

# BUDGET OF THE UNITED STATES GOVERNMENT



Fiscal Year 1994



## THE BUDGET MESSAGE OF THE PRESIDENT

*To the Speaker of the House of Representatives and the President of the Senate:*

I have the honor to transmit to you the *Budget of the United States Government for Fiscal Year 1994*.

In my February 17th address to the Congress, and in the report, *A Vision of Change for America*, that followed the address, I outlined the basic elements of the plan that forms the basis of this budget. The plan has three key elements: economic stimulus to create jobs now and lay the foundation for long-term economic growth; long-term public investments to increase the productivity of American workers and businesses; and fair, balanced, and equitable deficit reduction measures to stop government deficits from preempting the private investments needed to create jobs and raise living standards.

The plan flows from the demand of the American people for change and my vision of what America can be if we embark upon an economic strategy of investing in people and putting people first. Achieving this change will not be easy, but the cost of not changing is far greater. To ensure that our children's generation is not the first generation of Americans to do worse in life than their parents, we must restore the American dream.

This budget extends the elements of the plan into each department and agency of the Federal Government and proposes appropriations language and other required information for the Congress to place the plan fully into effect. Enactment of the proposals in this budget will bring the vision that underlies my plan—a vision of a brighter, more prosperous future for America—a step closer to reality.

Although powerful special interests that profit from the status quo may oppose the plan, the American people have demanded change, and it is our responsibility as their elected servants to answer their call and take the action they demand.

I am gratified by and grateful for the support this program has received in the Congress thus far. However, much remains to be done. Therefore, I ask for your continued support and help. Together, we can get the American economy moving again, bring Federal finances back to a sound footing, and restore hope in the hearts of the American people.

WILLIAM J. CLINTON

April 8, 1993



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#### GENERAL NOTES

1. The 1994 Budget of the United States Government consists of *A Vision of Change For America*, dated February 17, 1993; the items contained in this document; and the information in "Tax Expenditures" and "Federal Physical Capital Spending," published on January 6, 1993.
2. All years referred to are fiscal years, unless otherwise noted.
3. Detail in this document may not add to the totals due to rounding.
4. A separate document containing the "Historical Tables" was published on January 6, 1993.
5. The budget estimates presented in this document are based on the technical assumptions made during the period when the budget was prepared. Consequently, some estimates may have been revised from those presented in *A Vision of Change For America*.

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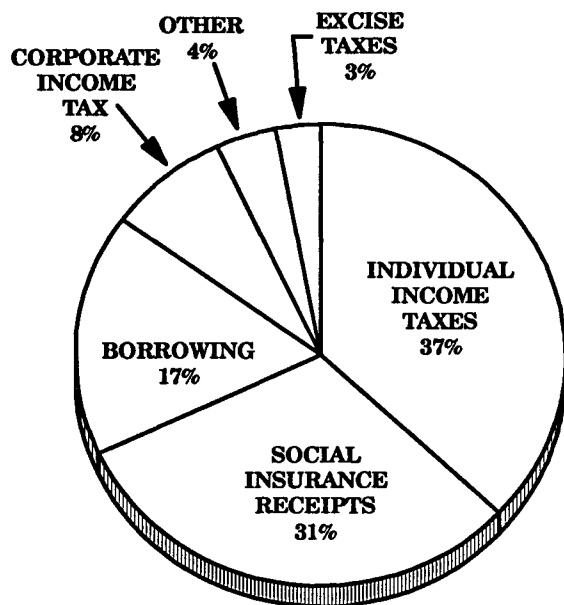


# THE FEDERAL GOVERNMENT DOLLAR

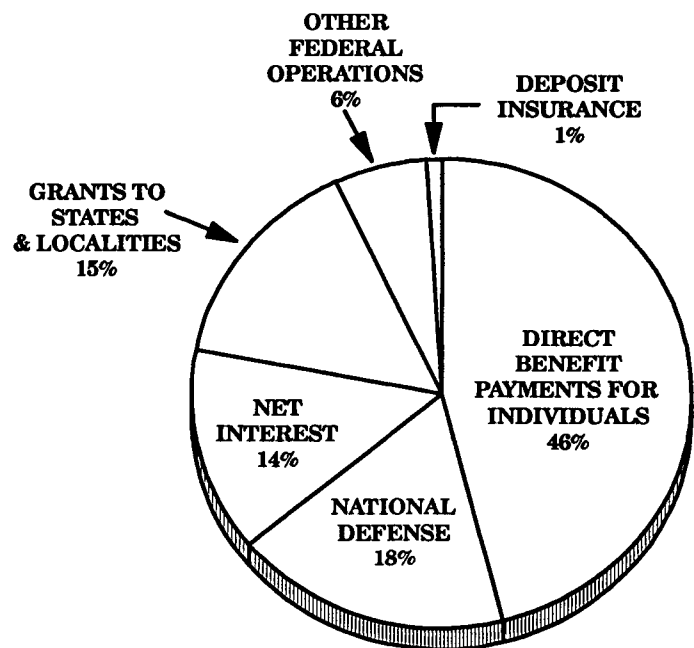
## FISCAL YEAR 1994

### ESTIMATE

#### WHERE IT COMES FROM...



#### WHERE IT GOES...



## BUDGET TOTALS

## BUDGET TOTALS REFLECTING THE PRESIDENT'S PROPOSALS

In billions of dollars

|   | 1992    | 1993    | 1994    | 1995    | 1996    | 1997    | 1998    |
|---|---------|---------|---------|---------|---------|---------|---------|
| Receipts .....                                    | 1,090.5 | 1,145.7 | 1,251.3 | 1,327.7 | 1,412.9 | 1,476.1 | 1,530.5 |
| Outlays .....                                     | 1,380.9 | 1,467.6 | 1,515.3 | 1,574.4 | 1,624.6 | 1,690.1 | 1,781.0 |
| Deficit, assuming baseline economics .....        | -290.4  | -322.0  | -264.1  | -246.7  | -211.7  | -214.0  | -250.4  |
| Deficit, assuming Administration economics .....  | -290.4  | -316.7  | -254.7  | -230.3  | -187.8  | -181.0  | -202.2  |
| <b>ADDENDUM (assuming baseline economics):</b>    |         |         |         |         |         |         |         |
| On-Budget Deficit .....                           | -340.5  | -366.5  | -322.8  | -311.5  | -287.8  | -296.6  | -340.6  |
| Off-Budget Surplus .....                          | 50.1    | 44.5    | 58.7    | 64.8    | 76.1    | 82.6    | 90.1    |
| Unified Deficit, except for Social Security ..... | -341.1  | -368.1  | -324.3  | -312.8  | -287.1  | -295.4  | -339.2  |
| Federal Funds Deficit .....                       | -386.4  | -414.2  | -367.4  | -358.8  | -331.1  | -337.2  | -374.3  |
| Trust Funds Surplus .....                         | 96.0    | 92.3    | 103.4   | 112.1   | 119.3   | 123.2   | 123.9   |

## BUDGET TOTALS REFLECTING THE PRESIDENT'S PROPOSALS

As a percent of GDP

|   | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 |
|---|------|------|------|------|------|------|------|
| Receipts .....                                    | 18.6 | 18.6 | 19.2 | 19.4 | 19.6 | 19.6 | 19.4 |
| Outlays .....                                     | 23.5 | 23.8 | 23.3 | 23.0 | 22.6 | 22.4 | 22.6 |
| Deficit, assuming baseline economics .....        | -4.9 | -5.2 | -4.1 | -3.6 | -2.9 | -2.8 | -3.2 |
| Deficit, assuming Administration economics .....  | -4.9 | -5.1 | -3.9 | -3.3 | -2.5 | -2.3 | -2.5 |
| <b>ADDENDUM (assuming baseline economics):</b>    |      |      |      |      |      |      |      |
| On-Budget Deficit .....                           | -5.8 | -5.9 | -5.0 | -4.5 | -4.0 | -3.9 | -4.3 |
| Off-Budget Surplus .....                          | 0.9  | 0.7  | 0.9  | 0.9  | 1.1  | 1.1  | 1.1  |
| Unified Deficit, except for Social Security ..... | -5.8 | -6.0 | -5.0 | -4.6 | -4.0 | -3.9 | -4.3 |
| Federal Funds Deficit .....                       | -6.6 | -6.7 | -5.6 | -5.2 | -4.6 | -4.5 | -4.8 |
| Trust Funds Surplus .....                         | 1.6  | 1.5  | 1.6  | 1.6  | 1.7  | 1.6  | 1.6  |

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## Summary Information

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## ECONOMIC PROJECTIONS

### Introduction

The economy experienced a recession during the latter half of 1990 and the first quarter of 1991. The recovery from that recession has been anemic by past cyclical standards, even with the spurt in the rate of growth in the second half of 1992. The result has been an abnormally weak labor market. Even after its 0.7 percentage point decline in recent months, the unemployment rate remains higher than it was at the end of the recession. Inflation has remained mild, and interest rates have declined to their lowest levels in many years. The slow recovery reflects several structural adjustments: the massive layoffs in key American industries as firms seek to become leaner and more competitive; the downsizing of the defense sector to meet the new realities of the post-Cold War world; the weakness of financial institutions, and the failures of shaky business ventures to which they had made loans; and the spending reductions and tax increases imposed by governments at all levels.

The recovery remains fragile. The Clinton Administration has proposed a comprehensive plan to promote sustained economic growth and put the Nation's fiscal house in order. It calls for short-term stimulus to ensure that the recovery is strong and durable; investments in people, infrastructure and technology to expand America's capacity to produce and increase employment opportunity; and deficit reduction to free funds for productive private investments at reduced interest rates.

### Economic Assumptions

Past budgets have used overly optimistic economic assumptions. To avoid any appearance of a "rosy scenario" that would sidestep hard fiscal choices, the Administration has based this budget on a highly cautious set of economic assumptions, identical to those developed by the Congressional Budget Office. This affords a prudent basis for estimating the current budget baseline and the effects of the Administration's budget proposals.

Under these assumptions, real GDP grows 2.8 percent between the fourth quarter of 1992 and the fourth quarter of 1993, following 2.7 percent growth in 1992. (Growth in 1992 has been reestimated at 3.2 percent since the CBO assumptions were released.) Real growth is projected at 3.0 percent in 1994, and slows progressively thereafter, to only 1.8 percent in 1998. The unemployment rate falls from 7.3 percent in the fourth quarter of 1992 to 5.7 percent by the fourth quarter of 1997, and remains at that level during 1998.

Inflation, as measured by the GDP deflator, is 2.5 percent in 1993 (fourth-quarter-to-fourth-quarter), slow-

ing slightly to 2.2 percent in 1996 and subsequent years. Long-term interest rates edge down from their fourth quarter 1992 levels, while short-term rates rise moderately from their current exceptionally low levels. The first table below displays these assumptions in greater detail.

### Administration Forecast

The consensus of economists is somewhat more optimistic about the future course of the economy than the cautious assumptions described above. Part of the difference may be due to the positive reaction to the President's economic program. To give some sense of the budgetary outcomes that would result from such an economic performance, alternative calculations have been based upon the Administration forecast, which is very close to the mainstream of economic forecasters and more optimistic than the baseline projections described above. This forecast assumes that the economy will recover somewhat more quickly, and that its sustainable growth rate in the long run will be higher than the 2 percent average projected above. This higher growth reflects greater optimism about productivity, which in part follows from the Administration's deficit reduction plan.

Under this alternative forecast, real growth is expected to be somewhat stronger in 1993 (3.1 percent, fourth-quarter-to-fourth-quarter, rather than 2.8 percent) and 1994 (3.3 percent rather than 3.0 percent), and to remain at or above 2.5 percent annually through 1998, rather than declining to only 1.8 percent. The unemployment rate is projected to decline slightly more by 1998, to 5.5 percent rather than only to 5.7 percent. Inflation, as measured by the GDP deflator, is projected to be somewhat higher—3.0 percent a year, for 1996–98, rather than 2.2 percent a year—while interest rate projections are broadly similar.

The next two tables compare the Administration's alternative projections with the baseline forecast, and show the outlay and receipt changes from the deficits under the baseline forecast that are attributable to the alternative assumptions.

### Omnibus Trade and Competitiveness Act of 1988

As required by this Act, the fourth table shows estimates for economic variables related to saving, investment, and foreign trade consistent with the baseline assumptions. Between fiscal years 1992 and 1994, the merchandise trade and current account balances are expected to deteriorate moderately as a result of faster growth in the United States than among our major trading partners. Net domestic saving and investment

**BASELINE ECONOMIC ASSUMPTIONS <sup>1</sup>**

(Calendar years; dollar amounts in billions)

|  | Actual<br>1991 | Projections |       |       |       |       |       |       |
|--|----------------|-------------|-------|-------|-------|-------|-------|-------|
|  |                | 1992        | 1993  | 1994  | 1995  | 1996  | 1997  | 1998  |
| <b>Gross Domestic Product (GDP):</b>                       |                |             |       |       |       |       |       |       |
| Levels, dollar amounts in billions:                        |                |             |       |       |       |       |       |       |
| Current dollars .....                                      | 5,678          | 5,943       | 6,254 | 6,594 | 6,942 | 7,288 | 7,626 | 7,952 |
| Constant (1987) dollars .....                              | 4,821          | 4,918       | 5,054 | 5,204 | 5,354 | 5,497 | 5,628 | 5,740 |
| Implicit price deflator (1987 = 100), annual average ..... | 117.8          | 120.8       | 123.8 | 126.7 | 129.7 | 132.6 | 135.5 | 138.5 |
| Percent change, fourth quarter over fourth quarter:        |                |             |       |       |       |       |       |       |
| Current dollars .....                                      | 3.5            | 5.1         | 5.4   | 5.4   | 5.2   | 4.9   | 4.5   | 4.1   |
| Constant (1987) dollars .....                              | 0.1            | 2.7         | 2.8   | 3.0   | 2.8   | 2.6   | 2.2   | 1.8   |
| Implicit price deflator (1987 = 100) .....                 | 3.3            | 2.4         | 2.5   | 2.4   | 2.3   | 2.2   | 2.2   | 2.2   |
| Percent change, year over year:                            |                |             |       |       |       |       |       |       |
| Current dollars .....                                      | 2.8            | 4.7         | 5.2   | 5.4   | 5.3   | 5.0   | 4.6   | 4.3   |
| Constant (1987) dollars .....                              | -1.2           | 2.0         | 2.8   | 3.0   | 2.9   | 2.7   | 2.4   | 2.0   |
| Implicit price deflator (1987 = 100) .....                 | 4.0            | 2.6         | 2.4   | 2.4   | 2.3   | 2.3   | 2.2   | 2.2   |
| <b>Incomes, billions of current dollars:</b>               |                |             |       |       |       |       |       |       |
| Personal income .....                                      | 4,828          | 5,050       | 5,308 | 5,617 | 5,952 | 6,282 | 6,602 | 6,913 |
| Wages and salaries .....                                   | 2,812          | 2,912       | 3,055 | 3,226 | 3,404 | 3,576 | 3,737 | 3,891 |
| Corporate profits before tax .....                         | 335            | 376         | 432   | 457   | 480   | 509   | 534   | 551   |
| <b>Consumer Price Index (all urban): <sup>2</sup></b>      |                |             |       |       |       |       |       |       |
| Level (1982-84 = 100), annual average .....                | 136.2          | 140.3       | 144.6 | 148.5 | 152.5 | 156.6 | 160.8 | 165.2 |
| Percent change, fourth quarter over fourth quarter .....   | 3.0            | 3.1         | 2.8   | 2.7   | 2.7   | 2.7   | 2.7   | 2.7   |
| Percent change, year over year .....                       | 4.2            | 3.0         | 3.0   | 2.7   | 2.7   | 2.7   | 2.7   | 2.7   |
| <b>Unemployment rate, civilian, percent: <sup>3</sup></b>  |                |             |       |       |       |       |       |       |
| Fourth quarter level .....                                 | 6.9            | 7.3         | 6.9   | 6.4   | 6.1   | 5.9   | 5.7   | 5.7   |
| Annual average .....                                       | 6.7            | 7.4         | 7.1   | 6.6   | 6.2   | 6.0   | 5.8   | 5.7   |
| Federal pay raises, January, percent .....                 | 4.1            | 4.2         | 3.7   | ..... | 2.0   | 1.7   | 1.6   | 2.3   |
| <b>Interest rates, percent:</b>                            |                |             |       |       |       |       |       |       |
| 91-day Treasury bills <sup>4</sup> .....                   | 5.4            | 3.5         | 3.2   | 3.7   | 4.3   | 4.7   | 4.8   | 4.9   |
| 10-year Treasury notes .....                               | 7.9            | 7.0         | 6.7   | 6.6   | 6.6   | 6.5   | 6.5   | 6.4   |

<sup>1</sup> Based on information available to CBO as of December 1992, except proposed Federal pay raises.<sup>2</sup> CPI for all urban consumers. Two versions of the CPI are now published. The index shown here is that currently used, as required by law, in calculating automatic adjustments to individual income tax brackets.<sup>3</sup> Percent of civilian labor force, excluding armed forces residing in the U.S.<sup>4</sup> Average rate (bank discount basis) on new issues within period.**COMPARISON OF ADMINISTRATION AND BASELINE FORECASTS**

(Calendar years)

|   | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 |
|---|------|------|------|------|------|------|
| Percent increase, fourth quarter over fourth quarter: |      |      |      |      |      |      |
| Real GDP:   |      |      |      |      |      |      |
| Baseline .....  | 2.8  | 3.0  | 2.8  | 2.6  | 2.2  | 1.8  |
| Administration .....                                  | 3.1  | 3.3  | 2.7  | 2.5  | 2.5  | 2.5  |
| GDP deflator:   |      |      |      |      |      |      |
| Baseline .....  | 2.5  | 2.4  | 2.3  | 2.2  | 2.2  | 2.2  |
| Administration .....                                  | 2.8  | 2.9  | 3.0  | 3.0  | 3.0  | 3.0  |
| Calendar year average in percent:                     |      |      |      |      |      |      |
| Civilian unemployment rate:                           |      |      |      |      |      |      |
| Baseline .....  | 7.1  | 6.6  | 6.2  | 6.0  | 5.8  | 5.7  |
| Administration .....                                  | 6.9  | 6.4  | 6.1  | 5.9  | 5.7  | 5.5  |
| 91-day Treasury bill rate:                            |      |      |      |      |      |      |
| Baseline .....  | 3.2  | 3.7  | 4.3  | 4.7  | 4.8  | 4.9  |
| Administration .....                                  | 3.7  | 4.3  | 4.7  | 4.8  | 4.9  | 5.0  |
| 10-year Treasury note rate:                           |      |      |      |      |      |      |
| Baseline .....  | 6.7  | 6.6  | 6.6  | 6.5  | 6.5  | 6.4  |
| Administration .....                                  | 6.7  | 6.6  | 6.5  | 6.5  | 6.4  | 6.4  |

are projected to increase substantially as the economy expands.

The Act requires information on the amount of borrowing by the Government in private credit markets. This is presented in the later section on "Federal Borrowing and Debt."

It is difficult to gauge with precision the effect of Federal Government borrowing from the public on interest rates and exchange rates, as required by the Act. Both are influenced by many factors besides Government borrowing in a complicated process involving supply and demand for credit and perceptions of fiscal and monetary policy here and abroad. The proposals

**DEFICITS UNDER ADMINISTRATION FORECAST**

(In billions of dollars)

|   | 1993  | 1994  | 1995  | 1996  | 1997  | 1998  | 1993-1998<br>total |
|---|-------|-------|-------|-------|-------|-------|--------------------|
| Deficit under baseline forecast .....       | 322.0 | 264.1 | 246.7 | 211.7 | 214.0 | 250.5 | 1,508.9            |
| Change in receipts .....                    | 4.1   | 14.5  | 26.2  | 38.1  | 53.2  | 74.9  | 211.0              |
| Change in outlays .....                     | -1.1  | 5.1   | 9.9   | 14.2  | 20.2  | 26.7  | 75.0               |
| Change in deficit .....                     | -5.2  | -9.4  | -16.4 | -23.9 | -33.0 | -48.2 | -136.1             |
| Deficit under Administration forecast ..... | 316.7 | 254.7 | 230.3 | 187.8 | 181.0 | 202.2 | 1,372.8            |

**SAVING, INVESTMENT, AND TRADE BALANCE**

(Fiscal years; in billions of dollars)

|   | 1992 actual | 1994 estimate |
|---|-------------|---------------|
| Merchandise trade balance .....                                   | -89         | -140 to -110  |
| Current account balance .....                                     | -48         | -90 to -50    |
| Net foreign investment .....                                      | -37         | -85 to -45    |
| Net domestic saving (excluding Federal saving) <sup>1</sup> ..... | 327         | 330 to 380    |
| Net private domestic investment .....                             | 102         | 190 to 220    |

<sup>1</sup> Defined for purposes of Public Law 100-418 as the sum of private saving and the surpluses of State and local governments. All series are based on National Income and Product Accounts except for the merchandise trade balance and the current account.

in the budget to reduce the deficit are expected to exert downward pressure on interest rates and are not expected to have a substantial independent influence on exchange rates.

**Structural vs. Cyclical Deficit**

The budget and the economy have reciprocal effects on each other; the budget affects economic performance in significant ways, while economic performance has substantial impacts on the budget.

When there is slack in the economy, receipts are lower than they would be if resources were fully employed, and outlays for unemployment-sensitive programs (such as unemployment compensation and food stamps) are higher; hence the deficit is higher than it would be at full employment. This component of the deficit is called the cyclical deficit. The remaining deficit is called the "structural deficit." Changes in the structural deficit give a better picture of the impact of budget policy on the economy.

In recent years, outlays for deposit insurance (mainly for resolving insolvencies in the savings and loan industry) have had substantial impacts on the actual deficit. However, these outlays have little current impact on economic performance, because the Federal liability for S&L insolvencies occurred years ago. It has therefore become customary to remove deposit insurance outlays

as well as the cyclical component from the structural deficit. This results in the structural deficit shown in the table below. The last two lines of the table indicate the impact of the Administration's policy proposals on the baseline structural deficit.

**Sensitivity of the Budget to Economic Assumptions**

Both receipts and outlays are affected by changes in economic conditions. This sensitivity seriously complicates budget planning because errors in economic assumptions lead to errors in the budget projections; hence the usefulness of examining the implications of multiple alternative assumptions.

Many of the budgetary effects of changes in economic assumptions are fairly predictable, and a set of rules of thumb embodying these relationships can aid in estimating how changes in the economic assumptions would alter outlays, receipts, and the deficit. The final table summarizes these rules of thumb.

Economic variables that affect the budget do not usually change independently of one another. Employment and output tend to move together in the short run: a higher rate of real GDP growth is associated with declining unemployment, while weak or negative growth is accompanied by rising unemployment. In the long run, however, changes in the average rate of

**CHANGES IN THE STRUCTURAL DEFICIT**

(In billions of dollars)

|                                   | 1993  | 1994  | 1995  | 1996  | 1997   | 1998   |
|-----------------------------------|-------|-------|-------|-------|--------|--------|
| Baseline deficit .....            | 309.7 | 301.6 | 300.8 | 297.8 | 346.8  | 387.4  |
| Cyclical component .....          | 66.8  | 51.6  | 36.3  | 24.0  | 16.8   | 16.1   |
| Deposit insurance .....           | 2.8   | 7.5   | -1.3  | -13.3 | -11.0  | -7.4   |
| Baseline structural deficit ..... | 240.1 | 242.5 | 265.8 | 287.1 | 341.0  | 378.7  |
| Effect of policy proposals .....  | 12.2  | -37.5 | -54.1 | -86.1 | -132.8 | -137.0 |
| Proposed structural deficit ..... | 252.3 | 205.0 | 211.7 | 201.0 | 208.2  | 241.7  |

growth of real GDP are mainly due to changes in the rates of growth of productivity and labor supply, and are not necessarily associated with changes in the average rate of unemployment. Inflation and interest rates are also linked: a higher expected rate of inflation tends to increase interest rates, while lower expected inflation reduces rates. Changes in real GDP growth or inflation have a much greater cumulative effect on the budget over time if they are sustained for several years than if they occur for only one year.

The table shows that if real GDP growth is lower by one percentage point in calendar 1993 only and the unemployment rate rises by one-half percentage point, the 1993 deficit would increase by \$6.3 billion. Receipts would be lower by \$5.7 billion, and 1993 outlays would be higher by \$0.6 billion, primarily for unemployment-sensitive programs. In 1994, receipts would decline further, by \$12.7 billion, and outlays would increase by \$3.5 billion, raising the 1994 deficit by \$16.2 billion relative to the baseline. The budget effects would continue to grow slightly in later years. The larger deficit is due to the level of real (and nominal) GDP being permanently lower and unemployment higher, even though the rate of real growth in calendar year 1994 and beyond is unchanged.

The budget effects are much larger if the real growth rate is assumed to be one percentage point less in each year, 1993–1998, while the unemployment rate is assumed to rise by one-half percentage point more in each year. The levels of real and nominal GDP would be below the base case by a cumulatively growing percentage. The deficit would be \$118.7 billion higher than under the base case by 1998.

The effects of slower productivity growth are shown in a third example, where real growth is one percentage point lower per year while the unemployment rate is unchanged. In this case, the estimated budget effects mount steadily over the years, but more slowly. The effect on the deficit reaches \$106.4 billion by 1998.

Joint changes in interest rates and inflation have a smaller effect on the deficit than equal percentage

point changes in real GDP growth because their effects on receipts and outlays are substantially offsetting. An example is the effect of a one percentage point higher rate of inflation and one percentage point higher interest rates during calendar year 1993 only. In subsequent years, the price level and nominal GDP would be one percent higher than in the base case, but interest rates return to their base levels. Outlays for 1993 rise by \$5.1 billion and receipts by \$6.5 billion, for a decrease of \$1.4 billion in the 1993 deficit. In 1994, outlays would be above the base by \$12.7 billion, due in part to lagged cost-of-living adjustments; receipts would rise \$13.6 billion above the base, however, resulting in a \$0.9 billion decrease in the deficit. In subsequent years, the amounts added to receipts would be larger than the additions to outlays.

If the rate of inflation and the level of interest rates are higher by one percentage point in all years, the price level and nominal GDP would rise by a cumulatively growing percentage above their base levels. In this case, the effects on receipts and outlays mount steadily in successive years, adding \$71.2 billion to outlays and \$84.1 billion to receipts in 1998, which reduces the 1998 deficit by \$12.9 billion.

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

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

These rules of thumb hold the income share composition of GDP constant. Because different income components are subject to different taxes and tax rates, estimates of total receipts can be affected significantly by changing income shares with no change in total income. These relationships are too complex to reduce to simple rules, however.



## SENSITIVITY OF THE BUDGET TO ECONOMIC ASSUMPTIONS

(In billions of dollars)

| Budget effect  | 1993 | 1994  | 1995  | 1996  | 1997  | 1998  |
|--|------|-------|-------|-------|-------|-------|
| <b>Real Growth and Employment</b>  |      |       |       |       |       |       |
| Effects of 1 percent lower real GDP growth in calendar year 1993 only, including higher unemployment: <sup>1</sup>               |      |       |       |       |       |       |
| Receipts .....   | -5.7 | -12.7 | -14.9 | -15.1 | -15.4 | -15.8 |
| Outlays .....  | 0.6  | 3.5   | 4.1   | 5.4   | 6.7   | 8.5   |
| Deficit increase (+) .....   | 6.3  | 16.2  | 19.1  | 20.5  | 22.1  | 24.3  |
| Effects of a sustained 1 percent lower annual real GDP growth rate during 1993-1998, including higher unemployment: <sup>1</sup> |      |       |       |       |       |       |
| Receipts .....   | -5.7 | -18.7 | -34.3 | -50.7 | -68.0 | -86.2 |
| Outlays .....  | 0.6  | 4.8   | 8.6   | 14.4  | 22.7  | 32.6  |
| Deficit increase (+) .....   | 6.3  | 23.5  | 43.0  | 65.2  | 90.7  | 118.7 |
| Effects of a sustained 1 percent lower annual real GDP growth rate during 1993-1998, with no change in unemployment:             |      |       |       |       |       |       |
| Receipts .....   | -5.7 | -18.8 | -35.0 | -52.6 | -71.4 | -91.2 |
| Outlays .....  | 0.1  | 0.8   | 2.4   | 5.1   | 9.1   | 15.2  |
| Deficit increase (+) .....   | 5.8  | 19.6  | 37.4  | 57.7  | 80.4  | 106.4 |
| <b>Inflation and Interest Rates</b>  |      |       |       |       |       |       |
| Effects of 1 percentage point higher rate of inflation and interest rates during calendar year 1993 only:                        |      |       |       |       |       |       |
| Receipts .....   | 6.5  | 13.6  | 14.1  | 13.5  | 14.2  | 14.9  |
| Outlays .....  | 5.1  | 12.7  | 10.3  | 8.8   | 8.1   | 8.1   |
| Deficit increase (+) .....   | -1.4 | -0.9  | -3.7  | -4.7  | -6.1  | -6.8  |
| Effects of a sustained 1 percentage point higher rate of inflation and interest rates during 1993-1998:                          |      |       |       |       |       |       |
| Receipts .....   | 6.5  | 20.4  | 35.6  | 50.9  | 67.0  | 84.1  |
| Outlays .....  | 5.1  | 18.4  | 30.5  | 41.6  | 52.8  | 71.2  |
| Deficit increase (+) .....   | -1.4 | -2.0  | -5.1  | -9.3  | -14.2 | -12.9 |
| Effects of a sustained 1 percentage point higher interest rate during 1993-1998 (no inflation change):                           |      |       |       |       |       |       |
| Receipts .....   | 0.7  | 1.8   | 2.4   | 2.7   | 2.9   | 3.2   |
| Outlays .....  | 4.7  | 14.7  | 21.8  | 27.3  | 32.7  | 45.9  |
| Deficit increase (+) .....   | 4.0  | 12.9  | 19.4  | 24.5  | 29.8  | 42.6  |
| Effects of a sustained 1 percentage point higher rate of inflation during 1993-1998 (no interest rate change):                   |      |       |       |       |       |       |
| Receipts .....   | 5.8  | 18.6  | 33.2  | 48.2  | 64.1  | 80.9  |
| Outlays .....  | 0.4  | 3.7   | 8.7   | 14.3  | 20.1  | 25.3  |
| Deficit increase (+) .....   | -5.4 | -14.9 | -24.5 | -33.8 | -44.0 | -55.5 |
| <b>Interest Cost of Higher Federal Borrowing</b>   |      |       |       |       |       |       |
| Effect of \$100 billion additional borrowing during 1993 .....   | 1.1  | 5.1   | 5.7   | 6.3   | 6.8   | 7.3   |

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



## FEDERAL RECEIPTS

Receipts (budget and off-budget) are taxes and other collections from the public that result from the exercise of the Government's sovereign or governmental powers. The difference between receipts and outlays determines the surplus or deficit.

**Growth in receipts.**—Total receipts in 1994 are estimated to be \$1,251.3 billion, an increase of \$105.6 billion relative to 1993. This increase is attributable in part to the first-year effect of the Administration's revenue proposals, which are estimated to increase 1994

receipts by a net \$36.0 billion. Receipts are projected to grow at an average annual rate of 5.2 percent between 1994 and 1998.

**Composition of receipts.**—The Federal tax system will rely predominantly on income and payroll taxes in 1994, with these sources accounting for 91.5 percent of receipts. The Federal tax system will continue to rely predominantly on these sources of receipts in 1998, but their combined share will fall slightly to 90.2 percent.

### RECEIPTS BY SOURCE: SUMMARY

(In billions of dollars)

| Source   | 1992 actual    | Estimate       |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |                | 1993           | 1994           | 1995           | 1996           | 1997           | 1998           |
| Individual income taxes .....                  | 476.0          | 515.3          | 560.0          | 589.8          | 627.3          | 653.2          | 680.3          |
| Corporation income taxes .....                 | 100.3          | 106.3          | 120.3          | 125.4          | 133.8          | 140.1          | 140.7          |
| Social insurance taxes and contributions ..... | 413.7          | 426.8          | 465.0          | 491.6          | 517.6          | 537.7          | 560.0          |
| On-budget .....                                | (111.3)        | (115.0)        | (126.8)        | (136.3)        | (142.2)        | (145.8)        | (150.4)        |
| Off-budget .....                               | (302.4)        | (311.8)        | (338.1)        | (355.3)        | (375.3)        | (391.9)        | (409.5)        |
| Excise taxes .....                             | 45.6           | 47.6           | 51.4           | 62.3           | 72.6           | 80.9           | 82.7           |
| Estate and gift taxes .....                    | 11.1           | 12.6           | 12.7           | 13.7           | 14.8           | 15.8           | 16.8           |
| Customs duties .....                           | 17.4           | 19.2           | 21.3           | 22.3           | 23.2           | 24.2           | 25.2           |
| Miscellaneous receipts .....                   | 26.5           | 17.9           | 20.6           | 22.6           | 23.5           | 24.3           | 25.0           |
| <b>Total receipts .....</b>                    | <b>1,090.5</b> | <b>1,145.7</b> | <b>1,251.3</b> | <b>1,327.7</b> | <b>1,412.9</b> | <b>1,476.1</b> | <b>1,530.5</b> |
| On-budget .....                                | (788.0)        | (833.9)        | (913.1)        | (972.3)        | (1,037.5)      | (1,084.3)      | (1,121.0)      |
| Off-budget .....                               | (302.4)        | (311.8)        | (338.1)        | (355.3)        | (375.3)        | (391.9)        | (409.5)        |

## REVENUE AND RECEIPTS PROPOSALS

(in billions of dollars)

| Proposal  | Estimate    |              |              |             |             |              |                    |
|---|-------------|--------------|--------------|-------------|-------------|--------------|--------------------|
|   | 1993        | 1994         | 1995         | 1996        | 1997        | 1998         | 1994-1997<br>Total |
| <b>Revenue Raising Proposals:</b>   |             |              |              |             |             |              |                    |
| Raise individual income taxes for upper incomes .....                       | 1.6         | 27.5         | 19.6         | 22.7        | 26.0        | 27.4         | 95.8               |
| Repeal HI taxable wage base <sup>1</sup> .....                              |             | 2.8          | 6.0          | 6.4         | 6.8         | 7.2          | 22.0               |
| Increase top corporation income tax rate on large corporations to 36% ..... | 0.4         | 7.5          | 5.0          | 5.1         | 5.2         | 5.3          | 22.8               |
| Broad based energy tax <sup>1,2</sup> .....                                 |             | 2.0          | 9.3          | 16.7        | 22.1        | 22.7         | 50.1               |
| Cap possessions tax credit (sec. 936) at 60% of compensation .....          |             | 0.2          | 0.9          | 1.7         | 2.1         | 2.3          | 4.9                |
| Service industry non-compliance initiative .....                            |             | 0.1          | 0.6          | 1.3         | 1.9         | 2.2          | 4.0                |
| Modified substantial understatement penalty .....                           |             | 0.3          | 0.6          | 0.4         | 0.3         | 0.3          | 1.6                |
| Restrict deduction for business meals and entertainment to 50% .....        |             | 1.8          | 3.2          | 3.4         | 3.7         | 4.0          | 12.1               |
| Reduce pension compensation cap .....                                       |             | 0.3          | 0.8          | 0.8         | 0.9         | 0.9          | 2.7                |
| Mark to market for security dealers .....                                   |             | 1.0          | 1.1          | 1.1         | 1.1         | 0.7          | 4.3                |
| Disallow moving deductions for meals and real-estate expenses .....         |             | 0.1          | 0.4          | 0.4         | 0.4         | 0.4          | 1.3                |
| Extend 2.5 cent per gallon gas tax <sup>1</sup> .....                       |             |              |              | 2.6         | 2.6         | 2.6          | 5.2                |
| Extend 53% and 55% estate tax rate .....                                    |             | 0.5          | 0.5          | 0.6         | 0.6         | 0.6          | 2.1                |
| Deny deduction for club dues .....  |             | 0.1          | 0.2          | 0.3         | 0.3         | 0.3          | 0.9                |
| Prohibit double-dip related to FSLIC assistance .....                       | 0.6         | 0.4          | —*           | —*          | 0.2         | 0.1          | 0.6                |
| Deny lobbying deductions .....  |             | 0.1          | 0.2          | 0.2         | 0.2         | 0.2          | 0.7                |
| Deny deduction for executive pay over \$1 million .....                     | —*          | 0.1          | —*           | 0.1         | 0.1         | 0.2          | 0.4                |
| International tax provisions .....  | 0.2         | 1.3          | 2.1          | 2.4         | 2.6         | 2.7          | 8.3                |
| Miscellaneous revenue raising provisions .....                              |             | 0.2          | 0.1          | 0.1         | 0.1         | 0.1          | 0.6                |
| <b>Subtotal, revenue raising proposals .....</b>                            | <b>2.7</b>  | <b>46.4</b>  | <b>50.5</b>  | <b>66.3</b> | <b>77.3</b> | <b>80.2</b>  | <b>240.5</b>       |
| <b>Investment/stimulus<sup>3</sup> .....</b>                                | <b>-6.0</b> | <b>-12.1</b> | <b>-12.4</b> | <b>-9.9</b> | <b>-9.3</b> | <b>-11.0</b> | <b>-43.7</b>       |
| <b>Total, net revenue proposals .....</b>                                   | <b>-3.2</b> | <b>34.3</b>  | <b>38.2</b>  | <b>56.3</b> | <b>68.0</b> | <b>69.2</b>  | <b>196.8</b>       |
| <b>Other provisions affecting receipts:</b>                                 |             |              |              |             |             |              |                    |
| IRS initiative .....  | -0.2        | -0.1         | 0.1          | 0.4         | 0.5         | 0.6          | 0.9                |
| Commodity Futures Trading Commission fee .....                              |             | 0.1          | 0.1          | 0.1         | 0.1         | 0.1          | 0.2                |
| Harbor maintenance tax <sup>1</sup> .....                                   |             | *            | *            | *           | *           | *            | 0.1                |
| Inland waterway tax <sup>1</sup> .....                                      |             | *            | 0.1          | 0.2         | 0.3         | 0.3          | 0.6                |
| SEC registration fee .....  |             | 0.1          | 0.1          | 0.1         | 0.1         | 0.1          | 0.3                |
| FDIC assessment fee (receipt effect) .....                                  |             | 0.1          | *            | *           | *           | 0.1          | 0.2                |
| General aviation registration fee .....                                     |             | *            | *            | *           | 0.1         | 0.1          | 0.2                |
| Federal pay raise (receipt effect) .....                                    |             | -0.1         | -0.2         | -0.3        | -0.3        | -0.4         | -0.9               |
| Federal FTE levels (receipt effect) .....                                   |             | —*           | —*           | —*          | —*          | —*           | -0.1               |
| <b>Total, other provisions .....</b>  | <b>-0.2</b> |              | <b>0.2</b>   | <b>0.5</b>  | <b>0.7</b>  | <b>0.8</b>   | <b>1.5</b>         |
| <b>Addendum:</b>  |             |              |              |             |             |              |                    |
| Total, net revenue proposals .....  | -3.2        | 34.3         | 38.2         | 56.3        | 68.0        | 69.2         | 196.8              |
| Total, other provisions .....   | -0.2        |              | 0.2          | 0.5         | 0.7         | 0.8          | 1.5                |
| Tax 85% of social security benefits .....                                   |             | 1.7          | 5.0          | 5.3         | 5.5         | 5.7          | 17.5               |
| Corporate estimated tax rules .....   |             |              |              |             | 3.9         | 0.8          | 3.9                |
| <b>TOTAL, REVENUE AND RECEIPTS PROPOSALS .....</b>                          | <b>-3.4</b> | <b>36.0</b>  | <b>43.4</b>  | <b>62.2</b> | <b>78.1</b> | <b>76.5</b>  | <b>219.7</b>       |

\* \$50 million or less.

<sup>1</sup> Net of income tax offsets.<sup>2</sup> The impact of this proposal is offset for low-income families by increases in the low-income home energy assistance program and food stamps that are reflected elsewhere.<sup>3</sup> The estimates exclude the effect of the earned income tax credit on outlays. The proposal is estimated to increase outlays by the following amounts: 1994, \$0.3 billion; 1995, \$3.4 billion; 1996, \$6.7 billion; 1997, \$6.9 billion; and 1998, \$7.2 billion.

## CHANGES IN RECEIPTS

(In billions of dollars)

|   | Estimate       |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
|   | 1993           | 1994           | 1995           | 1996           | 1997           | 1998           |
| <b>Receipts under tax rates and structure in effect January 1, 1992<sup>1</sup></b> | <b>1,143.7</b> | <b>1,211.1</b> | <b>1,278.4</b> | <b>1,340.9</b> | <b>1,385.1</b> | <b>1,437.8</b> |
| <b>Enacted legislative changes:</b>   |                |                |                |                |                |                |
| Emergency Unemployment Compensation Extension                                       | 0.6            | 0.1            | -0.6           | -0.1           | —              | —              |
| Unemployment Compensation Amendments of 1992  | 3.0            | -0.1           | 0.1            | 0.9            | 0.6            | 0.1            |
| Energy Policy Act of 1992   | 1.1            | 1.1            | 0.8            | 0.6            | 0.5            | 0.5            |
| <b>Social security (OASDI) taxable earnings base increases:</b>                     |                |                |                |                |                |                |
| \$55,500 to \$57,600 on Jan. 1, 1993  | 0.7            | 2.1            | 2.3            | 2.6            | 2.9            | 3.2            |
| \$57,600 to \$59,700 on Jan. 1, 1994  | —              | 0.7            | 2.1            | 2.4            | 2.6            | 2.9            |
| \$59,700 to \$61,500 on Jan. 1, 1995  | —              | —              | 0.6            | 1.9            | 2.1            | 2.3            |
| \$61,500 to \$63,900 on Jan. 1, 1996  | —              | —              | —              | 0.9            | 2.5            | 2.8            |
| \$63,900 to \$66,300 on Jan. 1, 1997  | —              | —              | —              | —              | 0.9            | 2.5            |
| \$66,300 to \$68,700 on Jan. 1, 1998  | —              | —              | —              | —              | —              | 0.9            |
| <b>Medicare (HI) taxable earnings base increases:</b>                               |                |                |                |                |                |                |
| \$130,200 to \$135,000 on Jan. 1, 1993  | 0.1            | 0.2            | 0.2            | 0.2            | 0.2            | 0.2            |
| \$135,000 to \$140,100 on Jan. 1, 1994  | —              | 0.1            | 0.2            | 0.2            | 0.2            | 0.2            |
| \$140,100 to \$144,600 on Jan. 1, 1995  | —              | —              | 0.1            | 0.2            | 0.2            | 0.2            |
| \$144,600 to \$150,300 on Jan. 1, 1996  | —              | —              | —              | 0.1            | 0.2            | 0.2            |
| \$150,300 to \$156,300 on Jan. 1, 1997  | —              | —              | —              | —              | 0.1            | 0.2            |
| \$156,300 to \$161,700 on Jan. 1, 1998  | —              | —              | —              | —              | —              | 0.1            |
| <b>Proposed legislation</b>   | <b>-3.4</b>    | <b>36.0</b>    | <b>43.4</b>    | <b>62.2</b>    | <b>78.1</b>    | <b>76.5</b>    |
| <b>Total, receipts under existing and proposed legislation</b>                      | <b>1,145.7</b> | <b>1,251.3</b> | <b>1,327.7</b> | <b>1,412.9</b> | <b>1,476.1</b> | <b>1,530.5</b> |

<sup>1</sup> These estimates assume social security and medicare taxable earnings bases of \$55,500 and \$130,200, respectively, through 1998.

**RECEIPTS BY SOURCE**  
(In millions of dollars)

| Source   | 1992<br>actual | Estimate       |                |
|--|----------------|----------------|----------------|
|  |                | 1993           | 1994           |
| <b>Individual income taxes:</b>                                |                |                |                |
| Federal funds:   |                |                |                |
| Withheld .....   | 408,288        | 423,477        | 443,061        |
| Other .....  | 149,436        | 168,654        | 172,494        |
| Refunds .....  | -81,750        | -75,741        | -79,047        |
| Proposed legislation .....                                     |                | -1,075         | 23,512         |
| Total Federal funds net individual income taxes .....          | 475,974        | 515,315        | 560,020        |
| <b>Total net individual income taxes .....</b>                 | <b>475,974</b> | <b>515,315</b> | <b>560,020</b> |
| <b>Corporation income taxes:</b>                               |                |                |                |
| Federal funds:   |                |                |                |
| Gross collections .....  | 117,571        | 125,577        | 132,318        |
| Refunds .....  | -17,680        | -17,597        | -18,831        |
| Proposed legislation .....                                     |                | -2,327         | 6,207          |
| Total Federal funds net corporation income taxes .....         | 99,890         | 105,654        | 119,694        |
| Trust funds:   |                |                |                |
| Hazardous substance superfund .....                            | 380            | 607            | 622            |
| Total Trust funds net corporation income taxes .....           | 380            | 607            | 622            |
| <b>Total net corporation income taxes ....</b>                 | <b>100,270</b> | <b>106,261</b> | <b>120,316</b> |
| <b>Social insurance taxes and contributions (trust funds):</b> |                |                |                |
| Employment taxes and contributions:                            |                |                |                |
| Old-age and survivors insurance (Off-budget) .....             | 273,137        | 281,598        | 305,344        |
| Proposed legislation .....                                     |                |                | 63             |
| Disability insurance (Off-budget) .....                        | 29,289         | 30,178         | 32,713         |
| Proposed legislation .....                                     |                |                | 6              |
| Hospital insurance .....                                       | 79,108         | 80,668         | 87,746         |
| Proposed legislation .....                                     |                |                | 3,071          |
| Railroad retirement:   |                |                |                |
| Social Security equivalent account .....                       | 1,508          | 1,508          | 1,484          |
| Rail pension fund .....  | 2,449          | 2,313          | 2,306          |
| Total employment taxes and contributions .....                 | 385,491        | 396,266        | 432,733        |
| On-budget .....  | 83,065         | 84,490         | 94,607         |
| Off-budget .....   | 302,426        | 311,776        | 338,126        |
| Unemployment insurance:  |                |                |                |
| State taxes deposited in Treasury <sup>1</sup> .....           | 17,605         | 19,933         | 21,809         |
| Federal unemployment tax receipts <sup>1</sup> .....           | 5,608          | 5,661          | 5,635          |
| Railroad unemployment tax receipts <sup>1</sup> .....          | 136            | 67             | 18             |
| Railroad debt repayment <sup>1</sup> .....                     | 61             | 107            | 107            |
| Total unemployment insurance .....                             | 23,410         | 25,768         | 27,569         |
| Other retirement contributions:                                |                |                |                |
| Federal employees' retirement—employee contributions .....     | 4,683          | 4,683          | 4,686          |
| Proposed legislation .....                                     |                |                | -112           |
| Contributions for non-Federal employees <sup>2</sup> ..        | 105            | 99             | 98             |
| Total other retirement contributions .....                     | 4,788          | 4,782          | 4,673          |
| <b>Total social insurance taxes and contributions .....</b>    | <b>413,689</b> | <b>426,815</b> | <b>464,974</b> |
| On-budget .....  | 111,263        | 115,039        | 126,848        |
| Off-budget .....   | 302,426        | 311,776        | 338,126        |

| Source   | 1992<br>actual | Estimate      |               |
|--|----------------|---------------|---------------|
|  |                | 1993          | 1994          |
| <b>Excise taxes:</b>   |                |               |               |
| Federal funds:   |                |               |               |
| Alcohol taxes:   |                |               |               |
| Distilled spirits .....  | 4,114          | 4,064         | 4,023         |
| Beer .....   | 3,395          | 3,409         | 3,418         |
| Wines .....  | 614            | 608           | 602           |
| Special taxes in connection with liquor occupations .....          | 117            | 120           | 125           |
| Refunds .....  | -229           | -228          | -227          |
| Total alcohol taxes .....  | 8,011          | 7,973         | 7,939         |
| Tobacco taxes:   |                |               |               |
| Cigarettes .....   | 4,970          | 5,695         | 5,720         |
| Cigars .....   | 47             | 46            | 46            |
| Cigarette papers and tubes .....                                   | 2              | 2             | 2             |
| Smokeless tobacco .....  | 30             | 29            | 29            |
| Other .....  | 9              | 9             | 9             |
| Refunds .....  | -9             | -9            | -9            |
| Total tobacco taxes .....  | 5,049          | 5,772         | 5,797         |
| Manufacturers' excise taxes:                                       |                |               |               |
| Firearms, shells, and cartridges .....                             | 44             | 92            | 95            |
| Pistols and revolvers .....  | 38             | 41            | 43            |
| Bows and arrows .....  | 18             | 19            | 21            |
| Gas guzzler tax .....  | 134            | 136           | 139           |
| Total manufacturers' excise taxes .....                            | 233            | 289           | 298           |
| Miscellaneous excise taxes:  |                |               |               |
| General and toll telephone and teletype service .....              | 3,146          | 3,299         | 3,476         |
| Wagering taxes, including occupational taxes .....                 | 18             | 19            | 20            |
| Employee pension plans .....                                       | 136            | 143           | 150           |
| Tax on foundations .....   | 207            | 212           | 217           |
| Foreign insurance policies .....                                   | 91             | 101           | 109           |
| Ship departure tax .....   | 14             | 14            | 15            |
| Ozone depletion tax .....  | 637            | 886           | 1,002         |
| Luxury tax .....   | 312            | 390           | 463           |
| Refunds .....  | -522           | -335          | -235          |
| Total miscellaneous excise taxes .....                             | 4,039          | 4,729         | 5,217         |
| Undistributed Federal tax deposits and unapplied collections ..... | 4,504          | 5,376         | 3,518         |
| Proposed legislation .....   |                |               | 2,606         |
| <b>Total Federal fund excise taxes .....</b>                       | <b>21,836</b>  | <b>24,138</b> | <b>25,373</b> |
| <b>Trust funds:</b>  |                |               |               |
| Highway:   |                |               |               |
| Gasoline .....   | 12,209         | 12,354        | 12,479        |
| Trucks, buses, and trailers .....                                  | 874            | 1,238         | 1,382         |
| Tires, innertubes, and tread rubber .....                          | 257            | 301           | 323           |
| Diesel fuel used on highways .....                                 | 3,314          | 3,721         | 3,855         |
| Use-tax on certain vehicles .....                                  | 620            | 624           | 642           |
| Other .....  | 11             |               |               |
| Refunds .....  | -552           | -432          | -438          |
| Total highway trust fund .....                                     | 16,733         | 17,806        | 18,245        |
| Airport and airway:  |                |               |               |
| Transportation of persons .....                                    | 4,012          | 2,784         | 4,967         |
| Waybill tax .....  | 249            | 260           | 279           |
| Tax on fuels .....   | 167            | 145           | 185           |
| International departure tax .....                                  | 231            | 249           | 267           |
| Refunds .....  | -15            | -14           | -15           |

**RECEIPTS BY SOURCE—Continued**  
(In millions of dollars)

| Source  | 1992<br>actual | Estimate |        |
|---|----------------|----------|--------|
|   |                | 1993     | 1994   |
| Total airport and airway trust fund .....                     | 4,645          | 3,424    | 5,683  |
| Aquatic resources trust fund .....                            | 271            | 285      | 294    |
| Black lung disability insurance trust fund ...                | 626            | 633      | 649    |
| Inland waterway trust fund .....                              | 70             | 82       | 94     |
| Proposed legislation .....                                    |                |          | 26     |
| Hazardous substances response trust fund .....                | 818            | 843      | 856    |
| Oil spill liability trust fund .....                          | 295            | 234      |        |
| Vaccine injury compensation fund .....                        | 118            | 33       |        |
| Leaking underground storage tank trust fund .....             | 157            | 150      | 152    |
| Total trust fund excise taxes .....                           | 23,733         | 23,490   | 25,999 |
| Total excise taxes .....                                      | 45,569         | 47,628   | 51,372 |
| <b>Estate and gift taxes:</b>                                 |                |          |        |
| Existing law .....  | 11,143         | 12,594   | 12,204 |
| Proposed legislation .....                                    |                |          | 475    |
| Total estate and gift taxes .....                             | 11,143         | 12,594   | 12,679 |
| <b>Customs duties and fees:</b>                               |                |          |        |
| Federal funds .....   | 16,797         | 18,603   | 20,669 |
| Trust funds .....   | 563            | 589      | 606    |
| Proposed legislation .....                                    |                |          | 17     |
| Total customs duties and fees .....                           | 17,359         | 19,192   | 21,292 |
| <b>Miscellaneous receipts:<sup>3</sup></b>                    |                |          |        |
| Miscellaneous taxes .....                                     | 121            | 153      | 148    |
| Proposed legislation .....                                    |                |          | 55     |
| United Mine Workers of America combined benefit fund .....    |                | 207      | 292    |
| Deposit of earnings, Federal Reserve System .....             | 22,920         | 13,833   | 16,121 |
| Proposed legislation .....                                    |                |          | 63     |
| <b>Fees for permits and regulatory and judicial services:</b> |                |          |        |
| Immigration, passport, and consular fees ...                  | 293            | 439      | 449    |
| Patent and copyright fees .....                               | *              | *        | *      |
| Registration and filing fees .....                            | 552            | 650      | 715    |
| Proposed legislation .....                                    |                |          | 77     |

| Source  | 1992<br>actual   | Estimate         |                  |
|---|------------------|------------------|------------------|
|   |                  | 1993             | 1994             |
| Coal mining reclamation fees .....                                | 241              | 242              | 242              |
| Miscellaneous fees for permits, licenses, etc .....               | 2                | 18               | 18               |
| Miscellaneous fees for regulatory and judicial services .....     | 278              | 380              | 394              |
| Fees for legal and judicial services .....                        | 53               | 50               | 50               |
| Total fees for permits and regulatory and judicial services ..... | 1,419            | 1,778            | 1,946            |
| <b>Fines, penalties, and forfeitures:</b>                         |                  |                  |                  |
| Other .....   | 1,872            | 1,794            | 1,886            |
| Total fines, penalties, and forfeitures .....                     | 1,872            | 1,794            | 1,886            |
| <b>Restitutions, reparations, and recoveries</b>                  |                  |                  |                  |
| under military occupation .....                                   | 12               | 14               | 14               |
| Gifts and contributions .....                                     | 106              | 105              | 90               |
| Refunds and recoveries .....                                      | 8                | -5               | -5               |
| Total miscellaneous receipts .....                                | 26,457           | 17,880           | 20,610           |
| <b>Total budget receipts .....</b>                                | <b>1,090,462</b> | <b>1,145,685</b> | <b>1,251,263</b> |
| On-budget .....   | 788,036          | 833,909          | 913,137          |
| Off-budget .....  | 302,426          | 311,776          | 338,126          |
| <b>MEMORANDUM</b>   |                  |                  |                  |
| <b>On-budget:</b>   |                  |                  |                  |
| Federal funds .....   | 655,480          | 697,536          | 762,321          |
| Trust funds .....   | 292,621          | 313,258          | 320,763          |
| Interfund transactions .....                                      | -160,064         | -176,884         | -169,947         |
| Total on-budget .....   | 788,036          | 833,909          | 913,137          |
| <b>Off-budget (trust funds) .....</b>                             | <b>302,426</b>   | <b>311,776</b>   | <b>338,126</b>   |
| <b>Total .....</b>  | <b>1,090,462</b> | <b>1,145,685</b> | <b>1,251,263</b> |

\* \$500 thousand or less.

