housing, Defense	051			
Outlays.....	O	-56		
Public Enterprise Funds:				
Homeowners assistance fund, Defense	051			
Appropriation, current.....	BA	2,000		
Authority to borrow, permanent	BA	344	600	600
Outlays.....	O	256	1,900	1,700
Total Homeowners assistance fund, Defense.....	BA	2,344	600	600
	O	256	1,900	1,700
Total Federal funds Family Housing.....	BA	2,711,552	2,674,362	3,161,100
	O	2,126,075	2,577,800	2,865,400
Special Foreign Currency Program				
<i>Federal funds</i>				
General and Special Funds:				
Special foreign currency program	051			
Appropriation, current.....	BA	3,800	3,050	8,650 ^K
Outlays.....	O	1,578	500	1,500
Total Special foreign currency program.....	BA	3,800	3,050	8,650
	O	1,578	500	1,500
Revolving and Management Funds				
<i>Federal funds</i>				
Public Enterprise Funds:				
Defense production guarantees	051			
Outlays.....	O	-3	-2	-1
Laundry service, Naval Academy	051			
Outlays.....	O	227		
Intragovernmental Funds:				
Army stock fund	051			
Appropriation, current.....	BA	221,138	388,600	366,448
Contract authority, permanent, indefinite	BA	165,265		
Outlays.....	O	207,664	267,100	290,000
Total Army stock fund.....	BA	386,403	388,600	366,448
	O	207,664	267,100	290,000

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense--Military—Con.				
Revolving and Management Funds—Con.				
Navy stock fund	051			
Appropriation, current.....	BA	354,372	632,869	563,907
Contract authority, permanent, indefinite.....	BA	344		
Outlays.....	O	597,261	510,800	452,600
Total Navy stock fund.....	BA	354,716	632,869	563,907
	O	597,261	510,800	452,600
Marine Corps stock fund	051			
Appropriation, current.....	BA	11,812	20,780	34,908
Outlays.....	O	-2,146	34,200	18,000
Air Force stock fund	051			
Appropriation, current.....	BA	161,600	1,288,725	666,093
Outlays.....	O	194,465	827,700	835,800
Defense stock fund	051			
Appropriation, current.....	BA	160,500	43,600	130,700
Outlays.....	O	-1,250,068	530,300	251,100
Army industrial fund	051			
Outlays.....	O	-111,939	102,000	56,000
Navy industrial fund	051			
Outlays.....	O	-35,173	-165,200	120,200
Marine Corps industrial fund	051			
Outlays.....	O	2,843	5,000	-600
Air Force industrial fund	051			
Outlays.....	O	-306,256	134,502	-105,799
Defense industrial fund	051			
Appropriation, current.....	BA		150,000	
Outlays.....	O	-1,226	6,000	6,000
Army management fund	051			
Outlays.....	O	-5,783		
Navy management fund	051			
Outlays.....	O	16,119		
Air Force management fund	051			
Outlays.....	O	105		
Army conventional ammunition working capital fund	051			
Outlays.....	O	-110,889	-85,800	-63,900
Total Federal funds Revolving and Management Funds.....	BA	1,075,031	2,524,574	1,762,056
	O	-804,799	2,166,600	1,859,400

Allowances

Federal funds

General and Special Funds:

Civilian pay raises	051			
Appropriation, current.....	BA			'620,118
Outlays.....	O			'609,600
Military pay raises and benefits	051			
Appropriation, current.....	BA			'2,466,636
Outlays.....	O			'2,421,200

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense--Military--Con.				
Allowances--Con.				
Other legislation	051			
Appropriation, current.....	BA			167,620
Outlays.....	0			167,600
Total Federal funds Allowances.....	BA			3,254,374
	0			3,198,400
Trust Funds				
<i>Trust funds</i>				
Department of the Army trust funds	051			
Appropriation, permanent, indefinite.....	BA	107	105	120
Outlays.....	0	214	95	110
Department of the Navy trust funds	051			
Appropriation, permanent, indefinite.....	BA	23,985	23,335	24,420
Outlays.....	0	22,632	23,265	24,240
Department of the Air Force general gift fund	051			
Appropriation, permanent, indefinite.....	BA	60	60	60
Outlays.....	0	18	40	50
Surcharge collections, sales of commissary stores, Army	051			
Outlays.....	0	-13,573	-11,300	-11,500
Department of the Navy trust revolving funds	051			
Outlays.....	0	-887	6,200	13,300
Department of the Air Force trust revolving funds	051			
Outlays.....	0	-15,386	1,000	7,200
Total Trust funds Trust Funds.....	BA	24,152	23,500	24,600
	0	-6,982	19,300	33,400
Summary				
Federal funds:				
(As shown in detail above).....	BA	239,838,681	258,653,809	305,673,900
	0	205,408,024	231,507,100	265,065,100
Deductions for offsetting receipts:				
Intrafund transactions	051 BA	9		
	0			
Proprietary receipts from the public	051 BA	-366,036	-504,000	-675,000
	0			
Total Federal funds.....	BA	239,472,654	258,149,809	304,998,900
	0	205,041,997	231,003,100	264,390,100
Trust funds:				
(As shown in detail above).....	BA	24,152	23,500	24,600
	0	-6,982	19,300	33,400
Interfund transactions	051 BA	-23,044	-22,400	-23,500
	0			
Total Department of Defense--Military.....	BA	239,473,762	258,150,909	305,000,000
	0	205,011,971	231,000,000	264,400,000

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense--Civil				
Cemeterial Expenses, Army				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	705			
Appropriation, current.....	BA	6,682	8,203 C 71 D 28	7,759
Outlays.....	0	6,032	8,135	7,540
Total Salaries and expenses.....	BA	6,682	8,302	7,759
	0	6,032	8,135	7,540
Corps of Engineers--Civil				
<i>Federal funds</i>				
General and Special Funds:				
General investigations	301			
Appropriation, current.....	BA	139,042	133,810 G 2,000	118,000
Outlays.....	0	138,029	133,000	118,000
Total General investigations.....	BA	139,042	135,810	118,000
	0	138,029	133,000	118,000
Construction, general	301			
Appropriation, current.....	BA	1,508,405	894,104 F -4,800	874,000
Outlays.....	0	1,258,237	1,150,000	922,000
Total Construction, general.....	BA	1,508,405	889,304	874,000
	0	1,258,237	1,150,000	922,000
Operation and maintenance, general:				
(Water resources)	301			
(Appropriation, current).....	BA	1,201,367	1,184,492	1,282,000
(Outlays).....	0	1,098,003	1,264,149	1,305,000
(Recreational resources)	303			
(Appropriation, current).....	BA	4,942	6,000	15,000
(Outlays).....	0	4,837	6,851	15,000
Total Operation and maintenance, general.....	BA	1,206,309	1,190,492	1,297,000
	0	1,102,840	1,271,000	1,320,000
Flood control and coastal emergencies	301			
Appropriation, current.....	BA	54,877	10,000	10,000
Outlays.....	0	45,685	25,000	10,000
General expenses	301			
Appropriation, current.....	BA	100,100	103,000 G 2,800	113,000
Outlays.....	0	103,723	106,000	113,000
Total General expenses.....	BA	100,100	105,800	113,000
	0	103,723	106,000	113,000
Flood control, Mississippi River and tributaries	301			
Appropriation, current.....	BA	403,052	300,480	304,000
Outlays.....	0	284,201	350,000	360,000

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense--Civil--Con.				
Corps of Engineers--Civil--Con.				
Permanent appropriations:				
(Water resources) 301				
(Appropriation, permanent, indefinite).....	BA	3,635	2,000	2,100
(Outlays)	O	5,896	3,094	2,300
(Other general purpose fiscal assistance) 852				
(Appropriation, permanent, indefinite).....	BA	5,889	5,700	5,900
(Outlays)	O	6,326	5,906	5,700
Total Permanent appropriations.....	BA	9,524	7,700	8,000
	O	12,222	9,000	8,000
Intragovernmental Funds:				
Revolving fund 301				
Appropriation, current.....	BA		9,500	
Outlays	O	-13,972	8,000	2,000
<i>Trust funds</i>				
Rivers and harbors contributed funds 301				
Appropriation, permanent, indefinite	BA	43,700	51,000	52,000
Outlays	O	45,387	51,000	52,000
Summary				
Federal funds:				
(As shown in detail above).....	BA	3,421,309	2,649,086	2,724,000
	O	2,930,965	3,052,000	2,853,000
Deductions for offsetting receipts:				
Proprietary receipts from the public 301	BA	-5,989	-5,800	-6,000
	O			
	BA			200,000
	O			
	BA	-8,842	-10,000	-11,000
	O			
	BA		16,000	16,000
	O			
Total Federal funds	BA	3,406,478	2,617,286	2,491,000
	O	2,916,134	3,020,200	2,620,000
Trust funds:				
(As shown in detail above).....	BA	43,700	51,000	52,000
	O	45,387	51,000	52,000
Deductions for offsetting receipts:				
Proprietary receipts from the public 301	BA	-43,700	-51,000	-52,000
	O			
Total Trust funds	O	1,687		
Total Corps of Engineers--Civil	BA	3,406,478	2,617,286	2,491,000
	O	2,917,821	3,020,200	2,620,000

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code	1983 actual	1984 estimate	1985 estimate
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Department of Defense--Civil--Con.

Military Retirement

Federal funds

General and Special Funds:

Payment to military retirement fund	054			
Appropriation, current, indefinite	BA			J 48,600
Appropriation, permanent, indefinite	BA			8,900,000
Outlays	0			8,900,000
				J 48,600
 Total Payment to military retirement fund.....	BA			8,948,600
	0			8,948,600

Trust funds

Military retirement fund	602			
Appropriation, current, indefinite	BA			J 48,600
Appropriation, permanent, indefinite	BA			27,275,771
Outlays	0			17,623,600
				J - 298,100
 Total Military retirement fund	BA			27,324,371
	0			17,325,500

Summary

Federal funds:

(As shown in detail above)	BA			8,948,600
	0			8,948,600

Trust funds:

(As shown in detail above)	BA			27,324,371
	0			17,325,500

Interfund transactions

054

	BA			
	0			- 8,900,000
	BA			
	0			J - 48,600

 Total Military Retirement	BA			27,324,371
	0			17,325,500

Soldiers' and Airmen's Home

Trust funds

Operation and maintenance	705			
Appropriation, current	BA	27,059	30,924 C 78	32,352
Outlays	0	26,983	30,796 D 284	32,217
 Total Operation and maintenance.....	BA	27,059	31,286	32,352
	0	26,983	30,796	32,217
 Capital outlays	705			
Appropriation, current	BA		4,550	5,000
Outlays	0	2	4,125	4,782
Payment of claims	705			
Appropriation, permanent, indefinite	BA		5	5
Outlays	0		5	5

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense—Civil—Con.				
Soldiers' and Airmen's Home—Con.				
Soldiers' and Airmen's Home revolving fund	705			
Outlays	0	-7		
Summary				
Trust funds:				
(As shown in detail above)	BA	27,059	35,841	37,357
	0	26,978	34,926	37,004
Deductions for offsetting receipts:				
Proprietary receipts from the public	705 BA			
Outlays	0	-4,287	-4,715	-4,915
Total Soldiers' and Airmen's Home	BA	22,772	31,126	32,442
	0	22,691	30,211	32,089
Wildlife Conservation, Military Reservations				
<i>Federal funds</i>				
General and Special Funds:				
Wildlife conservation	303			
Appropriation, permanent, indefinite	BA	1,435	1,583	1,679
Outlays	0	1,151	1,638	1,769
Summary				
Federal funds:				
(As shown in detail above)	BA	1,435	1,583	1,679
	0	1,151	1,638	1,769
Deductions for offsetting receipts:				
Proprietary receipts from the public	303 BA			
Outlays	0	-1,435	-1,583	-1,679
Total Wildlife Conservation, Military Reservations	0	-284	55	90
Summary				
Federal funds:				
(As shown in detail above)	BA	3,429,426	2,658,971	11,682,038
	0	2,938,148	3,061,773	11,810,909
Deductions for offsetting receipts:				
Proprietary receipts from the public	301 BA			
Outlays	0	-5,989	-5,800	-6,000
	BA			-200,000
	0			
	303 BA			
Outlays	0	-10,277	-11,583	-12,679
	BA			-16,000
	0			-16,000
Total Federal funds	BA	3,413,160	2,625,588	11,447,359
	0	2,921,882	3,028,390	11,576,230
Trust funds:				
(As shown in detail above)	BA	70,759	86,841	27,413,728
	0	72,365	85,926	17,414,504

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense--Civil--Con.				
Summary--Con.				
Deductions for offsetting receipts:				
Proprietary receipts from the public	301 BA	-43,700	-51,000	-52,000
	O			
	705 BA	-4,287	-4,715	-4,915
	O			
Total Trust funds	BA	<u>22,772</u>	<u>31,126</u>	<u>27,356,813</u>
	O	<u>24,378</u>	<u>30,211</u>	<u>17,357,589</u>
Interfund transactions	054 BA			-8,900,000
	O			
	BA			^j -48,600
	O			
Total Department of Defense--Civil.....	BA	<u>3,435,932</u>	<u>2,656,714</u>	<u>29,855,572</u>
	O	<u>2,946,260</u>	<u>3,058,601</u>	<u>19,985,219</u>

Department of Education

Office of Elementary and Secondary Education				
<i>Federal funds</i>				
General and Special Funds:				
Compensatory education for the disadvantaged	501			
Appropriation, current.....	BA	3,207,894	3,487,500	3,480,000
Outlays	O	2,645,688	3,376,302	3,423,823
Impact aid	501			
Appropriation, current.....	BA	540,200	585,000	506,630
Outlays	O	548,205	613,209	572,089
Special programs	501			
Appropriation, current.....	BA	534,500	527,867	728,879
			^j 50,000	^j 50,000
Outlays	O	552,590	550,160	552,169
			^j 5,500	^j 40,000
Total Special programs	BA	<u>534,500</u>	<u>577,867</u>	<u>778,879</u>
	O	<u>552,590</u>	<u>555,660</u>	<u>592,169</u>
Indian education	501			
Appropriation, current.....	BA	69,185	68,780	68,780
				^k 68,780
Outlays	O	69,603	72,546	69,302
Total Indian education.....	BA	<u>69,185</u>	<u>68,780</u>	<u>68,780</u>
	O	<u>69,603</u>	<u>72,546</u>	<u>69,302</u>
Total Federal funds Office of Elementary and Secondary Education.....	BA	<u>4,351,779</u>	<u>4,719,147</u>	<u>4,834,289</u>
	O	<u>3,816,086</u>	<u>4,617,717</u>	<u>4,657,383</u>

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Education—Con.				
Office of Bilingual Education and Minority Languages Affairs				
<i>Federal funds</i>				
General and Special Funds:				
Bilingual education	501			
Appropriation, current.....	BA	138,057	169,365	✓ 139,245
Outlays.....	O	163,268	143,060	132,759
				✓ 5,422
Total Bilingual education.....	BA	138,057	169,365	139,245
	O	163,268	143,060	138,181
Office of Special Education and Rehabilitative Services				
<i>Federal funds</i>				
General and Special Funds:				
Education for the handicapped	501			
Appropriation, current.....	BA	1,199,402	1,239,445	1,214,445
Outlays.....	O	1,289,710	1,108,239	1,175,724
Rehabilitation services and handicapped research	506			
Appropriation, current.....	BA	1,045,347	1,121,400	1,004,400
Outlays.....	O	948,650	1,206,548	1,090,567
Total Rehabilitation services and handicapped research.....	BA	1,045,347	1,121,400	1,091,660
	O	948,650	1,206,548	1,090,567
Total Federal funds Office of Special Education and Rehabilitative Services.....	BA	2,244,749	2,360,845	2,306,105
	O	2,238,360	2,314,787	2,266,291
Office of Vocational and Adult Education				
<i>Federal funds</i>				
General and Special Funds:				
Vocational and adult education	501			
Appropriation, current.....	BA	816,500	831,314	✓ 100,000
				✓ 731,314
Appropriation, permanent.....	BA	7,161	7,161	7,161
Outlays.....	O	717,569	790,050	863,395
				✓ 14,627
Total Vocational and adult education.....	BA	823,661	838,475	838,475
	O	717,569	790,050	878,022

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Education—Con.				
Office of Postsecondary Education				
<i>Federal funds</i>				
General and Special Funds:				
Student financial assistance	502			
Appropriation, current.....	BA	3,617,800	3,976,860 ^A 10,000	3,654,000
Outlays.....	0	4,043,597	4,097,216 ^A 500	3,855,174 ^A 9,200
Total Student financial assistance.....	BA 0	3,617,800 4,043,597	3,986,860 4,097,716	3,654,000 3,864,374
Guaranteed student loans	502			
Appropriation, current.....	BA	3,100,500	2,256,500	3,079,459 ^L - 238,782
Outlays.....	0	2,555,539	2,974,769 ^L - 12,965	2,913,045 ^L - 166,121
Total Guaranteed student loans.....	BA 0	3,100,500 2,555,539	2,256,500 2,961,804	2,840,677 2,746,924
Higher education	502			
Appropriation, current.....	BA	421,841	418,866 ^A - 10,000	117,655 ^J 134,416
Appropriation, permanent.....	BA	2,800		
Reappropriation.....	BA	335		
Outlays.....	0	364,422	453,378 ^A - 1,124	400,860 ^A - 12,062 ^J 10,753
Total Higher education.....	BA 0	424,976 364,422	410,786 452,254	252,071 399,551
Higher education facilities loans and insurance	502			
Appropriation, current.....	BA	20,143	19,846	14,194
Appropriation, permanent, indefinite.....	BA	134		
Outlays.....	0	21,148	6,119	2,452
Total Higher education facilities loans and insurance.....	BA 0	20,277 21,148	19,846 6,119	14,194 2,452
Public Enterprise Funds:				
College housing loans	502			
Appropriation, permanent, indefinite.....	BA	40		
Outlays.....	0	- 16,510	- 35,152	- 62,389 ^A - 7,000
Total College housing loans.....	BA 0	40 - 16,510	- 35,152	- 69,389
Total Federal funds Office of Postsecondary Education.....	BA 0	7,163,593 6,968,196	6,673,992 7,482,741	6,760,942 6,943,912

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Education—Con.				
Office of Educational Research and Improvement				
<i>Federal funds</i>				
General and Special Funds:				
Educational research and statistics	503			
Appropriation, current.....	BA	64,203	56,978	62,978
Outlays.....	O	59,580	81,850	60,603
Libraries	503			
Appropriation, current.....	BA	130,320	86,880	
Outlays.....	O	124,451	88,266	90,034
Total Federal funds Office of Educational Research and Improvement.....	BA	194,523	143,858	62,978
	O	184,031	170,116	150,637
Special Institutions				
<i>Federal funds</i>				
General and Special Funds:				
Payments to special institutions:				
(Elementary, secondary, and vocational education)				
	501			
(Appropriation, current).....	BA	23,090	23,090	23,090
(Outlays).....	O	24,256	24,997	23,711
				✓ -9,263
Total (Elementary, secondary, and vocational education).....	BA	23,090	23,090	13,235
	O	24,256	24,997	14,448
(Higher education)	502			
(Appropriation, current).....	BA	205,410	209,110	228,230
(Outlays).....	O	224,820	227,081	230,766
Total Payments to special institutions.....	BA	228,500	232,200	241,465
	O	249,076	252,078	245,214
<i>Trust funds</i>				
Promotion of education for the blind	501			
Appropriation, current.....	BA			✓ - 10
Appropriation, permanent.....	BA		10	10
Outlays.....	O		10	10
				✓ - 10
Total Promotion of education for the blind.....	BA		10	
	O		10	
Total Federal funds Special Institutions.....	BA	228,500	232,200	241,465
	O	249,076	252,078	245,214
Total Trust funds Special Institutions.....	BA		10	
	O		10	

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Education—Con.				
Departmental Management				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses:				
(Elementary, secondary and vocational education) 501				
(Appropriation, current)	BA	19,594	18,306	18,013
(Outlays)	0	16,974	21,473	18,102
(Higher education) 502				
(Appropriation, current)	BA	72,434	77,419	79,763
(Outlays)	0	66,191	86,433	79,552
(Research and general education aids) 503				
(Appropriation, current)	BA	111,018	115,656	127,413
(Outlays)	0	90,079	141,016	125,836
			^ 2,206	
Total (Research and general education aids)	BA	111,018	115,656	127,413
	0	90,079	143,222	125,836
(Social services) 506				
(Appropriation, current)	BA	18,954	18,619	18,316
(Outlays)	0	16,268	21,212	18,396
(Federal law enforcement activities) 751				
(Appropriation, current)	BA	57,708	62,385	57,945
(Outlays)	0	58,454	60,401	58,797
			^ 1,511	^ 206
Total (Federal law enforcement activities)	BA	57,708	62,385	57,945
	0	58,454	61,912	59,003
Total Salaries and expenses	BA	279,708	292,385	301,450
	0	247,966	334,252	300,889
Education and research overseas:				
(Special foreign currency program) (Research and general education aids) 503				
(Appropriation, current)	BA	516	1,133	.....
(Outlays)	0	853	1,002	1,232
(Special foreign currency program) (Social services) 506				
(Outlays)	0	390	1,610	2,217
Total Education and research overseas	BA	516	1,133	.....
	0	1,243	2,612	3,449
<i>Trust funds</i>				
Contributions 503				
Appropriation, permanent, indefinite	BA	29	24	.....
Outlays	0	30	149	30
Total Federal funds Departmental Management	BA	280,224	293,518	301,450
	0	249,209	336,864	304,338
Total Trust funds Departmental Management	BA	29	24	.....
	0	30	149	30

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Education—Con.				
Summary				
Federal funds:				
(As shown in detail above)	BA	15,425,086	15,431,400	15,484,949
	O	14,585,795	16,107,413	15,583,978
Deductions for offsetting receipts:				
Proprietary receipts from the public	502 BA			
	O	- 27,877	- 33,621	- 67,294
Total Federal funds	BA	15,397,209	15,397,779	15,417,655
	O	14,557,918	16,073,792	15,516,684
Trust funds:				
(As shown in detail above)	BA	29	34	
	O	30	159	30
Deductions for offsetting receipts:				
Proprietary receipts from the public	908 BA			
	O		- 10	- 10
	BA			
	O			- 10
Total Trust funds	BA	29	24	
	O	30	149	30
Total Department of Education	BA	15,397,238	15,397,803	15,417,655
	O	14,557,948	16,073,941	15,516,714
Department of Energy				
Atomic Energy Defense Activities				
<i>Federal funds</i>				
General and Special Funds:				
Atomic energy defense activities	053			
Appropriation, current	BA	5,718,300	6,554,875	7,805,825
			^A 157,600	
Outlays	O	5,171,202	5,875,550	7,101,484
			^A 126,000	^A 31,600
Total Atomic energy defense activities	BA	5,718,300	6,712,475	7,805,825
	O	5,171,202	6,001,550	7,133,084
Energy Programs				
<i>Federal funds</i>				
General and Special Funds:				
General science and research activities	251			
Appropriation, current	BA	534,467	638,250	746,105
Outlays	O	588,921	621,450	684,316
Energy supply, R&D activities	271			
Appropriation, current	BA	2,435,472	1,999,609	
Indefinite	BA			2,037,181
Outlays	O	2,275,666	2,113,900	2,102,039
Total Energy supply, R&D activities	BA	2,435,472	1,999,609	2,037,181
	O	2,275,666	2,113,900	2,102,039

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Energy—Con.				
Energy Programs—Con.				
Uranium supply and enrichment activities	271			
Appropriation, current, indefinite	BA	1,834,100	2,195,000	.....
Outlays	O	1,645,513	2,147,000	31,300
Fossil energy research and development	271			
Appropriation, current	BA	217,094	260,214	.....
Indefinite	BA	.....	.....	187,731
Appropriation, permanent	BA	.....	.....	15,000
Outlays	O	402,841	333,850	280,474
Total Fossil energy research and development	BA	217,094	260,214	202,731
	O	402,841	333,850	280,474
Naval petroleum and oil shale reserves	271			
Appropriation, current	BA	222,000	256,600	223,804
Outlays	O	228,002	224,076	233,354
Energy conservation:				
(Energy conservation)	272			
(Appropriation, current)	BA	429,128	431,131	.....
(Indefinite)	BA	.....	.....	144,077
(Outlays)	O	476,267	459,367	308,910
Total (Energy conservation)	BA	429,128	431,131	382,077
	O	476,267	459,367	379,910
Strategic petroleum reserve	274			
Appropriation, current	BA	242,118	158,770	.....
Indefinite	BA	.....	.....	447,190
Outlays	O	214,794	203,101	356,989
Total Strategic petroleum reserve	BA	242,118	158,770	447,190
	O	214,794	203,101	356,989
Energy information administration	276			
Appropriation, current	BA	58,582	55,870	57,863
			" 521	
Outlays	O	67,916	58,732	61,889
Total Energy information administration	BA	58,582	56,391	57,863
	O	67,916	58,732	61,889
Emergency preparedness and energy regulation	276			
Appropriation, current	BA	35,666	30,330	27,157
			^A 3,000	
			" 575	
Outlays	O	44,188	32,873	30,075
			^A 2,567	^A 433
Total Emergency preparedness and energy regulation	BA	35,666	33,905	27,157
	O	44,188	35,440	30,508

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Energy—Con.				
Energy Programs—Con.				
Federal Energy Regulatory Commission	276			
Appropriation, current.....	BA		^D 1,731	
Indefinite.....	BA	79,665	89,582	40,677
Outlays.....	O	77,879	90,045	39,467
Total Federal Energy Regulatory Commission.....	BA	79,665	91,313	40,677
	O	77,879	90,045	39,467
Geothermal resources development fund	271			
Appropriation, current.....	BA	190	2,100	121
Outlays.....	O	2,460	1,790	685
Alternative fuels production	271			
Outlays.....	O	8,721	5,000	2,847
Payments to states under Federal Power Act	852			
Appropriation, permanent, indefinite.....	BA	164	570	570
Outlays.....	O	1,045	164	570
Nuclear waste disposal fund	271			
Appropriation, current.....	BA		318,675	327,669
Outlays.....	O	160,121	283,616	350,069
<i>Trust funds</i>				
Advances for cooperative work	271			
Appropriation, permanent, indefinite.....	BA	2,580	32,205	18,460
Outlays.....	O	— 21,672	58,008	23,940
Total Federal funds Energy Programs.....	BA	6,088,646	6,442,528	4,493,145
	O	6,194,334	6,577,531	4,554,417
Total Trust funds Energy Programs.....	BA	2,580	32,205	18,460
	O	— 21,672	58,008	23,940
Power Marketing Administration				
<i>Federal funds</i>				
General and Special Funds:				
Operation and maintenance, Alaska Power Administration	271			
Appropriation, current.....	BA	3,945	3,410	3,233
Outlays.....	O	3,217	4,050	3,233
Public Enterprise Funds:				
Bonneville Power Administration fund	271			
Authority to borrow, current.....	BA	223,800	123,400	
Authority to borrow, permanent, indefinite.....	BA	159,927	283,285	298,730
Outlays.....	O	125,501	19,585	— 104,500
Total Bonneville Power Administration fund.....	BA	383,727	406,685	298,730
	O	125,501	19,585	— 104,500
General and Special Funds:				
Operation and maintenance, Southeastern Power Administration	271			
Appropriation, current.....	BA	3,964	20,594	35,744
Outlays.....	O	5,902	19,566	34,480

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Energy—Con.				
Power Marketing Administration—Con.				
Operation and maintenance, Southwestern Power Administration 271				
Appropriation, current.....	BA	20,756	36,229	29,208
Outlays.....	O	24,135	39,240	36,268
Construction, rehabilitation, operation and maintenance, Western Area Power Administration 271				
Appropriation, current.....	BA	179,750	194,630	248,230
Outlays.....	O	125,021	286,353	278,230
Emergency fund, Western Area Power Administration 271				
Appropriation, current.....	BA	337	500	.....
Outlays.....	O	327	665	.....
Public Enterprise Funds:				
Colorado river basins power marketing fund, Western Area Power Administration 271				
Outlays.....	O	-38,439	-5,000	-5,000
Total Federal funds Power Marketing Administration.....				
	BA	592,479	662,048	615,145
	O	245,664	364,459	242,711
Departmental Administration				
<i>Federal funds</i>				
General and Special Funds:				
Departmental administration 276				
Appropriation, current, indefinite.....	BA	378,822	366,056	138,575
Outlays.....	O	320,028	354,925	172,003
Special foreign currency program 271				
Outlays.....	O	-143	.....	.....
Total Federal funds Departmental Administration.....				
	BA	378,822	366,056	138,575
	O	319,885	354,925	172,003
Summary				
Federal funds:				
(As shown in detail above).....	BA	12,778,247	14,183,107	13,052,690
	O	11,931,085	13,298,465	12,102,215
Deductions for offsetting receipts:				
Intrafund transactions 908				
	BA	.....	.....	-10
	O	.....	.....	.....
Proprietary receipts from the public 271				
	BA	-3,351,788	-4,199,340	-2,224,953
	O	.....	.....	.....
	276	BA	-146,287	-254,719
		O	.....	.....
	301	BA	-20,482	-22,242
		O	.....	-20,785
Total Federal funds.....				
	BA	9,259,690	9,706,806	10,806,942
	O	8,412,528	8,822,164	9,856,467

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Energy—Con.				
Summary—Con.				
Trust funds:				
(As shown in detail above).....	BA	2,580	32,205	18,460
	O	—21,672	58,008	23,940
Deductions for offsetting receipts:				
Proprietary receipts from the public	271 BA			
	O	—2,580	—32,205	—18,460
Total Trust funds.....	O	—24,252	25,803	5,480
Total Department of Energy.....	BA	9,259,690	9,706,806	10,806,942
	O	8,388,276	8,847,967	9,861,947

Department of Health and Human Services

Health Programs

Public Health Service

Food and Drug Administration

Federal funds

General and Special Funds:				
Program expenses	554			
Appropriation, current.....	BA	350,844	382,574	394,004
			^c 130	
			^d 6,348	
Outlays.....	O	359,680	381,218	390,042
Total Program expenses.....	BA	350,844	389,052	394,004
	O	359,680	381,218	390,042
Buildings and facilities	554			
Appropriation, current.....	BA	875	4,875	.....
Outlays.....	O	3,812	14,481	13,871
Public Enterprise Funds:				
Revolving fund for certification and other services	554			
Outlays.....	O	131	.....	.....
Total Federal funds Food and Drug Administration.....	BA	351,719	393,927	394,004
	O	363,623	395,699	403,913

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Health and Human Services—Con.				
Health Programs—Con.				
Public Health Service—Con.				
Health Resources and Services Administration				
<i>Federal funds</i>				
General and Special Funds:				
Health resources and services:				
(Health care services) 551				
(Appropriation, current)	BA	1,266,579	1,172,140	60,512
				^K 67,174
				^L - 2,772
(Outlays)	O	1,174,389	1,182,127	743,895
				^L - 2,772
Total (Health care services)	BA	1,266,579	1,172,140	124,914
	O	1,174,389	1,182,127	741,123
(Education and training of health care work force) 553				
(Appropriation, current)	BA	243,036	208,011	19,317
				^K 101,188
(Outlays)	O	330,608	204,792	175,098
Total (Education and training of health care work force)	BA	243,036	208,011	120,505
	O	330,608	204,792	175,098
Total Health resources and services	BA	1,509,615	1,380,151	245,419
	O	1,504,997	1,386,919	916,221
Indian health 551				
Appropriation, current	BA	679,216	770,408	667,408
				^K 74,632
				^L - 90
Outlays	O	625,921	760,441	744,684
				^L - 90
Total Indian health	BA	679,216	770,408	741,950
	O	625,921	760,441	744,594
Indian health facilities 551				
Appropriation, current	BA	73,700	53,595	.....
Outlays	O	66,069	78,850	60,135
Public Enterprise Funds:				
Health professions graduate student loan insurance fund 553				
Outlays	O	- 2,107	- 3,545	- 5,144
Health education loans 553				
Outlays	O	- 2,947	- 528	- 28
Nurse training fund 553				
Outlays	O	- 742	- 465	- 465
Medical facilities guarantee and loan fund 551				
Appropriation, current	BA	32,000	32,000	26,500
Outlays	O	28,682	31,085	31,083

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Health and Human Services—Con.				
Health Programs—Con.				
Public Health Service—Con.				
Health Resources and Services Administration—Con.				
Health maintenance organization loan and loan guarantee fund 551				
Appropriation, current.....	BA	2,650		
Outlays	0	18,621	2,129	- 884
Total Federal funds Health Resources and Services Administration				
	BA	2,297,181	2,236,154	1,013,869
	0	2,238,494	2,254,886	1,745,512
Centers for Disease Control				
<i>Federal funds</i>				
General and Special Funds:				
Disease control:				
(Health care services) 551				
(Appropriation, current)	BA	294,592	309,624	144,016
(Outlays)	0	300,839	308,485	268,452
Total (Health care services)	BA	294,592	309,624	223,919
	0	300,839	308,485	268,452
(Health research) 552				
(Appropriation, current)	BA	57,484	64,880	56,445
(Outlays)	0	60,751	59,255	63,103
Total Disease control	BA	352,076	374,504	280,364
	0	361,590	367,740	331,555
Total Federal funds Centers for Disease Control ..	BA	352,076	374,504	280,364
	0	361,590	367,740	331,555
National Institutes of Health				
<i>Federal funds</i>				
General and Special Funds:				
National Cancer Institute:				
(Health research) 552				
(Appropriation, current)	BA	962,632	1,052,365	1,076,697
(Outlays)	0	925,950	1,001,582	1,057,020
(Education and training of health care work force) 553				
(Appropriation, current)	BA	25,010	24,938	24,372
(Outlays)	0	22,895	24,515	24,020
Total National Cancer Institute.....	BA	987,642	1,077,303	1,101,069
	0	948,845	1,026,097	1,081,040
National Heart, Lung and Blood Institute:				
(Health research) 552				
(Appropriation, current)	BA	595,963	672,824	689,017
(Outlays)	0	551,367	626,954	677,534

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Health and Human Services—Con.				
Health Programs—Con.				
Public Health Service—Con.				
National Institutes of Health—Con.				
(Education and training of health care work force) 553				
(Appropriation, current)	BA	28,296	30,373	29,835
(Outlays)	O	26,179	28,302	29,338
Total National Heart, Lung and Blood Institute....	BA	624,259	703,197	718,852
	O	577,546	655,256	706,872
National Institute of Dental Research:				
(Health research) 552				
(Appropriation, current)	BA	75,117	83,962	86,871
(Outlays)	O	66,764	79,747	85,374
(Education and training of health care work force) 553				
(Appropriation, current)	BA	4,175	4,201	4,225
(Outlays)	O	3,711	3,990	4,152
Total National Institute of Dental Research.....	BA	79,292	88,163	91,096
	O	70,475	83,737	89,526
National Institute of Arthritis, Diabetes, and Digestive and Kidney Diseases:				
(Health research) 552				
(Appropriation, current)	BA	393,588	442,717	455,487
(Outlays)	O	361,549	413,368	446,997
(Education and training of health care work force) 553				
(Appropriation, current)	BA	19,904	19,861	19,837
(Outlays)	O	18,918	19,877	19,837
Total National Institute of Arthritis, Diabetes, and Digestive and Kidney Diseases.....	BA	413,492	462,578	475,324
	O	380,467	433,245	466,834
National Institute of Neurological and Communicative Disorders and Stroke:				
(Health research) 552				
(Appropriation, current)	BA	286,749	324,875	334,447
(Outlays)	O	257,648	297,200	327,397
(Education and training of health care work force) 553				
(Appropriation, current)	BA	10,315	10,330	10,154
(Outlays)	O	9,082	10,353	10,345
Total National Institute of Neurological and Communicative Disorders and Stroke	BA	297,064	335,205	344,601
	O	266,730	307,553	337,742
National Institute of Allergy and Infectious Diseases:				
(Health research) 552				
(Appropriation, current)	BA	270,268	305,211	316,231
(Outlays)	O	236,676	285,203	309,282

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Health and Human Services—Con.				
Health Programs—Con.				
Public Health Service—Con.				
National Institutes of Health—Con.				
(Education and training of health care work force) 553				
(Appropriation, current)	BA	8,861	8,906	9,148
(Outlays)	O	7,760	8,322	8,947
Total National Institute of Allergy and Infectious Diseases.....	BA	279,129	314,117	325,379
	O	244,436	293,525	318,229
National Institute of General Medical Sciences:				
(Health research) 552				
(Appropriation, current)	BA	319,403	365,282	373,907
(Outlays)	O	313,992	339,347	369,305
(Education and training of health care work force) 553				
(Appropriation, current)	BA	50,410	50,362	49,946
(Outlays)	O	49,553	46,786	49,327
Total National Institute of General Medical Sciences.....	BA	369,813	415,644	423,853
	O	363,545	386,133	418,632
National Institute of Child Health and Human Development:				
(Health research) 552				
(Appropriation, current)	BA	243,339	264,199	269,561
(Outlays)	O	218,419	247,148	266,273
(Education and training of health care work force) 553				
(Appropriation, current)	BA	10,985	10,980	10,617
(Outlays)	O	9,350	10,435	10,430
Total National Institute of Child Health and Human Development.....	BA	254,324	275,179	280,178
	O	227,769	257,583	276,703
National Eye Institute:				
(Health research) 552				
(Appropriation, current)	BA	137,781	150,553	154,092
(Outlays)	O	123,494	141,918	152,152
(Education and training of health care work force) 553				
(Appropriation, current)	BA	4,120	4,130	3,781
(Outlays)	O	3,535	3,545	3,250
Total National Eye Institute.....	BA	141,901	154,683	157,873
	O	127,029	145,463	155,402
National Institute of Environmental Health Sciences:				
(Health research) 552				
(Appropriation, current)	BA	157,831	172,771	177,613
(Outlays)	O	146,989	163,466	174,973

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Health and Human Services—Con.				
Health Programs—Con.				
Public Health Service—Con.				
<i>National Institutes of Health—Con.</i>				
(Education and training of health care work force) 553				
(Appropriation, current)	BA	7,036	7,035	6,142
(Outlays)	O	6,562	6,656	5,971
<hr/>				
Total National Institute of Environmental Health Sciences.....	BA	164,867	179,806	183,755
	O	153,551	170,122	180,944
<hr/>				
National Institute on Aging:				
(Health research) 552				
(Appropriation, current)	BA	91,268	112,190	114,244
(Outlays)	O	79,933	97,330	108,911
(Education and training of health care work force) 553				
(Appropriation, current)	BA	2,728	2,731	3,146
(Outlays)	O	2,604	2,607	2,999
<hr/>				
Total National Institute on Aging.....	BA	93,996	114,921	117,390
	O	82,537	99,937	111,910
<hr/>				
Research resources:				
(Health research) 552				
(Appropriation, current)	BA	213,185	241,906	244,950
(Outlays)	O	217,969	228,251	243,030
(Education and training of health care work force) 553				
(Appropriation, current)	BA	732	730	778
(Outlays)	O	748	689	772
<hr/>				
Total Research resources.....	BA	213,917	242,636	245,728
	O	218,717	228,940	243,802
<hr/>				
John E. Fogarty International Center 552				
Appropriation, current.....	BA	10,147	11,336	11,426
Outlays.....	O	8,799	10,102	10,986
National Library of Medicine:				
(Health research) 552				
(Appropriation, current)	BA	16,426	14,135	14,821
(Outlays)	O	13,580	15,450	15,200
(Education and training of health care work force) 553				
(Appropriation, current)	BA	35,517	35,478	36,499
(Outlays)	O	31,319	36,960	36,750
<hr/>				
Total National Library of Medicine.....	BA	51,943	49,613	51,320
	O	44,899	52,410	51,950
<hr/>				
Office of the Director:				
(Health research) 552				
(Appropriation, current)	BA	22,708	24,582	25,308
(Outlays)	O	23,240	24,695	25,178

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Health and Human Services—Con.				
Health Programs—Con.				
Public Health Service—Con.				
National Institutes of Health—Con.				
(Education and training of health care work force) 553				
(Appropriation, current)	BA	1,975	2,138	2,201
(Outlays)	0	2,020	2,147	2,189
Total Office of the Director	BA	24,683	26,720	27,509
	0	25,260	26,842	27,367
Buildings and facilities 552				
Appropriation, current	BA	17,500	25,040	11,100
Outlays	0	15,568	15,722	26,014
Intragovernmental Funds:				
National Institutes of Health management fund 552				
Outlays	0	— 5,855		
Service and supply fund 552				
Outlays	0	— 669		
Total Federal funds National Institutes of Health	BA	4,023,969	4,476,141	4,566,453
	0	3,749,649	4,192,667	4,503,953
Alcohol, Drug Abuse, and Mental Health Administration				
<i>Federal funds</i>				
General and Special Funds:				
Alcohol, drug abuse, and mental health:				
(Health care services) 551				
(Appropriation, current)	BA	468,000	462,000	
(Outlays)	0	506,177	472,024	115,500
(Health research) 552				
(Appropriation, current)	BA	303,414	346,157	243,970
(Outlays)	0	289,820	297,565	339,063
Total (Health research)	BA	303,414	346,157	355,318
	0	289,820	297,565	339,063
(Education and training of health care work force) 553				
(Appropriation, current)	BA	37,930	38,049	17,337
(Outlays)	0	59,380	36,101	32,674
Total Alcohol, drug abuse, and mental health	BA	809,344	846,206	372,655
	0	855,377	805,690	487,237
Federal subsidy for Saint Elizabeths Hospital 551				
Appropriation, current	BA	76,505	67,744	48,595
Outlays	0	79,169	71,153	50,936

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Health and Human Services—Con.				
Health Programs—Con.				
Public Health Service—Con.				
Alcohol, Drug Abuse, and Mental Health Administration—Con.				
Construction and renovation, Saint Elizabeths Hospital 551				
Outlays	0	10,841	9,710	9,078
Total Federal funds Alcohol, Drug Abuse, and Mental Health Administration.....				
	BA	885,849	913,950	421,250
	0	945,387	886,553	547,251
Office of Assistant Secretary for Health				
<i>Federal funds</i>				
General and Special Funds:				
Public health service management:				
(Health care services) 551				
(Appropriation, current)	BA	36,037	41,802	30,330
				^K 22,937
(Outlays)	0	51,179	42,266	52,877
Total (Health care services).....	BA	36,037	41,802	53,267
	0	51,179	42,266	52,877
(Health research) 552				
(Appropriation, current)	BA	57,082	63,770	5,448
				^K 53,598
(Outlays)	0	45,661	66,269	62,599
Total (Health research).....	BA	57,082	63,770	59,046
	0	45,661	66,269	62,599
Total Public health service management.....	BA	93,119	105,572	112,313
	0	96,840	108,535	115,476
Grants to States for health 551				
Appropriation, current.....	BA			1,314,800
				^L 189,200
Outlays	0			762,954
				^L 75,700
Total Grants to States for health.....	BA			1,504,000
	0			838,654

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Health and Human Services—Con.				
Health Programs—Con.				
Public Health Service—Con.				
Office of Assistant Secretary for Health—Con.				
Retirement pay and medical benefits for commissioned officers	551			
Appropriation, current.....	BA			87,698 L - 1,250
Indefinite.....	BA	71,325	75,356 L - 918	
Outlays.....	0	74,462	77,663 L - 918	89,341 L - 1,250
Total Retirement pay and medical benefits for commissioned officers.....	BA 0	71,325 74,462	74,438 76,745	86,448 88,091
Scientific activities overseas (special foreign currency program)	552			
Outlays.....	0	2,431	3,692	4,369
Intragovernmental Funds:				
Service and supply fund	551			
Outlays.....	0	13,815	-14,231	
<i>Trust funds</i>				
Miscellaneous trust funds	551			
Appropriation, permanent, indefinite.....	BA	17,891	8,124	8,124
Outlays.....	0	9,786	10,966	8,778
Total Federal funds Office of Assistant Secretary for Health.....	BA 0	164,444 187,548	180,010 174,741	1,702,761 1,046,590
Total Trust funds Office of Assistant Secretary for Health.....	BA 0	17,891 9,786	8,124 10,966	8,124 8,778
Total Federal funds Public Health Service.....	BA 0	8,075,238 7,846,291	8,574,686 8,272,286	8,378,701 8,578,774
Total Trust funds Public Health Service.....	BA 0	17,891 9,786	8,124 10,966	8,124 8,778
Other Health Programs				
Health Care Financing Administration				
<i>Federal funds</i>				
General and Special Funds:				
Grants to States for Medicaid	551			
Appropriation, current.....	BA	14,794,512	20,673,708	22,280,001 L - 1,067,001
Outlays.....	0	18,985,244	20,236,803	23,196,321 L - 1,067,001
Total Grants to States for Medicaid.....	BA 0	14,794,512 18,985,244	20,673,708 20,236,803	21,213,000 22,129,320

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Health and Human Services—Con.				
Health Programs—Con.				
Other Health Programs—Con.				
Health Care Financing Administration— Con.				
Payments to health care trust funds	572			
Appropriation, current.....	BA	18,803,000	17,682,000	19,904,000 J - 806,000
Appropriation, permanent, indefinite.....	BA		154,000	455,000
Outlays.....	0	18,778,991	17,821,000	20,359,000 J - 806,000
Total Payments to health care trust funds.....	BA	18,803,000	17,836,000	19,553,000
	0	18,778,991	17,821,000	19,553,000
Program management:				
(Health care services)	551			
(Appropriation, current).....	BA	74,559	69,600	73,247
(Outlays).....	0	72,176	69,600	73,247
(Health research)	552			
(Appropriation, current).....	BA	20,000	20,600	23,000
(Outlays).....	0	20,000	20,600	23,000
Total Program management.....	BA	94,559	90,200	96,247
	0	92,176	90,200	96,247
<i>Trust funds</i>				
Federal hospital insurance trust fund	572			
Appropriation, current.....	BA			J 215,000
Appropriation, permanent, indefinite.....	BA	31,511,980	45,436,000	51,171,000
Outlays.....	0	38,551,316	45,069,109 ^ 1,308	52,127,127
Total Federal hospital insurance trust fund.....	BA	31,511,980	45,436,000	51,386,000
	0	38,551,316	45,070,417	51,912,886
Federal supplementary medical insurance trust fund	572			
Appropriation, current.....	BA		J 5,000	J - 669,000

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Health and Human Services—Con.				
Health Programs—Con.				
Other Health Programs—Con.				
Health Care Financing Administration— Con.				
Appropriation, permanent, indefinite.....	BA	19,147,097	22,434,000	25,661,000
Outlays.....	O	18,316,750	21,253,126 ^ 2,692 J — 150,000	24,669,448 J — 724,805
Total Federal supplementary medical insurance trust fund.....	BA	19,147,097	22,439,000	24,992,000
	O	18,316,750	21,105,818	23,944,643
Total Federal funds Health Care Financing Administration.....	BA	33,692,071	38,599,908	40,862,247
	O	37,856,411	38,148,003	41,778,567
Total Trust funds Health Care Financing Administration.....	BA	50,659,077	67,875,000	76,378,000
	O	56,868,066	66,176,235	75,857,529
Total Federal funds Health Programs.....	BA	41,767,309	47,174,594	49,240,948
	O	45,702,702	46,420,289	50,357,341
Total Trust funds Health Programs.....	BA	50,676,968	67,883,124	76,386,124
	O	56,877,852	66,187,201	75,866,307
Social Security Administration				
<i>Federal funds</i>				
General and Special Funds:				
Payments to social security trust funds.....	571			
Appropriation, current.....	BA	21,890,213	521,258	512,722
Appropriation, permanent, indefinite.....	BA		3,960,000	3,198,000
Outlays.....	O	21,130,168	4,481,175	3,710,722
Total Payments to social security trust funds.....	BA	21,890,213	4,481,258	3,710,722
	O	21,130,168	4,481,175	3,710,722
Special benefits for disabled coal miners.....	601			
Appropriation, current.....	BA	1,093,000	1,068,000 F — 10,000	1,024,131
Outlays.....	O	1,078,759	1,056,232	1,029,131
Total Special benefits for disabled coal miners....	BA	1,093,000	1,058,000	1,024,131
	O	1,078,759	1,056,232	1,029,131
Supplemental security income program.....	609			
Appropriation, current.....	BA	8,560,402	8,359,000 D 6,558 C 10,000	9,362,290
Outlays.....	O	8,723,567	8,554,095	9,364,517 L — 16,000
Total Supplemental security income program.....	BA	8,560,402	8,375,558	9,346,290
	O	8,723,567	8,554,095	9,348,517

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Health and Human Services—Con.				
Social Security Administration—Con.				
Assistance payments program	609			
Appropriation, current.....	BA	7,877,342	7,722,364	7,577,025 L — 633,000
Outlays.....	O	7,874,930	7,516,518	7,777,025 L — 633,000
Total Assistance payments program.....	BA O	7,877,342 7,874,930	7,722,364 7,516,518	6,944,025 7,144,025
Child support enforcement	609			
Appropriation, current.....	BA	523,074	559,490	582,411 L — 19,000
Outlays.....	O	516,443	561,919	577,411 L — 19,000
Total Child support enforcement.....	BA O	523,074 516,443	559,490 561,919	563,411 558,411
Refugee and entrant assistance	609			
Appropriation, current.....	BA	585,000	514,461	359,512
Outlays.....	O	523,856	598,668	418,656
Low income home energy assistance	609			
Appropriation, current.....	BA	1,975,000	1,875,000	1,875,000 J 1,875,000
Outlays.....	O	1,993,408	1,886,517	187,500 J 1,687,500
Total Low income home energy assistance.....	BA O	1,975,000 1,993,408	1,875,000 1,886,517	1,875,000 1,875,000
Payments to states from receipts for child support	609			
Appropriation, permanent.....	BA	566	450	450
Outlays.....	O	520	612	450
<i>Trust funds</i>				
Federal old-age and survivors insurance trust fund	571			
Appropriation, current.....	BA			J 808,000
Appropriation, permanent, indefinite.....	BA	168,104,127	160,904,415	181,995,428
Outlays.....	O	153,988,738	163,179,016	174,357,370
Total Federal old-age and survivors insurance trust fund.....	BA O	168,104,127 153,988,738	160,904,415 163,179,016	182,803,428 174,357,370

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Health and Human Services—Con.				
Social Security Administration—Con.				
Federal disability insurance trust fund	571			
Appropriation, current.....	BA			^J 78,000
Appropriation, permanent, indefinite.....	BA	16,825,550	17,542,000	18,108,000
Outlays.....	O	18,291,361	18,528,227	18,803,212
Limitation on administrative expenses.....		(3,511,885)	(3,718,303) ^D (31,058)	(3,724,515)
Total Federal disability insurance trust fund.....	BA O	16,825,550 18,291,361	17,542,000 18,528,227	18,186,000 18,803,212
Total Federal funds Social Security Administration.....	BA O	42,504,597 41,841,651	24,586,581 24,655,736	23,823,541 24,084,912
Total Trust funds Social Security Administration..	BA O	184,929,677 172,280,099	178,446,415 181,707,243	200,989,428 193,160,582
Human Development Services				
<i>Federal funds</i>				
General and Special Funds:				
Social services block grant	506			
Appropriation, current.....	BA	2,675,000	2,675,000	2,700,000
Outlays.....	O	2,507,818	2,772,080	2,795,638
Human development services	506			
Appropriation, current.....	BA	1,775,014	1,865,847	70,965
Outlays.....	O	1,789,525	1,843,735	^K 1,951,184 1,970,743
Total Human development services.....	BA O	1,775,014 1,789,525	1,865,847 1,843,735	2,022,149 1,970,743
Human resources research and demonstration	506			
Appropriation, current.....	BA			4,250
Outlays.....	O			893
Family social services	506			
Appropriation, current.....	BA	572,669	625,905	641,902
Outlays.....	O	410,138	^A 43,200 631,065 ^A 33,090	643,554 ^A 10,110
Total Family social services.....	BA O	572,669 410,138	669,105 664,155	641,902 653,664
Work incentives	504			
Appropriation, current.....	BA	270,760	270,760	
Outlays.....	O	289,328	272,582	57,098
Community services	506			
Appropriation, current.....	BA	382,672	352,300	2,919
Outlays.....	O	349,315	366,826	122,991
Public Enterprise Funds:				
Rural development loan fund	452			
Outlays.....	O	- 825	7,248	

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Health and Human Services—Con.				
Human Development Services—Con.				
Community development credit union revolving loan fund	452			
Outlays.....	0	— 832	1,614	— 1,000
Total Federal funds Human Development Services.....	BA 0	<u>5,676,115</u> 5,344,467	<u>5,833,012</u> 5,928,240	<u>5,371,220</u> 5,600,027
Departmental Management				
<i>Federal funds</i>				
General and Special Funds:				
General Departmental management	609			
Appropriation, current.....	BA	158,143	157,963	133,000
Outlays.....	0	148,474	157,725	134,292
Office of the Inspector General	609			
Appropriation, current.....	BA	81,267	97,163	67,491
Outlays.....	0	86,096	92,518	71,983
Office for Civil Rights	751			
Appropriation, current.....	BA	19,163	18,945	17,850
Outlays.....	0	17,927	18,718	17,806
Office of Consumer Affairs	506			
Appropriation, current.....	BA	1,947	2,011 " 35	2,096
Outlays.....	0	1,777	2,043	2,089
Total Office of Consumer Affairs.....	BA 0	<u>1,947</u> 1,777	<u>2,046</u> 2,043	<u>2,096</u> 2,089
Policy research	609			
Appropriation, current.....	BA	14,718	10,000	8,000
Outlays.....	0	15,386	10,931	9,261
Intragovernmental Funds:				
Working capital fund	506			
Outlays.....	0	— 3,440	1,810	.....
Total Federal funds Departmental Management ...	BA 0	<u>275,238</u> 266,220	<u>286,117</u> 283,745	<u>228,437</u> 235,431
Summary				
Federal funds:				
(As shown in detail above).....	BA 0	<u>90,223,259</u> 93,155,040	<u>77,880,304</u> 77,288,010	<u>78,664,146</u> 80,277,711
Trust funds:				
(As shown in detail above).....	BA 0	<u>235,606,645</u> 229,157,951	<u>246,329,539</u> 247,894,444	<u>277,375,552</u> 269,026,889
Deductions for offsetting receipts:				
Intrafund transactions	571 BA 0	— 1,447,182	— 1,883,000	— 1,883,000
	908 BA 0	— 49,091	— 39,000	— 41,000
Proprietary receipts from the public	554 BA 0	— 14,778	— 5,011	— 5,011

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code	1983 actual	1984 estimate	1985 estimate	
Department of Health and Human Services—Con.				
Summary—Con.				
572 BA	—4,253,214	—4,960,000	—5,908,000	
0 BA			^J —107,000	
0 BA				
908 BA	—4,310	—12,000	—10,000	
0				
Total Trust funds	BA 229,838,070	239,430,528	269,421,541	
	O 223,389,376	240,995,433	261,072,878	
Interfund transactions	571 BA	—21,130,168	—4,481,175	—3,710,722
	0 BA			
	572 BA	—18,778,991	—17,821,000	—20,359,000
	0 BA			
	0 BA		^J 806,000	
Total Department of Health and Human Services	BA 280,152,170	295,008,657	324,821,965	
	O 276,635,257	295,981,268	318,086,867	

Department of Housing and Urban Development

Housing Programs

Federal funds

General and Special Funds:			
Subsidized housing programs	604		
Appropriation, current, indefinite	BA	^A —615,000	
Contract authority, current	BA	8,339,947	7,786,496
			4,244,603
		^A —354,270	
Contract authority, permanent	BA	24,665	19,398
Liquidation of contract authority, current		(9,344,196)	(10,697,000)
Outlays	O	7,786,379	8,584,000
			9,314,000
Total Subsidized housing programs	BA	8,364,612	6,836,624
	O	7,786,379	8,584,000
			9,314,000
Troubled projects operating subsidy	604		
Outlays	O	—164	52,722
			52,000
Congregate services program	604		
Appropriation, current	BA	4,000	
Outlays	O	3,359	7,400
			8,000
Housing counseling assistance	506		
Appropriation, current	BA	3,500	3,500
Outlays	O	3,082	3,000
			3,500
Mobile home standards program	376		
Outlays	O		198
Rental development grants	451		
Appropriation, current	BA	^A 315,000	
Outlays	O		^A 20,000
Manufactured home inspection and monitoring	376		
Appropriation, permanent, indefinite	BA	5,065	5,632
Outlays	O	4,923	6,485
			6,537

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Housing and Urban Development—Con.				
Housing Programs—Con.				
Interstate land sales	376			
Appropriation, permanent, indefinite	BA	192	500	1,200
Outlays	O	220	654	1,200
Public Enterprise Funds:				
Federal Housing Administration fund	371			
Appropriation, current	BA	152,635	132,974	172,683
Authority to borrow, permanent, indefinite	BA	30,517	45,950	46,628
Outlays	O	-192,038	-752,909	-1,157,180
Total Federal Housing Administration fund	BA	183,152	178,924	219,311
	O	-192,038	-752,909	-1,157,180
Housing for the elderly or handicapped fund	371			
Authority to borrow, current, indefinite	BA	499,738	630,985	498,318
Outlays	O	799,911	802,502	802,811
Nonprofit sponsor assistance	604			
Outlays	O	-30	-105	-140
Community disposal operations fund	451			
Outlays	O	-267	-258	-197
Rental housing assistance fund	604			
Outlays	O	-3,838	-35,371	-40,000
Total Federal funds Housing Programs	BA	9,060,259	7,971,165	4,991,684
	O	8,401,537	8,668,318	9,010,531
Public and Indian Housing Programs				
<i>Federal funds</i>				
General and Special Funds:				
Payments for operation of low income housing projects	604			
Appropriation, current	BA	1,350,000	1,362,200 # -331,431	1,123,500
Reappropriation	BA	196,828	.....	.....
Outlays	O	1,541,558	1,346,000 # -166,000	1,340,000 # -165,000
Total Payments for operation of low income housing projects	BA	1,546,828	1,030,769	1,123,500
	O	1,541,558	1,180,000	1,175,000
Public Enterprise Funds:				
Low-rent public housing--loans and other expenses	604			
Outlays	O	110,603	124,856	144,673
Total Federal funds Public and Indian Housing Programs	BA	1,546,828	1,030,769	1,123,500
	O	1,652,161	1,304,856	1,319,673
Government National Mortgage Association				
<i>Federal funds</i>				
General and Special Funds:				
Payment of participation sales insufficiencies	371			
Appropriation, current	BA	1,735	.....	.....

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code	1983 actual	1984 estimate	1985 estimate
Department of Housing and Urban Development—Con.			
Government National Mortgage Association—Con.			
Public Enterprise Funds:			
Special assistance functions fund 371			
Appropriation, current..... BA		1,100	350
Appropriation, permanent, indefinite..... BA		100	100
Outlays..... 0	1,141,514	1,337,693	188,053
Total Special assistance functions fund..... BA		1,200	450
0	1,141,514	1,337,693	188,053
Emergency mortgage purchase assistance 371			
Authority to borrow, permanent, indefinite..... BA		118,645	177,267
Outlays..... 0	-21,098	121,509	178,267
Management and liquidating functions fund 371			
Outlays..... 0	1,270	-77,276	-28,542
Guarantees of mortgage-backed securities 371			
Outlays..... 0	-152,884	-189,450	-224,588
Participation sales fund:			
(Mortgage credit and thrift insurance) 371			
(Outlays)..... 0	-26,556	-15,474	-18,448
(Other advancement of commerce) 376			
(Outlays)..... 0	-18,618	-15,626	-16,656
(Community development) 451			
(Outlays)..... 0	379	412	200
(Higher education) 502			
(Outlays)..... 0	-3,622	533	-1,606
(Health research) 552			
(Outlays)..... 0	-703	-720	-752
(Veterans housing) 704			
(Outlays)..... 0	-19,300	-20,399	-21,510
Total Participation sales fund..... 0	-68,420	-51,274	-58,772
Total Federal funds Government National Mortgage Association..... BA	1,735	119,845	177,717
0	900,382	1,141,202	54,418

Solar Energy and Energy Conservation Bank*Federal funds***General and Special Funds:**

Assistance for solar and conservation improvements 272			
Appropriation, current..... BA	20,000	25,000	
Outlays..... 0	262	30,500	30,500

Community Planning and Development*Federal funds***General and Special Funds:**

Community development grants 451			
Appropriation, current..... BA	4,456,000	3,468,000	3,468,000
Outlays..... 0	3,553,972	3,900,000	3,900,000

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Housing and Urban Development—Con.				
Community Planning and Development— Con.				
Urban development action grants	451			
Appropriation, current.....	BA	440,000	440,000	440,000
Outlays.....	0	450,772	480,000	490,000
Urban homesteading	451			
Appropriation, current.....	BA	12,000	12,000	12,000
Outlays.....	0	9,039	16,700	16,000
Rental rehabilitation grants	451			
Appropriation, current.....	BA		^ 300,000	
Outlays.....	0			^ 75,000
Planning assistance	451			
Appropriation, current.....	BA	-1,078		
Outlays.....	0	2,534	843	
Neighborhood self-help development program	451			
Outlays.....	0	426	404	
Miscellaneous appropriations	451			
Outlays.....	0	-309	1,136	
Public Enterprise Funds:				
Rehabilitation loan fund	451			
Outlays.....	0	-32,722	16,885	20,892
Urban renewal programs	451			
Appropriation, current.....	BA	6,000		
Liquidation of contract authority, permanent.....		(70,000)	(50,000)	(22,902)
Outlays.....	0	42,037	34,087	34,990
Revolving fund (liquidating programs)	451			
Appropriation, current.....	BA	991	897	395
Outlays.....	0	-27,587	-32,643	-31,968
Total Federal funds Community Planning and Development.....	BA	4,913,913	4,220,897	3,920,395
	0	3,998,162	4,417,412	4,504,914
New Community Development Corporation				
<i>Federal funds</i>				
General and Special Funds:				
New community assistance grants	451			
Outlays.....	0	120	912	
Public Enterprise Funds:				
New communities fund	451			
Authority to borrow, permanent, indefinite.....	BA	24,482		
Contract authority, permanent, indefinite.....	BA	71,751		
Outlays.....	0	29,342		
Total New communities fund.....	BA	96,233		
	0	29,342		
Total Federal funds New Community Develop- ment Corporation.....	BA	96,233		
	0	29,462	912	

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Housing and Urban Development—Con.				
Policy Development and Research				
<i>Federal funds</i>				
General and Special Funds:				
Research and technology	451			
Appropriation, current.....	BA	18,000	19,000	20,900
Outlays.....	0	21,669	21,570	21,720
Fair Housing and Equal Opportunity				
<i>Federal funds</i>				
General and Special Funds:				
Fair housing assistance	751			
Appropriation, current.....	BA	5,700	4,700	6,700
Outlays.....	0	4,634	11,000	8,400
Management and Administration				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses, including transfer of funds: (Community development)	451			
(Appropriation, current).....	BA	197,722	193,510	193,066
(Outlays).....	0	195,327	192,646	193,081
(Housing assistance)	604			
(Appropriation, current).....	BA	84,077	82,286	75,860
(Outlays).....	0	83,048	81,908	75,860
(Federal law enforcement activities)	751			
(Appropriation, current).....	BA	25,701	25,154	26,309
(Outlays).....	0	25,389	25,040	26,309
Total Salaries and expenses, including transfer of funds.....	BA	307,500	300,950	295,235
	0	303,764	299,594	295,250
Low-income housing demonstration program	451			
Outlays.....	0	- 1		
Intragovernmental Funds:				
Working capital fund	451			
Outlays.....	0	- 912		
Total Federal funds Management and Adminis- tration.....	BA	307,500	300,950	295,235
	0	302,851	299,594	295,250
Summary				
Federal funds:				
Total Department of Housing and Urban Devel- opment.....	BA	15,970,168	13,692,326	10,536,131
	0	15,311,120	15,895,364	15,245,406

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of the Interior				
Land and Minerals Management				
<i>Bureau of Land Management</i>				
<i>Federal funds</i>				
General and Special Funds:				
Management of lands and resources	302			
Appropriation, current.....	BA	383,849	359,601	353,159
Outlays.....	0	408,469	357,803	351,393
Construction and access	302			
Appropriation, current.....	BA	1,743	1,700	1,228
Outlays.....	0	4,845	1,132	1,189
Payments in lieu of taxes	852			
Appropriation, current.....	BA	96,320	105,000	105,000
Outlays.....	0	96,183	105,000	105,000
Oregon and California grant lands	302			
Appropriation, current.....	BA	57,620	51,536	49,747
Outlays.....	0	55,419	53,268	50,991
Special acquisition of lands and minerals	302			
Authority to borrow, current.....	BA			10,000
Authority to borrow, permanent	BA		15,500	1,300
Outlays.....	0		15,500	11,300
Total Special acquisition of lands and minerals ...	BA		15,500	11,300
	0		15,500	11,300
Land acquisition	302			
Appropriation, current.....	BA	117	1,701	
Outlays.....	0	3,060	1,113	1,043
Range improvements	302			
Appropriation, current, indefinite	BA	11,200	10,000	10,000
Outlays.....	0	10,516	9,750	9,750
Recreation development and operation of recreation facilities	302			
Outlays.....	0	1	21	
Service charges, deposits, and forfeitures	302			
Appropriation, current, indefinite	BA	5,357	8,700	9,075
Outlays.....	0	4,366	8,200	8,575
Miscellaneous permanent appropriations:				
(Conservation and land management)	302			
(Appropriation, permanent, indefinite).....	BA	2,519	5,616	5,600
(Outlays)	0	4,018	5,416	5,216
(Other general purpose fiscal assistance)	852			
(Appropriation, permanent, indefinite).....	BA	581,893	52,307	63,047
(Outlays)	0	578,135	52,307	63,231
Total Miscellaneous permanent appropriations	BA	584,412	57,923	68,647
	0	582,153	57,723	68,447
Intragovernmental Funds:				
Working capital fund	302			
Outlays.....	0	-3,610		

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of the Interior—Con.				
Land and Minerals Management—Con.				
Bureau of Land Management—Con.				
<i>Trust funds</i>				
Miscellaneous trust funds	302			
Appropriation, current, indefinite	BA	11	100	100
Appropriation, permanent, indefinite	BA	1,290	600	600
Outlays	O	1,423	700	700
Total Miscellaneous trust funds	BA	1,301	700	700
	O	1,423	700	700
Total Federal funds Bureau of Land Management	BA	1,140,618	611,661	608,156
	O	1,161,402	609,510	607,688
Total Trust funds Bureau of Land Management...	BA	1,301	700	700
	O	1,423	700	700
Minerals Management Service				
<i>Federal funds</i>				
General and Special Funds:				
Minerals and royalty management	302			
Appropriation, current	BA	182,127	163,561 ^D 1,064	167,381
Outlays	O	119,024	194,884	166,673
Total Minerals and royalty management	BA	182,127	164,625	167,381
	O	119,024	194,884	166,673
Payments to states from receipts under Mineral Leasing Act	852			
Appropriation, permanent, indefinite	BA		714,812	599,115
Outlays	O		714,812	599,115
Total Federal funds Minerals Management Service	BA	182,127	879,437	766,496
	O	119,024	909,696	765,788
Office of Surface Mining Reclamation and Enforcement				
<i>Federal funds</i>				
General and Special Funds:				
Regulation and technology	302			
Appropriation, current	BA	60,878	65,450 ^A 4,775 ^D 470	69,689
Outlays	O	67,137	66,587 ^A 2,000	68,209 ^A 2,775
Total Regulation and technology	BA	60,878	70,695	69,689
	O	67,137	68,587	70,984

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of the Interior—Con.				
Land and Minerals Management—Con.				
Office of Surface Mining Reclamation and Enforcement—Con.				
Abandoned mine reclamation fund	302			
Appropriation, current.....	BA	213,184	271,228	291,701
Outlays.....	O	96,336	141,099	182,495
Total Federal funds Office of Surface Mining Reclamation and Enforcement.....	BA	274,062	341,923	361,390
	O	163,473	209,686	253,479
Total Federal funds Land and Minerals Management.....	BA	1,596,807	1,833,021	1,736,042
	O	1,443,899	1,728,892	1,626,955
Total Trust funds Land and Minerals Management.....	BA	1,301	700	700
	O	1,423	700	700
Water and Science				
Bureau of Reclamation				
<i>Federal funds</i>				
General and Special Funds:				
Construction program	301			
Appropriation, current.....	BA	637,909	695,318	764,137
Outlays.....	O	599,616	660,000	695,337
Loan program	301			
Appropriation, current.....	BA	55,106	45,000	67,537
Outlays.....	O	31,386	60,000	65,037
General investigations	301			
Appropriation, current.....	BA	38,871	33,831 ^D	35,651
Outlays.....	O	41,413	39,215	35,144
Total General investigations.....	BA	38,871	34,057	35,651
	O	41,413	39,215	35,144
Emergency fund	301			
Appropriation, current.....	BA	1,919	1,000	1,000
Outlays.....	O	1,372	3,000	1,000
Operation and maintenance	301			
Appropriation, current.....	BA	142,524	134,291	149,689
Outlays.....	O	136,114	136,000	149,689
General administrative expenses	301			
Appropriation, current.....	BA	40,727	53,750	58,917
Outlays.....	O	40,140	53,750	58,917
Miscellaneous permanent appropriations	852			
Appropriation, permanent.....	BA	600	600	600
Indefinite.....	BA	1,909	2,100	1,900
Outlays.....	O	2,409	2,700	2,500
Total Miscellaneous permanent appropriations.....	BA	2,509	2,700	2,500
	O	2,409	2,700	2,500

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of the Interior—Con.				
Water and Science—Con.				
Bureau of Reclamation—Con.				
Public Enterprise Funds:				
Lower Colorado River Basin development fund	301			
Outlays.....	0	— 10,196		
Upper Colorado River Basin fund	301			
Outlays.....	0	— 9,632		
<i>Trust funds</i>				
Reclamation trust funds	301			
Appropriation, permanent, indefinite.....	BA	2,940	16,920	15,350
Outlays.....	0	2,250	16,920	15,350
Total Federal funds Bureau of Reclamation.....	BA	919,565	966,116	1,079,431
	0	832,622	954,665	1,007,624
Total Trust funds Bureau of Reclamation.....	BA	2,940	16,920	15,350
	0	2,250	16,920	15,350
Geological Survey				
<i>Federal funds</i>				
General and Special Funds:				
Surveys, investigations and research	306			
Appropriation, current.....	BA	371,784	373,430	382,312
Appropriation, permanent, indefinite.....	BA		8,500	9,500
Outlays.....	0	422,353	407,051	390,503
Total Surveys, investigations and research.....	BA	371,784	381,930	391,812
	0	422,353	407,051	390,503
Barrow area gas operation, exploration, and development	271			
Appropriation, current.....	BA	6,400		
Outlays.....	0	3,354	⁴ 13,000 3,046	
Total Barrow area gas operation, exploration, and development.....	BA	6,400	13,000	
	0	3,354	33,046	
Exploration of national petroleum reserve in Alaska	271			
Outlays.....	0	14,711	12,967	1,000
<i>Trust funds</i>				
Contributed funds	306			
Appropriation, permanent, indefinite.....	BA		500	500
Outlays.....	0		500	500
Total Federal funds Geological Survey.....	BA	378,184	394,930	391,812
	0	440,418	453,064	391,503
Total Trust funds Geological Survey.....	BA		500	500
	0		500	500

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of the Interior—Con.				
Water and Science—Con.				
<i>Bureau of Mines</i>				
<i>Federal funds</i>				
General and Special Funds:				
Mines and minerals	306			
Appropriation, current.....	BA	144,568	137,425	117,634
Outlays.....	O	147,675	147,916	125,398
Public Enterprise Funds:				
Helium fund	306			
Outlays.....	O	-5,447		
<i>Trust funds</i>				
Contributed funds	306			
Appropriation, permanent, indefinite.....	BA	639	700	500
Outlays.....	O	238	700	500
Total Federal funds Bureau of Mines.....	BA	144,568	137,425	117,634
	O	142,228	147,916	125,398
Total Trust funds Bureau of Mines.....	BA	639	700	500
	O	238	700	500
Total Federal funds Water and Science.....	BA	1,442,317	1,498,471	1,588,877
	O	1,415,268	1,555,645	1,524,525
Total Trust funds Water and Science.....	BA	3,579	18,120	16,350
	O	2,488	18,120	16,350
Fish and Wildlife and Parks				
<i>United States Fish and Wildlife Service</i>				
<i>Federal funds</i>				
General and Special Funds:				
Resource management	303			
Appropriation, current.....	BA	266,017	271,303	291,600
			^ 1,031	
Appropriation, permanent, indefinite.....	BA		250	250
Outlays.....	O	246,905	285,500	282,852
			^ 899	^ 132
Total Resource management.....	BA	266,017	272,584	291,850
	O	246,905	286,399	282,984
Construction and anadromous fish	303			
Appropriation, current.....	BA	18,815	29,151	9,127
Outlays.....	O	19,156	26,000	19,100
Land acquisition and state assistance	303			
Appropriation, current.....	BA	32,700	44,797	30,000
				^ 27,500
Outlays.....	O	19,666	35,000	41,400
Total Land acquisition and state assistance.....	BA	32,700	44,797	57,500
	O	19,666	35,000	41,400

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of the Interior—Con.				
Fish and Wildlife and Parks—Con.				
United States Fish and Wildlife Service— Con.				
Migratory bird conservation account	303			
Appropriation, current.....	BA	2,000	7,000	.....
Appropriation, permanent, indefinite.....	BA	14,897	16,376	16,376
Outlays.....	0	18,632	23,376	16,000
Total Migratory bird conservation account.....	BA	16,897	23,376	16,376
	0	18,632	23,376	16,000
Development and operation of recreation facilities	303			
Outlays.....	0	11	.....	.....
National wildlife refuge fund	852			
Appropriation, current.....	BA	5,760	5,760	5,760
Appropriation, permanent, indefinite.....	BA	5,480	6,778	6,740
Outlays.....	0	12,329	12,938	12,600
Total National wildlife refuge fund.....	BA	11,240	12,538	12,500
	0	12,329	12,938	12,600
Miscellaneous permanent appropriations	303			
Appropriation, permanent, indefinite.....	BA	147,004	127,512	138,700
Outlays.....	0	149,428	131,900	148,200
<i>Trust funds</i>				
Contributed funds	303			
Appropriation, permanent, indefinite.....	BA	3,738	3,572	3,738
Outlays.....	0	3,560	3,500	3,600
Total Federal funds United States Fish and Wildlife Service.....	BA	492,673	509,958	526,053
	0	466,127	515,613	520,284
Total Trust funds United States Fish and Wildlife Service.....	BA	3,738	3,572	3,738
	0	3,560	3,500	3,600
National Park Service				
<i>Federal funds</i>				
General and Special Funds:				
Operation of the national park system	303			
Appropriation, current.....	BA	605,279	601,095	624,648
			^ 2,600	
Outlays.....	0	549,600	590,900	650,000
			^ 2,600	
Total Operation of the national park system.....	BA	605,279	603,695	624,648
	0	549,600	593,500	650,000
National recreation and preservation	303			
Appropriation, current.....	BA	10,055	10,377	9,543
Outlays.....	0	13,672	10,400	9,600

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of the Interior—Con.				
Fish and Wildlife and Parks—Con.				
<i>National Park Service—Con.</i>				
Construction	303			
Appropriation, current.....	BA	160,096	44,037	78,275
Outlays.....	O	105,614	94,000	78,000
Road construction	303			
Outlays.....	O	356	2,541	
John F. Kennedy Center for the Performing Arts				
	303			
Appropriation, current.....	BA	4,336	4,542	
Outlays.....	O	4,140	4,520	^K 4,621
				4,600
Total John F. Kennedy Center for the Performing Arts.....	BA	4,336	4,542	4,621
	O	4,140	4,520	4,600
Urban park and recreation fund	303			
Appropriation, current.....	BA	40,000	8,700	
Outlays.....	O	28,059	50,100	31,200
National park system visitor facilities fund	303			
Appropriation, current.....	BA		5,800	6,000
Outlays.....	O		3,200	6,000
Land and water conservation fund	303			
Outlays.....	O	104	-104	
Land acquisition	303			
Appropriation, current.....	BA	206,505	203,650	100,000
Contract authority, current.....	BA	-30,000		
			^H -30,000	
				^J -30,000
Contract authority, permanent.....	BA	30,000	30,000	30,000
Outlays.....	O	272,636	301,000	214,000
Total Land acquisition.....	BA	206,505	203,650	100,000
	O	272,636	301,000	214,000
Planning, development, and operation of recreation facilities	303			
Outlays.....	O	531	210	
Historic preservation fund	303			
Appropriation, current.....	BA	51,000	26,500	
Outlays.....	O	30,554	45,200	20,300
Commemorative activities fund	303			
Outlays.....	O	22	61	
Miscellaneous permanent appropriations	303			
Appropriation, permanent, indefinite.....	BA	466	995	1,302
Outlays.....	O	432	995	1,302
<i>Trust funds</i>				
Construction (trust fund)	401			
Appropriation, current.....	BA		14,000	
Liquidation of contract authority, current.....		(250)	(2,350)	
Outlays.....	O	729	2,643	

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of the Interior—Con.				
Fish and Wildlife and Parks—Con.				
<i>National Park Service—Con.</i>				
Miscellaneous trust funds	303			
Appropriation, permanent, indefinite	BA	2,409	12,722	16,522
Outlays	O	1,539	12,722	16,522
Total Federal funds National Park Service	BA	1,077,737	908,296	824,389
	O	1,005,720	1,105,623	1,015,002
Total Trust funds National Park Service.....	BA	2,409	26,722	16,522
	O	2,268	15,365	16,522
Total Federal funds Fish and Wildlife and Parks..	BA	1,570,410	1,418,254	1,350,442
	O	1,471,847	1,621,236	1,535,286
Total Trust funds Fish and Wildlife and Parks.....	BA	6,147	30,294	20,260
	O	5,828	18,865	20,122
Indian Affairs				
<i>Bureau of Indian Affairs</i>				
<i>Federal funds</i>				
General and Special Funds:				
Operation of Indian programs:				
(Conservation and land management)	302			
(Appropriation, current)	BA	119,241	92,688	96,922
			^A 14,000	
			^C 107	
			^D 540	
(Outlays)	O	105,745	91,407	92,858
			^A 14,000	
Total (Conservation and land management)	BA	119,241	107,335	96,922
	O	105,745	105,407	92,858
(Area and regional development)	452			
(Appropriation, current)	BA	536,743	475,460	484,999
			^A 7,400	
			^C 500	
			^D 2,235	
(Outlays)	O	482,410	469,497	465,646
			^A 7,400	
Total (Area and regional development)	BA	536,743	485,595	484,999
	O	482,410	476,897	465,646

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of the Interior—Con.				
Indian Affairs—Con.				
Bureau of Indian Affairs—Con.				
(Elementary, secondary, and vocational education) 501				
(Appropriation, current)	BA	298,143	255,754 ^C 444	273,451
			^D 2,045	
(Outlays)	O	266,000	253,039	262,187
Total (Elementary, secondary, and vocational education)	BA	298,143	258,243	273,451
	O	266,000	253,039	262,187
Total Operation of Indian programs.....	BA	954,127	851,173	855,372
	O	854,155	835,343	820,691
Construction 452				
Appropriation, current.....	BA	131,940	78,920	73,324
			^A 9,600	
Outlays	O	87,628	131,000	117,700
			^A 7,600	^A 2,000
Total Construction.....	BA	131,940	88,520	73,324
	O	87,628	138,600	119,700
Road construction 452				
Appropriation, current.....	BA	43,585	4,000	.....
Outlays	O	45,041	24,000	11,000
Payments to Papago trust and cooperative fund:				
(Area and regional development) 452				
(Appropriation, current)	BA	5,250	.....	.....
(Outlays)	O	5,250	.....	.....
(Other general government) 806				
(Appropriation, current)	BA	15,000	.....	.....
(Outlays)	O	15,000	.....	.....
Total Payments to Papago trust and cooperative fund.....	BA	20,250	.....	.....
	O	20,250	.....	.....
Eastern Indian land claims settlement fund 806				
Appropriation, current.....	BA	.....	900	.....
Outlays	O	1	1,256	.....
Miscellaneous permanent appropriations:				
(Area and regional development) 452				
(Appropriation, permanent, indefinite).....	BA	35,941	39,000	39,000
(Outlays)	O	34,426	36,500	36,500
(Other general government) 806				
(Appropriation, permanent, indefinite).....	BA	990	1,000	1,000
(Outlays)	O	992	1,000	1,000
Total Miscellaneous permanent appropriations	BA	36,931	40,000	40,000
	O	35,418	37,500	37,500

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of the Interior—Con.				
Indian Affairs—Con.				
Bureau of Indian Affairs—Con.				
Public Enterprise Funds:				
Revolving fund for loans	452			
Outlays.....	0	269	3,850	6,200
Indian loan guaranty and insurance fund	452			
Outlays.....	0	1,076	3,410	3,664
<i>Trust funds</i>				
Cooperative fund (papago)	452			
Appropriation, permanent, indefinite.....	BA	5,250	6,200	1,375
Miscellaneous trust funds:				
(Area and regional development)	452			
(Appropriation, current).....	BA	2,027	4,000	4,000
(Indefinite).....	BA	58,122	60,000	60,000
(Appropriation, permanent, indefinite).....	BA	359,295	405,399	445,102
(Outlays).....	0	457,808	466,500	505,500
Total (Area and regional development).....	BA	419,444	469,399	509,102
	0	457,808	466,500	505,500
(Other general government)	806			
(Appropriation, permanent).....	BA	15,000		
(Outlays).....	0		15,000	
Total Miscellaneous trust funds.....	BA	434,444	469,399	509,102
	0	457,808	481,500	505,500
Total Federal funds Bureau of Indian Affairs.....	BA	1,186,833	984,593	968,696
	0	1,043,838	1,043,959	998,755
Total Trust funds Bureau of Indian Affairs.....	BA	439,694	475,599	510,477
	0	457,808	481,500	505,500
Territorial and International Affairs				
Territorial and International Affairs				
<i>Federal funds</i>				
General and Special Funds:				
Administration of territories	806			
Appropriation, current.....	BA	85,989	79,262	53,829
			^A 2,248	
			^D 54	
Outlays.....	0	69,855	80,738	64,379
			^A 1,908	^A 340
Total Administration of territories.....	BA	85,989	81,564	53,829
	0	69,855	82,646	64,719

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of the Interior—Con.				
Territorial and International Affairs—Con.				
<i>Territorial and International Affairs—Con.</i>				
Trust Territory of the Pacific Islands	806			
Appropriation, current.....	BA	95,840	112,109 <i>A - 264</i>	96,132
Outlays.....	0	130,751	130,000 <i>A - 264</i>	118,246
Total Trust Territory of the Pacific Islands.....	BA	95,840	111,845	96,132
	0	130,751	129,736	118,246
Micronesia claims fund, Trust Territory of the Pacific Islands	806			
Outlays.....	0	38	1,578	
Payments to the United States territories, fiscal assistance	852			
Appropriation, permanent, indefinite.....	BA	55,563	59,800	63,000
Outlays.....	0	58,722	59,800	63,000
Total Federal funds Territorial and International Affairs.....	BA	237,392	253,209	212,961
	0	259,366	273,760	245,965
Departmental Offices				
<i>Office of the Secretary</i>				
<i>Federal funds</i>				
General and Special Funds:				
Office of the Secretary	306			
Appropriation, current.....	BA	42,587	44,068 <i>D 200</i>	47,371
Outlays.....	0	45,336	44,080	47,091
Total Office of the Secretary.....	BA	42,587	44,268	47,371
	0	45,336	44,080	47,091
Office of the Secretary (special foreign currency program)	306			
Appropriation, current.....	BA		420	
Outlays.....	0	575	1,500	782
Office of Water Policy	301			
Appropriation, current.....	BA	8,118		
Outlays.....	0	1,934	5,884	
Construction management	306			
Appropriation, current.....	BA	896	800	
Outlays.....	0	3,452	4,581	
Youth conservation corps	302			
Outlays.....	0	-102		
Intragovernmental Funds:				
Working capital fund	306			
Outlays.....	0	-15,361	15,000	
Total Federal funds Office of the Secretary.....	BA	51,601	45,488	47,371
	0	35,834	71,045	47,873

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of the Interior—Con.				
Departmental Offices—Con.				
<i>Office of the Solicitor</i>				
<i>Federal funds</i>				
General and Special Funds:				
Office of the Solicitor	306			
Appropriation, current.....	BA	19,551	19,463 D 220	20,157
Outlays.....	O	19,866	19,852	19,943
Total Office of the Solicitor.....	BA	19,551	19,683	20,157
	O	19,866	19,852	19,943
<i>Office of Inspector General</i>				
<i>Federal funds</i>				
General and Special Funds:				
Office of Inspector General	306			
Appropriation, current.....	BA	21,900	16,814 D 387	18,053
Outlays.....	O	16,166	25,614	18,473
Total Office of Inspector General.....	BA	21,900	17,201	18,053
	O	16,166	25,614	18,473
Total Federal funds Departmental Offices.....	BA	93,052	82,372	85,581
	O	71,866	116,511	86,289
Summary				
Federal funds:				
(As shown in detail above).....	BA	6,126,811	6,069,920	5,942,599
	O	5,706,084	6,340,003	6,017,775
Deductions for offsetting receipts:				
Proprietary receipts from the public	301 BA	—63,979	—72,800	—75,608
	O			
	302 BA	—1,083,407	—1,368,872	—1,506,139
	O			
	303 BA	—41,244	—45,008	—48,257
	O			
	BA			J —6,600
	O			
	306 BA	—7,074	—1	—1
	O			
	452 BA	—35,940	—39,001	—39,001
	O			
	908 BA	—5,580	—8,261	—9,052
	O			
Total Federal funds.....	BA	4,889,587	4,535,977	4,257,941
	O	4,468,860	4,806,060	4,333,117
Trust funds:				
(As shown in detail above).....	BA	450,721	524,713	547,787
	O	467,547	519,185	542,672
Deductions for offsetting receipts:				
Proprietary receipts from the public	301 BA	—2,940	—16,920	—15,350
	O			

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of the Interior—Con.				
Summary—Con.				
302	BA	-1,301	-700	-700
	O			
303	BA	-3,738	-3,572	-3,738
	O			
306	BA	-639	-1,200	-1,000
	O			
452	BA	-223,616	-263,754	-303,800
	O			
908	BA	-87,358	-110,529	-110,286
	O			
Total Trust funds	BA	131,129	128,038	112,913
	O	147,955	122,510	107,798
Interfund transactions	806 BA	-65,230	-75,000	-75,000
	O			
Total Department of the Interior	BA	4,955,486	4,589,015	4,295,854
	O	4,551,585	4,853,570	4,365,915

Department of Justice

General Administration

Federal funds

General and Special Funds:				
Salaries and expenses	751			
Appropriation, current	BA	56,673	63,460	67,584
			^D 1,025	
Outlays	O	55,818	63,313	64,994
Total Salaries and expenses	BA	56,673	64,485	67,584
	O	55,818	63,313	64,994
Intragovernmental Funds:				
Working capital fund	751			
Appropriation, current	BA			6,000
Outlays	O	5,656	967	4,523
Total Federal funds General Administration	BA	56,673	64,485	73,584
	O	61,474	64,280	69,517

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Justice—Con.				
United States Parole Commission				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	751			
Appropriation, current.....	BA	6,879	7,248 ^A 449 ^D 161	8,778
Outlays.....	O	6,810	7,271 ^A 427	8,592 ^A 22
Total Salaries and expenses.....	BA O	6,879 6,810	7,858 7,698	8,778 8,614
Legal Activities				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses, General Legal Activities	752			
Appropriation, current.....	BA	145,428	158,385 ^A 10,742 ^D 3,370	203,720
Outlays.....	O	140,532	158,272 ^A 10,742	199,646
Total Salaries and expenses, General Legal Activities.....	BA O	145,428 140,532	172,497 169,014	203,720 199,646
Salaries and expenses, Antitrust Division	752			
Appropriation, current.....	BA	44,489	43,475 ^D 754	45,620
Outlays.....	O	43,255	43,239	44,521
Total Salaries and expenses, Antitrust Division....	BA O	44,489 43,255	44,229 43,239	45,620 44,521
Salaries and expenses, Foreign Claims Settlement Commission	153			
Appropriation, current.....	BA	774	827 ^D 16	1,011
Outlays.....	O	666	840	1,011
Total Salaries and expenses, Foreign Claims Settlement Commission.....	BA O	774 666	843 840	1,011 1,011
Payment of Vietnam and U.S.S. Pueblo prisoner of war claims	153			
Outlays.....	O	10	20	54

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Justice—Con.				
Legal Activities—Con.				
Salaries and expenses, United States Attorneys and Marshals 752				
Appropriation, current.....	BA	348,081	372,330 <i>c</i> 2	425,626
			<i>D</i> 7,358	
Outlays.....	O	344,197	376,133	422,190
Total Salaries and expenses, United States Attorneys and Marshals.....	BA	348,081	379,690	425,626
	O	344,197	376,133	422,190
Support of United States prisoners 752				
Appropriation, current.....	BA	55,754	50,320	58,240
Outlays.....	O	33,283	58,868	52,416
Fees and expenses of witnesses 752				
Appropriation, current.....	BA	35,700	37,883	40,988
Outlays.....	O	29,809	37,223	40,168
Salaries and expenses, Community Relations Service 752				
Appropriation, current.....	BA	5,864	32,196 <i>D</i> 131	34,128
Outlays.....	O	5,904	30,356	31,963
Total Salaries and expenses, Community Relations Service.....	BA	5,864	32,327	34,128
	O	5,904	30,356	31,963
Total Federal funds Legal Activities.....	BA	636,090	717,789	809,333
	O	597,656	715,693	791,969
Interagency Law Enforcement				
<i>Federal funds</i>				
General and Special Funds:				
Organized crime drug enforcement 751				
Appropriation, current.....	BA	127,500	89,050 <i>D</i> 1,132	2,559
Reappropriation.....	BA	3,400		
Outlays.....	O	28,807	125,266	64,930
Total Organized crime drug enforcement.....	BA	130,900	90,182	2,559
	O	28,807	125,266	64,930
Federal Bureau of Investigation				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses 751				
Appropriation, current.....	BA	854,254	1,047,000 <i>c</i> 345	1,157,223
			<i>D</i> 16,591	
Outlays.....	O	824,269	1,019,581	1,141,538
Total Salaries and expenses.....	BA	854,254	1,063,936	1,157,223
	O	824,269	1,019,581	1,141,538

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Justice—Con.				
Drug Enforcement Administration				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	751			
Appropriation, current.....	BA	255,496	286,123 ^D 4,500	334,654
Outlays.....	O	259,908	286,766	327,816
Total Salaries and expenses.....	BA	255,496	290,623	334,654
	O	259,908	286,766	327,816
Immigration and Naturalization Service				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	751			
Appropriation, current.....	BA	495,631	501,257 ^C 84 ^D 9,297	574,539
Reappropriation.....	BA	5,341		
Outlays.....	O	484,874	524,096	566,502
Total Salaries and expenses.....	BA	500,972	510,638	574,539
	O	484,874	524,096	566,502
Federal Prison System				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	753			
Appropriation, current.....	BA	401,083	424,284 ^A 9,467 ^C 1,188 ^D 6,318	485,088
Outlays.....	O	397,932	425,651 ^A 8,710	474,630 ^A 757
Total Salaries and expenses.....	BA	401,083	441,257	485,088
	O	397,932	434,361	475,387
National Institute of Corrections	754			
Appropriation, current.....	BA	11,050	14,000	12,574
Outlays.....	O	11,718	13,222	11,967
Buildings and facilities	753			
Appropriation, current.....	BA	66,667	47,711	82,556
Outlays.....	O	17,918	65,572	98,626
Intragovernmental Funds:				
Federal Prison Industries, Incorporated	753			
Outlays.....	O	3,411		
Limitation on administrative expenses.....		(2,624)	(1,941) ^D (19)	(2,044)
Limitation on vocational expenses.....		(6,316)	(6,613) ^D (65)	(6,920)

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code	1983 actual	1984 estimate	1985 estimate
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Department of Justice—Con.