<sup>1</sup>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.<sup>2</sup>Represents employer and employee contributions to the civil service retirement and disability fund for covered employees of Government-sponsored, privately owned enterprises and the District of Columbia municipal government.<sup>3</sup>Includes both Federal and trust funds. Trust fund amounts in miscellaneous receipts are: 1992, \$253 million; 1993, \$502 million; and 1994, \$589 million.





## USER FEES AND OTHER COLLECTIONS

Income to the Government arising from the exercise of its sovereign powers (mainly, but not exclusively, taxes) is classified as governmental receipts. Income from the public resulting from voluntary, business-like transactions is classified as offsetting collections, which are offset against outlays. This section discusses offsetting collections from the public, particularly the Administration's user fee proposals.

As shown in the following table, total offsetting collections from the public, including those proposed by the Administration (but excluding the collections of the off-budget Postal Service) are estimated to be \$168.9 billion in 1994.

The budget contains a variety of user fee and other offsetting collections proposals that would yield \$1.3 billion in 1994 and \$25.8 billion over the years 1994

through 1998. Administration proposals establish or increase fees in order to recover more of the costs of providing Government services. Descriptions of the proposals can be found in *A Vision of Change For America*. The "Proposed User Fees and Offsetting Collections" table splits the proposals between discretionary and mandatory categories, indicating which of the Budget Enforcement Act (BEA) requirements apply.

The table "Offsetting Receipts by Type" itemizes all receipts on the outlay side of the budget not credited to appropriation accounts. The presentation includes payments from one part of the government to another, called intragovernmental transactions, as well as collections from the public. In total, offsetting receipts are estimated at \$286.6 billion in 1994.

### OFFSETTING COLLECTIONS FROM THE PUBLIC

(In millions of dollars)

|   | 1992 actual | Estimate |         |
|---|-------------|----------|---------|
|   |             | 1993     | 1994    |
| Collections deposited in receipt accounts:  |             |          |         |
| Defense cooperation .....   | 4,921       | 25       | .....   |
| Medicare premiums .....   | 13,232      | 15,099   | 17,340  |
| Military assistance trust fund property sales .....   | 12,182      | 12,720   | 12,790  |
| Outer Continental Shelf payments, naval petroleum reserve lease and other undistributed offsetting receipts .....               | 2,498       | 2,299    | 3,607   |
| Sale of property and services, interest income, and all other collections deposited in receipt accounts .....                   | 14,847      | 15,471   | 17,120  |
| Subtotal, collections from the public deposited in receipt accounts .....   | 47,680      | 45,614   | 50,857  |
| Collections credited to appropriation accounts:   |             |          |         |
| Postal Service stamp sales and other collections .....  | 45,158      | 46,078   | 48,177  |
| Deposit insurance funds .....   | 65,569      | 49,179   | 43,532  |
| Tennessee Valley Authority and Power Administration collections .....   | 8,259       | 8,188    | 9,228   |
| Commodity Credit Corporation loan repayments and other collections .....  | 8,317       | 9,184    | 9,463   |
| Other loan repayments .....   | 9,940       | 9,196    | 8,219   |
| Loan guaranty and other insurance premiums, interest income, and all other collections credited to appropriation accounts ..... | 45,069      | 45,210   | 47,583  |
| Subtotal, collections from the public credited to appropriation accounts .....  | 182,312     | 167,035  | 166,201 |
| Offsetting collections from the public .....  | 229,992     | 212,649  | 217,058 |
| Offsetting collections from the public excluding off-budget Postal Service collections .....                                    | 184,834     | 166,571  | 168,881 |

## PROPOSED USER FEES AND OFFSETTING COLLECTIONS

(In millions of dollars)

|   | Estimate |        |        |        |        |
|---|----------|--------|--------|--------|--------|
|   | 1994     | 1995   | 1996   | 1997   | 1998   |
| Outlay offsets:   |          |        |        |        |        |
| Mandatory:  |          |        |        |        |        |
| Agriculture:  |          |        |        |        |        |
| Increase grazing fees .....   | -2       | -5     | -8     | -13    | -19    |
| Increase recreation fees .....  | -10      | -11    | -12    | -13    | -13    |
| Increase assessments on "non-program" crops .....   |          |        | -450   | -450   | -450   |
| Corps of Engineers:   |          |        |        |        |        |
| Increase recreation fees .....  | -18      | -18    | -18    | -18    | -18    |
| Energy:   |          |        |        |        |        |
| Reform Power Marketing Administration .....   |          |        | -77    | -77    | -78    |
| Health and Human Services:  |          |        |        |        |        |
| Maintain 1995 ratio of medicare premium collections to program outlays with a 27% ceiling ..... | 12       | 9      | 13     | -2,130 | -4,549 |
| Charge fees for state SSI administration .....  | -57      | -122   | -192   | -200   | -207   |
| Interior:   |          |        |        |        |        |
| Increase grazing fees .....   | -14      | -23    | -36    | -58    | -77    |
| Implement a Federal irrigation water surcharge .....  | -10      | -10    | -10    | -15    | -15    |
| Increase recreation fees .....  | -29      | -33    | -39    | -44    | -49    |
| Permanently extend hardrock mining holding fees .....   | -80      | -80    | -80    | -80    | -80    |
| Institute hardrock royalties and increase net receipt sharing .....                             | -40      | -105   | -173   | -322   | -324   |
| Treasury:   |          |        |        |        |        |
| Permanently extend U.S. Customs merchandise and passenger processing fees .....                 |          |        | -572   | -588   | -607   |
| Transportation:   |          |        |        |        |        |
| Extend tonnage fees .....   |          |        | -69    | -74    | -79    |
| Veterans Affairs:   |          |        |        |        |        |
| Restore 1:9 contribution ratio for GI Bill benefits .....                                       | -69      | -80    | -87    | -93    | -101   |
| Increase home loan guarantee fees .....   | -189     | -188   | -190   | -187   | -186   |
| Permanently extend Veterans medical care costs recovery .....                                   | -46      | -326   | -391   | -407   | -425   |
| Federal Communications Commission:  |          |        |        |        |        |
| Spectrum auction .....  |          | -374   | -1,623 | -2,083 | -340   |
| Federal Deposit Insurance Corporation:  |          |        |        |        |        |
| Institute examination fees for State-chartered banks .....                                      | -196     | -217   | -248   | -283   | -320   |
| Subtotal, mandatory .....   | -748     | -1,583 | -4,262 | -7,135 | -7,939 |
| Discretionary:  |          |        |        |        |        |
| Agriculture:  |          |        |        |        |        |
| Reduce Rural Electrification Administration 5-percent loan subsidies .....                      | -47      | -97    | -127   | -162   | -185   |
| Expand certain agriculture user fees .....  | -14      | -14    | -15    | -16    | -16    |
| Institute fees for meat/poultry inspections during overtime .....                               | -104     | -104   | -104   | -104   | -104   |
| Commerce:   |          |        |        |        |        |
| Increase patent and trademark fees .....  |          |        | -109   | -113   | -118   |
| Energy:   |          |        |        |        |        |
| Assess foreign customers decommissioning and decontamination fee ....                           | -10      | -10    | -11    | -11    | -12    |
| Health and Human Services:  |          |        |        |        |        |
| Increase FDA user fees .....  | -167     | -230   | -285   | -336   | -387   |
| Treasury:   |          |        |        |        |        |
| Establish a Bureau of Alcohol, Tobacco and Firearms user fee .....                              | -5       | -5     | -5     | -5     | -5     |
| Securities and Exchange Commission:   |          |        |        |        |        |
| Increase registration fees .....  | -47      | -50    | -52    | -54    | -56    |
| Subtotal, discretionary .....   | -394     | -510   | -710   | -803   | -885   |
| Total outlay offsets .....  | -1,142   | -2,093 | -4,972 | -7,938 | -8,822 |
| Revenues:   |          |        |        |        |        |
| Mandatory:  |          |        |        |        |        |
| Transportation:   |          |        |        |        |        |
| Increase registration fee on general aviation aircraft .....                                    | -18      | -31    | -44    | -58    | -60    |
| Commodity Futures Trading Commission:   |          |        |        |        |        |
| Institute transaction fees .....  | -55      | -57    | -60    | -63    | -66    |
| Securities and Exchange Commission:   |          |        |        |        |        |
| Increase registration fees .....  | -59      | -63    | -67    | -71    | -74    |
| Subtotal, mandatory revenues .....  | -132     | -151   | -171   | -192   | -200   |
| Total user fees and offsetting collections .....  | -1,274   | -2,244 | -5,143 | -8,130 | -9,022 |

### OFFSETTING RECEIPTS BY TYPE

(In millions of dollars)

| Type  | 1992<br>actual | Estimate |         |
|---|----------------|----------|---------|
|   |                | 1993     | 1994    |
| <b>INTRAGOVERNMENTAL TRANSACTIONS</b>                                 |                |          |         |
| <b>Intrabudgetary transactions:</b>                                   |                |          |         |
| <b>Federal intrafund transactions:</b>                                |                |          |         |
| <b>Distributed by agency:</b>   |                |          |         |
| Interest from the Federal Financing Bank .....                        | 14,716         | 11,490   | 10,545  |
| Interest on Government capital in enter-<br>prises .....              | 3,075          | 2,304    | 2,232   |
| Other .....   | 826            | 671      | 839     |
| Total Federal intrafunds .....  | 18,617         | 14,465   | 13,616  |
| <b>Trust intrafund transactions:</b>                                  |                |          |         |
| <b>Distributed by agency .....</b>                                    | 1              | 1        | 1       |
| Total intrafund transactions .....                                    | 18,618         | 14,466   | 13,617  |
| <b>Interfund transactions:</b>  |                |          |         |
| <b>Distributed by agency:</b>   |                |          |         |
| <b>Federal fund payments to trust funds:</b>                          |                |          |         |
| <b>Contributions to insurance programs:</b>                           |                |          |         |
| Military retirement fund .....  | 11,169         | 12,273   | 12,949  |
| Supplementary medical insurance .....                                 | 38,684         | 43,760   | 44,257  |
| Hospital insurance .....  | 706            | 485      | 2,368   |
| Railroad social security equivalent fund .....                        | 2,959          | 3,081    | 3,099   |
| Rail industry pension fund .....                                      | 196            | 4        | 205     |
| Civilian supplementary retirement con-<br>tributions .....            | 19,425         | 20,185   | 20,184  |
| Unemployment insurance .....  | 2,188          | 13,093   | 2,902   |
| National separation liability .....                                   | 390            | 112      | 47      |
| Other .....   | 442            | 1,402    | 597     |
| <b>Miscellaneous payments:</b>  |                |          |         |
| Other .....   | 570            | 736      | 590     |
| Subtotal .....  | 76,729         | 95,131   | 87,199  |
| <b>Trust fund payments to Federal funds:</b>                          |                |          |         |
| Repayment of loans or advances to trust<br>funds .....                | 2,763          | 2,914    | 2,912   |
| Charges for services to trust funds .....                             | 268            | 325      | 329     |
| Other .....   | 604            | 615      | 624     |
| Subtotal .....  | 3,635          | 3,854    | 3,865   |
| Total interfunds distributed by agency .....                          | 80,364         | 98,985   | 91,064  |
| <b>Undistributed by agency:</b>                                       |                |          |         |
| <b>Employer share, employee retirement (on-<br/>budget):</b>          |                |          |         |
| Civil service retirement and disability in-<br>surance .....          | 7,211          | 7,675    | 7,671   |
| Hospital insurance (contribution as em-<br>ployer) <sup>1</sup> ..... | 1,886          | 1,909    | 1,949   |
| Military retirement fund .....  | 16,314         | 13,374   | 12,544  |
| Other Federal employees retirement .....                              | 95             | 107      | 114     |
| Total employer share, employee retire-<br>ment (on-budget) .....      | 25,507         | 23,065   | 22,279  |
| Interest received by on-budget trust funds ...                        | 54,193         | 54,834   | 56,604  |
| Total interfund transactions undistributed<br>by agency .....         | 79,700         | 77,899   | 78,883  |
| Total interfund transactions .....                                    | 160,064        | 176,884  | 169,947 |
| Total intrabudgetary transactions .....                               | 178,682        | 191,351  | 183,564 |

| Type   | 1992<br>actual | Estimate |         |
|--|----------------|----------|---------|
|  |                | 1993     | 1994    |
| <b>Payments by on-budget accounts to off-budget accounts:</b>          |                |          |         |
| <b>Interfund transactions:</b>   |                |          |         |
| <b>Distributed by agency:</b>  |                |          |         |
| Federal fund payments to trust funds:                                  |                |          |         |
| Old-age, survivors, and disability insurance .....                     | 6,166          | 5,963    | 6,547   |
| <b>Undistributed by agency:</b>  |                |          |         |
| Employer share, employee retirement (off-budget) .....                 | 6,101          | 6,373    | 6,731   |
| Interest received by off-budget trust funds .....                      | 23,637         | 26,967   | 29,542  |
| Total payments by on-budget accounts to off-budget accounts .....      | 35,905         | 39,302   | 42,819  |
| <b>Payments by off-budget accounts to on-budget accounts:</b>          |                |          |         |
| <b>Intrafund transactions from off-budget accounts:</b>                |                |          |         |
| <b>Distributed by agency:</b>  |                |          |         |
| Payments to railroad retirement <sup>2</sup> .....                     | 3,206          | 3,445    | 3,573   |
| Total Intrafund transactions from off-budget accounts .....            | 3,206          | 3,445    | 3,573   |
| <b>Interfund transactions from off-budget accounts:</b>                |                |          |         |
| <b>Distributed by agency:</b>  |                |          |         |
| <b>Undistributed by agency:</b>  |                |          |         |
| Employer contributions to FHI .....                                    | 438            | 451      | 458     |
| Retirement contributions .....   | 4,735          | 4,978    | 5,320   |
| Total payments by off-budget accounts to on-budget accounts .....      | 8,380          | 8,874    | 9,351   |
| Total intragovernmental transactions ...                               | 222,967        | 239,527  | 235,735 |
| <b>PROPRIETARY RECEIPTS FROM THE PUBLIC</b>                            |                |          |         |
| <b>Distributed by agency:</b>  |                |          |         |
| <b>Interest:</b>   |                |          |         |
| Interest on loans, Foreign Assistance Act .....                        | 371            | 275      | 275     |
| Other interest on foreign loans and deferred foreign collections ..... | 713            | 683      | 636     |
| Interest on deposits in tax and loan accounts ..                       | 804            | 564      | 730     |
| Other interest (domestic—civil) <sup>3</sup> .....                     | 470            | 1,144    | 1,423   |
| Total interest .....   | 2,358          | 2,667    | 3,064   |
| <b>Rents:</b>  |                |          |         |
| Rent and bonuses from land leases, etc .....                           | 5              | 7        | 7       |
| Rent of land and other real property .....                             | 83             | 82       | 95      |
| Rent of equipment and other personal property ..                       | 8              | 12       | 12      |
| Total rents .....  | 95             | 100      | 114     |
| <b>Royalties</b> .....   | 920            | 933      | 1,034   |
| <b>Sale of products:</b>   |                |          |         |
| Sale of timber and other natural land products ..                      | 1,065          | 1,144    | 1,390   |
| Sale of minerals and mineral products .....                            | 503            | 435      | 522     |
| Sale of power and other utilities .....                                | 705            | 772      | 926     |
| Sale of other products .....   | *              | 4        | 34      |
| Recovery of mint manufacturing expense .....                           | 113            | 57       | 59      |
| Total sale of products .....   | 2,386          | 2,412    | 2,930   |

**OFFSETTING RECEIPTS BY TYPE—Continued**  
(In millions of dollars)

| Type   | 1992<br>actual | Estimate      |               |
|--|----------------|---------------|---------------|
|  |                | 1993          | 1994          |
| <b>Fees and other charges for services and special benefits:</b>       |                |               |               |
| Medicare premiums and other charges (trust funds) .....                | 13,232         | 15,099        | 17,340        |
| Nuclear waste disposal revenues .....                                  | 567            | 417           | 391           |
| Veterans life insurance (trust funds) .....                            | 421            | 375           | 320           |
| Other <sup>3</sup> .....   | 1,522          | 1,872         | 2,058         |
| <b>Total fees and other charges .....</b>                              | <b>15,743</b>  | <b>17,762</b> | <b>20,110</b> |
| <b>Sale of Government property:</b>                                    |                |               |               |
| Sale of land and other real property <sup>3</sup> .....                | 5              | 48            | 51            |
| Sale of equipment and other personal property:                         |                |               |               |
| Military assistance program sales (trust funds) .....                  | 12,182         | 12,720        | 12,790        |
| Sale of scrap and salvage material .....                               | 3              |               |               |
| <b>Total sale of Government property .....</b>                         | <b>12,190</b>  | <b>12,768</b> | <b>12,841</b> |
| <b>Realization upon loans and investments:</b>                         |                |               |               |
| Dollar repayments of loans, Agency for International Development ..... | 450            | 381           | 366           |
| Foreign military credit sales .....                                    | 374            | 414           | 427           |
| Negative loan subsidies .....  | 263            | 289           | 482           |
| Downward reestimates of subsidies .....                                |                | 205           |               |
| Dollar conversion of foreign currency .....                            | 25             | 16            | 17            |
| Repayment of loans to United Kingdom .....                             | 98             | 100           | 102           |
| Other <sup>3</sup> .....   | 475            | 152           | 170           |
| <b>Total realization upon loans and investments .....</b>              | <b>1,683</b>   | <b>1,557</b>  | <b>1,563</b>  |
| <b>Recoveries and refunds<sup>3</sup> .....</b>                        | <b>1,536</b>   | <b>1,558</b>  | <b>1,760</b>  |

| Type  | 1992<br>actual | Estimate       |                |
|---|----------------|----------------|----------------|
|   |                | 1993           | 1994           |
| <b>Miscellaneous receipt accounts<sup>3</sup> .....</b>                             | <b>1,415</b>   | <b>1,331</b>   | <b>1,361</b>   |
| <b>Total proprietary receipts from the public distributed by agency .....</b>       | <b>38,327</b>  | <b>41,088</b>  | <b>44,776</b>  |
| <b>Undistributed by agency:</b>   |                |                |                |
| Other interest: Interest received from Outer Continental Shelf escrow account ..... | *              |                | 848            |
| Rents and royalties on the Outer Continental Shelf:                                 |                |                |                |
| Rents and bonuses .....   | 155            | 156            | 587            |
| Royalties .....   | 2,343          | 2,143          | 2,172          |
| <b>Total proprietary receipts from the public undistributed by agency .....</b>     | <b>2,498</b>   | <b>2,299</b>   | <b>3,607</b>   |
| <b>Total proprietary receipts from the public<sup>4</sup> .....</b>                 | <b>40,825</b>  | <b>43,387</b>  | <b>48,382</b>  |
| <b>OFFSETTING GOVERNMENTAL RECEIPTS</b>   |                |                |                |
| Defense cooperation .....   | 4,921          | 25             |                |
| Other .....   | 1,934          | 2,201          | 2,475          |
| <b>Total offsetting governmental receipts .....</b>                                 | <b>6,855</b>   | <b>2,227</b>   | <b>2,475</b>   |
| <b>Total offsetting receipts .....</b>  | <b>270,647</b> | <b>285,141</b> | <b>286,591</b> |

\* \$500 thousand or less.

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

<sup>2</sup> 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.

<sup>3</sup> Includes both Federal funds and trust funds.

<sup>4</sup> Consists of:

|                     | 1992<br>actual | 1993<br>estimate | 1994<br>estimate |
|---------------------|----------------|------------------|------------------|
| Federal funds ..... | 13,500         | 13,546           | 16,499           |
| Trust funds .....   | 27,324         | 29,841           | 31,883           |
| Off-budget .....    |                |                  |                  |

## TRUST FUNDS AND FEDERAL FUNDS

The budget consists of two major groups of funds: Federal funds and trust funds.

The Federal funds group comprises the larger part of the budget and includes all transactions not classified by law as being in trust funds. The main component of the Federal funds group is the general fund, which is used for the general purposes of Government rather than being restricted by law to a specific program. It consists of all receipts not earmarked by law to finance other funds, including virtually all income taxes and many excise taxes, and all outlays financed by these receipts and by general Treasury borrowing.

The Federal funds group also includes special funds and revolving funds. Special funds are financed by earmarked receipts. Where the law requires that Federal fund receipts from a specified source be earmarked to finance a particular program, such as the license fees deposited into the land and water conservation fund, the receipts and associated outlays are recorded in special fund receipt and expenditure accounts. As a general rule, special fund receipts must be appropriated before they can be obligated and payments made.

Revolving funds conduct continuing cycles of business-like activity. They charge for the sale of products or services and use the proceeds to finance their spending. The proceeds are recorded as offsets (reductions) to spending within the fund that makes the expenditure. These collections generally are available automatically for obligation. There are two classes of revolving funds. Public enterprise funds, such as the Postal Service, conduct business-like operations mainly with the public. Intragovernmental funds, such as the Federal Buildings Fund, conduct business-like operations mainly within and between Government agencies.

Trust funds consist primarily of funds that are designated by law as trust funds. They are usually financed by earmarked receipts. The larger trust funds finance social insurance and other payments for individuals, such as social security, medicare, Federal employees retirement, and unemployment compensation. Other major trust funds finance highway construction and airport and airway development. Trust funds also include a few small funds established to carry out the stipulations of trust agreements where the Government is the fiduciary.

The Federal budget meaning of the term "trust" differs significantly from its private sector meaning. In the private sector, the beneficiary owns the trust's assets, and the assets are managed by trustees who act in a fiduciary capacity on behalf of the beneficiary. In contrast, the Federal Government owns the assets of most Federal trust funds, and it can raise or lower future trust fund collections and payments by enacting changes to existing law.

A trust fund must use its receipts for the purposes designated by law, but it is not required to spend them all in the same period they are collected. A surplus of receipts over outlays adds to the trust fund's balances, which are available to finance future expenditures. The balances are generally invested, by law, in Treasury debt securities. As a result, any net cash inflow from the public to the trust funds decreases the Treasury's need to borrow from the public in order to finance the Federal funds deficit.

### Income and Outgo by Fund Group

The following table shows income, outgo, and surplus or deficit by fund group. The estimates assume enactment of the President's budget proposals. Income consists mostly of governmental receipts (primarily taxes). It also includes proprietary receipts (derived from business-like transactions with the public) and interfund collections (receipts by one fund of payments from a fund in the other fund group) that are deposited in receipt accounts. Outgo consists of payments made to the public and interfund payments.

Income and outgo exclude transactions between funds within the same fund group. These intrafund transactions must be subtracted when the income and outgo for all funds within a fund group are added together, so that the totals for each fund group record only transactions with the public or with the other fund group. Income also excludes collections that are offset, by law, against the outlays of an expenditure account. Instead, such collections offset (reduce) outgo of the receiving fund group. For example, the Federal Employees Health Benefits (FEHB) Fund collects health insurance premiums paid by Federal agencies. These are recorded as offsets to outlays within the FEHB account, thereby reducing FEHB outgo. It would be correct conceptually to include these as income, but the total amount of such collections is not tabulated separately at present.

The table also shows offsetting receipts, which must be deducted from the sum of Federal fund and trust fund income and the sum of Federal fund and trust fund outgo in order to derive unified budget receipts and outlays. Receipts resulting from voluntary business-like transactions with the public are income for a fund group if they are not offset by law within an expenditure account. However they are offset against outgo in deriving outlays for the unified budget. In this way, unified budget receipts measure only the amount of collections raised by the Government in its sovereign capacity; similarly, unified budget outlays measure only the amount of resources allocated by the Government in a non-market capacity.

## RECEIPTS, OUTLAYS, AND SURPLUS OR DEFICIT BY FUND GROUP

(In billions of dollars)

|  | 1992<br>actual | Estimate |         |         |         |         |         |
|--|----------------|----------|---------|---------|---------|---------|---------|
|  |                | 1993     | 1994    | 1995    | 1996    | 1997    | 1998    |
| <b>Receipts:</b>                         |                |          |         |         |         |         |         |
| Federal funds cash income:               |                |          |         |         |         |         |         |
| From the public .....                    | 672.2          | 709.5    | 777.4   | 827.0   | 884.5   | 929.8   | 961.6   |
| From trust funds .....                   | 3.6            | 3.9      | 3.9     | 4.0     | 4.2     | 4.5     | 4.6     |
| Total, Federal funds cash income .....   | 675.8          | 713.3    | 781.3   | 831.0   | 888.7   | 934.2   | 966.2   |
| Trust funds cash income:                 |                |          |         |         |         |         |         |
| From the public .....                    | 465.9          | 481.8    | 524.7   | 554.4   | 585.4   | 609.3   | 635.3   |
| From Federal funds:                      |                |          |         |         |         |         |         |
| Interest .....                           | 77.8           | 81.8     | 86.1    | 91.5    | 97.3    | 103.9   | 111.0   |
| Other .....                              | 119.7          | 136.0    | 128.5   | 135.5   | 142.5   | 155.7   | 164.5   |
| Total, trust funds cash income .....     | 663.5          | 699.6    | 739.4   | 781.4   | 825.2   | 868.8   | 910.8   |
| Offsetting receipts .....                | -248.8         | -267.2   | -269.4  | -284.7  | -301.0  | -326.9  | -346.4  |
| Total, unified budget receipts .....     | 1,090.5        | 1,145.7  | 1,251.3 | 1,327.7 | 1,412.9 | 1,476.1 | 1,530.5 |
| <b>Outlays:</b>                          |                |          |         |         |         |         |         |
| Federal funds cash outgo .....           | 1,062.3        | 1,127.5  | 1,148.7 | 1,189.8 | 1,219.8 | 1,271.4 | 1,340.5 |
| Trust funds cash outgo .....             | 567.4          | 607.3    | 636.0   | 669.2   | 705.8   | 745.6   | 786.9   |
| Offsetting receipts .....                | -248.8         | -267.2   | -269.4  | -284.7  | -301.0  | -326.9  | -346.4  |
| Total, unified budget outlays .....      | 1,380.9        | 1,467.6  | 1,515.3 | 1,574.4 | 1,624.6 | 1,690.1 | 1,781.0 |
| <b>Surplus or deficit (-):</b>           |                |          |         |         |         |         |         |
| Federal funds .....                      | -386.4         | -414.2   | -367.4  | -358.8  | -331.1  | -337.2  | -374.3  |
| Trust funds .....                        | 96.0           | 92.3     | 103.4   | 112.1   | 119.3   | 123.2   | 123.9   |
| Total, unified surplus/deficit (-) ..... | -290.4         | -322.0   | -264.1  | -246.7  | -211.7  | -214.0  | -250.4  |

Receipts resulting from transactions between fund groups also constitute income for a fund group, but they are offset against interfund payments in the unified budget. In this way, unified budget receipts and outlays record only the Government's net transactions with the public.

## Contribution to the Federal Deficit

Much attention has focused recently on trust fund surpluses, Federal fund deficits, and the contribution of each to the unified deficit. Over the past three decades, growing trust fund surpluses have offset a major part of the large and growing Federal fund deficits. As shown in the bottom of the above table, this pattern is expected to continue for several years. It has led to the charge that the unified deficit is solely a Federal funds problem.

A different picture emerges if the analysis excludes transactions between fund groups. The unified budget deficit measures the Government's net transactions with the public. In contrast, the surplus or deficit for each fund group includes the effect of its transactions with the other fund group (interfund transactions) as well as its transactions with the public. Interfund transactions affect the bottom line of both fund groups, but they have no net impact on the unified deficit. For example, Federal fund payments to trust funds increase both the Federal fund deficit and the trust fund surplus, but the increase in one is offset by the increase in the other, and the unified deficit is unchanged. If interfund transactions are excluded, the trust fund surplus becomes a deficit and the Federal funds deficit becomes much smaller.

In 1992, for example, the trust fund surplus amounted to \$96 billion, and the Federal fund deficit was \$386 billion. Both figures include the effects of \$194 billion of net payments from Federal funds to trust funds. On the basis of transactions with the public, the trust fund group experienced a \$98 billion deficit, and the Federal fund deficit was \$193 billion. These amounts are expected to converge in 1996. On this basis, therefore, both fund groups can be said to be contributing to the unified deficit.

However, transactions with the public may not be the best basis for identifying the source of the unified deficit. This is because many interfund payments appropriately allocate the costs of Federal activities to the fund group that incurs and controls the costs. In principle, these costs should be financed by each fund group's receipts. To the extent they are not, the deficit ultimately is higher. Including these interfund payments therefore may provide a more reasonable measure of the contribution of each fund group to the overall deficit.

Payments by the Government to the various Federal employee trust funds for retirement and other benefits earned by Federal employees fall into this category. These payments by the Government as an employer allow total employee compensation to be charged to the Federal fund programs that employ Federal workers, or to the general fund. The costs of these benefits do not show up as payments to the public for many years, and the eventual payments to the public are recorded as trust fund outlays. But since the eventual payments result from commitments made in the course of carrying out past Federal fund activities, their impact on

the unified deficit should be attributed to the Federal funds group. The interfund payments made currently for these purposes are a reasonable, though imperfect, measure of the amount that could be attributed to Federal funds. In 1992, interfund payments for Federal employee retirement alone were almost \$59 billion.

Interest payments on trust fund investments in Treasury debt are another example of interfund payments that appropriately allocate costs and thus the responsibility for the unified deficit. These are the largest interfund payments, comprising about two-fifths of the total. In 1992 trust fund interest income was \$78 billion, and it is expected to grow to \$111 billion by 1998. These payments add equally to the trust fund surplus and the Federal fund deficit. As shown in the top of the table entitled "Surplus or Deficit by Fund Group", by 1998 the trust fund surplus is nearly eliminated if interfund interest transactions are excluded, and the Federal fund deficit is reduced substantially.

Interfund interest payments are appropriate charges for the borrowing of accumulated trust fund surpluses to finance Federal fund expenditures. The Federal funds borrow from the trust funds to finance current expenditures, and the trust funds are paid interest in recognition of the time value of money to both the borrower and the lender. If permitted by law, the trust fund surpluses could have been invested outside the Government. In that case, the Federal funds would have borrowed more from the public. Trust fund interest collections from the public would have been higher, as would Federal fund interest payments to the public. As a result, both the trust funds surplus and the Federal funds deficit would have been greater than current amounts, measured on the basis of transactions with the public. But it would not mean that trust funds were any less responsible—or Federal funds more responsible—for the unified deficit.

There are other interfund payments that appropriately allocate costs and therefore should also be included in assigning responsibility for the unified deficit. On the other hand, Federal law sometimes requires interfund payments to be made by a fund group that does not incur or control the costs. Because fund accounting reflects these legal requirements, some interfund payments do not indicate the ultimate responsibility for Federal spending and the deficit. Instead,

they cause the impact on the deficit of the fund group making the payment to be overstated and the impact of the fund group receiving the payment to be understated.

The principal payment of this type is the general fund payment to the Federal Supplementary Medical Insurance (SMI) Trust Fund. This payment was about \$39 billion in 1992, and it funded about three-quarters of SMI expenditures. Unlike Federal fund payments to trust funds for employee retirement and for interest, these are not payments for services provided by the SMI trust fund to Federal funds. Instead, they are Federal fund subsidies that finance the bulk of the trust fund's spending. Therefore, the effect of SMI expenditures on the unified deficit should be attributed to the trust funds group. The budget, instead, shows most of the impact as an addition to the Federal funds deficit.

Fund group income and outgo could be adjusted for these anomalies. However, even though the trust funds would still have a very large surplus after the adjustment, they would not be absolved from any responsibility for the unified deficit. Both Federal fund and trust fund expenditures have to be financed by the same revenue source—the American people. Over the past three decades, total receipts have been, on average, between 18 and 19 percent of gross domestic product. If this is the politically acceptable level of total Federal taxes, then total spending must be kept to that level in order to avoid a deficit. The spending restraint could be applied to Federal fund programs or to trust fund spending. The latter could not only lead to a balanced unified budget, it would also make it possible to reduce the Federal funds deficit by reducing trust fund receipts and raising Federal fund receipts without exceeding the politically acceptable limit on total taxes. In that sense, both fund groups are responsible for the unified deficit.

### Income, Outgo, and Balances of Trust Funds

The table "Income, Outgo, and Balances of Trust Funds" shows the trust funds balance at the start of each year, income and outgo during the year, and the end of year balance. Income and outgo are divided between transactions with the public and transactions with Federal funds. Receipts from Federal funds are divided between interest and other interfund receipts.

### SURPLUS OR DEFICIT BY FUND GROUP

(In billions of dollars)

|  | 1992<br>actual | Estimate |        |        |        |        |        |
|--|----------------|----------|--------|--------|--------|--------|--------|
|  |                | 1993     | 1994   | 1995   | 1996   | 1997   | 1998   |
| <b>Surplus or deficit (–) excluding interest:</b>    |                |          |        |        |        |        |        |
| Federal funds .....                                  | -308.6         | -332.4   | -281.3 | -267.4 | -233.8 | -233.3 | -263.3 |
| Trust funds .....                                    | 18.2           | 10.5     | 17.2   | 20.7   | 22.1   | 19.3   | 12.8   |
| <b>Net interfund interest receipts/payments (–):</b> |                |          |        |        |        |        |        |
| Federal funds .....                                  | -77.8          | -81.8    | -86.1  | -91.5  | -97.3  | -103.9 | -111.0 |
| Trust funds .....                                    | 77.8           | 81.8     | 86.1   | 91.5   | 97.3   | 103.9  | 111.0  |
| <b>Surplus or deficit (–) including interest:</b>    |                |          |        |        |        |        |        |
| Federal funds .....                                  | -386.4         | -414.2   | -367.4 | -358.8 | -331.1 | -337.2 | -374.3 |
| Trust funds .....                                    | 96.0           | 92.3     | 103.4  | 112.1  | 119.3  | 123.2  | 123.9  |

## INCOME, OUTGO, AND BALANCES OF TRUST FUNDS GROUP

(In billions of dollars)

|  | 1982<br>actual | Estimate |         |         |         |         |         |
|--|----------------|----------|---------|---------|---------|---------|---------|
|  |                | 1993     | 1994    | 1995    | 1996    | 1997    | 1998    |
| Total Trust Funds                      |                |          |         |         |         |         |         |
| Balance, start of year .....           | 876.2          | 972.3    | 1,064.4 | 1,167.9 | 1,280.0 | 1,399.5 | 1,522.5 |
| Income:                                |                |          |         |         |         |         |         |
| Governmental receipts .....            | 438.6          | 452.0    | 492.8   | 520.4   | 550.3   | 571.2   | 594.4   |
| Proprietary receipts .....             | 27.3           | 29.8     | 31.9    | 34.0    | 35.2    | 38.0    | 40.9    |
| Interfund receipts:                    |                |          |         |         |         |         |         |
| Interest .....                         | 77.8           | 81.8     | 86.1    | 91.5    | 97.3    | 103.9   | 111.0   |
| Other .....                            | 119.7          | 136.0    | 128.5   | 135.5   | 142.5   | 155.7   | 164.5   |
| Subtotal, income .....                 | 663.4          | 699.6    | 739.4   | 781.4   | 825.2   | 868.8   | 910.8   |
| Outgo:                                 |                |          |         |         |         |         |         |
| To the public .....                    | 563.8          | 603.5    | 632.1   | 665.2   | 701.6   | 741.2   | 782.3   |
| Interfund payments .....               | 3.6            | 3.9      | 4.0     | 4.2     | 4.4     | 4.7     | 4.8     |
| Subtotal, outgo .....                  | 567.4          | 607.3    | 636.1   | 669.4   | 706.0   | 745.8   | 787.2   |
| Change in fund balance:                |                |          |         |         |         |         |         |
| Surplus or deficit (-):                |                |          |         |         |         |         |         |
| Excluding interest .....               | 18.2           | 10.5     | 17.2    | 20.7    | 22.1    | 19.2    | 12.7    |
| Interest .....                         | 77.8           | 81.8     | 86.1    | 91.5    | 97.3    | 103.9   | 111.0   |
| Subtotal, surplus or deficit (-) ..... | 96.0           | 92.3     | 103.4   | 112.1   | 119.3   | 123.1   | 123.8   |
| Adjustments:                           |                |          |         |         |         |         |         |
| Transfers/lapses (net) .....           | 0.7            | -0.1     | .....   | .....   | .....   | .....   | .....   |
| Other adjustments .....                | 0.4            | -0.1     | .....   | .....   | .....   | .....   | .....   |
| Total, change in fund balance .....    | 97.1           | 92.1     | 103.4   | 112.1   | 119.3   | 123.1   | 123.8   |
| Balance, end of year .....             | 973.3          | 1,064.4  | 1,167.8 | 1,280.0 | 1,399.3 | 1,522.6 | 1,646.3 |

The trust funds group is expected to have large and growing surpluses over the projection period. As a consequence, trust fund balances will grow substantially, as they have over the past decade. The size of the anticipated balances is unprecedented, and it results mainly from relatively recent changes in the way some trust funds are financed.

Until the 1980s, most trust funds operated on a pay-as-you-go basis. Taxes and user fees were set at levels high enough to finance benefits and administrative expenses and to maintain prudent reserves, generally defined as being equal to one year's expenditures. As a result, trust fund balances tended to grow at about the same rate as their annual expenditures.

Pay-as-you-go financing was replaced in the 1980s by full or partial accrual funding for some of the larger trust funds. In order to partially prefund the "baby-boomers" social security benefits, the Social Security Amendments of 1983 raised payroll taxes above the levels necessary to finance current expenditures. In 1985 a new system was set up to finance military retirement benefits on a full accrual basis. In 1986 full accrual funding of retirement benefits was mandated for Federal civilian employees hired after December 31, 1983. The latter two changes require Federal agencies to make annual payments to the Federal employees' retirement trust funds in an amount equal to the present value of the retirement benefits earned by employees in that year. Since these trust funds will not pay retirement benefits to current employees for many

years, they will accumulate substantial balances over time.

Primarily because of these changes, but also because of the impact of real growth and inflation, trust fund balances grew from \$205 billion at the end of 1982 to \$973 billion at the end of 1992. The balances are expected to grow to \$1.6 trillion by the end of 1998. Almost all of these balances are invested in Treasury debt and earn interest. Therefore, they effectively represent the value, in current dollars, of taxes and user fees that have been paid in advance for future benefits and services.

In an accounting sense, these balances are available to finance future benefit payments and other trust fund expenditures. However, from an economic standpoint, the Government is not able to prefund benefits merely by accumulating trust fund balances. That can be accomplished only by simultaneously running trust fund surpluses and reducing the unified deficit below what it would otherwise have been by the amount of the trust fund surplus. This would reduce Federal borrowing by the amount of the trust funds surplus, which, in turn, would increase the amount of savings available to finance investments. If the additional investment increased the rate of productivity growth, future incomes and wealth would be expanded. As a result, when the trust funds draw down their investments in Treasury debt to pay future benefits, the burden on future workers of redeeming this debt would be reduced.

The fact of growing balances over the five-year budget horizon should not be interpreted to mean that all trust



funds are financially sound. For example, the balances of the Medicare Hospital Insurance trust fund are expected to be depleted by the end of the decade unless current policy is changed. Estimates of income, outgo, and balances for 1992 through 1998 for the major trust funds are shown in the following table.

### INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS

(In billions of dollars)

|  | 1992<br>actual | Estimate |       |       |       |       |       |
|--|----------------|----------|-------|-------|-------|-------|-------|
|  |                | 1993     | 1994  | 1995  | 1996  | 1997  | 1998  |
| <b>Airport and airway trust funds</b>              |                |          |       |       |       |       |       |
| Balance, start of year .....                       | 15.3           | 15.2     | 13.1  | 13.0  | 13.1  | 13.4  | 14.0  |
| Income:  |                |          |       |       |       |       |       |
| Governmental receipts .....                        | 4.6            | 3.4      | 5.7   | 6.2   | 6.7   | 7.2   | 7.7   |
| Proprietary receipts .....                         |                |          |       |       |       |       |       |
| Interfund receipts:                                |                |          |       |       |       |       |       |
| Interest .....                                     | 1.3            | 1.1      | 0.9   | 0.8   | 0.8   | 0.8   | 0.8   |
| Other .....  |                |          |       |       |       |       |       |
| Intrafund receipts .....                           |                |          |       |       |       |       |       |
| Subtotal, income .....                             | 5.9            | 4.5      | 6.6   | 7.0   | 7.4   | 8.0   | 8.5   |
| Outgo:   |                |          |       |       |       |       |       |
| To the public .....                                | 6.0            | 6.7      | 6.6   | 6.9   | 7.1   | 7.4   | 7.6   |
| Intrabudgetary payments .....                      |                |          |       |       |       |       |       |
| Subtotal, outgo .....                              | 6.0            | 6.7      | 6.6   | 6.9   | 7.1   | 7.4   | 7.6   |
| Change in fund balance:                            |                |          |       |       |       |       |       |
| Surplus or deficit (-):                            |                |          |       |       |       |       |       |
| Excluding interest .....                           | -1.3           | -3.2     | -0.9  | -0.7  | -0.4  | -0.2  | 0.1   |
| Interest .....                                     | 1.3            | 1.1      | 0.9   | 0.8   | 0.8   | 0.8   | 0.8   |
| Subtotal, surplus or deficit (-) .....             | -0.1           | -2.2     | -0.1  | 0.1   | 0.3   | 0.6   | 0.9   |
| Adjustments:                                       |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....                       |                |          |       |       |       |       |       |
| Other adjustments .....                            |                |          |       |       |       |       |       |
| Total, change in fund balance .....                | -0.1           | -2.1     | -0.1  | 0.1   | 0.3   | 0.6   | 0.9   |
| Balance, end of year .....                         | 15.2           | 13.1     | 13.0  | 13.1  | 13.4  | 14.0  | 14.8  |
| <b>Federal civilian employees retirement funds</b> |                |          |       |       |       |       |       |
| Balance, start of year .....                       | 264.1          | 290.6    | 318.9 | 347.3 | 376.7 | 406.1 | 435.8 |
| Income:  |                |          |       |       |       |       |       |
| Governmental receipts .....                        | 4.8            | 4.8      | 4.7   | 4.6   | 4.5   | 4.5   | 4.4   |
| Proprietary receipts .....                         |                |          |       |       |       |       |       |
| Interfund receipts:                                |                |          |       |       |       |       |       |
| Interest .....                                     | 24.3           | 25.6     | 27.0  | 28.1  | 29.3  | 30.4  | 31.5  |
| Other .....  | 31.5           | 33.0     | 33.3  | 34.5  | 34.7  | 35.4  | 36.3  |
| Intrafund receipts .....                           |                |          |       |       |       |       |       |
| Subtotal, income .....                             | 60.5           | 63.3     | 65.0  | 67.1  | 68.5  | 70.3  | 72.2  |
| Outgo:   |                |          |       |       |       |       |       |
| To the public .....                                | 34.1           | 35.1     | 36.5  | 37.8  | 39.1  | 40.5  | 42.1  |
| Intrabudgetary payments .....                      |                |          |       |       |       |       |       |
| Subtotal, outgo .....                              | 34.1           | 35.1     | 36.5  | 37.8  | 39.1  | 40.5  | 42.1  |
| Change in fund balance:                            |                |          |       |       |       |       |       |
| Surplus or deficit (-):                            |                |          |       |       |       |       |       |
| Excluding interest .....                           | 2.2            | 2.7      | 1.5   | 1.3   | 0.1   | -0.6  | -1.4  |
| Interest .....                                     | 24.3           | 25.6     | 27.0  | 28.1  | 29.3  | 30.4  | 31.5  |
| Subtotal, surplus or deficit (-) .....             | 26.5           | 28.3     | 28.4  | 29.3  | 29.4  | 29.7  | 30.1  |
| Adjustments:                                       |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....                       |                |          |       |       |       |       |       |
| Other adjustments .....                            |                |          |       |       |       |       |       |
| Total, change in fund balance .....                | 26.5           | 28.3     | 28.4  | 29.3  | 29.4  | 29.7  | 30.1  |
| Balance, end of year .....                         | 290.6          | 318.9    | 347.3 | 376.7 | 406.1 | 435.8 | 465.9 |

## INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

|  | 1992<br>actual | Estimate |       |       |       |       |       |
|--|----------------|----------|-------|-------|-------|-------|-------|
|  |                | 1993     | 1994  | 1995  | 1996  | 1997  | 1998  |
| <b>Foreign military sales trust fund</b>                                 |                |          |       |       |       |       |       |
| Balance, start of year .....   | 6.8            | 6.5      | 6.4   | 6.1   | 5.6   | 5.3   | 5.3   |
| Income:  |                |          |       |       |       |       |       |
| Governmental receipts .....  |                |          |       |       |       |       |       |
| Proprietary receipts .....   | 12.2           | 12.7     | 12.8  | 12.4  | 12.1  | 12.0  | 11.5  |
| Interfund receipts:  |                |          |       |       |       |       |       |
| Interest .....   |                |          |       |       |       |       |       |
| Other .....  |                |          |       |       |       |       |       |
| Intrafund receipts .....   |                |          |       |       |       |       |       |
| Subtotal, income .....   | 12.2           | 12.7     | 12.8  | 12.4  | 12.1  | 12.0  | 11.5  |
| Outgo:   |                |          |       |       |       |       |       |
| To the public .....  | 12.4           | 12.9     | 13.1  | 12.9  | 12.4  | 12.0  | 11.4  |
| Intrabudgetary payments .....  |                |          |       |       |       |       |       |
| Subtotal, outgo .....  | 12.4           | 12.9     | 13.1  | 12.9  | 12.4  | 12.0  | 11.4  |
| Change in fund balance:  |                |          |       |       |       |       |       |
| Surplus or deficit (-):  |                |          |       |       |       |       |       |
| Excluding interest .....   | -0.3           | -0.1     | -0.3  | -0.5  | -0.3  |       | -0.1  |
| Interest .....   |                |          |       |       |       |       |       |
| Subtotal, surplus or deficit (-) .....                                   | -0.3           | -0.1     | -0.3  | -0.5  | -0.3  |       | -0.1  |
| Adjustments:   |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....   |                |          |       |       |       |       |       |
| Other adjustments .....  |                |          |       |       |       |       |       |
| Total, change in fund balance .....                                      | -0.3           | -0.1     | -0.3  | -0.5  | -0.3  |       | -0.1  |
| Balance, end of year .....   | 6.5            | 6.4      | 6.1   | 5.6   | 5.3   | 5.3   | 5.3   |
| <b>Federal old-age, survivors &amp; disability insurance trust funds</b> |                |          |       |       |       |       |       |
| Balance, start of year .....   | 267.8          | 318.5    | 364.7 | 425.0 | 490.7 | 566.1 | 647.5 |
| Income:  |                |          |       |       |       |       |       |
| Governmental receipts .....  | 302.4          | 311.8    | 338.1 | 355.3 | 375.3 | 391.9 | 409.5 |
| Proprietary receipts .....   |                |          |       |       |       |       |       |
| Interfund receipts:  |                |          |       |       |       |       |       |
| Interest .....   | 23.6           | 27.0     | 29.5  | 32.9  | 36.7  | 41.4  | 46.7  |
| Other .....  | 12.3           | 12.3     | 13.3  | 14.0  | 14.7  | 15.4  | 16.3  |
| Intrafund receipts .....   |                |          |       |       |       |       |       |
| Subtotal, income .....   | 338.3          | 351.1    | 380.9 | 402.2 | 426.7 | 448.7 | 472.4 |
| Outgo:   |                |          |       |       |       |       |       |
| To the public .....  | 284.1          | 301.1    | 316.8 | 332.0 | 347.1 | 362.9 | 379.2 |
| Intrabudgetary payments .....  | 3.5            | 3.8      | 3.9   | 4.0   | 4.2   | 4.4   | 4.5   |
| Subtotal, outgo .....  | 287.6          | 304.9    | 320.7 | 336.1 | 351.3 | 367.3 | 383.7 |
| Change in fund balance:  |                |          |       |       |       |       |       |
| Surplus or deficit (-):  |                |          |       |       |       |       |       |
| Excluding interest .....   | 27.1           | 19.2     | 30.7  | 33.2  | 38.7  | 40.0  | 42.1  |
| Interest .....   | 23.6           | 27.0     | 29.5  | 32.9  | 36.7  | 41.4  | 46.7  |
| Subtotal, surplus or deficit (-) .....                                   | 50.7           | 46.2     | 60.3  | 66.1  | 75.4  | 81.4  | 88.8  |
| Adjustments:   |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....   |                |          |       |       |       |       |       |
| Other adjustments .....  |                |          |       |       |       |       |       |
| Total, change in fund balance .....                                      | 50.7           | 46.2     | 60.3  | 66.1  | 75.4  | 81.4  | 88.8  |
| Balance, end of year .....   | 318.5          | 364.7    | 425.0 | 490.7 | 566.1 | 647.5 | 736.3 |

## INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

|   | 1992<br>actual | Estimate |       |       |       |       |       |
|---|----------------|----------|-------|-------|-------|-------|-------|
|   |                | 1993     | 1994  | 1995  | 1996  | 1997  | 1998  |
| <b>Health Insurance: HI trust fund</b>  |                |          |       |       |       |       |       |
| Balance, start of year .....            | 109.9          | 120.6    | 125.6 | 131.5 | 136.8 | 136.0 | 129.2 |
| Income:                                 |                |          |       |       |       |       |       |
| Governmental receipts .....             | 79.1           | 80.7     | 90.8  | 99.0  | 104.7 | 109.4 | 114.5 |
| Proprietary receipts .....              | 0.5            | 0.6      | 0.7   | 0.8   | 0.8   | 0.9   | 1.0   |
| Interfund receipts:                     |                |          |       |       |       |       |       |
| Interest .....                          | 10.1           | 10.7     | 10.8  | 11.0  | 11.0  | 10.5  | 9.6   |
| Other .....                             | 3.0            | 2.8      | 4.8   | 7.9   | 8.2   | 8.5   | 8.7   |
| Intrafund receipts .....                |                |          |       |       |       |       |       |
| Subtotal, income .....                  | 92.7           | 94.7     | 107.1 | 118.7 | 124.7 | 129.3 | 133.8 |
| Outgo:                                  |                |          |       |       |       |       |       |
| To the public .....                     | 82.0           | 91.5     | 101.2 | 113.4 | 125.5 | 136.2 | 147.0 |
| Intrabudgetary payments .....           |                |          |       |       |       |       |       |
| Subtotal, outgo .....                   | 82.0           | 91.5     | 101.2 | 113.4 | 125.5 | 136.2 | 147.0 |
| Change in fund balance:                 |                |          |       |       |       |       |       |
| Surplus or deficit (-):                 |                |          |       |       |       |       |       |
| Excluding interest .....                | 0.7            | -7.5     | -5.0  | -5.7  | -11.7 | -17.4 | -22.9 |
| Interest .....                          | 10.1           | 10.7     | 10.8  | 11.0  | 11.0  | 10.5  | 9.6   |
| Subtotal, surplus or deficit (-) .....  | 10.7           | 3.2      | 5.9   | 5.3   | -0.8  | -6.8  | -13.2 |
| Adjustments:                            |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....            |                | 1.8      |       |       |       |       |       |
| Other adjustments .....                 |                |          |       |       |       |       |       |
| Total, change in fund balance .....     | 10.7           | 5.0      | 5.9   | 5.3   | -0.8  | -6.8  | -13.2 |
| Balance, end of year .....              | 120.6          | 125.6    | 131.5 | 136.8 | 136.0 | 129.2 | 116.0 |
| <b>Health Insurance: SMI trust fund</b> |                |          |       |       |       |       |       |
| Balance, start of year .....            | 15.7           | 18.5     | 20.3  | 19.3  | 16.6  | 15.0  | 15.7  |
| Income:                                 |                |          |       |       |       |       |       |
| Governmental receipts .....             |                |          |       |       |       |       |       |
| Proprietary receipts .....              | 12.7           | 14.5     | 16.7  | 19.0  | 20.2  | 23.1  | 26.3  |
| Interfund receipts:                     |                |          |       |       |       |       |       |
| Interest .....                          | 1.7            | 1.5      | 1.5   | 1.4   | 1.1   | 0.9   | 1.0   |
| Other .....                             | 38.7           | 43.8     | 44.3  | 47.0  | 53.3  | 62.0  | 70.0  |
| Intrafund receipts .....                |                |          |       |       |       |       |       |
| Subtotal, income .....                  | 53.1           | 59.8     | 62.5  | 67.3  | 74.6  | 86.0  | 97.3  |
| Outgo:                                  |                |          |       |       |       |       |       |
| To the public .....                     | 50.3           | 56.2     | 63.6  | 69.9  | 76.3  | 85.3  | 95.7  |
| Intrabudgetary payments .....           |                |          |       |       |       |       |       |
| Subtotal, outgo .....                   | 50.3           | 56.2     | 63.6  | 69.9  | 76.3  | 85.3  | 95.7  |
| Change in fund balance:                 |                |          |       |       |       |       |       |
| Surplus or deficit (-):                 |                |          |       |       |       |       |       |
| Excluding interest .....                | 1.1            | 2.0      | -2.6  | -4.0  | -2.8  | -0.2  | 0.6   |
| Interest .....                          | 1.7            | 1.5      | 1.5   | 1.4   | 1.1   | 0.9   | 1.0   |
| Subtotal, surplus or deficit (-) .....  | 2.9            | 3.6      | -1.1  | -2.6  | -1.7  | 0.7   | 1.6   |
| Adjustments:                            |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....            |                | -1.8     |       |       |       |       |       |
| Other adjustments .....                 |                |          |       |       |       |       |       |
| Total, change in fund balance .....     | 2.9            | 1.8      | -1.1  | -2.6  | -1.7  | 0.7   | 1.6   |
| Balance, end of year .....              | 18.5           | 20.3     | 19.3  | 16.6  | 15.0  | 15.7  | 17.3  |

## INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

|  | 1992<br>actual | Estimate |       |       |       |       |       |
|--|----------------|----------|-------|-------|-------|-------|-------|
|  |                | 1993     | 1994  | 1995  | 1996  | 1997  | 1998  |
| <b>Highway trust funds</b>             |                |          |       |       |       |       |       |
| Balance, start of year .....           | 20.4           | 22.0     | 20.9  | 18.0  | 14.7  | 14.5  | 13.4  |
| Income:                                |                |          |       |       |       |       |       |
| Governmental receipts .....            | 16.7           | 17.8     | 18.2  | 18.6  | 22.2  | 22.6  | 22.9  |
| Proprietary receipts .....             |                |          |       |       |       |       |       |
| Interfund receipts:                    |                |          |       |       |       |       |       |
| Interest .....                         | 1.7            | 1.5      | 1.3   | 1.0   | 0.7   | 0.7   | 0.6   |
| Other .....                            |                |          |       |       |       |       |       |
| Intrafund receipts .....               |                |          |       |       |       |       |       |
| Subtotal, Income .....                 | 18.4           | 19.3     | 19.5  | 19.5  | 22.9  | 23.3  | 23.6  |
| Outgo:                                 |                |          |       |       |       |       |       |
| To the public .....                    | 16.8           | 20.4     | 22.8  | 22.8  | 23.1  | 24.4  | 24.8  |
| Intrabudgetary payments .....          |                |          |       |       |       |       |       |
| Subtotal, Outgo .....                  | 16.8           | 20.4     | 22.8  | 22.8  | 23.1  | 24.4  | 24.8  |
| Change in fund balance:                |                |          |       |       |       |       |       |
| Surplus or deficit:                    |                |          |       |       |       |       |       |
| Excluding interest .....               | -0.1           | -2.6     | -4.6  | -4.2  | -0.9  | -1.8  | -1.9  |
| Interest .....                         | 1.7            | 1.5      | 1.3   | 1.0   | 0.7   | 0.7   | 0.6   |
| Subtotal, surplus or deficit .....     | 1.6            | -1.1     | -3.3  | -3.3  | -0.2  | -1.1  | -1.2  |
| Adjustments:                           |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....           | -0.5           |          |       |       |       |       |       |
| Other adjustments .....                | 0.5            | -0.1     |       |       |       |       |       |
| Total, Change in fund balance .....    | 1.6            | -1.1     | -3.3  | -3.3  | -0.2  | -1.1  | -1.2  |
| Balance, end of year .....             | 22.0           | 20.9     | 18.0  | 14.7  | 14.5  | 13.4  | 12.2  |
| <b>Military retirement fund</b>        |                |          |       |       |       |       |       |
| Balance, start of year .....           | 76.2           | 88.2     | 97.9  | 107.1 | 116.6 | 126.8 | 137.8 |
| Income:                                |                |          |       |       |       |       |       |
| Governmental receipts .....            |                |          |       |       |       |       |       |
| Proprietary receipts .....             |                |          |       |       |       |       |       |
| Interfund receipts:                    |                |          |       |       |       |       |       |
| Interest .....                         | 9.0            | 9.6      | 10.5  | 11.6  | 12.7  | 13.9  | 15.4  |
| Other .....                            | 27.5           | 25.6     | 25.5  | 25.8  | 26.4  | 27.1  | 27.9  |
| Intrafund receipts .....               |                |          |       |       |       |       |       |
| Subtotal, income .....                 | 36.5           | 35.3     | 36.0  | 37.4  | 39.1  | 41.0  | 43.3  |
| Outgo:                                 |                |          |       |       |       |       |       |
| To the public .....                    | 24.5           | 25.6     | 26.8  | 27.9  | 28.9  | 30.0  | 31.1  |
| Intrabudgetary payments .....          |                |          |       |       |       |       |       |
| Subtotal, outgo .....                  | 24.5           | 25.6     | 26.8  | 27.9  | 28.9  | 30.0  | 31.1  |
| Change in fund balance:                |                |          |       |       |       |       |       |
| Surplus or deficit (-):                |                |          |       |       |       |       |       |
| Excluding interest .....               | 3.0            | 0.1      | -1.3  | -2.0  | -2.5  | -2.9  | -3.2  |
| Interest .....                         | 9.0            | 9.6      | 10.5  | 11.6  | 12.7  | 13.9  | 15.4  |
| Subtotal, surplus or deficit (-) ..... | 12.0           | 9.7      | 9.2   | 9.5   | 10.2  | 11.0  | 12.2  |
| Adjustments:                           |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....           |                |          |       |       |       |       |       |
| Other adjustments .....                |                |          |       |       |       |       |       |
| Total, change in fund balance .....    | 12.0           | 9.7      | 9.2   | 9.5   | 10.2  | 11.0  | 12.2  |
| Balance, end of year .....             | 88.2           | 97.9     | 107.1 | 116.6 | 126.8 | 137.8 | 150.0 |

## INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

|  | 1992<br>actual | Estimate |      |      |      |      |      |
|--|----------------|----------|------|------|------|------|------|
|  |                | 1993     | 1994 | 1995 | 1996 | 1997 | 1998 |
| <b>Railroad retirement trust funds</b> |                |          |      |      |      |      |      |
| Balance, start of year .....           | 10.7           | 12.8     | 13.2 | 13.8 | 14.3 | 14.7 | 15.2 |
| Income:                                |                |          |      |      |      |      |      |
| Governmental receipts .....            | 4.0            | 3.9      | 3.9  | 3.8  | 3.7  | 3.7  | 3.6  |
| Proprietary receipts .....             |                |          |      |      |      |      |      |
| Interfund receipts:                    |                |          |      |      |      |      |      |
| Interest .....                         | 1.1            | 0.9      | 0.9  | 0.9  | 0.9  | 0.9  | 1.0  |
| Other .....                            | 3.2            | 3.1      | 3.3  | 3.4  | 3.6  | 3.7  | 3.8  |
| Intrafund receipts .....               | 3.2            | 3.4      | 3.6  | 3.7  | 3.8  | 4.0  | 4.0  |
| Subtotal, income .....                 | 11.4           | 11.4     | 11.6 | 11.9 | 12.0 | 12.2 | 12.4 |
| Outgo:                                 |                |          |      |      |      |      |      |
| To the public .....                    | 7.4            | 7.7      | 7.9  | 8.0  | 8.1  | 8.2  | 8.3  |
| Intrabudgetary payments .....          | 3.0            | 3.2      | 3.1  | 3.3  | 3.4  | 3.6  | 3.7  |
| Subtotal, outgo .....                  | 10.4           | 10.9     | 11.0 | 11.3 | 11.6 | 11.8 | 12.0 |
| Change in fund balance:                |                |          |      |      |      |      |      |
| Surplus or deficit (-):                |                |          |      |      |      |      |      |
| Excluding interest .....               |                | -0.4     | -0.3 | -0.4 | -0.5 | -0.5 | -0.5 |
| Interest .....                         | 1.1            | 0.9      | 0.9  | 0.9  | 0.9  | 0.9  | 1.0  |
| Subtotal, surplus or deficit (-) ..... | 1.0            | 0.5      | 0.6  | 0.5  | 0.4  | 0.4  | 0.4  |
| Adjustments:                           |                |          |      |      |      |      |      |
| Transfers/lapses (net) .....           | 1.2            |          |      |      |      |      |      |
| Other adjustments .....                | -0.1           | -0.1     |      |      |      |      |      |
| Total, change in fund balance .....    | 2.1            | 0.4      | 0.6  | 0.5  | 0.4  | 0.4  | 0.4  |
| Balance, end of year .....             | 12.8           | 13.2     | 13.8 | 14.3 | 14.7 | 15.2 | 15.6 |
| <b>Unemployment trust fund</b>         |                |          |      |      |      |      |      |
| Balance, start of year .....           | 47.8           | 34.7     | 35.8 | 37.5 | 41.3 | 45.8 | 49.2 |
| Income:                                |                |          |      |      |      |      |      |
| Governmental receipts .....            | 23.3           | 25.7     | 27.5 | 28.8 | 29.3 | 28.3 | 27.9 |
| Proprietary receipts .....             | 0.1            | 0.1      | 0.2  | 0.2  | 0.2  | 0.3  | 0.3  |
| Interfund receipts:                    |                |          |      |      |      |      |      |
| Interest .....                         | 3.6            | 2.4      | 2.1  | 2.1  | 2.3  | 2.5  | 2.8  |
| Other .....                            | 2.2            | 13.1     | 2.9  | 0.6  | 0.6  | 0.5  | 0.5  |
| Intrafund receipts .....               |                |          |      |      |      |      |      |
| Subtotal, income .....                 | 29.2           | 41.2     | 32.6 | 31.7 | 32.4 | 31.6 | 31.5 |
| Outgo:                                 |                |          |      |      |      |      |      |
| To the public .....                    | 41.3           | 40.2     | 30.9 | 27.9 | 27.9 | 28.2 | 28.6 |
| Intrabudgetary payments .....          |                |          |      |      |      |      |      |
| Subtotal, outgo .....                  | 41.3           | 40.2     | 30.9 | 27.9 | 27.9 | 28.2 | 28.6 |
| Change in fund balance:                |                |          |      |      |      |      |      |
| Surplus or deficit (-):                |                |          |      |      |      |      |      |
| Excluding interest .....               | -15.7          | -0.1     | -0.3 | 1.7  | 2.2  | 0.9  | 0.1  |
| Interest .....                         | 3.6            | 2.4      | 2.1  | 2.1  | 2.3  | 2.5  | 2.8  |
| Subtotal, surplus or deficit (-) ..... | -12.0          | 2.3      | 1.8  | 3.8  | 4.5  | 3.4  | 2.9  |
| Adjustments:                           |                |          |      |      |      |      |      |
| Transfers/lapses (net) .....           |                |          |      |      |      |      |      |
| Other adjustments .....                |                |          |      |      |      |      |      |
| Total, change in fund balance .....    | -12.0          | 2.3      | 1.8  | 3.8  | 4.5  | 3.4  | 2.9  |
| Balance, end of year .....             | 35.7           | 35.8     | 37.5 | 41.3 | 45.8 | 49.2 | 52.1 |

## INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

|  | 1992<br>actual | Estimate |       |       |       |       |       |
|--|----------------|----------|-------|-------|-------|-------|-------|
|  |                | 1993     | 1994  | 1995  | 1996  | 1997  | 1998  |
| <b>Veterans life insurance trust funds</b> |                |          |       |       |       |       |       |
| Balance, start of year .....               | 12.7           | 12.9     | 13.2  | 13.4  | 13.7  | 13.8  | 13.8  |
| Income:                                    |                |          |       |       |       |       |       |
| Governmental receipts .....                |                |          |       |       |       |       |       |
| Proprietary receipts .....                 | 0.4            | 0.4      | 0.3   | 0.3   | 0.3   | 0.3   | 0.3   |
| Interfund receipts:                        |                |          |       |       |       |       |       |
| Interest .....                             | 1.1            | 1.1      | 1.1   | 1.2   | 1.0   | 1.0   | 1.0   |
| Other .....                                |                |          |       |       |       |       |       |
| Intrafund receipts .....                   |                |          |       |       |       |       |       |
| Subtotal, income .....                     | 1.5            | 1.5      | 1.4   | 1.5   | 1.3   | 1.3   | 1.2   |
| Outgo:                                     |                |          |       |       |       |       |       |
| To the public .....                        | 1.3            | 1.1      | 1.2   | 1.2   | 1.2   | 1.3   | 1.3   |
| Intrabudgetary payments .....              |                |          |       |       |       |       |       |
| Subtotal, outgo .....                      | 1.3            | 1.1      | 1.2   | 1.2   | 1.2   | 1.3   | 1.3   |
| Change in fund balance:                    |                |          |       |       |       |       |       |
| Surplus or deficit (-):                    |                |          |       |       |       |       |       |
| Excluding interest .....                   | -0.9           | -0.7     | -0.9  | -0.9  | -0.9  | -1.0  | -1.0  |
| Interest .....                             | 1.1            | 1.1      | 1.1   | 1.2   | 1.0   | 1.0   | 1.0   |
| Subtotal, surplus or deficit (-) .....     | 0.2            | 0.4      | 0.2   | 0.3   | 0.1   | ..... | -0.1  |
| Adjustments:                               |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....               |                |          |       |       |       |       |       |
| Other adjustments .....                    |                |          |       |       |       |       |       |
| Total, change in fund balance .....        | 0.2            | 0.4      | 0.2   | 0.3   | 0.1   | ..... | -0.1  |
| Balance, end of year .....                 | 12.9           | 13.2     | 13.4  | 13.7  | 13.8  | 13.8  | 13.8  |
| <b>Other trust funds</b>                   |                |          |       |       |       |       |       |
| Balance, start of year .....               | 28.9           | 31.7     | 34.5  | 36.3  | 39.9  | 41.9  | 45.6  |
| Income:                                    |                |          |       |       |       |       |       |
| Governmental receipts .....                | 3.6            | 4.0      | 3.9   | 4.1   | 3.8   | 3.8   | 3.9   |
| Proprietary receipts .....                 | 1.4            | 1.5      | 1.3   | 1.4   | 1.6   | 1.5   | 1.6   |
| Interfund receipts:                        |                |          |       |       |       |       |       |
| Interest .....                             | 0.4            | 0.4      | 0.6   | 0.8   | 0.8   | 0.7   | 0.7   |
| Other .....                                | 1.3            | 2.2      | 1.2   | 2.3   | 1.0   | 3.0   | 1.0   |
| Intrafund receipts .....                   |                |          |       |       |       |       |       |
| Subtotal, income .....                     | 6.8            | 8.2      | 6.9   | 8.5   | 7.2   | 9.0   | 7.2   |
| Outgo:                                     |                |          |       |       |       |       |       |
| To the public .....                        | 3.6            | 4.9      | 4.9   | 4.5   | 4.8   | 4.9   | 5.2   |
| Intrabudgetary payments .....              | 0.3            | 0.4      | 0.4   | 0.4   | 0.4   | 0.5   | 0.5   |
| Subtotal, outgo .....                      | 4.0            | 5.3      | 5.2   | 4.9   | 5.2   | 5.3   | 5.7   |
| Change in fund balance:                    |                |          |       |       |       |       |       |
| Surplus or deficit (-):                    |                |          |       |       |       |       |       |
| Excluding interest .....                   | 2.4            | 2.4      | 1.1   | 2.8   | 1.2   | 3.0   | 0.8   |
| Interest .....                             | 0.4            | 0.4      | 0.6   | 0.8   | 0.8   | 0.7   | 0.7   |
| Subtotal, surplus or deficit (-) .....     | 2.8            | 2.9      | 1.7   | 3.6   | 2.0   | 3.7   | 1.5   |
| Adjustments:                               |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....               |                | -0.1     | ..... | ..... | ..... | ..... | ..... |
| Other adjustments .....                    |                | .....    | ..... | ..... | ..... | ..... | ..... |
| Total, change in fund balance .....        | 2.8            | 2.8      | 1.7   | 3.6   | 2.0   | 3.7   | 1.5   |
| Balance, end of year .....                 | 31.7           | 34.5     | 36.3  | 39.9  | 41.9  | 45.6  | 47.1  |

## FEDERAL BORROWING AND DEBT

Debt is the most explicit and legally binding obligation of the Federal Government. At the end of 1992 the Government owed \$2,998.6 billion of principal to the people who had loaned it the money to pay for past deficits. The gross Federal debt, including the amount held by trust funds and other Government accounts, was \$4,002.7 billion. This year the Government is estimated to pay about \$213 billion of interest to the public on its debt.

**Debt held by the public and gross Federal debt.**—The Federal Government issues debt for two principal purposes. First, it borrows from the public in order to finance the Federal deficit. Second, it issues debt to Government accounts, primarily trust funds, that accumulate surpluses. By law, most trust fund surpluses must be invested in Federal securities. The gross Federal debt is thus defined to consist of both the debt held by the public and the debt held by Government accounts. Nearly all the Federal debt has been issued by the Treasury and is formally called “public debt,” but a small portion has been issued by other Government agencies and is called “agency debt.”

Borrowing from the public has a significant impact on the economy. This borrowing is normally a good approximation to the Federal demand on credit markets. The Federal demand on credit markets, even if used productively for additional tangible or intangible investment, has to be financed by the saving of households and businesses, the State and local sector, or the rest of the world. Borrowing from the public moreover affects the size and composition of assets held by the private sector and the perceived wealth of the public. It also affects the amount of taxes required to pay interest to the public.

Issuing debt securities to Government accounts is a critical element in accounting for the operation of these funds. The balances of debt represent the cumulative surpluses of these funds due to the excess of their tax receipts and other collections compared to their spending. These balances can be used in later years to finance future payments to the public. The interest on this debt compensates these funds—and the members of the public who pay earmarked taxes or user fees into these funds—for spending some of their income at a later time than when they receive it. Public policy may deliberately run surpluses and accumulate debt in trust funds and other Government accounts, as it is doing now with social security, military retirement, civil service retirement, and certain other funds.

However, issuing debt to Government accounts does not have any of the economic effects of borrowing from the public. It is an internal transaction between two accounts, both within the Government itself. It does

not represent either current transactions of the Government with the public or an estimated amount of future transactions with the public. If the account conducts a retirement program, the debt that it holds does not represent the actuarial present value of future benefits. Debt held by the public is therefore a better concept than gross Federal debt for analyzing the effect of the budget on the economy.

**Trends in Federal debt.**—The following table shows trends in Federal debt held by the public from 1950 to the estimates for 1998. Debt is shown in various ways: in nominal terms, adjusted for inflation, and relative to GDP (Gross Domestic Product) and total credit market debt. The share of total Federal outlays used to pay interest on the debt is also shown, as is the Federal debt held by foreign residents. This table is supplemented for earlier years by the data in “Historical Tables,” tables 7.1–7.3, which were published in Part Five of *Budget Baselines, Historical Data, and Alternatives for the Future* (January 1993).

**Debt held by the public and the Federal deficit.**—The table on Federal Government financing and debt shows the relationship between borrowing from the public and the Federal deficit. The total deficit of the Federal Government includes not only the budget deficit but also the surplus or deficit of the off-budget Federal entities, which have been excluded from the budget by law. Under present law the off-budget Federal entities are the social security trust funds (old-age and survivors insurance and disability insurance) and the Postal Service fund. Borrowing from the public depends both on the Federal Government’s expenditure programs and tax laws and on the condition of the economy. The sensitivity of the budget to economic conditions is analyzed in the chapter on economic projections.

The total Federal deficit is financed either by borrowing from the public or by the other means shown in the table, such as a decrease in Treasury’s cash balance. Many of these other means of financing are normally small relative to borrowing from the public. Decreases in cash balances, for example, are inherently limited by past accumulations, which themselves required financing when they were built up. In 1992 these other accounts added up to a negative amount, –\$20.3 billion, and themselves had to be financed by borrowing from the public.

A new type of means of financing was created for credit programs by the Federal Credit Reform Act of 1990. Budget outlays for new direct loans and loan guarantees consist of the estimated subsidy cost of the loans or guarantees instead of the cash flows. The por-

## TRENDS IN FEDERAL DEBT HELD BY THE PUBLIC

(Dollar amounts in billions)

|                     | Debt held by the public |                                    | Debt held by the public as a percent of: |                                 | Interest on debt held by the public as a percent of total outlays <sup>3</sup> | Debt held by foreign residents <sup>4</sup> |                                |
|---------------------|-------------------------|------------------------------------|--|---------------------------------|--|---|--------------------------------|
|                     | Current dollars         | Constant 1967 dollars <sup>1</sup> | GDP                                      | Credit market debt <sup>2</sup> |  | Amount                                      | Percent of debt held by public |
| 1950 .....          | 219.0                   | 1,094.0                            | 82.4                                     | 55.3                            | 11.4   | NA  | NA                             |
| 1955 .....          | 226.6                   | 1,001.4                            | 58.9                                     | 43.3                            | 7.6  | 5.3   | 2.3                            |
| 1960 .....          | 236.8                   | 907.8                              | 46.9                                     | 33.7                            | 8.5  | 10.0  | 4.2                            |
| 1965 .....          | 260.8                   | 922.1                              | 38.9                                     | 27.0                            | 8.1  | 12.3  | 4.7                            |
| 1970 .....          | 283.2                   | 818.3                              | 28.7                                     | 20.8                            | 7.9  | 14.0  | 5.0                            |
| 1975 .....          | 394.7                   | 829.6                              | 26.1                                     | 18.4                            | 7.5  | 66.0  | 16.7                           |
| 1980 .....          | 709.3                   | 1,004.9                            | 26.8                                     | 18.5                            | 10.6   | 121.7                                       | 17.2                           |
| 1981 .....          | 784.8                   | 1,009.2                            | 26.5                                     | 18.6                            | 12.1   | 130.7                                       | 16.7                           |
| 1982 .....          | 919.2                   | 1,100.2                            | 29.4                                     | 20.0                            | 13.6   | 140.6                                       | 15.3                           |
| 1983 .....          | 1,131.0                 | 1,229.8                            | 34.1                                     | 22.1                            | 13.8   | 160.1                                       | 14.2                           |
| 1984 .....          | 1,300.0                 | 1,430.9                            | 35.2                                     | 22.4                            | 15.7   | 175.5                                       | 13.5                           |
| 1985 .....          | 1,499.4                 | 1,589.7                            | 37.8                                     | 22.8                            | 16.2   | 222.9                                       | 14.9                           |
| 1986 .....          | 1,736.2                 | 1,787.6                            | 41.2                                     | 23.1                            | 16.1   | 265.5                                       | 15.3                           |
| 1987 .....          | 1,888.1                 | 1,888.1                            | 42.4                                     | 22.7                            | 16.0   | 279.5                                       | 14.8                           |
| 1988 .....          | 2,050.3                 | 1,978.4                            | 42.6                                     | 22.6                            | 16.2   | 345.9                                       | 16.9                           |
| 1989 .....          | 2,189.3                 | 2,021.5                            | 42.3                                     | 22.2                            | 16.5   | 394.9                                       | 18.0                           |
| 1990 .....          | 2,410.4                 | 2,134.8                            | 44.1                                     | 22.7                            | 16.2   | 403.5                                       | 16.7                           |
| 1991 .....          | 2,687.9                 | 2,282.4                            | 47.7                                     | 24.3                            | 16.2   | 439.4                                       | 16.3                           |
| 1992 .....          | 2,998.6                 | 2,475.5                            | 51.1                                     | 25.8                            | 15.5   | 498.5                                       | 16.6                           |
| 1993 estimate ..... | 3,303.8                 | 2,664.2                            | 53.5                                     | .....                           | 14.5   | .....                                       | .....                          |
| 1994 estimate ..... | 3,574.4                 | 2,814.5                            | 54.9                                     | .....                           | 14.8   | .....                                       | .....                          |
| 1995 estimate ..... | 3,826.9                 | 2,943.7                            | 55.8                                     | .....                           | 15.1   | .....                                       | .....                          |
| 1996 estimate ..... | 4,052.8                 | 3,048.4                            | 56.3                                     | .....                           | 15.6   | .....                                       | .....                          |
| 1997 estimate ..... | 4,293.7                 | 3,159.7                            | 56.9                                     | .....                           | 15.8   | .....                                       | .....                          |
| 1998 estimate ..... | 4,575.7                 | 3,294.0                            | 58.1                                     | .....                           | 15.8   | .....                                       | .....                          |

NA = Not Available.

<sup>1</sup> Debt in current dollars deflated by the GDP deflator with 1987 = 100.<sup>2</sup> Source: Credit market debt from the Federal Reserve Board flow of funds accounts. Total credit market debt owed by domestic nonfinancial sectors, modified to be consistent with budget concepts for the measurement of Federal debt. Projections not available.<sup>3</sup> Interest on debt held by the public is estimated as the interest on the public debt less the "interest received by trust funds" (subfunction 901 less subfunctions 902 and 903). It does not include the comparatively small amount of interest on agency debt or the offsets for other interest received by Government accounts.<sup>4</sup> Estimated by Treasury Department. Not recorded by methods that are strictly comparable with debt held by the public. Projections not available.

tion of the net cash flow that does not represent a cost to the Government is non-budgetary, recorded as a transaction of the financing account for each program.

The "net financing disbursements" of a financing account are defined in the same way as the "outlays" of a budgetary account and may be either positive or negative. They are positive if the gross disbursements by the account—whether to the public or to a budgetary account—exceed the collections from both of these sources; they are negative if the collections exceed the gross disbursements. If the net financing disbursements are positive, they must be paid in cash and thus increase the requirement for Treasury borrowing; if the net financing disbursements are negative, they provide cash to the Treasury that can be used to pay the Government's bills in the same way as tax receipts, borrowing, or any other cash collection. The financing accounts are therefore a means of financing the Government, positive or negative, just like the other means listed in the table. A positive amount of net financing disbursements is shown in the table by the financing account having a negative sign.

The financing accounts had little net effect on borrowing in 1992 and are not estimated to have much effect in 1993. Their effect then increases, however, and by 1998 they are estimated to add \$32.0 billion to borrowing from the public. The principal reason is that this

budget proposes to modify and expand the direct loan pilot program for student aid. The goal is to replace guaranteed student lending with direct loans by 1997. The estimates reflect the current tentative phase-in plan, with \$22.5 billion of net financing disbursements in 1998. Since this is an entitlement program, direct loans will be provided in whatever amounts eligible applicants qualify for.

**Debt held by Government accounts and the trust fund surplus.**—The amount of Federal debt issued to Government accounts depends largely on the surpluses of the trust funds, both on-budget and off-budget, which owned 96 percent of the total Federal debt held by Government accounts at the end of 1992. In 1992, for example, the total trust fund surplus was \$96.0 billion and Government accounts invested \$93.0 billion in Federal securities. The small difference is because some other accounts hold Federal debt and because the trust funds may change the amount of their cash assets not currently invested. The amounts held by major Government accounts and their annual investment are shown in the last table of this chapter.

**Debt subject to statutory limit.**—A statutory limit applies to the total of most Federal debt outstanding: nearly all debt issued by the Treasury since September 1917, whether held by the public or by Government



FEDERAL GOVERNMENT FINANCING AND DEBT <sup>1</sup>

(In billions of dollars)

|  | 1992<br>actual | Estimate |          |          |          |          |          |
|--|----------------|----------|----------|----------|----------|----------|----------|
|  |                | 1993     | 1994     | 1995     | 1996     | 1997     | 1998     |
| <b>FINANCING</b>   |                |          |          |          |          |          |          |
| Surplus or deficit .....   | -290.4         | -322.0   | -264.1   | -246.7   | -211.7   | -214.0   | -250.4   |
| (On-budget) .....  | (-340.5)       | (-366.5) | (-322.8) | (-311.5) | (-287.8) | (-296.6) | (-340.6) |
| (Off-budget) .....   | (50.1)         | (44.5)   | (58.7)   | (64.8)   | (76.1)   | (82.6)   | (90.1)   |
| Means of financing other than borrowing from the public:   |                |          |          |          |          |          |          |
| Change in: <sup>2</sup>  |                |          |          |          |          |          |          |
| Treasury operating cash balance .....  | -17.3          | 18.8     | .....    | .....    | .....    | .....    | .....    |
| Checks outstanding, etc. <sup>3</sup> .....  | -1.4           | -0.2     | -2.3     | .....    | .....    | .....    | .....    |
| Deposit fund balances .....  | -0.4           | *        | -1.3     | .....    | .....    | .....    | .....    |
| Seigniorage on coins .....   | 0.3            | 0.3      | 0.5      | 0.5      | 0.5      | 0.5      | 0.5      |
| Less: Net financing disbursements:   |                |          |          |          |          |          |          |
| Direct loan financing accounts .....   | -3.3           | -5.5     | -7.0     | -8.5     | -15.4    | -26.1    | -30.3    |
| Guaranteed loan financing accounts .....   | 1.9            | 4.6      | 3.6      | 2.2      | 0.7      | -1.3     | -1.7     |
| Total, means of financing other than borrowing from the public .....                               | -20.3          | 18.0     | -6.5     | -5.8     | -14.3    | -26.9    | -31.6    |
| Total, requirement for borrowing from the public .....   | -310.7         | -304.0   | -270.6   | -252.5   | -226.0   | -240.9   | -282.0   |
| Reclassification of debt <sup>4</sup> .....  | .....          | -1.3     | .....    | .....    | .....    | .....    | .....    |
| Change in debt held by the public .....  | 310.7          | 305.2    | 270.6    | 252.5    | 226.0    | 240.9    | 282.0    |
| <b>DEBT, END OF YEAR</b>   |                |          |          |          |          |          |          |
| Gross Federal debt:  |                |          |          |          |          |          |          |
| Debt issued by Treasury .....  | 3,984.6        | 4,374.1  | 4,754.4  | 5,119.3  | 5,463.8  | 5,827.4  | 6,232.6  |
| Debt issued by other agencies .....  | 18.1           | 22.6     | 23.2     | 22.9     | 23.7     | 24.3     | 24.9     |
| Total, gross Federal debt .....  | 4,002.7        | 4,396.7  | 4,777.7  | 5,142.3  | 5,487.6  | 5,851.7  | 6,257.5  |
| Held by:   |                |          |          |          |          |          |          |
| Government accounts .....  | 1,004.0        | 1,092.8  | 1,203.3  | 1,315.4  | 1,434.7  | 1,557.9  | 1,681.8  |
| The public .....   | 2,998.6        | 3,303.8  | 3,574.4  | 3,826.9  | 4,052.8  | 4,293.7  | 4,575.7  |
| (Federal Reserve Banks) .....  | (296.4)        | .....    | .....    | .....    | .....    | .....    | .....    |
| (Other) .....  | (2,702.2)      | .....    | .....    | .....    | .....    | .....    | .....    |
| <b>DEBT SUBJECT TO STATUTORY LIMITATION, END OF YEAR</b>   |                |          |          |          |          |          |          |
| Debt issued by Treasury .....  | 3,984.6        | 4,374.1  | 4,754.4  | 5,119.3  | 5,463.8  | 5,827.4  | 6,232.6  |
| Less: Treasury debt not subject to limitation <sup>5</sup> .....                                   | -15.6          | -15.6    | -15.6    | -15.6    | -15.6    | -15.6    | -15.6    |
| Agency debt subject to limitation .....  | 0.3            | 0.3      | 0.3      | 0.3      | 0.3      | 0.3      | 0.3      |
| Unamortized discount (less premium) on Treasury notes and bonds other than zero-coupon bonds ..... | 3.3            | 4.0      | 4.0      | 4.0      | 4.0      | 4.0      | 4.0      |
| Total, debt subject to statutory limitation <sup>6</sup> .....                                     | 3,972.6        | 4,362.8  | 4,743.1  | 5,108.0  | 5,452.5  | 5,816.0  | 6,221.3  |

\* \$0.05 billion or less.

<sup>1</sup> Treasury securities held by the public are almost entirely measured at sales price plus amortized discount or less amortized premium. Agency debt and Treasury securities held by Government accounts are almost entirely measured at face value.<sup>2</sup> A decrease in the Treasury operating cash balance (which is an asset) is a means of financing the deficit. It therefore has a positive sign, which is opposite to the sign of the deficit. An increase in checks outstanding or deposit fund balances (which are liabilities) is also a means of financing the deficit and therefore also has a positive sign.<sup>3</sup> Besides checks outstanding, includes accrued interest payable on Treasury debt, miscellaneous liability accounts, allocations of special drawing rights, and, as an offset, cash and monetary assets other than the Treasury operating cash balance, miscellaneous asset accounts, and profit on sale of gold.<sup>4</sup> The Farm Credit System Financial Assistance Corporation was reclassified from a Government-sponsored enterprise to a Federal agency as of October 1, 1992, and its debt was accordingly reclassified as Federal agency debt. This reclassification does not constitute borrowing.<sup>5</sup> Consists primarily of Federal Financing Bank debt.<sup>6</sup> The statutory debt limit of \$4,145 billion was enacted as of November 5, 1990.

accounts; and debt issued by other Federal agencies that, according to explicit statute, is guaranteed as to principal and interest by the United States Government. Because the debt subject to limit includes both debt held by the public and debt held by Government accounts, it is much larger than debt held by the public: \$3,972.6 billion compared to \$2,998.6 billion at the end of 1992

The lower part of the table on Federal Government financing and debt compares the total Treasury debt with the debt subject to statutory limit. Most of the Treasury debt not subject to limit was issued by the Federal Financing Bank to the civil service retirement and disability trust fund. The sole type of agency debt

currently subject to the general limit is the debentures issued by the Federal Housing Administration, which were only \$301 million at the end of 1992. Some of the other agency debt, however, including TVA debt, is subject to its own statutory limit.

A limit of \$4,145 billion was established as part of the budget negotiations between the President and the Congress in the summer and fall of 1990. During that period the limit was temporarily raised or extended six times. The budget negotiations were concluded with the Omnibus Budget Reconciliation Act of 1990, which the President signed on November 5, 1990. The increase in the debt limit was large enough to last nearly two and a half years, the longest time without an increase

## AGENCY DEBT

(In millions of dollars)

| Description  | Borrowing or repayment (-) of debt |               |               | Debt end of 1994 estimate |
|--|------------------------------------|---------------|---------------|---------------------------|
|  | 1992 actual                        | 1993 estimate | 1994 estimate |                           |
| <b>Borrowing from the public:</b>  |                                    |               |               |                           |
| Defense .....  | -1                                 | 1             | -2            | 7                         |
| Housing and Urban Development:   |                                    |               |               |                           |
| Federal Housing Administration .....                                       | -18                                | -7            | -20           | 153                       |
| Interior .....   |                                    |               |               | 13                        |
| Small Business Administration:   |                                    |               |               |                           |
| Participation certificates: SBIC and section 505 development company ..... |                                    |               |               | 74                        |
| Architect of the Capitol .....   | 13                                 | 14            | 7             | 184                       |
| Farm Credit System Financial Assistance Corporation <sup>1</sup> .....     |                                    |               |               | 1,261                     |
| Federal Deposit Insurance Corporation:                                     |                                    |               |               |                           |
| Bank Insurance Fund .....  | -2                                 | -93           |               |                           |
| FSLIC Resolution Fund .....  | -4,987                             | -230          | -145          | 762                       |
| National Archives .....  |                                    |               | -3            | 298                       |
| Postal Service .....   | -220                               |               |               |                           |
| Tennessee Valley Authority .....   | 5,512                              | 3,500         | 850           | 20,365                    |
| <b>Total, borrowing from the public .....</b>                              | <b>296</b>                         | <b>3,186</b>  | <b>687</b>    | <b>23,116</b>             |
| <b>Borrowing from other funds:</b>   |                                    |               |               |                           |
| Housing and Urban Development:   |                                    |               |               |                           |
| Federal Housing Administration .....                                       | -16                                | -1            | *             | 122                       |
| <b>Total, borrowing from other funds .....</b>                             | <b>-16</b>                         | <b>-1</b>     | <b>*</b>      | <b>122</b>                |
| <b>Total, agency borrowing .....</b>                                       | <b>280</b>                         | <b>3,186</b>  | <b>687</b>    | <b>23,238</b>             |

<sup>\*</sup>\$500 thousand or less.<sup>1</sup>The Farm Credit System Financial Assistance Corporation was reclassified from a Government-sponsored enterprise to a Federal agency as of October 1, 1992, and its debt of \$1,261 million was accordingly reclassified as Federal agency debt. This reclassification does not constitute borrowing.

since the period from 1946 to 1954. A limit above \$4,145 billion is now needed, however, in order to permit the Government to continue to meet its obligations.

The change in debt held by the public, as shown in the table on Federal financing, is determined principally by the total Government deficit. Because the debt subject to limit also includes debt held by Government accounts, the change in debt subject to limit is determined both by the factors that determine the total Government deficit and by the factors that determine the change in debt held by Government accounts.

The change in debt held by Government accounts involves transactions between different funds within the Government. The budget is composed of two groups of funds, Federal funds and trust funds. The Federal funds are mainly derived from tax receipts and borrowing and are used for the general purposes of the Government. The trust funds, on the other hand, are financed by taxes or other collections earmarked by law for specified purposes, such as paying social security or unemployment benefits. (For further discussion see chapter on trust funds and Federal funds.)

A Federal funds deficit must generally be financed by borrowing, either by selling securities to the public or by issuing securities to Government accounts. Federal funds borrowing consists almost entirely of the Treasury issuing securities that are subject to the statutory debt limit. Trust fund surpluses are almost entirely invested in these securities, and trust fund holdings include most of the debt held by Government accounts. The change in debt subject to limit is therefore determined principally by the Federal funds deficit, which is equal to the arithmetic sum of the total Government deficit and the trust fund surplus.

So long as the trust fund surplus is large, the Federal funds deficit will be much more than the total Government deficit; and the increase in debt subject to limit will be much more than the increase in debt held by the public. In 1992, for example, the Federal funds deficit was \$386.4 billion, and other factors increased the change in debt subject to limit by \$16.9 billion. As a result, the debt subject to limit increased by \$403.3 billion, which was \$92.6 billion more than the increase in debt held by the public.

DEBT HELD BY GOVERNMENT ACCOUNTS <sup>1</sup>

(In millions of dollars)

| Description   | Investment or disinvestment (-) |               |                | Holdings end of 1994 estimate |
|---|---------------------------------|---------------|----------------|-------------------------------|
|   | 1992 actual                     | 1993 estimate | 1994 estimate  |                               |
| <b>Investment in Treasury debt:</b>                                   |                                 |               |                |                               |
| Overseas Private Investment Corporation .....                         | 54                              | 102           | 121            | 1,923                         |
| Defense—Military: Defense Cooperation account .....                   | -5,575                          | -1,991        | -4             | 37                            |
| Defense—Civil: Military retirement trust fund .....                   | 11,698                          | 19,630        | 8,805          | 116,189                       |
| Energy: Nuclear waste fund .....                                      | 489                             | 345           | 378            | 4,235                         |
| Health and Human Services:  |                                 |               |                |                               |
| Federal old-age and survivors insurance trust fund <sup>2</sup> ..... | 50,967                          | 48,657        | 63,304         | 418,486                       |
| Federal disability insurance trust fund <sup>2</sup> .....            | -187                            | -2,767        | -3,027         | 7,124                         |
| Federal hospital insurance trust fund .....                           | 11,320                          | 4,963         | 5,886          | 131,495                       |
| Federal supplementary medical insurance trust fund .....              | 2,293                           | 1,812         | -1,094         | 19,252                        |
| Housing and Urban Development:  |                                 |               |                |                               |
| Federal Housing Administration .....                                  | -812                            | 220           | 300            | 6,355                         |
| Other .....   | 424                             | 486           | 392            | 3,850                         |
| Interior:   |                                 |               |                |                               |
| Outer Continental Shelf deposit funds .....                           | 70                              | 27            | -1,271         | 8                             |
| Abandoned Mine Reclamation fund .....                                 | 1,022                           | -268          | 95             | 850                           |
| Labor:  |                                 |               |                |                               |
| Unemployment trust fund .....   | -12,436                         | -78           | 1,726          | 36,782                        |
| Pension Benefit Guaranty Corporation <sup>1</sup> .....               | 652                             | 686           | 625            | 4,339                         |
| State: Foreign Service retirement and disability trust fund .....     | 578                             | 610           | 637            | 7,246                         |
| Transportation:   |                                 |               |                |                               |
| Highway trust fund .....  | 1,573                           | -4,962        | -1,051         | 14,949                        |
| Airport and airway trust fund .....                                   | -103                            | -7,222        | -747           | 7,121                         |
| Treasury: Exchange stabilization fund .....                           | 936                             | 936           | 910            | 5,161                         |
| Veterans Affairs:   |                                 |               |                |                               |
| National service life insurance trust fund .....                      | 160                             | 303           | 198            | 11,812                        |
| Other trust funds .....   | 37                              | 58            | 35             | 1,667                         |
| Federal funds .....   | -378                            | -40           | -38            | 672                           |
| Environmental Protection Agency: Hazardous substance trust fund ..    | 445                             | 425           | 939            | 5,120                         |
| Office of Personnel Management:                                       |                                 |               |                |                               |
| Civil Service retirement and disability trust fund .....              | 25,881                          | 27,626        | 27,775         | 339,830                       |
| Employees life insurance fund .....                                   | 1,141                           | 1,081         | 1,041          | 14,725                        |
| Employees health benefits fund .....                                  | 424                             | 105           | 235            | 6,332                         |
| Federal Deposit Insurance Corporation:                                |                                 |               |                |                               |
| Bank Insurance fund .....   | -1,443                          | -1,147        | 2,000          | 5,518                         |
| FSLIC Resolution fund .....   | 379                             | -819          | -29            | 471                           |
| Savings Association Insurance fund .....                              | 292                             | 909           | 1,225          | 2,474                         |
| National Credit Union Administration: Share insurance fund .....      | 233                             | 202           | 168            | 2,748                         |
| Postal Service fund <sup>2</sup> .....                                | 1,340                           | -179          | 800            | 5,300                         |
| Railroad Retirement Board trust funds .....                           | 1,094                           | -959          | 231            | 10,800                        |
| Tennessee Valley Authority .....                                      | -640                            | -991          | -257           | 991                           |
| Other Federal funds .....   | 230                             | -332          | -1             | 2,824                         |
| Other trust funds <sup>3</sup> .....                                  | 838                             | 1,336         | 156            | 6,465                         |
| <b>Total, investment in Treasury debt <sup>1, 3</sup> .....</b>       | <b>92,995</b>                   | <b>88,764</b> | <b>110,461</b> | <b>1,203,149</b>              |
| <b>Investment in agency debt:</b>                                     |                                 |               |                |                               |
| Housing and Urban Development:  |                                 |               |                |                               |
| Government National Mortgage Association .....                        | -16                             | -1            | *              | 122                           |
| <b>Total, investment in agency debt .....</b>                         | <b>-16</b>                      | <b>-1</b>     | <b>*</b>       | <b>122</b>                    |
| <b>Total, investment in Federal debt <sup>1, 3</sup> .....</b>        | <b>92,978</b>                   | <b>88,764</b> | <b>110,461</b> | <b>1,203,271</b>              |
| <b>MEMORANDUM</b>   |                                 |               |                |                               |
| Investment by Federal funds (on-budget) <sup>1</sup> .....            | -4,153                          | -1,702        | 5,884          | 42,570                        |
| Investment by Federal funds (off-budget) .....                        | 1,340                           | -179          | 800            | 5,300                         |
| Investment by trust funds (on-budget) <sup>3</sup> .....              | 44,942                          | 44,727        | 44,771         | 729,784                       |
| Investment by trust funds (off-budget) .....                          | 50,780                          | 45,890        | 60,277         | 425,610                       |
| Investment by deposit funds <sup>4</sup> .....                        | 70                              | 27            | -1,271         | 8                             |

\* \$500 thousand or less.

<sup>1</sup>Debt held by Government accounts is measured at face value except for the Treasury zero-coupon bonds held by the Pension Benefit Guaranty Corporation, which were issued beginning in 1991 and recorded by an accrual method (the estimated market value). If recorded at face value, PBGC's holdings at the end of 1992 would be \$15,443 million, an increase of \$5,105 million compared to 1991; and total holdings by Government accounts would be \$1,016,453 million, an increase of \$97,431 million.

<sup>2</sup>Off-budget Federal entity.

<sup>3</sup>Includes the Farm Credit System Financial Assistance Corporation, which was reclassified from a Government-sponsored enterprise to a Federal agency as of October 1, 1992. Its holding of Federal securities (\$8 million at the beginning of 1993) was accordingly reclassified as debt held by Government accounts. This reclassification does not constitute investment.

<sup>4</sup>Only those deposit funds classified as Government accounts.



## FEDERAL EMPLOYMENT

This section provides data on civilian and military employment in the Executive Branch and personnel compensation and benefits. It also provides information on employment in the legislative and judicial branches and comparisons between the Federal workforce, State and local Government workforces, and the United States population.

### Total Federal Employment in the Executive Branch

Civilian employment in the Executive Branch is measured on the basis of full-time equivalents (FTEs). One FTE is equal to one work year or 2,080 hours.

The budget implements a reduction of Federal positions, measured on an FTE basis, pursuant to Executive Order 12839 issued February 10, 1993. This order mandates an overall reduction in each executive department and agency, from a base level of FTE employment consistent with 1993 enacted appropriations, of 1 percent in 1993, 2.5 percent in 1994, and 4 percent in 1995.

The reduction applies to all Executive Branch departments and agencies, excluding the U.S. Postal Service, with greater than 100 employees measured on an FTE basis. Exemptions from the reduction may be granted if the Director of OMB determines that such action is necessary to assure that essential services are provided and/or applicable provisions of law are carried out. The Director will be considering exemptions depending on the level of appropriations enacted for 1993 and 1994, and other factors. Reductions in Executive Branch employment resulting from the Executive Order are shown in the table entitled "Federal Employment in the Executive Branch." The Federal Deposit Insurance Corporation is not complying with the Executive Order.

### Total Federal Employment Levels

The tables that follow show total Federal employment in all branches of Government, as well as the U.S. Postal Service, Postal Rate Commission, and active duty uniformed military personnel. The table entitled "Total Federal Employment as Measured by Total Positions Filled" displays total Federal employment as

measured by actual positions filled, and the table entitled "Total Federal Employment as Measured by Full-Time Equivalents" shows total Federal employment on an FTE basis.

### Personnel Compensation and Benefits

The table entitled "Personnel Compensation and Benefits" displays personnel compensation and benefits for all branches of Government, as well as for military personnel.

Direct compensation of the Federal work force includes base pay, merit pay, and premium pay. In addition, it includes other cash components such as interim geographic adjustments, recruitment and relocation bonuses, retention allowances, performance awards, and cost-of-living and overseas allowances.

In the case of military personnel, compensation includes basic pay, special and incentive pay (including enlistment and reenlistment bonuses), and allowances for clothing, housing, and subsistence.