Federal Prison System—Con.

Trust funds

Commissary funds, Federal prisons (trust revolving fund) 753			
Outlays.....	0	-1,280	.....
Total Federal funds Federal Prison System.....	BA	478,800	502,968
	0	430,979	513,155
Total Trust funds Federal Prison System.....	0	-1,280	.....

Office of Justice Assistance

Federal funds

General and Special Funds:			
Justice assistance 754			
Appropriation, current.....	BA	125,523	130,954
		K 66,398	K 66,818
Outlays.....	0	155,437	180,017
Total Justice assistance.....	BA	125,523	197,352
	0	155,437	180,017
Public Enterprise Funds:			
Revolving fund 754			
Outlays.....	0	-72	209
Total Federal funds Office of Justice Assistance..	BA	125,523	197,352
	0	155,365	180,226

Summary

Federal funds:			
(As shown in detail above).....	BA	3,045,587	3,445,831
	0	2,850,142	3,436,761
Trust funds:			
(As shown in detail above).....	0	-1,280	.....
Total Department of Justice.....	BA	3,045,587	3,445,831
	0	2,848,862	3,436,761

Department of Labor

Employment and Training Administration

Federal funds

General and Special Funds:			
Program administration 504			
Appropriation, current.....	BA	92,217	82,739
		D 538	65,922
Outlays.....	0	86,894	85,598
Total Program administration.....	BA	92,217	83,277
	0	86,894	85,598

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Labor—Con.				
Employment and Training Administration—				
Con.				
Training and employment services	504			
Appropriation, current.....	BA	4,006,702	6,419,408	3,610,624
			J - 174,000	J - 87,000
Reappropriation.....	BA	3,724		
Outlays.....	0	3,857,533	3,582,508	3,609,944
			J - 78,300	J - 87,000
Total Training and employment services.....	BA	4,010,426	6,245,408	3,523,624
	0	3,857,533	3,504,208	3,522,944
Community service employment for older Americans	504			
Appropriation, current.....	BA	319,450	317,300	
				K 317,300
Outlays.....	0	274,215	318,912	317,300
Total Community service employment for older Americans.....	BA	319,450	317,300	317,300
	0	274,215	318,912	317,300
Temporary employment assistance	504			
Outlays.....	0	45,470		
Federal unemployment benefits and allowances	603			
Appropriation, current.....	BA	230,000	12,000	56,000
Outlays.....	0	232,856	22,000	56,000
State unemployment insurance and employment service operations:				
(Training and employment)	504			
(Appropriation, current).....	BA	22,200	72,500	23,500
(Outlays).....	0	-5,450	69,731	29,250
(Unemployment compensation)	603			
(Outlays).....	0	15,482	4,307	
Total State unemployment insurance and employment service operations.....	BA	22,200	72,500	23,500
	0	10,032	74,038	29,250
Advances to the unemployment trust fund and other funds:				
(General retirement and disability insurance)	601			
(Appropriation, current).....	BA	328,051	391,000	
(Outlays).....	0	357,773	391,000	412,000
(Unemployment compensation)	603			
(Appropriation, current).....	BA	10,730,949	6,718,000	
(Outlays).....	0	11,685,700	4,027,000	1,230,000
Total Advances to the unemployment trust fund and other funds.....	BA	11,059,000	7,109,000	
	0	12,043,473	4,418,000	1,642,000

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code	1983 actual	1984 estimate	1985 estimate
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Department of Labor—Con.

**Employment and Training Administration—
Con.**

Intragovernmental Funds:

Advances to the Employment Security Administration account of the Unemployment trust fund 603			
Outlays.....	0	— 303,000	— 2,000

Trust funds

Gifts and bequests 504			
Appropriation, permanent, indefinite.....	BA	10	10
Outlays.....	0	44	82

Unemployment trust fund:			
(Training and employment) 504			
(Appropriation, permanent, indefinite).....	BA	799,762	1,398,685
(Outlays).....	0	746,220	832,754

(Unemployment compensation) 603			
(Appropriation, current, indefinite).....	BA		78,600
(Appropriation, permanent, indefinite).....	BA	30,819,986	26,701,315
(Outlays).....	0	31,908,863	23,967,246

Total (Unemployment compensation).....	BA	30,819,986	26,701,315
	0	31,908,863	23,967,246

Total Unemployment trust fund.....	BA	31,619,748	28,100,000
	0	32,655,083	24,800,000

Total Federal funds Employment and Training Administration.....	BA	15,733,293	13,839,485
	0	16,550,473	8,119,756

Total Trust funds Employment and Training Ad- ministration.....	BA	31,619,748	28,100,010
	0	32,655,127	24,800,082

Labor-Management Services Administration

Federal funds

General and Special Funds:

Salaries and expenses 505			
Appropriation, current.....	BA	58,077	62,136
			580
Outlays.....	0	51,236	61,456
Total Salaries and expenses.....	BA	58,077	62,716
	0	51,236	61,456

Pension Benefit Guaranty Corporation

Federal funds

Public Enterprise Funds:

Pension Benefit Guaranty Corporation fund 601			
Outlays.....	0	— 9,515	— 16,867
			101,004
Total Pension Benefit Guaranty Corporation fund.	0	— 9,515	— 117,871

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Labor—Con.				
Employment Standards Administration				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	505			
Appropriation, current.....	BA	173,162	185,677 ^D 2,806	191,982
Outlays	0	164,879	183,767	190,062
Total Salaries and expenses.....	BA	173,162	188,483	191,982
	0	164,879	183,767	190,062
Special benefits:				
(General retirement and disability insurance)				
	601			
(Appropriation, current)	BA	4,220	4,100	4,400
(Outlays)	0	6,455	4,100	4,400
(Federal employee retirement and disability)				
	602			
(Appropriation, current)	BA	335,380	216,000	207,000 ^J -16,000
(Outlays)	0	179,701	216,000	207,000 ^J -16,000
Total (Federal employee retirement and disability).....	BA	335,380	216,000	191,000
	0	179,701	216,000	191,000
Total Special benefits.....	BA	339,600	220,100	195,400
	0	186,156	220,100	195,400
<i>Trust funds</i>				
Black lung disability trust fund	601			
Appropriation, current.....	BA	854,852	853,994 ^D 328 ^I 28,000	949,244
Indefinite	BA	647	756	756
Outlays	0	851,338	859,239 ^I 28,000	950,000
Total Black lung disability trust fund.....	BA	855,499	883,078	950,000
	0	851,338	887,239	950,000
Special workers' compensation expenses	601			
Appropriation, permanent, indefinite.....	BA	37,971	46,000	62,000
Outlays	0	36,089	42,000	57,000
Total Federal funds Employment Standards Administration.....	BA	512,762	408,583	387,382
	0	351,035	403,867	385,462
Total Trust funds Employment Standards Administration.....	BA	893,470	929,078	1,012,000
	0	887,427	929,239	1,007,000

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Labor—Con.				
Occupational Safety and Health Administration				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	554			
Appropriation, current.....	BA	206,649	212,560	217,752
Indefinite.....	BA		^H -1,700	
Outlays.....	0	200,189	216,814	217,205
			^H -1,445	^H -170
Total Salaries and expenses.....	BA	206,649	210,860	217,752
	0	200,189	215,369	217,035
Mine Safety and Health Administration				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	554			
Appropriation, current.....	BA	152,435	151,397	150,550
Outlays.....	0	151,228	153,004	150,864
Bureau of Labor Statistics				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	505			
Appropriation, current.....	BA	121,743	136,587	146,860
Outlays.....	0	120,847	135,278	145,889
Departmental Management				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	505			
Appropriation, current.....	BA	94,264	95,059	98,601
			^D 955	^K 1,129
Outlays.....	0	95,186	95,914	99,509
Total Salaries and expenses.....	BA	94,264	96,014	99,730
	0	95,186	95,914	99,509
Office of the Inspector General	505			
Appropriation, current.....	BA	38,133	37,707	39,465
			^D 293	
Outlays.....	0	24,630	35,883	38,571
Total Office of the Inspector General.....	BA	38,133	38,000	39,465
	0	24,630	35,883	38,571
Special foreign currency program	505			
Appropriation, current.....	BA	67	67	200
Outlays.....	0	89	67	200

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Labor—Con.				
Departmental Management—Con.				
Intragovernmental Funds:				
Working capital fund	505			
Outlays	0	— 8,333		
Total Federal funds Departmental Management ...	BA	132,464	134,081	139,395
	0	111,572	131,864	138,280
Summary				
Federal funds:				
(As shown in detail above)	BA	16,917,423	14,943,709	5,089,471
	0	17,527,065	9,102,723	6,577,901
Deductions for offsetting receipts:				
Proprietary receipts from the public	908 BA			
	0	— 146,246	— 374,000	— 557,000
Total Federal funds	BA	16,771,177	14,569,709	4,532,471
	0	17,380,819	8,728,723	6,020,901
Trust funds:				
(As shown in detail above)	BA	32,513,218	29,029,088	28,790,610
	0	33,542,554	25,729,321	25,707,011
Deductions for offsetting receipts:				
Proprietary receipts from the public	908 BA			
	0	— 321	— 300	— 300
Total Trust funds	BA	32,512,897	29,028,788	28,790,310
	0	33,542,233	25,729,021	25,706,711
Interfund transactions				
	601 BA			
	0	— 357,773	— 391,000	— 412,000
	603 BA			
	0	— 12,513,247	— 7,004,450	— 4,945,300
Total Department of Labor	BA	36,413,054	36,203,047	27,965,481
	0	38,052,032	27,062,294	26,370,312

Department of State

Administration of Foreign Affairs				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	153			
Appropriation, current	BA	1,013,726	1,112,710	1,311,300
			^A 25,840	
			^B 10,196	
Outlays	0	1,052,134	1,141,438	1,291,799
			^A 12,920	^A 12,920
Total Salaries and expenses	BA	1,013,726	1,148,746	1,311,300
	0	1,052,134	1,154,358	1,304,719
Representation allowances				
Appropriation, current	BA	3,876	4,148	4,500
Outlays	0	3,930	4,103	4,410

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of State—Con.				
Administration of Foreign Affairs—Con.				
Protection of foreign missions and officials	153			
Appropriation, current.....	BA			^K 9,500
Outlays.....	0			^K 7,695
Acquisition, operation, and maintenance of buildings abroad	153			
Appropriation, current.....	BA	215,296	190,000 ^A 8,760	235,607
Outlays.....	0	161,848	215,349 ^A 760	185,929 ^A 8,000
Total Acquisition, operation, and maintenance of buildings abroad.....	BA 0	215,296 161,848	198,760 216,109	235,607 193,929
Acquisition, operation, and maintenance of buildings abroad (special foreign currency program)	153			
Appropriation, current.....	BA	8,360	10,012	23,353
Outlays.....	0	13,993	16,806	18,911
Emergencies in the diplomatic and consular service	153			
Appropriation, current.....	BA	4,400	4,356	4,400
Outlays.....	0	2,691	3,683	4,355
Buying power maintenance	153			
Appropriation, current.....	BA	15,494	4,600	.....
Payment to the American Institute in Taiwan	153			
Appropriation, current.....	BA	8,744	9,380	9,875
Outlays.....	0	8,054	9,221	9,751
Payment to the Foreign Service retirement and disability fund	153			
Appropriation, current.....	BA	95,970	103,791 ^A 4,628	106,738 ^J - 77,900
Appropriation, permanent, indefinite.....	BA	218,500	219,600	221,400
Outlays.....	0	314,470	323,391 ^A 4,628	328,138 ^J - 77,900
Total Payment to the Foreign Service retirement and disability fund.....	BA 0	314,470 314,470	328,019 328,019	250,238 250,238
Intragovernmental Funds:				
Working capital fund	153			
Appropriation, current.....	BA	976	.....	.....
Outlays.....	0	-1,562	-67	57

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of State—Con.				
Administration of Foreign Affairs—Con.				
<i>Trust funds</i>				
Foreign Service retirement and disability fund	602			
Appropriation, current.....	BA		^A 8,523	^J - 78,800
Indefinite.....	BA			598,010
Appropriation, permanent, indefinite.....	BA	566,794	583,538	598,010
Outlays.....	O	198,863	209,144	220,996
				^J - 9,200
Total Foreign Service retirement and disability fund.....	BA	566,794	592,061	519,210
	O	198,863	209,144	211,796
Miscellaneous trust funds	153			
Appropriation, permanent, indefinite.....	BA	1,656	1,849	1,800
Outlays.....	O	1,730	1,736	1,800
Total Federal funds Administration of Foreign Affairs.....	BA	1,585,342	1,708,021	1,848,773
	O	1,555,558	1,732,232	1,794,065
Total Trust funds Administration of Foreign Affairs.....	BA	568,450	593,910	521,010
	O	200,593	210,880	213,596
International Organizations and Conferences				
<i>Federal funds</i>				
General and Special Funds:				
Contributions to international organizations	153			
Appropriation, current.....	BA	436,204	520,515	522,570
			^A - 4,723	
Outlays.....	O	414,278	525,506	523,102
			^A - 4,723	
Total Contributions to international organizations	BA	436,204	515,792	522,570
	O	414,278	520,783	523,102
Contributions for international peacekeeping activities	153			
Appropriation, current.....	BA	73,400	66,279	55,400
			^A - 10,879	
Outlays.....	O	60,903	73,676	55,400
			^A - 10,879	
Total Contributions for international peacekeeping activities.....	BA	73,400	55,400	55,400
	O	60,903	62,797	55,400
Missions to international organizations	153			
Outlays.....	O	-27		
International conferences and contingencies	153			
Appropriation, current.....	BA	9,200	8,910	10,195
Outlays.....	O	6,499	9,856	9,788
International trade negotiations	153			
Outlays.....	O	-5		

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of State—Con.				
International Organizations and Conferences—Con.				
<i>Trust funds</i>				
Gifts and bequests, National Commission on Educational, Scientific, and Cultural Cooperation				
	153			
Appropriation, permanent, indefinite.....	BA	43	43	50
Outlays.....	O	75	51	50
Total Federal funds International Organizations and Conferences.....	BA O	518,804 481,648	580,102 593,436	588,165 588,290
Total Trust funds International Organizations and Conferences.....	BA O	43 75	43 51	50 50
International Commissions				
<i>Federal funds</i>				
General and Special Funds:				
International Boundary and Water Commission, United States and Mexico:				
Salaries and expenses	301			
Appropriation, current.....	BA	8,928	10,651 D 125	12,074
Outlays.....	O	8,477	10,828	11,815
Total Salaries and expenses.....	BA O	8,928 8,477	10,776 10,828	12,074 11,815
Construction	301			
Appropriation, current.....	BA		672	2,143
Outlays.....	O	7,875	2,700	1,830
American sections, international commissions	301			
Appropriation, current.....	BA	2,918	3,426 D 38	3,814
Outlays.....	O	2,733	3,459	3,809
Total American sections, international commissions.....	BA O	2,918 2,733	3,464 3,459	3,814 3,809
International fisheries commissions	302			
Appropriation, current.....	BA	8,526	8,876	9,482
Outlays.....	O	8,213	8,899	9,482
Total Federal funds International Commissions.....	BA O	20,372 27,298	23,788 25,886	27,513 26,936

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of State—Con.				
Other				
<i>Federal funds</i>				
General and Special Funds:				
Migration and refugee assistance	151			
Appropriation, current.....	BA	375,000	323,000	341,450
			^A 14,650	
Outlays.....	0	321,147	345,190	352,643
			^A 7,325	^A 7,325
Total Migration and refugee assistance.....	BA	375,000	337,650	341,450
	0	321,147	352,515	359,968
United States emergency refugee and migration assistance fund	151			
Outlays.....	0	-1,980	3,000	3,000
International narcotics control	151			
Appropriation, current.....	BA	36,700	41,200	.....
				^K 50,217
Outlays.....	0	36,560	37,749	42,841
Total International narcotics control.....	BA	36,700	41,200	50,217
	0	36,560	37,749	42,841
Anti-terrorism assistance	152			
Appropriation, current.....	BA	.....	2,500	.....
				^K 5,000
Outlays.....	0	.....	2,000	4,500
Total Anti-terrorism assistance.....	BA	.....	2,500	5,000
	0	.....	2,000	4,500
U.S. bilateral science and technology agreements	153			
Appropriation, current.....	BA	1,700	1,683	2,000
Outlays.....	0	1,700	1,683	2,000
Compact of free association	151			
Appropriation, current.....	BA	.....	.....	^J 295,490
Outlays.....	0	.....	.....	^J 295,490
Soviet-East European research and training	153			
Appropriation, current.....	BA	.....	.....	5,000
Outlays.....	0	.....	.....	5,000
Payment to the Asia Foundation	153			
Appropriation, current.....	BA	7,000	9,900	10,000
Outlays.....	0	4,751	12,400	10,000
Special assistance to refugees from Cambodia and Vietnam	609			
Outlays.....	0	60	.....	.....
International Center, Washington, D.C.	153			
Appropriation, permanent, indefinite.....	BA	200	4,250	775
Outlays.....	0	247	4,183	900
Total Federal funds Other.....	BA	420,600	397,183	709,932
	0	362,485	413,530	723,699

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of State—Con.				
Summary				
Federal funds:				
(As shown in detail above)	BA	2,545,118	2,709,094	3,174,383
	0	2,426,989	2,765,084	3,132,990
Deductions for offsetting receipts:				
Proprietary receipts from the public	153 BA			
	0	-200	-4,250	-775
Total Federal funds	BA	2,544,918	2,704,844	3,173,608
	0	2,426,789	2,760,834	3,132,215
Trust funds:				
(As shown in detail above)	BA	568,493	593,953	521,060
	0	200,668	210,931	213,646
Deductions for offsetting receipts:				
Intrafund transactions	602 BA			
	0	-3,556	-3,500	-3,500
Total Trust funds	BA	564,937	590,453	517,560
	0	197,112	207,431	210,146
Interfund transactions	153 BA			
	0	-351,007	-368,451	-368,700
	BA			84,300
	0			
	803 BA			
	0	-41	-41	-41
Total Department of State	BA	2,758,807	2,926,805	3,406,727
	0	2,272,853	2,599,773	3,057,920

Department of Transportation

Federal Highway Administration

Federal funds

General and Special Funds:

Motor carrier safety	401			
Appropriation, current	BA	11,800	13,020	14,066
			^D 114	
Outlays	0	13,871	14,074	13,765
Total Motor carrier safety	BA	11,800	13,134	14,066
	0	13,871	14,074	13,765
Highway beautification	401			
Appropriation, current	BA	500		
Outlays	0	4,754	12,763	9,572
Railroad-highway crossings demonstration projects	401			
Appropriation, current	BA		5,000	
Outlays	0	5,476	6,745	7,326

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Transportation—Con.				
Federal Highway Administration—Con.				
Access highways to public recreation areas on certain lakes	401			
Appropriation, current.....	BA		4,270	
Reappropriation.....	BA	6,518		
Outlays.....	O	3,727	10,272	10,910
Total Access highways to public recreation areas on certain lakes.....	BA	6,518	4,270	
	O	3,727	10,272	10,910
Sandhill crane wildlife refuge	303			
Outlays.....	O	— 98		
Interstate transfer grants - highways	401			
Appropriation, current.....	BA	518,000		
Outlays.....	O	172,000	313,107	122,265
Miscellaneous appropriations	401			
Appropriation, current.....	BA	36,000	6,800	
Reappropriation.....	BA	465		
Outlays.....	O	37,224	41,568	36,474
Total Miscellaneous appropriations.....	BA	36,465	6,800	
	O	37,224	41,568	36,474
Appalachian highway system	401			
Appropriation, current.....	BA			80,000
Outlays.....	O			4,000
<i>Trust funds</i>				
Federal-aid highways (trust fund)	401			
Contract authority, current.....	BA	11,725,403		
Contract authority, permanent.....	BA	953,896	13,906,563	14,644,821
Liquidation of contract authority, current.....		(8,500,000)	(11,600,000)	(12,800,000)
Outlays.....	O	8,718,244	10,906,000	12,985,000
Total Federal-aid highways (trust fund).....	BA	12,679,299	13,906,563	14,644,821
	O	8,718,244	10,906,000	12,985,000
Highway-related safety grants	401			
Contract authority, current.....	BA	— 9,623		
Indefinite.....	BA	— 56		
Contract authority, permanent.....	BA	9,869	9,802	9,802
Liquidation of contract authority, current.....		(22,998)	(9,738)	(5,000)
Outlays.....	O	13,018	11,318	12,115
Total Highway-related safety grants.....	BA	190	9,802	9,802
	O	13,018	11,318	12,115
Trust fund share of other highway programs	401			
Appropriation, current.....	BA		10,000	
Outlays.....	O	9,007	15,206	14,981
Highway safety research and development	401			
Appropriation, current.....	BA	7,700	8,500	10,325
Outlays.....	O	5,733	9,193	10,681
Motor carrier safety grants	401			
Appropriation, current.....	BA		8,000	16,000
Outlays.....	O		7,200	15,200

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Transportation—Con.				
Federal Highway Administration—Con.				
Miscellaneous trust funds	151			
Appropriation, permanent.....	BA	5,566	9,741	8,820
Liquidation of contract authority, permanent.....		(159)	(959)	.....
Outlays.....	0	5,712	10,146	9,359
Miscellaneous trust funds--Highway	401			
Outlays.....	0	7,962	4,828	3,937
Right-of-way revolving fund (trust revolving fund)	401			
Outlays.....	0	-47,480	.....	.....
Total Federal funds Federal Highway Administration.....	BA	573,283	29,204	94,066
	0	236,954	398,529	204,312
Total Trust funds Federal Highway Administration.....	BA	12,692,755	13,952,606	14,689,768
	0	8,712,196	10,963,891	13,051,273
National Highway Traffic Safety Administration				
<i>Federal funds</i>				
General and Special Funds:				
Operations and research	401			
Appropriation, current.....	BA	52,315	56,116	62,697
			^D 218	
Outlays.....	0	51,088	54,277	57,041
Total Operations and research.....	BA	52,315	56,334	62,697
	0	51,088	54,277	57,041
Miscellaneous safety programs	401			
Outlays.....	0	7,186	3,000	2,000
<i>Trust funds</i>				
Highway safety research and development	401			
Appropriation, current.....	BA	21,685	21,884	27,460
			^D 109	
Outlays.....	0	24,171	24,254	25,650
Total Highway safety research and development .	BA	21,685	21,993	27,460
	0	24,171	24,254	25,650
Highway traffic safety grants	401			
Contract authority, permanent.....	BA	141,233	148,100	148,100
Liquidation of contract authority, current.....		(106,552)	(118,000)	(132,000)
Outlays.....	0	106,200	125,400	132,000
Total Federal funds National Highway Traffic Safety Administration.....	BA	52,315	56,334	62,697
	0	58,274	57,277	59,041
Total Trust funds National Highway Traffic Safety Administration.....	BA	162,918	170,093	175,560
	0	130,371	149,654	157,650

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Transportation—Con.				
Federal Railroad Administration				
<i>Federal funds</i>				
General and Special Funds:				
Office of the Administrator	401			
Appropriation, current.....	BA	13,000	11,680	11,051
Outlays.....	O	11,504	11,374	13,171
Railroad research and development	401			
Appropriation, current.....	BA	17,000	16,225	15,653
Outlays.....	O	18,546	21,970	18,478
Rail service assistance	401			
Appropriation, current.....	BA	31,675	25,094 ^ 145	8,357
Authority to borrow, current.....	BA	713	515	.....
Outlays.....	O	52,478	80,813 ^ 145	45,507
Total Rail service assistance.....	BA	32,388	25,754	8,357
	O	52,478	80,958	45,507
Railroad safety	401			
Appropriation, current.....	BA	28,000	28,900	.....
Outlays.....	O	25,840	30,995	^ 26,691 26,691
Total Railroad safety.....	BA	28,000	28,900	26,691
	O	25,840	30,995	26,691
Conrail labor protection	603			
Appropriation, current.....	BA	10,000	51,000 ^ 10,000	15,000
Outlays.....	O	50,727	80,157 ^ 15,000	22,000 ^ 10,000
Total Conrail labor protection.....	BA	10,000	61,000	15,000
	O	50,727	95,157	32,000
Commuter rail service	401			
Outlays.....	O	135,176	92	.....
Settlements of railroad litigation	401			
Appropriation, current.....	BA		^ 16,721	.....
Authority to borrow, current.....	BA	86,505	23,105	.....
Outlays.....	O	86,505	23,105 ^ 16,721	.....
Total Settlements of railroad litigation.....	BA	86,505	39,826	.....
	O	86,505	39,826	.....
Northeast corridor improvement program	401			
Appropriation, current.....	BA	115,000	100,000	.....
Outlays.....	O	296,039	310,000	266,100

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Transportation—Con.				
Federal Railroad Administration—Con.				
Grants to National Railroad Passenger Corporation				
	401			
Appropriation, current.....	BA	780,000	716,400	.....
			^ 108,793	* 680,000
Authority to borrow, current.....	BA	.....	1,119,636	.....
Outlays.....	O	665,428	1,880,966	738,200
			^ 108,793	
Total Grants to National Railroad Passenger Corporation.....				
	BA	780,000	1,944,829	680,000
	O	665,428	1,989,759	738,200
Public Enterprise Funds:				
Alaska Railroad revolving fund				
	401			
Appropriation, current.....	BA	7,600	.....	.....
Outlays.....	O	13,870	146	.....
Railroad rehabilitation and improvement financing funds				
	401			
Appropriation, current.....	BA	.....	^ 66	.....
Authority to borrow, current.....	BA	5,749	.....	.....
Outlays.....	O	50,859	67,500	15,830
			^ 66	
Total Railroad rehabilitation and improvement financing funds.....				
	BA	5,749	66	.....
	O	50,859	67,566	15,830
Total Federal funds Federal Railroad Administration.....				
	BA	1,095,242	2,228,280	756,752
	O	1,406,972	2,647,843	1,155,977
Urban Mass Transportation Administration				
<i>Federal funds</i>				
General and Special Funds:				
Urban mass transportation fund				
	401			
Appropriation, current.....	BA	1,691,650	.....	.....
Liquidation of contract authority, current.....		(677,197)	.....	.....
Outlays.....	O	1,060,491	1,264,577	1,041,408
Administrative expenses				
	401			
Appropriation, current.....	BA	28,407	29,200	31,487
			D 246	
Outlays.....	O	26,253	29,931	31,283
Total Administrative expenses.....				
	BA	28,407	29,446	31,487
	O	26,253	29,931	31,283
Research, training, and human resources				
	401			
Appropriation, current.....	BA	58,250	54,800	44,800
Outlays.....	O	38,836	75,023	58,795
Interstate transfer grants-transit				
	401			
Appropriation, current.....	BA	412,000	295,400	250,000
Outlays.....	O	219,223	401,992	413,969

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Transportation—Con.				
Urban Mass Transportation Administration—				
Con.				
Washington metro	401			
Appropriation, current.....	BA	240,000	250,000	250,000
Outlays.....	0		63,000	138,200
Formula grants	401			
Appropriation, current.....	BA	1,268,500	2,388,592	2,389,500
Outlays.....	0	2,360,589	1,831,753	1,736,038
<i>Trust funds</i>				
Discretionary grants	401			
Contract authority, permanent.....	BA	779,000	1,250,000	1,100,000
Liquidation of contract authority, permanent.....		(55,000)	(242,000)	(450,000)
Outlays.....	0	3,131	203,463	502,281
Total Federal funds Urban Mass Transportation Administration.....	BA	3,698,807	3,018,238	2,965,787
	0	3,705,392	3,666,276	3,419,693
Total Trust funds Urban Mass Transportation Administration.....	BA	779,000	1,250,000	1,100,000
	0	3,131	203,463	502,281
Federal Aviation Administration				
<i>Federal funds</i>				
General and Special Funds:				
Operations	402			
Appropriation, current.....	BA	1,301,777	2,556,900	958,844
			42,432	
Outlays.....	0	1,474,495	2,352,133	902,580
Total Operations.....	BA	1,301,777	2,599,332	958,844
	0	1,474,495	2,352,133	902,580
Facilities, engineering and development	402			
Appropriation, current.....	BA	18,255		
Outlays.....	0	14,605	8,236	1,648
Operation and maintenance, Metropolitan Washington Airports	402			
Appropriation, current.....	BA	31,955	34,557	35,932
Outlays.....	0	32,442	33,956	34,882
Construction, Metropolitan Washington Airports	402			
Appropriation, current.....	BA	11,080	14,250	13,500
Outlays.....	0	13,597	24,367	18,280
Public Enterprise Funds:				
Aviation insurance revolving fund	402			
Outlays.....	0	-2,018	-2,878	-2,642

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Transportation—Con.				
Federal Aviation Administration—Con.				
General and Special Funds:				
Aircraft purchase loan guarantee program	402			
Appropriation, current.....	BA		^ 7,750	
Authority to borrow, current.....	BA	102,490		
Outlays.....	O	79,000	23,490	
			^ 7,750	
Total Aircraft purchase loan guarantee program..	BA	102,490	7,750	
	O	79,000	31,240	
<i>Trust funds</i>				
Grants-in-aid for airports (Airport and airway trust fund)	402			
Appropriation, current.....	BA	- 7,450		
Contract authority, current.....	BA	200,000		
Contract authority, permanent.....	BA	600,000	993,500	987,000
Reappropriation.....	BA	7,450		
Liquidation of contract authority, current.....		(234,000)	(745,000)	(810,000)
Outlays.....	O	452,863	800,000	810,000
Total Grants-in-aid for airports (Airport and airway trust fund).....	BA	800,000	993,500	987,000
	O	452,863	800,000	810,000
Facilities and equipment (Airport and airway trust fund)	402			
Appropriation, current.....	BA	625,000	750,000	1,657,000
Outlays.....	O	247,538	400,000	653,000
Research, engineering and development (Airport and airway trust fund)	402			
Appropriation, current.....	BA	103,000	263,452	269,000
Outlays.....	O	71,203	192,344	252,000
Operations (Airport and airway trust fund)	402			
Appropriation, current.....	BA	1,276,680		1,763,360
Outlays.....	O	1,020,017	256,688	1,763,360
Total Federal funds Federal Aviation Administration.....	BA	1,465,557	2,655,889	1,008,276
	O	1,612,121	2,447,054	954,748
Total Trust funds Federal Aviation Administration	BA	2,804,680	2,006,952	4,676,360
	O	1,791,621	1,649,032	3,478,360

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code	1983 actual	1984 estimate	1985 estimate
Department of Transportation—Con.			
Coast Guard			
<i>Federal funds</i>			
General and Special Funds:			
Operating expenses 403			
Appropriation, current..... BA	1,603,798	1,668,542	..... K 1,758,869
		^A 6,258	
		^E 10,540	
		^G 6,542	
Outlays..... O	1,561,584	1,655,582	1,698,276
		^A 6,258	
Total Operating expenses..... BA	1,603,798	1,691,882	1,758,869
	O	1,561,584	1,698,276
Acquisition, construction, and improvements 403			
Appropriation, current..... BA	400,000	669,000	..... K 362,000
Outlays..... O	483,990	510,000	580,000
Total Acquisition, construction, and improve- ments..... BA	400,000	669,000	362,000
	O	483,990	580,000
Alteration of bridges 403			
Appropriation, current..... BA	12,700	8,600	..... K 5,200
Outlays..... O	5,487	12,000	10,000
Total Alteration of bridges..... BA	12,700	8,600	5,200
	O	5,487	10,000
Retired pay 403			
Appropriation, current..... BA	305,350	328,750	342,000
		^A — 6,258	
		^F — 2,592	
		^L — 4,500	^L — 7,200
Outlays..... O	292,238	326,158	342,000
		^A — 6,258	
		^L — 4,500	^L — 7,200
Total Retired pay..... BA	305,350	315,400	334,800
	O	292,238	334,800
Reserve training 403			
Appropriation, current..... BA	54,000	54,805	11,945
		^G 550	K 46,888
Outlays..... O	52,901	55,355	58,833
Total Reserve training..... BA	54,000	55,355	58,833
	O	52,901	58,833

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Transportation—Con.				
Coast Guard—Con.				
Research, development, test, and evaluation	403			
Appropriation, current.....	BA	20,000	22,500	23,500 [*]
Outlays.....	0	23,119	18,000	23,000
Total Research, development, test, and evaluation.....	BA	20,000	22,500	23,500
	0	23,119	18,000	23,000
National recreational boating safety and facilities improvement fund	403			
Appropriation, current.....	BA	5,000		
Contract authority, permanent.....	BA	45,000	45,000	45,000
Liquidation of contract authority, current.....		(7,500)	(12,500)	(14,750)
Outlays.....	0	5,095	12,500	15,000
Total National recreational boating safety and facilities improvement fund.....	BA	50,000	45,000	45,000
	0	5,095	12,500	15,000
Pollution fund	304			
Appropriation, permanent, indefinite.....	BA	7,257	7,000	7,000
Outlays.....	0	2,902	7,000	7,000
Offshore oil pollution compensation fund	304			
Appropriation, current.....	BA	1,000		
Indefinite.....	BA		1,000	1,000
Outlays.....	0	1,141	1,000	1,000
Total Offshore oil pollution compensation fund....	BA	1,000	1,000	1,000
	0	1,141	1,000	1,000
Deepwater port liability fund	304			
Appropriation, current.....	BA	1,000	1,000	
Indefinite.....	BA			1,000
Outlays.....	0	—15	1,000	1,000
Total Deepwater port liability fund.....	BA	1,000	1,000	1,000
	0	—15	1,000	1,000
Intragovernmental Funds:				
Coast Guard supply fund	403			
Outlays.....	0	3,622	400	
Coast Guard yard fund	403			
Outlays.....	0	—25,843	—2,223	5,000
<i>Trust funds</i>				
Coast Guard general gift fund	403			
Appropriation, permanent, indefinite.....	BA	49	80	80
Outlays.....	0	—6	50	50

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Transportation—Con.				
Coast Guard—Con.				
Miscellaneous trust revolving funds	403			
Outlays.....	0	—7	25	25
Total Federal funds Coast Guard.....	BA 0	<u>2,455,105</u> 2,406,221	<u>2,816,737</u> 2,592,272	<u>2,597,202</u> 2,733,909
Total Trust funds Coast Guard.....	BA 0	<u>49</u> —13	<u>80</u> 75	<u>80</u> 75
Maritime Administration				
<i>Federal funds</i>				
General and Special Funds:				
Ship construction	403			
Appropriation, current.....	BA	25,000		
Outlays.....	0	84,511	23,280	
Operating-differential subsidies	403			
Contract authority, permanent, indefinite.....	BA	339,689	352,500	377,750
Liquidation of contract authority, current.....		(400,036)	(352,500)	^K (377,750)
Outlays.....	0	368,194	367,500	387,750
Research and development	403			
Appropriation, current.....	BA	15,300	11,385	^K 3,000
Outlays.....	0	13,466	18,362	11,518
Total Research and development.....	BA 0	<u>15,300</u> 13,466	<u>11,385</u> 18,362	<u>3,000</u> 11,518
Operations and training	403			
Appropriation, current.....	BA	78,113	73,283	^K 72,730
Outlays.....	0	73,482	84,983	74,258
Total Operations and training.....	BA 0	<u>78,113</u> 73,482	<u>73,283</u> 84,983	<u>72,730</u> 74,258
Public Enterprise Funds:				
Federal ship financing fund	403			
Outlays.....	0	13,789	26,300	—43,500
Vessel operations revolving fund	403			
Outlays.....	0	—4,002		
War risk insurance revolving fund	403			
Outlays.....	0	—768	—950	—950
<i>Trust funds</i>				
Special studies, services and projects	403			
Appropriation, permanent, indefinite.....	BA	242	385	385
Outlays.....	0	121	385	385

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Transportation—Con.				
Maritime Administration—Con.				
Gifts and bequests	403			
Appropriation, permanent, indefinite.....	BA	14	15	15
Outlays.....	O	4	15	15
Total Federal funds Maritime Administration.....	BA	458,102	437,168	453,480
	O	548,672	519,475	429,076
Total Trust funds Maritime Administration.....	BA	256	400	400
	O	125	400	400
Saint Lawrence Seaway Development Corporation				
<i>Federal funds</i>				
Public Enterprise Funds:				
Saint Lawrence Seaway Development Corporation				
	403			
Outlays.....	O	-1,748		
Limitation on administrative expenses.....		(1,740)	(1,800)	(1,822)
Office of the Inspector General				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	407			
Appropriation, current.....	BA	25,355	26,795	27,306
			^D 410	
Outlays.....	O	22,385	28,852	27,305
Total Salaries and expenses.....	BA	25,355	27,205	27,306
	O	22,385	28,852	27,305
Research and Special Programs Administration				
<i>Federal funds</i>				
General and Special Funds:				
Research and special programs	407			
Appropriation, current.....	BA	20,022	20,200	3,323
				^K 15,300
Outlays.....	O	19,453	20,398	18,945
Total Research and special programs.....	BA	20,022	20,200	18,623
	O	19,453	20,398	18,945
Intragovernmental Funds:				
Working capital fund, Transportation Systems Center				
	407			
Outlays.....	O	-7,332	20,514	22,500
Total Federal funds Research and Special Programs Administration.....	BA	20,022	20,200	18,623
	O	12,121	40,912	41,445

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Transportation—Con.				
Office of the Secretary				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	407			
Appropriation, current.....	BA	39,400	41,275 <i>P 450</i>	42,191
Outlays.....	0	40,196	50,009	42,368
Total Salaries and expenses.....	BA	39,400	41,725	42,191
	0	40,196	50,009	42,368
Activities transferred from Civil Aeronautics Board				
Appropriation, current.....	402 BA			51,646
Outlays.....	0			51,646
Transportation planning, research, and develop- ment	407			
Appropriation, current.....	BA	4,900	4,878	6,754
Outlays.....	0	4,013	6,901	5,936
Transportation research activities overseas (special foreign currency program)	407			
Outlays.....	0		19	
Intragovernmental Funds:				
Limitation on Working capital fund	407			
Outlays.....	0	2,143		
<i>Trust funds</i>				
Gifts and bequests	407			
Appropriation, permanent, indefinite.....	BA		1	
Total Federal funds Office of the Secretary.....	BA	44,300	46,603	100,591
	0	46,352	56,929	99,950
Total Trust funds Office of the Secretary.....	BA		1	
Summary				
Federal funds:				
(As shown in detail above).....	BA	9,888,088	11,335,858	8,084,780
	0	10,053,716	12,455,419	9,125,456
Deductions for offsetting receipts:				
Intrafund transactions	908 BA			
	0	-2,492	-3,852	-4,507
Proprietary receipts from the public	304 BA			
	0		-6,000	-6,000
	402 BA			
	0	-43,768	-47,700	-52,900
	403 BA			
	0	-11,176	-19,013	-21,682
	908 BA			
	0	-1		
Total Federal funds.....	BA	9,830,651	11,259,293	7,999,691
	0	9,996,279	12,378,854	9,040,367

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Transportation—Con.				
Summary—Con.				
Trust funds:				
(As shown in detail above).....	BA	16,439,658	17,380,132	20,642,168
	O	10,637,431	12,966,515	17,190,039
Deductions for offsetting receipts:				
Proprietary receipts from the public	151 BA			
	O	-4,295	-9,721	-8,200
	401 BA			
	O	-1,430	-968	-609
	403 BA			
	O	-242	-385	-385
	908 BA			
	O	-27		
Total Trust funds	BA	16,433,664	17,369,058	20,632,974
	O	10,631,437	12,955,441	17,180,845
Total Department of Transportation	BA	26,264,315	28,628,351	28,632,665
	O	20,627,716	25,334,295	26,221,212

Department of the Treasury

Office of the Secretary

Federal funds

General and Special Funds:				
Salaries and expenses	803			
Appropriation, current.....	BA	62,409	65,743 ^C	84,242
			1,368 ^D	
Outlays	O	57,997	67,400	81,989
Total Salaries and expenses	BA	62,409	67,152	84,242
	O	57,997	67,400	81,989
Presidential election campaign fund	806			
Appropriation, permanent, indefinite.....	BA	35,527	40,000	43,000
Outlays	O	11,720	121,409	1,113
Public Enterprise Funds:				
Exchange stabilization fund	155			
Outlays	O	-517,577	-221,269	-218,225
Intragovernmental Funds:				
Working capital fund	803			
Outlays	O	-387		
Total Federal funds Office of the Secretary	BA	97,936	107,152	127,242
	O	-448,247	-32,460	-135,123

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of the Treasury—Con.				
Office of Revenue Sharing				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	851			
Appropriation, current.....	BA	6,867	7,278 ^D 150	7,941
Reappropriation.....	BA	400		
Outlays.....	0	5,999	7,668	7,788
Total Salaries and expenses.....	BA	7,267	7,428	7,941
	0	5,999	7,668	7,788
Payments to State and local government fiscal assistance trust fund	851			
Appropriation, current.....	BA	4,566,700	4,566,700	4,566,700
Outlays.....	0	4,566,700	4,566,700	4,566,700
<i>Trust funds</i>				
State and local government fiscal assistance trust fund	851			
Appropriation, permanent, indefinite.....	BA	4,566,700	4,566,700	4,566,700
Outlays.....	0	4,614,383	4,566,700	4,566,700
Total Federal funds Office of Revenue Sharing	BA	4,573,967	4,574,128	4,574,641
	0	4,572,699	4,574,368	4,574,488
Total Trust funds Office of Revenue Sharing	BA	4,566,700	4,566,700	4,566,700
	0	4,614,383	4,566,700	4,566,700
Federal Law Enforcement Training Center				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	751			
Appropriation, current.....	BA	12,803	14,481 ^D 183	16,964
Outlays.....	0	13,334	14,599	16,794
Total Salaries and expenses.....	BA	12,803	14,664	16,964
	0	13,334	14,599	16,794
Construction, Federal Law Enforcement Training Center	751			
Outlays.....	0	2,717	4,531	623
Total Federal funds Federal Law Enforcement Training Center	BA	12,803	14,664	16,964
	0	16,051	19,130	17,417
Bureau of Government Financial Operations				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	803			
Appropriation, current.....	BA	243,946	239,995	239,908
Outlays.....	0	233,930	235,195	235,110
New York City loan guarantee program	852			
Outlays.....	0	50		

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of the Treasury—Con.				
Bureau of Government Financial Operations—Con.				
Chrysler Corporation loan guarantee program	376			
Appropriation, current.....	BA	1,211	495	.....
Outlays.....	0	655	485	.....
Claims, judgments, and relief acts	806			
Appropriation, permanent, indefinite.....	BA	562,714	256,900	384,400
Outlays.....	0	562,806	256,993	384,400
Advances to the railroad retirement account	601			
Appropriation, permanent, indefinite.....	BA	1,133,000	525,000	.....
Outlays.....	0	1,133,000	525,000	.....
Interest on uninvested funds	908			
Appropriation, current, indefinite.....	BA			✓ — 10
Appropriation, permanent, indefinite.....	BA	13,805	17,323	18,711
Outlays.....	0	13,292	17,323	18,711
				✓ — 10
Total Interest on uninvested funds.....	BA	13,805	17,323	18,701
	0	13,292	17,323	18,701
Payment of Government losses in shipment	803			
Outlays.....	0	90	140	140
Postal savings system liquidation	806			
Appropriation, current.....	BA		[^] 1,000	
Outlays.....	0		[^] 750	[^] 250
Energy security reserve	271			
Outlays.....	0	14,967	66,597	162,431
Biomass energy development	271			
Outlays.....	0	872	906	950
Intragovernmental Funds:				
Fishermen's protective fund	376			
Outlays.....	0	17	.....	.....
<i>Trust funds</i>				
Miscellaneous trust funds:				
(Other veterans benefits and services)	705			
(Appropriation, permanent, indefinite).....	BA	11	7	7
(Outlays).....	0	.....	14	7
(Other general government)	806			
(Appropriation, permanent, indefinite).....	BA	73	18	18
(Outlays).....	0	58	59	18
Total Miscellaneous trust funds.....	BA	84	25	25
	0	58	73	25
Total Federal funds Bureau of Government Financial Operations.....	BA	1,954,676	1,040,713	643,009
	0	1,959,679	1,103,389	801,982
Total Trust funds Bureau of Government Financial Operations.....	BA	84	25	25
	0	58	73	25

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of the Treasury—Con.				
Bureau of Alcohol, Tobacco and Firearms				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	751			
Appropriation, current.....	BA	147,492	157,260 <i>D</i> 2,293	161,771
Outlays.....	0	141,682	156,354	158,539
Total Salaries and expenses.....	BA	147,492	159,553	161,771
	0	141,682	156,354	158,539
United States Customs Service				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	751			
Appropriation, current.....	BA	571,317	584,943 <i>C</i> 37 <i>D</i> 9,924	585,335
Outlays.....	0	567,097	585,632	577,053
Total Salaries and expenses.....	BA	571,317	594,904	585,335
	0	567,097	585,632	577,053
Operation and maintenance, air interdiction program	751			
Appropriation, current.....	BA	3,750	31,000	17,070
Outlays.....	0	102	32,808	16,216
Miscellaneous permanent appropriations	852			
Appropriation, permanent, indefinite.....	BA	71,963	76,000	78,000
Outlays.....	0	75,788	76,000	78,000
<i>Trust funds</i>				
Refunds, transfers and expenses, unclaimed, abandoned and seized goods	803			
Appropriation, permanent, indefinite.....	BA	5,583	6,000	6,500
Outlays.....	0	5,541	6,000	6,500
Total Federal funds United States Customs Service.....	BA	647,030	701,904	680,405
	0	642,987	694,440	671,269
Total Trust funds United States Customs Service.....	BA	5,583	6,000	6,500
	0	5,541	6,000	6,500
Bureau of Engraving and Printing				
<i>Federal funds</i>				
Intragovernmental Funds:				
Bureau of Engraving and Printing fund	803			
Outlays.....	0	- 11,653	- 5,036	3,000

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of the Treasury—Con.				
Bureau of the Mint				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	803			
Appropriation, current.....	BA	47,558	49,000	^K 47,758
Outlays.....	O	44,077	48,058	46,803
Total Salaries and expenses.....	BA	47,558	49,000	47,758
	O	44,077	48,058	46,803
Expansion and improvements	803			
Appropriation, current.....	BA	5,200	3,070	
Outlays.....	O	2,963	7,002	4,135
Coinage profit fund	803			
Appropriation, permanent, indefinite.....	BA	94,451	297,203	105,956
Outlays.....	O	93,802	297,203	105,956
Total Federal funds Bureau of the Mint.....	BA	147,209	349,273	153,714
	O	140,842	352,263	156,894
Bureau of the Public Debt				
<i>Federal funds</i>				
General and Special Funds:				
Administering the public debt	803			
Appropriation, current.....	BA	199,934	196,427	197,955
Outlays.....	O	166,516	192,315	193,996
Internal Revenue Service				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	803			
Appropriation, current.....	BA	130,686	99,800	104,687
			^D 1,694	
Outlays.....	O	127,602	99,464	102,593
Total Salaries and expenses.....	BA	130,686	101,494	104,687
	O	127,602	99,464	102,593
Processing tax returns	803			
Appropriation, current.....	BA	968,619	929,000	1,002,457
			^D 13,150	
Outlays.....	O	893,404	946,894	982,408
Total Processing tax returns.....	BA	968,619	942,150	1,002,457
	O	893,404	946,894	982,408
Examinations and appeals	803			
Appropriation, current.....	BA	1,088,305	1,232,000	1,357,073
			^D 26,310	
Outlays.....	O	1,068,881	1,233,144	1,329,932
Total Examinations and appeals.....	BA	1,088,305	1,258,310	1,357,073
	O	1,068,881	1,233,144	1,329,932

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of the Treasury—Con.				
Internal Revenue Service—Con.				
Investigation, collection and taxpayer service	803			
Appropriation, current.....	BA	855,402	1,004,000 <i>D</i> 19,676	1,067,642
Outlays.....	0	817,133	1,003,202	1,046,289
Total Investigation, collection and taxpayer service.....	BA	855,402	1,023,676	1,067,642
	0	817,133	1,003,202	1,046,289
Payment where energy credit exceeds liability for tax	271			
Appropriation, current.....	BA	300	200	100
Outlays.....	0	-122	200	100
Payment where credit exceeds liability for tax	609			
Appropriation, permanent, indefinite.....	BA	1,213,292	1,123,000	1,044,000
Outlays.....	0	1,213,292	1,123,000	1,044,000
Refunding internal revenue collections, interest	908			
Appropriation, permanent, indefinite.....	BA	1,953,820	1,514,000	1,479,000
Outlays.....	0	1,953,820	1,514,000	1,479,000
Internal revenue collections for Puerto Rico	852			
Appropriation, permanent, indefinite.....	BA	326,429	366,000	400,000
Outlays.....	0	316,419	366,000	400,000
Public Enterprise Funds:				
Federal tax lien revolving fund	803			
Outlays.....	0	376	-100	100
Total Federal funds Internal Revenue Service.....	BA	6,536,853	6,328,830	6,454,959
	0	6,390,805	6,285,804	6,384,422
United States Secret Service				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	751			
Appropriation, current.....	BA	240,462	294,555 <i>D</i> 3,174	275,731
Outlays.....	0	221,673	289,086	268,458
Total Salaries and expenses.....	BA	240,462	297,729	275,731
	0	221,673	289,086	268,458
Contribution for annuity benefits	751			
Appropriation, permanent, indefinite.....	BA	9,000	11,000	11,000
Outlays.....	0	9,940	11,000	11,000
Total Federal funds United States Secret Service.....	BA	249,462	308,729	286,731
	0	231,613	300,086	279,458
Comptroller of the Currency				
<i>Trust funds</i>				
Assessment funds	376			
Outlays.....	0	2,017	-2,569	-3,056

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of the Treasury—Con.				
Interest on the Public Debt				
<i>Federal funds</i>				
General and Special Funds:				
Interest on the public debt	901			
Appropriation, permanent.....	BA	111,710,930	130,103,965	142,112,638
Outlays.....	O	111,710,930	130,103,965	142,112,638
Interest on the public debt paid to trust funds	901			
Appropriation, current.....	BA		17,243	168,892
Appropriation, permanent.....	BA	17,102,148	19,378,792	22,418,470
Outlays.....	O	17,102,148	19,378,792	22,418,470
			17,243	168,892
Total Interest on the public debt paid to trust funds.....	BA	17,102,148	19,396,035	22,587,362
	O	17,102,148	19,396,035	22,587,362
Total Federal funds Interest on the Public Debt...	BA	128,813,078	149,500,000	164,700,000
	O	128,813,078	149,500,000	164,700,000

Summary

Federal funds:				
(As shown in detail above).....	BA	143,380,440	163,281,373	177,997,391
	O	142,616,052	163,140,653	177,806,342
Deductions for offsetting receipts:				
Intrafund transactions	803 BA			
	O	-249	-184	-166
	806 BA			
	O	-50	-40	-40
	809 BA			
	O	-15,820	-16,600	-17,400
	908 BA			
	O	-7,027,288	-5,344,971	-5,925,037
Receipts from off-budget Federal entities	803 BA			
	O	-163,082	-184,306	-207,261
	809 BA			
	O	-10	-10	-10
	908 BA			
	O	-14,184,023	-15,318,804	-18,345,703
Proprietary receipts from the public	151 BA			
	O	-130,580	-130,580	-130,580
	155 BA			
	O	-81,915	-83,553	-88,225
	376 BA			
	O	-312,685		
	803 BA			
	O	-136,834	-346,203	-153,714
	809 BA			
	O	-620,277	-407,679	-407,679
	901 BA			
	O	-193,994		

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of the Treasury—Con.				
Summary—Con.				
908 BA				
0		— 1,807,379	— 1,862,647	— 1,636,912
Total Federal funds.....	BA	118,706,254	139,585,796	151,084,664
	O	117,941,866	139,445,076	150,893,615
Trust funds:				
(As shown in detail above).....	BA	4,572,367	4,572,725	4,573,225
	O	4,621,999	4,570,204	4,570,169
Interfund transactions				
571 BA				
0		— 109,284	— 663,663	— 638,994
572 BA				
0		— 27,112	— 152,000	— 160,000
601 BA				
0		— 1,346,467	— 793,000	— 453,000
803 BA				
0		— 154,657	— 132,795	— 135,000
809 BA				
0		— 35	— 37	— 39
851 BA				
0		— 4,566,700	— 4,566,700	— 4,566,700
Total Department of the Treasury.....	BA	117,074,366	137,850,326	149,704,156
	O	116,359,610	137,707,085	149,510,051

Environmental Protection Agency*Federal funds*

General and Special Funds:				
Salaries and expenses	304			
Appropriation, current.....	BA	555,613	574,900	293,378
			^G 3,500	^K 345,897
Outlays.....	O	540,947	566,777	627,611
Total Salaries and expenses.....	BA	555,613	578,400	639,275
	O	540,947	566,777	627,611
Research and development:				
(Energy supply)	271			
(Appropriation, current).....	BA	20,433	26,474	.....
			^A 5,500	^K 44,320
(Outlays).....	O	58,612	31,809	33,777
			^A 1,100	^A 2,365
Total (Energy supply).....	BA	20,433	31,974	44,320
	O	58,612	32,909	36,142

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Environmental Protection Agency—Con.				
(Pollution control and abatement)	304			
(Appropriation, current)	BA	100,567	116,226	^K 119,117
			^F - 3,500	
(Outlays)	O	124,078	100,504	112,800
Total (Pollution control and abatement)	BA	100,567	112,726	119,117
	O	124,078	100,504	112,800
Total Research and development	BA	121,000	144,700	163,437
	O	182,690	133,413	148,942
Abatement, control, and compliance	304			
Appropriation, current	BA	369,075	393,900	10,915
				^K 385,127
Outlays	O	455,020	416,984	415,290
Total Abatement, control, and compliance	BA	369,075	393,900	396,042
	O	455,020	416,984	415,290
Buildings and facilities	304			
Appropriation, current	BA	3,000	2,600	10,500
Outlays	O	3,266	4,233	4,148
Construction grants	304			
Appropriation, current	BA	2,430,000	2,430,000	2,400,000
Outlays	O	2,982,669	2,500,000	2,500,000
Scientific activities overseas (Special foreign currency program)	304			
Outlays	O	232	183	175
United States Regulatory Council	304			
Outlays	O	28	2	
Operations, research, and facilities	304			
Outlays	O	-525	1,250	601
Enforcement	304			
Outlays	O	268	232	116
Payment to the hazardous substance response trust fund	304			
Appropriation, current	BA	40,000	44,000	44,000
Outlays	O	40,000	44,000	44,000
Public Enterprise Funds:				
Revolving fund for certification and other services	304			
Outlays	O	13	15	15
<i>Trust funds</i>				
Hazardous substance response trust fund	304			
Appropriation, current	BA	210,000	410,000	640,000
			^A 50,000	
Outlays	O	147,803	325,000	515,000
			^A 15,000	^A 20,000
Total Hazardous substance response trust fund	BA	210,000	460,000	640,000
	O	147,803	340,000	535,000
Miscellaneous contributed funds	304			
Appropriation, permanent, indefinite	BA	23		
Outlays	O	24	25	25

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Environmental Protection Agency—Con.				
Summary				
Federal funds:				
(As shown in detail above).....	BA	3,518,688	3,593,600	3,653,254
	O	4,204,608	3,667,089	3,740,898
Trust funds:				
(As shown in detail above).....	BA	210,023	460,000	640,000
	O	147,827	340,025	535,025
Deductions for offsetting receipts:				
Proprietary receipts from the public	304 BA			
	O	— 379	— 5,000	— 45,000
Total Trust funds	BA	209,644	455,000	595,000
	O	147,448	335,025	490,025
Interfund transactions	304 BA			
	O	— 40,000	— 44,000	— 44,000
Total Environmental Protection Agency	BA	3,688,332	4,004,600	4,204,254
	O	4,312,056	3,958,114	4,186,923

General Services Administration**Real Property Activities***Federal funds*

Intragovernmental Funds:				
Federal buildings fund	804			
Appropriation, current.....	BA	125,000	2,650	.....
Outlays	O	— 101,077	160,712	— 5,632
			4 50	
Total Federal buildings fund.....	BA	125,000	2,650	.....
	O	— 101,077	160,762	— 5,632

Personal Property Activities*Federal funds*

General and Special Funds:				
Personal property, operating expenses	804			
Appropriation, current.....	BA	145,161	161,981	167,244
Outlays	O	134,921	160,037	166,924
Intragovernmental Funds:				
General supply fund	804			
Outlays	O	— 59,124	.....	.....
Total Federal funds Personal Property Activities .	BA	145,161	161,981	167,244
	O	75,797	160,037	166,924

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
General Services Administration—Con.				
Office of Information Resources Management				
<i>Federal funds</i>				
General and Special Funds:				
Operating expenses, Office of Information Resources Management 804				
Appropriation, current.....	BA	50,869	29,234 ^ 230	33,393
Outlays.....	0	36,999	28,884 ^ 230	32,126
Total Operating expenses, Office of Information Resources Management.....	BA 0	50,869 36,999	29,464 29,114	33,393 32,126
Public Enterprise Funds:				
Consumer information center fund 376				
Appropriation, current.....	BA	1,416	1,349	349
Outlays.....	0	208	1,342	347
Intragovernmental Funds:				
Federal telecommunications fund 804				
Outlays.....	0	41,215	-15,344	9,750
Automatic data processing fund 804				
Outlays.....	0	-2,385	3,400	2,900
Total Federal funds Office of Information Resources Management.....	BA 0	52,285 76,037	30,813 18,512	33,742 45,123
Records Activities				
<i>Federal funds</i>				
General and Special Funds:				
National Archives and Records Service, operating expenses 804				
Appropriation, current.....	BA	85,615	91,708	92,325
Outlays.....	0	88,069	95,016	91,430
<i>Trust funds</i>				
National archives gift fund 804				
Appropriation, permanent.....	BA	13	184	184
Outlays.....	0	103	213	213
National archives trust fund 804				
Outlays.....	0	-515	-800	-824
Total Federal funds Records Activities.....	BA 0	85,615 88,069	91,708 95,016	92,325 91,430
Total Trust funds Records Activities.....	BA 0	13 -412	184 -587	184 -611

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
General Services Administration—Con.				
Federal Property Resources Activities				
<i>Federal funds</i>				
General and Special Funds:				
Operating expenses, federal property resources service:				
(Defense-related activities) 054				
(Appropriation, current)	BA	21,230	23,004	28,014
(Outlays)	0	17,014	26,810	27,725
(General property and records management) 804				
(Appropriation, current)	BA	12,404	14,464	12,243
(Outlays)	0	12,279	14,318	12,117
Total Operating expenses, federal property resources service	BA	33,634	37,468	40,257
	0	29,293	41,128	39,842
Expenses, disposal of surplus real and related personal property 804				
Appropriation, permanent, indefinite	BA	2,183	7,400	7,600
Outlays	0	1,986	7,400	7,600
Public Enterprise Funds:				
National defense stockpile transaction fund 054				
Outlays	0	-232,023	117,097	-8,416
William Langer Jewel bearing plant revolving fund 054				
Appropriation, current	BA	396		
Outlays	0	-1,797		
Total Federal funds Federal Property Resources Activities	BA	36,213	44,868	47,857
	0	-202,541	165,625	39,026

General Activities*Federal funds***General and Special Funds:**

General management and administration, salaries and expenses 804				
Appropriation, current	BA	105,091	132,738	140,987
Outlays	0	99,993	131,254	138,385
Economic Opportunity Act close-out activities 506				
Reappropriation	BA		1,000	
Outlays	0	1,238	480	322
Office of Inspector General 804				
Appropriation, current	BA	19,200	19,536	21,473
Outlays	0	17,759	19,146	21,081
Allowances and office staff for former Presidents 802				
Appropriation, current	BA	1,106	1,171	1,170
Outlays	0	1,016	1,148	1,146
Expenses, presidential transition 802				
Appropriation, current	BA			3,000
Outlays	0	49	1	3,000

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
General Services Administration—Con.				
General Activities—Con.				
Refunds under Renegotiation Act	908			
Outlays	0	-1		
Public Enterprise Funds:				
Virgin Islands Corporation liquidation fund	804			
Outlays	0	-79	-215	-133
Intragovernmental Funds:				
Working capital fund	804			
Outlays	0	-1,011	-200	-200
Total Federal funds General Activities	BA	125,397	154,445	166,630
	O	118,964	151,614	163,601
Summary				
Federal funds:				
(As shown in detail above)	BA	569,671	486,465	507,798
	O	55,249	751,566	500,472
Deductions for offsetting receipts:				
Proprietary receipts from the public	054 BA			
	O	196,197		
	804 BA			
	O	-69,380	-205,000	-238,000
Total Federal funds	BA	696,488	281,465	269,798
	O	182,066	546,566	262,472
Trust funds:				
(As shown in detail above)	BA	13	184	184
	O	-412	-587	-611
Total General Services Administration	BA	696,501	281,649	269,982
	O	181,654	545,979	261,861

National Aeronautics and Space Administration

<i>Federal funds</i>				
General and Special Funds:				
Research and development:				
(Space flight)	253			
(Appropriation, current)	BA	3,566,460	431,700	
				^κ 511,400
(Outlays)	O	3,515,992	1,022,000	592,200
Total (Space flight)	BA	3,566,460	431,700	511,400
	O	3,515,992	1,022,000	592,200

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
National Aeronautics and Space Administration—Con.				
(Space science, applications, and technology)				
	254			
(Appropriation, current)	BA	1,193,600	1,280,000	κ 1,531,000
(Outlays)	O	1,070,943	1,144,900	1,410,600
Total (Space science, applications, and technology)	BA	1,193,600	1,280,000	1,531,000
	O	1,070,943	1,144,900	1,410,600
(Supporting space activities)				
	255			
(Appropriation, current)	BA	498,900	14,200	κ 15,300
(Outlays)	O	446,124	135,000	31,700
Total (Supporting space activities)	BA	498,900	14,200	15,300
	O	446,124	135,000	31,700
(Air transportation)				
	402			
(Appropriation, current)	BA	280,000	302,300	κ 342,400
(Outlays)	O	283,125	301,700	340,500
Total (Air transportation)	BA	280,000	302,300	342,400
	O	283,125	301,700	340,500
Total Research and development	BA	5,538,960	2,028,200	2,400,100
	O	5,316,184	2,603,600	2,375,000
Space flight, control, and data communications:				
(Space flight)				
	253			
(Appropriation, current)	BA		3,101,300	κ 2,804,600
(Outlays)	O		2,578,800	2,768,000
Total (Space flight)	BA		3,101,300	2,804,600
	O		2,578,800	2,768,000
(Supporting space activities)				
	255			
(Appropriation, current)	BA		674,000	κ 795,700
(Outlays)	O		491,800	733,000
Total (Supporting space activities)	BA		674,000	795,700
	O		491,800	733,000
Total Space flight, control, and data communications	BA		3,775,300	3,600,300
	O		3,070,600	3,501,000
Construction of facilities:				
(Space flight)				
	253			
(Appropriation, current)	BA	25,245	61,300	κ 31,200
(Outlays)	O	25,770	37,600	50,200
Total (Space flight)	BA	25,245	61,300	31,200
	O	25,770	37,600	50,200

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
National Aeronautics and Space Administration—Con.				
(Space science, applications, and technology)				
	254			
(Appropriation, current)	BA	1,740	12,000	K 8,300
(Outlays)	O	497	3,000	8,500
Total (Space science, applications, and technology)	BA	1,740	12,000	8,300
	O	497	3,000	8,500
(Supporting space activities)				
	255			
(Appropriation, current)	BA	54,240	58,200	K 90,200
(Reappropriation)	BA	37,599		
(Outlays)	O	58,012	58,100	65,800
Total (Supporting space activities)	BA	91,839	58,200	90,200
	O	58,012	58,100	65,800
(Air transportation)				
	402			
(Appropriation, current)	BA	20,115	24,000	K 30,300
(Outlays)	O	23,860	39,800	38,500
Total (Air transportation)	BA	20,115	24,000	30,300
	O	23,860	39,800	38,500
Total Construction of facilities	BA	138,939	155,500	160,000
	O	108,139	138,500	163,000
Research and program management:				
(Space flight)				
	253			
(Appropriation, current)	BA	493,592	446,100	K 473,800
			D 7,100	
(Outlays)	O	510,994	452,600	473,800
Total (Space flight)	BA	493,592	453,200	473,800
	O	510,994	452,600	473,800
(Space science, applications, and technology)				
	254			
(Appropriation, current)	BA	400,695	436,000	K 479,500
			D 7,000	
(Outlays)	O	414,804	441,700	479,500
Total (Space science, applications, and technology)	BA	400,695	443,000	479,500
	O	414,804	441,700	479,500

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
National Aeronautics and Space Administration—Con.				
(Supporting space activities)	255			
(Appropriation, current)	BA	55,789	60,500	κ 63,300
			^D 1,000	
(Outlays)	0	57,752	61,300	63,300
Total (Supporting space activities)	BA	55,789	61,500	63,300
	0	57,752	61,300	63,300
(Air transportation)	402			
(Appropriation, current)	BA	247,324	295,900	κ 314,400
			^D 4,900	
(Outlays)	0	256,012	299,900	314,400
Total (Air transportation)	BA	247,324	300,800	314,400
	0	256,012	299,900	314,400
Total Research and program management	BA	1,197,400	1,258,500	1,331,000
	0	1,239,562	1,255,500	1,331,000
<i>Trust funds</i>				
Miscellaneous trust funds	255			
Outlays	0	2	45	
Summary				
Federal funds:				
(As shown in detail above)	BA	6,875,299	7,217,500	7,491,400
	0	6,663,885	7,068,200	7,370,000
Trust funds:				
(As shown in detail above)	0	2	45	
Total National Aeronautics and Space Administration	BA	6,875,299	7,217,500	7,491,400
	0	6,663,887	7,068,245	7,370,000

Office of Personnel Management

<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	805			
Appropriation, current	BA	101,809	107,046	110,953
Outlays	0	79,243	106,540	111,427
Limitation payable under trust funds		(45,110)	(48,572)	(50,687)
			^D (898)	
Government payment for annuitants, employees health benefits	551			
Appropriation, current	BA	1,342,610	1,506,339	1,341,553
Outlays	0	1,215,004	1,341,572	1,565,350

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Office of Personnel Management—Con.				
Payment to civil service retirement and disability fund	805			
Appropriation, current.....	BA	3,941,107	3,908,490	4,366,868
			^ 203,173	
			^ -19,986	^ -397,776
Appropriation, permanent, indefinite.....	BA	11,367,000	11,530,317	11,986,683
Outlays.....	O	15,308,107	15,438,807	16,353,551
			^ 203,173	
			^ -19,986	^ -397,776
Total Payment to civil service retirement and disability fund.....	BA	15,308,107	15,621,994	15,955,775
	O	15,308,107	15,621,994	15,955,775
Intergovernmental personnel assistance	806			
Outlays.....	O	310		
Intragovernmental Funds:				
Revolving fund	805			
Outlays.....	O	-4,624	6,410	1,700
			^ -5	^ -5
Total Revolving fund.....	O	-4,624	6,405	1,695
<i>Trust funds</i>				
Civil service retirement and disability fund	602			
Appropriation, current.....	BA		^ 203,173	
			^ -7,743	^ 1,027,398
Appropriation, permanent, indefinite.....	BA	34,310,932	36,045,020	38,473,478
Outlays.....	O	20,795,873	22,053,327	23,421,498
			^ -239,030	^ -408,365
Total Civil service retirement and disability fund.....	BA	34,310,932	36,240,450	39,500,876
	O	20,795,873	21,814,297	23,013,133
Employees health benefits fund	551			
Outlays.....	O	-195,749	-32,809	-225,992
Employees life insurance fund	602			
Outlays.....	O	-580,276	-639,903	-692,362
Retired employees health benefits fund	551			
Outlays.....	O	-84	-72	-81
Summary				
Federal funds:				
(As shown in detail above).....	BA	16,752,526	17,235,379	17,408,281
	O	16,598,040	17,076,511	17,634,247
Trust funds:				
(As shown in detail above).....	BA	34,310,932	36,240,450	39,500,876
	O	20,019,764	21,141,513	22,094,698
Deductions for offsetting receipts:				
Intrafund transactions	602 BA			
	O	-130	-110	-100
Total Trust funds.....	BA	34,310,802	36,240,340	39,500,776
	O	20,019,634	21,141,403	22,094,598

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Office of Personnel Management—Con.				
Summary—Con.				
Interfund transactions	602 BA			
	0	— 31,494	— 31,100	— 32,500
	805 BA			
	0	— 15,308,107	— 15,641,980	— 16,353,551
	BA			
	0		19,986	19,776
Total Office of Personnel Management.....	BA	35,723,727	37,822,625	40,920,782
	0	21,278,073	22,564,820	23,740,570

Small Business Administration

<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	376			
Appropriation, current.....	BA	274,609	223,643	246,100
			^D 1,900	
Outlays.....	0	287,769	262,143	262,700
Total Salaries and expenses.....	BA	274,609	225,543	246,100
	0	287,769	262,143	262,700
Public Enterprise Funds:				
Business loan and investment fund	376			
Appropriation, current.....	BA	742,700	363,400	312,000
Outlays.....	0	591,649	489,000	296,000
Disaster loan fund	453			
Outlays.....	0	— 429,504	— 321,000	— 213,000
Lease guarantees revolving fund	376			
Appropriation, current.....	BA			1,000
Outlays.....	0	1,030	2,000	1,000
Surety bond guarantees revolving fund	376			
Appropriation, current.....	BA		8,910	10,000
Outlays.....	0	25,835	16,000	15,000
Pollution control equipment contract guarantee revolving fund	376			
Outlays.....	0	2,580	— 5,400	— 8,000
Summary				
Federal funds:				
Total Small Business Administration.....	BA	1,017,309	597,853	569,100
	0	479,359	442,743	353,700

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Veterans Administration				
<i>Federal funds</i>				
General and Special Funds:				
Compensation	701			
Appropriation, current.....	BA	9,565,916	9,862,300	9,844,300
			✓ 161,000	✓ 528,100
Outlays.....	O	9,843,853	9,874,500	9,845,700
			✓ 134,200	✓ 493,700
Total Compensation.....	BA	9,565,916	10,023,300	10,372,400
	O	9,843,853	10,008,700	10,339,400
Pensions	701			
Appropriation, current.....	BA	3,741,634	3,838,500	4,006,400
			^ 101,900	
Outlays.....	O	3,893,900	3,838,100	4,004,000
			^ 101,900	
Total Pensions.....	BA	3,741,634	3,940,400	4,006,400
	O	3,893,900	3,940,000	4,004,000
Burial benefits and miscellaneous assistance	701			
Appropriation, current.....	BA	122,250	141,200	142,200
Outlays.....	O	122,250	141,200	142,200
Reinstated entitlement program for survivors under Public Law 97-377	701			
Appropriation, current.....	BA		41,000	
			✓ 200	
Outlays.....	O		41,000	4,173
			✓ 200	
Total Reinstated entitlement program for survivors under Public Law 97-377.....	BA		41,200	
	O		41,200	4,173
Readjustment benefits	702			
Appropriation, current.....	BA	1,666,800	1,391,000	1,137,800
			^ 52,200	✓ 132,700
Outlays.....	O	1,713,702	1,388,590	1,160,300
			^ 52,200	✓ 132,700
Total Readjustment benefits.....	BA	1,666,800	1,443,200	1,270,500
	O	1,713,702	1,440,790	1,293,000
Veterans job training	702			
Appropriation, current.....	BA		130,000	
Outlays.....	O		31,800	95,700
Veterans insurance and indemnities	701			
Appropriation, current.....	BA	6,400	7,400	11,000
Outlays.....	O	6,629	7,484	11,083

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Veterans Administration—Con.				
Medical care	703			
Appropriation, current.....	BA	7,769,054	8,070,726 ^A 15,000 ^C 10,200 ^D 108,488	8,767,435
Reappropriation.....	BA	4,200		
Outlays.....	O	7,602,087	8,126,622 ^A 15,000	8,639,643
Total Medical care.....	BA O	7,773,254 7,602,087	8,204,414 8,141,622	8,767,435 8,639,643
Medical and prosthetic research	703			
Appropriation, current.....	BA	154,839	216,299 ^D 1,381	192,695
Outlays.....	O	151,583	171,841	205,324
Total Medical and prosthetic research.....	BA O	154,839 151,583	217,680 171,841	192,695 205,324
Medical administration and miscellaneous operating expenses	703			
Appropriation, current.....	BA	56,420	66,552 ^D 451	73,013
Outlays.....	O	58,365	69,143	73,834
Total Medical administration and miscellaneous operating expenses.....	BA O	56,420 58,365	67,003 69,143	73,013 73,834
General operating expenses	705			
Appropriation, current.....	BA	690,152	712,088 ^A 3,588 ^D 7,811	755,454 ^J 1,685
Outlays.....	O	673,710	718,119 ^A 3,588	750,954 ^J 1,685
Total General operating expenses.....	BA O	690,152 673,710	723,487 721,707	757,139 752,639
Construction, major projects	703			
Appropriation, current.....	BA	670,792	345,692	619,594
Outlays.....	O	337,782	435,123	498,123
Construction, minor projects	703			
Appropriation, current.....	BA	141,748	185,378	202,200
Outlays.....	O	90,872	130,717	160,089
Grants for construction of state extended care facilities	703			
Appropriation, current.....	BA	18,000	18,000	34,500
Outlays.....	O	13,612	14,796	18,095
Grants to the Republic of the Philippines	703			
Appropriation, current.....	BA	500	500	500
Outlays.....	O	353	647	500

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Veterans Administration—Con.				
Grants for the construction of State veterans cemeteries 705				
Appropriation, current.....	BA	2,500	3,000	^K 5,000
Outlays.....	0	1,593	4,753	2,600
Total Grants for the construction of State veterans cemeteries.....	BA	2,500	3,000	5,000
	0	1,593	4,753	2,600
Assistance for health manpower training institutions 703				
Outlays.....	0	17,467	8,000	1,400
Public Enterprise Funds:				
Construction and operation of garage and parking facilities 703				
Outlays.....	0	176		
Loan guaranty revolving fund 704				
Outlays.....	0	239,268	112,700	29,592
Direct loan revolving fund 704				
Outlays.....	0	-139,764	-5,986	-5,382
Canteen service revolving fund 705				
Outlays.....	0	-5,333	1,991	1,009
Service-disabled veterans insurance fund 701				
Outlays.....	0	432	1,200	-1,150
Veterans reopened insurance fund 701				
Outlays.....	0	-22,475	-17,900	21,300
Education loan fund 702				
Outlays.....	0	-6,577	-9,015	-12,375
				^J -97
Total Education loan fund.....	0	-6,577	-9,015	-12,472
Vocational rehabilitation revolving fund 702				
Outlays.....	0	-21	14	15
Servicemen's group life insurance fund 701				
Outlays.....	0	-39,751	-24,100	-23,500
Special therapeutic and rehabilitation activities fund 703				
Outlays.....	0	-10	-10	-10
Intragovernmental Funds:				
Supply fund 705				
Outlays.....	0	-22,376		
<i>Trust funds</i>				
Post-Vietnam era veterans education account 702				
Appropriation, permanent, indefinite.....	BA	222,315	201,200	225,500
Outlays.....	0	140,329	147,900	174,200
General post fund, national homes 705				
Appropriation, permanent, indefinite.....	BA	10,667	11,500	11,800
Outlays.....	0	9,449	10,000	10,300
National service life insurance fund 701				
Appropriation, permanent, indefinite.....	BA	1,202,072	1,229,700	1,267,500
Outlays.....	0	890,928	964,200	1,014,400

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Veterans Administration—Con.				
United States government life insurance fund	701			
Appropriation, permanent, indefinite	BA	26,268	23,100	20,800
Outlays	O	59,851	54,200	50,000
Veterans special life insurance fund	701			
Outlays	O	56,486	69,200	72,000
Summary				
Federal funds:				
(As shown in detail above)	BA	24,611,205	25,491,854	26,454,576
	O	24,531,327	25,368,417	26,251,205
Deductions for offsetting receipts:				
Proprietary receipts from the public	704 BA			
	O	77,510	67,100	74,900
Total Federal funds	BA	24,533,695	25,424,754	26,379,676
	O	24,453,817	25,301,317	26,176,305
Trust funds:				
(As shown in detail above)	BA	1,461,322	1,465,500	1,525,600
	O	1,044,071	1,107,100	1,176,900
Deductions for offsetting receipts:				
Proprietary receipts from the public	701 BA			
	O	446,695	434,290	432,105
	702 BA			
	O	158,410	158,600	161,000
Total Trust funds	BA	856,217	872,610	932,495
	O	438,966	514,210	583,795
Interfund transactions				
	701 BA			
	O	2,006	1,931	1,905
	702 BA			
	O	63,905	42,600	64,500
Total Veterans Administration	BA	25,324,001	26,252,833	27,245,766
	O	24,826,872	25,770,996	26,693,695

Other Independent Agencies

ACTION

Federal funds

General and Special Funds:

Operating expenses	506			
Appropriation, current	BA	129,321	129,321	120,217
Outlays	O	126,160	129,502	123,506

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.				
Administrative Conference of the United States				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	751			
Appropriation, current.....	BA	1,159	1,100 ^{D 23}	1,468
Outlays.....	O	1,009	1,065	1,421
Total Salaries and expenses.....	BA	1,159	1,123	1,468
	O	1,009	1,065	1,421
Advisory Committee on Federal Pay				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	805			
Appropriation, current.....	BA	200	215	220
Outlays.....	O	170	213	218
Advisory Council on Historic Preservation				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	303			
Appropriation, current.....	BA	1,522	1,546	^K 1,168
Outlays.....	O	1,508	1,560 ^{D 15}	1,169
Total Salaries and expenses.....	BA	1,522	1,561	1,168
	O	1,508	1,560	1,169
<i>Trust funds</i>				
Donations	303			
Appropriation, permanent.....	BA		5	5
Outlays.....	O		5	5
American Battle Monuments Commission				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	705			
Appropriation, current.....	BA	10,669	10,462	11,065
Outlays.....	O	9,954	10,375	10,974
<i>Trust funds</i>				
Contributions	705			
Appropriation, permanent, indefinite.....	BA	31	34	34
Outlays.....	O	27	34	34

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.				
Architectural and Transportation Barriers Compliance Board				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	751			
Appropriation, current.....	BA	2,020	1,900	^K 2,000
Outlays.....	O	1,836	2,145	1,980
Total Salaries and expenses.....	BA	2,020	1,900	2,000
	O	1,836	2,145	1,980
Arms Control and Disarmament Agency				
<i>Federal funds</i>				
General and Special Funds:				
Arms control and disarmament activities	153			
Appropriation, current.....	BA	16,006	18,500	^K 24,400
Outlays.....	O	15,681	^D 128 18,142	24,103
Total Arms control and disarmament activities....	BA	16,006	18,628	24,400
	O	15,681	18,142	24,103
Board for International Broadcasting				
<i>Federal funds</i>				
General and Special Funds:				
Grants and expenses	154			
Appropriation, current.....	BA	98,317	118,182	100,498
Outlays.....	O	90,936	117,636	101,048
Central Intelligence Agency				
<i>Federal funds</i>				
General and Special Funds:				
Payment to the Central Intelligence Agency retirement and disability fund	054			
Appropriation, current.....	BA	91,300	86,300	99,300
Outlays.....	O	91,300	86,300	99,300
Civil Aeronautics Board				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	402			
Appropriation, current.....	BA	23,825	18,400 ^A 2,490 ^C 6 ^D 508	5,375
Outlays.....	O	23,640	20,640 ^A 990	5,375 ^A 1,500
Total Salaries and expenses.....	BA	23,825	21,404	5,375
	O	23,640	21,630	6,875

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.				
Civil Aeronautics Board—Con.				
Payments to air carriers	402			
Appropriation, current.....	BA	48,400	50,800	13,000
Contract authority, permanent.....	BA	3,743		
Liquidation of contract authority, current.....			(3,743)	
Outlays.....	O	53,868	56,118	17,215
Total Payments to air carriers.....	BA	52,143	50,800	13,000
	O	53,868	56,118	17,215
Total Federal funds Civil Aeronautics Board.....	BA	75,968	72,204	18,375
	O	77,508	77,748	24,090
Commission of Fine Arts				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	451			
Appropriation, current.....	BA	328	340	380
			^D 3	
Outlays.....	O	316	343	380
Total Salaries and expenses.....	BA	328	343	380
	O	316	343	380
Commission on Civil Rights				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	751			
Appropriation, current.....	BA	11,976	11,887	12,747
			^D 123	
Outlays.....	O	11,704	12,027	12,645
Total Salaries and expenses.....	BA	11,976	12,010	12,747
	O	11,704	12,027	12,645
Committee for Purchase from the Blind and other Severely Handicapped				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	505			
Appropriation, current.....	BA	662	687	710
Outlays.....	O	624	665	687
Commodity Futures Trading Commission				
<i>Federal funds</i>				
General and Special Funds:				
Commodity Futures Trading Commission	376			
Appropriation, current.....	BA	23,857	26,400	27,292
			^D 339	
Outlays.....	O	22,997	25,936	26,473
Total Commodity Futures Trading Commission.....	BA	23,857	26,739	27,292
	O	22,997	25,936	26,473

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.				
Community Services Administration				
<i>Federal funds</i>				
General and Special Funds:				
Community services program	506			
Outlays.....	0	- 18,031	12,284	
Consumer Product Safety Commission				
<i>Federal funds</i>				
General and Special Funds:				
Product safety	554			
Appropriation, current.....	BA	34,038	35,000	35,000
Outlays.....	0	32,840	35,728	35,000
Corporation for Public Broadcasting				
<i>Federal funds</i>				
General and Special Funds:				
Public broadcasting fund	503			
Appropriation, current.....	BA	- 35,000		
Appropriation, permanent.....	BA	172,000	130,000	130,000
Outlays.....	0	137,000	130,000	130,000
Total Public broadcasting fund.....	BA	137,000	130,000	130,000
	0	137,000	130,000	130,000
District of Columbia				
<i>Federal funds</i>				
General and Special Funds:				
Federal payment to the District of Columbia	852			
Appropriation, current.....	BA	427,213	485,812	464,470
Outlays.....	0	427,213	485,812	* 39,000 503,470
Total Federal payment to the District of Columbia.....	BA	427,213	485,812	503,470
	0	427,213	485,812	503,470
Loans to the District of Columbia for capital projects	852			
Appropriation, current.....	BA	96,168	115,000	
Outlays.....	0	145,000	115,000	
Repayable advances to the District of Columbia general fund	852			
Appropriation, permanent, indefinite.....	BA	150,000		
Outlays.....	0	150,000		
Summary				
Federal funds:				
(As shown in detail above).....	BA	673,381	600,812	503,470
	0	722,213	600,812	503,470

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.				
District of Columbia—Con.				
Deductions for offsetting receipts:				
Proprietary receipts from the public	852 BA	—179,369	—34,000	—34,000
	O			
Total District of Columbia	BA	494,012	566,812	469,470
	O	542,844	566,812	469,470
Equal Employment Opportunity Commission				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	751			
Appropriation, current	BA	147,421	151,399	161,155
			^D 2,640	
Outlays	O	142,868	153,037	159,958
Total Salaries and expenses	BA	147,421	154,039	161,155
	O	142,868	153,037	159,958
Export-Import Bank of the United States				
<i>Federal funds</i>				
Public Enterprise Funds:				
Export-Import Bank of the United States	155			
Authority to borrow, current, indefinite	BA		2,250,386	3,912,951
Outlays	O	577,923	1,723,673	1,634,951
Limitation on administrative expenses		(15,115)	(16,899)	(18,930)
Farm Credit Administration				
<i>Federal funds</i>				
Public Enterprise Funds:				
Revolving fund for administrative expenses	351			
Outlays	O	—1,846	445	
Limitation on administrative expenses		(18,186)	(20,551)	(22,092)
		^C (18,186)	^C (20,551)	^C (22,092)
Federal Communications Commission				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	376			
Appropriation, current	BA	82,917	87,083	92,611
			^C 15	
			^D 1,038	
Outlays	O	81,628	90,317	92,668
Total Salaries and expenses	BA	82,917	88,136	92,611
	O	81,628	90,317	92,668
Federal Deposit Insurance Corporation				
<i>Trust funds</i>				
Federal Deposit Insurance Corporation	371			
Outlays	O	—613,186	—1,424,000	—1,696,000

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.				
Federal Election Commission				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	806			
Appropriation, current.....	BA	9,897	10,649 ^D 95	10,230
Outlays.....	O	9,447	10,600	10,271
Total Salaries and expenses.....	BA	9,897	10,744	10,230
	O	9,447	10,600	10,271
Federal Emergency Management Agency				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses:				
(Defense-related activities)	054			
(Appropriation, current).....	BA	58,497	64,871	38,815 ^K 33,478
(Outlays).....	O	61,481	76,224 ^D 611	68,333
Total (Defense-related activities).....	BA	58,497	65,482	72,293
	O	61,481	76,224	68,333
(Disaster relief and insurance)	453			
(Appropriation, current).....	BA	54,448	56,239	56,235 ^K 5,486
(Outlays).....	O	36,785	64,865 ^D 453	62,346
Total (Disaster relief and insurance).....	BA	54,448	56,692	61,721
	O	36,785	64,865	62,346
Total Salaries and expenses.....	BA	112,945	122,174	134,014
	O	98,266	141,089	130,679
Emergency management planning and assistance:				
(Defense-related activities)	054			
(Appropriation, current).....	BA	235,863	235,271	221,640 ^K 98,227
(Outlays).....	O	133,567	199,274	270,500
Total (Defense-related activities).....	BA	235,863	235,271	319,867
	O	133,567	199,274	270,500
(Disaster relief and insurance)	453			
(Appropriation, current).....	BA	72,735	80,213	54,628 ^K 21,563
(Outlays).....	O	42,179	72,953	65,051
Total (Disaster relief and insurance).....	BA	72,735	80,213	76,191
	O	42,179	72,953	65,051
Total Emergency management planning and as- sistance.....	BA	308,598	315,484	396,058
	O	175,746	272,227	335,551

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.				
Federal Emergency Management Agency—				
Con.				
Emergency food distribution and shelter program				
	605			
Appropriation, current.....	BA	100,000	40,000	
Outlays.....	0	79,395	60,605	
Public Enterprise Funds:				
National insurance development fund 451				
Authority to borrow, permanent, indefinite.....	BA	25,773	14,136	17,355
Outlays.....	0	15,888	15,290	16,601
National flood insurance fund 453				
Authority to borrow, permanent, indefinite.....	BA	223,154	89,848	69,934
Outlays.....	0	137,386	92,722	64,372
<i>Trust funds</i>				
Gift and bequests, fire administration 451				
Outlays.....	0	4	7	
Total Federal funds Federal Emergency Manage- ment Agency.....				
	BA	770,470	581,642	617,361
	0	506,681	581,933	547,203
Total Trust funds Federal Emergency Manage- ment Agency.....				
	0	4	7	
Federal Home Loan Bank Board				
<i>Federal funds</i>				
General and Special Funds:				
Interest adjustment payments 371				
Outlays.....	0	37		
Public Enterprise Funds:				
Federal Home Loan Bank Board revolving fund 371				
Outlays.....	0	-1,057	1,059	
Federal Savings and Loan Insurance Corporation fund 371				
Outlays.....	0	-451,896	-701,037	-1,025,183
Total Federal funds Federal Home Loan Bank Board.....				
	0	-452,916	-699,978	-1,025,183
Federal Labor Relations Authority				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses 805				
Appropriation, current.....	BA	15,500	16,695 D 168	17,197
Outlays.....	0	14,741	16,838	17,172
Total Salaries and expenses.....				
	BA	15,500	16,863	17,197
	0	14,741	16,838	17,172

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.				
Federal Maritime Commission				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	403			
Appropriation, current.....	BA	11,770	10,756 <i>D</i> 190	12,292
Outlays.....	O	11,587	10,956	12,302
Total Salaries and expenses.....	BA	11,770	10,946	12,292
	O	11,587	10,956	12,302
Federal Mediation and Conciliation Service				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	505			
Appropriation, current.....	BA	22,015	23,161 <i>D</i> 97	22,451
Outlays.....	O	22,668	22,736	23,283
Total Salaries and expenses.....	BA	22,015	23,258	22,451
	O	22,668	22,736	23,283
Federal Mine Safety and Health Review Commission				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	554			
Appropriation, current.....	BA	3,686	3,858	3,837
Outlays.....	O	3,351	3,838	3,837
Federal Trade Commission				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	376			
Appropriation, current.....	BA	66,871	63,500 <i>C</i> 6 <i>D</i> 644	66,481
Outlays.....	O	65,464	65,524	67,201
Total Salaries and expenses.....	BA	66,871	64,150	66,481
	O	65,464	65,524	67,201
Harry S Truman Scholarship Foundation				
<i>Trust funds</i>				
Harry S Truman memorial scholarship trust fund				
	502			
Appropriation, permanent, indefinite.....	BA	3,740	4,335	4,349
Outlays.....	O	1,795	2,252	2,423

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.				
Historical and Memorial Agencies				
<i>Other Historical and Memorial Agencies</i>				
<i>Federal funds</i>				
General and Special Funds:				
Franklin Delano Roosevelt Memorial Commission: Salaries and expenses	806			
Appropriation, current.....	BA		20	21
Reappropriation.....	BA	40		
Outlays.....	O	20	24	24
Total Franklin Delano Roosevelt Memorial Commission.....	BA	40	20	21
	O	20	24	24
Intelligence Community Staff				
<i>Federal funds</i>				
General and Special Funds:				
Intelligence community staff	054			
Appropriation, current.....	BA	15,856	17,323 ^D 127	21,797
			^E 17	
Outlays.....	O	14,148	16,115	21,519
Total Intelligence community staff.....	BA	15,856	17,467	21,797
	O	14,148	16,115	21,519
Intragovernmental Agencies				
<i>Advisory Commission on Intergovernmental Relations</i>				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	806			
Appropriation, current.....	BA	1,940	2,000 ^D 16	2,131
Outlays.....	O	1,889	2,016	2,131
Total Salaries and expenses.....	BA	1,940	2,016	2,131
	O	1,889	2,016	2,131
<i>Trust funds</i>				
Contributions	806			
Appropriation, permanent, indefinite.....	BA	267	270	270
Outlays.....	O	210	270	270
Summary				
Federal funds:				
(As shown in detail above).....	BA	1,940	2,016	2,131
	O	1,889	2,016	2,131
Trust funds:				
(As shown in detail above).....	BA	267	270	270
	O	210	270	270

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.				
Intragovernmental Agencies—Con.				
Advisory Commission on Intergovernmental Relations—Con.				
Deductions for offsetting receipts:				
Proprietary receipts from the public	806 BA	—1		
	0			
Total Trust funds	BA	266	270	270
	0	209	270	270
Total Advisory Commission on Intergovernmental Relations	BA	2,206	2,286	2,401
	0	2,098	2,286	2,401
Appalachian Regional Commission				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	452			
Appropriation, current	BA	2,900	2,700	
Outlays	0	2,896	2,700	27
<i>Trust funds</i>				
Miscellaneous trust funds	452			
Appropriation, permanent, indefinite	BA	4,775	4,500	
Outlays	0	4,196	5,015	3,067
Summary				
Federal funds:				
(As shown in detail above)	BA	2,900	2,700	
	0	2,896	2,700	27
Trust funds:				
(As shown in detail above)	BA	4,775	4,500	
	0	4,196	5,015	3,067
Deductions for offsetting receipts:				
Proprietary receipts from the public	452 BA	—2,450	—2,250	
	0			
Total Trust funds	BA	2,325	2,250	
	0	1,746	2,765	3,067
Interfund transactions	452 BA	—2,325	—2,250	
	0			
Total Appalachian Regional Commission	BA	2,900	2,700	
	0	2,317	3,215	3,094