Related compensation in the form of personnel benefits for current personnel consists primarily of the Government's share (as an employer) of health insurance, life insurance, old age survivors' disability and health insurance, and payments to the Department of Defense's Military Retirement Fund and the Civil Service Retirement and Disability Fund to finance future retirement benefits.

### Government Employment and Population Comparisons

As illustrated in the table entitled "Government Employment and Population," the Federal share of total Government employment has declined significantly over the last three decades, from 21.7 percent in 1961 to 15.2 percent in 1992. Employment for all Government has risen steadily over the period mostly due to increases in state and local Government employment.

The ratio of Federal civilian employment to the total U.S. population is estimated to be 11.8 per thousand in 1993, down from a high of 14.9 in 1968 and 1969. A further decline, to 11.6 per thousand, is expected for 1994.

## FEDERAL EMPLOYMENT IN THE EXECUTIVE BRANCH

(Civilian employment as measured by Full-Time Equivalents in thousands)

| Agency  | 1992<br>actual | 1993    |          | 1994<br>estimate | 1995<br>estimate | Change:<br>1993 base<br>to 1995 |
|---|----------------|---------|----------|------------------|------------------|---------------------------------|
|   |                | Base    | Estimate |                  |                  |                                 |
| Cabinet agencies:   |                |         |          |                  |                  |                                 |
| Agriculture .....   | 113.4          | 113.3   | 112.1    | 110.8            | 108.9            | -4.3                            |
| Commerce .....  | 35.2           | 36.4    | 36.0     | 35.5             | 34.9             | -1.5                            |
| Defense—military functions <sup>1</sup> .....   | 972.9          | 927.2   | 927.2    | 895.2            | 865.2            | -62.0                           |
| Education .....   | 4.9            | 5.0     | 4.9      | 4.8              | 4.8              | -0.2                            |
| Energy .....  | 19.7           | 20.6    | 20.4     | 20.0             | 19.7             | -0.9                            |
| Health and Human Services .....   | 128.8          | 130.0   | 128.7    | 126.7            | 124.8            | -5.2                            |
| Housing and Urban Development .....   | 14.1           | 13.6    | 13.5     | 13.3             | 13.1             | -0.5                            |
| Interior .....  | 75.3           | 77.9    | 77.2     | 76.0             | 74.8             | -3.1                            |
| Justice .....   | 91.7           | 98.4    | 97.4     | 95.9             | 94.4             | -3.9                            |
| Labor .....   | 19.7           | 19.8    | 19.6     | 19.3             | 19.0             | -0.8                            |
| State .....   | 25.5           | 26.0    | 25.8     | 25.4             | 25.0             | -1.0                            |
| Transportation .....  | 69.9           | 71.1    | 70.0     | 69.3             | 68.3             | -2.8                            |
| Treasury .....  | 162.8          | 165.2   | 163.6    | 163.1            | 161.6            | -3.6                            |
| Veterans Affairs .....  | 229.0          | 232.4   | 232.1    | 234.2            | 225.7            | -6.7                            |
| Other agencies (excluding Postal Service):  |                |         |          |                  |                  |                                 |
| Agency For International Development .....  | 4.4            | 4.4     | 4.3      | 4.3              | 4.2              | -0.2                            |
| Corps of Engineers .....  | 27.4           | 27.4    | 27.2     | 26.8             | 26.3             | -1.1                            |
| Environmental Protection Agency .....   | 17.4           | 18.3    | 18.1     | 17.8             | 17.6             | -0.7                            |
| Equal Employment Opportunity Commission .....   | 2.8            | 2.8     | 2.9      | 3.0              | 3.0              | 0.1                             |
| Federal Emergency Management Agency .....   | 2.6            | 2.7     | 2.7      | 2.7              | 2.6              | -0.1                            |
| Federal Deposit Insurance Corporation and Resolution Trust Corporation <sup>2</sup> ..... | 21.8           | 21.3    | 21.3     | 22.8             | 22.8             | 1.6                             |
| General Services Administration .....   | 22.8           | 22.7    | 22.5     | 22.1             | 21.8             | -0.9                            |
| National Aeronautics and Space Administration .....                                       | 24.5           | 24.9    | 24.2     | 23.8             | 23.9             | -1.0                            |
| National Archives and Records Administration .....  | 2.6            | 2.8     | 2.7      | 2.7              | 2.6              | -0.1                            |
| National Labor Relations Board .....  | 2.1            | 2.1     | 2.1      | 2.1              | 2.1              | .....                           |
| Nuclear Regulatory Commission .....   | 3.4            | 3.4     | 3.3      | 3.3              | 3.2              | -0.2                            |
| Office of Personnel Management .....  | 5.9            | 6.1     | 6.0      | 5.9              | 5.9              | -0.2                            |
| Panama Canal Commission .....   | 8.6            | 8.7     | 8.7      | 8.8              | 9.0              | 0.3                             |
| Securities and Exchange Commission .....  | 2.5            | 2.7     | 2.7      | 2.6              | 2.6              | -0.1                            |
| Small Business Administration .....   | 4.0            | 4.0     | 4.0      | 3.9              | 3.9              | -0.2                            |
| Smithsonian Institution .....   | 4.4            | 4.9     | 4.8      | 4.8              | 4.7              | -0.2                            |
| Tennessee Valley Authority .....  | 20.0           | 19.1    | 18.9     | 18.5             | 18.4             | -0.8                            |
| United States Information Agency .....  | 8.3            | 8.7     | 8.6      | 8.5              | 8.4              | -0.3                            |
| All other small agencies .....  | 21.0           | 22.0    | 21.6     | 21.2             | 21.0             | -1.0                            |
| Total, Executive Branch civilian employment <sup>3</sup> .....                            | 2,169.3        | 2,146.0 | 2,135.1  | 2,095.2          | 2,044.1          | -101.8                          |
| FTE reduction from the base .....   | .....          | .....   | 10.9     | 50.8             | 101.8            | .....                           |
| Percentage reduction from the base .....  | .....          | .....   | 0.5%     | 2.4%             | 4.7%             | .....                           |
| Percentage reduction target/FTE reduction target .....                                    | .....          | .....   | 1.0%     | 2.5%             | 4.0%             | -100.0                          |

<sup>1</sup> Because Defense was already reduced by almost 46,000 over 1992 in the 1993 base, no further reduction was required in 1993.<sup>2</sup> The Federal Deposit Insurance Corporation is not complying with the Executive Order.<sup>3</sup> Excludes Postal Service and Postal Rate Commission.

**TOTAL FEDERAL EMPLOYMENT**

(As measured by total positions filled)

| Description   | Actual as of September 30 |           |           | Percent change:<br>1990 to 1992 |
|---|---------------------------|-----------|-----------|---------------------------------|
|   | 1990                      | 1991      | 1992      |                                 |
| Executive branch civilian employment:                           |                           |           |           |                                 |
| All agencies except Postal Service and Postal Rate Commission:  |                           |           |           |                                 |
| Full-time permanent .....                                       | 1,920,637                 | 1,937,686 | 1,946,705 | 1.4%                            |
| Other than full-time permanent .....                            | 292,834                   | 261,298   | 281,004   | -4.0%                           |
| Subtotal .....  | 2,213,471                 | 2,198,984 | 2,227,709 | 0.6%                            |
| Postal Service: <sup>1</sup>                                    |                           |           |           |                                 |
| Full-time permanent .....                                       | 651,526                   | 644,271   | 627,074   | -3.8%                           |
| Other than full-time permanent .....                            | 165,422                   | 160,125   | 164,975   | -0.3%                           |
| Subtotal .....  | 816,948                   | 804,396   | 792,049   | -3.0%                           |
| Special Categories <sup>2</sup> .....                           | 36,748                    | 44,458    | 45,020    | 22.5%                           |
| Subtotal, executive branch civilian employment .....            | 3,067,167                 | 3,047,838 | 3,064,778 | -0.1%                           |
| Military personnel on active duty: <sup>3</sup>                 |                           |           |           |                                 |
| Department of Defense .....                                     | 2,069,357                 | 2,002,614 | 1,808,131 | -12.6%                          |
| Department of Transportation (Coast Guard) .....                | 37,087                    | 38,669    | 39,469    | 6.4%                            |
| Subtotal, military personnel .....                              | 2,106,444                 | 2,041,283 | 1,847,600 | -12.3%                          |
| Subtotal, Executive Branch .....                                | 5,173,611                 | 5,089,121 | 4,912,378 | -5.0%                           |
| Legislative branch:   |                           |           |           |                                 |
| Full-time permanent .....                                       | 16,681                    | 16,783    | 16,740    | 0.4%                            |
| Other than full-time permanent .....                            | 20,814                    | 21,719    | 21,769    | 4.6%                            |
| Subtotal, Legislative Branch .....                              | 37,495                    | 38,502    | 38,509    | 2.7%                            |
| Judicial Branch:  |                           |           |           |                                 |
| Full-time permanent .....                                       | 20,906                    | 23,306    | 25,488    | 21.9%                           |
| Other than full-time permanent .....                            | 2,699                     | 2,499     | 2,499     | -7.4%                           |
| Subtotal, Judicial Branch .....                                 | 23,605                    | 25,805    | 27,987    | 18.6%                           |
| Grand total .....   | 5,234,711                 | 5,153,428 | 4,978,874 | -4.9%                           |
| <b>ADDENDUM</b>   |                           |           |           |                                 |
| Executive branch civilian personnel (excluding Postal Service): |                           |           |           |                                 |
| DOD-Military functions .....                                    | 996,790                   | 974,404   | 945,356   | -5.2%                           |
| All other executive branch .....                                | 1,216,681                 | 1,224,580 | 1,282,353 | 5.4%                            |
| Total .....   | 2,213,471                 | 2,198,984 | 2,227,709 | 0.6%                            |

<sup>1</sup> Includes Postal Rate Commission.<sup>2</sup> Includes Summer Aides, Stay-in-school, Junior Fellowship, Worker-Trainee Opportunity Program.<sup>3</sup> Excludes reserve components.

**TOTAL FEDERAL EMPLOYMENT**

(As measured by Full-Time Equivalents)

| Description  | 1992 actual | Estimate  |           | Percent change:<br>1992 to 1994 |
|--|-------------|-----------|-----------|---------------------------------|
|  |             | 1993      | 1994      |                                 |
| Executive branch civilian personnel:                 |             |           |           |                                 |
| All agencies except Postal Service and Defense ..... | 1,196,477   | 1,207,871 | 1,199,967 | 0.3%                            |
| Defense-Military functions (civilians) .....         | 972,869     | 927,215   | 895,215   | -8.0%                           |
| Subtotal, excluding Postal Service .....             | 2,169,346   | 2,135,086 | 2,095,182 | -3.4%                           |
| Postal Service <sup>1</sup> .....                    | 770,873     | 743,558   | 757,798   | -1.7%                           |
| Subtotal, Executive Branch civilian personnel .....  | 2,940,219   | 2,878,644 | 2,852,980 | -3.0%                           |
| Executive branch uniformed personnel: <sup>2</sup>   |             |           |           |                                 |
| Department of Defense .....                          | 1,915,495   | 1,757,756 | 1,668,427 | -12.9%                          |
| Department of Transportation (Coast Guard) .....     | 38,262      | 38,178    | 37,919    | -0.9%                           |
| Subtotal, uniformed military personnel .....         | 1,953,757   | 1,795,934 | 1,706,346 | -12.7%                          |
| Subtotal, Executive Branch .....                     | 4,893,976   | 4,674,578 | 4,559,326 | -6.8%                           |
| Legislative Branch: <sup>3</sup> Total FTE .....     | 37,209      | 36,819    | 36,749    | -1.2%                           |
| Judicial branch: Total FTE .....                     | 26,493      | 27,813    | 30,472    | 15.0%                           |
| Grand total .....                                    | 4,957,678   | 4,739,210 | 4,626,547 | -6.7%                           |

<sup>1</sup> Includes Postal Rate Commission.<sup>2</sup> Military personnel on active duty. Excludes reserve components. Data shown are average strength.<sup>3</sup> Actual 1992 FTE data not available for legislative branch. Data shown are estimates.



## PERSONNEL COMPENSATION AND BENEFITS

(In millions of dollars)

| Description  | 1992 actual | Estimate |         | Percent change:<br>1992 to 1994 |
|--|-------------|----------|---------|---------------------------------|
|  |             | 1993     | 1994    |                                 |
| Civilian personnel costs:                          |             |          |         |                                 |
| Executive Branch (excluding Postal Service):       |             |          |         |                                 |
| Direct compensation:                               |             |          |         |                                 |
| DOD—military functions .....                       | 35,158      | 33,514   | 32,848  | -6.6%                           |
| All other executive branch .....                   | 47,506      | 50,722   | 51,753  | 8.9%                            |
| Subtotal, direct compensation .....                | 82,664      | 84,236   | 84,601  | 2.3%                            |
| Personnel benefits:                                |             |          |         |                                 |
| DOD—military functions .....                       | 7,566       | 6,455    | 6,110   | -19.2%                          |
| All other executive branch <sup>1</sup> .....      | 17,097      | 18,714   | 18,924  | 10.7%                           |
| Subtotal, personnel benefits .....                 | 24,663      | 25,169   | 25,034  | 1.5%                            |
| Subtotal, executive branch .....                   | 107,327     | 109,405  | 109,635 | 2.2%                            |
| Postal Service:                                    |             |          |         |                                 |
| Direct compensation .....                          | 28,311      | 28,348   | 29,122  | 2.9%                            |
| Personnel benefits .....                           | 8,751       | 9,335    | 10,142  | 15.9%                           |
| Subtotal .....                                     | 37,062      | 37,683   | 39,264  | 5.9%                            |
| Legislative Branch: <sup>2</sup>                   |             |          |         |                                 |
| Direct compensation .....                          | 770         | 785      | 833     | 8.2%                            |
| Personnel benefits .....                           | 146         | 155      | 170     | 16.4%                           |
| Subtotal .....                                     | 916         | 940      | 1,003   | 9.5%                            |
| Judicial Branch:                                   |             |          |         |                                 |
| Direct compensation .....                          | 1,096       | 1,227    | 1,405   | 28.2%                           |
| Personnel benefits .....                           | 228         | 257      | 319     | 39.9%                           |
| Subtotal .....                                     | 1,324       | 1,484    | 1,724   | 30.2%                           |
| Total, civilian personnel costs .....              | 146,629     | 149,512  | 151,626 | 3.4%                            |
| Military personnel costs:                          |             |          |         |                                 |
| Direct compensation .....                          | 55,285      | 56,567   | 52,917  | -4.3%                           |
| Personnel benefits .....                           | 23,799      | 20,402   | 19,366  | -18.6%                          |
| Total, military personnel costs <sup>3</sup> ..... | 79,084      | 76,969   | 72,283  | -8.6%                           |
| Grand total, personnel costs .....                 | 225,713     | 226,481  | 223,909 | -0.8%                           |
| <b>ADDENDUM</b>                                    |             |          |         |                                 |
| Retired pay for former personnel:                  |             |          |         |                                 |
| Civilian personnel .....                           | 35,766      | 37,594   | 38,994  | 9.0%                            |
| Military personnel .....                           | 25,057      | 26,111   | 27,316  | 9.0%                            |
| Total .....  | 60,823      | 63,704   | 66,310  | 9.0%                            |

<sup>1</sup> In addition to the employing agency's contribution to the costs of life and health insurance, retirement and Medicare Hospital insurance, this amount includes transfers from general revenues to amortize the effects of general pay increases on Federal retirement systems for employees in the Legislative and Judicial Branches as well as employees (non-Postal) in the Executive Branch and to amortize supplemental liabilities under FERS. The transfers amounted to \$6,545 in 1992 and are estimated to be \$7,367 million in 1993 and \$7,532 in 1994.

<sup>2</sup> Excludes members and officers of Congress.

<sup>3</sup> Excludes reserve components.

## GOVERNMENT EMPLOYMENT AND POPULATION, 1961-1994

| Fiscal year       | Government employment                  |  |   |                                     |   |                                    |   | Population                      |  |
|-------------------|--|--|---|-------------------------------------|---|------------------------------------|---|---------------------------------|--|
|                   | Federal <sup>1</sup>                   |  |   |                                     | State and local governments (thousands) | All governmental units (thousands) | Federal civilian as a percent of all governmental units | Total United States (thousands) | Federal civilian employment per 1,000 population |
|                   | Executive branch civilians (thousands) | Uniformed military personnel (thousands) | Legislative and judicial branch personnel (thousands) | Total Federal personnel (thousands) |   |                                    |   |                                 |  |
| 1961 <sup>2</sup> | 2,407                                  | 2,515                                    | 29  | 4,951                               | 6,295                                   | 11,246                             | 21.7  | 183,691                         | 13.3   |
| 1962              | 2,485                                  | 2,840                                    | 30  | 5,355                               | 6,533                                   | 11,888                             | 21.2  | 186,538                         | 13.5   |
| 1963 <sup>3</sup> | 2,490                                  | 2,732                                    | 30  | 5,252                               | 6,834                                   | 12,086                             | 20.0  | 189,242                         | 13.3   |
| 1964 <sup>3</sup> | 2,469                                  | 2,719                                    | 31  | 5,219                               | 7,236                                   | 12,455                             | 20.1  | 191,889                         | 13.0   |
| 1965              | 2,496                                  | 2,687                                    | 32  | 5,215                               | 7,683                                   | 12,898                             | 19.6  | 194,303                         | 13.0   |
| 1966              | 2,664                                  | 3,128                                    | 33  | 5,825                               | 8,259                                   | 14,084                             | 19.2  | 196,560                         | 13.7   |
| 1967              | 2,877                                  | 3,413                                    | 34  | 6,324                               | 8,730                                   | 15,054                             | 19.4  | 198,712                         | 14.7   |
| 1968              | 2,951                                  | 3,585                                    | 35  | 6,571                               | 9,141                                   | 15,712                             | 19.0  | 200,706                         | 14.9   |
| 1969 <sup>4</sup> | 2,980                                  | 3,497                                    | 36  | 6,513                               | 9,496                                   | 16,009                             | 18.9  | 202,677                         | 14.9   |
| 1970 <sup>2</sup> | 2,944                                  | 3,103                                    | 38  | 6,085                               | 5,673                                   | 11,758                             | 18.7  | 205,052                         | 14.5   |
| 1971 <sup>2</sup> | 2,883                                  | 2,750                                    | 40  | 5,673                               | 6,085                                   | 11,758                             | 18.3  | 207,661                         | 14.1   |
| 1972              | 2,823                                  | 2,360                                    | 42  | 5,225                               | 10,896                                  | 16,121                             | 17.8  | 209,896                         | 13.6   |
| 1973              | 2,775                                  | 2,290                                    | 44  | 5,109                               | 11,286                                  | 16,395                             | 17.2  | 211,909                         | 13.3   |
| 1974              | 2,847                                  | 2,197                                    | 46  | 5,090                               | 11,713                                  | 16,803                             | 17.3  | 213,854                         | 13.5   |
| 1975              | 2,848                                  | 2,163                                    | 49  | 5,060                               | 12,114                                  | 17,174                             | 16.9  | 215,973                         | 13.4   |
| 1976              | 2,832                                  | 2,118                                    | 50  | 5,000                               | 12,282                                  | 17,282                             | 16.7  | 218,035                         | 13.2   |
| 1977 <sup>5</sup> | 2,789                                  | 2,112                                    | 53  | 4,954                               | 12,704                                  | 17,658                             | 16.1  | 220,904                         | 12.9   |
| 1978              | 2,820                                  | 2,099                                    | 55  | 4,974                               | 13,050                                  | 18,024                             | 16.0  | 223,278                         | 12.9   |
| 1979              | 2,823                                  | 2,062                                    | 53  | 4,938                               | 13,359                                  | 18,297                             | 15.8  | 225,779                         | 12.7   |
| 1980 <sup>2</sup> | 2,821                                  | 2,089                                    | 55  | 4,965                               | 13,542                                  | 18,507                             | 15.6  | 228,468                         | 12.6   |
| 1981 <sup>2</sup> | 2,806                                  | 2,122                                    | 54  | 4,982                               | 13,274                                  | 18,256                             | 15.7  | 230,848                         | 12.4   |
| 1982              | 2,768                                  | 2,148                                    | 55  | 4,971                               | 13,207                                  | 18,178                             | 15.6  | 233,184                         | 12.1   |
| 1983              | 2,819                                  | 2,163                                    | 56  | 5,038                               | 13,220                                  | 18,258                             | 15.8  | 235,439                         | 12.2   |
| 1984              | 2,854                                  | 2,178                                    | 56  | 5,088                               | 13,504                                  | 18,592                             | 15.7  | 237,663                         | 12.2   |
| 1985              | 2,964                                  | 2,189                                    | 57  | 5,210                               | 13,827                                  | 19,037                             | 15.9  | 239,134                         | 12.6   |
| 1986              | 2,967                                  | 2,206                                    | 55  | 5,228                               | 14,157                                  | 19,385                             | 15.6  | 241,304                         | 12.5   |
| 1987              | 3,030                                  | 2,213                                    | 58  | 5,301                               | 14,402                                  | 19,703                             | 15.7  | 243,479                         | 12.7   |
| 1988              | 3,054                                  | 2,176                                    | 59  | 5,289                               | 14,766                                  | 20,055                             | 15.6  | 245,730                         | 12.7   |
| 1989              | 3,064                                  | 2,168                                    | 60  | 5,292                               | 15,163                                  | 20,455                             | 15.3  | 248,061                         | 12.6   |
| 1990 <sup>2</sup> | 3,067                                  | 2,106                                    | 61  | 5,234                               | 15,628                                  | 20,862                             | 15.0  | 250,726                         | 12.5   |
| 1991 <sup>2</sup> | 3,048                                  | 2,041                                    | 64  | 5,153                               | 15,744                                  | 20,897                             | 14.9  | 253,366                         | 12.3   |
| 1992              | 3,065                                  | 1,846                                    | 66  | 4,977                               | 15,681                                  | 20,658                             | 15.2  | 254,521                         | 12.3   |
| 1993              | 2,985                                  | 1,766                                    | 65  | 4,816                               | .....                                   | .....                              | .....   | 258,103                         | 11.8   |
| 1994              | 2,955                                  | 1,658                                    | 64  | 4,677                               | .....                                   | .....                              | .....   | 260,713                         | 11.6   |

<sup>1</sup> Covers total end-of-year civilian employment of full-time permanent, temporary, part-time, and intermittent employees. Executive branch includes the Postal Service, and, beginning in 1970, includes various disadvantaged youth and worker-trainee programs.

<sup>2</sup> Includes temporary employees for the decennial census.

<sup>3</sup> Excludes 7,411 project employees in 1963 and 406 project employees in 1964 for the public works acceleration program.

<sup>4</sup> On Jan. 1, 1969, 42,000 civilian technicians of the Army and Air Force National Guard converted by law from State to Federal employment status. They are included in the Federal employment figures in this table starting with 1969.

<sup>5</sup> Data for 1961 through 1976 are as of June 30; for 1977 through 1993, as of September 30.

## FEDERAL RESEARCH AND DEVELOPMENT EXPENDITURES

On February 22, 1993, the Administration released a report entitled "Technology for America's Economic Growth, A New Direction to Build Economic Strength." The report's central premise is that investing in technology is investing in America's future. The report establishes three principal technology goals:

- Long-term economic growth that creates jobs and protects the environment;
- A Government that is more productive and more responsive to the needs of its citizens; and
- World leadership in basic science, mathematics, and engineering.

Public and private investments in research and development (R&D) remain an important contribution to achieving these goals. Since World War II, Federal technology policy has been to support basic science and mission-oriented R&D (i.e., defense, space, etc.) and to rely on these investments to trickle down to civilian industry. While this approach may have made sense in earlier eras, when U.S. firms dominated world markets, it is no longer adequate. Our Nation needs improved cooperative strategies for satisfying Federal and industrial technology requirements. This is particularly true for technologies which are not receiving adequate support from private firms, either because the returns are too distant or because the level of funding required is too great for individual firms to bear. These new approaches need not compromise agency missions. These missions may be accomplished even more effectively through close cooperation with industry.

### R&D Investments

Such a strategy will require a change in how our Nation makes R&D investments. Although strong support will be maintained for basic research, the Administration's new policy will result in significantly more Federal R&D resources for pre-competitive projects of commercial relevance. The fundamental mechanism for carrying out this new approach is the cost-shared partnerships between the Federal Government and industry. All Federal R&D agencies (including the Nation's 726 Federal laboratories) will be encouraged to act as partners with industry wherever possible.

This reorientation toward more commercially relevant R&D should have high payoff for the Department of Defense (DOD), which accounted for 59 percent of all Federal R&D in 1993. It is expected that a growing number of defense needs can be met effectively through commercial technologies without compromising national security requirements (i.e., dual use).

The increased support for civilian R&D has already permitted progress toward balancing the civilian and defense R&D investments levels. DOD's dual-use strategy will contribute to this transition and will focus

on science and technology research initiatives totaling \$1.7 billion in 1994. As the accompanying table shows, the Administration is proposing \$76 billion in R&D investments in 1994. This record high investment is a three percent increase over the 1993 level. The civilian share of this funding is \$30 billion, five percent more than the 1993 level. This increase in civilian R&D will bring the non-defense share of the R&D total to 42 percent. It is expected that the civilian share will rise to more than 50 percent by 1998.

**Applied Research and Development.**—In 1994, the Administration is proposing \$58 billion for applied research and development activities. The biggest percent increase in this category will be for civilian applied research and development activities, a \$17 billion investment or six percent increase over 1993. Many of these increases will be focused on cost-shared and competitively selected projects that are industry-defined and industry-led (i.e., consortia, cooperative R&D agreements, etc.).

**Basic Research.**—Technical advances depend on basic research in science, mathematics, and engineering and the benefits of these technical innovations are seen in economic growth, improved health care, and many other areas. The Federal Government has invested heavily in basic research since the Second World War and this support has paid enormous dividends. The budget proposes \$14 billion for basic research support. The Administration will ensure that support for basic research remains strong and stable.

### R&D Budget Highlights

**Federal Coordinating Council for Science, Engineering, and Technology (FCCSET) Initiatives.**—Over the last several years, FCCSET has helped coordinate Federal R&D efforts. The Administration intends to strengthen further the FCCSET process and continue the current initiatives in climate research, advanced supercomputers and networks, advanced manufacturing, materials processing, and biotechnology research. Although not directly included in the R&D budget, there is a sixth FCCSET initiative in math and science education that contributes to the training of the next generation of scientists and engineers.

**Manufacturing R&D.**—Manufacturing R&D will receive particular attention over the next several years through both the FCCSET Advanced Manufacturing Initiative and increases designed to improve the use of and access to manufacturing technologies, including a national network of manufacturing extension centers. New manufacturing technologies are available that can

## FEDERAL CONDUCT OF RESEARCH AND DEVELOPMENT

(Budget authority in millions of dollars) <sup>1</sup>

|   | 1992<br>actual | 1993<br>estimate | 1994<br>proposed | Percent Change:<br>1993 to 1994 |
|---|----------------|------------------|------------------|---------------------------------|
| By defense/non-defense shares:                      |                |                  |                  |                                 |
| Defense .....                                       | 40,083         | 41,608           | 41,978           | 1%                              |
| Non-defense .....                                   | 27,970         | 28,695           | 30,115           | 5%                              |
| Defense share (percentage) .....                    | 59%            | 59%              | 58%              | -2%                             |
| Non-defense share (percentage) .....                | 41%            | 41%              | 42%              | 2%                              |
| By R&D category:                                    |                |                  |                  |                                 |
| Basic research .....                                | 12,984         | 13,701           | 13,940           | 2%                              |
| Civilian .....                                      | 11,838         | 12,306           | 12,688           | 3%                              |
| Defense .....                                       | 1,146          | 1,395            | 1,252            | -10%                            |
| Applied research and development .....              | 55,069         | 56,602           | 58,153           | 3%                              |
| Civilian .....                                      | 16,132         | 16,389           | 17,427           | 6%                              |
| Defense .....                                       | 38,937         | 40,213           | 40,726           | 1%                              |
| Subtotal .....                                      | 68,053         | 70,303           | 72,093           | 3%                              |
| R&D facilities .....                                | 3,903          | 3,259            | 3,498            | 7%                              |
| R&D total with facilities .....                     | 71,956         | 73,562           | 75,591           | 3%                              |
| By agency:  |                |                  |                  |                                 |
| DOD—military .....                                  | 37,418         | 38,793           | 39,301           | 1%                              |
| Health and Human Services .....                     | 10,138         | 10,378           | 10,704           | 3%                              |
| National Aeronautics and Space Administration ..... | 7,712          | 8,007            | 8,667            | 8%                              |
| Energy .....  | 5,954          | 5,981            | 5,877            | -2%                             |
| National Science Foundation .....                   | 1,846          | 2,069            | 2,221            | 7%                              |
| Agriculture .....                                   | 1,335          | 1,336            | 1,365            | 2%                              |
| Commerce .....                                      | 545            | 562              | 731              | 30%                             |
| Transportation .....                                | 540            | 656              | 727              | 11%                             |
| Environmental Protection Agency .....               | 494            | 508              | 548              | 8%                              |
| Education .....                                     | 165            | 166              | 176              | 6%                              |
| All Other .....                                     | 1,906          | 1,846            | 1,777            | -4%                             |
| R&D total (excludes facilities) .....               | 68,053         | 70,303           | 72,093           | 3%                              |

<sup>1</sup> For outlays see the section on Federal Investment Outlays.

lead to dramatic improvements in product quality, cost, and time-to-market. However, only a few U.S. businesses have had the resources to learn about and incorporate these advances. Many of our Nation's small and medium-sized manufacturers are still using 1950s manufacturing technology. In 1994, nearly \$1.5 billion is being proposed in the promising area.

**Information Superhighways.**—Access to information is also becoming critical for most parts of the American economy. Banks, insurance companies, manufacturing concerns, hospitals, and many other vital businesses are relying more and more on high-speed communications links. Accelerating the introduction of these "information superhighways" can have the same effect on our economy and social development as public investment in the railroads in the 19th century and in the interstate highway system in the mid-20th century. The budget proposes over \$1 billion in this area, a 26 percent increase over the 1993 level. Some of these activities will push the state-of-the-art of supercomputers and networks (i.e., the FCCSET High-Performance Computing and Communications Program), while others will concentrate on taking full advantage of nearer-term technologies (i.e., the Information Infrastructure Technology Program and Network Pilot Program).

**Civil Transportation Infrastructure.**—While information superhighways may provide alternatives to physical travel in the future, our Nation's transportation system (e.g., roads, bridges, commuter systems, etc.) must be maintained and updated for the foreseeable future. Significant R&D increases will be made in civil transportation infrastructure, including magnetic levitation transportation, high-speed rail, "smart-highway" technologies, civilian aviation, and new techniques in assessing the expected life of existing civil transportation infrastructure. Nearly \$2 billion is being proposed for civil transportation infrastructure R&D, a 29 percent increase over the 1993 level.

**University Research.**—Our Nation's research universities are the best in the world and attract scientists and engineers from around the globe. In almost every field, U.S. researchers continue to lead their foreign colleagues in scientific citation and most other measures of scientific excellence. The National Science Foundation, the National Institutes of Health, the Department of Energy, the Department of Defense, and the National Aeronautics and Space Administration provide over 93 percent of Federal funding for university research. The Administration proposes to spend over \$11 billion for these activities in 1994. Since universities play dual roles in research and training, the long-term scientific and technological vitality of the U.S. depends

upon adequate and sustained funding for university research programs at these agencies.

**National Laboratories.**—In fields such as high-energy physics, biomedical science, nuclear physics, materials science, and aeronautics, the national laboratories provide key facilities used by researchers from universities, the Government, and industry. The Federal laboratories will continue their key role in basic research and will encourage more cooperative research among the labs, industry, and universities. Some of these partnerships will be supported as Cooperative Research and Development Agreements (CRADAs). It is expected that there will be over 1,700 CRADAs (non-defense) in 1994, a 17 percent increase over the 1993 level. The public and private cash and non-cash investments in these CRADAs are expected to exceed \$3 billion.

**Space Science and Exploration.**—The budget provides the needed resources to work with our foreign partners in exploring our solar system and the universe

beyond. Materials and life science research will be supported in connection with a redesigned space station and other manned missions that capitalize on the low-gravity and high-vacuum environment of outer space. In addition, the budget proposes a broad range of aerospace technology investments that can contribute more directly to the U.S. technology base and economy. Over \$7 billion is proposed in this area, a six percent increase over the 1993 level.

**Environmental Research.**—In 1994, the Federal Government will invest more than \$3 billion in environmental R&D, including research to improve our understanding of the climate, energy conservation, and alternative energy sources. An important component of this effort is the interagency U.S. Global Change Research Program (USGCRP). The budget proposes \$1.5 billion for the USGCRP, a 13 percent increase over the 1993 level. This research is essential to assess fully the impact that mankind is having on our planet.



## FEDERAL DRUG CONTROL SPENDING

A statement of the amount of appropriations requested for all Federal Drug Abuse Control Programs is required under the provisions of Title 31, U.S.C. Section 1105(a)(26).

### FEDERAL DRUG CONTROL SPENDING BY FUNCTION

(Budget authority; dollar amounts in millions)

|  | 1991<br>actual | 1992<br>actual | 1993<br>enacted | 1994<br>proposed | Dollar<br>change:<br>1993 to 1994 | Percent<br>change:<br>1993 to 1994 |
|--|----------------|----------------|-----------------|------------------|-----------------------------------|------------------------------------|
| Criminal justice system .....                        | 4,386          | 4,943          | 5,375           | 5,783            | 408                               | 8%                                 |
| Drug treatment .....                                 | 1,874          | 2,200          | 2,368           | 2,538            | 170                               | 7%                                 |
| Education, community action, and the workplace ..... | 1,479          | 1,539          | 1,524           | 1,790            | 266                               | 17%                                |
| International .....                                  | 633            | 660            | 538             | 494              | -44                               | -8%                                |
| Interdiction .....                                   | 2,028          | 1,960          | 1,746           | 1,765            | 19                                | 1%                                 |
| Research .....                                       | 450            | 505            | 531             | 548              | 17                                | 3%                                 |
| Intelligence .....                                   | 104            | 99             | 129             | 129              | *                                 | .....                              |
| <b>Total .....</b>                                   | <b>10,954</b>  | <b>11,905</b>  | <b>12,211</b>   | <b>13,041</b>    | <b>831</b>                        | <b>7%</b>                          |

\* \$500 thousand or less.

### FEDERAL DRUG CONTROL SPENDING BY AGENCY

(Budget authority; dollar amounts in millions)

|   | 1991<br>actual | 1992<br>actual | 1993<br>enacted | 1994<br>proposed | Dollar<br>change:<br>1993 to 1994 | Percent<br>change:<br>1993 to 1994 |
|---|----------------|----------------|-----------------|------------------|-----------------------------------|------------------------------------|
| <b>ACTION .....</b>   | <b>13</b>      | <b>10</b>      | <b>10</b>       | <b>10</b>        | <b>*</b>                          | <b>2%</b>                          |
| Agency for International Development .....                      | 197            | 258            | 140             | 100              | -40                               | -29%                               |
| Department of Agriculture:                                      |                |                |                 |                  |                                   |                                    |
| Agricultural Research Service .....                             | 6              | 6              | 6               | 6                | .....                             | .....                              |
| U.S. Forest Service .....                                       | 10             | 9              | 10              | 10               | .....                             | .....                              |
| <b>Total, Agriculture .....</b>                                 | <b>16</b>      | <b>16</b>      | <b>16</b>       | <b>16</b>        | <b>.....</b>                      | <b>.....</b>                       |
| Department of Defense .....                                     | 1,043          | 1,226          | 1,141           | 1,168            | 28                                | 2%                                 |
| Department of Education .....                                   | 683            | 715            | 700             | 709              | 8                                 | 1%                                 |
| Department of Health and Human Services (HHS):                  |                |                |                 |                  |                                   |                                    |
| Administration for Children and Families .....                  | 106            | 111            | 116             | 116              | .....                             | .....                              |
| Substance Abuse and Mental Health Administration and NIDA ..... | 1,531          | 1,620          | 1,707           | 1,825            | 118                               | 7%                                 |
| Centers for Disease Control .....                               | 29             | 29             | 31              | 37               | 5                                 | 17%                                |
| Food and Drug Administration .....                              | 7              | 7              | 7               | 7                | .....                             | .....                              |
| Health Care Financing Administration .....                      | 191            | 202            | 232             | 261              | 29                                | 13%                                |
| Indian Health Service .....                                     | 35             | 35             | 45              | 39               | -6                                | -13%                               |
| Health Resources and Services Administration .....              | 13             | 17             | 21              | 40               | 19                                | 90%                                |
| <b>Total, HHS .....</b>   | <b>1,912</b>   | <b>2,020</b>   | <b>2,158</b>    | <b>2,324</b>     | <b>165</b>                        | <b>8%</b>                          |
| Department of Housing and Urban Development .....               | 150            | 165            | 175             | 265              | 90                                | 51%                                |
| Department of the Interior:                                     |                |                |                 |                  |                                   |                                    |
| Bureau of Indian Affairs .....                                  | 15             | 23             | 24              | 23               | -1                                | -2%                                |
| Bureau of Land Management .....                                 | 7              | 9              | 10              | 5                | -5                                | -48%                               |
| Fish and Wildlife Service .....                                 | 1              | 1              | 1               | 1                | *                                 | -11%                               |
| National Park Service .....                                     | 11             | 11             | 9               | 9                | .....                             | .....                              |
| Office of Territorial and International Affairs .....           | 2              | 1              | 1               | 1                | .....                             | .....                              |
| <b>Total, Interior .....</b>                                    | <b>36</b>      | <b>45</b>      | <b>46</b>       | <b>40</b>        | <b>-5</b>                         | <b>-12%</b>                        |
| The Judiciary .....   | 294            | 360            | 407             | 501              | 94                                | 23%                                |
| Department of Justice:  |                |                |                 |                  |                                   |                                    |
| Assets Forfeiture Fund .....                                    | 421            | 412            | 498             | 470              | -29                               | -6%                                |
| U.S. Attorneys .....  | 161            | 207            | 207             | 208              | 1                                 | .....                              |
| Bureau of Prisons .....   | 1,027          | 1,255          | 1,334           | 1,466            | 132                               | 10%                                |
| Criminal Division .....   | 19             | 20             | 19              | 20               | 1                                 | 6%                                 |
| Drug Enforcement Administration .....                           | 692            | 710            | 756             | 774              | 18                                | 2%                                 |

## FEDERAL DRUG CONTROL SPENDING BY AGENCY—Continued

(Budget authority; dollar amounts in millions)

|  | 1991<br>actual | 1992<br>actual | 1993<br>enacted | 1994<br>proposed | Dollar<br>change:<br>1993 to 1994 | Percent<br>change:<br>1993 to 1994 |
|--|----------------|----------------|-----------------|------------------|-----------------------------------|------------------------------------|
| Federal Bureau of Investigation .....                    | 180            | 205            | 219             | 218              | -1                                | -1%                                |
| Immigration and Naturalization Service .....             | 131            | 141            | 146             | 153              | 7                                 | 5%                                 |
| Interpol .....   | 1              | 2              | 2               | 2                | .....                             | .....                              |
| U.S. Marshals Service .....                              | 203            | 218            | 234             | 235              | 1                                 | .....                              |
| Office of Justice Programs .....                         | 536            | 543            | 541             | 542              | 1                                 | .....                              |
| Organized Crime Drug Enforcement .....                   | 335            | 390            | 385             | 384              | -1                                | .....                              |
| Support of U.S. Prisoners .....                          | 135            | 164            | 191             | 253              | 63                                | 33%                                |
| Tax Division .....                                       | 1              | 1              | 1               | 1                | *                                 | 9%                                 |
| Weed and Seed Program Fund .....                         | .....          | .....          | 7               | 7                | *                                 | 3%                                 |
| Federal/State Partnerships .....                         | .....          | .....          | .....           | 13               | 13                                | NA                                 |
| Total, Justice .....                                     | 3,842          | 4,268          | 4,541           | 4,746            | 206                               | 5%                                 |
| Department of Labor .....                                | 61             | 62             | 71              | 73               | 2                                 | 3%                                 |
| Office of National Drug Control Policy (ONDCP):          |                |                |                 |                  |                                   |                                    |
| Operations .....   | 17             | 19             | 18              | 6                | -12                               | -67%                               |
| High Intensity Drug Trafficking Areas .....              | 82             | 86             | 86              | 86               | .....                             | .....                              |
| Special Forfeiture Fund .....                            | 6              | 20             | 15              | 28               | 13                                | 87%                                |
| Total, ONDCP .....                                       | 105            | 125            | 119             | 120              | 1                                 | 1%                                 |
| Small Business Administration .....                      | *              | *              | *               | *                | .....                             | .....                              |
| Department of State:                                     |                |                |                 |                  |                                   |                                    |
| Bureau of International Narcotics .....                  | 150            | 145            | 148             | 148              | .....                             | .....                              |
| Bureau of Politico/Military Affairs .....                | 108            | 75             | 52              | 39               | -14                               | -26%                               |
| Emergencies in the Diplomatic and Consular Service ..... | *              | *              | *               | *                | .....                             | .....                              |
| Total, State .....                                       | 258            | 220            | 200             | 187              | -14                               | -7%                                |
| Department of Transportation:                            |                |                |                 |                  |                                   |                                    |
| U.S. Coast Guard .....                                   | 719            | 436            | 420             | 461              | 41                                | 10%                                |
| Federal Aviation Administration .....                    | 24             | 23             | 22              | 20               | -2                                | -8%                                |
| National Highway Traffic Safety Administration .....     | 7              | 8              | 8               | 9                | 2                                 | 21%                                |
| Total, Transportation .....                              | 750            | 468            | 450             | 490              | 40                                | 9%                                 |
| Department of the Treasury:                              |                |                |                 |                  |                                   |                                    |
| Bureau of Alcohol, Tobacco, and Firearms .....           | 123            | 136            | 152             | 147              | -5                                | -3%                                |
| U.S. Customs Service .....                               | 674            | 785            | 572             | 526              | -46                               | -8%                                |
| Federal Law Enforcement Training .....                   | 21             | 17             | 22              | 18               | -4                                | -17%                               |
| Financial Crimes Enforcement Network .....               | 13             | 14             | 17              | 15               | -2                                | -14%                               |
| Internal Revenue Service .....                           | 93             | 103            | 115             | 113              | -3                                | -2%                                |
| U.S. Secret Service .....                                | 54             | 43             | 54              | 58               | 4                                 | 7%                                 |
| Treasury Forfeiture Fund .....                           | .....          | .....          | 192             | 209              | 17                                | 9%                                 |
| Total, Treasury .....                                    | 978            | 1,097          | 1,125           | 1,086            | -39                               | -3%                                |
| U.S. Information Agency .....                            | 7              | 10             | 10              | 11               | 1                                 | 5%                                 |
| Department of Veterans Affairs .....                     | 611            | 842            | 903             | 944              | 41                                | 5%                                 |
| Community Investment Program .....                       | .....          | .....          | .....           | 253              | 253                               | NA                                 |
| Total Federal Program .....                              | 10,954         | 11,905         | 12,211          | 13,041           | 831                               | 7%                                 |
| Supply Reduction .....                                   | 7,262          | 7,815          | 7,910           | 8,302            | 392                               | 5%                                 |
| Demand Reduction .....                                   | 3,692          | 4,090          | 4,301           | 4,740            | 439                               | 10%                                |

\* \$500 thousand or less.  
NA = Not Applicable.



## FEDERAL CREDIT

The Federal Credit Reform Act of 1990, which became effective in 1992, made fundamental changes in the budgetary treatment of direct loans and loan guarantees. It shifted the accounting basis for federally provided or guaranteed credit from the amount of cash flowing out of or into the Treasury to the estimated subsidy cost of the loans or guarantees. Credit reform required budget authority for the subsidy cost of the credit program and provided new mechanisms for recording loan and loan guarantee transactions. These changes have had a substantial impact on budgeting for credit programs.

**Federal credit programs.**—Federal direct loans and loan guarantees are intended to provide benefits to certain borrowers or to channel additional resources to certain sectors. This is accomplished by providing more favorable terms to targeted borrowers than are available from private lenders. For example, the Federal Government often lends or guarantees lending to those who have been rejected by other lenders as poor credit risks (e.g., students), at interest rates that are often lower than the Treasury's borrowing rates. The Federal Government also may guarantee private lending without charging fees that are high enough to cover default costs.

In most cases, credit programs result in a financial loss to the Government from net interest costs, delinquencies, and defaults. These losses are calculated in accordance with the Federal Credit Reform Act as the "subsidy" or grant element of the loan transaction.

**Estimating the subsidy cost of Federal credit programs.**—The subsidy element of a credit program is calculated as the difference between the present value of the expected cash outflows from the Government and the present value of the expected cash inflows, each discounted by the interest rate on marketable Treasury securities of like maturity at the time of loan disbursement. This includes the cash flows specified in the loan or guarantee contract as well as "expected" deviations from the contract terms (including delinquencies, defaults, prepayments, and other factors).

**Implementation of credit reform.**—OMB is working with Treasury and the agencies responsible for administering credit programs to improve the implementation of credit reform in budgeting and accounting. The revised OMB Circular No. A-11 (July 2, 1992) improved and clarified the instructions for credit budget formulation. Some of the changes reflected conceptual comments by the staff of the Federal Accounting Standards Advisory Board (FASAB) as it developed the Expo-

sure Draft, "Accounting for Direct Loans and Loan Guarantees." OMB also revised its credit subsidy model to make it easier to estimate direct loan and loan guarantee subsidies.

The OMB requirements for the form and content of audited agency financial statements prescribed present value accounting methods consistent with credit reform for budgeting (OMB Bulletin No. 93-02, October 22, 1992). Treasury's Financial Management Service (FMS) prepared two papers that explained the method to be used to convert conventional accounting data (based on a series of FMS cases) to meet these new reporting requirements. FMS provided training in the conversion method to groups of staff members from agency operating and auditing units and from the IG offices. The Standard General Ledger Board, under the auspices of FMS, updated the Standard General Ledger with new and revised accounts in order to facilitate accounting under credit reform.

Further developments are underway to simplify the means of achieving the objectives of the Credit Reform Act:

- FMS will soon issue regulations, developed in consultation with OMB, that will permit direct loan financing accounts to do all their borrowing from Treasury once a year.
- OMB is working on plans for weighted average financing tranches to replace separate tranches as the mechanism for calculating interest paid between the financing accounts and Treasury. The new method is being developed and tested in a pilot project with the Small Business Administration.

In addition, FASAB's Exposure Draft recommending accounting standards for direct loans and loan guarantees on a basis consistent with credit reform was issued on September 15, 1992, and numerous comments were received. Work is in progress to prepare the proposed standard and technical guidance for final Board approval and publication. This will firmly establish the conceptual foundation for financial reporting on a credit reform basis and will provide support for the budgeting of direct loans and loan guarantees under credit reform.

### Federal Credit Program Tables

The tables in this section primarily contain information on Federal programs that provide direct loans and loan guarantees. They also contain some information on Federal insurance programs and the credit activity of Government Sponsored Enterprises.

The first table shows the "Face Value and Estimated Cost of Federal Credit and Insurance Programs." A brief explanation of the contents of this table follows.

### Face Value and Estimated Cost of Federal Credit and Insurance

The terms used in the table are defined as follows:

- Face value numbers represent the total value of outstanding direct loans, outstanding guaranteed loans (and direct loans from defaulted guarantees), and insurance at the start of each year.
- Present Value of Future Costs estimates represent a range of costs for each credit and insurance program from losses embedded in each program's outstanding portfolio of credit and from projected future loans, guarantees, or insurance. Projections of future costs for new credit are based on both current policy and Administration reforms, and are extended to cover the next 15 years.
- Subsidy Outlay totals show the range of projected program subsidies over the 1993–1998 budget period from new loans, guarantees, and insurance based on current policy and Administration reforms.

This table shows that the face value of Federal credit and insurance remained relatively flat in 1992 at \$6.5 trillion. Lower interest rates, however, caused shifts in the distribution of outstanding Federal credit. Most

notably, lower interest rates lead an increase in mortgage refinancing. As a result, outstanding FHA and VA mortgage guarantees contracted by almost \$125 billion. This contraction in mortgage guarantees, however, was more than offset by a \$162 billion expansion in credit issued by Freddie Mac and Fannie Mae.

In the past year, lower interest rates also figured prominently in reducing the present value of expected costs in Federal credit and insurance. As shown in the table, the present value of expected costs decreased substantially from a range of \$203–294 billion in 1991 to \$123–224 billion in 1992. Most of this reduction was attributable to the decrease in expected deposit insurance costs over the past year resulting from the restored profitability of banks and thrifts under the current low interest rate environment. For student loans, expected costs are reduced because of lower interest rates and the Administration proposal to switch from loan guarantees to a direct loan program. Direct loans were the only category in the table where expected costs rose. This increase was primarily the result of increasing costs in the Farm Service Agency and Rural Development Administration programs.

## FACE VALUE AND ESTIMATED COST OF FEDERAL CREDIT AND INSURANCE PROGRAMS

(In billions of dollars)

| Program   | Face Value 1991 | 1993 Estimates<br>Present Value of<br>Future Costs <sup>1</sup> | Face Value 1992 | Current Estimates<br>Present Value of<br>Future Costs <sup>1</sup> | Subsidy Outlays<br>1993-1998 |
|---|-----------------|---|-----------------|--|------------------------------|
| <b>Direct Loans: <sup>2</sup></b>                           |                 |   |                 |  |                              |
| Farm Service Agency, Rural Development Administration ..... | 52              | 11-15   | 50              | 16-22  | 5-8                          |
| Rural Electrification Admin. and Rural Telephone Bank ..... | 39              | 4-5   | 38              | 2-4  | 1-3                          |
| Export-Import .....   | 9               | 4-6   | 9               | 3-5  | -1                           |
| Agency for International Development .....                  | 13              | 6-7   | 16              | 5-7  | -1                           |
| Public Law 480 .....  | 12              | 7-9   | 12              | 7-9  | 2-3                          |
| Foreign Military Financing .....                            | 9               | 1-2   | 9               | 2-3  | -1                           |
| Small Business .....  | 7               | 1-2   | 7               | 2-3  | 1-2                          |
| Other Direct .....  | 4               | 1-3   | 3               | 1-2  | -1                           |
| Inactive .....  | 15              | 1-2   | 13              | 1-2  | .....                        |
| <b>Total Direct Loans .....</b>                             | <b>160</b>      | <b>36-51</b>  | <b>157</b>      | <b>39-57</b>   | <b>9-20</b>                  |
| <b>Guaranteed Loans:</b>                                    |                 |   |                 |  |                              |
| FHA Single-Family .....                                     | 378             | (5)-0   | 277             | (14)-0   | (9)-0                        |
| VA Mortgage .....   | 158             | 3-6   | 135             | 3-6  | 1-3                          |
| FHA Multi-Family .....                                      | 77              | 2-3   | 71              | 3-6  | -1                           |
| Federal family education loan program .....                 | 57              | 38-42   | 52              | 20-30  | 7-14                         |
| Small Business .....  | 14              | 1-3   | 13              | 1-3  | 1-2                          |
| Farm Service Agency .....                                   | 6               | 1-3   | 5               | 1-3  | -1                           |
| Export-Import .....   | 6               | 4-6   | 6               | 4-7  | 2-4                          |
| CCC Export Credits .....                                    | 4               | 2-3   | 4               | 4-5  | 2-3                          |
| Other Guaranteed .....                                      | 6               | -1  | 6               | -1   | -1                           |
| Inactive .....  | 17              | -1  | 17              | -1   | .....                        |
| <b>Total Guaranteed Loans .....</b>                         | <b>723</b>      | <b>46-68</b>  | <b>587</b>      | <b>22-62</b>   | <b>4-29</b>                  |
| <b>Federal Insurance:</b>                                   |                 |   |                 |  |                              |
| Banks .....   | 1,942           | 34-51   | 1,943           | 1-12   | 1-12                         |
| Thrifts .....   | 654             | 55-60   | 618             | 25-37  | 27-37                        |
| Credit Unions .....   | 197             | .....   | 218             | .....  | .....                        |
| <b>Total Deposit Insurance .....</b>                        | <b>2,793</b>    | <b>89-111</b>   | <b>2,779</b>    | <b>26-49</b>   | <b>28-49</b>                 |
| PBGC .....  | 800             | 30-60   | 850             | 25-40  | 12-18                        |
| Other Insurance <sup>3</sup> .....                          | 1,094           | 2-3   | 1,080           | 11-15  | 10-13                        |
| <b>Total Federal Insurance .....</b>                        | <b>4,687</b>    | <b>121-174</b>  | <b>4,709</b>    | <b>62-104</b>  | <b>50-80</b>                 |
| <b>GSEs: <sup>4</sup></b>                                   |                 |   |                 |  |                              |
| Freddie Mac .....   | 369             | —   | 427             | —  | —                            |
| Fannie Mae .....  | 439             | —   | 543             | —  | —                            |
| Federal Home Loan Banks .....                               | 107             | —   | 85              | —  | —                            |
| Sallie Mae <sup>5</sup> .....                               | —               | —   | —               | —  | —                            |
| Farm Credit System .....                                    | 51              | -1  | 50              | -1   | -1                           |
| <b>Total GSEs .....</b>                                     | <b>966</b>      | <b>-1</b>   | <b>1,105</b>    | <b>-1</b>  | <b>-1</b>                    |
| <b>Total .....</b>  | <b>6,536</b>    | <b>203-294</b>  | <b>6,558</b>    | <b>123-224</b>   | <b>63-130</b>                |

<sup>1</sup> Direct loan future costs are the program account (1993-1998) plus the embedded loss from outstanding loans. For guarantees, these are liquidating plus program account outlays projected into the future. Future insurance costs are program plus liquidating costs through 1998, plus the accrued liability remaining at the end of 1998. 1993 estimates of costs are as displayed in the 1993 budget, uncorrected for errors. Estimates of face value have been updated.