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code	1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.			
Intragovernmental Agencies—Con.			
Delaware River Basin Commission			
<i>Federal funds</i>			
General and Special Funds:			
Salaries and expenses	301		
Appropriation, current.....	BA 129	191 <i>H</i> —19	172
Outlays.....	0 128	191 <i>H</i> —19	172
Total Salaries and expenses.....	BA 129 0 128	172 172	172 172
Contribution to Delaware River Basin Commission	301		
Appropriation, current.....	BA 269	269	283
Outlays.....	0 269	269	283
Total Federal funds Delaware River Basin Commission.....	BA 398 0 397	441 441	455 455
Interstate Commission on the Potomac River Basin			
<i>Federal funds</i>			
General and Special Funds:			
Contribution to Interstate Commission on the Potomac River Basin	304		
Appropriation, current.....	BA 55	68	
Outlays.....	0 55	68	
Susquehanna River Basin Commission			
<i>Federal funds</i>			
General and Special Funds:			
Salaries and expenses	301		
Appropriation, current.....	BA 128	191 <i>H</i> —24	167
Outlays.....	0 128	191 <i>H</i> —24	167
Total Salaries and expenses.....	BA 128 0 128	167 167	167 167
Contribution to Susquehanna River Basin Commission	301		
Appropriation, current.....	BA 217	230	230
Outlays.....	0 217	230	230
Total Federal funds Susquehanna River Basin Commission.....	BA 345 0 345	397 397	397 397

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.				
Intragovernmental Agencies—Con.				
Washington Metropolitan Area Transit Authority				
<i>Federal funds</i>				
General and Special Funds:				
Interest payments	401			
Appropriation, current.....	BA	51,664	51,664	46,176
Outlays.....	O	50,242	66,664	67,664
Total Federal funds Intragovernmental Agencies..	BA	57,302	57,286	49,159
	O	55,824	72,286	70,674
Total Trust funds Intragovernmental Agencies.....	BA	2,591	2,520	270
	O	1,955	3,035	3,337
International Trade Commission				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	153			
Appropriation, current.....	BA	19,650	20,774 D 464	28,152
Outlays.....	O	18,640	21,833	28,152
Total Salaries and expenses.....	BA	19,650	21,238	28,152
	O	18,640	21,833	28,152
Interstate Commerce Commission				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	401			
Appropriation, current.....	BA	65,600	60,000	53,966
Outlays.....	O	61,577	60,265	54,439
Payments for directed rail service	401			
Outlays.....	O	3,711	2,320	.....
Total Federal funds Interstate Commerce Commission.....	BA	65,600	60,000	53,966
	O	65,288	62,585	54,439
Japan-United States Friendship Commission				
<i>Trust funds</i>				
Japan-United States friendship trust fund	154			
Appropriation, current.....	BA	1,700	1,683	1,600
Outlays.....	O	2,364	2,300	2,200
Legal Services Corporation				
<i>Federal funds</i>				
General and Special Funds:				
Payment to the Legal Services Corporation	752			
Appropriation, current.....	BA	241,000	275,000	.....
Outlays.....	O	233,962	284,039	20,290

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.				
Marine Mammal Commission				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	302			
Appropriation, current.....	BA	822	929	648
Outlays.....	0	860	937	700
Merit Systems Protection Board				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	805			
Appropriation, current.....	BA	20,812	19,622 <i>D</i> 273	20,477
Outlays.....	0	20,984	19,990	20,262
Limitation payable under transfers from trust funds		(700)	(1,200)	(1,200)
Total Salaries and expenses.....	BA	20,812	19,895	20,477
	0	20,984	19,990	20,262
Office of the Special Counsel				
Appropriation, current.....	BA	4,139	4,359 <i>D</i> 85	4,583
Outlays.....	0	4,907	4,460	4,582
Total Office of the Special Counsel.....	BA	4,139	4,444	4,583
	0	4,907	4,460	4,582
Total Federal funds Merit Systems Protection Board.....	BA	24,951	24,339	25,060
	0	25,891	24,450	24,844
National Capital Planning Commission				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	451			
Appropriation, current.....	BA	2,404	2,447 <i>D</i> 28	2,765
Outlays.....	0	2,474	2,473	2,767
Total Salaries and expenses.....	BA	2,404	2,475	2,765
	0	2,474	2,473	2,767
National Commission on Libraries and Information Science				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	503			
Appropriation, current.....	BA	674	674	690
Outlays.....	0	681	937	751
<i>Trust funds</i>				
Contributions	503			
Outlays.....	0		3	

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.				
National Credit Union Administration				
<i>Federal funds</i>				
Public Enterprise Funds:				
Operating fund	371			
Outlays.....	0	-11,657	4,269	-1,128
Credit union share insurance fund	371			
Outlays.....	0	-80,267	-27,381	-25,500
Central liquidity facility	371			
Authority to borrow, permanent.....	BA		60,859	9,757
Outlays.....	0	-96,979	-102,177	-11,700
Total Federal funds National Credit Union Administration.....	BA		60,859	9,757
	0	-188,903	-125,289	-38,328
National Foundation on the Arts and the Humanities				
National Endowment for the Arts				
<i>Federal funds</i>				
General and Special Funds:				
National endowment for the arts: Grants and administration	503			
Appropriation, current.....	BA	143,875	162,000	143,875
			^D 123	
Outlays.....	0	125,741	145,168	156,179
Total National endowment for the arts.....	BA	143,875	162,123	143,875
	0	125,741	145,168	156,179
<i>Trust funds</i>				
Gifts and donations (arts)	503			
Appropriation, permanent, indefinite.....	BA		46	54
Outlays.....	0	-13	66	54
National Endowment for the Humanities				
<i>Federal funds</i>				
General and Special Funds:				
National endowment for the humanities: Grants and administration	503			
Appropriation, current.....	BA	130,247	140,000	125,475
			^D 118	
Reappropriation.....	BA	5,200		
Outlays.....	0	132,007	144,722	135,553
Total National endowment for the humanities.....	BA	135,447	140,118	125,475
	0	132,007	144,722	135,553
<i>Trust funds</i>				
Gifts and donations (humanities)	503			
Appropriation, permanent, indefinite.....	BA	430	450	450
Outlays.....	0	2,079	614	516

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.				
National Foundation on the Arts and the Humanities—Con.				
<i>Institute of Museum Services</i>				
<i>Federal funds</i>				
General and Special Funds:				
Institute of Museum Services	503			
Appropriation, current.....	BA	10,800	20,150	11,612
Outlays.....	0	9,464	19,822	21,304
National Labor Relations Board				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	505			
Appropriation, current.....	BA	126,045	133,594 ^D 1,395	137,964
Outlays.....	0	122,639	131,594	138,066
Total Salaries and expenses.....	BA	126,045	134,989	137,964
	0	122,639	131,594	138,066
National Mediation Board				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	505			
Appropriation, current.....	BA	5,468	6,238	6,358
Outlays.....	0	4,682	5,834	6,059
National Science Foundation				
<i>Federal funds</i>				
General and Special Funds:				
Research and related activities	251			
Appropriation, current.....	BA	1,061,300	1,140,300 ^D 655	1,308,212
Outlays.....	0	995,897	1,064,955	1,264,112
Total Research and related activities.....	BA	1,061,300	1,140,955	1,308,212
	0	995,897	1,064,955	1,264,112
U.S. Antarctic program	251			
Appropriation, current.....	BA		102,100 ^E 356	115,080
Outlays.....	0		75,356	111,000
Total U.S. Antarctic program.....	BA		102,456	115,080
	0		75,356	111,000
Scientific activities overseas (special foreign currency program)	251			
Appropriation, current.....	BA	2,200	2,900	2,800
Outlays.....	0	3,201	2,900	2,800
Science and engineering education activities	251			
Appropriation, current.....	BA	30,000	75,000	75,700
Outlays.....	0	50,126	94,000	74,000

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.				
National Science Foundation—Con.				
<i>Trust funds</i>				
Donations	251			
Appropriation, permanent, indefinite.....	BA	10,020	5,000	5,000
Outlays.....	O	6,186	5,200	5,000
Total Federal funds National Science Foundation .	BA	1,093,500	1,321,311	1,501,792
	O	1,049,224	1,237,211	1,451,912
Total Trust funds National Science Foundation ...	BA	10,020	5,000	5,000
	O	6,186	5,200	5,000
National Transportation Safety Board				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	407			
Appropriation, current.....	BA	19,970	20,858 <i>D</i> 194	20,845
Outlays.....	O	18,633	20,630	20,415
Total Salaries and expenses.....	BA	19,970	21,052	20,845
	O	18,633	20,630	20,415
Native Hawaiians Study Commission				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	806			
Appropriation, current.....	BA	190		
Outlays.....	O	174	16	
Neighborhood Reinvestment Corporation				
<i>Federal funds</i>				
General and Special Funds:				
Payment to the Neighborhood Reinvestment Corporation	451			
Appropriation, current.....	BA	15,512	15,512	15,271
Outlays.....	O	15,512	15,512	15,271
Nuclear Regulatory Commission				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	276			
Appropriation, current.....	BA	465,274	465,800 <i>D</i> 2,100	468,200
Outlays.....	O	514,613	450,000	464,000
Total Salaries and expenses.....	BA	465,274	467,900	468,200
	O	514,613	450,000	464,000

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.				
Occupational Safety and Health Review Commission				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	554			
Appropriation, current.....	BA	6,316	5,982	6,143
Outlays.....	0	6,102	6,038	6,134
Office of the Federal Inspector for the Alaska Natural Gas Transportation System				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	276			
Appropriation, current.....	BA	6,125	2,963	2,934
Outlays.....	0	8,072	2,900	2,900
Panama Canal Commission				
<i>Federal funds</i>				
General and Special Funds:				
Operations and facilities	403			
Appropriation, current.....	BA	434,403	439,100	K 443,946
Outlays.....	0	446,006	H — 25,375 436,600	441,946
Total Operations and facilities.....	BA	434,403	H — 25,375 413,725	443,946
	0	446,006	411,225	441,946
Summary				
Federal funds:				
(As shown in detail above).....	BA	434,403	413,725	443,946
	0	446,006	411,225	441,946
Deductions for offsetting receipts:				
Intrafund transactions	403 BA	— 28,200		
	0			
Proprietary receipts from the public	403 BA	— 398,381	— 413,828	— 443,946
	0			
Total Panama Canal Commission.....	BA	7,822	— 103	
	0	19,425	— 2,603	— 2,000
Pennsylvania Avenue Development Corporation				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	451			
Appropriation, current.....	BA	2,350	2,275	2,330
Outlays.....	0	1,810	2,225	2,160
Public development	451			
Appropriation, current.....	BA	8,750	9,600	4,500
Outlays.....	0	13,718	5,300	8,100

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.				
Pennsylvania Avenue Development Corporation—Con.				
Public Enterprise Funds:				
Land acquisition and development fund	451			
Outlays.....	0	—986	8,200	3,300
<i>Trust funds</i>				
Gifts and donations	451			
Outlays.....	0	135		
Total Federal funds Pennsylvania Avenue Development Corporation.....	BA 0	<u>11,100</u> 14,542	<u>11,875</u> 15,725	<u>6,830</u> 13,560
Total Trust funds Pennsylvania Avenue Development Corporation.....	0	<u>135</u>		
Postal Service				
<i>Federal funds</i>				
General and Special Funds:				
Payment to the Postal Service fund	372			
Appropriation, current.....	BA	789,000	879,000	970,212
Outlays.....	0	789,088	879,000	970,212
				<i>L</i> — 278,656
				<i>L</i> — 278,656
Total Payment to the Postal Service fund.....	BA 0	<u>789,000</u> 789,088	<u>879,000</u> 879,000	<u>691,556</u> 691,556
Railroad Retirement Board				
<i>Federal funds</i>				
General and Special Funds:				
Federal windfall subsidy	601			
Appropriation, current.....	BA	430,000	420,000	405,000
Outlays.....	0	440,026	420,000	405,000
Ad Hoc Federal subsidy for rail unemployment insurance	603			
Appropriation, current.....	BA	125,750		
Outlays.....	0	125,750		
Federal subsidy to the Rail Industry Pension Fund	601			
Appropriation, current.....	BA			15,000
Appropriation, permanent, indefinite.....	BA		2,550,650	2,875,700
Outlays.....	0		2,550,650	2,889,700
Total Federal subsidy to the Rail Industry Pension Fund.....	BA 0		<u>2,550,650</u> 2,550,650	<u>2,890,700</u> 2,889,700
Milwaukee railroad restructuring, administration	603			
Appropriation, current.....	BA	250		
Outlays.....	0	13,294	405	124

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.				
Railroad Retirement Board—Con.				
<i>Trust funds</i>				
Rail Industry Pension Fund	601			
Appropriation, permanent, indefinite.....	BA	6,276,929	8,753,000	3,537,000
Outlays.....	O	6,802,994	6,337,771	2,401,969
Limitation on administration.....		(47,785)	(56,046)	(55,422)
Railroad social security equivalent benefit account				
	601			
Appropriation, permanent, indefinite.....	BA			5,655,000
Outlays.....	O			5,522,025
Summary				
Federal funds:				
(As shown in detail above).....	BA	556,000	2,970,650	3,295,700
	O	579,070	2,971,055	3,294,824
Trust funds:				
(As shown in detail above).....	BA	6,276,929	8,753,000	9,192,000
	O	6,802,994	6,337,771	7,923,994
Deductions for offsetting receipts:				
Intrafund transactions				
601 BA				
O		-2,278,634	-2,340,000	-2,305,000
603 BA				
O		-55,761	-82,000	-87,000
908 BA				
O		49,091	39,000	29,000
Total Trust funds	BA	3,991,625	6,370,000	6,829,000
	O	4,517,690	3,954,771	5,560,994
Interfund transactions	601 BA			
	O	-1,133,000	-3,075,650	-4,676,700
Total Railroad Retirement Board	BA	3,414,625	6,265,000	5,448,000
	O	3,963,760	3,850,176	4,179,118
Securities and Exchange Commission				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	376			
Appropriation, current.....	BA	89,690		
			^K 93,000	^K 104,683
			^D 1,320	
Outlays.....	O	89,905	93,411	103,634
Total Salaries and expenses	BA	89,690	94,320	104,683
	O	89,905	93,411	103,634

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.				
Selective Service System				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	054			
Appropriation, current.....	BA	23,100	24,500 <i>D</i> 197 <i>E</i> 197	28,130
Outlays.....	O	21,128	24,551	28,132
Total Salaries and expenses.....	BA	23,100	24,894	28,130
	O	21,128	24,551	28,132
Smithsonian Institution				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	503			
Appropriation, current.....	BA	147,256	155,263 <i>C</i> 263 <i>D</i> 1,157	170,682
Outlays.....	O	145,211	156,158	170,027
Total Salaries and expenses.....	BA	147,256	156,683	170,682
	O	145,211	156,158	170,027
Museum programs and related research (special foreign currency program)	503			
Appropriation, current.....	BA	2,000	7,040	9,000
Outlays.....	O	3,365	3,740	4,700
Construction and improvements, National Zoological Park	503			
Appropriation, current.....	BA	1,550	3,500	3,500
Outlays.....	O	1,427	2,650	3,500
Restoration and renovation of buildings	503			
Appropriation, current.....	BA	8,450	9,000	13,750
Outlays.....	O	9,069	8,600	13,865
Construction	503			
Appropriation, current.....	BA	36,500	-8,000	.....
Outlays.....	O	1,842	8,500	12,000
Salaries and expenses, National Gallery of Art	503			
Appropriation, current.....	BA	33,137	34,639 <i>C</i> 64 <i>D</i> 179	36,121
Outlays.....	O	30,690	37,162	36,260
Total Salaries and expenses, National Gallery of Art.....	BA	33,137	34,882	36,121
	O	30,690	37,162	36,260

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.				
Smithsonian Institution—Con.				
Salaries and expenses, Woodrow Wilson International Center for Scholars 503				
Appropriation, current.....	BA	2,341	2,568 ⁰ 18	2,712
Outlays.....	0	2,091	2,586	2,712
Total Salaries and expenses, Woodrow Wilson International Center for Scholars	BA	2,341	2,586	2,712
	0	2,091	2,586	2,712
<i>Trust funds</i>				
Canal Zone biological area fund 251				
Appropriation, permanent.....	BA	88	100	115
Outlays.....	0	106	115	115
Summary				
Federal funds:				
(As shown in detail above).....	BA	231,234	205,691	235,765
	0	193,695	219,396	243,064
Trust funds:				
(As shown in detail above).....	BA	88	100	115
	0	106	115	115
Interfund transactions 803	BA	-4	-4	-4
	0			
Total Smithsonian Institution.....	BA	231,318	205,787	235,876
	0	193,797	219,507	243,175
Temporary Study Commissions				
<i>Other Temporary Commissions</i>				
<i>Federal funds</i>				
General and Special Funds:				
Commission on Executive, Legislative, and Judicial Salaries: Salaries and expenses 805				
Appropriation, current.....	BA		^A 160	
Outlays.....	0		16	
			^A 115	^A 45
Total Commission on Executive, Legislative, and Judicial Salaries	BA		160	
	0		131	45
Commission on Wartime Relocation and Internment of Civilians: Salaries and expenses 752				
Appropriation, current.....	BA	300		
Outlays.....	0	413	33	

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.				
Temporary Study Commissions—Con.				
<i>Other Temporary Commissions—Con.</i>				
Motor Carrier Ratemaking Study Commission: Salaries and expenses 401				
Appropriation, current.....	BA	1,000		
Reappropriation.....	BA	283		
Outlays.....	0	1,028	643	
Total Motor Carrier Ratemaking Study Commission.....	BA	1,283		
	0	1,028	643	
National Commission on Air Quality: Salaries and expenses 304				
Outlays.....	0	18		
National Commission on Social Security: Salaries and expenses 601				
Outlays.....	0	4		
National Transportation Policy Study Commission: Salaries and expenses 407				
Outlays.....	0	4		
Navajo and Hopi Indian Relocation Commission: Salaries and expenses 806				
Appropriation, current.....	BA	7,691	18,783	20,736
			^{D 22}	
Outlays.....	0	9,544	14,864	20,738
Total Navajo and Hopi Indian Relocation Commission.....	BA	7,691	18,805	20,736
	0	9,544	14,864	20,738
President's Commission for the Study of Ethical Problems in Medicine: Salaries and expenses 551				
Outlays.....	0	947	20	
President's Commission on Pension Policy: Salaries and expenses 601				
Outlays.....	0	28		
Select Commission on Immigration and Refugee Policy: Salaries and expenses 751				
Outlays.....	0	4		
Total Federal funds Other Temporary Commissions.....	BA	9,274	18,965	20,736
	0	11,990	15,691	20,783
National Commission on Student Financial Assistance				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses 502				
Appropriation, current.....	BA	840		
Outlays.....	0	1,245	48	

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.				
Temporary Study Commissions—Con.				
National Commission on Student Financial Assistance—Con.				
<i>Trust funds</i>				
Grants, gifts and bequests	502			
Outlays.....	0	—36	36	
Total Federal funds Temporary Study Commissions.....	BA 0	<u>10,114</u> 13,235	<u>18,965</u> 15,739	<u>20,736</u> 20,783
Total Trust funds Temporary Study Commissions.	0	<u>—36</u>	<u>36</u>	
Nuclear Safety Oversight Committee				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	276			
Outlays.....	0	<u>3</u>		
Tennessee Valley Authority				
<i>Federal funds</i>				
Public Enterprise Funds:				
Tennessee Valley Authority fund:				
(Energy supply)	271			
(Authority to borrow, permanent, indefinite)	BA	<u>545,955</u>	<u>464,367</u>	<u>357,065</u>
(Outlays)	0	708,882	555,000	380,000
(Area and regional development)	452			
(Appropriation, current)	BA	<u>216,433</u>	<u>85,629</u>	<u>115,308</u>
(Outlays)	0	160,183	200,000	117,500
Total Tennessee Valley Authority fund	BA 0	<u>762,388</u> 869,065	<u>549,996</u> 755,000	<u>472,373</u> 497,500
Total Federal funds Tennessee Valley Authority ...	BA 0	<u>762,388</u> 869,065	<u>549,996</u> 755,000	<u>472,373</u> 497,500
United States Holocaust Memorial Council				
<i>Federal funds</i>				
General and Special Funds:				
Holocaust Memorial Council	806			
Appropriation, current.....	BA	<u>836</u>	<u>1,853</u>	<u>2,051</u>
			^p 11	
Outlays.....	0	982	1,864	2,051
Total Holocaust Memorial Council	BA 0	<u>836</u> 982	<u>1,864</u> 1,864	<u>2,051</u> 2,051
<i>Trust funds</i>				
Gifts and donations	806			
Appropriation, permanent.....	BA		<u>100</u>	<u>100</u>
Outlays.....	0	—1	100	100

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.				
United States Information Agency				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	154			
Appropriation, current.....	BA	513,932	471,853 <i>C</i> 204 <i>D</i> 5,213	545,292
Outlays.....	0	476,992	486,600	533,965
Total Salaries and expenses.....	BA	513,932	477,270	545,292
	0	476,992	486,600	533,965
Salaries and expenses (special foreign currency program)	154			
Appropriation, current.....	BA	10,327	10,450	8,235
Outlays.....	0	9,726	10,652	11,027
Educational and cultural exchange programs	154			
Appropriation, current.....	BA		100,000	120,264
Outlays.....	0		79,500	111,907
National Endowment for Democracy	154			
Appropriation, current.....	BA		18,000	31,300
Outlays.....	0		16,200	29,970
Radio broadcasting to Cuba	154			
Appropriation, current.....	BA		10,000 <i>C</i> 6 <i>D</i> 94	11,203
Outlays.....	0		8,045	10,614
Total Radio broadcasting to Cuba.....	BA		10,100	11,203
	0		8,045	10,614
Center for Cultural and Technical Interchange Between East and West	154			
Appropriation, current.....	BA	18,000	18,362	19,050
Outlays.....	0	17,258	20,261	19,050
Acquisition and construction of radio facilities	154			
Appropriation, current.....	BA	35,800	31,000	113,680
Outlays.....	0	4,795	26,893	88,105
<i>Trust funds</i>				
Miscellaneous trust funds	154			
Appropriation, permanent, indefinite.....	BA	3,685	2,625	2,125
Outlays.....	0	1,335	2,537	3,641
Summary				
Federal funds:				
(As shown in detail above).....	BA	578,059	665,182	849,024
	0	508,771	648,151	804,638
Trust funds:				
(As shown in detail above).....	BA	3,685	2,625	2,125
	0	1,335	2,537	3,641

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.				
United States Information Agency—Con.				
Deductions for offsetting receipts:				
Proprietary receipts from the public	154 BA 0	-926	-925	-925
Total Trust funds	BA 0	2,759 409	1,700 1,612	1,200 2,716
Total United States Information Agency	BA 0	580,818 509,180	666,882 649,763	850,224 807,354
United States Metric Board				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	376			
Outlays	0	310	214	
<i>Trust funds</i>				
Gifts and donations	376			
Outlays	0	-1		
United States Railway Association				
<i>Federal funds</i>				
General and Special Funds:				
Administrative expenses	401			
Appropriation, current	BA	2,950	2,100	
Outlays	0	3,583	2,572	1,100
Water Resources Council				
<i>Federal funds</i>				
General and Special Funds:				
Water resources planning	301			
Appropriation, current	BA	4,083		
Outlays	0	1,009	-348	
<i>Trust funds</i>				
River Basin Commissions	301			
Outlays	0	1,214		
Summary				
Federal funds:				
(As shown in detail above)	BA 0	8,388,049 8,073,461	13,106,396 11,819,792	14,788,154 11,386,540
Deductions for offsetting receipts:				
Intrafund transactions	403 BA 0	-28,200		
Proprietary receipts from the public	403 BA 0	-398,381	-413,828	-443,946
	852 BA 0	-179,369	-34,000	-34,000
Total Federal funds	BA 0	7,782,099 7,467,511	12,658,568 11,371,964	14,310,208 10,908,594

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Other Independent Agencies—Con.				
Summary—Con.				
Trust funds:				
(As shown in detail above).....	BA	6,301,665	8,772,148	9,206,102
	O	6,209,408	4,932,325	6,245,419
Deductions for offsetting receipts:				
Intrafund transactions				
601	BA	-2,278,634	-2,340,000	-2,305,000
	O			
603	BA	-55,761	-82,000	-87,000
	O			
908	BA	49,091	39,000	29,000
	O			
Proprietary receipts from the public				
154	BA	-926	-925	-925
	O			
452	BA	-2,450	-2,250	.....
	O			
806	BA	-1	.....	.....
	O			
Total Trust funds				
	BA	4,012,984	6,385,973	6,842,177
	O	3,920,727	2,546,150	3,881,494
Interfund transactions				
452	BA	-2,325	-2,250	.....
	O			
601	BA	-1,133,000	-3,075,650	-4,676,700
	O			
803	BA	-4	-4	-4
	O			
Total Other Independent Agencies.....				
	BA	10,659,754	15,966,637	16,475,681
	O	10,252,909	10,840,210	10,113,384

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code	1983 actual	1984 estimate	1985 estimate
Allowances			
Allowances for:			
<i>Federal funds</i>			
General and Special Funds:			
Civilian agency pay raises			
Appropriation, current.....	BA		' 406,000
Outlays.....	0		' 390,000
Coast Guard military pay raises			
Appropriation, current.....	BA		' 39,500
Outlays.....	0		' 39,500
Increased employing agency payments for employee retirement			
Appropriation, current.....	BA		' 509,000
Outlays.....	0		' 509,000
Contingencies for:			
Relatively uncontrollable programs			
Appropriation, current.....	BA		0
Outlays.....	0		0
Other requirements			
Appropriation, current.....	BA		0
Outlays.....	0		0
Total Federal funds Allowances for:.....	BA		954,500
	0		938,500
Summary			
Federal funds:			
Total Allowances.....	BA		954,500
	0		938,500

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Budget Totals				
Federal funds:				
(As shown in detail above).....	BA	691,572,349	703,646,108	765,576,018
	O	643,623,635	670,891,932	730,592,840
Deductions for offsetting receipts:				
(As shown in detail above):				
Intrafund transactions.....	BA	-7,188,806	-5,370,850	-5,952,570
	O			
Receipts from off-budget Federal entities.....	BA	-14,347,115	-15,503,120	-18,552,974
	O			
Proprietary receipts from the public.....	BA	-10,675,992	-12,512,957	-10,820,385
	O			
	BA		16,000	226,915
	O			
(Undistributed by agency):				
Proprietary receipts from the public:				
Other interest	908 BA			-419,000
	O			
Rents and royalties on the Outer Continental Shelf	953 BA	-10,491,496	-8,700,000	-7,400,000
	O			
	BA			
	O			
Total deductions.....	BA	-42,703,409	-42,102,927	-43,371,844
	O			
Federal fund totals.....	BA	648,868,940	661,543,181	722,204,174
	O	600,920,226	628,789,005	687,220,996
Trust funds:				
(As shown in detail above).....	BA	341,656,770	358,473,905	424,126,100
	O	318,829,589	332,471,072	378,063,676
Deductions for offsetting receipts:				
(As shown in detail above):				
Intrafund transactions.....	BA	-3,785,263	-4,308,610	-4,290,600
	O			
Proprietary receipts from the public.....	BA	-18,762,276	-19,655,532	-20,279,119
	O			
	BA			80,950
	O			
(Undistributed by agency):				
Receipts from off-budget Federal entities:				
Employer share, employee retirement	951 BA	-1,994,561	-2,086,925	-2,427,180
	O			
	BA			136,188
	O			
Total deductions.....	BA	-24,542,100	-26,051,067	-27,214,037
	O			
Trust fund totals.....	BA	317,114,670	332,422,838	396,912,063
	O	294,287,489	306,420,005	350,849,639
Interfund transactions (-):				
Interest received by trust funds	902 BA	-17,102,148	-19,378,792	-22,418,470
	O			

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Budget Totals—Con.				
	BA		J — 17,243	J — 168,892
	0			
Employer share, employee retirement	951 BA	— 6,127,619	— 6,757,100	— 24,794,976
	0			
	BA			J — 514,377
	0			
Applied by agency above	BA	— 76,008,481	— 55,296,171	— 64,681,680
	0			
Total interfund transactions	BA	— 99,238,248	— 81,449,306	— 112,578,395
	0			
Budget totalsΔ	BA	866,745,362	912,516,713	1,006,537,842
	0	<u>795,969,467</u>	<u>853,759,704</u>	<u>925,492,240</u>

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code	1983 actual		1984 estimate		1985 estimate	
Budget Totals — Continued						
ΔBudget totals are distributed as follows:						
	1984		1985			
	BA	Outlays	BA	Outlays		
Federal funds:						
Enacted, pending and initial requests:						
Appropriations	698,697,254	666,510,180	761,482,380	726,700,412		
Legislative action required ^(c)	- 5,418	- 18,383	- 3,730,897	- 2,686,028		
Supplemental requests pending ^(w)	85,000	12,210	.....	37,840		
Proposed in this budget:						
Supplemental requests:						
Programs:						
Under existing legislation ^(a)	2,716,716	2,316,138	.....	356,282		
Add. authorizing leg. req. ^(b)	3,686	.....	.....	3,686		
Pay:						
Wage-board pay raises ^(c)	177,361	175,082	.....	2,971		
Civilian pay raises ^(d)	861,861	876,861	.....	24,587		
Military pay raises ^(e)	1,206,740	1,197,859	.....	16,126		
Rescission proposal ^(f)	- 388,549	- 192,863	.....	- 165,170		
To be proposed separately:						
Under proposed legislation ^(g)	291,457	14,848	4,292,281	2,841,834		
Allowances .....	.....	.....	3,532,254	3,460,300		
Deductions for offsetting receipts	- 42,086,927	- 42,086,927	- 43,144,929	- 43,144,929		
Under proposed legislation ^(g)	- 16,000	- 16,000	- 226,915	- 226,915		
Total Federal funds.....	661,543,181	628,789,005	722,204,174	687,220,996		
Trust funds:						
Enacted, pending and initial requests:						
Appropriations	358,186,153	332,812,327	422,649,312	379,729,373		
Proposed in this budget:						
Supplemental requests:						
Programs:						
Under existing legislation ^(a)	261,696	19,000	.....	20,000		
Pay:						
Wage-board pay raises ^(c)	78	74	.....	4		
Civilian pay raises ^(d)	721	701	.....	20		
To be proposed separately:						
Under existing legislation ^(g)	28,000	28,000	.....	.....
Under proposed legislation ^(g)	- 2,743	- 389,030	1,476,788	- 1,685,721		
Deductions for offsetting receipts	- 26,051,067	- 26,051,067	- 26,996,899	- 26,996,899		
Under proposed legislation ^(g) .....	.....	.....	- 217,138	- 217,138		
Total Trust funds.....	332,422,838	306,420,005	396,912,063	350,849,639		
interfund transactions (--)	- 81,449,306	- 81,449,306	- 112,578,395	- 112,578,395		
Budget totals	912,516,713	853,759,704	1,006,537,842	925,492,240		

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Off-Budget Federal Entities				
Department of Agriculture				
<i>Federal funds</i>				
Public Enterprise Funds:				
Rural electrification and telephone revolving fund				
	271			
Appropriation, current.....	BA		197,862	
			<i>H</i> — 197,862	
Authority to borrow, permanent	BA	260,522	2,059	
Outlays	O	-1,765		
Total Rural electrification and telephone revolving fund.....	BA	260,522	2,059	
	O	-1,765		
Rural telephone bank	452			
Appropriation, current.....	BA	30,000	30,000	
			<i>H</i> — 30,000	
Authority to borrow, permanent, indefinite	BA	113,910	116,864	144,413
			<i>H</i> 30,000	
Outlays	O	58,592	154,060	151,611
Total Rural telephone bank	BA	143,910	146,864	144,413
	O	58,592	154,060	151,611
Total Federal funds Department of Agriculture	BA	404,432	148,923	144,413
	O	56,827	154,060	151,611
Department of Energy				
<i>Federal funds</i>				
General and Special Funds:				
SPR petroleum				
	274			
Appropriation, current.....	BA	2,074,060	650,000	1,889,550
Outlays	O	1,640,635	2,157,000	1,668,320
Department of the Treasury--Federal Financing Bank ^M †				
Funds Appropriated to the President				
International Security Assistance				
<i>Federal funds</i>				
General and Special Funds:				
Foreign military sales credit, FFB (loan guarantee originations)				
	152			
Authority to borrow, permanent, indefinite	BA	3,553,114	4,312,750	2,770,200
Outlays	O	2,857,517	3,630,950	1,963,500

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Off-Budget Federal Entities—Con.				
Department of the Treasury--Federal Financing Bank—Con.				
<i>Funds Appropriated to the President—Con.</i>				
<i>Overseas Private Investment Corporation</i>				
<i>Federal funds</i>				
Public Enterprise Funds:				
Overseas Private Investment Corporation, FFB (loan asset sales) 151				
Outlays.....	0	—5,209	—5,865	—5,289
Total Federal funds Funds Appropriated to the President.....	BA 0	<u>3,553,114</u> 2,852,308	<u>4,312,750</u> 3,625,085	<u>2,770,200</u> 1,958,211
Department of Agriculture				
Rural Electrification Administration ^N				
<i>Federal funds</i>				
Public Enterprise Funds:				
REA, FFB (loan asset sales) 271				
Authority to borrow, permanent, indefinite.....	BA	343,800	403,400	492,700
Outlays.....	0	343,800	403,400	492,700
Total REA, FFB (loan asset sales).....	BA 0	<u>343,800</u> 343,800	<u>403,400</u> 403,400	<u>459,400</u> 459,400
REA, FFB (loan guarantee originations) 271				
Authority to borrow, permanent, indefinite.....	BA	3,153,551	3,765,000	3,395,000
Outlays.....	0	2,657,356	3,565,000	3,185,000
Total Federal funds Rural Electrification Administration.....	BA 0	<u>3,497,351</u> 3,001,156	<u>4,168,400</u> 3,968,400	<u>3,854,400</u> 3,644,400
Farmers Home Administration				
<i>Federal funds</i>				
Public Enterprise Funds:				
Agricultural credit insurance fund, FFB (loan asset sales) 351				
Authority to borrow, permanent, indefinite.....	BA	4,160,000	6,934,247	4,394,461
Outlays.....	0	695,000	1,539,247	237,461
Rural housing insurance fund, FFB (loan asset sales) 371				
Authority to borrow, permanent, indefinite.....	BA	4,440,000	6,111,606	3,963,263
Outlays.....	0	1,755,000	2,181,606	1,853,263

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code	1983 actual	1984 estimate	1985 estimate
-----------------------------	----------------	------------------	------------------

Off-Budget Federal Entities—Con.

**Department of the Treasury—Federal
Financing Bank—Con.**

Department of Agriculture—Con.

Rural development insurance fund, FFB (loan asset sales) 452			
Authority to borrow, permanent, indefinite.....	BA	1,010,000	1,625,654
Outlays.....	0	505,000	645,654
		<hr/>	<hr/>
Total Federal funds Farmers Home Administration.....	BA	9,610,000	14,671,507
	0	2,955,000	4,366,507
		<hr/>	<hr/>
Total Federal funds Department of Agriculture	BA	13,107,351	18,839,907
	0	5,956,156	8,334,907
		<hr/> <hr/>	<hr/> <hr/>

Department of Defense—Military

Federal funds

Public Enterprise Funds:

DOD, Defense production guarantees, FFB (loan guarantee originations) 051			
Authority to borrow, permanent, indefinite.....	BA	1,057	3,000
Outlays.....	0	1,057	3,000
		<hr/>	<hr/>

Department of Energy

Energy Programs

Federal funds

General and Special Funds:

Geothermal resources development fund, FFB (loan guarantee originations) 271			
Authority to borrow, permanent, indefinite.....	BA	8,363	10,000
Outlays.....	0	8,363	— 35,000
Alternative fuels production, FFB (loan guarantee originations) 271			
Authority to borrow, permanent, indefinite.....	BA	545,500	470,500
Outlays.....	0	545,500	470,500
		<hr/>	<hr/>
Total Federal funds Energy Programs	BA	553,863	480,500
	0	553,863	435,500
		<hr/>	<hr/>
Total Federal funds Department of Energy.....	BA	553,863	480,500
	0	553,863	435,500
		<hr/> <hr/>	<hr/> <hr/>

Department of Health and Human Services

Health Resources and Services Administration

Federal funds

Public Enterprise Funds:

Medical facilities guarantee and loan fund, FFB (loan asset sales) 551			
Authority to borrow, permanent, indefinite.....	BA	3,014	.....
Outlays.....	0	— 2,048	— 6,900
		<hr/>	<hr/>

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Off-Budget Federal Entities—Con.				
Department of the Treasury--Federal Financing Bank—Con.				
Department of Health and Human Services— Con.				
Health maintenance organization loan and loan guar- antee fund, FFB (loan asset sales) 551				
Authority to borrow, permanent, indefinite.....	BA	9,113	9,800	2,600
Outlays.....	O	-12,278	7,300	100
Total Federal funds Health Resources and Ser- vices Administration.....	BA	12,127	9,800	2,600
	O	-14,326	400	-7,300
Total Federal funds Department of Health and Human Services.....	BA	12,127	9,800	2,600
	O	-14,326	400	-7,300
Department of Housing and Urban Development				
Housing Programs				
<i>Federal funds</i>				
Public Enterprise Funds:				
Low-rent public housing--loans and other expenses, FFB (loan guarantee originations) 604				
Authority to borrow, permanent, indefinite.....	BA	473,944	202,000	1,200,000
Outlays.....	O	442,539	160,208	1,169,306
Revolving fund (liquidating programs), FFB (loan guarantee originations) 451				
Authority to borrow, permanent, indefinite.....	BA	.....	33,500	.....
Outlays.....	O	.....	33,500	.....
Total Federal funds Housing Programs.....	BA	473,944	235,500	1,200,000
	O	442,539	193,708	1,169,306
Community Planning and Development				
<i>Federal funds</i>				
General and Special Funds:				
Community development grants, FFB (loan guarantee originations) 451				
Authority to borrow, permanent, indefinite.....	BA	117,053	182,000	120,000
Outlays.....	O	60,325	134,000	47,000
New Community Development Corporation				
<i>Federal funds</i>				
Public Enterprise Funds:				
New communities fund, FFB (loan guarantee origina- tions) 451				
Outlays.....	O	.....	-33,500	.....
Total Federal funds Department of Housing and Urban Development.....	BA	590,997	417,500	1,320,000
	O	502,864	294,208	1,216,306

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code	1983 actual	1984 estimate	1985 estimate
Off-Budget Federal Entities—Con.			
Department of the Treasury—Federal Financing Bank—Con.			
<i>Department of Interior</i>			
<i>Territorial Affairs</i>			
<i>Federal funds</i>			
General and Special Funds:			
Territory of the Virgin Islands, FFB (loan guarantee originations) 806			
Outlays.....	0	— 404	— 438
			— 468
Department of Transportation			
Federal Railroad Administration			
<i>Federal funds</i>			
General and Special Funds:			
Rail service assistance, FFB (loan guarantee origina- tions) 401			
Outlays.....	0	— 17,289	.....
Grants to National Railroad Passenger Corporation, FFB (loan guarantee originations) 401			
Authority to borrow, permanent, indefinite.....	BA	24,631	.....
Outlays.....	0	24,631	— 880,000
Public Enterprise Funds:			
Railroad rehabilitation and improvement financing fund, FFB (loan guarantee originations) 401			
Authority to borrow, permanent, indefinite.....	BA	18,963	12,000
Outlays.....	0	7,910	— 10,108
			— 111
Total Federal funds Federal Railroad Administra- tion.....	BA	43,594	12,000
	0	15,252	— 890,108
			— 111
Total Federal funds Department of Transporta- tion.....	BA	43,594	12,000
	0	15,252	— 890,108
			— 111
Department of the Treasury			
<i>Federal funds</i>			
Intragovernmental Funds:			
Federal Financing Bank ^o 803			
Outlays.....	0	8,780	3,332
National Aeronautics and Space Administration			
<i>Federal funds</i>			
General and Special Funds:			
Space flight, control, and data communication, FFB (loan guarantee originations) 255			
Authority to borrow, permanent, indefinite.....	BA	.....	1,078,624
Research and development, FFB (loan guarantee origi- nations) 255			
Authority to borrow, permanent, indefinite.....	BA	189,467	.....
Outlays.....	0	189,467	— 947,224

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Off-Budget Federal Entities—Con.				
Department of the Treasury--Federal Financing Bank—Con.				
National Aeronautics and Space Administration—Con.				
Space flight, control, and data communication, FFB (loan guarantee originations) 255				
Outlays	0		1,078,624	
Total Federal funds National Aeronautics and Space Administration	BA 0	189,467 189,467	1,078,624 131,400	
Other Independent Agencies				
General Services Administration				
<i>Federal funds</i>				
Intragovernmental Funds:				
Federal buildings fund, FFB (loan guarantee origina- tions) 804				
Outlays	0	-3,267	-9,516	-10,521
Small Business Administration				
<i>Federal funds</i>				
Public Enterprise Funds:				
SBA, Small business investment companies, FFB (loan guarantee originations) 376				
Authority to borrow, permanent, indefinite	BA	159,906	235,000	200,000
Outlays	0	92,286	153,000	98,000
SBA, Section 503 loan guarantees, FFB (loan guaran- tee originations) 376				
Authority to borrow, permanent, indefinite	BA	101,004	495,000	325,000
Outlays	0	99,367	493,000	321,000
SBA, Small business development company loans, FFB (loan asset sales) 376				
Outlays	0	-9,582	-10,000	-10,000
Total Federal funds Small Business Administra- tion	BA 0	260,910 182,071	730,000 636,000	525,000 409,000
Tennessee Valley Authority				
<i>Federal funds</i>				
Public Enterprise Funds:				
Tennessee Valley Authority fund, Seven States Corp., FFB (loan guarantee originations) 271				
Authority to borrow, permanent, indefinite	BA	160,515	164,800	88,300
Outlays	0	160,515	164,800	88,300
Total Federal funds Other Independent Agencies..	BA 0	421,425 339,319	894,800 791,284	613,300 486,779
Total Federal funds Department of the Treas- ury--Federal Financing Bank	BA 0	18,472,995 10,404,336	26,048,881 12,728,570	18,328,481 10,193,798

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code	1983 actual	1984 estimate	1985 estimate
Off-Budget Federal Entities—Con.			
Postal Service			
<i>Federal funds</i>			
Public Enterprise Funds:			
Postal Service	372		
Authority to borrow, permanent, indefinite.....	BA 200,404	2,163,435	4,180,377
Outlays.....	0 322,206	1,208,911	2,800,771
United States Railway Association			
<i>Federal funds</i>			
Public Enterprise Funds:			
Regional rail reorganization program	401		
Authority to borrow, permanent, indefinite.....	BA 5,632		
Outlays.....	0 -66,788	-52,676	
Synthetic Fuels Corporation			
<i>Federal funds</i>			
Public Enterprise Funds:			
Synthetic Fuels Corporation	271		
Contract authority, permanent.....	BA 16,214	66,597	162,431
Summary			
Federal funds:			
(As shown in detail above).....	BA 21,173,737	29,077,836	24,705,252
	0 12,357,216	16,195,865	14,814,500
Budget totals.....	BA 866,745,362	912,516,713	1,006,537,842
	0 795,969,467	853,759,704	925,492,240
Total, including off-budget entities.....	BA 887,919,099	941,594,549	1,031,243,094
	0 808,326,683	869,955,569	940,306,740

- ^A Supplemental under existing legislation.
- ^B Supplemental Additional authorizing legislation required.
- ^C Supplemental for wage-board pay raises.
- ^D Supplemental for civilian pay raises.
- ^E Supplemental for military pay raises.
- ^F Proposed transfer to other accounts for pay rates (-).
- ^G Proposed transfer from other accounts for pay raises.
- ^H Rescission proposal.
- ^I Proposed for later transmittal under existing legislation.
- ^J Proposed for later transmittal under proposed legislation.
- ^K Additional authorizing legislation required.
- ^L Legislative action required.
- ^M Negative amounts indicate that the offsetting collections credited to the respective subfunctions exceed the gross disbursements.
- ^N Off-budget Federal entity (Rural Electrification and Telephone Revolving Fund).
- ^O Miscellaneous outlays not attributed to any single program.
- ^P Supplemental request pending.

† In order to reflect the transactions of the Federal Financing Bank (FFB) account on behalf of other agencies, budget authority and outlays of the FFB account are shown by agency, account title, and subfunction of the account being serviced. The non-lending FFB transactions are shown in subfunction 803 (central fiscal operations).

PART 9

SUMMARY TABLES

9-1

EXPLANATORY NOTE RELATING TO THE SUMMARY TABLES

Types of tables.—This part of the budget consists of tables as follows:

- Tables 1 through 13 are short summary tables of the budget.
- Tables 14 through 16 provide greater detail in support of financial data in the first three tables.
- Table 17 presents 5-year projections of the estimated costs of proposed legislation pursuant to section 221(a) of the Legislative Reorganization Act of 1970.
- Tables 18 and 19 provide detailed information on direct loan and guaranteed loan activity within the Federal credit control system.
- Tables 20 through 26 are historical in nature, giving data, for earlier years, comparable to those data in the preceding tables, and also giving information on the national income accounts, the gross national product over a longer period, and the budget in constant (fiscal year 1972) prices.

Periods covered.—Due to the change in fiscal year required by the Congressional Budget Act, the following periods are covered by the various columns or stub entries:

- July 1 through June 30 for the 1976 and prior fiscal periods.
- July 1 through September 30, 1976, for the transition quarter (TQ).
- October 1 through September 30 for the 1977 and subsequent fiscal periods.

Concepts followed.—The concepts used in the current and historical tables are discussed in Part 7 of this volume. Budget authority and outlays for off-budget Federal entities are included in selected tables.

NOTES

The 1985 budget reflects establishment of a military retirement trust fund in Department of Defense-Civil presentations effective October 1, 1984, in accordance with Public Law 98-94. In selected summary tables, additional entries in parentheses show amounts for previous years adjusted to reflect imputed charges for accruals in subfunction 051, the accrual offset in subfunction 951, and transfer of cash payments to retired military personnel to subfunction 602.

The outlay totals for 1983 exceed Treasury outlay totals by \$53 million primarily due to adjustments in outlays of the (a) Tennessee Valley Authority (+\$49 million), (b) Department of Interior payments to Papago trust and cooperative fund (+\$15 million), and (c) National Credit Union Administration central liquidity facility (-\$11 million).

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Table 1. BUDGET SUMMARY

(In millions of dollars)

Description	1983 actual	1984 estimate	1985 estimate
THE BUDGET			
Budget authority (largely appropriations):			
Available through current action by Congress:			
Enacted and pending.....	525,556	521,830	
Proposed in this budget.....		4,835	551,517
To be requested separately.....		317	9,301
Available without current action by Congress.....	507,673	535,138	628,885
Deductions for offsetting receipts ¹	-166,484	-149,603	-183,164
Total budget authority.....	866,745	912,517	1,006,538
<i>Budget authority, off-budget Federal entities.....</i>	<i>(21,174)</i>	<i>(29,078)</i>	<i>(24,705)</i>
<i>Budget authority including off-budget Federal entities.....</i>	<i>(887,919)</i>	<i>(941,595)</i>	<i>(1,031,243)</i>
Receipts, outlays, and surplus or deficit:			
Receipts:			
Total budget receipts.....	600,562	670,071	745,127
Outlays:			
Total budget outlays.....	795,969	853,760	925,492
<i>Outlays, off-budget Federal entities.....</i>	<i>(12,357)</i>	<i>(16,196)</i>	<i>(14,814)</i>
<i>Outlays, including off-budget Federal entities.....</i>	<i>(808,327)</i>	<i>(869,956)</i>	<i>(940,307)</i>
Surplus or deficit (-):			
Total budget deficit (-).....	-195,407	-183,689	-180,365
<i>Deficit, off-budget Federal entities.....</i>	<i>(-12,357)</i>	<i>(-16,196)</i>	<i>(-14,814)</i>
<i>Total deficit (-).....</i>	<i>(-207,764)</i>	<i>(-199,884)</i>	<i>(-195,179)</i>
THE CREDIT BUDGET			
New obligations and commitments:			
New direct loan obligations.....	41,358	37,862	31,694
New guaranteed loan commitments ²	97,221	97,371	98,789
Total.....	138,579	135,233	130,483
Net loans and loan guarantees:			
Net direct loans:			
On-budget.....	4,814	-3,879	2,547
Off-budget.....	10,496	13,150	10,470
Net guaranteed loans ²	34,098	39,385	38,938
Total.....	49,408	48,656	51,955
FEDERAL DEBT			
	1982 actual		
Debt outstanding, end of period:			
Gross Federal debt.....	1,146,987	1,381,886	1,591,573
Held by:			
Government agencies.....	217,560	240,116	266,803
The public.....	929,427	1,141,770	1,324,770
Federal Reserve System.....	134,497	155,527	
Others.....	794,929	986,243	

¹ These consist of intragovernmental transactions and proprietary receipts from the public.² To avoid double counting, excludes guarantees (or commitments) of loans previously guaranteed and guarantees (or commitments) by one Government account of direct loans made by another Government account.

Table 2. BUDGET RECEIPTS BY SOURCE AND BUDGET OUTLAYS BY AGENCY, 1983-89

(In billions of dollars)

	1983 actual	Estimate					
		1984	1985	1986	1987	1988	1989
Budget receipts by source:							
Individual income taxes.....	288.9	293.3	328.4	364.1	401.6	447.3	490.7
Corporation income taxes.....	37.0	66.6	76.5	87.9	97.9	103.9	107.9
Social insurance taxes and contributions...	209.0	239.5	270.7	297.8	324.1	362.2	394.8
Excise taxes.....	35.3	38.2	38.4	34.1	33.4	33.9	34.5
Estate and gift taxes.....	6.1	5.9	5.6	5.1	4.6	4.3	4.7
Customs duties.....	8.7	9.1	9.4	9.6	9.9	10.3	11.1
Miscellaneous receipts.....	15.6	17.5	16.0	16.3	16.3	16.3	16.6
Total budget receipts.....	600.6	670.1	745.1	814.9	887.8	978.3	1,060.3
Budget outlays by agency:							
Legislative branch.....	1.4	1.7	1.7	1.8	1.8	1.8	1.8
The Judiciary.....	.8	.9	1.0	1.1	1.1	1.2	1.2
Executive Office of the President.....	.1	.1	.1	.1	.1	.1	.1
Funds appropriated to the President.....	5.5	8.1	11.1	12.1	12.6	12.6	11.9
Agriculture.....	46.4	34.8	37.7	36.1	36.4	36.2	36.3
Commerce.....	1.9	2.2	2.0	1.8	1.8	1.9	2.0
Defense—Military: ¹							
Including accruals.....	(204.4)	(231.0)	264.4	301.8	339.2	369.8	398.8
Excluding accruals.....	205.0	231.0					
Defense—Civil:							
Including military retirees.....	(18.9)	(19.6)	20.0	21.1	22.5	23.9	25.2
Excluding military retirees.....	2.9	3.1					
Education.....	14.6	16.1	15.5	15.5	15.3	15.3	15.2
Energy.....	8.4	8.8	9.9	11.0	11.3	11.7	11.9
Health and Human Services.....	276.6	296.0	318.1	340.3	366.3	394.0	421.0
Housing and Urban Development.....	15.3	15.9	15.2	15.1	16.5	16.7	16.7
Interior.....	4.6	4.9	4.4	4.2	4.2	4.2	4.3
Justice.....	2.8	3.4	3.7	3.7	3.7	3.7	3.8
Labor.....	38.1	27.1	26.4	25.5	25.0	23.8	23.5
State.....	2.3	2.6	3.1	2.8	3.1	3.2	3.3
Transportation.....	20.6	25.3	26.2	27.4	28.0	27.9	27.8
Treasury.....	116.4	137.7	149.5	162.8	173.2	177.1	177.7
Environmental Protection Agency.....	4.3	4.0	4.2	4.0	3.8	3.7	3.6
General Services Administration.....	.2	.5	.3	.2	.3	.3	.3
National Aeronautics and Space Administration.....	6.7	7.1	7.4	7.8	8.1	8.6	9.0
Office of Personnel Management.....	21.3	22.6	23.7	25.2	26.9	28.6	30.2
Small Business Administration.....	.5	.4	.4	.4	.4	.3	.3
Veterans Administration.....	24.8	25.8	26.7	27.8	28.9	30.0	30.9
Other agencies.....	10.3	10.8	10.1	9.0	8.4	7.6	6.9
Allowances ².....			.9	4.0	6.3	8.5	10.9
Undistributed offsetting receipts:							
Including accrual offset.....	(-51.1)	(-53.4)	-58.3	-70.5	-76.9	-82.3	-91.1
Excluding accrual offset.....	-35.7	-36.9					
Total budget outlays.....	796.0	853.8	925.5	992.1	1,068.3	1,130.3	1,183.7
Budget surplus or deficit(—).....	-195.4	-183.7	-180.4	-177.1	-180.5	-152.0	-123.4

¹ Includes allowances for civilian and military pay raises for Department of Defense.² Includes allowances for civilian agency pay raises and increased employing agency payments for employee retirement.

Note.—Beginning in 1985, the budget reflects establishment of a military retirement trust fund. Entries in parentheses show amounts for 1983 and 1984 on a comparable basis.

Table 3. BUDGET OUTLAYS BY FUNCTION, 1983-89

(In billions of dollars)

	1983 actual	Estimate					
		1984	1985	1986	1987	1988	1989
National defense:							
Military personnel:							
Including accruals	(60.9)	(64.5)	67.3	69.7	71.5	73.0	73.9
Excluding accruals	45.5	48.0					
Retired military personnel:							
Consistent with accrual presentation	(.....)	(.....)					
Cash payments	15.9	16.5	*				
Operation and Maintenance	64.9	68.5	76.9	86.6	95.9	103.6	111.1
Procurement	53.6	64.4	77.6	91.2	106.7	117.1	126.4
Other ¹	30.5	40.0	50.3	63.0	74.5	86.1	97.7
Total national defense:							
Including accruals	(209.9)	(237.5)	272.0	310.6	348.6	379.7	409.1
Excluding accruals	210.5	237.5					
International affairs	9.0	13.5	17.5	17.9	18.8	18.9	18.3
General science, space and technology	7.7	8.3	8.8	9.4	9.8	10.3	10.8
Energy	4.0	3.5	3.1	2.9	2.5	2.6	2.6
Natural resources and environment	12.7	12.3	11.3	10.6	10.2	10.1	10.1
Agriculture	22.2	10.7	14.3	12.0	11.9	11.4	10.9
Commerce and housing credit	4.4	3.8	1.1	.6	1.2	.2	-.6
Transportation	21.4	26.1	27.1	28.3	28.9	28.7	28.8
Community and regional development	6.9	7.6	7.6	7.1	6.8	6.6	6.4
Education, training, employment, and social services	26.6	28.7	27.9	27.7	27.6	27.7	27.8
Health	28.7	30.7	32.9	34.7	37.2	39.9	42.7
Social security and medicare:							
Social security	170.7	179.2	190.6	204.2	218.8	233.7	248.6
Medicare	52.6	61.1	69.7	76.5	84.8	93.8	103.3
Total social security and medicare	223.3	240.2	260.3	280.7	303.7	327.5	351.9
Income security:							
General retirement and disability insurance	5.6	5.5	5.7	5.8	5.9	6.1	6.3
Federal employee retirement:							
Including military retirees	(36.5)	(38.1)	40.0	42.6	45.4	48.2	51.1
Excluding military retirees	20.6	21.6					
Unemployment compensation	31.5	20.7	20.1	19.5	18.8	17.3	16.7
Housing assistance	9.6	10.0	10.9	11.3	12.0	12.5	13.0
Food and nutrition assistance	18.0	17.6	17.1	17.9	18.7	19.2	19.9
Other income security	21.1	20.5	20.6	20.7	21.2	22.5	22.3
Total income security:							
Including military retirees	(122.2)	(112.5)	114.4	117.9	122.0	125.8	129.3
Excluding military retirees	106.2	96.0					

Table 3. BUDGET OUTLAYS BY FUNCTION, 1983-89—Continued

(In billions of dollars)

	1983 actual	Estimate					
		1984	1985	1986	1987	1988	1989
Veterans benefits and services	24.8	25.8	26.7	27.8	28.9	30.2	31.0
Administration of justice.....	5.1	6.0	6.1	6.1	6.2	6.3	6.4
General government.....	4.8	5.7	5.7	5.7	5.7	5.9	5.9
General purpose fiscal assistance.....	6.5	6.7	6.7	6.8	7.0	7.1	7.3
Net interest	89.8	108.2	116.1	124.2	130.9	130.8	126.3
Allowances:							
Civilian agency pay raises ² .....			.4	3.0	5.1	7.3	9.6
Increased employing agency pay- ments for employee retirement.....			.5	1.1	1.1	1.2	1.3
Total allowances .....			.9	4.0	6.3	8.5	10.9
Undistributed offsetting receipts:							
Employer-share, employee retire- ment:							
Including accrual offset.....	(-23.5)	(-25.3)	-27.9	-31.6	-34.2	-37.1	-39.8
Excluding accrual offset.....	-8.1	-8.8					
Rents and royalties on the Outer Continental Shelf	-10.5	-8.7	-7.4	-11.3	-11.6	-11.0	-12.2
Total undistributed offsetting receipts:							
Including accrual offset.....	(-34.0)	(-34.0)	-35.3	-42.9	-45.8	-48.1	-52.0
Excluding accrual offset.....	-18.6	-17.5					
Total budget outlays.....	796.0	853.8	925.5	992.1	1,068.3	1,130.3	1,183.7

*50 million or less.

¹ Includes allowances for civilian and military pay raises for Department of Defense—Military.² Includes allowances for military pay raises for the Coast Guard.

Note. Beginning in 1985, the budget reflects the establishment of a military retirement trust fund. Entries in parentheses show amounts for 1983 and 1984 on a comparable basis.

**Table 4. DIFFERENCES BETWEEN CURRENT SERVICES AND THE BUDGET:
OUTLAYS BY FUNCTION, 1984-1989**

(In billions of dollars)

	Estimate					
	1984	1985	1986	1987	1988	1989
Current services estimates	854.0	944.9	1,019.2	1,094.2	1,163.1	1,229.9
Differences:						
National defense ¹ .....	.1	-12.2	-11.4	-4.1	-4.6	-10.5
International affairs .....	.3	3.4	4.3	4.7	4.4	4.0
General science, space and technology	—*	.4	1.2	2.2	2.9	3.4
Energy	—*	-.2	-.4	-.6	-.6	-.6
Natural resources and environment .....	.1	-.5	-.7	-.9	-1.0	-1.1
Agriculture	—*	—*	-2.0	-1.8	-1.6	-1.6
Commerce and housing credit	—*	-.4	-.5	-.7	-.9	-1.1
Transportation	—*	-.4	-.1	-.5	-.8	-1.1
Community and regional development	*	-.1	-.3	-.5	-.7	-.9
Education, training, employment and social services	-.1	-1.1	-2.5	-3.5	-4.3	-5.1
Health	—*	-1.5	-2.1	-2.4	-2.8	-3.2
Social security and medicare:						
Social security		-.1	-.1	-.1	-.2	-.2
Medicare	-.1	-1.0	-2.1	-3.5	-5.2	-7.2
Total social security and medicare	-.1	-1.1	-2.2	-3.6	-5.4	-7.4
Income security:						
General retirement and disability insurance	-.1	-.2	-.2	-.2	-.3	-.3
Federal employee retirement	-.2	-.7	-1.3	-1.6	-1.8	-2.0
Unemployment compensation	*	*	—*	—*	—*	—*
Housing assistance	—*	-.1	-.5	-.6	-.7	-.9
Food and nutrition assistance	-.1	-.6	-.7	-.8	-.8	-.9
Other income security	—*	-.9	-1.3	-1.3	-1.4	-1.5
Total income security	-.4	-2.5	-4.0	-4.5	-5.0	-5.6
Veterans benefits and services	*	.1	.5	.7	.8	.9
Administration of justice	*	—*	-.2	-.2	-.2	-.2
General government	*	*	-.1	-.1	-.2	-.1
General purpose fiscal assistance		-.1	-.2	-.3	-.3	-.4
Net interest	-.1	-1.8	-4.6	-7.4	-9.6	-12.2
Allowances ²		-.5	.6	.7	.7	.8
Undistributed offsetting receipts		-.7	-2.4	-3.0	-3.6	-4.1
Total differences	-.3	-19.4	-27.1	-25.9	-32.8	-46.2
Total budget outlays	853.8	925.5	992.1	1,068.3	1,130.3	1,183.7

* 50 million or less.

¹ Includes allowances for civilian and military pay raises for Department of Defense-Military.² Includes allowances for civilian agency pay raises and increased employing agency payments for employee retirement.

Table 5. BUDGET AUTHORITY BY AGENCY, 1983-89

(In billions of dollars)

Department or other unit	1983 actual	Estimate					
		1984	1985	1986	1987	1988	1989
Legislative branch	1.7	1.7	1.7	1.8	1.8	1.8	1.8
The Judiciary .....	.8	.9	1.0	1.1	1.1	1.2	1.3
Executive Office of the President .....	.1	.1	.1	.1	.1	.1	.1
Funds appropriated to the President	3.3	16.5	13.1	13.5	13.3	13.2	13.1
Agriculture	56.4	27.8	35.0	35.5	35.7	36.3	36.2
Commerce	1.9	2.0	1.6	1.6	1.7	1.9	2.0
Defense—Military: ¹							
Including accruals.....	(238.7)	(258.1)	305.0	349.6	379.2	411.5	446.1
Excluding accruals.....	239.5	258.2					
Defense—Civil:							
Including military retirees.....	(19.6)	(19.2)	29.9	33.4	36.8	40.3	43.4
Excluding military retirees	3.4	2.7					
Education	15.4	15.4	15.4	15.6	15.5	15.5	15.4
Energy.....	9.3	9.7	10.8	11.8	12.1	12.3	12.6
Health and Human Services	280.2	295.0	324.8	354.8	386.5	434.5	475.4
Housing and Urban Development	16.0	13.7	10.5	12.9	16.5	14.0	14.3
Interior	5.0	4.6	4.3	4.3	4.3	4.3	4.3
Justice.....	3.0	3.4	3.7	3.7	3.7	3.8	3.8
Labor.....	36.4	36.2	28.0	28.7	30.9	31.6	32.0
State.....	2.8	2.9	3.4	3.3	3.4	3.5	3.5
Transportation.....	26.3	28.6	28.6	29.3	29.1	28.8	28.5
Treasury.....	117.1	137.9	149.7	162.9	173.2	176.8	177.4
Environmental Protection Agency	3.7	4.0	4.2	4.0	4.0	3.9	3.9
General Services Administration .....	.7	.3	.3	.4	.4	.4	.4
National Aeronautics and Space Administration	6.9	7.2	7.5	7.9	8.3	8.8	9.2
Office of Personnel Management.....	35.7	37.8	40.9	45.5	48.9	52.3	55.5
Small Business Administration	1.0	.6	.6	.6	.6	.4	.4
Veterans Administration	25.3	26.3	27.2	28.3	29.5	30.5	31.3
Other agencies.....	10.7	16.0	16.5	15.9	14.8	14.5	13.2
Allowances ²			1.0	4.2	6.4	8.6	11.0
Undistributed offsetting receipts:							
Interest received by trust funds	-17.1	-19.4	-22.6	-26.2	-30.2	-34.2	-39.1
Interest received from Outer Continental Shelf escrow account			-.4	-1.4	-.9		
Employer share, employee retirement:							
Including accrual offset.....	(-23.5)	(-25.3)	-27.9	-31.6	-34.2	-37.1	-39.8
Excluding accrual offset.....	-8.1	-8.8					
Rents and royalties on the Outer Continental Shelf.....	-10.5	-8.7	-7.4	-11.3	-11.6	-11.0	-12.2
Total undistributed offsetting receipts:							
Including accrual offset	(-51.1)	(-53.4)	-58.3	-70.5	-76.9	-82.3	-91.1
Excluding accrual offset	-35.7	-36.9					
Total budget authority.....	866.7	912.5	1,006.5	1,100.3	1,181.2	1,268.2	1,345.1

¹ Includes allowances for civilian and military pay raises for Department of Defense.² Includes allowances for civilian agency pay raises and increased employing agency payments for employee retirement.

Note.—Beginning in 1985, the budget reflects establishment of a military retirement trust fund. Entries in parentheses show amounts for 1983 and 1984 on a comparable basis.

Table 6. BUDGET AUTHORITY BY FUNCTION, 1983-89

(In billions of dollars)

	1983 actual	Estimates					
		1984	1985	1986	1987	1988	1989
National defense:							
Military personnel:							
Including accruals.....	(61.0)	(65.1)	67.8	70.1	71.8	73.3	74.4
Excluding accruals.....	45.7	48.6					
Retired military personnel:							
Consistent with accrual presentation.....	(.....)	(.....)					
Cash payments.....	16.2	16.6					
Operation and maintenance.....	66.5	70.9	80.9	90.6	100.1	107.8	115.4
Procurement.....	80.4	86.0	107.6	126.0	137.0	147.1	161.5
Other ¹	37.1	43.3	57.0	72.3	80.1	93.3	105.3
Total national defense:							
Including accruals.....	(245.0)	(265.3)	313.4	359.0	389.1	421.6	456.4
Excluding accruals.....	245.8	265.3					
International affairs.....	7.2	23.0	22.3	22.3	22.4	22.4	21.3
General science, space, and technology.....	8.0	8.6	9.1	9.5	10.0	10.5	11.0
Energy.....	4.1	3.4	3.1	3.1	2.6	2.4	2.4
Natural resources and environment.....	13.3	11.5	10.8	10.6	10.4	10.4	10.4
Agriculture.....	31.0	4.2	12.1	11.7	11.3	11.4	10.7
Commerce and housing credit.....	5.3	5.5	5.1	5.1	6.4	6.4	6.6
Transportation.....	27.0	29.4	29.5	30.2	30.0	29.7	29.4
Community and regional development.....	8.7	7.2	6.4	6.6	6.6	6.7	6.8
Education, training, employment, and social services.....	28.2	31.2	27.5	27.8	27.9	27.9	28.0
Health.....	25.0	31.6	31.8	34.7	37.3	40.0	42.8
Social security and medicare:							
Social security.....	184.1	175.9	198.5	213.2	227.0	271.8	302.2
Medicare.....	46.4	62.8	70.2	82.0	96.8	96.1	104.0
Total social security and medicare.....	230.5	238.7	268.7	295.2	323.8	368.0	406.2
Income security:							
General retirement and disability insurance.....	5.0	8.0	6.7	7.3	6.7	6.6	6.7
Federal employee retirement:							
Including military retirees.....	(51.3)	(53.6)	67.5	75.4	82.0	88.5	94.7
Excluding military retirees.....	35.2	37.0					
Unemployment compensation.....	29.3	26.4	21.9	22.5	24.5	24.9	25.0
Housing assistance.....	10.0	8.0	5.6	7.8	10.2	7.6	7.8
Food and nutrition assistance.....	18.2	17.7	17.2	17.9	18.7	19.2	20.0
Other income security.....	21.0	20.4	20.3	20.7	21.2	22.5	22.3
Total income security:							
Including military retirees.....	(134.9)	(134.1)	139.2	151.6	163.3	169.3	176.4
Excluding military retirees.....	118.7	117.6					

Table 6. BUDGET AUTHORITY BY FUNCTION, 1983-89—Continued

(In billions of dollars)

	1983 actual	Estimates					
		1984	1985	1986	1987	1988	1989
Veterans benefits and services.....	25.4	26.3	27.3	29.4	29.6	30.5	31.4
Administration of justice.....	5.4	6.0	6.1	6.2	6.3	6.4	6.5
General government.....	5.5	5.6	5.8	5.9	5.8	6.0	6.1
General purpose fiscal assistance.....	6.4	6.7	6.7	6.8	7.0	7.1	7.3
Net interest.....	89.8	108.2	116.1	124.2	130.9	130.8	126.3
Allowances:							
Civilian agency pay raises ².....			.4	3.1	5.2	7.4	9.7
Increased employing agency payments for employee re- tirement.....			.5	1.1	1.1	1.2	1.3
Total allowances.....			1.0	4.2	6.4	8.6	11.0
Undistributed offsetting receipts:							
Employer share, employee re- tirement:							
Including accrual offset.....	(-23.5)	(-25.3)	-27.9	-31.6	-34.2	-37.1	-39.8
Excluding accrual offset.....	-8.1	-8.8					
Rents and royalties on the Outer Continental Shelf.....	-10.5	-8.7	-7.4	-11.3	-11.6	-11.0	-12.2
Total undistributed offset- ting receipts:							
Including accrual offset.....	(-34.0)	(-34.0)	-35.3	-42.9	-45.8	-48.1	-52.0
Excluding accrual off- set.....	-18.6	-17.5					
Total budget authority....	866.7	912.5	1,006.5	1,100.3	1,181.2	1,268.2	1,345.1

¹ Includes allowances for civilian and military pay raises for Department of Defense—Military.² Includes allowances for military pay raises for the Coast Guard.

Note: Beginning in 1985, the budget reflects the establishment of a military retirement trust fund. Entries in parentheses show amounts for 1983 and 1984 on a comparable basis.

Table 7. DIFFERENCES BETWEEN CURRENT SERVICES AND THE BUDGET:
BUDGET AUTHORITY BY FUNCTION, 1984-1989

(In billions of dollars)

	Estimate					
	1984	1985	1986	1987	1988	1989
Current services estimates	911.8	1,031.0	1,118.4	1,204.0	1,301.9	1,389.7
Differences:						
National defense ¹ .....	.3	-15.4	-4.6	-6.4	-10.1	-15.0
International affairs .....	.9	5.3	5.0	4.7	4.3	3.8
General science, space and technology .....		.5	1.3	2.4	3.1	3.5
Energy	*	-.2	-.3	-.4	-.4	-.5
Natural resources and environment .....	.1	-.9	-1.2	-1.4	-1.5	-1.7
Agriculture .....	.1	-1.1	-1.5	-1.8	-1.4	-1.6
Commerce and housing credit		-.6	-.7	-.8	-.9	-1.0
Transportation	-*	.5	*	-.5	-.9	-1.3
Community and regional development	*	-.5	-.5	-.8	-1.0	-1.2
Education, training, employment and social services	-.1	-2.5	-3.3	-4.1	-4.9	-5.7
Health	-*	-1.6	-2.3	-2.7	-3.1	-3.5
Social security and medicare:						
Social security .....		.8	.9	.7	4.7	3.3
Medicare	*	-.6	-.9	-1.5	-6.2	-6.0
Total social security and medicare	*	.3	-*	-.8	-1.5	-2.8
Income security:						
General retirement and disability insurance	-*	-*	-*	-*	-*	-*
Federal employee retirement	-*	.9	3.6	4.7	5.8	6.9
Unemployment compensation	*	.1	.2	.2	.3	.3
Housing assistance	-.3	-4.6	-5.7	-3.4	-6.5	-6.7
Food and nutrition assistance	-.1	-.6	-.7	-.8	-.8	-.9
Other income security		-.9	-1.3	-1.3	-1.4	-1.5
Total income security	-.4	-5.0	-4.0	-.6	-2.6	-2.0
Veterans benefits and services	*	.1	.7	.7	.7	.7
Administration of justice	*	-.1	-.2	-.2	-.2	-.3
General government	*	.1	-.1	-.1	-.1	-*
General purpose fiscal assistance		-.1	-.2	-.3	-.3	-.4
Net interest	-.1	-1.8	-4.6	-7.4	-9.6	-12.2
Allowances ²		-.6	.7	.7	.7	.8
Undistributed offsetting receipts		-.7	-2.4	-3.0	-3.6	-4.1
Total differences .....	.7	-24.3	-18.1	-22.9	-33.6	-44.6
Total budget authority	912.5	1,006.5	1,100.3	1,181.2	1,268.2	1,345.1

* 50 million or less.

¹ Includes allowances for civilian and military pay raises for Department of Defense-Military.² Includes allowances for civilian agency pay raises and increased employing agency payments for employee retirement.

Table 8. BUDGET AUTHORITY AND OUTLAYS AVAILABLE THROUGH CURRENT ACTION BY CONGRESS

(In millions of dollars)

Department or other unit	Budget authority			Outlays		
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Legislative branch	1,590	1,650	1,606	1,240	1,378	1,458
The Judiciary	811	912	1,024	733	826	930
Executive Office of the President	101	111	117	83	95	100
Funds appropriated to the President	8,844	18,049	13,914	2,924	3,973	6,296
Agriculture	24,554	24,401	23,048	21,669	22,166	22,280
Commerce	1,960	1,985	1,598	1,204	1,206	1,044
Defense—Military ¹	239,673	258,653	305,673	140,456	151,671	170,731
Defense—Civil	3,446	2,686	2,858	2,042	1,708	1,772
Education	15,415	15,424	15,478	4,534	4,891	4,848
Energy	12,618	13,899	12,738	5,675	6,892	6,335
Health and Human Services	90,223	73,771	75,443	82,635	66,220	68,134
Housing and Urban Development	15,813	13,502	10,283	1,214	1,015	1,101
Interior	5,310	5,067	5,029	3,475	3,522	3,463
Justice	3,046	3,446	3,675	2,473	2,873	3,151
Labor	17,773	15,827	6,118	16,118	8,458	2,238
State	2,326	2,494	2,873	1,902	2,109	2,471
Transportation	23,446	11,993	11,398	8,041	7,322	6,349
Treasury	9,153	9,572	9,902	8,533	8,999	9,199
Environmental Protection Agency	3,729	4,054	4,293	801	966	1,084
General Services Administration	567	479	500	368	425	444
National Aeronautics and Space Administration	6,875	7,218	7,491	4,991	5,406	5,612
Office of Personnel Management	5,386	5,900	6,449	5,154	5,431	5,253
Small Business Administration	1,017	598	569	877	541	511
Veterans Administration	24,611	25,492	26,455	21,595	22,534	23,180
Other independent agencies	7,269	9,798	11,330	5,490	5,854	5,576
Allowances ²			954			938
Total	525,556	526,982	560,817	344,230	336,482	354,498
MEMORANDUM						
Appropriations to liquidate contract authority: ³						
Agriculture		9,607				
Defense—Military	11					
Housing and Urban Development	9,344	10,697	11,663			
Interior	*	2				
Transportation	9,948	12,838	14,140			
Other independent agencies		4				
Total	19,303	33,148	25,802			
ADDENDUM						
Portion available through current action by Congress	525,556	526,982	560,817	344,230	336,482	354,498
Portion available without current action by Congress	507,673	535,138	628,885	412,002	430,426	505,396
Outlays from obligated balances ⁴				163,630	184,808	204,766
Outlays from unobligated balances ⁴				42,591	51,647	43,997
Deductions for offsetting receipts:						
Intragovernmental transactions	-126,554	-108,719	-143,938	-126,554	-108,719	-143,938
Proprietary receipts from the public	-39,930	-40,884	-39,226	-39,930	-40,884	-39,226
Total budget authority and outlays	866,745	912,517	1,006,538	795,969	853,760	925,492

*\$500 thousand or less.

¹ Includes allowances for civilian and military pay raises for Department of Defense.² Includes allowances for civilian agency pay raises and increased employing agency payments for employee retirement.³ Excluded from budget authority above.⁴ Outlays from appropriations to liquidate contract authority are included as outlays from balances.

Table 9. RELATION OF BUDGET AUTHORITY TO OUTLAYS

(In millions of dollars)

Description	1983 actual	1984 estimate	1985 estimate
<i>Budget authority available through current action by Congress:</i>			
Enacted, pending, or recommended herein:			
Appropriations ¹	503,303	514,040	544,052
Contract authority.....	20,226	7,402	4,245
Authority to borrow.....	926	4,258	3,219
Reappropriations and reauthorizations.....	1,102	965	1
To be requested separately:			
Appropriations ¹		317	9,331
Contract authority.....			-30
Total budget authority available through current action by Congress (table 8).....	525,556	526,982	560,817
<i>Budget authority available without current action by Congress (permanent authorizations):</i>			
Appropriations ¹	465,622	503,397	587,640
Contract authority.....	20,110	29,355	30,365
Authority to borrow.....	21,940	2,386	10,880
<i>Deductions for offsetting receipts (table 15):</i>			
Intragovernmental transactions.....	-126,554	-108,719	-143,938
Proprietary receipts from the public.....	-39,930	-40,884	-39,226
Total budget authority for the year (table 5).....	866,745	912,517	1,006,538
<i>Unobligated balances and adjustments:</i>			
Unobligated balances:			
Brought forward at start of year (table 11).....	360,706	384,793	399,168
Written off (rescinded, lapsed, etc.) ²	-2,894	-4,308	-2,804
Carried forward at end of year (table 11).....	-384,793	-399,168	-434,863
Obligations incurred, net (table 10).....	839,764	893,833	968,038
<i>Obligated balances:</i>			
Brought forward at start of year, funded (table 11).....	484,391	516,285	551,419
Adjustments in expired accounts.....	-1,748	-357	-40
Adjustments in unexpired accounts.....	-10,152	-4,583	-2,894
Deficiency appropriations.....			
Carried forward at end of year (table 11).....	-516,285	-551,419	-591,031
Budget outlays (table 3).....	795,969	853,760	925,492
MEMORANDUM			
Federal funds included above:			
Budget authority available through current action by Congress....	510,452	524,225	555,079
Budget authority ³	648,869	661,543	722,204
Obligations incurred, net ³	641,210	663,660	725,452
Budget outlays ³	600,920	628,789	687,221

¹ Excludes appropriations to liquidate contract authority.

	1983 actual	1984 estimate	1985 estimate
Enacted, pending, or recommended herein.....	32,609	46,741	39,175

² Includes redemption of agency debt and capital transfers to the general fund.³ Amounts are net of intralund transactions, receipts from off-budget Federal entities, and proprietary receipts from the public.

Table 10. OBLIGATIONS INCURRED, NET

(In millions of dollars)

Department or other unit	1983 actual	1984 estimate	1985 estimate
Legislative branch	1,609	1,726	1,752
The Judiciary	808	918	1,029
Executive Office of the President	100	111	117
Funds appropriated to the President	1,813	12,905	13,480
Agriculture	52,554	24,342	33,321
Commerce	1,921	2,140	1,600
Defense—Military: ¹			
Including accruals	(227,037)	(257,638)	297,473
Excluding accruals	227,629	257,687	
Defense—Civil:			
Including military retirees	(19,151)	(19,494)	20,097
Excluding military retirees	3,197	2,942	
Education	14,922	16,494	15,372
Energy	8,701	10,471	10,670
Health and Human Services	272,801	296,842	318,637
Housing and Urban Development	29,782	23,546	21,480
Interior	4,883	5,101	4,313
Justice	2,931	3,575	3,699
Labor	38,463	28,952	26,363
State	2,257	2,727	3,102
Transportation	26,080	28,644	27,855
Treasury	116,486	137,815	149,611
Environmental Protection Agency	5,021	4,196	4,207
General Services Administration	731	733	443
National Aeronautics and Space Administration	6,695	7,579	7,497
Office of Personnel Management	21,819	23,342	24,633
Small Business Administration	432	536	362
Veterans Administration	25,220	26,149	26,825
Other independent agencies:			
Export-Import Bank	-875	1,768	2,850
Federal Deposit Insurance Corporation	-982	-1,424	-1,696
Federal Home Loan Bank Board	-231	-325	-874
U.S. Postal Service	789	879	692
Railroad Retirement Board	3,904	3,876	4,197
All other independent agencies	6,019	6,528	6,256
Allowances ²			954
Undistributed offsetting receipts:			
Including accrual offset	(-51,078)	(-53,443)	-58,279
Excluding accrual offset	-35,716	-36,940	
Total	839,764	893,833	968,038
MEMORANDUM			
Federal funds	641,210	663,660	725,452
Trust funds	297,791	311,622	355,165
Interfund transactions	-99,238	-81,449	-112,578
Total	839,764	893,833	968,038

¹ Includes allowances for civilian and military pay raises for Department of Defense.² Includes allowances for civilian agency pay raises and increased employing agency payments for employee retirement.

Note.—Beginning in 1985, the budget reflects establishment of a military retirement trust fund. Entries in parentheses show amounts for 1983-84 on a comparable basis.

Table 11. BALANCES OF BUDGET AUTHORITY

(In millions of dollars)

Department or other unit	Start 1983		End 1983		End 1984		End 1985	
	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated
Legislative branch	278	196	407	265	465	284	475	234
The Judiciary	64	78	80	85	88	93	99	101
Executive Office of the President	15		19		17		18	
Funds appropriated to the President	44,373	23,581	38,972	26,250	43,740	29,685	46,077	29,331
Agriculture	16,257	1,655	21,971	2,513	11,346	2,511	6,924	2,857
Commerce	1,437	379	1,381	380	1,344	207	955	201
Defense—Military ¹	107,610	34,634	128,672	43,386	155,358	42,966	188,432	50,492
Defense—Civil ²	707	427	957	666	840	381	952	10,139
Education	11,245	1,943	11,398	2,467	11,819	1,205	11,673	1,120
Energy	7,200	1,139	7,434	1,491	9,014	383	9,773	58
Health and Human Services	23,452	33,843	19,426	40,366	20,287	38,514	20,838	44,692
Housing and Urban Development	203,994	73,073	213,390	62,768	217,501	54,788	221,630	45,669
Interior	2,163	1,815	2,366	1,962	2,613	1,438	2,560	1,397
Justice	396	173	456	287	595	157	545	133
Labor	1,969	12,242	2,266	10,332	3,888	17,834	3,841	18,155
State	560	1,347	494	1,806	610	2,006	655	2,310
Transportation	25,012	8,584	30,142	9,018	33,437	8,983	35,071	9,731
Treasury	1,647	29,574	1,752	30,360	1,859	30,395	1,961	30,488
Environmental Protection Agency	10,100	2,054	10,245	1,258	10,483	1,066	10,503	1,063
General Services Administration ..	181	1,214	667	1,139	854	627	1,035	454
National Aeronautics and Space Administration	1,322	661	1,346	803	1,857	442	1,984	436
Office of Personnel Management	6,838	94,731	7,369	108,633	8,146	123,113	9,038	139,401
Small Business Administration	104	980	56	1,218	149	1,259	158	1,444
Veterans Administration	3,266	11,865	3,624	11,920	4,002	12,001	4,133	12,402
Other independent agencies:								
Export-Import Bank	8,978		6,421	399	5,716		6,198	
Federal Deposit Insurance Corporation	539	12,805	171	13,787	171	15,211	171	16,907
Federal Home Loan Bank Board	1,043	8,934	1,264	9,165	1,639	9,491	1,790	10,365
Railroad Retirement Board	524	787	465	7	491	2,140	509	3,247
All other independent agencies	3,118	1,992	3,072	2,060	3,089	1,989	3,016	2,035
Allowances ³							16	
Total	484,391	360,706	516,285	384,793	551,419	399,168	591,031	434,863
MEMORANDUM								
Federal funds	425,428	189,715	454,963	193,361	484,899	186,936	520,199	180,889
Trust funds	58,963	170,990	61,322	191,432	66,520	212,232	70,832	253,974
Total	484,391	360,706	516,285	384,793	551,419	399,168	591,031	434,863

¹ Includes balances of allowances for civilian and military pay raises for Department of Defense.² Includes obligated balances of \$69 million and unobligated balances of \$9,583 million in 1985 due to the establishment of the military retirement trust fund.³ Includes balances of allowances for civilian agency pay raises.

Table 12. FULL-TIME EQUIVALENT OF TOTAL FEDERAL CIVILIAN EMPLOYMENT IN THE EXECUTIVE BRANCH ¹

(Excluding the Postal Service)

	Fiscal year				
	1982 revised Budget estimate ²	1983 actual ³	1984 estimate	1985 estimate	1986 estimate
Agriculture	121,000	109,773	108,900	107,400	107,400
Commerce	36,300	32,715	33,505	32,507	33,095
Defense—civil functions	32,100	30,973	29,088	29,034	29,034
Education	6,600	5,360	5,189	4,979	4,749
Energy	18,700	16,984	16,757	16,042	15,711
Health and Human Services	154,000	141,715	137,321	130,445	127,184
Housing and Urban Development	15,700	13,779	12,878	12,442	12,073
Interior	81,700	73,451	73,232	72,826	72,826
Justice	54,400	55,686	58,748	60,473	61,488
Labor	21,600	18,968	19,246	18,634	18,697
State	22,900	23,786	24,759	25,442	25,744
Transportation	68,100	61,752	62,000	61,369	60,468
Treasury	124,300	118,507	125,526	122,522	122,400
Environmental Protection Agency	12,900	10,883	11,598	12,298	12,298
National Aeronautics and Space Administration	22,700	22,246	22,000	22,000	22,000
Veterans Administration	209,600	216,848	219,347	221,555	222,677
Other:					
Agency for International Development	5,600	5,169	5,201	5,108	4,983
General Services Administration	32,800	28,391	29,128	28,812	28,209
Nuclear Regulatory Commission	3,400	3,403	3,416	3,491	3,491
Office of Personnel Management	6,600	5,601	5,837	5,822	5,822
Panama Canal Commission	9,100	8,636	8,578	8,490	8,525
Small Business Administration	4,700	4,231	4,200	4,100	3,900
Tennessee Valley Authority	44,700	35,646	35,500	36,000	36,000
United States Information Agency	7,600	7,906	8,356	8,810	8,897
Miscellaneous	45,000	39,625	39,853	39,578	39,199
Contingencies	1,000				
Estimated nondefense lapse			-13,752	-8,176	-5,434
Subtotal	1,163,100	1,092,034	1,086,411	1,082,003	1,081,436
Defense—military functions ⁴	937,700	984,806	995,499	1,002,823	1,003,000
Total	2,100,800	2,076,840	2,081,910	2,084,826	2,084,436

¹ Excludes developmental positions under the Worker-Trainee Opportunity Program (WTOP) as well as certain statutory exemptions.² As contained in the revised 1982 Budget, transmitted to the Congress in March 1981.³ Data are estimated for portions of Defense-civil functions as well as for the Federal Reserve System, Board of Governors and the International Trade Commission.⁴ Section 904 of the 1982 Defense Authorization Act (Public Law 97-86) exempts the Department of Defense from full-time equivalent employment controls. Data shown are estimated.

Table 13. BUDGET FINANCING AND DEBT

(In millions of dollars)

BUDGET FINANCING

	1983 actual	1984 estimate	1985 estimate
Budget surplus or deficit (—)	—195,407	—183,689	—180,365
Deficit (—), off-budget Federal entities	—12,357	—16,196	—14,814
Total deficit (—)	—207,764	—199,884	—195,179
Means of financing other than borrowing from the public:			
Decrease or increase (—) in cash and other monetary assets	—9,701	17,116	
Increase or decrease (—) in liabilities for:			
Checks outstanding, etc. ¹	2,511	—1,039	1,456
Deposit fund balances	2,133	293	143
Seigniorage on coins	477	514	580
Total, means of financing other than borrowing from the public	—4,580	16,884	2,179
Total requirements for borrowing from the public	—212,344	—183,000	—193,000
Change in debt held by the public	212,344	183,000	193,000
Nonbank investors	132,814		
Commercial banks	58,500		
Federal Reserve System	21,030		

DEBT, END OF YEAR

	1982 actual			
Gross Federal debt:				
Debt issued by Treasury	1,142,035	1,377,211	1,587,106	1,824,041
Debt issued by other agencies	4,952	4,675	4,467	4,347
Total gross Federal debt	1,146,987	1,381,886	1,591,573	1,828,388
Held by:				
Government agencies	217,560	240,116	266,803	310,618
The public	929,427	1,141,770	1,324,770	1,517,770
Federal Reserve System	134,497	155,527		
Others	794,929	986,243		

DEBT SUBJECT TO STATUTORY LIMITATION, END OF YEAR

Debt issued by Treasury	1,142,035	1,377,211	1,587,106	1,824,041
Treasury debt not subject to limitation	—606	—605	—604	—604
Agency debt subject to limitation	1,485	1,347	1,276	1,237
Total debt subject to statutory limitation²	1,142,913	1,377,953	1,587,778	1,824,674

¹ Includes military payment certificates, accrued interest (less unamortized discount) on Treasury debt, and as an offsetting change in assets, certain collections in transit.

² The statutory debt limit is permanently established at \$1,490 billion (Public Law 98-161). Legislation is required to change the limit.

Table 14. BUDGET RECEIPTS BY SOURCE

(In millions of dollars)

Source	1983 actual	1984 estimate	1985 estimate
Individual income taxes:			
Withheld.....	266,046	273,112	300,794
Other.....	83,585	79,817	82,983
Proposed legislation.....		783	5,050
Gross individual income taxes.....	349,631	353,712	388,827
Refunds.....	60,692	60,452	60,417
Net individual income taxes.....	288,938	293,260	328,410
Corporation income taxes:			
Existing law.....	61,780	84,900	88,124
Proposed legislation.....		698	1,063
Refunds.....	24,758	18,992	12,647
Net corporation income taxes.....	37,022	66,606	76,540
Social insurance taxes and contributions (trust funds):			
Employment taxes and contributions:			
Old-age and survivors insurance.....	128,972	152,543	173,738
Proposed legislation.....			796
Disability insurance.....	18,348	15,907	16,633
Proposed legislation.....			77
Hospital insurance.....	35,641	40,040	45,279
Proposed legislation.....			207
Railroad retirement:			
Social security equivalent account.....			1,478
Railroad retirement ¹	2,805	3,202	2,182
Total employment taxes and contributions.....	185,766	211,692	240,390
Unemployment insurance:			
State taxes deposited in Treasury ²	14,425	17,910	18,985
Proposed legislation.....			63
Federal unemployment tax receipts ²	4,206	5,225	5,916
Proposed legislation.....			15
Railroad unemployment tax receipts ²	168	195	227
Total unemployment insurance.....	18,799	23,330	25,207
Other retirement contributions:			
Federal employees' retirement—employee contributions.....	4,351	4,392	4,342
Proposed legislation.....			651
Contributions for non-Federal employees ³	78	79	82
Proposed legislation.....			12
Total other retirement contributions.....	4,429	4,471	5,086
Total social insurance taxes and contributions.....	208,994	239,494	270,683
Excise taxes:			
Federal funds:			
Alcohol taxes:			
Distilled spirits.....	3,779	3,925	3,968
Beer.....	1,597	1,666	1,690
Wines.....	237	259	273
Special taxes in connection with liquor occupations.....	22	21	21
Refunds.....	-78	-80	-80
Total alcohol taxes.....	5,557	5,791	5,872
Tobacco taxes:			
Cigarettes.....	4,099	5,106	5,180
Cigars.....	34	36	36
Cigarette papers and tubes.....	2	2	2
Other.....	5	5	5
Refunds.....	-4	-5	-5

Table 14. BUDGET RECEIPTS BY SOURCE—Continued

(In millions of dollars)

Source	1983 actual	1984 estimate	1985 estimate
Total tobacco taxes.....	4,136	5,144	5,218
Manufacturers' excise taxes:			
Gasoline.....	49	69	69
Firearms, shells, and cartridges.....	63	84	89
Fishing rods, creels, etc.....	34	40	44
Pistols and revolvers.....	24	34	36
Bows and arrows.....	7	7	8
Gas guzzler tax.....	4	6	6
Windfall profit tax.....	12,999	9,846	8,262
Refunds.....	-92	-383	-62
Total manufacturers' excise taxes.....	13,088	9,703	8,452
Miscellaneous excise taxes:			
General and toll telephone and teletype service.....	1,343	1,973	2,201
Wagering taxes, including occupational taxes.....	12	14	14
Employee pension plans.....	9	10	10
Tax on foundations.....	118	102	103
Foreign insurance policies.....	-44	78	86
Other.....	4	1	1
Refunds.....	-193	-10	-14
Total miscellaneous excise taxes.....	1,249	2,168	2,401
Undistributed Federal tax deposits and unapplied collections.....	56	337	.....
Total Federal fund excise taxes.....	24,086	23,143	21,943
Trust funds:			
Highway:			
Gasoline.....	6,140	8,875	9,150
Trucks, buses, and trailers.....	338	721	1,057
Tires, innertubes, and tread rubber.....	616	310	200
Diesel fuel used on highways.....	958	1,412	1,515
Use-tax on certain vehicles.....	236	592	1,063
Truck parts and accessories.....	48	-14	*
Lubricating oils.....	28	3	*
Refunds.....	-68	-231	-222
Total highway trust fund.....	8,297	11,668	12,763
Airport and airway:			
Transportation of persons.....	1,889	2,222	2,480
Waybill tax.....	118	133	150
Tax on fuels.....	95	118	126
International departure tax.....	62	84	89
Tires and innertubes.....	1	*	*
Refunds.....	*	-1	-2
Total airport and airway trust fund.....	2,165	2,555	2,843
Black lung disability insurance trust fund.....	494	493	538
Inland waterway trust fund.....	29	39	46
Hazardous substances response trust fund.....	230	264	276
Post-closure liability trust fund.....	.....	32	34
Total trust fund excise taxes.....	11,214	15,052	16,500
Total excise taxes.....	35,300	38,195	38,443
Estate and gift taxes.....	6,053	5,922	5,645
Customs duties ⁴	8,655	9,064	9,370
Miscellaneous receipts: ⁵			
Miscellaneous taxes.....	86	91	93
Deposit of earnings, Federal Reserve System.....	14,492	14,352	14,799

Table 14. BUDGET RECEIPTS BY SOURCE—Continued

(In millions of dollars)

Source	1983 actual	1984 estimate	1985 estimate
Alternative fuels production.....	8		
Fees for permits and regulatory and judicial services:			
Immigration, passport, and consular fees.....	184	211	219
Patent and copyright fees.....	1		
Registration and filing fees.....	179	217	225
Coal mining reclamation fees.....	196	207	219
Miscellaneous fees for permits, licenses, etc.....	48	51	48
Miscellaneous fees for regulatory and judicial services.....	72	131	136
Fees for legal and judicial services.....	2		
Proposed legislation.....			13
Total fees for permits and regulatory and judicial services.....	681	817	860
Fines, penalties, and forfeitures.....	330	250	267
Proposed legislation.....		2,000	
Restitutions, reparations, and recoveries under military occupation.....	4	2	1
Gifts and contributions.....	26	34	32
Refunds and recoveries.....	-26	-15	-15
Total miscellaneous receipts.....	15,601	17,531	16,037
Total budget receipts.....	600,562	670,071	745,127
MEMORANDUM			
Federal funds.....	382,432	420,009	464,246
Trust funds.....	317,368	331,511	393,460
Interfund transactions.....	-99,238	-81,449	-112,578

* \$500 thousand or less.