<sup>2</sup> Exclude loans and guarantees by deposit insurance agencies and programs not included under credit reform, such as CCC farm supports. Defaulted guarantees which become direct loans receivable are accounted for in guaranteed loans.

<sup>3</sup> Current estimates of other insurance costs include the National Servicemen's Group Life Insurance program, omitted in the 1993 budget.

<sup>4</sup> Net of borrowing from Federal sources, other GSEs, and federally guaranteed loans.

<sup>5</sup> The face value and Federal costs of Guaranteed Student loans in Sallie Mae's portfolio are included in the Guaranteed Student loan account above.

# ESTIMATED 1994 SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS FOR DIRECT LOANS<sup>1</sup>

(In millions of dollars)

| Agency and Program   | 1994 Weighted-average subsidy as a percent of disbursements | 1994 Subsidy budget authority | 1994 Estimated loan levels |
|--|---|-------------------------------|----------------------------|
| <b>Agriculture:</b>  |   |                               |                            |
| Agricultural credit insurance fund .....                     | 14.1  | 162                           | 1,155                      |
| Public Law 480 direct loans .....                            | 77.0  | 351                           | 456                        |
| Rural development insurance fund .....                       | 13.4  | 98                            | 736                        |
| Rural development insurance fund (investment proposal) ..... | 11.5  | 61                            | 530                        |
| Rural development loan fund .....                            | 56.0  | 19                            | 34                         |
| Rural development loan fund (investment proposal) .....      | 56.0  | 79                            | 140                        |
| Rural housing insurance fund .....                           | 28.8  | 668                           | 2,319                      |
| Rural housing insurance fund (investment proposal) .....     | 21.8  | 72                            | 330                        |
| Self-help housing .....                                      | 3.7   | *                             | 1                          |
| Debt Reduction .....   | NA  | 33                            | 63                         |
| <b>Rural Electrification Administration:</b>                 |   |                               |                            |
| Rural economic development loans .....                       | 26.3  | 3                             | 13                         |
| Rural electric and telephone .....                           | 0.3   | 5                             | 1,797                      |
| Rural electric and telephone (investment proposal) .....     | 12.9  | 3                             | 25                         |
| Rural telephone bank .....                                   | *   | *                             | 177                        |
| Rural telephone bank (investment proposal) .....             | *   | *                             | 25                         |
| <b>Education:</b>  |   |                               |                            |
| College housing and academic facilities .....                | 13.7  | .....                         | .....                      |
| Direct loan demonstration program .....                      | 4.6   | 75                            | 767                        |
| <b>Interior:</b>   |   |                               |                            |
| Bureau of Indian Affairs .....                               | 22.8  | 2                             | 11                         |
| Bureau of Reclamation loan program .....                     | 57.0  | 5                             | 12                         |
| State Department: Repatriation Loans .....                   | 80.0  | 1                             | 1                          |
| <b>Transportation:</b>                                       |   |                               |                            |
| Minority business resource center program .....              | 4.0   | *                             | 8                          |
| <b>Veterans Affairs:</b>                                     |   |                               |                            |
| Direct loan .....  | 7.9   | *                             | 1                          |
| Education loan fund .....                                    | 28.9  | *                             | *                          |
| Guaranty and indemnity fund .....                            | 0.7   | 4                             | 510                        |
| Loan guarantee fund .....                                    | 1.6   | 19                            | 1,172                      |
| Transitional housing loans .....                             | 10.0  | *                             | *                          |
| Vocational rehabilitation .....                              | 2.2   | *                             | 2                          |
| <b>Other Executive Agencies:</b>                             |   |                               |                            |
| Export-Import Bank .....                                     | 11.1  | 227                           | 2,050                      |
| <b>Federal Emergency Management Agency:</b>                  |   |                               |                            |
| Disaster assistance .....                                    | 0.0   | .....                         | 25                         |
| <b>Funds Appropriated to the President:</b>                  |   |                               |                            |
| Foreign military financing .....                             | 14.1  | 120                           | 855                        |
| Overseas Private Investment Corporation .....                | 14.2  | 3                             | 21                         |
| <b>Small Business Administration:</b>                        |   |                               |                            |
| Business Loans .....   | 27.0  | 21                            | 78                         |
| Disaster loans .....   | 12.8  | 50                            | 390                        |
| <b>Total, direct loans<sup>2,3</sup> .....</b>               | <b>15.2</b>   | <b>2,080</b>                  | <b>13,704</b>              |

\* \$500 thousand or less.

<sup>1</sup> Additional information on credit reform subsidy rates is contained in the Federal Credit and Insurance Supplement to the budget for Fiscal Year 1994.<sup>2</sup> Weighted average subsidy rate as a percent of loan disbursements.<sup>3</sup> Total loan levels do not include obligations for programs which are excluded from credit reform.

# ESTIMATED 1994 SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS FOR LOAN GUARANTEES <sup>1</sup>

(In millions of dollars)

| Agency and Program   | 1994 Weighted-average subsidy as a percent of disbursements | 1994 subsidy budget authority | 1994 Estimated loan levels |
|--|---|-------------------------------|----------------------------|
| <b>Agriculture:</b>  |   |                               |                            |
| Agricultural credit insurance fund .....                                   | 2.0   | 90                            | 4,542                      |
| Agricultural resource conservation demonstration .....                     | 53.0  | 4                             | 7                          |
| Commodity Credit Corporation: Export credits .....                         | 7.1   | 403                           | 5,700                      |
| Rural development insurance fund .....                                     | 0.7   | 1                             | 136                        |
| Rural development insurance fund (investment proposal) .....               | 2.0   | 6                             | 275                        |
| Rural housing insurance fund .....   | 1.6   | 6                             | 382                        |
| Rural housing insurance fund (investment proposal) .....                   | 1.6   | 5                             | 300                        |
| <b>Education:</b>  |   |                               |                            |
| Federal family education loan program .....                                | 9.8   | 2,159                         | 19,550                     |
| Historically black college and university capital fund .....               | 0.0   | .....                         | 357                        |
| <b>Health and Human Services:</b>  |   |                               |                            |
| Health professions graduate student loan program .....                     | 6.3   | 24                            | 375                        |
| <b>Housing and Urban Development:</b>                                      |   |                               |                            |
| Community development (Sec. 108) .....                                     | 0.0   | .....                         | 2,054                      |
| Federal Housing Administration general and special risk <sup>2</sup> ..... | 6.4   | 147                           | 13,436                     |
| Federal Housing Administration mutual mortgage .....                       | -2.8  | -1,460                        | 64,565                     |
| GNMA secondary mortgage guarantees .....                                   | 0.0   | -8                            | 85,000                     |
| <b>Interior:</b>   |   |                               |                            |
| Indian loan guaranty and insurance fund .....                              | 12.7  | 9                             | 69                         |
| <b>Veterans Affairs:</b>   |   |                               |                            |
| Guaranty and indemnity fund .....  | 1.4   | 278                           | 19,607                     |
| Loan guaranty fund .....   | 13.9  | *                             | 2                          |
| <b>Other Executive Agencies:</b>   |   |                               |                            |
| Export-Import Bank .....   | 3.6   | 525                           | 14,450                     |
| <b>Funds Appropriated to the President:</b>                                |   |                               |                            |
| AID housing and other credit guarantees .....                              | 14.6  | 16                            | 110                        |
| Overseas Private Investment Corporation .....                              | 1.8   | 7                             | 375                        |
| Loan Guarantees to Israel <sup>3</sup> .....                               | 4.6   | —                             | 2,000                      |
| <b>Small Business Administration:</b>                                      |   |                               |                            |
| Business Loans .....   | 2.6   | 124                           | 4,804                      |
| Business loans (investment proposal) .....                                 | 2.4   | 68                            | 2,878                      |
| <b>Total, loan guarantees <sup>4,5</sup> .....</b>                         | <b>1.1</b>  | <b>2,408</b>                  | <b>240,974</b>             |

\* \$500 thousand or less.

<sup>1</sup> Additional information on credit reform subsidy rates is contained in the Federal Credit and Insurance Supplement to the budget for Fiscal Year 1994.<sup>2</sup> Subsidy rate shown is for positive subsidy risk categories only.<sup>3</sup> By statute the subsidy BA must be covered by the fee payment by Israel.<sup>4</sup> Weighted average subsidy rate as a percent of guaranteed loan disbursements.<sup>5</sup> Total loan levels do not include guarantee commitments for programs which are excluded from credit reform.

## SUMMARY OF FEDERAL DIRECT LOANS AND GUARANTEED LOANS

(In billions of dollars)

|                            | Actual |       | Estimate |       |       |       |       |       |
|----------------------------|--------|-------|----------|-------|-------|-------|-------|-------|
|                            | 1991   | 1992  | 1993     | 1994  | 1995  | 1996  | 1997  | 1998  |
| Direct Loans:              |        |       |          |       |       |       |       |       |
| Subsidies:                 |        |       |          |       |       |       |       |       |
| Budget Authority .....     | NA     | NA    | 2.1      | 2.0   | 2.2   | 2.2   | 2.1   | 1.9   |
| Outlays .....              | NA     | NA    | 1.9      | 1.9   | 2.0   | 2.1   | 2.1   | 2.0   |
| Loan Volume:               |        |       |          |       |       |       |       |       |
| Obligations .....          | 16.1   | 16.4  | 24.8     | 22.7  | 23.2  | 32.2  | 43.4  | 44.8  |
| Disbursements .....        | 26.6   | 26.1  | 31.6     | 29.4  | 27.8  | 31.0  | 41.1  | 45.6  |
| Guaranteed Loans:          |        |       |          |       |       |       |       |       |
| Subsidies:                 |        |       |          |       |       |       |       |       |
| Budget Authority .....     | NA     | NA    | 3.2      | 2.2   | 2.3   | 1.3   | 0.1   | 0.1   |
| Outlays .....              | NA     | NA    | 2.8      | 2.1   | 2.0   | 1.6   | 0.5   | 0.1   |
| Loan Volume:               |        |       |          |       |       |       |       |       |
| Commitments .....          | 106.9  | 130.2 | 143.7    | 156.0 | 158.8 | 149.1 | 141.0 | 141.4 |
| Lender Disbursements ..... | 97.1   | 105.3 | 125.4    | 136.9 | 141.6 | 138.2 | 130.0 | 126.1 |

## SUBSIDY BUDGET AUTHORITY FOR DIRECT LOANS AND GUARANTEED LOANS BY FUNCTION

(In millions of dollars)

| Function   | Estimate                             |       |       |  |        |        |
|--|--------------------------------------|-------|-------|--|--------|--------|
|  | Direct loan subsidy budget authority |       |       | Guaranteed loan subsidy budget authority |        |        |
|  | 1993                                 | 1994  | 1995  | 1993                                     | 1994   | 1995   |
| 050 National Defense .....                                     |                                      |       |       | 48                                       |        |        |
| 150 International affairs .....                                | 684                                  | 735   | 727   | 649                                      | 548    | 548    |
| 270 Energy .....   | 197                                  | 8     | 5     |  |        |        |
| 300 Natural resources and environment .....                    | 34                                   | 5     | 9     |  |        |        |
| 350 Agriculture .....  | 191                                  | 162   | 165   | 810                                      | 497    | 502    |
| 370 Commerce and housing credit <sup>1</sup> .....             | 673                                  | 761   | 825   | -1,054                                   | -1,117 | -1,159 |
| 400 Transportation .....                                       | 11                                   | *     | *     |  |        |        |
| 450 Community and regional development .....                   | 268                                  | 313   | 406   | 23                                       | 15     | 28     |
| 500 Education, training, employment, and social services ..... | 3                                    | 75    | 47    | 2,183                                    | 1,925  | 2,041  |
| 550 Health .....   |                                      |       |       | 22                                       | 24     | 26     |
| 600 Income security .....                                      |                                      |       |       |  |        |        |
| 700 Veterans benefits and services .....                       | 58                                   | 23    | 18    | 492                                      | 279    | 276    |
| 800 General government .....                                   |                                      |       |       |  |        |        |
| Total .....  | 2,118                                | 2,082 | 2,202 | 3,173                                    | 2,171  | 2,263  |
| ADDENDUM   |                                      |       |       |  |        |        |
| Secondary guaranteed loans .....                               |                                      |       |       |  |        |        |

<sup>1</sup> Commitments by GNMA to guarantee securities that are backed by loans previously insured or guaranteed by the Federal Housing Administration, Department of Veterans Affairs, or Farmers Home Administration (secondary guarantees) are excluded from the totals and shown in the addendum, with its estimated subsidy of zero.

## NEW DIRECT LOAN OBLIGATIONS AND GUARANTEED LOAN COMMITMENTS BY FUNCTION

(In millions of dollars)

| Function   | Direct loan obligations |                  |                  | Guaranteed loan commitments |                  |                  |
|--|-------------------------|------------------|------------------|-----------------------------|------------------|------------------|
|  | 1992<br>actual          | 1993<br>estimate | 1994<br>estimate | 1992<br>actual              | 1993<br>estimate | 1994<br>estimate |
| 050 National Defense .....                                     |                         |                  |                  |                             | 531              |                  |
| 150 International affairs .....                                | 1,638                   | 4,303            | 3,446            | 11,892                      | 15,107           | 16,935           |
| 270 Energy .....   | 1,859                   | 1,839            | 1,887            |                             |                  |                  |
| 300 Natural resources and environment .....                    | 40                      | 77               | 12               |                             |                  |                  |
| 350 Agriculture .....  | 7,378                   | 10,991           | 9,924            | 7,244                       | 7,874            | 10,249           |
| 370 Commerce and housing credit <sup>1</sup> .....             | 2,364                   | 2,327            | 2,797            | 71,130                      | 76,173           | 86,370           |
| 400 Transportation .....                                       | 45                      | 174              | 50               |                             |                  |                  |
| 450 Community and regional development .....                   | 1,739                   | 3,469            | 2,082            | 375                         | 2,675            | 2,521            |
| 500 Education, training, employment, and social services ..... | 30                      | 29               | 767              | 14,653                      | 19,415           | 19,907           |
| 550 Health .....   |                         |                  |                  | 290                         | 340              | 375              |
| 600 Income security .....                                      |                         |                  |                  |                             |                  |                  |
| 700 Veterans benefits and services .....                       | 1,307                   | 1,622            | 1,692            | 24,576                      | 21,590           | 19,608           |
| 800 General government .....                                   |                         |                  |                  |                             |                  |                  |
| <b>Total</b> .....   | <b>16,400</b>           | <b>24,831</b>    | <b>22,657</b>    | <b>130,160</b>              | <b>143,705</b>   | <b>155,965</b>   |
| <b>ADDENDUM</b>  |                         |                  |                  |                             |                  |                  |
| Secondary guaranteed loans .....                               |                         |                  |                  | 85,894                      | 77,700           | 85,000           |

<sup>1</sup> Commitments by GNMA to guarantee securities that are backed by loans previously insured or guaranteed by the Federal Housing Administration, Department of Veterans Affairs, or Farmers Home Administration (secondary guarantees) are excluded from the totals and shown in the addendum.

## DIRECT LOAN WRITE-OFFS AND GUARANTEED LOAN TERMINATIONS FOR DEFAULTS

| Agency or Program  | In millions of dollars |                  |                  | As percentage of outstanding loans <sup>1</sup> |                  |                  |
|--|------------------------|------------------|------------------|---|------------------|------------------|
|  | 1992<br>actual         | 1993<br>estimate | 1994<br>estimate | 1992<br>actual                                  | 1993<br>estimate | 1994<br>estimate |
| <b>Direct loans:</b>   |                        |                  |                  |   |                  |                  |
| Agricultural credit insurance (FSA) .....                          | 1,154                  | 955              | 782              | 7.2   | 6.5              | 5.9              |
| Economic development revolving fund .....                          | 97                     | .....            | .....            | 70.8  | .....            | .....            |
| Export-Import Bank .....   | 2                      | .....            | .....            | .....   | .....            | .....            |
| Foreign assistance loans .....                                     | 53                     | 589              | 316              | 0.2   | 2.4              | 1.3              |
| MARAD ship financing fund .....                                    | 276                    | .....            | .....            | 52.2  | .....            | .....            |
| Public Law 480 Food Aid .....                                      | .....                  | 265              | 48               | .....   | 2.2              | 0.4              |
| Railroad rehabilitation and improvement .....                      | 80                     | .....            | .....            | 94.1  | .....            | .....            |
| Rural housing insurance (FSA) .....                                | 130                    | 127              | 124              | 0.4   | 0.4              | 0.4              |
| Small Business Administration .....                                | 386                    | 377              | 297              | 5.8   | 5.6              | 4.0              |
| Veteran's housing programs .....                                   | 656                    | 483              | 399              | 12.0  | 11.5             | 12.3             |
| Other .....  | 15                     | 18               | 16               | .....   | .....            | .....            |
| <b>Total .....</b>   | <b>2,849</b>           | <b>2,814</b>     | <b>1,982</b>     | <b>1.6</b>                                      | <b>1.5</b>       | <b>1.1</b>       |
| <b>Guaranteed loans:</b>   |                        |                  |                  |   |                  |                  |
| Agricultural credit insurance (FSA) .....                          | 60                     | 59               | 45               | 1.1   | 0.9              | 0.5              |
| CCC export credit guarantees .....                                 | 655                    | 1,140            | 726              | 7.3   | 11.5             | 7.6              |
| Export-Import Bank .....   | .....                  | 2                | 11               | .....   | .....            | 0.1              |
| Federal family education loans .....                               | 3,042                  | 2,932            | 2,592            | 5.1   | 4.5              | 3.6              |
| Federal Housing Administration fund .....                          | 6,377                  | 6,377            | 5,767            | 1.7   | 1.5              | 1.2              |
| Foreign assistance loans .....                                     | 23                     | 31               | 36               | 0.2   | 0.2              | 0.2              |
| Health professions guaranteed student loan .....                   | 51                     | 73               | 80               | 2.2   | 3.0              | 3.0              |
| MARAD ship financing fund .....                                    | 113                    | 148              | 148              | 4.9   | 7.6              | 9.3              |
| Rural development insurance (RDA) .....                            | 51                     | 43               | 40               | 4.3   | 3.6              | 3.0              |
| Small business administration .....                                | 713                    | 683              | 694              | 4.2   | 3.7              | 3.1              |
| Veteran's housing programs .....                                   | 2,088                  | 2,535            | 2,521            | 1.2   | 1.5              | 1.4              |
| Other .....  | 14                     | 6                | 16               | 0.1   | 0.1              | 0.2              |
| <b>Total .....</b>   | <b>13,187</b>          | <b>14,029</b>    | <b>12,676</b>    | <b>2.0</b>                                      | <b>1.9</b>       | <b>1.6</b>       |
| <b>Defaulted guaranteed loans that result in loans receivable:</b> |                        |                  |                  |   |                  |                  |
| CCC export loans .....   | .....                  | .....            | 428              | .....   | .....            | 7.5              |
| Federal family education loans .....                               | 415                    | 539              | 665              | 3.0   | 3.8              | 4.8              |
| Federal Housing Administration .....                               | 234                    | 363              | 218              | 9.8   | 16.3             | 11.3             |
| Health professions guaranteed student loan .....                   | 12                     | 10               | 9                | 4.8   | 3.1              | 2.3              |
| Small Business Administration .....                                | 38                     | 25               | 22               | 48.7  | 13.7             | 6.2              |
| Veterans housing programs .....                                    | 811                    | 701              | 637              | 33.0  | 33.6             | 32.9             |
| <b>Total .....</b>   | <b>1,510</b>           | <b>1,638</b>     | <b>1,979</b>     | <b>7.2</b>                                      | <b>7.3</b>       | <b>8.8</b>       |
| <b>Grand Total .....</b>   | <b>17,546</b>          | <b>18,481</b>    | <b>16,637</b>    | <b>—</b>  | <b>—</b>         | <b>—</b>         |

<sup>1</sup> Average of loans outstanding over year.



## APPROPRIATIONS ACTS LIMITATIONS ON CREDIT LOAN LEVELS

(In millions of dollars)

| Agency or Program  | 1992<br>actual | Estimate |        |
|--|----------------|----------|--------|
|  |                | 1993     | 1994   |
| LIMITATIONS ON DIRECT LOAN OBLIGATIONS                     |                |          |        |
| Funds Appropriated to the President:                       |                |          |        |
| Foreign military financing .....                           | 345            | 855      | 855    |
| Overseas Private Investment Corporation <sup>1</sup> ..... | 25             | 30       | 21     |
| AID Private sector investment program <sup>1</sup> .....   |                | 5        |        |
| Agriculture:   |                |          |        |
| Farm Service Agency:                                       |                |          |        |
| Agricultural credit insurance fund .....                   | 1,890          | 1,103    | 1,155  |
| Rural housing insurance fund .....                         | 2,157          | 2,087    | 2,649  |
| Self-help housing direct loans .....                       | *              | *        | 1      |
| Rural Development Administration:                          |                |          |        |
| Rural development insurance fund .....                     | 736            | 1,170    | 1,266  |
| Rural development loan fund .....                          | 48             | 33       | 174    |
| Foreign Assistance Programs:                               |                |          |        |
| Public Law 480 direct credit .....                         | 495            | 548      | 456    |
| Debt reduction (International) .....                       |                | 73       | 63     |
| Rural Electrification Administration:                      |                |          |        |
| Economic development loans .....                           | 8              | 12       | 13     |
| Rural electric and telephone .....                         | 1,647          | 1,775    | 1,822  |
| Rural telephone bank .....                                 | 177            | 177      | 202    |
| Education:   |                |          |        |
| College housing and academic facilities .....              | 30             | 29       |        |
| Interior:  |                |          |        |
| Bureau of Reclamation direct loans .....                   | 3              | 8        | 12     |
| Bureau of Indian Affairs revolving fund .....              | 16             | 11       | 11     |
| State Department:  |                |          |        |
| Repatriation Loans .....                                   | 1              | 1        | 1      |
| Transportation:  |                |          |        |
| AMTRAK Corridor Improvement Loans .....                    | 4              | 4        |        |
| Orange County (CA) toll road .....                         |                | 120      |        |
| Minority business resource center .....                    |                | 8        | 8      |
| Right-of-way revolving fund .....                          | 42             | 42       | 42     |
| Treasury:  |                |          |        |
| Emergency assistance to Rhode Island .....                 | 180            |          |        |
| Veterans Affairs:  |                |          |        |
| Direct loan .....  | 1              | 1        | *      |
| Transitional housing .....                                 | *              | *        | *      |
| Education direct loan .....                                | *              | *        | *      |
| Native American veteran housing .....                      |                | 58       |        |
| Vocational rehabilitation .....                            | 2              | 2        | 2      |
| Environmental Protection Agency:                           |                |          |        |
| Abatement, control and compliance .....                    |                | 70       |        |
| Small Business Administration:                             |                |          |        |
| Export-Import Bank <sup>1</sup> .....                      | 817            | 2,800    | 2,050  |
| FEMA—Disaster assistance .....                             | 258            | 40       | 25     |
| Credit union central liquidity facility .....              | 600            | 600      | 600    |
| Total, limitations on direct loan obligations .....        | 9,482          | 11,661   | 11,428 |

## APPROPRIATIONS ACTS LIMITATIONS ON CREDIT LOAN LEVELS—Continued

(In millions of dollars)

| Agency or Program  | 1992<br>actual | Estimate |         |
|--|----------------|----------|---------|
|  |                | 1993     | 1994    |
| LIMITATIONS ON GUARANTEED LOAN COMMITMENTS                 |                |          |         |
| Funds Appropriated to the President:                       |                |          |         |
| AID Private sector guaranteed loans <sup>1</sup> .....     | 56             | 76       | .....   |
| AID housing and other credit .....                         | 147            | 150      | 110     |
| Overseas Private Investment Corporation <sup>1</sup> ..... | 375            | 375      | 375     |
| Loan guarantees to Israel .....                            | .....          | 2,000    | 2,000   |
| Agriculture:   |                |          |         |
| Agricultural credit insurance fund .....                   | 2,472          | 2,229    | 4,542   |
| Agricultural resource conservation demo .....              | 10             | 10       | 7       |
| Rural development insurance fund .....                     | 465            | 235      | 411     |
| Rural housing insurance fund .....                         | 330            | 565      | 682     |
| Alcohol fuels credit .....                                 | .....          | 30       | .....   |
| Commerce:  |                |          |         |
| Fishing vessel obligations guarantee .....                 | 24             | .....    | .....   |
| Education:   |                |          |         |
| Historically black colleges/universities .....             | .....          | .....    | 357     |
| Health and Human Services:                                 |                |          |         |
| Health professions graduate student .....                  | 290            | 340      | 375     |
| Housing and Urban Development:                             |                |          |         |
| FHA—General and special risk .....                         | 10,280         | 11,292   | 13,436  |
| FHA—Mutual mortgage insurance .....                        | 60,000         | 57,146   | 64,565  |
| Community development guaranteed loans .....               | 225            | 2,000    | 2,054   |
| Interior:  |                |          |         |
| Indian loan guaranty and insurance .....                   | 56             | 117      | 56      |
| Small Business Administration:                             |                |          |         |
| Business loans .....                                       | .....          | .....    | 2,878   |
| Export-Import Bank <sup>1</sup> .....                      | 11,521         | 12,550   | 14,450  |
| Total, limitations on guaranteed loan commitments .....    | 86,251         | 89,115   | 106,298 |
| ADDENDUM   |                |          |         |
| Secondary guaranteed loan commitment limitations:          |                |          |         |
| GNMA, mortgage-backed securities .....                     | 99,769         | 77,700   | 85,000  |

<sup>1</sup> The appropriations language for this program specifies a limitation that applies to direct and guaranteed loans in total.

<sup>2</sup> Subsequent to the release of the February 17th document, "A Vision of Change for America," the Secretary of the Interior requested that Congress transfer the \$5.6 million in BA (which had represented \$47.9 million in guaranteed loan commitments) originally requested for this program to the BIA Construction program. On March 9, 1993, the House Appropriations Committee approved this adjustment as requested by the Administration.

## DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT

(In millions of dollars)

| Agency or Program                                      | 1992<br>actual | Estimate |        | Agency or Program   | 1992<br>actual | Estimate |        |
|--|----------------|----------|--------|---|----------------|----------|--------|
|  |                | 1993     | 1994   |   |                | 1993     | 1994   |
| <b>Funds Appropriated to the President</b>             |                |          |        | <b>Agricultural credit insurance fund (FSA), financing:</b> |                |          |        |
| Foreign military loan, liquidating:                    |                |          |        | Obligations .....   | 742            | 1,265    | 1,155  |
| Obligations .....                                      |                |          |        | Loan disbursements .....                                    | 695            | 1,233    | 1,153  |
| Loan disbursements .....                               | 666            | 871      | 715    | Change in outstandings .....                                | 644            | 879      | 480    |
| Change in outstandings .....                           | -21            | -86      | -177   | Outstandings .....  | 644            | 1,523    | 2,003  |
| Outstandings .....                                     | 9,255          | 9,169    | 8,992  |   |                |          |        |
| Foreign military financing, financing:                 |                |          |        | <b>Rural housing insurance fund (FSA), liquidating:</b>     |                |          |        |
| Obligations .....                                      | 345            | 855      | 855    | Obligations .....   |                |          |        |
| Loan disbursements .....                               |                | 164      | 549    | Loan disbursements .....                                    | 755            | 107      | 17     |
| Change in outstandings .....                           |                | 164      | 549    | Change in outstandings .....                                | -907           | -1,334   | -1,441 |
| Outstandings .....                                     |                | 164      | 713    | Outstandings .....  | 28,338         | 27,004   | 25,563 |
| Overseas Private Investment Corp, liquidating:         |                |          |        | <b>Rural housing insurance fund (FSA), financing:</b>       |                |          |        |
| Obligations .....                                      |                |          |        | Obligations .....   | 2,039          | 2,101    | 2,649  |
| Loan disbursements .....                               | 14             | 8        |        | Loan disbursements .....                                    | 1,370          | 1,904    | 2,512  |
| Change in outstandings .....                           | 8              | -6       | -12    | Change in outstandings .....                                | 1,364          | 1,888    | 2,482  |
| Outstandings .....                                     | 66             | 60       | 48     | Outstandings .....  | 1,364          | 3,253    | 5,735  |
| Overseas Private Investment Corp, financing:           |                |          |        | <b>Self-help housing land development fund (FSA), liq-</b>  |                |          |        |
| Obligations .....                                      | 19             | 21       | 21     | uidating:   |                |          |        |
| Loan disbursements .....                               | *              | 12       | 22     | Obligations .....   |                |          |        |
| Change in outstandings .....                           | *              | 12       | 21     | Loan disbursements .....                                    | *              | *        | *      |
| Outstandings .....                                     | *              | 12       | 32     | Change in outstandings .....                                | *              | *        | *      |
| AID functional develop assistance, liquidating:        |                |          |        | Outstandings .....  | *              | *        | *      |
| Obligations .....                                      |                |          |        | <b>Self-help housing (FSA), financing:</b>                  |                |          |        |
| Loan disbursements .....                               |                |          |        | Obligations .....   | *              | *        | 1      |
| Change in outstandings .....                           | -3,531         |          |        | Loan disbursements .....                                    |                | 1        | 1      |
| Outstandings .....                                     |                |          |        | Change in outstandings .....                                |                | 1        | *      |
| AID development loans revolving fund, liquidating:     |                |          |        | Outstandings .....  |                | 1        | 1      |
| Obligations .....                                      |                |          |        | <b>Rural development insurance (RDA), liquidating:</b>      |                |          |        |
| Loan disbursements .....                               |                | 52       | 30     | Obligations .....   |                |          |        |
| Change in outstandings .....                           | 9,322          | -1,408   | -752   | Loan disbursements .....                                    | 440            | 343      | 168    |
| Outstandings .....                                     | 15,722         | 14,313   | 13,561 | Change in outstandings .....                                | 240            | 156      | -25    |
| AID private sector revolving fund liquidating:         |                |          |        | Outstandings .....  | 4,635          | 4,791    | 4,766  |
| Obligations .....                                      |                |          |        | <b>Rural development insurance fund (RDA), financing:</b>   |                |          |        |
| Loan disbursements .....                               | 1              | 7        | 2      | Obligations .....   | 700            | 1,203    | 1,266  |
| Change in outstandings .....                           | -3             | 3        | -1     | Loan disbursements .....                                    | 30             | 256      | 630    |
| Outstandings .....                                     | 16             | 18       | 18     | Change in outstandings .....                                | 30             | 256      | 628    |
| AID private sector direct loan, financing:             |                |          |        | Outstandings .....  | 30             | 286      | 914    |
| Obligations .....                                      |                | 5        |        | <b>Rural development loan fund (RDA), liquidating:</b>      |                |          |        |
| Loan disbursements .....                               |                | 5        |        | Obligations .....   |                |          |        |
| Change in outstandings .....                           |                | 5        |        | Loan disbursements .....                                    | 20             | 15       | 12     |
| Outstandings .....                                     |                | 5        | 5      | Change in outstandings .....                                | 18             | 12       | 9      |
| AID housing/other credit guaranty, liquidating:        |                |          |        | Outstandings .....  | 68             | 80       | 89     |
| Obligations .....                                      |                |          |        | <b>Rural development direct loan (RDA), financing:</b>      |                |          |        |
| Loan disbursements .....                               | 110            | 76       | 81     | Obligations .....   | 32             | 48       | 175    |
| Change in outstandings .....                           | 83             | 46       | 47     | Loan disbursements .....                                    | *              | 14       | 35     |
| Outstandings .....                                     | 313            | 359      | 406    | Change in outstandings .....                                | *              | 14       | 35     |
| Debt reduction (EAI) financing:                        |                |          |        | Outstandings .....  | *              | 15       | 50     |
| Obligations .....                                      |                |          |        | <b>Commodity Credit Corp guaranteed loans, liquidat-</b>    |                |          |        |
| Loan disbursements .....                               |                | 623      | 195    | ing:  |                |          |        |
| Change in outstandings .....                           |                | 576      | 129    | Obligations .....   |                |          |        |
| Outstandings .....                                     |                | 576      | 705    | Loan disbursements .....                                    | 975            | 1,054    | 319    |
| <b>Agriculture</b>                                     |                |          |        | Change in outstandings .....                                | 804            | 960      | -189   |
| Agricultural credit insurance fund (FSA), liquidating: |                |          |        | Outstandings .....  | 4,340          | 5,300    | 5,111  |
| Obligations .....                                      |                |          |        | <b>Commodity Credit Corp export guarantee loan, fi-</b>     |                |          |        |
| Loan disbursements .....                               | 34             | 8        | 5      | nanancing:  |                |          |        |
| Change in outstandings .....                           | -2,479         | -2,224   | -1,890 | Obligations .....   |                |          |        |
| Outstandings .....                                     | 15,363         | 13,139   | 11,249 | Loan disbursements .....                                    |                | 199      | 432    |
|  |                |          |        | Change in outstandings .....                                |                | 199      | 432    |
|  |                |          |        | Outstandings .....  |                | 199      | 631    |

**DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued**  
(In millions of dollars)

| Agency or Program  | 1992<br>actual | Estimate |        |
|--|----------------|----------|--------|
|  |                | 1993     | 1994   |
| <b>CCC—price support loans:</b>  |                |          |        |
| Obligations .....  | 6,636          | 9,726    | 8,769  |
| Loan disbursements .....   | 6,636          | 9,726    | 8,769  |
| Change in outstandings .....   | -21            | 1,418    | -147   |
| Outstandings .....   | 2,524          | 3,942    | 3,795  |
| <b>Public Law 480 foreign assistance programs, liquidating:</b>          |                |          |        |
| Obligations .....  |                |          |        |
| Loan disbursements .....   | 161            |          |        |
| Change in outstandings .....   | -198           | -687     | -439   |
| Outstandings .....   | 11,632         | 10,945   | 10,505 |
| <b>Public Law 480 direct credit, financing:</b>                          |                |          |        |
| Obligations .....  | 457            | 548      | 456    |
| Loan disbursements .....   | 197            | 685      | 469    |
| Change in outstandings .....   | 197            | 685      | 469    |
| Outstandings .....   | 197            | 882      | 1,351  |
| <b>Debt reduction (EAI), financing:</b>                                  |                |          |        |
| Obligations .....  |                | 73       | 63     |
| Loan disbursements .....   |                | 69       | 56     |
| Change in outstandings .....   |                | 68       | 51     |
| Outstandings .....   |                | 68       | 119    |
| <b>Rural electrification and telephone revolving fund, liquidating:</b>  |                |          |        |
| Obligations .....  |                |          |        |
| Loan disbursements .....   | 737            | 905      | 574    |
| Change in outstandings .....   | -1,279         | -645     | -964   |
| Outstandings .....   | 35,998         | 35,353   | 34,389 |
| <b>Rural electrification and telephone, financing:</b>                   |                |          |        |
| Obligations .....  | 1,647          | 1,775    | 1,822  |
| Loan disbursements .....   | 651            | 882      | 1,262  |
| Change in outstandings .....   | 642            | 860      | 1,228  |
| Outstandings .....   | 642            | 1,502    | 2,730  |
| <b>Rural telephone bank, liquidating:</b>                                |                |          |        |
| Obligations .....  |                |          |        |
| Loan disbursements .....   | 85             | 75       | 57     |
| Change in outstandings .....   | 38             | 35       | 12     |
| Outstandings .....   | 1,723          | 1,758    | 1,770  |
| <b>Rural telephone bank direct, financing:</b>                           |                |          |        |
| Obligations .....  | 177            | 175      | 202    |
| Loan disbursements .....   | 4              | 47       | 79     |
| Change in outstandings .....   | 4              | 47       | 79     |
| Outstandings .....   | 4              | 51       | 130    |
| <b>REA—Economic development loan, financing:</b>                         |                |          |        |
| Obligations .....  | 8              | 12       | 13     |
| Loan disbursements .....   | 1              | 5        | 18     |
| Change in outstandings .....   | 1              | 5        | 17     |
| Outstandings .....   | 1              | 6        | 23     |
| <b>Financial assistance corporation assistance fund, liquidating:</b>    |                |          |        |
| Obligations .....  |                |          |        |
| Loan disbursements .....   |                |          |        |
| Change in outstandings .....   |                | 1,254    | -23    |
| Outstandings .....   |                | 1,254    | 1,230  |
| <b>Commerce</b>  |                |          |        |
| <b>Economic development program, liquidating:</b>                        |                |          |        |
| Obligations .....  | *              |          |        |
| Loan disbursements .....   |                |          |        |
| Change in outstandings .....   | -130           | -6       | -33    |
| Outstandings .....   | 137            | 130      | 97     |
| <b>EDA miscellaneous appropriations, liquidating:</b>                    |                |          |        |
| Obligations .....  |                |          |        |
| Loan disbursements .....   |                |          |        |
| Change in outstandings .....   | -2             | -4       | -2     |
| Outstandings .....   | 64             | 60       | 58     |
| <b>NOAA, Federal ship financing fund (fishing vessels), liquidating:</b> |                |          |        |
| Obligations .....  |                |          |        |
| Loan disbursements .....   | 1              | 4        | 4      |
| Change in outstandings .....   | -3             | -4       | -3     |
| Outstandings .....   | 13             | 8        | 6      |
| <b>Defense</b>   |                |          |        |
| <b>Defense business operations fund, liquidating:</b>                    |                |          |        |
| Obligations .....  |                |          |        |
| Loan disbursements .....   |                |          |        |
| Change in outstandings .....   | -48            | -48      | -49    |
| Outstandings .....   | 1,576          | 1,528    | 1,480  |
| <b>Education</b>   |                |          |        |
| <b>Guarantees of SLMA obligations, liquidating:</b>                      |                |          |        |
| Obligations .....  |                |          |        |
| Loan disbursements .....   |                |          |        |
| Change in outstandings .....   | -30            | -30      | -30    |
| Outstandings .....   | 4,820          | 4,790    | 4,760  |
| <b>Federal Family Education Loan Program, liquidating:</b>               |                |          |        |
| Obligations .....  |                |          |        |
| Loan disbursements .....   | 2,866          | 2,428    | 1,843  |
| Change in outstandings .....   | 1,448          | 545      | -351   |
| Outstandings .....   | 13,792         | 14,337   | 13,985 |
| <b>Federal direct loan demonstration program, financing:</b>             |                |          |        |
| Obligations .....  |                |          | 767    |
| Loan disbursements .....   |                |          | 514    |
| Change in outstandings .....   |                |          | 507    |
| Outstandings .....   |                |          | 507    |
| <b>Student financing assistance, liquidating:</b>                        |                |          |        |
| Obligations .....  |                |          |        |
| Loan disbursements .....   |                |          |        |
| Change in outstandings .....   | 120            | -7       | -15    |
| Outstandings .....   | 288            | 281      | 266    |
| <b>College housing/academic facilities, liquidating:</b>                 |                |          |        |
| Obligations .....  |                |          |        |
| Loan disbursements .....   | 25             | 46       | 18     |
| Change in outstandings .....   | 23             | 44       | 16     |
| Outstandings .....   | 110            | 154      | 170    |
| <b>College housing/academic facilities, financing:</b>                   |                |          |        |
| Obligations .....  | 30             | 29       |        |
| Loan disbursements .....   |                | 2        | 10     |
| Change in outstandings .....   |                | 1        | 10     |
| Outstandings .....   |                | 1        | 12     |

**DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued**  
(In millions of dollars)

| Agency or Program   | 1992<br>actual | Estimate |       |
|---|----------------|----------|-------|
|   |                | 1993     | 1994  |
| College housing loans, liquidating:                                       |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  | 5              | 22       | 8     |
| Change in outstandings .....  | -39            | -11      | -28   |
| Outstandings .....  | 593            | 582      | 554   |
| Higher education, liquidating:  |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  |                |          |       |
| Change in outstandings .....  | *              | -1       |       |
| Outstandings .....  | 1              |          |       |
| Higher education facilities loans, liquidating:                           |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  |                |          |       |
| Change in outstandings .....  | -8             | -6       | -6    |
| Outstandings .....  | 76             | 70       | 64    |
| <b>Energy</b>   |                |          |       |
| Bonneville Power Administration fund, liquidating:                        |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  |                |          |       |
| Change in outstandings .....  | *              | *        | *     |
| Outstandings .....  | 3              | 3        | 3     |
| <b>Health and Human Services</b>  |                |          |       |
| Health resources and services, liquidating:                               |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  | 14             | 22       | 16    |
| Change in outstandings .....  | 4              | 10       | 3     |
| Outstandings .....  | 503            | 513      | 516   |
| Health professions graduate student loan insurance fund, liquidating:     |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  | 47             | 69       | 76    |
| Change in outstandings .....  | 51             | 71       | 77    |
| Outstandings .....  | 249            | 320      | 397   |
| Health loan funds (health care services):                                 |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  | 1              | 2        | 2     |
| Change in outstandings .....  | -14            | -9       | -9    |
| Outstandings .....  | 113            | 104      | 95    |
| <b>Housing and Urban Development</b>                                      |                |          |       |
| Flexible subsidy fund, liquidating:                                       |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  | 67             | 115      | 250   |
| Change in outstandings .....  | 66             | 113      | 248   |
| Outstandings .....  | 281            | 395      | 642   |
| Low rent public housing—loans and other expenses, liquidating:            |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  |                |          |       |
| Change in outstandings .....  | -50            | -52      | -54   |
| Outstandings .....  | 1,853          | 1,801    | 1,747 |
| Housing for the elderly or handicapped, liquidating:                      |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  | 495            | 332      |       |
| Change in outstandings .....  | 440            | 272      | -64   |
| Outstandings .....  | 8,472          | 8,745    | 8,681 |
| GNMA guarantees of mortgage-backed securities, liquidating:               |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  | 1,011          | 951      | 895   |
| Change in outstandings .....  | *              | 82       | 113   |
| Outstandings .....  | 618            | 700      | 813   |
| FHA mutual mortgage and cooperative housing insurance funds, liquidating: |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  | 868            | 798      | 716   |
| Change in outstandings .....  | 756            | 392      | 448   |
| Outstandings .....  | 2,856          | 3,248    | 3,696 |
| FHA general and special risk insurance funds, liquidating:                |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  | 1,526          | 1,350    | 909   |
| Change in outstandings .....  | 980            | 938      | 496   |
| Outstandings .....  | 8,196          | 9,134    | 9,630 |
| FHA general and special risk guaranteed loan, financing:                  |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  |                | 48       | 163   |
| Change in outstandings .....  |                | 45       | 153   |
| Outstandings .....  |                | 45       | 198   |
| Revolving fund (liquidating programs):                                    |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  | 42             | 21       |       |
| Change in outstandings .....  | 519            | -56      | -54   |
| Outstandings .....  | 543            | 487      | 433   |
| Nonprofit sponsor assistance, liquidating:                                |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  | *              | *        | *     |
| Change in outstandings .....  | *              | *        | *     |
| Outstandings .....  | 2              | 1        | 1     |
| <b>Interior</b>   |                |          |       |
| Bureau of Reclamation loan program, liquidating:                          |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  | 3              | 2        |       |
| Change in outstandings .....  | 1              | *        | -3    |
| Outstandings .....  | 91             | 90       | 88    |
| Bureau of Reclamation direct loans, financing:                            |                |          |       |
| Obligations .....   | 3              | 6        | 12    |
| Loan disbursements .....  | 3              | 5        | 11    |
| Change in outstandings .....  | 3              | 5        | 11    |
| Outstandings .....  | 3              | 8        | 18    |
| BIA revolving fund for loans, liquidating:                                |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  | 5              | *        | *     |
| Change in outstandings .....  | -8             | -7       | -7    |
| Outstandings .....  | 96             | 89       | 82    |
| BIA revolving fund for loans, financing:                                  |                |          |       |
| Obligations .....   | 13             | 11       | 11    |
| Loan disbursements .....  | 9              | 11       | 11    |
| Change in outstandings .....  | 9              | 11       | 9     |
| Outstandings .....  | 9              | 20       | 29    |

# **DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued** (In millions of dollars)

| Agency or Program   | 1992<br>actual | Estimate |      | Agency or Program   | 1992<br>actual | Estimate |       |
|---|----------------|----------|------|---|----------------|----------|-------|
|   |                | 1993     | 1994 |   |                | 1993     | 1994  |
| <b>BIA Indian loan guaranty and insurance fund, liquidating:</b>                      |                |          |      | <b>MarAd Federal ship financing fund, liquidating:</b>                |                |          |       |
| Obligations .....   |                |          |      | Obligations .....   |                |          |       |
| Loan disbursements .....  | 22             | 11       | 10   | Loan disbursements .....  | 113            | 150      | 202   |
| Change in outstandings .....  | 13             | 1        | 1    | Change in outstandings .....  | -268           | 140      | 140   |
| Outstandings .....  | 41             | 41       | 43   | Outstandings .....  | 529            | 669      | 809   |
| <b>BIA Indian loan guaranty and insurance guaranteed loan, financing:</b>             |                |          |      | <b>Amtrak corridor improvement loans, liquidating:</b>                |                |          |       |
| Obligations .....   |                |          |      | Obligations .....   |                |          |       |
| Loan disbursements .....  |                | 3        | 6    | Loan disbursements .....  |                |          |       |
| Change in outstandings .....  |                | 3        | 6    | Change in outstandings .....  |                |          |       |
| Outstandings .....  |                | 3        | 8    | Outstandings .....  | 7              | 7        | 7     |
| <b>Guam power liquidating account:</b>  |                |          |      | <b>Amtrak corridor improvement direct loans, financing:</b>           |                |          |       |
| Obligations .....   |                |          |      | Obligations .....   | 4              | 4        |       |
| Loan disbursements .....  |                |          |      | Loan disbursements .....  | 2              | 5        |       |
| Change in outstandings .....  | -1             | -27      |      | Change in outstandings .....  | 2              | 5        |       |
| Outstandings .....  | 27             |          |      | Outstandings .....  | 2              | 7        | 7     |
| <b>State</b>  |                |          |      | <b>Minority business resource center, liquidating:</b>                |                |          |       |
| <b>Repatriation loans, liquidating (formerly Emergencies in diplomatic service):</b>  |                |          |      | Obligations .....   |                |          |       |
| Obligations .....   |                |          |      | Loan disbursements .....  |                |          |       |
| Loan disbursements .....  |                |          |      | Change in outstandings .....  |                |          |       |
| Change in outstandings .....  | -1             | *        | *    | Outstandings .....  | 1              | 1        | 1     |
| Outstandings .....  | 1              | *        | *    | <b>Minority Business Resource Center direct loan, financing:</b>      |                |          |       |
| <b>Repatriation loans, financing:</b>   |                |          |      | Obligations .....   |                | 8        | 8     |
| Obligations .....   | 1              | 1        | 1    | Loan disbursements .....  |                | 8        | 8     |
| Loan disbursements .....  |                | 1        | 1    | Change in outstandings .....  |                | 8        | 8     |
| Change in outstandings .....  |                | *        | *    | Outstandings .....  |                | 8        | 15    |
| Outstandings .....  | 1              | *        | *    | <b>Orange County (CA) toll road demonstration project, financing:</b> |                |          |       |
| <b>Treasury</b>   |                |          |      | Obligations .....   |                | 120      |       |
| <b>Emergency assistance to Rhode Island, financing:</b>                               |                |          |      | Loan disbursements .....  |                |          |       |
| Obligations .....   | 125            |          |      | Change in outstandings .....  |                |          |       |
| Loan disbursements .....  | 125            |          |      | Outstandings .....  |                |          |       |
| Change in outstandings .....  | 125            | -104     | -21  | <b>Veterans Affairs</b>   |                |          |       |
| Outstandings .....  | 125            | 21       |      | <b>Loan guaranty revolving fund, liquidating:</b>                     |                |          |       |
| <b>Transportation</b>   |                |          |      | Obligations .....   |                |          |       |
| <b>Railroad rehabilitation and improvement, liquidating:</b>                          |                |          |      | Loan disbursements .....  | 536            | 630      | 519   |
| Obligations .....   |                |          |      | Change in outstandings .....  | -1,351         | -602     | -579  |
| Loan disbursements .....  |                |          |      | Outstandings .....  | 4,743          | 4,141    | 3,562 |
| Change in outstandings .....  | -84            | -3       | -3   | <b>Loan guaranty direct loan financing:</b>                           |                |          |       |
| Outstandings .....  | 85             | 82       | 79   | Obligations .....   | 1,249          | 1,345    | 1,172 |
| <b>Railroad rehabilitation and improvement financing funds direct loan financing:</b> |                |          |      | Loan disbursements .....  | 1,249          | 1,345    | 1,172 |
| Obligations .....   |                | 1        | *    | Change in outstandings .....  | 253            | 434      | 185   |
| Loan disbursements .....  |                | 1        | *    | Outstandings .....  | 253            | 687      | 872   |
| Change in outstandings .....  |                | 1        | *    | <b>Direct loan revolving fund, liquidating:</b>                       |                |          |       |
| Outstandings .....  |                | 1        | 1    | Obligations .....   |                | *        | *     |
| <b>Right-of-way revolving fund, liquidating:</b>                                      |                |          |      | Loan disbursements .....  |                | *        | *     |
| Obligations .....   | 42             | 42       | 42   | Change in outstandings .....  | -9             | -7       | -6    |
| Loan disbursements .....  | 33             | 42       | 42   | Outstandings .....  | 28             | 21       | 16    |
| Change in outstandings .....  | 20             |          |      | <b>Direct loan, financing:</b>  |                |          |       |
| Outstandings .....  | 129            | 129      | 129  | Obligations .....   | *              | 1        | 1     |
| <b>Miscellaneous expired accounts (WMATA), liquidating:</b>                           |                |          |      | Loan disbursements .....  | *              | 1        | 1     |
| Obligations .....   |                |          |      | Change in outstandings .....  | *              | *        | *     |
| Loan disbursements .....  |                |          |      | Outstandings .....  | *              | *        | *     |
| Change in outstandings .....  |                |          |      | <b>Transitional housing loans, financing:</b>                         |                |          |       |
| Outstandings .....  | 177            | 177      | 177  | Obligations .....   |                | *        | *     |
|   |                |          |      | Loan disbursements .....  |                | *        | *     |
|   |                |          |      | Change in outstandings .....  |                | *        | *     |
|   |                |          |      | Outstandings .....  |                | *        | *     |

**DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued**  
(In millions of dollars)

| Agency or Program   | 1992<br>actual | Estimate |       |
|---|----------------|----------|-------|
|   |                | 1993     | 1994  |
| <b>Guaranty and indemnity fund, liquidating:</b>                        |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  | 20             | 8        |       |
| Change in outstandings .....  | 17             | -19      | -1    |
| Outstandings .....  | 22             | 3        | 2     |
| <b>Guaranty and indemnity guaranteed loan, financing:</b>               |                |          |       |
| Obligations .....   | 56             | 268      | 510   |
| Loan disbursements .....  | 56             | 268      | 510   |
| Change in outstandings .....  | 56             | 56       | 136   |
| Outstandings .....  | 56             | 112      | 249   |
| <b>Native American veteran housing direct loan, financing:</b>          |                |          |       |
| Obligations .....   |                | 6        | 7     |
| Loan disbursements .....  |                | 6        | 7     |
| Change in outstandings .....  |                | 6        | 7     |
| Outstandings .....  |                | 6        | 13    |
| <b>Education loan fund, liquidating:</b>                                |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  |                |          |       |
| Change in outstandings .....  | -3             | -2       | -2    |
| Outstandings .....  | 13             | 11       | 9     |
| <b>Education direct loan, financing:</b>                                |                |          |       |
| Obligations .....   |                | *        | *     |
| Loan disbursements .....  |                | *        | *     |
| Change in outstandings .....  |                | *        | *     |
| Outstandings .....  |                | *        | *     |
| <b>Vocational rehabilitation revolving fund, liquidating:</b>           |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  |                |          |       |
| Change in outstandings .....  | -1             |          |       |
| Outstandings .....  |                |          |       |
| <b>Vocational rehabilitation direct loan financing:</b>                 |                |          |       |
| Obligations .....   | 2              | 2        | 2     |
| Loan disbursements .....  | 2              | 2        | 2     |
| Change in outstandings .....  | 1              | *        | *     |
| Outstandings .....  | 1              | 1        | 1     |
| <b>Other Independent Agencies</b>                                       |                |          |       |
| <b>Environmental Protection Agency:</b>                                 |                |          |       |
| Abatement, control, and compliance direct loan, liquidating:            |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  | 21             | 17       | 4     |
| Change in outstandings .....  | 13             | 6        | -7    |
| Outstandings .....  | 123            | 129      | 121   |
| Abatement, control, and compliance direct loan, financing:              |                |          |       |
| Obligations .....   | 37             | 70       |       |
| Loan disbursements .....  | 1              | 31       | 42    |
| Change in outstandings .....  | 1              | 31       | 40    |
| Outstandings .....  | 1              | 32       | 72    |
| <b>NASA, Space flight, control and data communication, liquidating:</b> |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  |                |          |       |
| Change in outstandings .....  | -33            |          |       |
| Outstandings .....  |                |          |       |
| <b>Small Business Administration:</b>                                   |                |          |       |
| <b>Business loan fund liquidating:</b>                                  |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  | 1,304          | 1,174    | 851   |
| Change in outstandings .....  | 36             | 61       | -38   |
| Outstandings .....  | 2,505          | 2,566    | 2,528 |
| <b>Business direct loans, financing:</b>                                |                |          |       |
| Obligations .....   | 75             | 125      | 78    |
| Loan disbursements .....  | 37             | 93       | 93    |
| Change in outstandings .....  | 36             | 83       | 70    |
| Outstandings .....  | 36             | 118      | 188   |
| <b>Business loan fund, liquidating:</b>                                 |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  |                |          |       |
| Change in outstandings .....  | -156           | -177     | -74   |
| Outstandings .....  | 777            | 600      | 526   |
| <b>Pollution control equip fund, liquidating:</b>                       |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  | 51             | 30       | 10    |
| Change in outstandings .....  | 10             | 4        | -6    |
| Outstandings .....  | 63             | 67       | 61    |
| <b>Disaster loan fund, liquidating:</b>                                 |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  | 153            |          |       |
| Change in outstandings .....  | -291           | -498     | -413  |
| Outstandings .....  | 2,929          | 2,431    | 2,017 |
| <b>Disaster direct loans, financing:</b>                                |                |          |       |
| Obligations .....   | 782            | 1,760    | 390   |
| Loan disbursements .....  | 391            | 1,193    | 977   |
| Change in outstandings .....  | 380            | 1,095    | 723   |
| Outstandings .....  | 380            | 1,474    | 2,197 |
| <b>Federal Emergency Management Agency:</b>                             |                |          |       |
| <b>Disaster assistance direct loan, liquidating:</b>                    |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  | *              |          |       |
| Change in outstandings .....  | *              | -94      | -37   |
| Outstandings .....  | 131            | 37       |       |
| <b>Disaster assistance direct loan, financing:</b>                      |                |          |       |
| Obligations .....   | 27             | 259      | 25    |
| Loan disbursements .....  | 27             | 259      | 25    |
| Change in outstandings .....  | 13             | 253      | -55   |
| Outstandings .....  | 13             | 266      | 211   |
| <b>Loans to the District of Columbia for capital project:</b>           |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  |                |          |       |
| Change in outstandings .....  | -325           | -24      | -22   |
| Outstandings .....  | 259            | 235      | 213   |
| <b>Export-Import Bank of the United States:</b>                         |                |          |       |
| <b>Export-Import Bank, liquidating:</b>                                 |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  | 894            | 306      | 366   |
| Change in outstandings .....  | -303           | -1,161   | -502  |
| Outstandings .....  | 8,660          | 7,500    | 6,998 |
| <b>Export-Import Bank direct loan, financing:</b>                       |                |          |       |
| Obligations .....   | 817            | 2,800    | 2,050 |
| Loan disbursements .....  | 87             | 486      | 813   |
| Change in outstandings .....  | 85             | 471      | 706   |
| Outstandings .....  | 85             | 557      | 1,263 |

**DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued**  
(In millions of dollars)

| Agency or Program                                       | 1992<br>actual | Estimate |         |
|---|----------------|----------|---------|
|   |                | 1993     | 1994    |
| <b>FDIC Bank Insurance Fund:</b>                        |                |          |         |
| Obligations .....                                       |                |          |         |
| Loan disbursements .....                                |                |          |         |
| Change in outstandings .....                            | -4             | -40      | -4      |
| Outstandings .....                                      | 182            | 141      | 136     |
| <b>National Credit Union Administration:</b>            |                |          |         |
| Credit union share insurance fund:                      |                |          |         |
| Obligations .....                                       | 101            | 50       | 15      |
| Loan disbursements .....                                | 131            | 50       | 25      |
| Change in outstandings .....                            | 66             | -50      | -36     |
| Outstandings .....                                      | 101            | 51       | 15      |
| Central liquidity facility,:                            |                |          |         |
| Obligations .....                                       | 23             | 50       | 55      |
| Loan disbursements .....                                | 23             | 50       | 55      |
| Change in outstandings .....                            | -115           | 25       | 5       |
| Outstandings .....                                      |                | 25       | 30      |
| Community development credit union revolving loan fund: |                |          |         |
| Obligations .....                                       |                |          |         |
| Loan disbursements .....                                | 2              | 1        | 1       |
| Change in outstandings .....                            | 1              | *        | *       |
| Outstandings .....                                      | 5              | 6        | 6       |
| <b>Tennessee Valley Authority:</b>                      |                |          |         |
| Power program:  |                |          |         |
| Obligations .....                                       | 60             | 63       | 64      |
| Loan disbursements .....                                | 60             | 63       | 64      |
| Change in outstandings .....                            | 6              | 18       | 17      |
| Outstandings .....                                      | 164            | 182      | 199     |
| <b>Seven States:</b>                                    |                |          |         |
| Obligations .....                                       | 152            |          |         |
| Loan disbursements .....                                | 152            |          |         |
| Change in outstandings .....                            | -185           | -2,199   |         |
| Outstandings .....                                      | 2,199          |          |         |
| <b>Area and regional development:</b>                   |                |          |         |
| Obligations .....                                       |                |          |         |
| Loan disbursements .....                                |                |          |         |
| Change in outstandings .....                            | *              | *        | *       |
| Outstandings .....                                      | *              | *        | *       |
| <b>Other agencies and programs, liquidating:</b>        |                |          |         |
| Obligations .....                                       |                |          |         |
| Loan disbursements .....                                | 4              | 4        | 4       |
| Change in outstandings .....                            | -47            | -39      | -29     |
| Outstandings .....                                      | 274            | 234      | 205     |
| <b>Grand total, net direct loans:</b>                   |                |          |         |
| Obligations .....                                       | 16,401         | 24,831   | 22,657  |
| Loan disbursements .....                                | 26,070         | 31,612   | 29,419  |
| Change in outstandings .....                            | 7,003          | 3,091    | 2,196   |
| Outstandings .....                                      | 203,363        | 206,454  | 208,651 |

\*\$500,000 or less.

<sup>1</sup> Direct loan obligations and disbursements for these programs represent increases in their holdings of loan assets rather than cash disbursements.



**GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT**  
(In millions of dollars)

| Agency or Program   | 1992<br>actual | Estimate |       |
|---|----------------|----------|-------|
|   |                | 1993     | 1994  |
| <b>Funds Appropriated to the President</b>  |                |          |       |
| Foreign military loan, liquidating:   |                |          |       |
| Commitments .....   |                |          |       |
| New guaranteed loans .....  |                |          |       |
| Change in outstandings .....  | -476           | -517     | -547  |
| Outstandings .....  | 8,265          | 7,747    | 7,200 |
| Overseas Private Investment Corp, liquidating:                                      |                |          |       |
| Commitments .....   |                |          |       |
| New guaranteed loans .....  | 199            | 281      |       |
| Change in outstandings .....  | 149            | 30       | -86   |
| Outstandings .....  | 620            | 650      | 564   |
| Overseas Private Investment Corp, guaranteed loan financing:                        |                |          |       |
| Commitments .....   | 256            | 307      | 375   |
| New guaranteed loans .....  | 9              | 121      | 212   |
| Change in outstandings .....  | 9              | 121      | 198   |
| Outstandings .....  | 9              | 130      | 329   |
| AID private sector revolving fund, liquidating:                                     |                |          |       |
| Commitments .....   |                |          |       |
| New guaranteed loans .....  | 6              | 37       | 34    |
| Change in outstandings .....  | 6              | 36       | 31    |
| Outstandings .....  | 15             | 50       | 82    |
| AID private sector guaranteed loan, financing:                                      |                |          |       |
| Commitments .....   | 32             | 100      |       |
| New guaranteed loans .....  |                | 20       | 56    |
| Change in outstandings .....  |                | 20       | 54    |
| Outstandings .....  |                | 20       | 74    |
| AID housing and other credit guaranty programs, liquidating:                        |                |          |       |
| Commitments .....   |                |          |       |
| New guaranteed loans .....  | 44             | 60       | 50    |
| Change in outstandings .....  | 3              | 5        | -10   |
| Outstandings .....  | 2,043          | 2,048    | 2,038 |
| AID housing and other credit guaranty programs guaranteed loan, financing:          |                |          |       |
| Commitments .....   | 83             | 150      | 110   |
| New guaranteed loans .....  |                | 90       | 36    |
| Change in outstandings .....  |                | 90       | 35    |
| Outstandings .....  |                | 90       | 126   |
| Loan guarantee to Israel, financing:  |                |          |       |
| Commitments .....   |                | 2,000    | 2,000 |
| New guaranteed loans .....  |                | 2,000    | 2,000 |
| Change in outstandings .....  |                | 2,000    | 2,000 |
| Outstandings .....  |                | 2,000    | 4,000 |
| <b>Agriculture</b>  |                |          |       |
| Agricultural credit insurance fund (FSA), liquidating:                              |                |          |       |
| Commitments .....   |                |          |       |
| New guaranteed loans .....  | 279            | 32       |       |
| Change in outstandings .....  | -830           | -924     | -753  |
| Outstandings .....  | 4,183          | 3,259    | 2,506 |
| Agricultural credit insurance fund guaranteed loan, (FSA) financing:                |                |          |       |
| Commitments .....   | 1,561          | 2,164    | 4,542 |
| New guaranteed loans .....  | 1,236          | 2,060    | 4,164 |
| Change in outstandings .....  | 1,236          | 1,812    | 3,554 |
| Outstandings .....  | 1,236          | 3,049    | 6,602 |
| <b>Agricultural resource conservation demonstration guaranteed loan, financing:</b> |                |          |       |
| Commitments .....   | 10             | 10       | 7     |
| New guaranteed loans .....  | 10             | 10       | 7     |
| Change in outstandings .....  | 10             | 10       | 7     |
| Outstandings .....  | 10             | 20       | 27    |
| <b>Rural housing insurance fund (FSA), liquidating:</b>                             |                |          |       |
| Commitments .....   |                |          |       |
| New guaranteed loans .....  | 27             | 1        |       |
| Change in outstandings .....  | 22             | -4       | -5    |
| Outstandings .....  | 51             | 47       | 41    |
| <b>Rural housing insurance fund guaranteed loan, (FSA) financing:</b>               |                |          |       |
| Commitments .....   | 214            | 564      | 682   |
| New guaranteed loans .....  | 102            | 530      | 617   |
| Change in outstandings .....  | 102            | 527      | 606   |
| Outstandings .....  | 102            | 629      | 1,236 |
| <b>Rural development insurance fund (RDA), liquidating:</b>                         |                |          |       |
| Commitments .....   |                |          |       |
| New guaranteed loans .....  | 89             | 71       | 14    |
| Change in outstandings .....  | -133           | -108     | -151  |
| Outstandings .....  | 1,054          | 946      | 795   |
| <b>Rural development insurance fund guaranteed loan (RDA) financing:</b>            |                |          |       |
| Commitments .....   | 160            | 540      | 411   |
| New guaranteed loans .....  | 130            | 115      | 280   |
| Change in outstandings .....  | 130            | 114      | 277   |
| Outstandings .....  | 130            | 244      | 521   |
| <b>Alcohol fuels credit guaranty financing:</b>                                     |                |          |       |
| Commitments .....   |                | 19       |       |
| New guaranteed loans .....  |                | 5        | 7     |
| Change in outstandings .....  |                | 5        | 6     |
| Outstandings .....  |                | 5        | 10    |
| <b>Rural electric and telephone revolving fund, liquidating:</b>                    |                |          |       |
| Commitments .....   |                |          |       |
| New guaranteed loans .....  |                |          |       |
| Change in outstandings .....  | -13            | -15      | -16   |
| Outstandings .....  | 758            | 743      | 727   |
| <b>Commodity Credit Corp guaranteed loans, liquidating:</b>                         |                |          |       |
| Commitments .....   |                |          |       |
| New guaranteed loans .....  |                |          |       |
| Change in outstandings .....  | -3,795         | -1,653   | -736  |
| Outstandings .....  | 3,936          | 2,283    | 1,548 |
| <b>Commodity Credit Corp export guarantee, financing:</b>                           |                |          |       |
| Commitments .....   | 5,673          | 5,700    | 5,700 |
| New guaranteed loans .....  | 5,083          | 5,700    | 5,700 |
| Change in outstandings .....  | 5,083          | 2,561    | 340   |
| Outstandings .....  | 5,083          | 7,644    | 7,985 |
| <b>Commerce</b>   |                |          |       |
| Economic development revolving fund, liquidating:                                   |                |          |       |
| Commitments .....   |                |          |       |
| New guaranteed loans .....  |                |          |       |
| Change in outstandings .....  | -15            | -3       | -3    |
| Outstandings .....  | 41             | 38       | 35    |

**GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued**  
(In millions of dollars)

| Agency or Program  | 1992<br>actual | Estimate |         |
|--|----------------|----------|---------|
|  |                | 1993     | 1994    |
| <b>NOAA Federal ship financing fund, fishing vessels, liquidating:</b>           |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   | 1              |          |         |
| Change in outstandings .....   | -32            | -45      | -39     |
| Outstandings .....   | 313            | 268      | 230     |
| <b>NOAA Fishing vessel obligations guarantees, financing:</b>                    |                |          |         |
| Commitments .....  | 24             | 47       |         |
| New guaranteed loans .....   |                | 29       |         |
| Change in outstandings .....   |                | 27       | -2      |
| Outstandings .....   |                | 27       | 24      |
| <b>Education</b>   |                |          |         |
| <b>Federal Family Education Loan Program, liquidating:</b>                       |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   | 3,815          | 48       | 30      |
| Change in outstandings .....   | -5,838         | -8,767   | -8,019  |
| Outstandings .....   | 51,172         | 42,405   | 34,387  |
| <b>Federal Family Education Loan Program, guarantee financing:</b>               |                |          |         |
| Commitments .....  | 14,653         | 19,415   | 19,550  |
| New guaranteed loans .....   | 8,849          | 16,091   | 17,738  |
| Change in outstandings .....   | 8,443          | 14,643   | 15,062  |
| Outstandings .....   | 8,443          | 23,086   | 38,148  |
| <b>Historically Black Colleges and Universities—financing accounts:</b>          |                |          |         |
| Commitments .....  |                |          | 357     |
| New guaranteed loans .....   |                |          |         |
| Change in outstandings .....   |                |          |         |
| Outstandings .....   |                |          |         |
| <b>Health and Human Services</b>   |                |          |         |
| <b>Health resources and services, liquidating:</b>                               |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   |                |          |         |
| Change in outstandings .....   | -1             | -1       | -1      |
| Outstandings .....   | 14             | 12       | 11      |
| <b>Health professions graduate student loan insurance fund, liquidating:</b>     |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   |                |          |         |
| Change in outstandings .....   | -129           | -158     | -174    |
| Outstandings .....   | 1,997          | 1,839    | 1,665   |
| <b>Health professions graduate student loan guaranteed loan, financing:</b>      |                |          |         |
| Commitments .....  | 290            | 340      | 375     |
| New guaranteed loans .....   | 290            | 340      | 375     |
| Change in outstandings .....   | 290            | 340      | 375     |
| Outstandings .....   | 290            | 630      | 1,005   |
| <b>Housing and Urban Development</b>   |                |          |         |
| <b>Low-rent public housing loans and other expenses, liquidating:</b>            |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   |                |          |         |
| Change in outstandings .....   | -303           | -325     | -350    |
| Outstandings .....   | 4,950          | 4,625    | 4,275   |
| <b>Revolving fund for liquidating programs:</b>                                  |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   |                |          |         |
| Change in outstandings .....   | -10            | -8       | -1      |
| Outstandings .....   | 11             | 3        | 2       |
| <b>FHA mutual mortgage and cooperative housing insurance funds, liquidating:</b> |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   | 9,365          |          |         |
| Change in outstandings .....   | -110,384       | -10,747  | -8,519  |
| Outstandings .....   | 267,673        | 256,927  | 248,408 |
| <b>FHA mutual mortgage insurance guaranteed loan, financing:</b>                 |                |          |         |
| Commitments .....  | 55,918         | 57,146   | 64,565  |
| New guaranteed loans .....   | 32,755         | 47,108   | 53,303  |
| Change in outstandings .....   | 32,595         | 45,741   | 49,990  |
| Outstandings .....   | 32,595         | 78,336   | 128,326 |
| <b>FHA general and special risk insurance funds, liquidating:</b>                |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   | 2,610          |          |         |
| Change in outstandings .....   | -4,435         | -2,975   | -3,399  |
| Outstandings .....   | 71,266         | 68,291   | 64,892  |
| <b>FHA general and special risk guaranteed loan, financing:</b>                  |                |          |         |
| Commitments .....  | 8,548          | 11,292   | 13,436  |
| New guaranteed loans .....   | 5,088          | 10,854   | 11,623  |
| Change in outstandings .....   | 5,076          | 9,180    | 9,424   |
| Outstandings .....   | 5,076          | 14,256   | 23,679  |
| <b>GNMA guarantees of mortgage-backed securities, liquidating:</b>               |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   | 72,164         | 70,000   | 71,000  |
| Change in outstandings .....   | -446           | 35,532   | 32,382  |
| Outstandings .....   | 422,480        | 458,012  | 490,395 |
| <b>GNMA guarantees of mortgage-backed securities, financing:</b>                 |                |          |         |
| Commitments .....  | 85,894         | 77,700   | 85,000  |
| New guaranteed loans .....   |                |          |         |
| Change in outstandings .....   |                |          |         |
| Outstandings .....   |                |          |         |
| <b>Community development guaranteed loans liquidating:</b>                       |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   | 41             | 200      | 100     |
| Change in outstandings .....   | -8             | 128      | 50      |
| Outstandings .....   | 341            | 469      | 519     |
| <b>Community development guaranteed loans financing:</b>                         |                |          |         |
| Commitments .....  | 164            | 2,000    | 2,054   |
| New guaranteed loans .....   | 11             | 50       | 50      |
| Change in outstandings .....   | 11             | 50       | 50      |
| Outstandings .....   | 11             | 61       | 111     |

**GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued**  
(In millions of dollars)

| Agency or Program  | 1992<br>actual | Estimate |         |
|--|----------------|----------|---------|
|  |                | 1993     | 1994    |
| <b>Interior</b>  |                |          |         |
| BIA Indian loan guaranty and insurance fund, liquidating:                        |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   |                |          |         |
| Change in outstandings .....   | -35            | -13      | -12     |
| Outstandings .....   | 202            | 189      | 177     |
| BIA Indian loan guaranty and insurance guaranteed loan, financing <sup>1</sup> : |                |          |         |
| Commitments .....  | 51             | 117      | 56      |
| New guaranteed loans .....   | 20             | 148      | 56      |
| Change in outstandings .....   | 20             | 142      | 45      |
| Outstandings .....   | 20             | 161      | 206     |
| <b>Transportation</b>  |                |          |         |
| MarAd Federal ship financing fund, liquidating:                                  |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   |                |          |         |
| Change in outstandings .....   | -354           | -348     | -348    |
| Outstandings .....   | 2,290          | 1,941    | 1,593   |
| Aircraft purchase loan guarantee program, liquidating:                           |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   |                |          |         |
| Change in outstandings .....   | -9             | -9       | -9      |
| Outstandings .....   | 36             | 27       | 18      |
| Miscellaneous expired acct (WMATA), liquidating:                                 |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   |                |          |         |
| Change in outstandings .....   |                |          |         |
| Outstandings .....   | 820            | 820      | 820     |
| Military useful vessel obligation, financing:                                    |                |          |         |
| Commitments .....  |                | 531      |         |
| New guaranteed loans .....   |                | 531      |         |
| Change in outstandings .....   |                | 504      | -27     |
| Outstandings .....   |                | 504      | 478     |
| <b>Treasury</b>  |                |          |         |
| Payments to Farm Credit System Financial Assistance Corp:                        |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   |                |          |         |
| Change in outstandings .....   |                |          |         |
| Outstandings .....   | 1,261          |          |         |
| <b>Veterans Affairs</b>  |                |          |         |
| Loan guaranty revolving fund, liquidating:                                       |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   |                |          |         |
| Change in outstandings .....   | -15,064        | -13,826  | -12,184 |
| Outstandings .....   | 121,011        | 107,185  | 95,001  |
| Loan guaranty guaranteed loan financing:   |                |          |         |
| Commitments .....  | 1              | 2        | 2       |
| New guaranteed loans .....   | 1              | 2        | 2       |
| Change in outstandings .....   | 1              | 2        | 1       |
| Outstandings .....   | 2              | 4        | 5       |
| <b>Guaranty and indemnity fund, liquidating:</b>                                 |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   |                |          |         |
| Change in outstandings .....   | -7,705         | -5,174   | -3,331  |
| Outstandings .....   | 13,838         | 8,664    | 5,333   |
| <b>Guaranty and indemnity fund, financing:</b>                                   |                |          |         |
| Commitments .....  | 24,574         | 21,588   | 19,607  |
| New guaranteed loans .....   | 24,574         | 21,588   | 19,607  |
| Change in outstandings .....   | 24,277         | 20,416   | 17,348  |
| Outstandings .....   | 36,565         | 56,981   | 74,329  |
| <b>Other Independent Agencies</b>  |                |          |         |
| Small Business Administration:   |                |          |         |
| Business loan fund, liquidating:   |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   | 1,891          |          |         |
| Change in outstandings .....   | -698           | -2,805   | -2,178  |
| Outstandings .....   | 13,235         | 10,430   | 8,252   |
| Business guaranteed loans, financing:  |                |          |         |
| Commitments .....  | 6,352          | 7,114    | 7,682   |
| New guaranteed loans .....   | 3,878          | 5,469    | 8,079   |
| Change in outstandings .....   | 3,669          | 4,452    | 6,074   |
| Outstandings .....   | 3,669          | 8,121    | 14,195  |
| Disaster loan fund, liquidating:   |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   |                |          |         |
| Change in outstandings .....   | *              | *        | *       |
| Outstandings .....   | 1              | 1        | *       |
| Export-Import Bank of the United States:   |                |          |         |
| Export-Import Bank, liquidating:   |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   | 2,963          | 1,987    | 1,085   |
| Change in outstandings .....   | 428            | -934     | -60     |
| Outstandings .....   | 6,052          | 5,118    | 5,059   |
| Export-Import Bank guaranteed loan, financing:                                   |                |          |         |
| Commitments .....  | 11,521         | 12,550   | 14,450  |
| New guaranteed loans .....   | 1,839          | 9,795    | 11,654  |
| Change in outstandings .....   | 1,556          | 4,882    | 4,750   |
| Outstandings .....   | 1,556          | 6,438    | 11,188  |
| FSLIC Resolution fund:   |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   | 4              |          |         |
| Change in outstandings .....   | -168           | -90      | -40     |
| Outstandings .....   | 501            | 411      | 371     |
| National Credit Union Administration:  |                |          |         |
| Credit union share insurance fund, liquidating:                                  |                |          |         |
| Commitments .....  | 74             | 10       | 5       |
| New guaranteed loans .....   | 70             | 5        | 2       |
| Change in outstandings .....   | 67             | -64      | -5      |
| Outstandings .....   | 74             | 10       | 5       |
| Tennessee Valley Authority:  |                |          |         |
| Power program:   |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   | *              | 1        | 1       |
| Change in outstandings .....   | -1             |          | *       |
| Outstandings .....   | *              | *        | *       |

**GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued**  
(In millions of dollars)

| Agency or Program                                   | 1992<br>actual | Estimate |          |
|---|----------------|----------|----------|
|   |                | 1993     | 1994     |
| <b>Other agencies and programs:</b>                 |                |          |          |
| Commitments .....                                   |                |          |          |
| New guaranteed loans .....                          |                | *        |          |
| Change in outstandings .....                        | -65            | -39      | -18      |
| Outstandings .....                                  | 142            | 103      | 85       |
| <b>Subtotal, guaranteed loans (gross):</b>          |                |          |          |
| Commitments .....                                   | 216,054        | 221,406  | 240,965  |
| New guaranteed loans .....                          | 177,445        | 195,379  | 207,881  |
| Change in outstandings .....                        | -67,766        | 93,819   | 101,637  |
| Outstandings .....                                  | 1095,443       | 1188,002 | 1289,639 |
| <b>Less secondary guaranteed loans <sup>2</sup></b> |                |          |          |
| <b>GNMA guarantees of FHA/VA/FmHA pools:</b>        |                |          |          |
| Commitments .....                                   | 85,894         | 77,700   | 85,000   |
| New guaranteed loans .....                          | 72,164         | 70,000   | 71,000   |
| Change in outstandings .....                        | -446           | 35,532   | 32,382   |
| Outstandings .....                                  | 422,480        | 458,012  | 480,395  |

| Agency or Program                                    | 1992<br>actual | Estimate |         |
|--|----------------|----------|---------|
|  |                | 1993     | 1994    |
| <b>Subtotal, guaranteed loans (net):</b>             |                |          |         |
| Commitments .....                                    | 130,160        | 143,706  | 155,965 |
| New guaranteed loans .....                           | 105,281        | 125,379  | 136,881 |
| Change in outstandings .....                         | -67,320        | 58,287   | 69,255  |
| Outstandings .....                                   | 672,963        | 729,989  | 799,244 |
| <b>Total, primary guaranteed loans: <sup>3</sup></b> |                |          |         |
| Commitments .....                                    | 130,160        | 143,706  | 155,965 |
| New guaranteed loans .....                           | 105,281        | 125,379  | 136,881 |
| Change in outstandings .....                         | -67,320        | 58,287   | 69,255  |
| Outstandings .....                                   | 672,963        | 729,989  | 799,244 |

\* \$500,000 or less.

<sup>1</sup> Subsequent to the release of the February 17th document, *A Vision of Change For America*, the Secretary of the Interior requested that Congress transfer the \$5.6 million in BA (which had represented \$47.9 million in guaranteed loan commitments) originally requested for this program to the BIA Construction program. On March 9, 1993, the House Appropriations Committee approved this adjustment as requested by the Administration.

<sup>2</sup> Loans guaranteed by the Federal Housing Administration, the Veterans Administration, or the Farmers Home Administration are included above. GNMA places a secondary guarantee on these loans, so they are deducted here to avoid double counting.

<sup>3</sup> When guaranteed loans are acquired by a budget account, they are counted as loans receivable and shown in the direct loan table.

**LENDING AND BORROWING BY GOVERNMENT-SPONSORED ENTERPRISES (GSEs)**  
(In millions of dollars)

| Enterprise   |                        | 1992<br>actual | Estimate  |           |
|--|------------------------|----------------|-----------|-----------|
|  |                        |                | 1993      | 1994      |
| LENDING  |                        |                |           |           |
| Student Loan Marketing Association .....                               | Obligations .....      | 8,777          | 9,215     | 9,676     |
|  | New transactions ..... | 8,777          | 9,215     | 9,676     |
|  | Net change .....       | 2,957          | 3,687     | 4,037     |
|  | Outstandings .....     | 33,035         | 36,722    | 40,759    |
| Federal National Mortgage Association:                                 |                        |                |           |           |
| Corporation Accounts .....   | Obligations .....      | 67,894         | 72,424    | 48,211    |
|  | New transactions ..... | 61,556         | 76,234    | 48,758    |
|  | Net change .....       | 22,358         | 36,602    | 19,383    |
|  | Outstandings .....     | 150,628        | 187,230   | 206,613   |
| Mortgage-backed securities .....                                       | Obligations .....      | 240,038        | 200,248   | 136,046   |
|  | New transactions ..... | 169,491        | 175,082   | 118,949   |
|  | Net change .....       | 78,018         | 66,002    | 55,463    |
|  | Outstandings .....     | 429,935        | 495,938   | 551,401   |
| Farm Credit System:  |                        |                |           |           |
| Banks for cooperatives .....   | Obligations .....      | 48,563         | 51,225    | 52,072    |
|  | New transactions ..... | 48,536         | 51,240    | 52,072    |
|  | Net change .....       | 695            | -50       | -21       |
|  | Outstandings .....     | 11,313         | 11,264    | 11,243    |
| Farm Credit Banks .....  | Obligations .....      | 19,551         | 18,509    | 18,818    |
|  | New transactions ..... | 19,278         | 17,103    | 17,421    |
|  | Net change .....       | 113            | 40        | 294       |
|  | Outstandings .....     | 38,381         | 38,421    | 38,715    |
| Farm Credit System Financial Assistance Corporation <sup>1</sup> ..... | Obligations .....      |                |           |           |
|  | New transactions ..... |                |           |           |
|  | Net change .....       |                |           |           |
|  | Outstandings .....     | 1,261          |           |           |
| Federal Home Loan Bank system:   |                        |                |           |           |
| Federal home loan banks .....  | Obligations .....      | 242,238        | 200,000   | 200,000   |
|  | New transactions ..... | 242,238        | 200,000   | 200,000   |
|  | Net change .....       | -4,593         | -5,695    |           |
|  | Outstandings .....     | 80,695         | 75,000    | 75,000    |
| Federal Home Loan Mortgage Corporation:                                |                        |                |           |           |
| Corporation accounts .....   | Obligations .....      | 12,605         | 17,757    | 19,473    |
|  | New transactions ..... | 12,605         | 17,757    | 19,473    |
|  | Net change .....       | 7,723          | 8,822     | 10,673    |
|  | Outstandings .....     | 31,629         | 40,451    | 51,124    |
| Participation certificate pools .....                                  | Obligations .....      | 148,211        | 163,579   | 115,176   |
|  | New transactions ..... | 148,211        | 163,579   | 115,176   |
|  | Net change .....       | 42,919         | 43,204    | 35,347    |
|  | Outstandings .....     | 391,762        | 434,966   | 470,313   |
| Subtotal, lending (gross) .....  | Obligations .....      | 787,877        | 732,956   | 599,472   |
|  | New transactions ..... | 710,691        | 710,210   | 581,525   |
|  | Net change .....       | 150,190        | 152,612   | 125,176   |
|  | Outstandings .....     | 1,167,379      | 1,319,991 | 1,445,167 |
| Less loans between GSEs .....  | Obligations .....      |                |           |           |
|  | New transactions ..... |                |           |           |
|  | Net change .....       | -920           |           |           |
|  | Outstandings .....     | 19,810         | 18,549    | 18,549    |
| Less secondary funds advanced from Federal sources:                    |                        |                |           |           |
| Student Loan Marketing Association from FFB <sup>2</sup> .....         | Obligations .....      |                |           |           |
|  | New transactions ..... |                |           |           |
|  | Net change .....       | -30            | -30       | -30       |
|  | Outstandings .....     | 4,820          | 4,790     | 4,760     |
| Less guaranteed loans held as direct loans by:                         |                        |                |           |           |
| Federal National Mortgage Association .....                            | Obligations .....      |                |           |           |
|  | New transactions ..... |                |           |           |
|  | Net change .....       | 81             | -2,428    |           |
|  | Outstandings .....     | 23,951         | 21,523    | 21,523    |
| Federal home loan banks .....  | Obligations .....      |                |           |           |
|  | New transactions ..... |                |           |           |
|  | Net change .....       | 2,508          |           |           |
|  | Outstandings .....     | 6,000          | 6,000     | 6,000     |
| Federal Home Loan Mortgage Corporation .....                           | Obligations .....      |                |           |           |
|  | New transactions ..... |                |           |           |
|  | Net change .....       | -644           | 341       |           |
|  | Outstandings .....     | 3,528          | 3,869     | 3,869     |
| Banks for cooperatives .....   | Obligations .....      |                |           |           |
|  | New transactions ..... |                |           |           |
|  | Net change .....       | 711            |           |           |
|  | Outstandings .....     | 1,043          | 1,043     | 1,043     |
| Farm Credit Banks .....  | Obligations .....      |                |           |           |
|  | New transactions ..... |                |           |           |
|  | Net change .....       | 287            |           |           |
|  | Outstandings .....     | 287            | 287       | 287       |

**LENDING AND BORROWING BY GOVERNMENT-SPONSORED ENTERPRISES (GSEs)—Continued**  
(In millions of dollars)

| Enterprise   |                  | 1992<br>actual | Estimate  |           |
|--|------------------|----------------|-----------|-----------|
|  |                  |                | 1993      | 1994      |
| Student Loan Marketing Association <sup>2</sup>                  | Obligations      |                |           |           |
|  | New transactions |                |           |           |
|  | Net change       | 2,987          | 3,717     | 4,067     |
|  | Outstandings     | 28,215         | 31,932    | 35,999    |
| Total GSE lending (net)  | Obligations      | 787,877        | 732,957   | 599,472   |
|  | New transactions | 710,692        | 710,210   | 581,525   |
|  | Net change       | 145,210        | 151,012   | 121,139   |
|  | Outstandings     | 1,080,985      | 1,231,999 | 1,353,138 |
| <b>BORROWING</b>   |                  |                |           |           |
| Student Loan Marketing Association <sup>2</sup>                  | Net change       | 1,980          | 4,360     | 4,653     |
|  | Outstandings     | 43,651         | 48,011    | 52,664    |
| Federal National Mortgage Association                            | Net change       | 105,290        | 98,785    | 74,723    |
|  | Outstandings     | 585,167        | 683,952   | 758,675   |
| Farm Credit System:  |                  |                |           |           |
| Banks for cooperatives   | Net change       | 722            | -386      | -110      |
|  | Outstandings     | 12,789         | 12,403    | 12,293    |
| Farm credit banks  | Net change       | 375            | -598      | 251       |
|  | Outstandings     | 40,717         | 40,119    | 40,370    |
| Farm Credit System Financial Assistance Corporation <sup>1</sup> | Net change       |                |           |           |
|  | Outstandings     | 1,261          |           |           |
| Federal Housing Finance Board:                                   |                  |                |           |           |
| Federal home loan banks  | Net change       | 3,702          | 3,246     | -3,000    |
|  | Outstandings     | 110,754        | 114,000   | 111,000   |
| The Financing Corporation  | Net change       | 1              | 2         | 1         |
|  | Outstandings     | 8,137          | 8,139     | 8,140     |
| Resolution Funding Corporation                                   | Net change       | -3             | -2        | -2        |
|  | Outstandings     | 30,083         | 30,081    | 30,079    |
| Federal Home Loan Mortgage Corporation                           | Net change       | 48,169         | 57,212    | 51,034    |
|  | Outstandings     | 428,512        | 485,724   | 536,758   |
| Subtotal, borrowing (gross)                                      | Net change       | 160,236        | 162,619   | 127,550   |
|  | Outstandings     | 1,261,071      | 1,422,429 | 1,549,979 |
| Less borrowing from other GSEs                                   | Net change       | -920           |           |           |
|  | Outstandings     | 19,810         | 18,549    | 18,549    |
| Less borrowing from Federal sources:                             |                  |                |           |           |
| Student Loan Marketing Association from FFB <sup>2</sup>         | Net change       | -30            | -30       | -30       |
|  | Outstandings     | 4,820          | 4,790     | 4,760     |
| Less investment in Federal Securities                            | Net change       | 4,495          | -160      | 334       |
|  | Outstandings     | 10,566         | 10,406    | 10,740    |
| Less borrowing for guaranteed loans held as direct loans by:     |                  |                |           |           |
| Federal National Mortgage Association                            | Net change       | 81             | -2,428    |           |
|  | Outstandings     | 23,951         | 21,523    | 21,523    |
| Federal home loan banks  | Net change       | 2,508          |           |           |
|  | Outstandings     | 6,000          | 6,000     | 6,000     |
| Federal Home Loan Mortgage Corporation                           | Net change       | -644           | 341       |           |
|  | Outstandings     | 3,528          | 3,869     | 3,869     |
| Banks for cooperatives   | Net change       | 711            |           |           |
|  | Outstandings     | 1,043          | 1,043     | 1,043     |
| Farm Credit Banks  | Net change       | 287            |           |           |
|  | Outstandings     | 287            | 287       | 287       |
| Student Loan Marketing Association <sup>2</sup>                  | Net change       | 2,987          | 3,717     | 4,067     |
|  | Outstandings     | 28,215         | 31,932    | 35,999    |
| Total GSE borrowing (net)  | Net change       | 150,761        | 161,179   | 123,179   |
|  | Outstandings     | 1,162,851      | 1,324,030 | 1,447,209 |

<sup>1</sup>For the purposes of this table FAC lending is assumed to equal borrowing. It is netted out under loans (or borrowing) between GSEs. FAC was reclassified from a GSE to a Federal agency as of October 1, 1992. Its loans and debt were accordingly reclassified as Federal loans and Federal debt. This reclassification does not constitute repayment of GSE loans or GSE debt.

<sup>2</sup>All SLMA lending financed through the FFB is counted as direct loans. All SLMA loans shown in the table above are guaranteed by the Federal Government and therefore the portion not financed by the FFB is counted as guaranteed loans. To avoid double counting, two deductions were made in this table: one for the amount financed through the FFB, and the other for the remainder.

## FEDERAL INVESTMENT OUTLAYS

### Introduction

Federal investment spending plays an important role in enhancing long-term economic growth and improving government operations. This section identifies investment outlays in the budget, divided according to the types of investment and the major programs for which investment takes place.

Investment outlays are those that yield long-term benefits. They take several forms and are made for many purposes. They are in the form of grants to State and local governments and direct Federal outlays. They can be for physical investment, which yields a stream of services over a period of years; or for research, development, education, and training, which are less tangible but also provide long-term benefits.

There are two inherent problems in the classification of these data, one involving grants to State and local governments, and the other involving spending that could be shown in more than one category.

For some grants to State and local governments, the recipient jurisdiction, not the Federal Government, ultimately determines whether the money is used to finance investment or current programs. This analysis classifies all of the outlays in the category where the recipient jurisdictions are expected to spend most of the money. Hence, shared revenues are classified as current spending, although some may be spent by recipient jurisdictions on physical investment. Community development block grants are classified as physical investment, although some may be spent for current purposes.

Some spending could be classified into more than one category. For example, outlays for the construction of research facilities finance the acquisition of physical assets, but they also contribute to research and development. To avoid double counting, the outlays are classified in the category that is most commonly recognized as investment. Consequently outlays for the conduct of research and development do not include outlays for research facilities, because these outlays are included in the category for physical investment. Similarly, physical investment and research and development related to education and training are included in the categories of physical assets and the conduct of research and development.

The Federal Credit Reform Act of 1990 changed the treatment of loans obligated or guarantees committed in 1992 or later. For these direct and guaranteed loans, the estimated subsidy value of the assistance is included as budget outlays beginning in 1992 and related cash flows are not included. The subsidies are classified according to their program purpose, such as for construction, education and training, or non-investment outlays.

The Federal Capital Investment Program Information Act of 1984 requires a report that includes ten-year projections of physical investment outlays and other information. That report was included in *Budget Baselines, Historical Data, and Alternatives for the Future* (January 1993).

### Composition of Federal Investment Outlays

#### Major Federal Investment

The composition of major Federal investment outlays is shown in the accompanying table. They include major public physical investment, the conduct of research and development, and the conduct of education and training. These outlays were \$233.8 billion in 1992. They are estimated to be \$246.8 billion in 1993 and \$248.1 billion in 1994. Between 1992 and 1994, defense investment outlays decline \$8.6 billion, or 7 percent, and nondefense investment outlays increase by \$22.9 billion, or 20 percent. The data are shown in more detail in the two tables at the end of this section.

**Physical investment.**—Outlays for major public physical capital investment (hereafter referred to as physical investment outlays in the text) were \$131.9 billion in 1992. They are estimated to be \$133.5 billion in 1993 and \$132.1 billion in 1994. Physical investment outlays are primarily outlays for construction, rehabilitation, and major equipment. Direct physical investment outlays by the Federal Government were \$102.6 billion in 1992. They are estimated to be \$99.3 billion in 1993 and \$93.4 billion in 1994. Grants to State and local governments for physical investment were \$29.3 billion in 1992. They are estimated to be \$34.2 billion in 1993 and \$38.7 billion in 1994.

Direct physical investment outlays by the Federal Government are primarily for national defense, estimated to be \$77.0 billion in 1993, declining to \$70.5 billion in 1994. Almost all of these outlays, or an estimated \$64.5 billion in 1994, are for the procurement of weapons and other equipment, and the remainder, \$5.9 billion, is primarily for construction of military bases and family housing for military personnel.

Outlays for direct physical investment for nondefense purposes are estimated to be \$22.4 billion in 1993 and \$22.9 billion in 1994. The 1994 outlays include \$14.9 billion for construction and rehabilitation. These outlays are largely for water, energy, and natural resources projects of the Corps of Engineers, the Department of Interior, the Tennessee Valley Authority, and the power administrations in the Department of Energy; for the construction and rehabilitation of veterans hospitals and Postal Service facilities; and for space and science programs. Outlays for the acquisition of major equipment are estimated to be \$7.3 billion in 1994. The largest items are for the air traffic control system, space programs, and the Postal Service. Out-

## COMPOSITION OF FEDERAL INVESTMENT OUTLAYS

(In billions of dollars)

|   | 1992<br>actual | Estimate     |              |
|---|----------------|--------------|--------------|
|   |                | 1993         | 1994         |
| <b>MAJOR FEDERAL INVESTMENT OUTLAYS</b>   |                |              |              |
| Major public physical capital investment:   |                |              |              |
| Direct:   |                |              |              |
| National defense .....  | 82.4           | 77.0         | 70.5         |
| Nondefense .....  | 20.3           | 22.4         | 22.9         |
| Subtotal, direct major public physical capital investment .....                     | 102.6          | 99.3         | 93.4         |
| Grants to State and local governments .....   | 29.3           | 34.2         | 38.7         |
| Subtotal, major public physical capital investment .....                            | 131.9          | 133.5        | 132.1        |
| Conduct of research and development:  |                |              |              |
| National defense .....  | 38.2           | 40.7         | 41.6         |
| Nondefense .....  | 26.6           | 27.9         | 28.8         |
| Subtotal, conduct of research and development .....                                 | 64.7           | 68.6         | 70.4         |
| Conduct of education and training:  |                |              |              |
| Grants to State and local governments .....   | 20.4           | 24.7         | 25.5         |
| Direct .....  | 16.8           | 20.0         | 20.0         |
| Subtotal, conduct of education and training .....                                   | 37.2           | 44.7         | 45.6         |
| <b>Major Federal investment outlays .....</b>                                       | <b>233.8</b>   | <b>246.8</b> | <b>248.1</b> |
| <b>MEMORANDUM</b>   |                |              |              |
| Major Federal investment outlays:   |                |              |              |
| National defense .....  | 120.8          | 118.0        | 112.2        |
| Nondefense .....  | 113.0          | 128.8        | 135.9        |
| Total, major Federal investment outlays .....                                       | 233.8          | 246.8        | 248.1        |
| Miscellaneous physical investment:  |                |              |              |
| Commodity inventories .....   | -0.9           | -0.4         | -0.5         |
| Other physical investment (nondefense, direct) .....                                | 5.1            | 6.0          | 5.8          |
| Total, miscellaneous physical investment .....                                      | 4.3            | 5.6          | 5.3          |
| Total, Federal investment outlays, including miscellaneous physical investment .... | 238.1          | 252.5        | 253.4        |

lays for the purchase of land and buildings are estimated to be \$0.7 billion in 1994, largely for the Federal buildings fund in the General Services Administration.

Grants to State and local governments for physical investment are estimated to be \$34.2 billion in 1993, increasing to \$38.7 billion in 1994. About half of these outlays, or \$19.5 billion in 1994, are to assist with the Federal-aid highway programs. Other major grants for physical investment are for public housing, sewage treatment plants, community development, airports, and mass transit.

**Conduct of research and development.**—Outlays for the conduct of research and development are estimated to be \$68.6 billion in 1993 and \$70.4 billion in 1994. These outlays are devoted to increasing our basic scientific knowledge and promoting related research and development. They increase our national security, improve the marginal productivity of capital and labor for both public and private purposes, and enhance the quality of life. Approximately three-fifths of these outlays, an estimated \$41.6 billion in 1994, are for national defense. Physical investment for research and development is included in the physical investment category.

Nondefense outlays for the conduct of research and development are estimated to be \$27.9 billion in 1993 and \$28.8 billion in 1994. This is almost entirely direct spending by the Federal Government, and is largely for the space programs, the National Science Foundation, health research, and research for energy facilities. Additional information on research and development is in the section entitled "Federal Research and Development Expenditures."

**Conduct of education and training.**—Outlays for the conduct of education and training are estimated to be \$44.7 billion in 1993 and \$45.6 billion in 1994. These outlays add to the stock of human capital by developing a more skilled and productive labor force. Grants to State and local governments for this category are estimated to be \$25.5 billion in 1994, more than half of the total. They are primarily for the disadvantaged and the handicapped, and for vocational and adult education. Direct education and training outlays by the Federal Government are estimated to be \$20.0 billion in 1994. Programs in this category are primarily aid for higher education through student financial assistance, loan subsidies, the veterans GI bill, and health training programs.



This category does not include outlays for education and training of Federal civilian and military employees. Outlays for education and training that are for physical investment and the conduct of research and development are in the categories for physical investment and the conduct of research and development.

#### Miscellaneous Physical Investment

In addition, several miscellaneous categories of physical investment outlays are shown in the accompanying table. They are generally unrelated to improving government operations or enhancing economic activity. Sales of commodity inventories are estimated to exceed purchases by \$0.5 billion in 1994. Outlays in this category are for the purchase or sale of agricultural products pursuant to farm price support programs, purchases of oil for the strategic petroleum reserve, and other purposes.

Outlays for other miscellaneous physical investment are estimated to be \$5.8 billion in 1994. This category

includes primarily conservation programs and assets acquired and sold as collateral on defaulted loans. These outlays are entirely for direct spending.

Historical data on Federal investment outlays can be found in *Budget Baselines, Historical Data, and Alternatives for the Future* (January 1993) in Part Five, "Historical Tables." Section 9 contains historical data on physical investment, and Section 10 contains historical data on the conduct of research and development and the conduct of education and training.

#### Detailed Tables

The following two tables provide detail on the composition of physical and other investment outlays. They provide two basic displays. The first divides data between national defense and nondefense investment outlays, and the second divides data between investment grants for State and local governments and direct Federal investment outlays.