¹ In 1985, rail pension fund.² Deposits by States are State payroll taxes that cover the benefit part of the program. Federal unemployment tax receipts cover administrative costs at both the Federal and State level. Railroad unemployment tax receipts cover both the benefits and administrative costs of the program for the railroads.³ Represents employer and employee contributions to the civil service retirement and disability fund for covered employees of Government-sponsored, privately owned enterprises and the District of Columbia municipal government.⁴ Includes both Federal and trust funds. Trust fund amounts in customs duties are: 1983, \$30 million; 1984, \$30 million; and 1985, \$30 million.⁵ Includes both Federal and trust funds. Trust fund amounts in miscellaneous receipts are: 1983, \$110 million; 1984, \$128 million; and 1985, \$143 million.

Note.—Estimates for 1984 and 1985 include effects of proposed legislation.

Table 15. OFFSETTING RECEIPTS BY TYPE

(In millions of dollars)

Type	1983 actual	1984 estimate	1985 estimate
INTRAGOVERNMENTAL TRANSACTIONS			
Intrabudgetary transactions:			
Federal intrafund transactions:			
Interest on Government capital in enterprises.....	7,027	5,345	5,925
Other.....	162	26	28
Total Federal intrafunds.....	7,189	5,371	5,953
Trust intrafund transactions:			
Railroad retirement/social security ¹	2,279	2,340	2,305
Other.....	1,507	1,969	1,986
Total trust intrafunds	3,785	4,309	4,291
Total intrafund transactions.....	10,974	9,679	10,243
Interfund transactions:			
Distributed by agency:			
Federal fund payments to trust funds:			
Contributions to insurance programs:			
Old-age, survivors, and disability insurance.....	21,130	4,481	3,711
Military retirement fund			8,949
Supplementary medical insurance.....	14,238	16,811	18,217
Hospital insurance.....	4,541	1,010	1,336
Railroad social security equivalent benefits.....			1,906
Railroad industry pension.....		2,551	984
Civilian supplementary retirement contributions.....	15,659	15,990	16,240
Unemployment insurance.....	11,933	4,104	1,645
Other.....	1,524	949	446
Miscellaneous contributions:			
State and local government fiscal assistance.....	4,567	4,567	4,567
Other.....	198	191	207
Subtotal.....	73,791	50,655	58,208
Trust fund payments to Federal funds:			
Repayment of loans or advances to trust funds.....	1,713	3,425	5,087
Charges for services to trust funds.....	155	133	135
Other.....	350	1,084	1,252
Subtotal.....	2,218	4,642	6,474
Total interfunds distributed by agency.....	76,008	55,296	64,682
Undistributed by agency:			
Employer share, employee retirement:			
Civil service retirement and disability insurance.....	3,380	3,455	4,083
Old-age, survivors, disability, and hospital insurance (contribution as employer) ²	2,709	3,261	3,752
Military retirement fund			17,426
Other Federal employees retirement.....	38	41	48
Total employer share, employee retirement.....	6,128	6,757	25,309

Table 15. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

Type	1983 actual	1984 estimate	1985 estimate
INTRAGOVERNMENTAL TRANSACTIONS—Continued			
Undistributed by agency—Continued			
Interest received by trust funds.....	17,102	19,396	22,587
Total interfund transactions.....	99,238	81,449	112,578
Total intrabudgetary transactions.....	110,212	91,129	122,822
Receipts from off-budget Federal entities:			
Distributed by agency:			
Interest on loans to Government-owned enterprises.....	14,184	15,319	18,346
Surplus income, Federal Financing Bank.....	163	184	207
Other.....	*	*	*
Total distributed by agency.....	14,347	15,503	18,553
Undistributed by agency:			
Employer share, employee retirement.....	1,995	2,087	2,563
Total receipts from off-budget Federal entities.....	16,342	17,590	21,116
Total intragovernmental transactions.....	126,554	108,719	143,938
PROPRIETARY RECEIPTS FROM THE PUBLIC			
Distributed by agency:			
Interest:			
Interest on loans, Foreign Assistance Act.....	362	289	289
Other interest on foreign loans and deferred foreign collections.....	614	602	681
Interest on deposits in tax and loan accounts.....	970	925	700
Other interest (domestic-civil) ³	546	909	1,091
Total interest.....	2,492	2,725	2,761
Dividends and other earnings.....	194		
Rents:			
Rent and bonuses from land leases, etc.....	94	80	99
Rent of land and other real property.....	—11	30	32
Rent of equipment and other personal property.....	29	33	35
Total rents.....	113	143	166
Royalties.....	870	1,063	1,164
Sale of products:			
Sale of timber and other natural land products.....	485	1,157	1,422
Sale of minerals and mineral products.....	1,209	1,287	1,281
Sale of power and other utilities.....	514	692	548
Sale of other products.....	7	*	*
Recovery of mint manufacturing expense.....	137	346	154
Total sale of products.....	2,352	3,482	3,404

Table 15. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

Type	1983 actual	1984 estimate	1985 estimate
PROPRIETARY RECEIPTS FROM THE PUBLIC—Continued			
Fees and other charges for services and special benefits:			
Medicare premiums and other charges (trust fund).....	4,253	4,960	6,015
Revenues for enrichment of uranium.....	1,697	2,105	.....
Nuclear waste disposal revenues.....	65	311	378
Veterans life insurance (trust funds).....	447	434	432
Tolls and other revenues, Panama Canal.....	398	414	444
Other ³	934	990	1,175
Total fees and other charges.....	7,794	9,213	8,444
Sale of Government property:			
Sale of land and other real property ³	33	208	222
Sale of equipment and other personal property:			
Sale from the stockpile of strategic and critical materials.....	-196	.....	.....
Military assistance program sales (trust fund).....	13,180	13,300	12,900
Sale of scrap and salvage material.....	75	78	82
Total sale of property.....	13,092	13,586	13,204
Realization upon loans and investments:			
Dollar repayments of loans, Agency for International Development.....	385	339	342
Foreign military credit sales.....	137	126	117
Dollar conversion of foreign currency.....	131	131	131
Repayment of loans to United Kingdom.....	82	84	88
Other.....	620	138	188
Total realization upon loans and investments.....	1,355	817	866
Recoveries and refunds ³.....	94	291	496
Miscellaneous receipt accounts ³.....	1,083	864	904
Total proprietary receipts from the public distributed by agency.....	29,438	32,184	31,407
Undistributed by agency:			
Other interest: Interest received from Outer Continental Shelf escrow account.....	.....	.....	419
Rents and royalties on the Outer Continental Shelf:			
Rents and bonuses.....	7,544	5,200	4,100
Royalties.....	2,948	3,500	3,300
Total proprietary receipts from the public undistributed by agency.....	10,491	8,700	7,819
Total proprietary receipts from the public ⁴.....	39,930	40,884	39,226
Total offsetting receipts.....	166,484	149,603	183,164

*\$500 thousand or less.

¹ Interchange receipts between the social security and railroad retirement funds place the social security funds in the same position they would have been if there were no separate railroad retirement system.² Includes provision for covered Federal civilian employees and military personnel.³ Includes both Federal funds and trust funds.⁴ Consists of:

	1983 actual	1984 estimate	1985 estimate
Federal funds.....	21,167	21,229	18,866
Trust funds.....	18,762	19,656	20,360

Table 16. OUTLAYS BY FUNCTION AND AGENCY

(In millions of dollars)

Function and department or other unit	1983 actual	1984 estimate	1985 estimate
050 NATIONAL DEFENSE			
051 Department of Defense—Military:			
Military personnel.....	45,523	48,040	67,324
Retired military personnel	15,945	16,505	20
Operation and maintenance.....	64,915	68,539	76,854
Procurement.....	53,624	64,450	77,576
Research, development, test, and evaluation.....	20,554	25,157	30,458
Military construction	3,524	4,072	4,908
Other ¹	1,316	4,764	4,760
Allowances.....			3,198
Deductions for offsetting receipts	-389	-526	-698
Total 051	205,012	231,000	264,400
053 Atomic energy defense activities:			
Department of Energy.....	5,171	6,002	7,133
054 Defense-related activities:			
Department of Defense—Civil			8,949
General Services Administration	-217	144	19
Other independent agencies:			
Central Intelligence Agency.....	91	86	99
Federal Emergency Management Agency.....	195	275	339
Intelligence Community Staff.....	14	16	22
Selective Service System.....	21	25	28
Deductions for offsetting receipts	196		-8,949
Total 054	301	546	507
Total national defense	210,484	237,548	272,040
150 INTERNATIONAL AFFAIRS			
151 Foreign economic and financial assistance:			
Funds appropriated to the President ¹	3,141	3,640	3,636
Department of Agriculture.....	992	1,052	1,319
Department of State.....	356	393	701
Department of Transportation (trust funds)	6	10	9
Deductions for offsetting receipts	-534	-495	-496
Total 151	3,960	4,601	5,170
152 International security assistance:			
Funds appropriated to the President	3,892	5,640	7,887
Department of State.....		2	4
Deductions for offsetting receipts	-137	-126	-117
Total 152	3,755	5,516	7,775
153 Conduct of foreign affairs:			
Funds appropriated to the President	37	40	34
Department of Justice.....	1	1	1
Department of State ¹	2,046	2,346	2,402
Other independent agencies:			
Arms Control and Disarmament Agency	16	18	24
International Trade Commission.....	19	22	28
Deductions for offsetting receipts	-351	-373	-285
Total 153	1,766	2,054	2,204

Table 16. OUTLAYS BY FUNCTION AND AGENCY—Continued

(In millions of dollars)

Function and department or other unit	1983 actual	1984 estimate	1985 estimate
154 Foreign information and exchange activities:			
Other independent agencies:			
Board for International Broadcasting.....	91	118	101
Japan-United States Friendship Commission (trust funds).....	2	2	2
United States Information Agency ¹	510	651	808
Deductions for offsetting receipts.....	-1	-1	-1
Total 154.....	602	770	911
155 International financial programs:			
Funds appropriated to the President ¹	12,113	12,442	13,004
Department of the Treasury.....	-518	-221	-218
Other independent agencies: Export-Import Bank of the United States.....	578	1,724	1,635
Deductions for offsetting receipts.....	-13,262	-13,384	-12,988
Total 155.....	-1,089	561	1,432
Total international affairs.....	8,995	13,502	17,492
250 GENERAL SCIENCE, SPACE, AND TECHNOLOGY			
251 General science and basic research:			
Department of Energy.....	589	621	684
Other independent agencies:			
National Science Foundation ¹	1,055	1,242	1,457
Smithsonian Institution (trust funds).....	*	*	*
Total 251.....	1,644	1,864	2,141
253 Space flight:			
National Aeronautics and Space Administration.....	4,053	4,091	3,884
254 Space, science, applications, and technology:			
National Aeronautics and Space Administration.....	1,486	1,590	1,899
255 Supporting space activities:			
National Aeronautics and Space Administration ¹	562	746	894
Total general science, space, and technology.....	7,745	8,291	8,818
270 ENERGY			
271 Energy supply:			
Funds appropriated to the President.....		*	
Department of Agriculture.....	27	31	2
Department of Energy ¹	4,947	5,532	3,267
Department of the Interior.....	18	46	1
Department of the Treasury.....	16	68	163
Environmental Protection Agency.....	59	33	36
Other independent agencies: Tennessee Valley Authority.....	709	555	380
Deductions for offsetting receipts.....	-3,354	-4,232	-2,243
Total 271.....	2,421	2,032	1,606
272 Energy conservation:			
Department of Energy.....	476	459	380
Department of Housing and Urban Development.....	*	30	30
Total 272.....	477	490	410

Table 16. OUTLAYS BY FUNCTION AND AGENCY—Continued

(In millions of dollars)

Function and department or other unit	1983 actual	1984 estimate	1985 estimate
274 Emergency energy preparedness:			
Department of Energy.....	215	203	357
276 Energy information, policy, and regulation:			
Department of Energy.....	510	539	304
Other independent agencies:			
Nuclear Regulatory Commission.....	515	450	464
Office of the Federal Inspector for the Alaska Natural Gas Transportation System.....	8	3	3
Nuclear Safety Oversight Committee.....	*		
Deductions for offsetting receipts.....	-146	-255	
Total 276.....	886	737	771
Total energy.....	3,999	3,463	3,144
300 NATURAL RESOURCES AND ENVIRONMENT			
301 Water resources:			
Department of Agriculture ¹	217	293	276
Department of Defense—Civil ¹	2,965	3,090	2,884
Department of the Interior ¹	834	975	1,020
Department of State.....	19	17	17
Other independent agencies:			
Delaware River Basin Commissions.....	*	*	*
Susquehanna River Basin Commission.....	*	*	*
Water Resources Council ¹	2	—*	
Deductions for offsetting receipts.....	-137	-169	-370
Total 301.....	3,901	4,207	3,830
302 Conservation and land management:			
Department of Agriculture ¹	2,399	2,469	2,331
Department of Commerce.....	50	17	18
Department of the Interior ¹	877	963	953
Department of State.....	8	9	9
Other independent agencies: Marine Mammal Commission.....	1	1	1
Deductions for offsetting receipts.....	-1,831	-2,597	-2,990
Total 302.....	1,503	862	323
303 Recreational resources:			
Department of Agriculture.....	37	49	29
Department of Defense—Civil.....	6	8	17
Department of the Interior ¹	1,465	1,625	1,543
Department of Transportation.....	—*		
Other independent agencies: Advisory Council on Historic Preservation ¹	2	2	1
Deductions for offsetting receipts.....	-55	-76	-87
Total 303.....	1,454	1,608	1,502
304 Pollution control and abatement:			
Department of Agriculture.....	6	9	17
Department of Transportation.....	4	9	9
Environmental Protection Agency ¹	4,294	3,974	4,240
Other independent agencies:			
Interstate Commission on the Potomac River Basin.....	*	*	
Other temporary commissions.....	*		
Deductions for offsetting receipts.....	-40	-55	-95

Table 16. OUTLAYS BY FUNCTION AND AGENCY—Continued

(In millions of dollars)

Function and department or other unit	1983 actual	1984 estimate	1985 estimate
Total 304	4,263	3,937	4,171
306 Other natural resources:			
Department of Commerce ¹	926	1,033	954
Department of the Interior ¹	635	667	603
Deductions for offsetting receipts	-13	-11	-37
Total 306	1,548	1,689	1,521
Total natural resources and environment	12,669	12,302	11,346
350 AGRICULTURE			
351 Farm income stabilization:			
Department of Agriculture ¹	20,630	8,927	12,599
Other independent agencies: Farm Credit Administration	-2	*	
Total 351	20,628	8,927	12,599
352 Agricultural research and services:			
Department of Agriculture ¹	1,692	1,853	1,817
Deductions for offsetting receipts	-114	-87	-97
Total 352	1,578	1,766	1,720
Total agriculture	22,206	10,693	14,319
370 COMMERCE AND HOUSING CREDIT			
371 Mortgage credit and thrift insurance:			
Department of Agriculture	1,830	2,085	1,842
Department of Housing and Urban Development	1,550	1,227	-260
Other independent agencies:			
Federal Deposit Insurance Corporation (trust funds)	-613	-1,424	-1,696
Federal Home Loan Bank Board	-453	-700	-1,025
National Credit Union Administration	-189	-125	-38
Total 371	2,125	1,063	-1,177
372 Postal Service:			
Other independent agencies: Postal Service	789	879	692
376 Other advancement of commerce:			
Legislative branch	56	102	62
Department of Commerce ¹	693	797	738
Department of Housing and Urban Development	-13	-8	-9
Department of the Treasury ¹	3	-2	-3
General Services Administration	*	1	*
Small Business Administration	909	764	567
Other independent agencies:			
Commodity Futures Trading Commission	23	26	26
Federal Communications Commission	82	90	93
Federal Trade Commission	65	66	67
Securities and Exchange Commission	90	93	104
United States Metric Board ¹	*	*	
Deductions for offsetting receipts	-400	-66	-32
Total 376	1,508	1,863	1,613
Total commerce and housing credit	4,422	3,805	1,127

Table 16. **OUTLAYS BY FUNCTION AND AGENCY—Continued**

(In millions of dollars)

Function and department or other unit	1983 actual	1984 estimate	1985 estimate
400 TRANSPORTATION			
401 Ground transportation:			
Department of Agriculture (trust funds)	*	*	
Department of the Interior (trust funds)	1	3	
Department of Transportation ¹	14,197	17,982	18,509
Other independent agencies:			
Washington Metropolitan Area Transit Authority	50	67	68
Interstate Commerce Commission	65	63	54
Other temporary commissions	1	1	
United States Railway Association	4	3	1
Deductions for offsetting receipts	-1	-1	-1
Total 401	14,316	18,116	18,631
402 Air transportation:			
Department of Transportation ¹	3,404	4,096	4,485
National Aeronautics and Space Administration	563	641	693
Other independent agencies: Civil Aeronautics Board	78	78	24
Deductions for offsetting receipts	-44	-48	-53
Total 402	4,000	4,768	5,149
403 Water transportation:			
Department of Transportation ¹	2,949	3,103	3,154
Other independent agencies:			
Federal Maritime Commission	12	11	12
Panama Canal Commission	446	411	442
Deductions for offsetting receipts	-438	-433	-466
Total 403	2,969	3,092	3,143
407 Other transportation:			
Department of Transportation	81	127	117
Other independent agencies:			
National Transportation Safety Board	19	21	20
Other temporary commissions	*		
Total 407	99	147	137
Total transportation	21,385	26,123	27,061
450 COMMUNITY AND REGIONAL DEVELOPMENT			
451 Community development:			
Department of Housing and Urban Development	4,244	4,633	4,740
Other independent agencies:			
Commission of Fine Arts	*	*	*
Federal Emergency Management Agency ¹	16	15	17
National Capital Planning Commission	2	2	3
Neighborhood Reinvestment Corporation	16	16	15
Pennsylvania Avenue Development Corporation ¹	15	16	14
Total 451	4,293	4,682	4,788
452 Area and regional development:			
Funds appropriated to the President	264	204	184
Department of Agriculture	1,039	1,134	1,181
Department of Commerce ¹	326	371	328
Department of Health and Human Services	-2	9	-1
Department of the Interior ¹	1,114	1,150	1,148

Table 16. OUTLAYS BY FUNCTION AND AGENCY—Continued

(In millions of dollars)

Function and department or other unit	1983 actual	1984 estimate	1985 estimate
Other independent agencies:			
Appalachian Regional Commission ¹	7	8	3
Tennessee Valley Authority	160	200	118
Deductions for offsetting receipts	-264	-307	-343
Total 452	2,644	2,769	2,618
453 Disaster relief and insurance:			
Funds appropriated to the President ¹	202	220	200
Department of Agriculture	10	13	
Department of Commerce	—*	*	
Small Business Administration	-430	-321	-213
Other independent agencies: Federal Emergency Management Agency	216	231	192
Total 453	-1	143	179
Total community and regional development	6,936	7,594	7,586
500 EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES			
501 Elementary, secondary, and vocational education:			
Department of Education ¹	6,028	6,706	6,882
Department of the Interior	266	253	262
Total 501	6,294	6,959	7,144
502 Higher education:			
Department of Education	7,259	7,796	7,254
Department of Housing and Urban Development	-4	1	-2
Other independent agencies:			
Harry S Truman Scholarship Foundation (trust funds)	2	2	2
National Commission on Student Financial Assistance ¹	1	*	
Deductions for offsetting receipts	-28	-34	-67
Total 502	7,231	7,766	7,188
503 Research and general education aids:			
Legislative branch ¹	162	181	186
Department of Commerce	23	24	17
Department of Education ¹	275	314	278
Other independent agencies:			
Corporation for Public Broadcasting	137	130	130
National Commission on Libraries and Information Science ¹	1	1	1
National Endowment for the Arts ¹	126	145	156
National Endowment for the Humanities ¹	134	145	136
Institute of Museum Services	9	20	21
Smithsonian Institution	194	219	243
Deductions for offsetting receipts	-5	-5	-5
Total 503	1,055	1,176	1,163
504 Training and employment:			
Department of Commerce	1	1	1
Department of Health and Human Services	289	273	57
Department of Labor ¹	5,005	4,811	4,852
Total 504	5,295	5,085	4,910

Table 16. **OUTLAYS BY FUNCTION AND AGENCY—Continued**

(In millions of dollars)

Function and department or other unit	1983 actual	1984 estimate	1985 estimate
505 Other labor services:			
Department of Labor.....	449	512	535
Other independent agencies:			
Committee for Purchase from the Blind and other Severely Handicapped.....	1	1	1
Federal Mediation and Conciliation Service.....	23	23	23
National Labor Relations Board.....	123	132	138
National Mediation Board.....	5	6	6
Total 505.....	599	673	703
506 Social services:			
Department of Education.....	965	1,229	1,111
Department of Health and Human Services.....	5,055	5,651	5,546
Department of Housing and Urban Development.....	3	3	4
General Services Administration.....	1	*	*
Other independent agencies:			
ACTION.....	126	130	124
Community Services Administration.....	-18	12	.....
Total 506.....	6,133	7,025	6,785
Total education, training, employment, and social services.....	26,606	28,683	27,893
550 HEALTH			
551 Health care services:			
Department of Health and Human Services ¹	22,017	23,338	25,211
Office of Personnel Management ¹	1,019	1,309	1,339
Other independent agencies: Other temporary commissions.....	1	*	.....
Total 551.....	23,037	24,647	26,550
552 Health research:			
Department of Health and Human Services.....	3,974	4,435	4,788
Department of Housing and Urban Development.....	-1	-1	-1
Total 552.....	3,973	4,434	4,787
553 Education and training of health care work force:			
Department of Health and Human Services.....	578	442	410
554 Consumer and occupational health and safety:			
Executive Office of the President.....	-*	*	.....
Department of Agriculture.....	323	338	356
Department of Health and Human Services.....	364	396	404
Department of Labor.....	351	368	368
Other independent agencies:			
Consumer Product Safety Commission.....	33	36	35
Federal Mine Safety and Health Review Commission.....	3	4	4
Occupational Safety and Health Review Commission.....	6	6	6
Deductions for offsetting receipts.....	-15	-5	-5
Total 554.....	1,066	1,143	1,168
Total health.....	28,655	30,665	32,916
570 SOCIAL SECURITY AND MEDICARE			
571 Social security:			
Department of Health and Human Services ¹	193,410	186,188	196,871

Table 16. OUTLAYS BY FUNCTION AND AGENCY—Continued

(In millions of dollars)

Function and department or other unit	1983 actual	1984 estimate	1985 estimate
Deductions for offsetting receipts	-22,687	-7,028	-6,233
Total 571	170,724	179,161	190,639
572 Medicare:			
Department of Health and Human Services ¹	75,647	83,997	95,411
Deductions for offsetting receipts	-23,059	-22,933	-25,728
Total 572	52,588	61,064	69,683
Total social security and medicare.....	223,311	240,225	260,321
600 INCOME SECURITY			
601 General retirement and disability insurance:			
Department of Health and Human Services.....	1,079	1,056	1,029
Department of Labor ¹	1,242	1,206	1,269
Department of the Treasury	1,133	525	.....
Other independent agencies:			
Railroad Retirement Board ¹	7,243	9,308	11,219
Other temporary commissions.....	*		
Deductions for offsetting receipts	-5,116	-6,600	-7,847
Total 601	5,581	5,496	5,670
602 Federal employee retirement and disability:			
Legislative branch (trust funds).....	*	*	*
The Judiciary (trust funds)	4	4	4
Department of Defense—Civil (trust funds)			17,326
Department of Labor	180	216	191
Department of State (trust funds)	199	209	212
Office of Personnel Management (trust funds)	20,216	21,174	22,321
Deductions for offsetting receipts	-35	-35	-36
Total 602	20,563	21,569	40,017
603 Unemployment compensation:			
Department of Labor ¹	43,843	27,718	25,070
Department of Transportation	51	95	32
Other independent agencies: Railroad Retirement Board	139	*	*
Deductions for offsetting receipts	-12,569	-7,086	-5,032
Total 603	31,464	20,727	20,069
604 Housing assistance:			
Department of Agriculture.....	35	45	179
Department of Housing and Urban Development	9,521	9,995	10,729
Total 604	9,556	10,041	10,908
605 Food and nutrition assistance:			
Department of Agriculture.....	17,873	17,561	17,090
Other independent agencies: Federal Emergency Management Agency	79	61	.....
Total 605	17,952	17,622	17,090
609 Other income security:			
Department of Health and Human Services.....	19,883	19,380	19,561
Department of State	*		
Department of the Treasury	1,213	1,123	1,044

Table 16. OUTLAYS BY FUNCTION AND AGENCY—Continued

(In millions of dollars)

Function and department or other unit	1983 actual	1984 estimate	1985 estimate
Total 609	21,096	20,503	20,605
Total income security	106,211	95,957	114,360
700 VETERANS BENEFITS AND SERVICES			
701 Income security for veterans:			
Veterans Administration ¹	14,699	15,047	15,490
Deductions for offsetting receipts	- 449	- 436	- 434
Total 701	14,250	14,611	15,056
702 Veterans education, training, and rehabilitation:			
Veterans Administration ¹	1,847	1,611	1,550
Deductions for offsetting receipts	- 222	- 201	- 226
Total 702	1,625	1,410	1,325
703 Hospital and medical care for veterans:			
Veterans Administration	8,272	8,972	9,597
704 Veterans housing:			
Department of Housing and Urban Development	- 19	- 20	- 22
Veterans Administration	100	107	24
Deductions for offsetting receipts	- 78	- 67	- 75
Total 704	3	19	- 72
705 Other veterans benefits and services:			
Department of Defense—Civil ¹	33	43	45
Department of the Treasury (trust funds)		*	*
Veterans Administration ¹	657	738	767
Other independent agencies: American Battle Monuments Commission ¹	10	10	11
Deductions for offsetting receipts	- 4	- 5	- 5
Total 705	696	787	817
Total veterans benefits and services	24,846	25,799	26,723
750 ADMINISTRATION OF JUSTICE			
751 Federal law enforcement activities:			
Department of Education	58	62	59
Department of Health and Human Services	18	19	18
Department of Housing and Urban Development	30	36	35
Department of Justice	1,666	2,028	2,179
Department of the Treasury	957	1,094	1,049
Other independent agencies:			
Administrative Conference of the United States	1	1	1
Architectural and Transportation Barriers Compliance Board	2	2	2
Commission on Civil Rights	12	12	13
Equal Employment Opportunity Commission	143	153	160
Other temporary commissions	*		
Total 751	2,887	3,407	3,515
752 Federal litigative and judicial activities:			
Legislative branch	13	16	22
The Judiciary	783	907	1,014
Department of Justice	597	715	791

Table 16. OUTLAYS BY FUNCTION AND AGENCY—Continued

(In millions of dollars)

Function and department or other unit	1983 actual	1984 estimate	1985 estimate
Other independent agencies:			
Legal Services Corporation.....	234	284	20
Other temporary commissions.....	*	*	
Total 752.....	1,627	1,921	1,847
753 Federal correctional activities:			
Department of Justice ¹	418	500	574
754 Criminal justice assistance:			
Department of Justice.....	167	193	203
Total administration of justice.....	5,099	6,021	6,140
800 GENERAL GOVERNMENT			
801 Legislative functions:			
Legislative branch ¹	1,196	1,345	1,447
802 Executive direction and management:			
Executive Office of the President.....	94	112	116
Funds appropriated to the President.....	*	1	1
General Services Administration.....	1	1	4
Total 802.....	96	114	121
803 Central fiscal operations:			
Department of the Treasury ¹	3,500	4,131	4,139
Deductions for offsetting receipts.....	-456	-664	-497
Total 803.....	3,045	3,467	3,642
804 General property and records management:			
General Services Administration ¹	269	604	476
Deductions for offsetting receipts.....	-69	-205	-238
Total 804.....	200	399	238
805 Central personnel management:			
Office of Personnel Management.....	15,383	15,735	16,069
Other independent agencies:			
Advisory Committee on Federal Pay.....	*	*	*
Federal Labor Relations Authority.....	15	17	17
Merit Systems Protection Board.....	26	24	25
Other temporary commissions.....		*	*
Deductions for offsetting receipts.....	-15,308	-15,622	-15,956
Total 805.....	115	155	155
806 Other general government:			
Legislative branch.....	20	32	35
The Judiciary.....		*	*
Department of the Interior ¹	217	231	184
Department of the Treasury ¹	575	379	386
Office of Personnel Management.....	*		
Other independent agencies:			
Federal Election Commission.....	9	11	10
Other historical and memorial agencies.....	*	*	*
Advisory Commission on Intergovernmental Relations ¹	2	2	2
Native Hawaiians Study Commission.....	*	*	
Other temporary commissions.....	10	15	21

Table 16. OUTLAYS BY FUNCTION AND AGENCY—Continued

(In millions of dollars)

Function and department or other unit	1983 actual	1984 estimate	1985 estimate
United States Holocaust Memorial Council ¹	1	2	2
Deductions for offsetting receipts	-65	-75	-75
Total 806	768	597	565
809 Deductions for offsetting receipts	-636	-424	-425
Total general government	4,784	5,652	5,744
850 GENERAL PURPOSE FISCAL ASSISTANCE			
851 General revenue sharing:			
Department of the Treasury ¹	9,187	9,141	9,141
Deductions for offsetting receipts	-4,567	-4,567	-4,567
Total 851	4,620	4,574	4,574
852 Other general purpose fiscal assistance:			
Department of Agriculture.....	144	204	284
Department of Defense—Civil	6	6	6
Department of Energy	1	*	1
Department of the Interior	748	948	845
Department of the Treasury	392	442	478
Other independent agencies: District of Columbia	722	601	503
Deductions for offsetting receipts	-179	-34	-34
Total 852	1,834	2,167	2,084
Total general purpose fiscal assistance.....	6,454	6,741	6,658
900 NET INTEREST			
901 Interest on the public debt:			
Department of the Treasury	128,813	149,500	164,700
Deductions for offsetting receipts	-194		
Total 901	128,619	149,500	164,700
902 Interest received by trust funds:			
Deductions for offsetting receipts	-17,102	-19,396	-22,587
908 Other interest:			
Department of the Treasury	1,967	1,531	1,498
General Services Administration	-*		
Deductions for offsetting receipts	-23,710	-23,397	-27,472
Total 908	-21,743	-21,865	-25,974
Total net interest.....	89,774	108,239	116,138
Allowances for:			
Civilian agency pay raises ²			430
Contingencies for other requirements.....			
Increased employing agency payments for employee retirement.....			509
Undistributed offsetting receipts:			
Employer share, employee retirement:			
Interfund transactions.....	-6,128	-6,757	-25,309
Receipts from off-budget Federal agencies	-1,995	-2,087	-2,563
Total employer share, employee retirement.....	-8,122	-8,844	-27,873

Table 16. OUTLAYS BY FUNCTION AND AGENCY—Continued

(In millions of dollars)

Function and department or other unit	1983 actual	1984 estimate	1985 estimate
Rents and royalties on the Outer Continental Shelf	-10,491	-8,700	-7,400
Total outlays	795,969	853,760	925,492
MEMORANDUM			
Federal funds	600,920	628,789	687,221
Trust funds	294,287	306,420	350,850
Interfund transactions	-99,238	-81,449	-112,578
ADDENDUM			
Outlays of off-budget Federal entities: ³			
050 NATIONAL DEFENSE			
051 Department of Defense—Military:			
Federal Financing Bank (Department of Defense—Military)	1	3	5
150 INTERNATIONAL AFFAIRS			
151 Foreign economic and financial assistance:			
Federal Financing Bank (Funds appropriated to the President)	-5	-6	-5
152 International security assistance:			
Federal Financing Bank (Funds appropriated to the President)	2,858	3,631	1,964
Total international affairs	2,852	3,625	1,958
250 GENERAL SCIENCE, SPACE, AND TECHNOLOGY			
255 Supporting space activities:			
Federal Financing Bank (National Aeronautics and Space Administration)	189	131	
270 ENERGY			
271 Energy supply:			
Department of Agriculture	-2		
Federal Financing Bank (Department of Agriculture) ⁴	3,001	3,968	3,644
Federal Financing Bank (Department of Energy)	554	436	270
Federal Financing Bank (Tennessee Valley Authority)	161	165	88
Total energy supply	3,714	4,569	4,003
274 Emergency energy preparedness:			
Department of Energy	1,641	2,157	1,668
Total energy	5,354	6,726	5,671
350 AGRICULTURE			
351 Farm income stabilization:			
Federal Financing Bank (Department of Agriculture)	695	1,539	237

Table 16. **OUTLAYS BY FUNCTION AND AGENCY—Continued**

(In millions of dollars)

Function and department or other unit	1983 actual	1984 estimate	1985 estimate
370 COMMERCE AND HOUSING CREDIT			
371 Mortgage credit and thrift insurance:			
Federal Financing Bank (Department of Agriculture)	1,755	2,182	1,853
372 Postal Service:			
Postal Service	322	1,209	2,801
376 Other advancement of commerce:			
Federal Financing Bank (Small Business Administration)	182	636	409
Total commerce and housing credit	2,259	4,027	5,063
400 TRANSPORTATION			
401 Ground transportation:			
Federal Financing Bank (Department of Transportation)	15	-890	-*
United States Railway Association	-67	-53	.....
Total ground transportation	-52	-943	-*
Total transportation	-52	-943	-*
450 COMMUNITY AND REGIONAL DEVELOPMENT			
451 Community development:			
Federal Financing Bank (Department of Housing and Urban Development)	60	134	47
452 Area and regional development:			
Department of Agriculture	59	154	152
Federal Financing Bank (Department of Agriculture)	505	646	530
Total area and regional development	564	800	681
Total community and regional development	624	934	728
550 HEALTH			
551 Health care services:			
Federal Financing Bank (Department of Health and Human Services)	-14	*	-7
600 INCOME SECURITY			
604 Housing assistance:			
Federal Financing Bank (Department of Housing and Urban Development)	443	160	1,169
800 GENERAL GOVERNMENT			
803 Central fiscal operations:			
Federal Financing Bank (Department of the Treasury) ⁵	9	3	.....
804 General property and records management:			
Federal Financing Bank (General Services Administration)	-3	-10	-11
806 Other general government:			
Federal Financing Bank (Department of the Interior)	-*	-*	-*

Table 16. OUTLAYS BY FUNCTION AND AGENCY—Continued

(In millions of dollars)

Function and department or other unit	1983 actual	1984 estimate	1985 estimate
Total general government.....	5	-7	-11
Outlays, off-budget Federal entities.....	12,357	16,196	14,814
Outlays including off-budget Federal entities.....	808,327	869,956	940,307

*\$500 thousand or less.

¹ Includes both Federal and trust funds.² Includes allowance for military pay raises for the Coast Guard.³ Negative amounts indicate that the offsetting collections credited to the respective subfunctions exceed the gross disbursements.⁴ Off-budget Federal entity (Rural Electrification and Telephone Revolving Fund).⁵ Miscellaneous outlays not attributed to any single program.

Table 17.—LEGISLATIVE PROPOSALS FOR MAJOR NEW AND EXPANDED PROGRAMS IN THE 1985 BUDGET, PROJECTIONS OF COSTS*

(In millions of dollars)

		Estimates						Explanation
		1984	1985	1986	1987	1988	1989	
Funds Appropriated to the President:								
Agency for International Development:								
Economic policy initiative for Africa	BA		75	100	100	100	125	This proposal would provide funds to support growth-oriented policy reforms in African countries. These funds would be in addition to funds available for Africa in AID's Functional Development Assistance program and Sahel Development program accounts.
	O		23	68	95	100	108	
International securities assistance:								
Assistance to Central America	BA	500	750	750	750	750	750	This proposal would provide multi-purpose military and economic assistance to Central American countries beset by numerous problems.
	O	300	800	675	750	750	750	
Defense:								
Incentive pay for nuclear-trained officers	BA		71	48	24			This proposal would authorize the Navy to change the contracted length of service and to resume lump sum payments instead of installment payments to officers who enter and remain in jobs requiring training and skills in nuclear propulsion.
	O		71	48	24			
Reenlistment bonuses	BA		125	94	62	31		This proposal would authorize the Army to resume lump sum bonus payments instead of installment payments to soldiers who reenlist.
	O		125	94	62	31		
Education:								
Science and math education	BA	50	50	50	50	50	50	This proposal would provide funds to States to train science and mathematics teachers.
	O	6	40	50	50	50	50	
Interior:								
Wetlands acquisition:								
Federal	BA		20	20	20	20	20	This proposal would provide funds for Federal acquisition of lands or waters for conservation of wetlands.
	O		10	15	20	20	20	
State (grants)	BA		8	8	8	8	8	This proposal would provide funds to States for wetlands conservation.
	O		1	3	4	8	8	
Justice:								
Criminal justice assistance	BA	67	67	67	67	67	67	This proposal provides training, technical assistance and financial aid to State and local criminal justice agencies.
	O	18	58	67	67	67	67	

State:							
Compact of Free Association.....	BA	295	143	145	146	148	This proposal would provide funds necessary to implement the proposed Compact of Free Association between the United States and the Federal States of Micronesia and the Marshall Islands.
	O	295	143	145	146	148	
Veterans Administration:							
Readjustment benefits	BA	133	167	140	116	97	This proposal would provide a 15% increase in educational assistance and special training allowances to GI bill trainees and disabled veterans receiving vocational rehabilitation assistance.
	O	133	167	140	116	97	
MEMORANDUM							
Proposed new financing of existing programs							
Energy:							
Low-income weatherization and energy grants to schools and hospitals	BA	238	238	238	238	238	The "Petroleum Overcharge Restitution Fund", established in the Department of Health and Human Services (HHS), will receive monies determined to be allocation violations under the Emergency Petroleum Act of 1973 in instances where the overcharged customers cannot be identified and repaid. Oil overcharge money deposited in this fund will be used to support the HHS Low-Income Home Energy Assistance program and the DOE Low-Income Weatherization program and energy grants to schools and hospitals.
	O	71	190	238	238	238	
Health and Human Services:							
Low-income home energy assistance	BA	1,875	1,875	1,875	1,875	1,875	
	O	1,688	1,875	1,875	1,875	1,875	

*This table is supplied to meet the requirements of section 221(a) of the Legislative Reorganization Act of 1970 (Public Law 91-510). The economic assumptions used to prepare these estimates are shown in Part 2, "Economic Assumptions and the Budget". These estimates do not reflect the effects of experience gained in operating the programs or reductions in the costs of other programs that might come about if the proposals were adopted. Since the assumptions upon which these estimates are based may change, they do not represent a commitment to specific funding levels in future years.

Table 18. NEW DIRECT LOAN OBLIGATIONS BY AGENCY

(In millions of dollars)

Department or other unit	1983 actual	1984 estimate	1985 estimate
ON-BUDGET AGENCIES			
Funds Appropriated to the President.....	2,491	2,573	6,451
FFB direct loans.....	3,932	4,401	
Agriculture ¹	22,715	16,475	14,029
FFB direct loans.....	3,442	3,360	1,325
Commerce.....	15	12	
Education.....	724	874	795
Energy.....	4	10	40
FFB direct loans.....	100		
Health and Human Services.....	15	26	6
Housing and Urban Development.....	2,914	2,769	2,401
FFB direct loans.....	61	225	
Interior.....	61	70	84
Labor.....	1	2	2
State.....	*	1	1
Transportation.....	387	1,126	70
FFB direct loans.....	15	20	
Environmental Protection Agency.....	42		
National Aeronautics and Space Administration: FFB direct loans.....	189	131	
Small Business Administration.....	1,050	1,189	975
FFB direct loans.....	430	575	515
Veterans Administration.....	1,190	766	534
Other independent agencies:			
District of Columbia.....	295	115	
Export-Import Bank.....	845	2,580	3,830
Federal Home Loan Bank Board.....	19	2	3
National Credit Union Administration.....	220	312	456
Tennessee Valley Authority.....	41	85	89
FFB direct loans.....	161	165	88
Total.....	41,358	37,862	31,694

* \$500 thousand or less.

¹ Includes Rural Electrification Administration (REA) off-budget activities as follows: 1983, \$1,272 million, 1984, \$1,285 million, 1985, \$760 million. Agriculture FFB direct loans reflect REA activity exclusively.

Note: Loans guaranteed by Federal agencies and disbursed by the Federal Financing Bank are identified.

Table 19. NEW GUARANTEED LOAN COMMITMENTS BY AGENCY

(In millions of dollars)

Department or other unit	1983 actual	1984 estimate	1985 estimate
Funds Appropriated to the President.....	232	250	300
Agriculture.....	4,842	4,472	3,219
Commerce.....	27	57	
Education.....	7,262	7,593	7,907
Energy.....	45		78
Health and Human Services.....	230	250	175
Housing and Urban Development.....	123,097	121,509	124,069
Interior.....	14	19	
Transportation.....	345	613	602
Small Business Administration.....	2,619	3,325	3,290
Veterans Administration.....	14,674	13,408	14,988
Other independent agencies:			
Export-Import Bank.....	8,524	10,000	10,000
National Credit Union Administration.....	34	28	10
Synthetic Fuels Corporation ¹		4,098	2,400
Subtotal, guaranteed loans (gross).....	161,945	165,621	167,039
Less:			
Secondary guaranteed loans.....	-64,225	-68,250	-68,250
Guaranteed loans held as direct loans by GNMA.....	-500		
Total.....	97,221	97,371	98,789

¹ The Synthetic Fuels Corporation is an off-budget Federal entity.

Note: Loans guaranteed by Federal agencies and disbursed by the Federal Financing Bank are excluded from these totals and included in Table 18.

Table 20. CONTROLLABILITY OF BUDGET OUTLAYS, 1975-85

(Dollars in billions)

	Actual										Estimate	
	1975	1976	TQ	1977	1978	1979	1980	1981	1982	1983	1984	1985
Relatively uncontrollable under present law:												
Open-ended programs and fixed costs:												
Payments for individuals: ¹												
Social security and railroad retirement	67.3	74.9	20.4	86.3	94.8	105.4	120.3	141.5	157.4	171.8	180.2	193.6
Federal employees' retirement and insurance.....	18.4	21.2	5.7	24.0	26.7	29.9	34.7	40.5	44.4	47.3	49.4	51.7
Unemployment assistance.....	12.8	18.6	3.8	14.3	10.8	9.8	16.9	18.2	22.2	29.7	19.1	18.5
Medical care.....	20.6	25.1	6.8	30.1	34.3	39.9	47.2	57.2	65.6	73.5	83.8	97.0
Assistance to students.....	4.7	5.7	.8	3.8	3.9	3.7	3.9	4.7	5.1	4.4	4.6	4.2
Food and nutrition assistance.....	1.6	1.9	.4	2.8	2.7	3.0	3.5	3.5	3.0	3.3	3.6	3.7
Public assistance and related programs.....	12.2	14.1	3.6	15.1	16.0	15.8	17.9	20.0	19.9	20.9	20.2	21.3
All other relatively uncontrollable payments for individuals.....	2.0	1.9	.5	2.0	2.0	2.7	3.0	3.0	2.9	2.9	3.0	3.0
Subtotal, payments for individuals	139.5	163.3	41.9	178.4	191.2	210.1	247.3	288.6	320.6	353.8	363.8	393.0
Net interest.....	23.2	26.7	6.9	29.9	35.4	42.6	52.5	68.7	85.0	89.8	108.2	116.1
General revenue sharing.....	6.1	6.2	1.6	6.8	6.8	6.8	6.8	5.1	4.6	4.6	4.6	4.6
Farm price supports (CCC).....	.6	.6	.7	3.5	5.5	3.7	2.9	4.1	11.6	18.9	6.7	10.9
Other open-ended programs and fixed costs	2.5	3.1	.8	1.9	3.3	1.3	6.4	3.9	-1.1	-2.2	-4.2	-7.4
Total, open-ended programs and fixed costs.....	171.9	199.9	51.9	220.5	242.3	264.7	316.0	370.4	420.6	464.8	479.0	517.3
(National defense)	(6.3)	(7.4)	(2.0)	(8.2)	(9.2)	(10.4)	(12.1)	(13.9)	(15.1)	(16.0)	(16.8)	(17.7)
(Civilian programs)	(165.6)	(192.6)	(50.0)	(212.4)	(233.1)	(254.3)	(303.9)	(356.6)	(405.5)	(448.8)	(462.2)	(499.6)
Outlays from prior-year contracts and obligations: ²												
National defense.....	22.3	17.9	7.7	18.5	28.2	30.9	36.5	41.4	56.9	68.3	83.1	97.4
Civilian programs	31.0	35.8	13.4	40.3	48.7	54.4	66.7	67.2	64.5	60.4	70.5	73.7
Total, outlays from prior-year contracts and obligations.....	53.3	53.7	21.1	58.8	76.9	85.3	103.2	108.6	121.5	128.7	153.6	171.2
Total, relatively uncontrollable outlays	225.2	253.6	73.0	279.3	319.2	350.0	419.2	479.0	542.1	593.6	632.6	688.4

Relatively controllable outlays:												
National defense	57.0	64.2	12.7	70.8	67.8	76.4	87.3	104.5	115.4	126.2	137.7	174.5
Civilian programs	46.0	50.9	9.6	55.0	66.4	69.9	76.0	80.1	77.9	84.3	92.3	90.5
(Administrative expenses of relatively uncontrollable payments for individuals) ¹	(3.2)	(3.9)	(0.9)	(4.2)	(4.6)	(4.8)	(5.2)	(6.0)	(6.6)	(7.2)	(7.7)	(8.0)
(Other)	(42.8)	(47.0)	(8.7)	(50.8)	(61.8)	(65.1)	(70.7)	(74.1)	(71.4)	(77.1)	(84.6)	(82.5)
Total, relatively controllable outlays ³	103.0	115.1	22.2	125.8	134.1	146.2	163.3	184.6	193.3	210.5	230.0	264.9
Undistributed employer share, employee retirement ⁴	-4.0	-4.2	-1.0	-4.5	-5.0	-5.3	-5.8	-6.4	-7.0	-8.1	-8.8	-27.9
Total budget outlays	324.2	364.5	94.2	400.5	448.4	491.0	576.7	657.2	728.4	796.0	853.8	925.5
MEMORANDUM—Percent of total outlays												
Relatively uncontrollable under present law:												
Open-ended programs and fixed costs:												
Payments for individuals	43.0%	44.8%	44.5%	44.5%	42.6%	42.8%	42.9%	43.9%	44.0%	44.4%	42.6%	42.5%
Other	10.0	10.1	10.6	10.5	11.4	11.1	11.9	12.4	13.7	14.0	13.5	13.4
Total open-ended programs and fixed costs	53.0	54.9	55.1	55.0	54.0	53.9	54.8	56.4	57.7	58.4	56.1	55.9
Outlays from prior-year contracts and obligations	16.4	14.7	22.4	14.7	17.1	17.4	17.9	16.5	16.7	16.2	18.0	18.5
Total relatively uncontrollable outlays	69.4	69.6	77.5	69.7	71.2	71.3	72.7	72.9	74.4	74.6	74.1	74.4
Relatively controllable outlays	31.8	31.6	23.6	31.4	29.9	29.8	28.3	28.1	26.5	26.4	26.9	28.6
Undistributed employer share, employee retirement ⁴	-1.2	-1.2	-1.0	-1.1	-1.1	-1.1	-1.0	-1.0	-1.0	-1.0	-1.0	-3.0
Total budget outlays	100.0											

¹ Administrative expenses of relatively uncontrollable payments for individuals that are controlled through appropriation limitations have been reclassified as relatively controllable outlays.

² Excluding prior year contracts and obligations for activities shown as "open-ended programs and fixed costs".

³ In addition to amounts provided under current law, includes the effect of proposed legislation as follows:

	<i>National defense</i>		<i>Civilian programs</i>		<i>Total</i>	
	<i>1984</i>	<i>1985</i>	<i>1984</i>	<i>1985</i>	<i>1984</i>	<i>1985</i>
For open-ended programs and fixed costs		-0.2	-0.4	-3.4	-0.6	-3.4
For other relatively controllable programs		0.2	0.2	2.9	0.2	3.1

⁴ Includes -\$0.7 billion in 1985 from proposed legislation.

Table 21. BUDGET RECEIPTS BY SOURCE, 1975-85

(In millions of dollars)

Source	Actual									Estimate	
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Individual income taxes.....	122,386	131,603	157,626	180,988	217,841	244,069	285,917	297,744	288,938	293,260	328,410
Corporation income taxes.....	40,621	41,409	54,892	59,952	65,677	64,600	61,137	49,207	37,022	66,606	76,540
Social insurance taxes and contributions (trust funds):											
Employment taxes and contributions:											
Old-age and survivors insurance.....	55,207	58,703	68,032	73,141	83,410	96,581	117,757	122,840	128,972	152,543	174,534
Disability insurance.....	7,250	7,686	8,786	12,250	14,584	16,639	12,418	20,626	18,348	15,907	16,710
Hospital insurance.....	11,252	11,987	13,474	16,668	19,874	23,217	30,340	34,301	35,641	40,040	45,486
Railroad retirement.....	1,489	1,525	1,908	1,822	2,190	2,312	2,457	2,917	2,805	3,202	3,660
Total employment taxes and contributions.....	75,199	79,901	92,199	103,881	120,058	138,748	162,973	180,686	185,766	211,692	240,390
Unemployment insurance.....	6,771	8,054	11,312	13,850	15,387	15,336	15,763	16,600	18,799	23,330	25,207
Other retirement contributions:											
Federal employees' retirement—employee contributions.....	2,513	2,760	2,915	3,174	3,428	3,660	3,908	4,140	4,351	4,392	4,993
Contributions for non-Federal employees.....	52	54	59	62	66	59	76	72	78	79	94
Total other retirement contributions.....	2,565	2,814	2,974	3,237	3,494	3,719	3,984	4,212	4,429	4,471	5,086
Total social insurance taxes and contributions.....	84,534	90,769	106,485	120,967	138,939	157,803	182,720	201,498	208,994	239,494	270,683
Excise taxes:											
Federal funds:											
Alcohol.....	5,238	5,318	5,295	5,492	5,531	5,601	5,606	5,382	5,557	5,791	5,872
Tobacco.....	2,312	2,484	2,393	2,444	2,492	2,443	2,581	2,537	4,136	5,144	5,218
Windfall profit tax.....						6,246	23,245	18,881	12,999	9,846	8,262
Other.....	1,850	2,810	1,960	2,118	1,785	1,273	2,696	1,868	1,394	2,362	2,591
Total Federal fund excise taxes.....	9,400	10,612	9,648	10,054	9,808	15,563	34,128	28,668	24,086	23,143	21,943

Trust funds:											
Highway.....	6,188	5,413	6,709	6,904	7,189	6,620	6,305	6,744	8,297	11,668	12,763
Airport and airway.....	962	938	1,191	1,326	1,526	1,874	21	133	2,165	2,555	2,843
Black lung disability insurance.....				92	222	272	237	491	494	493	538
Inland waterway.....							20	30	29	39	46
Hazardous substances response.....							128	244	230	264	276
Post-closure liability trust fund.....										32	34
Total trust fund excise taxes.....	7,151	6,351	7,900	8,323	8,937	8,766	6,711	7,642	11,214	15,052	16,500
Total excise taxes.....	16,551	16,963	17,548	18,376	18,745	24,329	40,839	36,311	35,300	38,195	38,443
Estate and gift taxes.....	4,611	5,216	7,327	5,285	5,411	6,389	6,787	7,991	6,053	5,922	5,645
Custom duties.....	3,676	4,074	5,150	6,573	7,439	7,174	8,083	8,854	8,655	9,064	9,370
Miscellaneous receipts:											
Deposit of earnings by Federal Reserve System.....	5,777	5,451	5,908	6,641	8,327	11,767	12,834	15,186	14,492	14,352	14,799
Other miscellaneous receipts.....	935	2,576	623	778	925	981	956	975	1,109	3,179	1,238
Total miscellaneous receipts ¹	6,712	8,027	6,531	7,419	9,251	12,748	13,790	16,161	15,601	17,531	16,037
Total budget receipts.....	279,090	298,060	355,559	399,561	463,302	517,112	599,272	617,766	600,562	670,071	745,127
MEMORANDUM											
Federal funds.....	187,505	201,099	241,312	270,490	316,366	350,856	401,422	409,253	382,432	420,009	464,246
Trust funds.....	116,683	131,750	150,560	165,568	186,988	210,930	239,413	268,407	317,368	331,511	393,460
Interfund transactions.....	-25,098	-34,789	-36,313	-36,498	-40,052	-44,674	-50,563	-59,894	-99,238	-81,449	-112,578

¹ Includes both Federal and trust funds.

Note: Excludes the transition quarter.

Table 22. BUDGET OUTLAYS BY FUNCTION, 1975-85 ¹

(In millions of dollars)

Function	Actual									Estimate	
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
050 National defense:											
051 Department of Defense—Military:											
Military personnel:											
Including accruals ²	(32,162)	(32,546)	(33,672)	(35,553)	(37,345)	(40,897)	(47,941)	(55,170)	(60,885)	(64,543)	67,324
Excluding accruals	24,968	25,064	25,715	27,075	28,407	30,842	36,409	42,341	45,523	48,040	.....
Retired military personnel: ³											
Consistent with accrual presentation .....	(.....)	(.....)	(.....)	(.....)	(.....)	(.....)	(.....)	(.....)	(.....)	(.....)	.....
Cash payments	6,242	7,296	8,216	9,171	10,279	11,920	13,729	14,938	15,945	16,505	20
Operation and maintenance	26,297	27,837	30,587	33,578	36,424	44,770	51,864	59,674	64,915	68,539	76,854
Procurement	16,042	15,964	18,178	19,976	25,404	29,021	35,191	43,271	53,624	64,450	77,576
Research and development	8,866	8,923	9,795	10,508	11,152	13,127	15,278	17,729	20,554	25,157	30,458
Military construction	1,462	2,019	1,914	1,932	2,080	2,450	2,458	2,922	3,524	4,072	4,908
Family housing	1,124	1,192	1,358	1,405	1,468	1,680	1,721	1,993	2,126	2,578	2,865
Other	-100	-402	-206	-602	-201	-969	-614	-18	-1,199	1,660	1,364
Allowances for pay raises ⁴											3,031
Subtotal, 051:											
Including accruals ²	(85,852)	(88,078)	(95,298)	(102,348)	(113,672)	(130,976)	(153,838)	(180,741)	(204,429)	(230,998)	264,400
Excluding accruals	84,900	87,891	95,557	103,042	115,013	132,840	156,035	182,850	205,012	231,000	.....
053 Atomic energy defense activities	1,506	1,565	1,936	2,070	2,541	2,878	3,398	4,309	5,171	6,002	7,133
054 Defense-related activities	-850	-23	7	76	129	142	277	258	301	546	507
Total national defense:											
Including accruals	(86,509)	(89,619)	(97,241)	(104,495)	(116,342)	(133,995)	(157,513)	(185,308)	(209,901)	(237,546)	272,040
Excluding accruals	85,556	89,433	97,500	105,189	117,683	135,860	159,710	187,417	210,484	237,548	.....

150 International affairs:											
151 Foreign economic and financial assistance.....	3,222	2,731	2,871	2,738	3,007	3,725	4,221	3,866	3,960	4,601	5,170
152 International security assistance.....	2,423	1,896	1,666	2,464	2,362	2,831	3,150	3,128	3,755	5,516	7,775
153 Conduct of foreign affairs.....	659	727	982	1,128	1,310	1,366	1,346	1,630	1,766	2,054	2,204
154 Foreign information and exchange activities.....	348	382	386	423	465	534	525	571	602	770	911
155 International financial programs..	421	4	-913	-642	-881	2,425	2,007	911	-1,089	561	1,432
Total international affairs.....	7,073	5,740	4,991	6,111	6,263	10,882	11,250	10,105	8,995	13,502	17,492
250 General science, space, and technology:											
251 General science and basic research.....	1,038	1,035	1,078	1,160	1,298	1,381	1,477	1,607	1,644	1,864	2,141
253 Space flight.....	1,661	2,000	2,252	2,260	2,217	2,594	3,053	3,543	4,053	4,091	3,884
254 Space, science, applications, and technology.....	958	980	1,006	972	1,153	1,346	1,384	1,457	1,486	1,590	1,899
255 Supporting space activities.....	334	358	343	354	383	405	444	473	562	746	894
Total general science, space, and technology.....	3,991	4,373	4,679	4,746	5,051	5,726	6,358	7,080	7,745	8,291	8,818
270 Energy:											
271 Energy supply.....	1,715	2,457	3,225	3,920	4,848	4,520	5,298	3,085	2,421	2,032	1,606
272 Energy conservation.....	48	51	143	221	252	568	729	518	477	490	410
274 Emergency energy preparedness..	33	65	123	897	1,021	342	3,280	191	215	203	357
276 Energy information, policy, and regulation.....	389	558	664	798	742	882	971	887	886	737	771
Total energy.....	2,185	3,131	4,154	5,837	6,863	6,312	10,277	4,681	3,999	3,463	3,144
300 Natural resources and environment:											
301 Water resources.....	2,606	2,740	3,208	3,428	3,850	4,220	4,129	3,945	3,901	4,207	3,830

Table 22. BUDGET OUTLAYS BY FUNCTION, 1975-85 ¹—Continued

(In millions of dollars)

Function	Actual									Estimate	
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
302 Conservation and land management.....	655	615	589	1,029	822	1,044	1,191	1,084	1,503	862	323
303 Recreational resources.....	803	868	985	1,408	1,487	1,677	1,597	1,435	1,454	1,608	1,502
304 Pollution control and abatement..	2,523	3,067	4,279	3,965	4,707	5,510	5,170	5,012	4,263	3,937	4,171
306 Other natural resources.....	757	891	966	1,151	1,266	1,405	1,478	1,519	1,548	1,689	1,521
Total natural resources and environment.....	7,343	8,181	10,027	10,980	12,133	13,856	13,565	12,995	12,669	12,302	11,346
350 Agriculture:											
351 Farm income stabilization.....	785	1,574	4,485	6,588	4,850	3,459	3,993	13,289	20,628	8,927	12,599
352 Agricultural research and services.....	876	921	1,052	1,129	1,340	1,398	1,540	1,599	1,578	1,766	1,720
Total agriculture.....	1,661	2,495	5,537	7,717	6,191	4,857	5,533	14,889	22,206	10,693	14,319
370 Commerce and housing credit:											
371 Mortgage credit and thrift insurance.....	2,791	1,209	-3,280	210	-677	3,696	651	1,216	2,125	1,063	-1,177
372 Postal Service.....	1,877	1,720	2,267	1,778	1,787	1,677	1,343	707	789	879	692
376 Other advancement of commerce.....	944	868	1,115	1,348	1,469	2,415	1,959	1,943	1,508	1,863	1,613
Total commerce and housing credit.....	5,612	3,796	102	3,337	2,579	7,788	3,953	3,867	4,422	3,805	1,127
400 Transportation:											
401 Ground transportation.....	6,499	9,300	10,037	10,355	12,051	15,077	17,090	14,266	14,316	18,116	18,631
402 Air transportation.....	2,387	2,531	2,786	3,243	3,355	3,723	3,814	3,526	4,000	4,768	5,149
403 Water transportation.....	1,430	1,542	1,741	1,787	1,969	2,229	2,381	2,687	2,969	3,092	3,143
407 Other transportation.....	74	65	76	61	93	104	110	90	99	147	137

Total transportation	10,390	13,438	14,640	15,445	17,468	21,132	23,395	20,570	21,385	26,123	27,061
450 Community and regional development:											
451 Community development.....	2,297	2,765	3,406	3,302	3,995	4,878	5,036	4,565	4,293	4,682	4,788
452 Area and regional development...	1,047	1,481	2,292	4,900	3,938	3,152	2,679	2,702	2,644	2,769	2,618
453 Disaster relief and insurance.....	398	522	649	2,871	1,611	2,043	1,680	-102	-1	143	179
Total community and regional development.....	3,741	4,767	6,348	11,072	9,544	10,072	9,395	7,166	6,936	7,594	7,586
500 Education, training, employment, and social services:											
501 Elementary, secondary, and vocational education.....	4,176	4,190	4,589	5,125	6,019	6,732	7,104	6,780	6,294	6,959	7,144
502 Higher education.....	2,050	2,663	3,104	3,486	4,528	5,694	6,792	6,506	7,231	7,766	7,188
503 Research and general education aids.....	954	782	934	1,082	1,234	1,357	1,169	1,041	1,055	1,176	1,163
504 Training and employment.....	4,063	6,288	6,877	10,784	10,833	10,345	9,241	5,464	5,295	5,085	4,910
505 Other labor services.....	259	301	374	410	488	551	587	589	599	673	703
506 Social services.....	4,380	4,526	5,122	5,588	6,592	6,116	6,531	5,950	6,133	7,025	6,785
Total education, training, employment, and social services.....	15,882	18,749	20,999	26,475	26,693	30,795	31,424	26,329	26,606	28,683	27,893
550 Health:											
551 Health care services.....	9,459	11,669	12,975	13,895	15,974	17,986	21,202	21,783	23,037	24,647	26,550
552 Health research.....	1,923	2,341	2,543	2,822	3,023	3,442	3,836	3,948	3,973	4,434	4,787
553 Education and training of health care work force.....	856	982	981	930	583	719	779	670	578	442	410
554 Consumer and occupational health and safety.....	632	686	747	838	896	1,001	1,042	1,034	1,066	1,143	1,168
Total health.....	12,870	15,677	17,246	18,485	20,477	23,148	26,858	27,435	28,655	30,665	32,916

Table 22. BUDGET OUTLAYS BY FUNCTION, 1975-85 ¹—Continued

(In millions of dollars)

Function	Actual									Estimate	
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
570 Social security and medicare:											
571 Social security.....	64,658	73,903	85,068	93,861	104,073	118,559	139,584	155,964	170,724	179,161	190,639
572 Medicare.....	12,874	15,834	19,345	22,768	26,495	32,089	39,149	46,567	52,588	61,064	69,683
Total social security and medicare.....	77,532	89,736	104,414	116,629	130,567	150,648	178,733	202,531	223,311	240,225	260,321
600 Income security:											
601 General retirement and disability insurance.....	4,689	3,248	3,558	3,365	4,373	5,072	5,439	5,571	5,581	5,496	5,670
602 Federal employee retirement and disability:											
Including military retirees ⁵	(13,222)	(15,469)	(17,719)	(19,836)	(22,658)	(26,594)	(31,277)	(34,325)	(36,508)	(38,074)	40,017
Excluding military retirees.....	6,980	8,174	9,503	10,665	12,379	14,675	17,548	19,388	20,563	21,569	.....
603 Unemployment compensation.....	13,459	19,452	15,258	11,764	10,741	18,023	19,656	23,728	31,464	20,727	20,069
604 Housing assistance.....	2,058	2,499	2,968	3,677	4,367	5,514	6,942	8,043	9,556	10,041	10,908
605 Food and nutrition assistance.....	6,643	7,959	8,527	8,926	10,787	14,016	16,205	15,581	17,952	17,622	17,090
609 Other income security.....	10,088	12,157	13,017	13,917	13,433	17,191	19,723	19,774	21,096	20,503	20,605
Total income security:											
Including military retirees ⁵	(50,160)	(60,784)	(61,047)	(61,485)	(66,359)	(86,411)	(99,243)	(107,022)	(122,156)	(112,462)	114,360
Excluding military retirees.....	43,918	53,488	52,830	52,314	56,080	74,491	85,514	92,084	106,211	95,957	.....
700 Veterans benefits and services:											
701 Income security for veterans.....	7,860	8,350	9,216	9,745	10,780	11,688	12,909	13,710	14,250	14,611	15,056
702 Veterans education, training, and rehabilitation.....	4,593	5,531	3,710	3,365	2,760	2,342	2,254	1,947	1,625	1,410	1,325
703 Hospital and medical care for veterans.....	3,665	4,046	4,708	5,254	5,611	6,515	6,965	7,517	8,272	8,972	9,597
704 Veterans housing.....	24	-72	-145	28	154	-23	201	102	3	19	-72

705	Other veterans benefits and services	458	578	549	585	627	665	662	682	696	787	817
	Total veterans benefits and services	16,599	18,433	18,038	18,978	19,931	21,185	22,991	23,958	24,846	25,799	26,723
750	Administration of justice:											
751	Federal law enforcement activities	1,349	1,498	1,673	1,831	1,992	2,237	2,437	2,529	2,887	3,407	3,515
752	Federal litigative and judicial activities	550	697	842	943	1,130	1,347	1,491	1,517	1,627	1,921	1,847
753	Federal correctional activities	200	208	240	307	337	342	361	364	418	500	574
754	Criminal justice assistance	853	921	847	729	710	656	473	294	167	193	203
	Total administration of justice	2,951	3,324	3,602	3,810	4,169	4,582	4,762	4,703	5,099	6,021	6,140
800	General government:											
801	Legislative functions	593	678	849	909	921	1,038	1,041	1,181	1,196	1,345	1,447
802	Executive direction and management	63	68	76	73	81	97	100	96	96	114	121
803	Central fiscal operations	1,716	1,778	1,761	2,082	2,284	2,465	2,537	2,606	3,045	3,467	3,642
804	General property and records management	384	61	108	176	210	287	187	230	200	399	238
805	Central personnel management	88	107	100	129	127	154	159	136	115	155	155
806	Other general government	424	393	390	448	524	560	746	504	768	597	565
809	Deductions for offsetting receipts	-355	-417	-343	-375	-291	-468	-363	-304	-636	-424	-425
	Total general government	2,913	2,668	2,941	3,442	3,855	4,133	4,405	4,448	4,784	5,652	5,744
850	General purpose fiscal assistance:											
851	General revenue sharing	6,130	6,240	6,762	6,830	6,854	6,835	5,140	4,575	4,620	4,574	4,574
852	Other general purpose fiscal assistance	1,057	994	2,737	2,772	1,518	1,749	1,716	1,818	1,834	2,167	2,084

Table 22. BUDGET OUTLAYS BY FUNCTION, 1975-85 ¹—Continued

(In millions of dollars)

Function	Actual									Estimate	
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Total general purpose fiscal assistance	7,187	7,235	9,499	9,601	8,372	8,584	6,856	6,393	6,454	6,741	6,658
900 Net interest:											
901 Interest on the public debt.....	32,665	37,063	41,900	48,695	59,837	74,781	95,503	117,190	128,619	149,500	164,700
902 Interest received by trust funds..	-7,667	-7,800	-8,131	-8,530	-9,950	-12,045	-13,810	-16,067	-17,102	-19,396	-22,587
908 Other interest.....	-1,753	-2,552	-3,890	-4,724	-7,272	-10,225	-12,959	-16,128	-21,743	-21,865	-25,974
Total net interest	23,245	26,711	29,878	35,441	42,615	52,511	68,734	84,995	89,774	108,239	116,138
Allowances:											
Civilian agency pay raises ⁶											430
Increased employing agency payments for employee retirement.....											509
Contingencies for:											
Relatively uncontrollable programs.....											
Other requirements.....											
Total allowances											938
950 Undistributed offsetting receipts:											
951 Employer share, employee retirement:											
Including accrual offset ⁷	(-11,174)	(-11,724)	(-12,505)	(-13,461)	(-14,209)	(-15,842)	(-17,903)	(-19,849)	(-23,484)	(-25,347)	-27,873
Excluding accrual offset.....	-3,980	-4,242	-4,548	-4,983	-5,271	-5,787	-6,371	-7,020	-8,122	-8,844	
953 Rents and royalties on the Outer Continental Shelf.....	-2,428	-2,662	-2,374	-2,259	-3,267	-4,101	-10,138	-6,250	-10,491	-8,700	-7,400

Total undistributed off-setting receipts:											
Including accrual offset ⁷	(-13,602)	(-14,386)	(-14,879)	(-15,720)	(-17,476)	(-19,942)	(-28,041)	(-26,099)	(-33,976)	(-34,047)	-35,273
Excluding accrual offset	-6,408	-6,904	-6,922	-7,242	-8,538	-9,887	-16,509	-13,270	-18,614	-17,544	.....
Total budget outlays	324,245	364,473	400,506	448,368	490,997	576,675	657,204	728,375	795,969	853,760	925,492
MEMORANDUM											
Federal Funds.....	240,081	269,921	295,756	331,991	362,396	419,220	475,171	526,113	600,920	628,789	687,221
Trust Funds.....	109,261	129,341	141,063	152,874	168,653	202,129	232,596	262,155	294,287	306,420	350,850
Interfund transactions	-25,098	-34,789	-36,313	-36,498	-40,052	-44,674	-50,563	-59,894	-99,238	-81,449	-112,578
OUTLAYS OF OFF-BUDGET FEDERAL ENTITIES ⁸											
050 National defense:											
051 Department of Defense—military.....									1	3	5
Total national defense.....									1	3	5
150 International affairs:											
151 Foreign economic and financial assistance.....	5		39	-4	-4	-4	-5	-5	-5	-6	-5
152 International security assistance.....	112	787	1,409	1,462	1,293	1,932	1,945	2,288	2,858	3,631	1,964
Total international affairs.....	117	787	1,448	1,458	1,289	1,928	1,940	2,283	2,852	3,625	1,958
250 General science, space, and technology:											
255 Supporting space activities.....			57	180	184	107	111	120	189	131	.....
Total general science, space, and technology.....			57	180	184	107	111	120	189	131	.....
270 Energy:											
271 Energy supply.....	731	1,072	1,616	2,155	2,317	3,843	4,889	5,162	3,714	4,569	4,003
272 Energy conservation.....						1	1	-2			
274 Emergency energy preparedness.....								3,687	1,641	2,157	1,668

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Table 22. BUDGET OUTLAYS BY FUNCTION, 1975-85 ¹—Continued

(in millions of dollars)

Function	Actual									Estimate	
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
<i>Total energy</i>	731	1,072	1,616	2,155	2,317	3,844	4,890	8,847	5,354	6,726	5,671
350 Agriculture:											
351 <i>Farm income stabilization</i>	1,375	675	1,250	3,640	5,045	3,982	5,790	1,055	695	1,539	237
<i>Total agriculture</i>	1,375	675	1,250	3,640	5,045	3,982	5,790	1,055	695	1,539	237
370 Commerce and housing credit:											
371 <i>Mortgage credit and thrift insurance</i>	3,175	2,550	3,105	3,360	2,930	1,906	4,045	2,800	1,755	2,182	1,853
372 <i>Postal Service</i>	1,112	1,085	-173	-496	-891	-431	89	-553	322	1,209	2,801
376 <i>Other advancement of commerce</i>	47	188	58	54	68	127	119	142	182	636	409
<i>Total commerce and housing credit</i>	4,335	3,823	2,990	2,917	2,107	1,601	4,253	2,389	2,259	4,027	5,063
400 Transportation:											
401 <i>Ground transportation</i>	528	302	189	76	64	197	-16	55	-52	-943	-*
<i>Total transportation</i>	528	302	189	76	64	197	-16	55	-52	-943	-*
450 Community and regional development:											
451 <i>Community development</i>	21	6	5	-4	5	29	34	43	60	134	47
452 <i>Area and regional development</i> ...	560	668	669	773	931	1,151	1,139	1,139	564	800	681
<i>Total community and regional development</i>	581	675	674	769	936	1,180	1,173	1,181	624	934	728

500 Education, training, employment, and social services:											
502 Higher education.....	140	160	105	235	530	1,070	1,955	700			
Total education, training, employment, and social services.....	140	160	105	235	530	1,070	1,955	700			
550 Health:											
551 Health care services.....	60	56	56	39	17	22	8	10	-14	*	-7
Total health.....	60	56	56	39	17	22	8	10	-14	*	-7
600 Income security:											
604 Housing assistance.....						119	810	696	443	160	1,169
Total income security.....						119	810	696	443	160	1,169
800 General government:											
803 Central fiscal operations.....	175	-268	114	-81	-110	148	79	-12	9	3	
804 General property and records management.....	45	24	67	128	90	40	13	8	-3	-10	-11
806 Other general government.....			58	-*	-*	9	*	*	-*	-*	-*
Total general government.....	221	-244	239	47	-21	197	92	-5	5	-7	-11
850 General purpose fiscal assistance:											
852 Other general fiscal assistance.....			75	-1,157							
Total general purpose fiscal assistance.....			75	-1,157							
Total outlays of off-budget Federal entities.....	8,088	7,307	8,700	10,359	12,467	14,245	21,005	17,331	12,357	16,196	14,814
Total outlays including off-budget Federal entities.....	332,332	371,779	409,206	458,726	503,464	590,920	678,209	745,706	808,327	869,956	940,307

Table 22. BUDGET OUTLAYS BY FUNCTION, 1975-85 ¹—Continued

(In millions of dollars)

*\$500 thousand or less.

¹ Beginning in 1985, the budget reflects establishment of a military retirement trust fund. Entries in parentheses show amounts for previous years on a comparable basis.

² Includes imputed charges for accruals for military retirement contributions for years prior to 1985.

³ Cash payments to retired military personnel are reflected in subfunction 602 in 1985. Entries shown that are consistent with accrual presentation also reflect this change for previous years.

⁴ Includes allowances for civilian and military pay raises for the Department of Defense.

⁵ Includes cash payments to retired military personnel.

⁶ Includes allowance for military pay raises for the Coast Guard.

⁷ Includes offsetting receipts equal to the imputed charges for accruals for military retirement contributions reflected in subfunction 051.

⁸ Off-budget Federal entities begin in 1973. Negative amounts indicate that the offsetting collections credited to the respective subfunctions exceed the gross disbursements.

Note.—Excludes the transition quarter

Table 23. FEDERAL TRANSACTIONS IN THE NATIONAL INCOME ACCOUNTS, 1974-85

(In billions of dollars)

Description	Actual										Estimate	
	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
RECEIPTS, NATIONAL INCOME BASIS												
Personal tax and nontax receipts.....	122.7	127.5	137.2	166.4	186.5	222.6	250.4	289.3	310.4	295.3	302.1	340.8
Corporate profits tax accruals.....	43.4	41.8	52.5	58.9	67.3	76.1	69.9	70.5	51.3	54.3	74.8	93.5
Indirect business tax and nontax accruals.....	21.4	22.2	24.3	24.5	27.2	29.1	35.5	53.6	50.3	50.7	56.6	55.4
Contributions for social insurance.....	84.2	91.9	101.0	116.2	133.3	153.1	170.0	196.9	215.7	230.4	257.8	289.5
Total receipts, national income basis.....	271.6	283.4	314.9	365.9	414.3	480.8	525.9	610.3	627.8	630.7	691.3	779.2
EXPENDITURES, NATIONAL INCOME BASIS												
Purchases of goods and services.....	104.5	117.9	125.1	139.8	150.4	164.1	189.3	218.5	251.0	274.7	292.6	340.0
Defense.....	(73.6)	(80.2)	(84.4)	(91.4)	(97.8)	(108.2)	(126.0)	(147.1)	(173.3)	(196.5)	(224.0)	(257.1)
Nondefense.....	(30.9)	(37.7)	(40.7)	(48.4)	(52.6)	(55.9)	(63.3)	(71.4)	(77.7)	(78.2)	(68.6)	(82.9)
Transfer payments.....	104.8	134.5	156.8	169.8	182.2	201.8	239.4	279.3	310.2	344.7	354.4	376.3
Domestic ("to persons").....	(101.8)	(131.4)	(153.8)	(166.6)	(178.7)	(197.8)	(234.6)	(273.5)	(304.1)	(338.5)	(347.0)	(367.8)
Foreign.....	(3.0)	(3.1)	(3.0)	(3.2)	(3.5)	(4.1)	(4.8)	(5.8)	(6.1)	(6.2)	(7.4)	(8.5)
Grants-in-aid to State and local governments.....	41.6	48.4	57.5	66.3	74.7	79.1	86.7	90.1	83.4	85.7	91.8	95.6
Net interest paid.....	19.6	21.7	25.2	28.4	33.5	40.6	50.7	67.7	82.2	90.6	108.6	117.1
Subsidies less current surplus of Government enterprises.....	7.6	6.0	6.2	6.9	9.7	9.9	10.4	12.5	13.2	20.3	28.1	18.8
Wage disbursements less accruals.....	.2	.4			*	*		-.1	*	.4	*	
Total expenditures, national income basis.....	278.2	328.8	370.7	411.2	450.4	495.6	576.5	668.1	740.0	816.4	875.5	947.8
Excess of receipts (+) or expenditures (-), national income basis.....	-6.6	-45.4	-55.8	-45.3	-36.1	-14.8	-50.7	-57.8	-112.2	-185.7	-184.2	-168.6

*\$50 million or less. Note.—Excludes the transition quarter.

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Table 24. FEDERAL FINANCES AND THE GROSS NATIONAL PRODUCT, 1966-87

(Dollar amounts in billions)

Fiscal year	Gross national product	Budget receipts		Outlays						Surplus or deficit (-)				Federal debt, end of year			
		Amount	Percent of GNP	Budget		Off-budget Federal entities		Total		Budget		Total (including off-budget) ¹		Total		Held by the public	
				Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP
1966.....	724.1	130.9	18.1	134.7	18.6			134.7	18.6	-3.8	.5	-3.8	.5	329.5	45.5	264.7	36.5
1967.....	777.3	148.9	19.2	157.6	20.3			157.6	20.3	-8.7	1.1	-8.7	1.1	341.3	43.9	267.5	34.5
1968.....	831.3	153.0	18.4	178.1	21.4			178.1	21.4	-25.2	3.0	-25.2	3.0	369.8	44.5	290.6	34.8
1969.....	910.6	186.9	20.5	183.6	20.2			183.6	20.2	3.2	.4	3.2	.4	367.1	40.3	279.5	30.7
1970.....	968.8	192.8	19.9	195.7	20.2			195.7	20.2	-2.8	.3	-2.8	.3	382.6	39.5	284.9	29.4
1971.....	1,031.5	187.1	18.1	210.2	20.4			210.2	20.4	-23.0	2.2	-23.0	2.2	409.5	39.7	304.3	29.5
1972.....	1,128.8	207.3	18.4	230.7	20.4			230.7	20.4	-23.4	2.1	-23.4	2.1	437.3	38.7	323.8	28.7
1973.....	1,252.0	230.8	18.4	245.6	19.6	.1	*	245.7	19.6	-14.8	1.2	-14.9	1.2	468.4	37.4	343.0	27.4
1974.....	1,379.4	263.2	19.1	267.9	19.4	1.4	.1	269.4	19.5	-4.7	.3	-6.1	.4	486.2	35.3	346.1	25.1
1975.....	1,479.9	279.1	18.9	324.2	21.9	8.1	.6	332.3	22.5	-45.2	3.1	-53.2	3.6	544.1	36.8	396.9	26.8
1976.....	1,640.1	298.1	18.2	364.5	22.2	7.3	.4	371.8	22.7	-66.4	4.0	-73.7	4.5	631.9	38.5	480.3	29.3
1977.....	1,862.8	355.6	19.1	400.5	21.5	8.7	.5	409.2	22.0	-44.9	2.4	-53.6	2.9	709.1	38.1	551.8	29.6
1978.....	2,091.3	399.6	19.1	448.4	21.4	10.4	.5	458.7	21.9	-48.8	2.3	-59.2	2.8	780.4	37.3	610.9	29.2
1979.....	2,357.7	463.3	19.7	491.0	20.8	12.5	.5	503.5	21.4	-27.7	1.2	-40.2	1.7	833.8	35.4	644.6	27.3
1980.....	2,575.8	517.1	20.1	576.7	22.4	14.2	.6	590.9	22.9	-59.6	2.3	-73.8	2.9	914.3	35.5	715.1	27.8
1981.....	2,882.0	599.3	20.8	657.2	22.8	21.0	.7	678.2	23.5	-57.9	2.0	-78.9	2.7	1,003.9	34.8	794.4	27.6
1982.....	3,057.3	617.8	20.2	728.4	23.8	17.3	.6	745.7	24.4	-110.7	3.6	-127.9	4.2	1,147.0	37.5	929.4	30.4
1983.....	3,228.8	600.6	18.6	796.0	24.7	12.4	.4	808.3	25.0	-195.4	6.1	-207.8	6.4	1,381.9	42.8	1,141.8	35.4
1984 estimate.....	3,558.7	670.1	18.8	853.8	24.0	16.2	.5	870.0	24.4	-183.7	5.2	-199.9	5.6	1,591.6	44.7	1,324.8	37.2
1985 estimate.....	3,890.1	745.1	19.2	925.5	23.8	14.8	.4	940.3	24.2	-180.4	4.6	-195.2	5.0	1,828.4	47.0	1,517.8	39.0
1986 estimate.....	4,231.3	814.9	19.3	992.1	23.4	8.8	.2	1,000.9	23.7	-177.1	4.2	-185.9	4.4	2,067.0	48.9	1,702.9	40.2
1987 estimate.....	4,589.3	887.8	19.3	1,068.3	23.3	7.2	.2	1,075.5	23.4	-180.5	3.9	-187.7	4.1	2,318.4	50.5	1,889.8	41.2

*0.05% or less.

¹ The off-budget deficits are equal to the off-budget outlays but with the opposite sign.

Table 25. COMPOSITION OF BUDGET OUTLAYS IN CURRENT AND CONSTANT (FISCAL YEAR 1972) PRICES: 1965-87

(In billions of dollars)

Fiscal year	Current prices							Constant (fiscal year 1972) prices						
	Total budget outlays	National defense	Nondefense				Total budget outlays	National defense	Nondefense					
			Total non-defense	Payments for individuals	Net interest	Other			Undistributed offsetting receipts	Total non-defense	Payments for individuals	Net interest	Other	Undistributed offsetting receipts
1965.....	118.4	50.6	67.8	33.7	8.6	31.4	-5.9	166.9	74.1	92.9	43.4	11.5	47.1	-9.0
1966.....	134.7	58.1	76.5	37.8	9.4	35.8	-6.5	183.0	81.3	101.7	47.6	12.2	51.4	-9.5
1967.....	157.6	71.4	86.2	44.9	10.3	38.3	-7.3	207.5	96.8	110.7	55.0	12.9	53.0	-10.3
1968.....	178.1	81.9	96.2	50.8	11.1	42.3	-8.0	224.6	105.7	118.8	60.3	13.5	55.8	-10.8
1969.....	183.6	82.5	101.1	57.8	12.7	38.6	-8.0	220.2	101.6	118.6	65.7	14.7	48.3	-10.1
1970.....	195.7	81.7	114.0	66.1	14.4	42.1	-8.6	220.2	94.0	126.2	71.8	15.8	48.8	-10.1
1971.....	210.2	78.9	131.3	82.1	14.8	44.4	-10.1	222.6	84.9	137.7	85.4	15.5	47.8	-11.0
1972.....	230.7	79.2	151.5	94.8	15.5	50.8	-9.6	230.7	79.2	151.5	94.8	15.5	50.8	-9.6
1973.....	245.6	76.7	169.0	106.6	17.3	58.4	-13.4	233.3	71.8	161.4	102.4	16.6	54.9	-12.5
1974.....	267.9	79.3	188.6	122.8	21.4	61.1	-16.7	236.7	69.6	167.2	109.1	19.1	53.8	-14.8
1975.....	324.2	86.5	237.7	156.8	23.2	71.3	-13.6	260.1	69.2	190.9	127.0	18.9	55.7	-10.7
1976.....	364.5	89.6	274.9	184.1	26.7	78.4	-14.4	274.2	67.0	207.3	140.6	20.3	57.0	-10.6
1977.....	400.5	97.2	303.3	200.8	29.9	87.5	-14.9	280.7	67.3	213.4	143.5	21.2	58.6	-10.0
1978.....	448.4	104.5	343.9	215.8	35.4	108.4	-15.7	293.8	67.2	226.6	145.0	23.6	68.0	-10.0
1979.....	491.0	116.3	374.7	237.9	42.6	111.6	-17.5	297.1	69.5	227.6	147.2	26.1	64.8	-10.5
1980.....	576.7	134.0	442.7	283.1	52.5	127.0	-19.9	316.6	71.3	245.3	159.2	29.6	67.6	-11.1
1981.....	657.2	157.5	499.7	330.4	68.7	128.6	-28.0	327.6	74.6	253.0	170.3	35.3	60.9	-13.5
1982.....	728.4	185.3	543.1	363.7	85.0	120.4	-26.1	339.1	80.0	259.0	176.2	40.7	54.1	-11.9
1983.....	796.0	209.9	586.1	402.5	89.8	127.8	-34.0	354.5	85.9	268.6	186.9	41.2	55.4	-15.0
1984 estimate.....	853.8	237.5	616.2	413.2	108.2	128.8	-34.0	364.4	93.9	270.4	183.9	47.7	53.3	-14.4
1985 estimate.....	925.5	272.0	653.5	440.6	116.1	132.0	-35.3	376.3	102.8	273.5	186.9	48.8	52.0	-14.2
1986 estimate.....	992.1	310.6	681.5	469.2	124.2	130.9	-42.9	384.1	111.2	272.9	190.3	49.9	49.2	-16.5
1987 estimate.....	1,068.3	348.6	719.7	500.7	130.9	134.0	-45.8	395.3	118.9	276.4	194.7	50.4	48.2	-16.9

Note: Beginning in 1985, the budget reflects establishment of a military retirement trust fund. Amounts for previous years are shown on a comparable basis.

Table 26. BUDGET RECEIPTS AND OUTLAYS, 1789-1989 (in millions of dollars)

Fiscal year	Budget receipts	Budget outlays	Budget surplus or deficit (-)	Fiscal year	Budget receipts	Budget outlays	Budget surplus or deficit (-)
1789-1849 ...	1,160	1,090	+ 70	1964.....	112,662	118,584	- 5,922
1850-1900 ...	14,462	15,453	- 991	1965.....	116,833	118,430	- 1,596
1901-1905 ...	2,797	2,678	+ 119	1966.....	130,856	134,652	- 3,796
1906-1910 ...	3,143	3,196	- 52	1967.....	148,906	157,608	- 8,702
1911-1915 ...	3,517	3,568	- 49	1968.....	152,973	178,134	- 25,161
1916-1920 ...	17,286	40,195	- 22,909	1969.....	186,882	183,645	+ 3,236
1921.....	5,571	5,062	+ 509	1970.....	192,807	195,652	- 2,845
1922.....	4,026	3,289	+ 736	1971.....	187,139	210,172	- 23,033
1923.....	3,853	3,140	+ 713	1972.....	207,309	230,681	- 23,373
1924.....	3,871	2,908	+ 963	1973.....	230,799	245,647	- 14,849
1925.....	3,641	2,924	+ 717	1974.....	263,224	267,912	- 4,688
1926.....	3,795	2,930	+ 865	1975.....	279,090	324,245	- 45,154
1927.....	4,013	2,857	+ 1,155	1976.....	298,060	364,473	- 66,413
1928.....	3,900	2,961	+ 939	TQ.....	81,232	94,188	- 12,956
1929.....	3,862	3,127	+ 734	1977.....	355,559	400,506	- 44,948
1930.....	4,058	3,320	+ 738	1978.....	399,561	448,368	- 48,807
1931.....	3,116	3,577	- 462	1979.....	463,302	490,997	- 27,694
1932.....	1,924	4,659	- 2,735	1980.....	517,112	576,675	- 59,563
1933.....	1,997	4,598	- 2,602	1981.....	599,272	657,204	- 57,932
1934.....	3,015	6,645	- 3,630	1982.....	617,766	728,375	- 110,609
1935.....	3,706	6,497	- 2,791	1983.....	600,562	795,969	- 195,407
1936.....	3,997	8,422	- 4,425	1984 est.....	670,071	853,760	- 183,689
1937.....	4,956	7,733	- 2,777	1985 est.....	745,127	925,492	- 180,365
1938.....	5,588	6,765	- 1,177	1986 est.....	814,940	992,072	- 177,132
1939.....	4,979	8,841	- 3,862	1987 est.....	887,829	1,068,293	- 180,464
1940.....	6,361	9,456	- 3,095	1988 est.....	978,303	1,130,335	- 152,032
1941.....	8,621	13,634	- 5,013	1989 est.....	1,060,304	1,183,698	- 123,394
1942.....	14,350	35,114	- 20,764	<i>Totals, including outlays of off-budget Federal entities</i>			
1943.....	23,649	78,533	- 54,884	Fiscal year	Outlays of off-budget Federal entities	Total outlays	Total surplus or deficit (-)
1944.....	44,276	91,280	- 47,004	1973.....	60	245,707	- 14,908
1945.....	45,216	92,690	- 47,474	1974.....	1,447	269,359	- 6,135
1946.....	39,327	55,183	- 15,856	1975.....	8,088	332,332	- 53,242
1947.....	38,394	34,532	+ 3,862	1976.....	7,307	371,779	- 73,719
1948.....	41,774	29,773	+ 12,001	TQ.....	1,785	95,973	- 14,741
1949.....	39,437	38,834	+ 603	1977.....	8,700	409,206	- 53,647
1950.....	39,485	42,597	- 3,112	1978.....	10,359	458,726	- 59,166
1951.....	51,646	45,546	+ 6,100	1979.....	12,467	503,464	- 40,162
1952.....	66,204	67,721	- 1,517	1980.....	14,245	590,920	- 73,808
1953.....	69,574	76,107	- 6,533	1981.....	21,005	678,209	- 78,936
1954.....	69,719	70,890	- 1,170	1982.....	17,331	745,706	- 127,940
1955.....	65,469	68,509	- 3,041	1983.....	12,357	808,327	- 207,764
1956.....	74,547	70,460	+ 4,087	1984 est.....	16,196	869,956	- 199,884
1957.....	79,990	76,741	+ 3,249	1985 est.....	14,814	940,307	- 195,179
1958.....	79,636	82,575	- 2,939	1986 est.....	8,789	1,000,861	- 185,922
1959.....	79,249	92,104	- 12,855	1987 est.....	7,221	1,075,513	- 187,685
1960.....	92,492	92,223	+ 269	1988 est.....	7,631	1,137,967	- 159,664
1961.....	94,389	97,795	- 3,406	1989 est.....	4,767	1,188,465	- 128,161
1962.....	99,676	106,813	- 7,137				
1963.....	106,560	111,311	- 4,751				

Data for 1789-1939 are for the administrative budget; data for 1940 and all following years are for the unified budget.

In calendar year 1976, the Federal fiscal year was converted from a July 1-June 30 basis to an Oct. 1-Sept. 30 basis. The TQ refers to the transition quarter from July 1 to Sept. 30, 1976.

Off-budget Federal entity outlays begin in 1973.

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