#### FEDERAL INVESTMENT OUTLAYS: DEFENSE AND NONDEFENSE PROGRAMS

(In millions of dollars)

|  | 1992<br>actual | Estimate |         |
|--|----------------|----------|---------|
|  |                | 1993     | 1994    |
| <b>MAJOR FEDERAL INVESTMENT OUTLAYS:</b>           |                |          |         |
| <b>NATIONAL DEFENSE:</b>                           |                |          |         |
| Major public physical investment:                  |                |          |         |
| Construction and rehabilitation:                   |                |          |         |
| Military construction .....                        | 3,588          | 4,361    | 3,924   |
| Family housing .....                               | 298            | 533      | 849     |
| Atomic energy defense activities and other .....   | 1,431          | 1,278    | 1,234   |
| Subtotal, construction and rehabilitation .....    | 5,317          | 6,172    | 6,007   |
| Acquisition of major equipment:                    |                |          |         |
| Procurement .....                                  | 74,617         | 68,346   | 62,032  |
| Atomic energy defense activities and other .....   | 2,657          | 2,656    | 2,496   |
| Subtotal, acquisition of major equipment .....     | 77,274         | 71,002   | 64,528  |
| Purchase or sale of land and structures .....      | -7             | -6       | -9      |
| Subtotal, major public physical investment .....   | 82,583         | 77,168   | 70,526  |
| Conduct of research and development                |                |          |         |
| Defense military .....                             | 35,504         | 38,065   | 38,925  |
| Atomic energy and other .....                      | 2,666          | 2,683    | 2,706   |
| Subtotal, conduct of research and development      | 38,170         | 40,748   | 41,631  |
| Conduct of education and training (civilian) ..... | 82             | 87       | 53      |
| Subtotal, national defense investment .....        | 120,836        | 118,004  | 112,211 |
| <b>NONDEFENSE:</b>                                 |                |          |         |
| Major public physical investment:                  |                |          |         |
| Construction and rehabilitation:                   |                |          |         |
| Highways .....                                     | 15,080         | 17,468   | 19,543  |
| Mass transportation .....                          | 2,763          | 2,796    | 2,995   |
| Rail transportation .....                          | 180            | 156      | 269     |
| Air transportation .....                           | 1,742          | 2,185    | 2,005   |
| Water transportation .....                         | 143            | 137      | 149     |
| Community development block grants .....           | 3,090          | 3,811    | 4,983   |
| Other community and regional development ....      | 987            | 1,329    | 1,497   |
| Pollution control and abatement .....              | 3,405          | 3,680    | 3,861   |
| Water resources .....                              | 2,486          | 2,720    | 2,342   |
| Other natural resources and environment .....      | 585            | 875      | 914     |
| Housing assistance .....                           | 2,192          | 3,122    | 4,691   |
| General science, space, and technology .....       | 909            | 1,118    | 1,165   |

|   | 1992<br>actual | Estimate |        |
|---|----------------|----------|--------|
|   |                | 1993     | 1994   |
| Energy .....  | 3,760          | 3,653    | 3,239  |
| Veterans hospitals and other health .....               | 1,028          | 1,332    | 1,506  |
| Postal Service .....                                    | 1,284          | 931      | 780    |
| Federal buildings fund .....                            | 974            | 1,051    | 1,299  |
| International affairs .....                             | 325            | 355      | 393    |
| Other programs .....                                    | 1,053          | 1,177    | 1,221  |
| Subtotal, construction and rehabilitation .....         | 41,987         | 47,896   | 52,854 |
| Acquisition of major equipment:                         |                |          |        |
| Air transportation .....                                | 1,961          | 2,015    | 2,208  |
| Other transportation .....                              | 392            | 342      | 443    |
| Space flight, research, and supporting activities ..... | 1,771          | 1,538    | 1,494  |
| General science and basic research .....                | 60             | 116      | 135    |
| Veterans medical care .....                             | 554            | 578      | 626    |
| Postal Service .....                                    | 558            | 750      | 1,266  |
| General supply fund .....                               | 354            | 440      | 383    |
| Other .....   | 509            | 664      | 761    |
| Subtotal, acquisition of major equipment .....          | 6,161          | 6,442    | 7,316  |
| Purchase or sale of land and structures                 |                |          |        |
| International affairs .....                             | 3              | 4        | 3      |
| Other .....   | 537            | 1,343    | 735    |
| Subtotal, purchase or sale of land and structures ..... | 541            | 1,346    | 738    |
| Other physical assets (grants) .....                    | 654            | 682      | 693    |
| Subtotal, major public physical investment .....        | 49,342         | 56,366   | 61,601 |
| Conduct of research and development:                    |                |          |        |
| General science, space, and technology:                 |                |          |        |
| NASA .....  | 6,641          | 6,740    | 6,972  |
| National Science Foundation .....                       | 1,733          | 2,018    | 2,170  |
| Other general science .....                             | 784            | 804      | 843    |
| Subtotal, general science, space, technology .....      | 9,157          | 9,561    | 9,986  |
| Energy .....  | 2,593          | 2,466    | 2,464  |
| Transportation:   |                |          |        |
| Department of Transportation .....                      | 373            | 505      | 627    |
| NASA .....  | 976            | 1,090    | 1,237  |

## FEDERAL INVESTMENT OUTLAYS: DEFENSE AND NONDEFENSE PROGRAMS—Continued

(In millions of dollars)

|  | 1992<br>actual | Estimate |        |
|--|----------------|----------|--------|
|  |                | 1993     | 1994   |
| Subtotal, transportation .....                           | 1,348          | 1,595    | 1,865  |
| Health:  |                |          |        |
| National Institutes of Health .....                      | 7,936          | 8,696    | 9,255  |
| All other health .....                                   | 1,721          | 1,489    | 1,025  |
| Subtotal, health .....                                   | 9,656          | 10,184   | 10,280 |
| Agriculture .....  | 1,070          | 1,102    | 1,137  |
| Natural resources and environment .....                  | 1,593          | 1,666    | 1,743  |
| International affairs .....                              | 311            | 381      | 342    |
| All other research and development .....                 | 829            | 901      | 982    |
| Subtotal, conduct of research and development            | 26,558         | 27,857   | 28,798 |
| Conduct of education and training:                       |                |          |        |
| Education, training, employment and social services:     |                |          |        |
| Elementary, secondary, and vocational education .....    | 12,332         | 14,626   | 15,228 |
| Higher education .....                                   | 11,252         | 13,610   | 13,045 |
| Research and general education aids .....                | 1,775          | 1,929    | 2,021  |
| Training and employment .....                            | 4,894          | 6,039    | 5,740  |
| Social services .....                                    | 4,026          | 5,246    | 5,856  |
| Subtotal, education, training, and social services ..... | 34,280         | 41,450   | 41,890 |
| Income security .....                                    | 113            | 145      | 137    |

|   | 1992<br>actual | Estimate |         |
|---|----------------|----------|---------|
|   |                | 1993     | 1994    |
| Veterans education, training, and rehabilitation ....   | 995            | 1,030    | 1,393   |
| Health .....  | 748            | 781      | 819     |
| International affairs .....                             | 169            | 219      | 244     |
| Other education and training .....                      | 792            | 988      | 1,031   |
| Subtotal, conduct of education and training ....        | 37,096         | 44,615   | 45,514  |
| Subtotal, nondefense investment .....                   | 112,996        | 128,838  | 135,914 |
| Total, major Federal investment outlays .....           | 233,832        | 246,842  | 248,125 |
| <b>ADDENDUM: Miscellaneous physical investment</b>      |                |          |         |
| Commodity inventories:                                  |                |          |         |
| Agriculture .....                                       | -1,062         | -498     | -162    |
| Strategic petroleum reserve and other .....             | 187            | 64       | -388    |
| Subtotal, commodity inventories .....                   | -875           | -434     | -550    |
| Other physical investment (direct) .....                | 5,129          | 6,043    | 5,820   |
| Subtotal, miscellaneous physical investment ..          | 4,254          | 5,609    | 5,271   |
| Total investment outlays, including miscellaneous ..... | 238,086        | 252,451  | 253,395 |

## FEDERAL INVESTMENT OUTLAYS: GRANT AND DIRECT FEDERAL PROGRAMS

(In millions of dollars)

|   | 1992<br>actual | Estimate |        |
|---|----------------|----------|--------|
|   |                | 1993     | 1994   |
| <b>MAJOR FEDERAL INVESTMENT OUTLAYS:</b>                |                |          |        |
| <b>GRANTS:</b>  |                |          |        |
| Major public physical investment:                       |                |          |        |
| Construction and rehabilitation:                        |                |          |        |
| Highways .....  | 15,038         | 17,426   | 19,522 |
| Mass transportation .....                               | 2,763          | 2,796    | 2,995  |
| Rail transportation .....                               | 14             | 17       | 52     |
| Air transportation .....                                | 1,672          | 2,106    | 1,895  |
| Pollution control and abatement .....                   | 2,631          | 2,664    | 2,815  |
| Other natural resources and environment .....           | 138            | 250      | 219    |
| Community development block grants .....                | 3,090          | 3,811    | 4,983  |
| Other community and regional development ....           | 738            | 918      | 1,050  |
| Housing assistance .....                                | 2,132          | 3,101    | 4,260  |
| National defense .....                                  | 225            | 210      | 57     |
| Other construction .....                                | 202            | 227      | 207    |
| Subtotal, construction and rehabilitation .....         | 28,642         | 33,526   | 38,055 |
| Other physical assets .....                             | 654            | 682      | 693    |
| Subtotal, major public physical capital .....           | 29,296         | 34,208   | 38,748 |
| Conduct of research and development .....               | 296            | 365      | 408    |
| Conduct of education and training:                      |                |          |        |
| Elementary, secondary, and vocational education .....   | 11,627         | 13,736   | 14,340 |
| Higher education .....                                  | 96             | 112      | 66     |
| Research and general education aids .....               | 292            | 289      | 311    |
| Training and employment .....                           | 3,982          | 4,980    | 4,668  |
| Social services .....                                   | 3,878          | 5,041    | 5,596  |
| National defense (civilian) .....                       | 6              | 6        | 6      |
| Other .....   | 495            | 540      | 533    |
| Subtotal, conduct of education and training .....       | 20,376         | 24,704   | 25,519 |
| Subtotal, grants for investment .....                   | 49,967         | 59,277   | 64,675 |
| <b>DIRECT FEDERAL PROGRAMS:</b>                         |                |          |        |
| Major public physical investment:                       |                |          |        |
| Construction and rehabilitation:                        |                |          |        |
| National defense .....                                  | 5,092          | 5,962    | 5,950  |
| International affairs .....                             | 325            | 355      | 393    |
| General science, space, and technology .....            | 909            | 1,118    | 1,165  |
| Water resources projects .....                          | 2,374          | 2,522    | 2,179  |
| Other natural resources and environment .....           | 1,334          | 1,839    | 1,905  |
| Energy .....  | 3,760          | 3,653    | 3,239  |
| Transportation .....                                    | 420            | 395      | 497    |
| Veterans hospitals and other health facilities ...      | 988            | 1,271    | 1,434  |
| Postal Service .....                                    | 1,284          | 931      | 780    |
| Federal Prison System .....                             | 517            | 605      | 771    |
| Federal buildings fund .....                            | 974            | 1,051    | 1,299  |
| Other construction .....                                | 685            | 839      | 1,193  |
| Subtotal, construction and rehabilitation .....         | 18,661         | 20,542   | 20,805 |
| Acquisition of major equipment:                         |                |          |        |
| National defense .....                                  | 77,274         | 71,002   | 64,528 |
| General science and basic research .....                | 60             | 116      | 135    |
| Space flight, research, and supporting activities ..... | 1,771          | 1,538    | 1,494  |
| Energy .....  | 259            | 277      | 379    |
| Postal Service .....                                    | 558            | 750      | 1,266  |
| Air transportation .....                                | 1,961          | 2,015    | 2,208  |
| Water transportation (Coast Guard) .....                | 215            | 290      | 266    |
| Hospital and medical care for veterans .....            | 554            | 580      | 627    |

|   | 1992<br>actual | Estimate |         |
|---|----------------|----------|---------|
|   |                | 1993     | 1994    |
| General supply fund .....                                       | 354            | 440      | 383     |
| Other .....   | 427            | 437      | 559     |
| Subtotal, acquisition of major equipment .....                  | 83,435         | 77,443   | 71,844  |
| Purchase or sale of land and structures:                        |                |          |         |
| National defense .....  | -7             | -6       | -9      |
| International affairs .....                                     | 3              | 4        | 3       |
| Domestic .....  | 537            | 1,343    | 735     |
| Subtotal, purchase or sale of land and structures .....         | 533            | 1,340    | 729     |
| Subtotal, major public physical investment .....                | 102,629        | 99,326   | 93,379  |
| Conduct of research and development:                            |                |          |         |
| National defense .....  | 38,170         | 40,748   | 41,631  |
| International affairs .....                                     | 311            | 381      | 342     |
| Domestic .....  | 25,951         | 27,111   | 28,048  |
| Subtotal, conduct of research and development .....             | 64,432         | 68,241   | 70,022  |
| Conduct of education and training:                              |                |          |         |
| Elementary, secondary, and vocational education .....           | 706            | 890      | 888     |
| Higher education .....  | 11,156         | 13,498   | 12,979  |
| Research and general education aids .....                       | 1,483          | 1,640    | 1,711   |
| Training and employment .....                                   | 912            | 1,059    | 1,073   |
| Health .....  | 748            | 781      | 819     |
| Veterans education, training, and rehabilitation .....          | 995            | 1,030    | 1,393   |
| National defense .....  | 77             | 81       | 47      |
| International affairs .....                                     | 169            | 219      | 244     |
| Other .....   | 558            | 798      | 894     |
| Subtotal, conduct of education and training .....               | 16,803         | 19,998   | 20,048  |
| Subtotal, direct Federal major investment outlays .....         | 183,865        | 187,565  | 183,449 |
| Total, major Federal investment outlays .....                   | 233,832        | 246,842  | 248,125 |
| <b>ADDENDUM: Miscellaneous physical investment:</b>             |                |          |         |
| Commodity inventories:  |                |          |         |
| Emergency energy preparedness .....                             | 132            | 137      | 111     |
| Commodity Credit Corporation .....                              | -1,062         | -498     | -162    |
| Other .....   | 55             | -73      | -499    |
| Subtotal, commodity inventories .....                           | -875           | -434     | -550    |
| Other physical investment:                                      |                |          |         |
| Department of Agriculture:                                      |                |          |         |
| Conservation reserve program .....                              | 1,669          | 1,781    | 1,827   |
| Other .....   | 3,117          | 3,709    | 3,625   |
| Subtotal, Department of Agriculture .....                       | 4,786          | 5,490    | 5,451   |
| Department of the Interior .....                                | 131            | 53       | 98      |
| Other .....   | 211            | 500      | 271     |
| Subtotal, other physical investment .....                       | 5,129          | 6,043    | 5,820   |
| Subtotal, miscellaneous physical investment .....               | 4,254          | 5,609    | 5,271   |
| Total Federal investment outlays, including miscellaneous ..... | 238,086        | 252,451  | 253,395 |



## FEDERAL AID TO STATE AND LOCAL GOVERNMENTS <sup>1</sup>

State and local governments have a vital constitutional responsibility in providing government services. They have the major role in providing domestic public services, such as public education, law enforcement, roads, water supply, and sewage treatment. The Federal Government contributes directly toward that role both by promoting a healthy economy and by providing grants, loans, and tax subsidies to State and local governments.

Federal grants help State and local governments finance programs covering most areas of domestic public spending, including income support, capital spending, and education and social services. Federal grant outlays were \$178.1 billion in 1992 and are estimated to be \$226.1 billion in 1994.

Grant outlays for payments for individuals are estimated to be 63 percent of total grants in 1994; for physical capital, 17 percent; and for all other purposes, largely education, training, and social services, 20 percent.

States and localities use loans and guarantees primarily for rural development. As a result of credit reform concepts enacted in the Federal Credit Reform Act of 1990, the subsidies for direct loans and loan guarantees obligated or committed in 1992 and later are recorded in the budget as budget authority and outlays. Therefore, the credit subsidies to State and local governments are recorded as grants to these governments and included in this analysis in the grant totals. Direct loan and loan guarantee subsidies to State and local governments are estimated to be \$0.1 billion in 1993 and in 1994.

<sup>1</sup> Federal aid to State and local governments is defined as the provision of resources by the Federal Government to support a State or local program of governmental service to the public. The three primary forms of aid are grants, loans, and tax expenditures.

Information on the credit reform concepts and other Federal credit activities appears in the Summary Information section, "Federal Credit."

Federal aid to State and local governments is also provided through tax expenditures. Tax expenditures are a preferential exception to the baseline provisions of the tax structure. The two major tax expenditures benefiting State and local governments are the deductibility of most State and local taxes, except sales and excise taxes, and the exclusion of interest on State and local securities from Federal taxation. Federal aid to State and local governments through tax expenditures is estimated to be \$61.8 billion in 1993 and \$64.5 billion in 1994 on an outlay equivalent basis.

A detailed discussion of the measurement and definition of tax expenditures and a complete list of the amount of specific tax expenditures are in Appendix Two, "Tax Expenditures," of *Budget Baselines, Historical Data, and Alternatives for the Future* (January 1993). State and local tax expenditures are displayed separately at the end of Table 2-1 in that Appendix.

### Federal Grants by Function and Agency

The "Federal Grants by Function" table shows a functional distribution of Federal grant outlays as proposed in this budget. The functions with the largest amount of grants are health and income security, with combined grant outlays of \$148.8 billion or 66 percent of total grant outlays in 1994.

The "Federal Grants by Agency" table shows the distribution of grants by agency. Grant outlays for the Department of Health and Human Services are estimated to be \$128.6 billion in 1994, 57 percent of total grants, much more than any other agency.

### FEDERAL GRANTS BY FUNCTION

(Outlays in billions of dollars)

| Function   | 1992<br>actual | Estimate     |              |              |              |              |              |
|--|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  |                | 1993         | 1994         | 1995         | 1996         | 1997         | 1998         |
| National defense .....                                     | 0.3            | 0.3          | 0.1          | 0.1          | 0.1          | 0.1          | 0.1          |
| Energy .....   | 0.4            | 0.4          | 0.5          | 0.6          | 0.5          | 0.5          | 0.5          |
| Natural resources and environment .....                    | 3.9            | 4.2          | 4.4          | 4.6          | 4.6          | 4.7          | 4.9          |
| Agriculture .....  | 1.1            | 1.1          | 1.1          | 1.1          | 1.0          | 1.1          | 1.1          |
| Commerce and housing credit .....                          | *              | *            | *            | *            | *            | *            | *            |
| Transportation .....                                       | 20.6           | 23.5         | 25.7         | 25.9         | 25.1         | 25.1         | 25.7         |
| Community and regional development .....                   | 4.5            | 6.9          | 7.2          | 7.3          | 6.4          | 6.1          | 6.1          |
| Education, training, employment, and social services ..... | 28.8           | 33.9         | 34.6         | 36.6         | 40.3         | 42.7         | 44.7         |
| Health .....   | 71.4           | 84.5         | 96.7         | 109.7        | 123.6        | 138.6        | 154.0        |
| Income security .....                                      | 43.5           | 47.7         | 52.2         | 54.7         | 57.0         | 59.2         | 61.6         |
| Veterans benefits and services .....                       | 0.2            | 0.2          | 0.2          | 0.3          | 0.2          | 0.2          | 0.2          |
| Administration of justice .....                            | 1.0            | 1.2          | 1.1          | 1.5          | 1.6          | 1.8          | 1.9          |
| General government .....                                   | 2.3            | 2.4          | 2.4          | 2.4          | 2.4          | 2.5          | 2.5          |
| <b>Total outlays .....</b>                                 | <b>178.1</b>   | <b>206.4</b> | <b>226.1</b> | <b>244.8</b> | <b>262.8</b> | <b>282.6</b> | <b>303.4</b> |

\* \$50 million or less.

**FEDERAL GRANTS BY AGENCY**

(Outlays in billions of dollars)

| Agency  | 1992<br>actual | Estimate |       |
|---|----------------|----------|-------|
|   |                | 1993     | 1994  |
| Department of Agriculture .....                   | 14.0           | 15.2     | 16.3  |
| Department of Commerce .....                      | 0.2            | 0.3      | 0.4   |
| Department of Education .....                     | 13.7           | 16.0     | 16.6  |
| Department of Energy .....                        | 0.2            | 0.2      | 0.3   |
| Department of Health and Human Services .....     | 98.2           | 114.2    | 128.6 |
| Department of Housing and Urban Development ..... | 15.6           | 18.4     | 21.3  |
| Department of the Interior .....                  | 1.6            | 1.7      | 1.7   |
| Department of Justice .....                       | 0.8            | 1.0      | 0.9   |
| Department of Labor .....                         | 7.1            | 8.1      | 7.6   |
| Department of Transportation .....                | 20.6           | 23.5     | 25.7  |
| Department of the Treasury .....                  | 0.5            | 0.5      | 0.5   |
| Environmental Protection Agency .....             | 3.0            | 3.2      | 3.3   |
| Federal Emergency Management Agency .....         | 0.9            | 2.3      | 1.0   |
| Other agencies .....                              | 1.7            | 1.8      | 1.9   |
| Total .....                                       | 178.1          | 206.4    | 226.1 |

**Historical Perspectives**

In recent decades, Federal aid to State and local governments has become a major factor in the financing of certain government functions. The rudiments of the present system date back to the Civil War. The Morrill Act, passed in 1862, established the land grant colleges and instituted certain federally required standards, as is characteristic of the present grant system. Federal aid was later initiated for agriculture, highways, vocational education and rehabilitation, forestry, and public health. In the depression years, Federal aid was extended to meet income security and other social welfare needs. However, Federal grants did not become a significant factor in Federal Government expenditures until after World War II.

The accompanying table displays trends in Federal grants to State and local governments. Section A shows the percentage distribution of Federal grants by function. Functions with a substantial amount of grants are shown separately. Grants in the functions for national defense, commerce and housing credit, energy, veterans benefits and services, and the administration of justice are relatively small and are combined in the "other functions" line in the table.

Federal grants for transportation increased to 43 percent of all Federal grants in 1960 with initiation of aid to States to build the Interstate Highway System in the late 1950s.

By 1970 there had been significant increases in the relative share for education, training, employment, social services, and health (largely Medicaid).

In the early and mid-1970s, major new grants were created for natural resources and environment (construction of sewage treatment plants), community and regional development (community development block grants), and general government (general revenue sharing).

In the 1980s changes in the relative shares among functions reflect steady growth of grants for health

(Medicaid) and income security and restraint in most other areas.

Section B of the table shows the composition of grants divided into three major categories: payments for individuals, physical capital, and other grants.<sup>2</sup> Grant outlays for payments for individuals, which are mainly entitlement programs in which the Federal government and the States share the costs, have grown significantly as a percent of total grants. In 1980, they were 36 percent of the total, and by 1992 they had grown to 62 percent of the total. These grants are distributed through State or local governments to provide cash or in-kind benefits that constitute income transfers to individuals or families. The major grant in this category is Medicaid, which had outlays of \$67.8 billion in 1992, increasing to an estimated \$80.5 billion in 1993. Family support payments to States (AFDC), child nutrition programs, and housing assistance are also large grants in this category. All programs in this category are identified by footnote in the detailed "Federal Grants to State and Local Governments—Budget Authority and Outlays" table, at the end of this section.

Grants for physical capital assist States and localities with construction and other physical capital activities. The major capital grants are for highways, but there are also grants for airports, mass transit, sewage treatment plant construction, community development, and other facilities. Grants for physical capital were almost half of total grants in 1960, shortly after grants began for construction of the Interstate Highway System. The relative share of these outlays has declined, as other grants have grown. In 1992, grants for physical capital were 16 percent of total grants.

The other grants are primarily for education, training, employment, and social services. These grants increased to 45 percent of total grants by 1975, but declined to 22 percent of total grants in 1992.

Section B of the table also shows these three categories in constant dollars. In constant FY 1987 dollars, total grants were \$127.6 billion in 1980. They declined in the 1980's but by 1992 were \$146.9 billion, an average annual increase of 1.2 percent. From 1980 to 1992, payments for individuals grew from \$46.2 billion to \$88.9 billion, an average annual increase of 5.6 percent; grants for physical capital decreased from \$27.7 billion to \$25.9 billion, an average annual decrease of 0.6 percent, and other grants decreased from \$53.7 billion to \$32.2 billion, an average annual decrease of 4.2 percent.

Section C of this table shows grants as a percent of Federal outlays, State and local expenditures, and gross domestic product. Grants declined as a percent of total Federal outlays from 15 percent in 1980 to 13 percent in 1992 and, as a percent of Federal domestic programs, from 22 percent in 1980 to 20 percent in 1992.

<sup>2</sup> Certain grants are classified in the budget as both payments for individuals and physical capital spending. In the text and tables in this section, these grants are included in the category for physical capital spending.

## TRENDS IN FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS

(Outlays; dollar amounts in billions)

|  | Actual |      |      |       |       |       |       |       | Estimate |       |       |       |       |       |
|--|--------|------|------|-------|-------|-------|-------|-------|----------|-------|-------|-------|-------|-------|
|  | 1980   | 1985 | 1970 | 1975  | 1980  | 1985  | 1990  | 1992  | 1993     | 1994  | 1995  | 1996  | 1997  | 1998  |
| A. Percentage distribution of grants by function:          |        |      |      |       |       |       |       |       |          |       |       |       |       |       |
| Natural resources and environment .....                    | 2%     | 2%   | 2%   | 5%    | 6%    | 4%    | 3%    | 2%    | 2%       | 2%    | 2%    | 2%    | 2%    | 2%    |
| Agriculture .....  | 3      | 5    | 3    | 1     | 1     | 2     | 1     | 1     | 1        | *     | *     | *     | *     | *     |
| Transportation .....                                       | 43     | 38   | 19   | 12    | 14    | 16    | 14    | 12    | 11       | 11    | 11    | 10    | 9     | 8     |
| Community and regional development .....                   | 2      | 6    | 7    | 6     | 7     | 5     | 4     | 3     | 3        | 3     | 3     | 2     | 2     | 2     |
| Education, training, employment, and social services ..... | 7      | 10   | 27   | 24    | 24    | 17    | 17    | 16    | 16       | 15    | 15    | 15    | 15    | 15    |
| Health .....   | 3      | 6    | 16   | 18    | 17    | 23    | 32    | 40    | 41       | 43    | 45    | 47    | 49    | 51    |
| Income security .....                                      | 38     | 32   | 24   | 19    | 20    | 26    | 26    | 24    | 23       | 23    | 22    | 22    | 21    | 20    |
| General government .....                                   | 2      | 2    | 2    | 14    | 9     | 6     | 2     | 1     | 1        | 1     | 1     | 1     | 1     | 1     |
| Other .....  | *      | 1    | 1    | 2     | 1     | 1     | 1     | 1     | 1        | 1     | 1     | 1     | 1     | 1     |
| Total .....  | 100%   | 100% | 100% | 100%  | 100%  | 100%  | 100%  | 100%  | 100%     | 100%  | 100%  | 100%  | 100%  | 100%  |
| B. Composition:  |        |      |      |       |       |       |       |       |          |       |       |       |       |       |
| Current dollars:   |        |      |      |       |       |       |       |       |          |       |       |       |       |       |
| Payments for individuals <sup>1,2</sup> .....              | 2.5    | 3.7  | 8.7  | 16.8  | 32.6  | 49.3  | 75.7  | 110.0 | 126.7    | 142.1 | 157.0 | 172.3 | 188.9 | 206.0 |
| Physical capital <sup>2</sup> .....                        | 3.3    | 5.0  | 7.1  | 10.9  | 22.5  | 24.9  | 27.2  | 29.3  | 34.2     | 38.7  | 40.6  | 42.0  | 43.6  | 45.5  |
| Other grants .....   | 1.2    | 2.2  | 8.3  | 22.2  | 36.3  | 31.7  | 32.5  | 38.8  | 45.5     | 45.3  | 47.1  | 48.5  | 50.0  | 51.9  |
| Total .....  | 7.0    | 10.9 | 24.1 | 49.8  | 91.5  | 105.9 | 135.4 | 178.1 | 206.4    | 226.1 | 244.8 | 262.8 | 282.6 | 303.4 |
| Percentage of total grants:                                |        |      |      |       |       |       |       |       |          |       |       |       |       |       |
| Payments for individuals <sup>1,2</sup> .....              | 35%    | 34%  | 36%  | 34%   | 36%   | 47%   | 56%   | 62%   | 61%      | 63%   | 64%   | 66%   | 67%   | 68%   |
| Physical capital <sup>2</sup> .....                        | 47     | 46   | 29   | 22    | 25    | 23    | 20    | 16    | 17       | 17    | 17    | 16    | 15    | 15    |
| Other grants .....   | 17     | 20   | 34   | 45    | 40    | 30    | 24    | 22    | 22       | 20    | 19    | 18    | 18    | 17    |
| Total .....  | 100%   | 100% | 100% | 100%  | 100%  | 100%  | 100%  | 100%  | 100%     | 100%  | 100%  | 100%  | 100%  | 100%  |
| Constant (1987) dollars:                                   |        |      |      |       |       |       |       |       |          |       |       |       |       |       |
| Payments for individuals <sup>1,2</sup> .....              | 9.0    | 12.5 | 24.7 | 35.1  | 46.2  | 52.9  | 66.1  | 88.9  | 99.3     | 107.7 | 114.9 | 121.6 | 128.7 | 135.5 |
| Physical capital <sup>2</sup> .....                        | 13.8   | 19.5 | 21.9 | 20.6  | 27.7  | 25.8  | 24.9  | 25.9  | 29.4     | 32.2  | 32.6  | 32.5  | 32.6  | 32.8  |
| Other grants .....   | 6.4    | 9.8  | 26.9 | 49.6  | 53.7  | 34.2  | 28.6  | 32.2  | 36.7     | 35.3  | 35.5  | 35.2  | 35.1  | 35.1  |
| Total .....  | 29.1   | 41.8 | 73.6 | 105.4 | 127.6 | 113.0 | 119.6 | 146.9 | 165.3    | 175.2 | 183.0 | 189.3 | 196.4 | 203.5 |
| C. Total grants as a percent of:                           |        |      |      |       |       |       |       |       |          |       |       |       |       |       |
| Federal outlays:   |        |      |      |       |       |       |       |       |          |       |       |       |       |       |
| Total .....  | 8%     | 9%   | 12%  | 15%   | 15%   | 11%   | 11%   | 13%   | 14%      | 15%   | 16%   | 16%   | 17%   | 17%   |
| Domestic programs <sup>3</sup> .....                       | 18%    | 18%  | 23%  | 22%   | 22%   | 18%   | 17%   | 20%   | 21%      | 22%   | 22%   | 23%   | 23%   | 24%   |
| State and local expenditures .....                         | 15%    | 16%  | 20%  | 24%   | 28%   | 23%   | 20%   | 22%   | N/A      | N/A   | N/A   | N/A   | N/A   | N/A   |
| Gross domestic product .....                               | 1%     | 2%   | 2%   | 3%    | 3%    | 3%    | 2%    | 3%    | 3%       | 3%    | 4%    | 4%    | 4%    | 4%    |
| D. As a share of total State and local capital spending:   |        |      |      |       |       |       |       |       |          |       |       |       |       |       |
| Federal capital grants .....                               | 25%    | 25%  | 25%  | 26%   | 37%   | 31%   | 23%   | 23%   | N/A      | N/A   | N/A   | N/A   | N/A   | N/A   |
| State and local source financing .....                     | 75     | 75   | 75   | 74    | 63    | 69    | 77    | 77    | N/A      | N/A   | N/A   | N/A   | N/A   | N/A   |
| Total .....  | 100%   | 100% | 100% | 100%  | 100%  | 100%  | 100%  | 100%  | 100%     | 100%  | 100%  | 100%  | 100%  | 100%  |

N/A = Not available.

<sup>1</sup> 0.5 percent or less.<sup>2</sup> For an identification of accounts in this category, see the "Federal Grants to State and Local Governments, Budget Authority and Outlays" table, including its footnotes.<sup>3</sup> Grants that are both payments for individuals and capital investment are shown under capital investment.<sup>4</sup> Excludes national defense, international affairs, net interest, and undistributed offsetting receipts.

As a percent of total State and local expenditures, grants declined from 28 percent in 1980 to 22 percent in 1992.

Section D shows the relative contribution of physical capital grants in assisting States and localities with capital spending. Federal capital grants declined as a percent of State and local capital spending from 37 percent in 1980 to 23 percent in 1992, reflecting restraint in Federal spending and increased capital spending by States and localities financed from their own sources, such as taxes or borrowing.

## Other Information on Federal Aid to State and Local Governments

Additional information regarding aid to State and local governments can be found elsewhere in this budget and in other documents.

- Major public physical capital investment programs providing Federal grants to State and local governments are described in the Summary Information section, "Federal Investment Outlays."
- Data for summary and detailed grants to State and local governments can be found in many sections of the Historical Tables, published in *Budget Baselines, Historical Data, and Alternatives for the Future* (January 1993). Section 12 is devoted exclusively to grants to State and local governments. Additional information on grants can be found in

Section 6 (Composition of Federal Government Outlays); Section 9 (Federal Government Outlays for Major Physical Capital Investment); Section 10 (Federal Government Outlays for the Conduct of Research and Development and for the Conduct of Education and Training); Section 11 (Federal Government Payments for Individuals); and Section 15 (Total (Federal and State and Local) Government Finances).

In addition to these sources, a number of other sources of information are available that use slightly different concepts of grants, provide State-by-State information, or provide information on how to apply for Federal aid.

- *Government Finances*, published annually by the Bureau of the Census in the Department of Commerce, provides data on public finances, including Federal aid to State and local governments.
- *The Survey of Current Business*, published monthly by the Bureau of Economic Analysis in the Department of Commerce, provides data on the national income and product accounts (NIPA), a broader statistical concept encompassing the entire economy. These accounts include data on Federal grants to State and local governments. Data using the NIPA concepts appear in this budget in the Summary Information section, "National Income and Product Account Presentation."
- *Budget Information for States (BIS)* provides estimates of State funding allocations for the largest formula grant programs for the past, present, and budget year. These programs comprise approximately 85 percent of total Federal aid to State and local governments. The document is prepared by the Office of Management and Budget soon after the Budget is released.

- *Federal Expenditures by State*, a report prepared by the Bureau of the Census, shows Federal spending by State for grants and other spending for the most recently completed fiscal year.
- *Consolidated Federal Funds Report (CFFC)* is an annual document that shows the distribution of Federal spending by State, county areas, and by local governmental jurisdictions. It is released by the Bureau of the Census in the Spring.
- *The Federal Assistance Awards Data System (FAADS)* provides computerized information about current grant funding. Data on all direct assistance awards are provided quarterly by the Bureau of the Census to the States and to the Congress.
- *The Catalog for Federal Domestic Assistance* is a primary reference source for communities wishing to apply for grants and other domestic assistance. The Catalog is prepared by the General Services Administration with data collected by the Office of Management and Budget and is available from the Government Printing Office. The basic edition of the Catalog is usually published in June and an update is generally published in December. It contains a detailed listing of grant and other assistance programs; discussions of eligibility criteria, application procedures, and estimated obligations; and related information.

#### Detailed Federal Aid Table

The following table, "Federal Grants to State and Local Governments—Budget Authority and Outlays," provides detailed budget authority and outlay data for grants.



## FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS

(In millions of dollars)

| Function, agency and program   | Budget Authority |                  |                  | Outlays        |                  |                  |
|--|------------------|------------------|------------------|----------------|------------------|------------------|
|  | 1992<br>actual   | 1993<br>estimate | 1994<br>estimate | 1992<br>actual | 1993<br>estimate | 1994<br>estimate |
| <b>NATIONAL DEFENSE:</b>   |                  |                  |                  |                |                  |                  |
| Department of Defense—Military:  |                  |                  |                  |                |                  |                  |
| Military construction, Army National Guard .....                                       | 218              | 204              | 50               | 218            | 204              | 50               |
| Federal Emergency Management Agency:   |                  |                  |                  |                |                  |                  |
| Emergency management planning and assistance .....                                     | 102              | 94               | 95               | 100            | 117              | 86               |
| <b>Total, national defense</b> .....   | <b>320</b>       | <b>297</b>       | <b>145</b>       | <b>318</b>     | <b>320</b>       | <b>136</b>       |
| <b>ENERGY:</b>   |                  |                  |                  |                |                  |                  |
| Department of Agriculture:   |                  |                  |                  |                |                  |                  |
| Rural economic development grants .....  | 1                |                  |                  |                |                  |                  |
| Department of Energy:  |                  |                  |                  |                |                  |                  |
| Energy conservation .....  | 240              | 230              | 316              | 207            | 211              | 248              |
| Department of Housing and Urban Development:   |                  |                  |                  |                |                  |                  |
| Assistance for solar and conservation improvements .....                               |                  |                  |                  | *              | *                |                  |
| Tennessee Valley Authority:  |                  |                  |                  |                |                  |                  |
| Tennessee Valley Authority fund .....  |                  |                  |                  | 241            | 237              | 249              |
| <b>Total, energy</b> .....   | <b>241</b>       | <b>230</b>       | <b>316</b>       | <b>448</b>     | <b>448</b>       | <b>497</b>       |
| <b>NATURAL RESOURCES AND ENVIRONMENT:</b>  |                  |                  |                  |                |                  |                  |
| Department of Agriculture:   |                  |                  |                  |                |                  |                  |
| Resource conservation and development .....  | 7                | 6                | 6                | 5              | 7                | 5                |
| Watershed and flood prevention operations .....  | 169              | 192              | 150              | 113            | 198              | 164              |
| Solid waste management grants .....  | 3                | 3                | 3                | 1              | 2                | 3                |
| Forest research .....  |                  |                  |                  | *              | *                | *                |
| State and private forestry .....   | 96               | 83               | 109              | 96             | 83               | 104              |
| Department of Commerce:  |                  |                  |                  |                |                  |                  |
| Operations, research, and facilities .....   | 168              | 191              | 204              | 48             | 52               | 55               |
| Construction .....   |                  | 30               | 36               | 1              | 6                | 13               |
| Coastal zone management fund .....   | 6                | 8                | 8                | 6              | 8                | 8                |
| Department of the Interior:  |                  |                  |                  |                |                  |                  |
| National forests fund, payments to States .....  |                  | 4                | 4                |                | 4                | 4                |
| Leases of lands acquired for flood control, navigation, and allied purposes .....      |                  | 1                | 1                |                | 1                | 1                |
| Regulation and technology .....  | 48               | 52               | 52               | 27             | 57               | 52               |
| Abandoned mine reclamation fund .....  | 135              | 135              | 135              | 139            | 127              | 165              |
| Bureau of Reclamation loans program account .....                                      | 2                | 4                | 5                | 1              | 1                | 4                |
| Resource management .....  |                  | 26               |                  | 1              | 26               | *                |
| Construction .....   | *                |                  |                  | 2              | 1                |                  |
| Cooperative endangered species conservation fund .....                                 | 7                | 7                | 11               | 1              | 7                | 10               |
| U.S. Fish and Wildlife Service miscellaneous permanent appropriations .....            | 179              | 172              | 160              | 167            | 168              | 170              |
| Sport fish restoration .....   | 229              | 225              | 215              | 227            | 215              | 218              |
| Urban park and recreation fund .....   | 5                |                  | 5                | 3              | 8                | 9                |
| Land acquisition and State assistance .....  | 20               | 25               | 25               | 20             | 41               | 37               |
| Historic preservation fund .....   | 35               | 59               | 40               | 35             | 55               | 40               |
| National Park Service miscellaneous permanent appropriations .....                     | *                | *                | *                | *              | *                | *                |
| Environmental Protection Agency:   |                  |                  |                  |                |                  |                  |
| Water infrastructure financing .....   | 2,400            | 3,395            | 1,528            | 2,412          | 2,415            | 2,534            |
| Abatement, control, and compliance .....   | 519              | 556              | 495              | 407            | 502              | 482              |
| Abatement, control, and compliance loan program account .....                          | 17               | 30               |                  | 1              | 12               | 19               |
| Program and research operations .....  |                  | 3                |                  |                |                  |                  |
| Drinking water capitalization grants .....   |                  |                  | 599              |                |                  | 24               |
| Hazardous substance superfund .....  | 125              | 140              | 120              | 154            | 182              | 189              |
| Leaking underground storage tank trust fund .....                                      | 66               | 65               | 65               | 64             | 64               | 65               |
| <b>Total, natural resources and environment</b> .....                                  | <b>4,236</b>     | <b>5,412</b>     | <b>3,975</b>     | <b>3,929</b>   | <b>4,243</b>     | <b>4,374</b>     |
| <b>AGRICULTURE:</b>  |                  |                  |                  |                |                  |                  |
| Department of Agriculture:   |                  |                  |                  |                |                  |                  |
| Cooperative State Research Service .....   | 223              | 223              | 233              | 219            | 232              | 222              |
| Extension Service .....  | 419              | 425              | 430              | 404            | 424              | 417              |
| Payments to States and possessions .....   | 1                | 1                | 1                | 1              | 1                | 1                |
| State mediation grants .....   | 4                | 3                | 3                | 2              | 2                | 3                |
| Outreach for socially disadvantaged farmers .....                                      |                  |                  | 10               |                |                  | 3                |
| Agricultural resource conservation demonstration guaranteed loan program account ..... | 4                | 4                | 4                |                | 9                | 4                |
| Commodity Credit Corporation fund .....  | 349              | 225              | 207              | 349            | 225              | 207              |
| P.L. 102-552 temporary assistance .....  |                  | 42               |                  |                | 42               |                  |
| Emergency food assistance program .....  | 165              | 188              | 209              | 165            | 191              | 209              |

## FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(In millions of dollars)

| Function, agency and program   | Budget Authority |                  |                  | Outlays        |                  |                  |
|--|------------------|------------------|------------------|----------------|------------------|------------------|
|  | 1992<br>actual   | 1993<br>estimate | 1994<br>estimate | 1992<br>actual | 1993<br>estimate | 1994<br>estimate |
| <b>Total, agriculture</b>  | <b>1,166</b>     | <b>1,112</b>     | <b>1,097</b>     | <b>1,142</b>   | <b>1,126</b>     | <b>1,067</b>     |
| <b>COMMERCE AND HOUSING CREDIT:</b>  |                  |                  |                  |                |                  |                  |
| Department of Commerce:  |                  |                  |                  |                |                  |                  |
| U.S. Travel and Tourism Administration salaries and expenses                       | 2                | 3                | 2                | 2              | 3                | 2                |
| Fisheries promotional fund   | *                |                  |                  |                |                  |                  |
| Promote and develop fishery products and research pertaining to American fisheries | 1                | 6                |                  | 3              | 4                | 3                |
| Industrial technology services   | 1                | 1                | 1                | *              | *                | *                |
| Department of the Treasury:  |                  |                  |                  |                |                  |                  |
| Emergency assistance to Rhode Island program account                               | 6                |                  |                  | 6              |                  |                  |
| <b>Total, commerce and housing credit</b>  | <b>10</b>        | <b>10</b>        | <b>3</b>         | <b>11</b>      | <b>7</b>         | <b>5</b>         |
| <b>TRANSPORTATION:</b>   |                  |                  |                  |                |                  |                  |
| Department of Transportation:  |                  |                  |                  |                |                  |                  |
| Highway-related safety grants  | 17               | 20               | 20               | 10             | 7                | 9                |
| Motor carrier safety grants  | 65               | 76               | 80               | 63             | 64               | 65               |
| Federal-aid highways   | 17,108           | 20,148           | 20,271           | 14,884         | 17,145           | 19,178           |
| Miscellaneous appropriations   | 551              | 17               |                  | 115            | 194              | 235              |
| Miscellaneous highway trust funds  | 64               | 325              |                  | 46             | 128              | 173              |
| Miscellaneous safety programs  |                  |                  |                  | 2              | 1                | 1                |
| Highway traffic safety grants  | 126              | 171              | 196              | 130            | 134              | 142              |
| Office of the Administrator  |                  |                  |                  | 1              | 3                |                  |
| Local rail freight assistance  | 12               | 8                |                  | 6              | 11               | 11               |
| High speed ground transportation development                                       |                  |                  | 106              |                |                  | 21               |
| Conrail commuter transition assistance   | 14               | 7                |                  | 8              | 3                | 19               |
| Research, training, and human resources  | 5                |                  |                  | 11             | 17               | 13               |
| Interstate transfer grants—transit   | 160              | 75               | 45               | 238            | 154              | 108              |
| Washington metro   | 124              | 170              | 200              | 163            | 179              | 138              |
| Formula grants   | 1,520            | 2,182            | 2,455            | 1,868          | 1,818            | 1,908            |
| Discretionary grants   |                  | 270              |                  |                | 122              | 148              |
| Transit planning and research  |                  | 29               | 46               |                | 8                | 45               |
| Discretionary grants (trust fund)  | 1,900            | 1,725            | 1,785            | 1,268          | 1,291            | 1,470            |
| Miscellaneous expired accounts   | 3                |                  |                  | 28             | 34               | 25               |
| Grants-in-aid for airports (airport and airway trust fund)                         | 1,900            | 2,050            | 1,879            | 1,672          | 2,106            | 1,895            |
| Research, development, test, and evaluation  |                  |                  |                  | *              | *                | *                |
| Boat safety  | 35               | 37               | 40               | 36             | 35               | 37               |
| Pipeline safety  | 7                | 7                | 7                | 6              | 7                | 7                |
| Emergency preparedness grants  |                  | 9                | 13               |                | 4                | 11               |
| Washington Metropolitan Area Transit Authority:                                    |                  |                  |                  |                |                  |                  |
| Interest payments  | 52               | 52               | 52               | 53             | 52               | 52               |
| <b>Total, transportation</b>   | <b>23,663</b>    | <b>27,379</b>    | <b>27,194</b>    | <b>20,608</b>  | <b>23,518</b>    | <b>25,712</b>    |
| <b>COMMUNITY AND REGIONAL DEVELOPMENT:</b>   |                  |                  |                  |                |                  |                  |
| Department of Agriculture:   |                  |                  |                  |                |                  |                  |
| Emergency community water assistance grants  | 25               | 10               | 10               | 4              | 11               | 16               |
| Rural development grants   |                  |                  | 21               | 10             | 13               | 16               |
| Rural water and waste disposal grants  | 312              | 558              | 449              | 153            | 217              | 321              |
| Rural community fire protection grants   | 4                | 4                | 4                | 4              | 3                | 4                |
| Rural development insurance fund program account                                   | 118              | 150              | 148              | 55             | 100              | 127              |
| Rural development loan fund liquidating account                                    |                  |                  |                  | 1              | 2                |                  |
| Distance learning and medical link programs  | 5                | 5                | 5                |                | 5                | 9                |
| Economic development grants  |                  | 14               | 5                |                | 4                | -1               |
| Department of Commerce:  |                  |                  |                  |                |                  |                  |
| Economic development assistance programs   | 302              | 300              | 223              | 141            | 223              | 275              |
| Department of Housing and Urban Development:                                       |                  |                  |                  |                |                  |                  |
| Other assisted housing programs  |                  | 3                |                  | 13             | 43               | 1                |
| Community development grants   | 3,419            | 6,601            | 4,224            | 3,090          | 3,811            | 4,983            |
| Urban development action grants  | -19              | -25              |                  | 52             | 50               | 50               |
| Supplemental assistance for facilities to assist the homeless                      | 11               |                  |                  | 3              | 5                | 8                |
| Revolving fund (liquidating programs)  |                  |                  |                  | 185            | 130              | 97               |
| Department of the Interior:  |                  |                  |                  |                |                  |                  |
| Operation of Indian programs (area and regional development)                       | 57               | 110              | 84               | 58             | 65               | 79               |
| Indian direct loan program account   | 3                | 2                | 2                | 2              | 2                | 2                |
| Indian guaranteed loan program account   | 8                | 9                | 9                | 1              | 11               | 9                |
| Appalachian Regional Commission:   |                  |                  |                  |                |                  |                  |
| Appalachian regional development programs  | 184              | 184              | 183              | 125            | 124              | 149              |

## FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(In millions of dollars)

| Function, agency and program   | Budget Authority |                  |                  | Outlays        |                  |                  |
|--|------------------|------------------|------------------|----------------|------------------|------------------|
|  | 1992<br>actual   | 1993<br>estimate | 1994<br>estimate | 1992<br>actual | 1993<br>estimate | 1994<br>estimate |
| Community Investment Program:  |                  |                  |                  |                |                  |                  |
| Community investment program .....   |                  | 500              | 514              |                |                  | 200              |
| Federal Emergency Management Agency:   |                  |                  |                  |                |                  |                  |
| Emergency management planning and assistance .....                                   | 21               | 21               | 20               | 22             | 22               | 17               |
| Disaster relief .....  | 2,677            | 248              | 248              | 606            | 2,019            | 802              |
| Neighborhood Reinvestment Corporation:   |                  |                  |                  |                |                  |                  |
| Payment to the Neighborhood Reinvestment Corporation .....                           | 15               | 11               | 10               | 15             | 11               | 10               |
| <b>Total, community and regional development .....</b>                               | <b>7,143</b>     | <b>8,704</b>     | <b>6,158</b>     | <b>4,539</b>   | <b>6,872</b>     | <b>7,174</b>     |
| <b>EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES:</b>                         |                  |                  |                  |                |                  |                  |
| Department of Commerce:  |                  |                  |                  |                |                  |                  |
| Public telecommunications facilities, planning, and construction .....               |                  | 16               |                  |                |                  | 10               |
| Department of Education:   |                  |                  |                  |                |                  |                  |
| Indian education .....   | 70               | 72               | 75               | 63             | 71               | 73               |
| Impact aid .....   | 822              | 746              | 686              | 785            | 836              | 722              |
| Chicago litigation settlement .....  |                  |                  |                  | 13             | 17               | 17               |
| Education reform .....   |                  |                  | 491              |                |                  | 145              |
| Compensatory education for the disadvantaged .....                                   | 6,676            | 7,414            | 7,084            | 6,129          | 7,281            | 6,901            |
| School improvement programs .....  | 1,469            | 1,429            | 1,473            | 1,361          | 1,572            | 1,701            |
| Educational excellence .....   | 90               | -90              |                  |                |                  |                  |
| Bilingual and immigrant education .....  | 185              | 187              | 192              | 160            | 184              | 190              |
| Special education .....  | 2,622            | 2,725            | 2,885            | 2,067          | 2,522            | 3,208            |
| Rehabilitation services and disability research .....                                | 1,908            | 1,978            | 2,043            | 1,835          | 2,001            | 2,034            |
| American printing house for the blind .....  | 6                | 6                | 6                | 5              | 8                | 6                |
| Vocational and adult education .....   | 1,363            | 1,411            | 1,384            | 1,020          | 1,233            | 1,339            |
| Student financial assistance <sup>1</sup> .....                                      | 72               | 73               | 25               | 73             | 89               | 40               |
| Higher education .....   | 25               | 25               | 34               | 23             | 23               | 26               |
| College housing and academic facilities program account .....                        | 4                | 1                |                  |                | *                | 1                |
| Libraries .....  | 130              | 129              | 115              | 190            | 150              | 142              |
| Education research, statistics, and improvement .....                                | 38               | 35               | 33               | 4              | 29               | 36               |
| Department of Health and Human Services, except Social Security:                     |                  |                  |                  |                |                  |                  |
| Selected community services block grant act programs .....                           | 437              | 441              | 441              | 442            | 447              | 441              |
| Interim assistance to States for legalization .....                                  |                  | 311              | 810              | 501            | 355              | 562              |
| Payments to States for AFDC work programs .....                                      | 1,000            | 1,000            | 1,100            | 594            | 833              | 849              |
| Family support and preservation .....  |                  |                  | 60               |                |                  | 48               |
| Social services block grant .....  | 2,805            | 2,800            | 2,800            | 2,708          | 2,845            | 2,803            |
| Children and families services programs .....  | 3,637            | 3,907            | 4,829            | 3,621          | 4,325            | 4,149            |
| Payments to States for foster care and adoption assistance .....                     | 2,614            | 2,924            | 3,065            | 2,505          | 2,946            | 2,969            |
| Aging services programs <sup>1</sup> .....   |                  | 819              | 819              |                | 574              | 823              |
| Department of the Interior:  |                  |                  |                  |                |                  |                  |
| Operation of Indian programs (elementary, secondary, and vocational education) ..... | 42               | 96               | 58               | 41             | 43               | 51               |
| Department of Labor:   |                  |                  |                  |                |                  |                  |
| Training and employment services .....   | 3,516            | 4,409            | 5,709            | 3,388          | 4,147            | 3,819            |
| Community service employment for older Americans .....                               | 87               | 93               | 93               | 88             | 83               | 92               |
| State unemployment insurance and employment service operations .....                 | 24               | 24               | 177              | -38            | 24               | 54               |
| Unemployment trust fund .....  | 1,099            | 1,078            | 1,104            | 1,023          | 1,098            | 1,089            |
| Federal unemployment benefits and allowances .....                                   | 72               | 75               | 57               | 65             | 71               | 69               |
| Corporation for Public Broadcasting:   |                  |                  |                  |                |                  |                  |
| Public broadcasting fund .....   | 327              | 319              | 275              | 84             | 84               | 92               |
| National Endowment for the Arts:   |                  |                  |                  |                |                  |                  |
| Grants and administration .....  | 45               | 49               | 49               | 37             | 46               | 47               |
| Institute of Museum Services:  |                  |                  |                  |                |                  |                  |
| Grants and administration .....  | 7                | 7                | 7                | 7              | 6                | 7                |
| <b>Total, education, training, employment, and social services .....</b>             | <b>31,191</b>    | <b>34,507</b>    | <b>37,977</b>    | <b>28,795</b>  | <b>33,940</b>    | <b>34,556</b>    |
| <b>HEALTH:</b>   |                  |                  |                  |                |                  |                  |
| Department of Agriculture:   |                  |                  |                  |                |                  |                  |
| Food Safety and Inspection Service salaries and expenses .....                       | 39               | 43               | 40               | 39             | 39               | 40               |
| Department of Health and Human Services, except Social Security:                     |                  |                  |                  |                |                  |                  |
| Health resources and services <sup>1</sup> .....                                     | 1,532            | 1,612            | 2,099            | 1,359          | 1,488            | 1,552            |
| Disease control, research, and training .....  | 465              | 509              | 791              | 343            | 447              | 568              |
| Substance abuse and mental health services (health care services) <sup>1</sup> ..... | 1,897            | 1,999            | 2,114            | 1,778          | 1,936            | 2,070            |
| Program management (health care services) .....                                      |                  |                  | 400              |                |                  | 400              |
| Grants to States for Medicaid <sup>1</sup> .....                                     | 69,766           | 82,596           | 88,792           | 67,827         | 80,511           | 91,961           |
| Department of Labor:   |                  |                  |                  |                |                  |                  |
| Occupational Safety and Health Administration salaries and expenses .....            | 72               | 69               | 70               | 65             | 62               | 64               |

## FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(In millions of dollars)

| Function, agency and program  | Budget Authority |                  |                  | Outlays        |                  |                  |
|---|------------------|------------------|------------------|----------------|------------------|------------------|
|   | 1992<br>actual   | 1993<br>estimate | 1994<br>estimate | 1992<br>actual | 1993<br>estimate | 1994<br>estimate |
| Mine Safety and Health Administration salaries and expenses .....                     | 6                | 6                | 6                | 6              | 6                | 6                |
| <b>Total, health .....</b>  | <b>73,775</b>    | <b>86,833</b>    | <b>94,312</b>    | <b>71,416</b>  | <b>84,488</b>    | <b>96,660</b>    |
| <b>INCOME SECURITY:</b>   |                  |                  |                  |                |                  |                  |
| Department of Agriculture:  |                  |                  |                  |                |                  |                  |
| Funds for strengthening markets, income, and supply (section 32) <sup>1</sup> .....   | 407              | 611              | 494              | 543            | 475              | 450              |
| Rural housing for domestic farm labor <sup>2</sup> .....                              |                  |                  |                  | 18             | 13               | 13               |
| Supervisory and technical assistance grants .....                                     | 2                | 2                | 3                |                | *                | 1                |
| Rural housing preservation grants <sup>2</sup> .....                                  | 23               | 23               | 24               | 10             | 11               | 10               |
| Special milk program <sup>1</sup> .....   | 23               | 15               | 20               | 19             | 20               | 20               |
| Food donations programs for selected groups <sup>1</sup> .....                        | 265              | 257              | 244              | 244            | 267              | 247              |
| Food stamp program <sup>1</sup> .....   | 1,538            | 1,589            | 1,614            | 1,611          | 1,586            | 1,612            |
| Special supplemental food program for women, infants, and children <sup>1</sup> ..... | 2,595            | 2,930            | 3,282            | 2,542          | 2,900            | 3,263            |
| Commodities supplemental food program <sup>1</sup> .....                              | 90               | 94               | 94               | 96             | 96               | 94               |
| State child nutrition payments <sup>1</sup> .....                                     | 6,014            | 6,712            | 7,259            | 5,974          | 6,667            | 7,190            |
| Nutrition assistance for Puerto Rico <sup>1</sup> .....                               | 1,002            | 1,040            | 1,091            | 996            | 1,043            | 1,091            |
| Department of Health and Human Services, except Social Security:                      |                  |                  |                  |                |                  |                  |
| Family support payments to States <sup>1</sup> .....                                  | 15,460           | 15,695           | 15,884           | 15,103         | 15,768           | 15,988           |
| Low income home energy assistance <sup>1</sup> .....                                  | 1,500            | 1,346            | 1,507            | 1,142          | 1,040            | 2,114            |
| Refugee and entrant assistance <sup>1</sup> .....                                     | 328              | 325              | 337              | 304            | 318              | 332              |
| Payments to States for day care assistance <sup>1</sup> .....                         | 825              | 893              | 933              |                | 412              | 1,009            |
| Payments to States from receipts for child support .....                              |                  |                  |                  | *              | *                |                  |
| Department of Housing and Urban Development:  |                  |                  |                  |                |                  |                  |
| Housing programs annual contributions for assisted housing <sup>2</sup> .....         | 4,342            | 5,694            | 5,904            | 8,602          | 8,213            | 8,242            |
| Congregate services <sup>1</sup> .....  | 18               | 21               | 6                | 5              | 6                | 6                |
| Assistance for renewal of expiring Section 8 subsidy contracts .....                  | 6,713            | 6,313            | 5,689            | 1,104          | 2,658            | 3,615            |
| Section 8 moderate rehabilitation, single room occupancy <sup>1</sup> .....           | 105              | 105              | 108              | 1              | 14               | 26               |
| Homeownership and opportunity for people everywhere grants <sup>2</sup> .....         | 361              | 321              | 109              |                | 59               | 136              |
| Payments for operation of low-income housing projects <sup>1</sup> .....              | 2,450            | 2,282            | 2,521            | 2,162          | 2,406            | 2,529            |
| Community partnerships against crime <sup>1</sup> .....                               | 165              | 175              | 265              | 37             | 210              | 185              |
| Revitalization of severely distressed public housing projects <sup>2</sup> .....      |                  | 300              | 483              |                |                  | 30               |
| Low-rent public housing—loans and other expenses <sup>1</sup> .....                   | 119              | 102              | 79               | 207            | 173              | 144              |
| Emergency shelter grants program <sup>1</sup> .....                                   | 73               | 50               | 51               | 71             | 70               | 58               |
| Supportive housing program <sup>1</sup> .....   | 150              | 573              | 320              | 69             | 212              | 312              |
| Shelter plus care <sup>1</sup> .....  | 111              | 267              | 274              |                | 10               | 43               |
| Home investment partnerships program .....  | 1,500            | 1,060            | 1,600            | 3              | 277              | 856              |
| Youthbuild program .....  |                  | 40               | 48               |                |                  | 4                |
| Department of Labor:  |                  |                  |                  |                |                  |                  |
| Unemployment trust fund .....   | 2,608            | 2,618            | 2,510            | 2,488          | 2,613            | 2,444            |
| Federal Emergency Management Agency:  |                  |                  |                  |                |                  |                  |
| Emergency food and shelter program <sup>1</sup> .....                                 | 134              | 129              | 123              | 135            | 129              | 123              |
| <b>Total, income security .....</b>   | <b>48,921</b>    | <b>51,582</b>    | <b>52,876</b>    | <b>43,486</b>  | <b>47,666</b>    | <b>52,187</b>    |
| <b>VETERANS BENEFITS AND SERVICES:</b>  |                  |                  |                  |                |                  |                  |
| Department of Veterans Affairs:   |                  |                  |                  |                |                  |                  |
| Medical care <sup>1</sup> .....   | 114              | 131              | 164              | 114            | 131              | 164              |
| Grants for the construction of State extended care facilities <sup>2</sup> .....      | 85               | 40               | 41               | 41             | 60               | 72               |
| Grants for the construction of State veterans cemeteries .....                        | 5                | 5                | 5                | 9              | 6                | 5                |
| <b>Total, veterans benefits and services .....</b>                                    | <b>204</b>       | <b>176</b>       | <b>210</b>       | <b>164</b>     | <b>197</b>       | <b>241</b>       |
| <b>ADMINISTRATION OF JUSTICE:</b>   |                  |                  |                  |                |                  |                  |
| Department of Housing and Urban Development:  |                  |                  |                  |                |                  |                  |
| Fair housing activities .....   | 13               | 15               | 21               | 12             | 7                | 14               |
| Department of Justice:  |                  |                  |                  |                |                  |                  |
| Weed and seed program fund .....  |                  | 12               | 13               |                | 9                | 13               |
| Federal/State partnerships .....  |                  |                  | 100              |                |                  | 19               |
| Assets forfeiture fund .....  | 218              | 240              | 245              | 200            | 240              | 245              |
| National Institute of Corrections .....   | 2                | 3                | 3                | 3              | 3                | 4                |
| Justice assistance .....  | 629              | 594              | 592              | 505            | 654              | 471              |
| Crime victims fund .....  | 128              | 150              | 155              | 141            | 129              | 152              |
| Department of the Treasury:   |                  |                  |                  |                |                  |                  |
| Department of the Treasury forfeiture fund .....                                      |                  | 110              | 160              |                | 110              | 160              |
| Customs forfeiture fund .....   |                  |                  |                  | 92             |                  |                  |
| Equal Employment Opportunity Commission:  |                  |                  |                  |                |                  |                  |
| Salaries and expenses .....   | 24               | 25               | 25               | 24             | 25               | 25               |

## FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(In millions of dollars)

| Function, agency and program   | Budget Authority |                  |                  | Outlays        |                  |                  |
|--|------------------|------------------|------------------|----------------|------------------|------------------|
|  | 1992<br>actual   | 1993<br>estimate | 1994<br>estimate | 1992<br>actual | 1993<br>estimate | 1994<br>estimate |
| State Justice Institute:   |                  |                  |                  |                |                  |                  |
| Salaries and expenses .....  | 12               | 11               | .....            | 11             | 12               | 11               |
| <b>Total, administration of justice .....</b>                          | <b>1,026</b>     | <b>1,160</b>     | <b>1,314</b>     | <b>987</b>     | <b>1,188</b>     | <b>1,113</b>     |
| <b>GENERAL GOVERNMENT:</b>   |                  |                  |                  |                |                  |                  |
| Department of Agriculture:   |                  |                  |                  |                |                  |                  |
| Forest Service permanent appropriations .....                          | 336              | 366              | 424              | 338            | 358              | 409              |
| Department of Defense—Civil:   |                  |                  |                  |                |                  |                  |
| Corps of Engineers permanent appropriations .....                      | 6                | 5                | 5                | 6              | 6                | 5                |
| Department of Energy:  |                  |                  |                  |                |                  |                  |
| Payments to States under the Federal Power Act .....                   | 2                | 3                | 3                | 2              | 3                | 3                |
| Department of the Interior:  |                  |                  |                  |                |                  |                  |
| Payments in lieu of taxes .....  | 104              | 104              | 104              | 101            | 104              | 104              |
| Bureau of Land Management miscellaneous permanent appropriations ..... | 134              | 86               | 61               | 126            | 89               | 65               |
| Mineral leasing and associated payments .....                          | 432              | 431              | 479              | 432            | 431              | 479              |
| National wildlife refuge fund .....                                    | 18               | 18               | 21               | 18             | 18               | 21               |
| Administration of Territories .....                                    | 87               | 75               | 71               | 74             | 77               | 71               |
| Trust Territory of the Pacific Islands .....                           | 24               | 23               | 20               | 29             | 24               | 21               |
| Payments to the United States Territories, fiscal assistance .....     | 90               | 81               | 83               | 90             | 81               | 83               |
| Department of the Treasury:  |                  |                  |                  |                |                  |                  |
| Internal revenue collections for Puerto Rico .....                     | 271              | 268              | 265              | 271            | 268              | 265              |
| Miscellaneous permanent appropriations .....                           | 121              | 142              | 147              | 93             | 115              | 119              |
| Commission on National and Community Service:                          |                  |                  |                  |                |                  |                  |
| Salaries and expenses .....  | 65               | 66               | 67               | 3              | 90               | 66               |
| District of Columbia:  |                  |                  |                  |                |                  |                  |
| Federal payment to the District of Columbia .....                      | 701              | 716              | 705              | 691            | 726              | 705              |
| <b>Total, general government .....</b>                                 | <b>2,391</b>     | <b>2,385</b>     | <b>2,454</b>     | <b>2,274</b>   | <b>2,391</b>     | <b>2,417</b>     |
| <b>Total, grants .....</b>   | <b>194,287</b>   | <b>219,788</b>   | <b>228,033</b>   | <b>178,117</b> | <b>206,406</b>   | <b>226,138</b>   |

\* \$500 thousand or less.

<sup>1</sup> Programs included in the "grants for payments to individuals" category shown in the "Trends in Federal Grants to State and Local Governments" table.<sup>2</sup> All or a portion of these accounts are classified as both payments for individuals and physical capital investment. In the table, "Trends in Federal Grants to State and Local Governments," they are classified as physical capital.



## NATIONAL INCOME AND PRODUCT ACCOUNTS

The National Income and Product Accounts (NIPAs) are an integrated set of measures of aggregate economic activity that are prepared by the Department of Commerce. One of the many purposes of the NIPAs is to measure the Nation's total current production of goods and services, known as gross domestic product (GDP), and the incomes generated in its production. Because the NIPAs are widely used in economic analysis, it is important to show the NIPA presentation of Federal transactions.

GDP is the sum of the net products of the household, business, government, and foreign-owned sectors. Federal transactions are included in the NIPAs as part of the government sector. The concepts for the Federal sector have been designed to measure certain important economic effects of Federal transactions in a way that is consistent with the conceptual structure of the entire set of integrated accounts. The NIPA Federal sector is not itself a budget, for it is not a financial plan for proposing, determining, and controlling the fiscal activities of the Government. Rather, it is an accounting translation of the budget to meet specialized and important needs, chiefly the measurement of the impact of Federal receipts, outlays, and the deficit on the national economy. NIPA concepts differ in many ways from budget concepts, and therefore the NIPA presentation of Federal finances is significantly different from that of the budget.

GDP is a measure of final output which excludes intermediate product to avoid double counting. Government purchases of goods and services are included in GDP as part of final output, together with personal consumption expenditures, gross private domestic investment, and net exports of goods and services. Other Federal expenditures—transfer payments, grants to State and local governments, subsidies, and net interest payments—are not part of final output. Rather, they are transfers of income to others, whose consumption, investment, purchases, or transactions with foreigners are part of final output. An entire set of receipt and expenditure transactions of the Federal Government is prepared as one sector of the NIPAs; however, when the accounts for all the sectors are consolidated into a summary account for the Nation as a whole, transfer payments, grants, subsidies, and net interest expenditures are canceled out by the receipt of those payments as income in other sectors. This leaves only purchases to be included in final output.

### Differences Between the NIPAs and the Budget

Federal transactions in the NIPAs are measured according to NIPA accounting rules in order to be compatible with the purposes of the NIPAs and other transactions recorded in the NIPAs. As a result they differ

from the budget in netting, timing, and coverage. These differences cause total receipts and expenditures in the NIPAs to differ from total receipts and outlays in the budget. Differences in timing and coverage also cause the deficit to differ. Netting differences have the same effect on both receipts and expenditures and thus have no effect on the deficit. Besides these differences, the NIPAs combine transactions into different categories from those used in the budget.

Netting differences arise when the budget records certain transactions as offsets to outlays while they are recorded as receipts in the NIPAs (or vice versa). The budget treats all income that comes to the Government due to its sovereign powers—mainly, but not exclusively, taxes—as governmental receipts. However, any intragovernmental income from one account to another is offset against outlays rather than being recorded as a receipt. Government contributions for employee retirement is one example. The budget offsets these payments against outlays, while the NIPAs treat the Federal Government as any other employer and show contributions for employee social insurance as expenditures by the employing agencies and receipts to the appropriate social insurance funds. The NIPAs also include certain imputations which the budget does not. For example, unemployment benefits for Federal employees are financed by direct appropriations rather than social insurance contributions. The NIPAs impute social insurance contributions by employing agencies to finance these benefits.

The budget also offsets against outlays any income that arises from voluntary business-type transactions with the public. The NIPAs generally follow this convention as well, and all income to government enterprises such as the Post Office or the power enterprises is offset against expenditures. However, the NIPAs have a narrower definition of "business-type transactions". Rents, royalties, and regulatory or inspection fees are recorded as business nontaxes. The budget classifies Medicare Part B premiums as business-type transactions, whereas the NIPAs record them as social insurance receipts.

Timing differences occur for receipts because the NIPAs generally record personal taxes and social insurance contributions when they are paid and business taxes when they are accrued, while the budget records all receipts when they are received. The principal timing difference between NIPA expenditures and budget outlays occurs because purchases are recorded on a delivery basis in the NIPAs, but when cash is disbursed in the budget. This difference can be large for major defense purchases because progress payments are recorded as outlays in the budget, while the NIPAs do not record expenditures until delivery is made. The

NIPAs count work in progress as part of business inventories until delivery is made to the Government.

The budget and the NIPAs also have coverage differences. The NIPAs include off-budget Federal entities and exclude transactions with U.S. territories. The NIPAs also exclude the proceeds from the sales of assets such as land. Bonuses paid on Outer Continental Shelf oil leases are shown as offsetting receipts in the budget and are deducted from budget outlays. In the NIPAs these transactions are excluded as an exchange of assets.

Financial transactions such as loans, loan repayments, loan asset sales, and loan guarantees are excluded from the NIPAs on the grounds that such transactions involve an exchange of assets with no production involved. Through 1991, in contrast, the budget recorded loans as outlays when disbursed and as offsets to outlays when repaid or sold. With the enactment of the Federal Credit Reform Act of 1990, the budget has made a fundamental change in the way that it records lending transactions. For direct loan obligations and loan guarantee commitments made after 1991, the budget records the estimated subsidy cost of the direct loan or loan guarantee when the direct loan or guaranteed loan is disbursed. The nonsubsidized cash flows are recorded in nonbudgetary accounts as a means of financing the budget deficit rather than as budgetary transactions themselves. This treatment recognizes that part of a Federal direct loan is an exchange of assets with equal value but that part is normally a subsidy to the borrower. It also recognizes the subsidy normally granted by loan guarantees. In the NIPAs, neither the subsidies nor the loan transactions are included; how-

ever, the NIPAs will continue to include all interest transactions with the public, including interest paid to the new financing accounts.

Deposit insurance outlays for resolving failed banks and thrift institutions are similarly excluded from the NIPAs on the grounds that there are no offsetting current income flows from these transactions. In recent years, this exclusion has been the largest difference between the NIPAs and the budget and has tended to make the unified budget deficit larger than the NIPA deficit. In coming years, as assets acquired from failed financial institutions are sold, these collections will tend to make the unified deficit smaller than the NIPA deficit.

### Federal Sector Receipts

The table entitled "Federal Transactions in the National Income and Product Accounts, 1983-1994" shows Federal receipts in the four major categories used in the NIPAs, which are similar to the budget categories but with significant differences.

Personal tax and nontax receipts is the largest category. It is composed primarily of personal income taxes, but also includes estate and gift taxes, fees, fines, and other receipts from persons.

Corporate profits tax accruals differ in classification from the corresponding budget category primarily because the NIPAs include the deposit of earnings of the Federal Reserve System as corporate profits taxes, while the budget treats these collections as miscellaneous receipts. The timing difference between the NIPAs and the budget is especially large for this category of receipts.

### FEDERAL TRANSACTIONS IN THE NATIONAL INCOME AND PRODUCT ACCOUNTS, 1983-1994

(In billions of dollars)

| Description  | Actual        |               |               |                |                |                |                |                |                |                | Estimate       |                |
|--|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | 1983          | 1984          | 1985          | 1986           | 1987           | 1988           | 1989           | 1990           | 1991           | 1992           | 1993           | 1994           |
| <b>RECEIPTS</b>  |               |               |               |                |                |                |                |                |                |                |                |                |
| Personal tax and nontax receipts .....                         | 290.7         | 300.4         | 337.0         | 353.1          | 396.3          | 403.8          | 456.9          | 473.2          | 472.1          | 486.3          | 515.2          | 562.7          |
| Corporate profits tax accruals .....                           | 56.4          | 75.1          | 75.0          | 80.4           | 99.4           | 107.6          | 119.2          | 113.8          | 104.4          | 110.5          | 128.3          | 132.2          |
| Indirect business tax and nontax accruals .....                | 52.0          | 57.0          | 59.1          | 53.8           | 57.8           | 59.6           | 62.2           | 63.8           | 74.8           | 80.5           | 85.5           | 93.9           |
| Contributions for social insurance .....                       | 247.3         | 279.3         | 305.9         | 326.5          | 345.5          | 384.1          | 411.8          | 438.7          | 463.5          | 484.6          | 513.9          | 547.8          |
| <b>Total receipts .....</b>                                    | <b>646.4</b>  | <b>711.7</b>  | <b>777.0</b>  | <b>813.8</b>   | <b>899.1</b>   | <b>955.1</b>   | <b>1,050.1</b> | <b>1,089.6</b> | <b>1,114.9</b> | <b>1,161.8</b> | <b>1,240.9</b> | <b>1,336.6</b> |
| <b>EXPENDITURES</b>  |               |               |               |                |                |                |                |                |                |                |                |                |
| Purchases of goods and services .....                          | 289.8         | 302.2         | 335.1         | 363.7          | 379.9          | 386.3          | 399.4          | 417.6          | 447.1          | 444.5          | 447.2          | 436.4          |
| Defense .....  | (210.2)       | (228.2)       | (251.7)       | (274.3)        | (287.6)        | (295.1)        | (299.5)        | (308.9)        | (326.6)        | (313.6)        | (306.4)        | (292.2)        |
| Nondefense .....   | (79.6)        | (74.0)        | (83.5)        | (89.3)         | (92.2)         | (91.2)         | (99.9)         | (108.8)        | (120.6)        | (130.9)        | (140.8)        | (144.2)        |
| Transfer payments .....  | 346.3         | 351.1         | 372.2         | 393.1          | 409.3          | 430.9          | 461.1          | 504.5          | 510.7          | 603.4          | 651.5          | 689.5          |
| Domestic ("to persons") .....                                  | (339.8)       | (342.4)       | (360.7)       | (380.6)        | (399.4)        | (420.7)        | (449.6)        | (490.5)        | (536.1)        | (593.7)        | (636.1)        | (673.7)        |
| Foreign .....  | (6.5)         | (8.7)         | (11.5)        | (12.5)         | (9.9)          | (10.2)         | (11.6)         | (14.0)         | (-25.4)        | (9.7)          | (15.4)         | (15.8)         |
| Grants-in-aid to State and local governments ....              | 88.2          | 91.5          | 98.6          | 108.3          | 103.4          | 108.4          | 115.8          | 128.3          | 146.9          | 168.5          | 195.4          | 213.7          |
| Net interest paid .....  | 89.6          | 107.5         | 125.2         | 130.5          | 133.6          | 143.8          | 160.5          | 175.1          | 183.1          | 188.0          | 189.5          | 200.3          |
| Subsidies less current surplus of Government enterprises ..... | 16.8          | 23.0          | 21.6          | 22.1           | 24.9           | 28.9           | 27.6           | 23.9           | 23.1           | 25.2           | 32.9           | 30.7           |
| Wage disbursements less accruals .....                         | 0.4           | -0.1          | 0.1           | .....          | -0.1           | 0.1            | .....          | -*             | *              | .....          | .....          | .....          |
| <b>Total expenditures .....</b>                                | <b>829.2</b>  | <b>875.3</b>  | <b>952.9</b>  | <b>1,017.6</b> | <b>1,051.0</b> | <b>1,098.5</b> | <b>1,164.5</b> | <b>1,249.5</b> | <b>1,310.9</b> | <b>1,429.6</b> | <b>1,516.4</b> | <b>1,570.6</b> |
| <b>Deficit (-) .....</b>                                       | <b>-182.8</b> | <b>-163.6</b> | <b>-175.9</b> | <b>-203.9</b>  | <b>-151.9</b>  | <b>-143.3</b>  | <b>-114.3</b>  | <b>-159.9</b>  | <b>-196.1</b>  | <b>-267.8</b>  | <b>-275.5</b>  | <b>-234.0</b>  |

\*\$50 million or less.



Indirect business tax and nontax accruals are composed of excise taxes, customs duties, royalties, fines, and other receipts.

Contributions for social insurance differ from the corresponding budget category primarily because: (1) the NIPAs include Federal employer contributions for employee retirement in this category as a Government receipt, while the budget offsets the contributions against outlays as undistributed offsetting receipts; (2) the NIPAs include premiums for social insurance programs including Part B of Medicare as Government receipts, which the budget also nets against outlays; and (3) the NIPAs include imputations for Federal employees' unemployment insurance and workers' compensation.

### Federal Sector Expenditures

The table entitled "Federal Transactions in the National Income and Product Accounts, 1983-1994" shows expenditures in the six major NIPA categories, which are very different from the budget categories.

Purchases of goods and services include the goods and services purchased by the Federal Government, including employee compensation. This category is divided into defense and non-defense components.

Transfer payments is the largest expenditure category. Domestic transfer payments are mainly for income security programs, such as social security and Medicare. Foreign transfer payments include grants to foreign governments and payments under social secu-

rity and other similar programs to individuals living abroad. In 1991, foreign transfers were negative, reflecting contributions from foreign governments for Desert Storm.

Grants-in-aid to State and local governments are designed to help finance a range of programs. Grants are for income security, capital expenditures for infrastructure, and other purposes.

Net interest paid is the interest paid by the Government on its borrowing, less interest received on its lending.

Subsidies less current surplus of Government enterprises consists of two elements: (1) subsidy payments for resident businesses (including farms); and (2) the current surplus (or deficit) of "Government enterprises", such as the Postal Service, which are business-type operations of Government that usually appear in the budget as public enterprise revolving funds. NIPA subsidies do not include the imputed credit subsidies estimated as part of credit reform in the budget. Rather, loans and guarantees are categorized as financial transactions and are excluded from the NIPAs.

Wage disbursements less accruals is an adjustment that is necessary when wages are earned in a different period than they are paid.

### Differences in the Estimates

Since the introduction of the unified budget in January 1968, NIPA receipts have exceeded budget receipts in each year, due principally to the imputed employer

### RELATIONSHIP OF THE BUDGET TO THE FEDERAL SECTOR, NIPA

(In billions of dollars)

|   | Actual       |              |              |                |                |                |                |                |                |                | Estimate       |                |
|---|--------------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   | 1983         | 1984         | 1985         | 1986           | 1987           | 1988           | 1989           | 1990           | 1991           | 1992           | 1993           | 1994           |
| <b>RECEIPTS</b>   |              |              |              |                |                |                |                |                |                |                |                |                |
| Unified budget receipts .....                                     | 600.6        | 666.5        | 734.1        | 769.1          | 854.1          | 909.7          | 990.7          | 1,031.3        | 1,054.3        | 1,090.5        | 1,145.7        | 1,251.3        |
| Government contributions for employee retirement (grossing) ..... | 28.3         | 29.7         | 32.3         | 33.7           | 35.4           | 38.7           | 41.2           | 44.2           | 48.2           | 54.3           | 57.5           | 59.5           |
| Other netting and grossing .....                                  | 9.5          | 11.6         | 13.0         | 10.6           | 11.1           | 14.1           | 15.1           | 17.5           | 19.8           | 22.3           | 24.9           | 28.1           |
| Timing adjustments .....  | 9.2          | 5.2          | -1.2         | 2.7            | *              | -5.1           | 4.2            | -1.8           | -5.8           | -3.5           | 14.7           | -0.1           |
| Geographic exclusions .....                                       | -1.3         | -1.4         | -1.5         | -1.6           | -1.8           | -1.4           | -1.3           | -1.4           | -1.5           | -1.8           | -1.9           | -2.1           |
| Other .....   | 0.2          | 0.2          | 0.3          | -0.6           | 0.1            | *              | 0.2            | -0.2           | -0.1           | .....          | .....          | .....          |
| <b>NIPA receipts .....</b>  | <b>646.4</b> | <b>711.7</b> | <b>777.0</b> | <b>813.8</b>   | <b>899.1</b>   | <b>955.1</b>   | <b>1,050.1</b> | <b>1,089.6</b> | <b>1,114.9</b> | <b>1,161.8</b> | <b>1,240.9</b> | <b>1,336.6</b> |
| <b>EXPENDITURES</b>   |              |              |              |                |                |                |                |                |                |                |                |                |
| Unified budget outlays .....                                      | 808.4        | 851.8        | 946.4        | 990.3          | 1,003.9        | 1,064.1        | 1,143.2        | 1,252.7        | 1,323.0        | 1,380.9        | 1,467.6        | 1,515.3        |
| Government contributions for employee retirement (grossing) ..... | 28.3         | 29.7         | 32.3         | 33.7           | 35.4           | 38.7           | 41.2           | 44.2           | 48.2           | 54.3           | 57.5           | 59.5           |
| Other netting and grossing .....                                  | 9.5          | 11.6         | 13.0         | 10.6           | 11.1           | 14.1           | 15.1           | 17.5           | 19.8           | 22.3           | 24.9           | 28.1           |
| Lending transactions .....  | -16.0        | -11.7        | -31.9        | -14.3          | -0.5           | -3.5           | -3.8           | -10.2          | -14.4          | -19.4          | -24.5          | -25.9          |
| Deposit insurance and other financial transactions .....          | -2.3         | -3.6         | -0.9         | -3.2           | -2.9           | -12.5          | -19.4          | -57.2          | -63.4          | -1.8           | -3.9           | 2.7            |
| Defense timing adjustment .....                                   | *            | 0.3          | -0.2         | 2.8            | 4.0            | 3.2            | -7.3           | 4.9            | 5.6            | 2.0            | 4.0            | 0.8            |
| Other timing adjustments .....                                    | -0.8         | -0.8         | -1.4         | -0.7           | 4.1            | -0.3           | 0.8            | 4.2            | 0.3            | 0.2            | .....          | .....          |
| Payments to U.S. territories .....                                | -4.8         | -5.1         | -5.3         | -5.4           | -5.4           | -5.6           | -6.0           | -6.5           | -7.3           | -7.6           | -7.9           | -8.3           |
| Bonuses on outer continental shelf land leases .....              | 7.5          | 3.4          | 1.9          | 2.1            | 1.6            | 1.3            | 0.9            | 1.1            | 1.3            | 0.9            | 0.8            | 0.4            |
| Other .....   | -0.4         | -0.4         | -1.1         | 1.8            | -0.4           | -1.0           | -0.2           | -1.2           | -2.2           | -2.1           | -2.1           | -2.1           |
| <b>NIPA expenditures .....</b>                                    | <b>829.2</b> | <b>875.3</b> | <b>952.9</b> | <b>1,017.6</b> | <b>1,051.0</b> | <b>1,098.5</b> | <b>1,164.5</b> | <b>1,249.5</b> | <b>1,310.9</b> | <b>1,429.6</b> | <b>1,516.4</b> | <b>1,570.6</b> |

\* \$50 million or less.

contributions for employee retirement. NIPA expenditures have usually been higher than budget outlays for the same reason. However there are two components of budget outlays that are sometimes sufficiently large to overwhelm the grossing adjustments. These are financial transactions and payments to U.S. territories. Budget outlays were greater in 1990 and 1991. With the enactment of credit reform, effective in 1992, lending activity with the public as recorded in the budget has been treated in a way that is closer to the NIPA treatment. Disbursement and repayment of loans now occur outside the budget as in the NIPAs, and only imputed credit subsidies will remain as budget outlays.

However, this narrowing of differences in lending activity is likely to be overwhelmed, at least in the short run, by large increases in other financial transactions, principally outlays for the resolution of failed financial institutions.

Since 1968, the unified on-budget plus off-budget surplus or deficit has exceeded the Federal surplus or deficit as measured in the NIPAs in all but three years. In 1991, the unified budget deficit was \$269.5 billion, while the NIPA deficit was \$196.1 billion.

Additional details will be published in a forthcoming issue of the Department of Commerce publication, *Survey of Current Business*.

## COMPARISON OF ACTUAL TO ESTIMATED TOTALS FOR 1992

The following three parts of this section compare the actual total receipts, outlays, and the deficit for 1992 with the current services baseline estimates shown in the 1992 Budget in February 1991. The fourth part shows additional details for this comparison for mandatory and related programs, and the final part has a reconciliation of the actual receipts, outlays, and the deficit totals for 1992 previously published by the Department of the Treasury and those in this budget.

### Receipts

Receipts in 1992 were \$1,090.5 billion, which is \$71.9 billion less than the February 1991 baseline estimate of \$1,162.3 billion. As shown in the table, this decrease was the net effect of legislative, administrative and regulatory changes; economic conditions that differed from what had been expected; and different collection patterns and effective tax rates than had been assumed.

**Policy differences.**—The Tax Extension Act of 1991 and the Emergency Unemployment Compensation Act of 1991 were the only major laws enacted in 1991 that affected 1992 receipts. These two laws, together with several trade agreements, increased 1992 receipts by a net \$3.6 billion. Changes in Federal individual income tax withholding tables, which became effective March 1, 1992, reduced 1992 receipts by \$14.4 billion. Administrative actions that affected reserve requirements of the Federal Reserve, and regulatory changes that affected the timing of the payment of payroll taxes by small businesses and the allocation of research and experimentation expenditures between domestic and foreign operations, reduced 1992 receipts by an additional \$0.4 billion. On net, legislative, administrative and regulatory changes reduced 1992 receipts by \$11.2 billion.

**Economic differences.**—Differences between the economic assumptions upon which the original receipts estimates were made and actual economic performance

accounted for a net decrease in 1992 receipts of \$34.6 billion. Substantial reductions in wages and salaries relative to what had been assumed in the 1992 budget, were in large part responsible for the shortfalls in individual income taxes and social insurance taxes and contributions of \$18.0 billion and \$12.2 billion, respectively. Lower than expected imports reduced customs duties by \$1.7 billion and lower than previously assumed increases in the value of assets reduced estate and gift taxes by \$0.4 billion. Lower than anticipated interest rates reduced deposits of earnings by the Federal Reserve system, which are classified as miscellaneous receipts, by \$3.0 billion.

**Technical reestimates.**—Different collection patterns and effective tax rates than had been assumed in February 1991 were in large part responsible for the shortfalls in individual and corporation income taxes of \$20.1 billion and \$4.1 billion, respectively. These shortfalls were attributable in large part to the difficulty in accurately assessing the effect of the interaction of various legislated tax changes on taxpayer behavior and the timing of collections. Increased deposits of earnings of the Federal Reserve, attributable to higher-than-expected asset values on securities denominated in foreign currencies, accounted for most of the \$5.7 billion increase in miscellaneous receipts.

### Outlays

Outlays for 1992 were \$1,380.9 billion. This was \$66.4 billion lower than the initial current services baseline estimate of \$1,447.2 billion, which was included in the original 1992 budget transmitted to the Congress in February 1991.

**Major causes of the change.**—The following table distributes the \$66.4 billion decrease in outlays among discretionary and mandatory programs and net interest, and also according to four reasons for the changes:

### COMPARISON OF ACTUAL 1992 RECEIPTS WITH THE FEBRUARY 1991 BASELINE ESTIMATES

(In billions of dollars)

|  | February<br>1991<br>estimate | Legislative,<br>administrative,<br>and regulatory<br>changes | Different<br>economic<br>conditions | Technical<br>factors | Net change | Actual  |
|--|------------------------------|--|-------------------------------------|----------------------|------------|---------|
| Individual income taxes .....                  | 527.2                        | -13.2  | -18.0                               | -20.1                | -51.3      | 476.0   |
| Corporation income taxes .....                 | 102.8                        | 0.7  | 0.9                                 | -4.1                 | -2.5       | 100.3   |
| Social insurance taxes and contributions ..... | 428.1                        | 1.6  | -12.2                               | -3.8                 | -14.4      | 413.7   |
| Excise taxes .....                             | 47.7                         | -*   | -0.3                                | -1.8                 | -2.1       | 45.6    |
| Estate and gift taxes .....                    | 13.3                         | —  | -0.4                                | -1.8                 | -2.1       | 11.1    |
| Customs duties .....                           | 19.3                         | -*   | -1.7                                | -0.2                 | -1.9       | 17.4    |
| Miscellaneous receipts .....                   | 23.9                         | -0.2   | -3.0                                | 5.7                  | 2.6        | 26.5    |
| Total .....                                    | 1,162.3                      | -11.2  | -34.6                               | -26.1                | -71.9      | 1,090.5 |

\* \$50 million or less.

## COMPARISON OF ACTUAL 1992 OUTLAYS WITH THE FEBRUARY 1991 BASELINE ESTIMATES

(Outlays in billions)

|                               | February 1991 estimate | Policy | Cap adjustments and Desert Shield/Desert Storm | Economic conditions | Technical reestimates | Total changes | Actual  |
|-------------------------------|------------------------|--------|--|---------------------|-----------------------|---------------|---------|
| <b>Discretionary:</b>         |                        |        |  |                     |                       |               |         |
| Defense .....                 | 295.8                  | -2.6   | 17.3   | —                   | -8.0                  | 6.8           | 302.6   |
| Nondefense .....              | 231.7                  | -0.3   | 3.7  | *                   | -1.7                  | 1.7           | 233.4   |
| Subtotal, discretionary ..... | 527.5                  | -2.9   | 21.0   | *                   | -9.6                  | 8.5           | 536.0   |
| <b>Mandatory:</b>             |                        |        |  |                     |                       |               |         |
| Deposit insurance .....       | 88.1                   | -0.4   | —  | —                   | -85.1                 | -85.5         | 2.6     |
| Other .....                   | 626.4                  | 5.7    | -4.9   | -3.0                | 18.6                  | 16.5          | 642.8   |
| Subtotal, mandatory .....     | 714.4                  | 5.4    | -4.9   | -3.0                | -66.5                 | -69.0         | 645.4   |
| Net interest .....            | 205.3                  | 2.2    | —  | -11.3               | 3.3                   | -5.9          | 199.4   |
| Total 1992 outlays .....      | 1,447.2                | 4.7    | 16.1   | -14.3               | -72.8                 | -66.4         | 1,380.9 |

\* \$50 million or less.

(1) policy changes; (2) cap adjustments and Desert Shield/Desert Storm; (3) economic conditions; and (4) technical estimating differences, a residual.

*Policy changes* are the result of actions by the Congress or the Administration that change spending levels, primarily through higher or lower appropriations or changes in authorizing legislation. For 1992, policy changes increased outlays \$4.7 billion relative to the initial baseline. Outlays for discretionary programs were \$2.9 billion less than estimated in the initial baseline, largely due to lower defense appropriations. (Discretionary programs are those generally subject to control by annual appropriations.)

Outlays for mandatory programs were \$5.4 billion higher than estimated initially due to changes in policy, largely as a result of increases of \$8.2 billion for unemployment compensation, partially offset by decreases in other programs. (Mandatory programs are mostly formula benefit or entitlement programs not normally controlled by annual appropriations.) Policy changes for net interest reflect primarily debt service on policy outlay and receipt changes.

*Cap adjustments and Desert Shield/Desert Storm* increased outlays \$16.1 billion above the initial baseline estimate. The Department of Defense had gross outlays of \$17.5 billion for Desert Shield/Desert Storm, \$17.3 billion more than initially estimated, including other cap adjustments. Desert Storm/Desert Shield outlays were partially offset by \$4.9 billion in contributions from other countries. Other cap adjustments resulting from legislation and other adjustments increased outlays \$3.7 billion. (Discretionary caps were enacted in the Omnibus Budget Reconciliation Act of 1990 and are discussed in the chapter entitled "Budget Enforcement Act Preview Report.")

*Economic conditions* that differed from those forecast in February 1991 resulted in an estimated net outlay decrease of \$14.3 billion. Higher than forecast unemployment rates increased outlays for unemployment compensation \$1.3 billion above the initial estimate. This was more than offset by lower inflation than ini-

tially forecast, which decreased outlays for programs with automatic cost-of-living adjustments, such as social security and Federal retirement benefits, and by lower interest rates than initially forecast, which decreased net interest outlays.

*Technical estimating differences* and other changes account for a net decrease of \$72.8 billion. The major decreases were for deposit insurance (\$85.1 billion), because some outlays expected to occur in 1992 will occur in later years; and national defense (\$9.6 billion), because of slower than expected disbursements. These and other decreases were partially offset by increases primarily in mandatory programs, including medicare and medicaid, which were \$10.2 billion higher than initially estimated due to technical reestimates.

### Deficit

The preceding two parts discussed the differences between the baseline estimates in the February 1991 budget for 1992 and the actual amounts of Federal Government receipts and outlays. This part combines these effects in order to show the net impact of these differences on the deficit.

As shown in the following table, the baseline deficit for 1992 was initially estimated to be \$284.9 billion. The actual deficit was \$290.4 billion, \$5.5 billion more than the initial baseline estimate. Receipts were \$71.9 billion less than the initial estimate, and outlays were \$66.4 billion less than the initial estimate. The table shows the distribution of the changes according to the categories in the preceding two sections.

Policy changes, largely decreases in receipts, increased the deficit \$15.8 billion, and changes for Desert Shield/Desert Storm and other cap adjustments increased the deficit by \$16.1 billion.

Economic conditions that differed from what was initially assumed in February 1991 accounted for an estimated \$20.3 billion increase in the deficit. The loss of \$34.6 billion in receipts was partially offset by a decrease of \$14.3 billion in outlays. Technical estimating and other differences decreased the deficit by an

**COMPARISON OF ACTUAL 1992 DEFICIT WITH THE FEBRUARY 1991 BASELINE ESTIMATE**

(In billions of dollars)

|                | February 1991 estimate | Changes |  |                     |                       |               | Actual  |
|----------------|------------------------|---------|--|---------------------|-----------------------|---------------|---------|
|                |                        | Policy  | Cap adjustments and Desert Shield/Desert Storm | Economic conditions | Technical reestimates | Total changes |         |
| Receipts ..... | 1,162.3                | -11.2   | —  | -34.6               | -26.1                 | -71.9         | 1,090.5 |
| Outlays .....  | 1,447.2                | 4.7     | 16.1   | -14.3               | -72.8                 | -66.4         | 1,380.9 |
| Deficit .....  | -284.9                 | -15.8   | -16.1  | -20.3               | 46.8                  | -5.5          | -290.4  |

estimated \$46.8 billion. A decrease of \$26.1 billion in receipts, which increased the deficit, was more than offset by a decrease of \$72.8 billion in outlays, which decreased the deficit.

### Comparison of the Actual and Estimated Outlays for Mandatory and Related Programs for 1992

This part compares the original 1992 outlay estimates for mandatory and related programs under current law in the 1992 Budget (February 1991) with the actual outlays. Mandatory and related programs are programs with spending generally controlled by authorizing legislation rather than by annual appropriations. Outlays for these programs depend on eligibility criteria established in law, such as social security and medicare benefits for the elderly, agricultural price support payments to farmers, or deposit insurance for banks and thrift institutions. This category also includes net interest outlays and undistributed offsetting receipts.

A number of factors may cause differences between the amounts estimated in the budget and the actual outlays. For example, legislation may change benefit rates or coverage; the actual number of beneficiaries may differ from the number estimated; or economic conditions (such as inflation or interest rates) may differ from what was assumed in making the original estimates.

The following table shows the differences between actual outlays for these programs in 1992 and the amounts originally estimated in the 1992 Budget, based on laws in effect at that time. (The list of programs is similar to the list in the chapter entitled, "Current Services Estimates," which provides the estimates through 1998.)

Actual outlays for mandatory and related programs in 1992 were \$844.9 billion, which is \$74.9 billion less than the initial estimate of \$919.8 billion, based on existing law in February 1991.

Outlays for mandatory programs were \$684.7 billion in 1992, \$69.0 billion less than estimated in February 1991.

Mandatory human resources programs, which are almost entirely income transfers, accounted for 98 percent

of all mandatory program outlays in 1992. Actual outlays for these programs were \$20.2 billion higher than originally estimated. This increase was the net effect of legislative action, differences between actual and assumed economic conditions, differences between the anticipated and actual number of beneficiaries, and other technical differences. The largest increases were for unemployment compensation (\$12.0 billion) and medicaid (\$7.9 billion). The increase for unemployment compensation was largely due to higher than originally assumed unemployment rates as well as legislation that extended unemployment benefits; the increase for medicaid was largely due technical reestimates.

Outlays for other mandatory programs were \$13.1 billion, \$89.2 billion less than originally estimated. The largest decrease was for deposit insurance, which decreased \$85.5 billion, because some outlays expected to occur in 1992 are now expected to occur in later years.

Outlays for net interest were \$199.4 billion or \$5.9 billion lower than the original estimate. This decrease was largely the effect of lower than expected interest rates.

### Reconciliation of Differences with Final Amounts Published by Treasury for 1992

The last table in this section provides a reconciliation of the actual receipts, outlays, and deficit totals published by the Department of the Treasury in the "Final Monthly Treasury Statement" (October 28, 1992) and those published in this budget. The deficit total for 1992 in this budget is higher than previously reported by the Department of the Treasury by \$195 million. The differences are due to misclassifications and reporting errors by the agencies that were not found in time to be included in the report issued previously by the Department of the Treasury.

# **COMPARISON OF ACTUAL AND ESTIMATED OUTLAYS FOR MANDATORY AND RELATED PROGRAMS**

(In billions of dollars)

|   | February 1991<br>estimate | Actual       | Change       |
|---|---------------------------|--------------|--------------|
| <b>Mandatory programs:</b>  |                           |              |              |
| <b>Human resources programs:</b>  |                           |              |              |
| Education, training, employment, and social services .....                      | 13.3                      | 11.5         | -1.8         |
| <b>Health:</b>  |                           |              |              |
| Medicaid .....  | 59.9                      | 67.8         | 7.9          |
| Other .....   | 3.9                       | 3.7          | -0.2         |
| <b>Total health .....</b>   | <b>63.8</b>               | <b>71.5</b>  | <b>7.7</b>   |
| Medicare .....  | 114.2                     | 116.2        | 1.9          |
| <b>Income security:</b>   |                           |              |              |
| Retirement and disability .....   | 64.3                      | 62.5         | -1.8         |
| Unemployment compensation .....   | 25.0                      | 37.0         | 12.0         |
| Food and nutrition assistance .....   | 27.1                      | 29.5         | 2.4          |
| Other .....   | 39.2                      | 39.8         | 0.6          |
| <b>Total, income security .....</b>   | <b>155.7</b>              | <b>168.8</b> | <b>13.1</b>  |
| Social security .....   | 286.0                     | 285.1        | -0.9         |
| <b>Veterans benefits and services:</b>  |                           |              |              |
| Income security for veterans .....  | 17.3                      | 17.3         | *            |
| Other .....   | 1.2                       | 1.2          | *            |
| <b>Total veterans benefits and services .....</b>                               | <b>18.5</b>               | <b>18.5</b>  | <b>*</b>     |
| <b>Total mandatory human resources programs .....</b>                           | <b>651.5</b>              | <b>671.7</b> | <b>20.2</b>  |
| <b>Other mandatory programs:</b>  |                           |              |              |
| Agriculture .....   | 12.0                      | 11.0         | -1.0         |
| Deposit insurance .....   | 88.1                      | 2.6          | -85.5        |
| Other functions .....   | 2.1                       | -0.6         | -2.7         |
| <b>Total other mandatory programs .....</b>                                     | <b>102.2</b>              | <b>13.1</b>  | <b>-89.2</b> |
| <b>Total mandatory programs .....</b>   | <b>753.7</b>              | <b>684.7</b> | <b>-69.0</b> |
| <b>Net interest:</b>  |                           |              |              |
| Interest on the public debt .....   | 303.5                     | 292.3        | -11.2        |
| Interest received by trust funds .....  | -77.2                     | -77.8        | -0.6         |
| Other interest .....  | -21.0                     | -15.1        | 5.9          |
| <b>Total net interest .....</b>   | <b>205.3</b>              | <b>199.4</b> | <b>-5.9</b>  |
| <b>Undistributed offsetting receipts:</b>                                       |                           |              |              |
| Employer share, employee retirement .....                                       | -36.6                     | -36.8        | -0.2         |
| Rents and royalties on the outer continental shelf .....                        | -2.7                      | -2.5         | 0.2          |
| <b>Total undistributed offsetting receipts .....</b>                            | <b>-39.3</b>              | <b>-39.3</b> | <b>-*</b>    |
| <b>Total outlays for mandatory and related programs under current law .....</b> | <b>919.8</b>              | <b>844.9</b> | <b>-74.9</b> |

\* \$50 million or less.

## RECONCILIATION OF FINAL AMOUNTS FOR 1992

(In millions of dollars)

|   | Receipts  | Outlays   | Deficit (-) |
|---|-----------|-----------|-------------|
| Totals published by Treasury in Final Monthly Treasury Statement <sup>1</sup> ..... | 1,091,692 | 1,381,895 | -290,204    |
| Adjustments, net:   |           |           |             |
| Department of Defense—Civil .....   | 3         | 10        | -7          |
| Department of Energy .....  |           | 93        | -93         |
| Department of Health and Human Services .....                                       | -668      | -629      | -40         |
| Department of Justice .....   | -24       | -24       |             |
| Department of Transportation .....  | 14        | -51       | 64          |
| Department of the Treasury .....  | -556      | -485      | -71         |
| Department of Veterans Affairs .....  |           | 157       | -157        |
| Small Business Administration .....   |           | 187       | -187        |
| Federal Retirement Thrift Investment Board:   |           |           |             |
| Outlays .....   |           | 24        | -24         |
| Offsetting receipts .....   |           | -24       | 24          |
| National Endowment for the Humanities .....   | 1         | 1         |             |
| Postal Service .....  |           | -220      | 220         |
| Railroad Retirement Board .....   |           | -76       | 76          |
| Miscellaneous reporting differences .....   |           | 1         | -1          |
| Total, adjustments, net .....   | -1,230    | -1,035    | -195        |
| Totals in the budget .....  | 1,090,462 | 1,380,860 | -290,398    |

<sup>1</sup> Published October 28, 1992.





## RELATIONSHIP OF BUDGET AUTHORITY TO OUTLAYS

The Congress usually provides budget authority, which is generally in the form of appropriations, before Federal agencies can obligate the Government to make outlays.

Some new budget authority is 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; interest on the public debt, for which budget authority is automatically provided under a permanent appropriation enacted in 1847; and the authority to spend offsetting collections credited to appropriation or fund accounts. Budget authority for the medicare, railroad retirement, and unemployment insurance trust funds was changed by statute in 1990, so that it equals estimated obligations of the funds rather than the funds' receipts. Conforming changes were made administratively in 1991 for many other trust fund accounts subject to obligation limits or benefit formulas, including the military and civil service retirement trust funds.

The remaining new budget authority is made available annually through the appropriations process.

Not all of the new budget authority for 1994 will be obligated or spent in that year:<sup>1</sup>

- Budget authority for most trust funds comes from the authority of these funds to spend their receipts. Any balances remain available to these trust funds indefinitely in order to finance benefits and other purposes specified by law.
- Budget authority for most major construction and procurement projects covers the entire cost estimated when the projects are initiated, even though work will take place and outlays will be made over a period extending beyond the year for which the budget authority is enacted. There are some exceptions to this legal requirement, notably for water resource programs.
- Budget authority for large portions of the subsidized housing programs is equal to the Government's estimated obligation to pay subsidies under contracts, which may extend for periods of up to 20 years.

- Budget authority for most other long-term contracts also covers the estimated maximum obligation of the Government.
- Budget authority for most education and job training activity is appropriated for school or program years that begin with the fourth quarter of the fiscal year. Most of these funds result in outlays in the year after the year of appropriation.
- Government enterprises are occasionally given budget authority for standby reserves that will be used only in the event of special circumstances.

As a result of these factors, a substantial amount of budget authority carries over from one year to the next. Most of this is earmarked for specific uses and is not available for new programs. A small part may never be obligated or spent, primarily the amount for contingencies that do not occur or reserves that never have to be used.

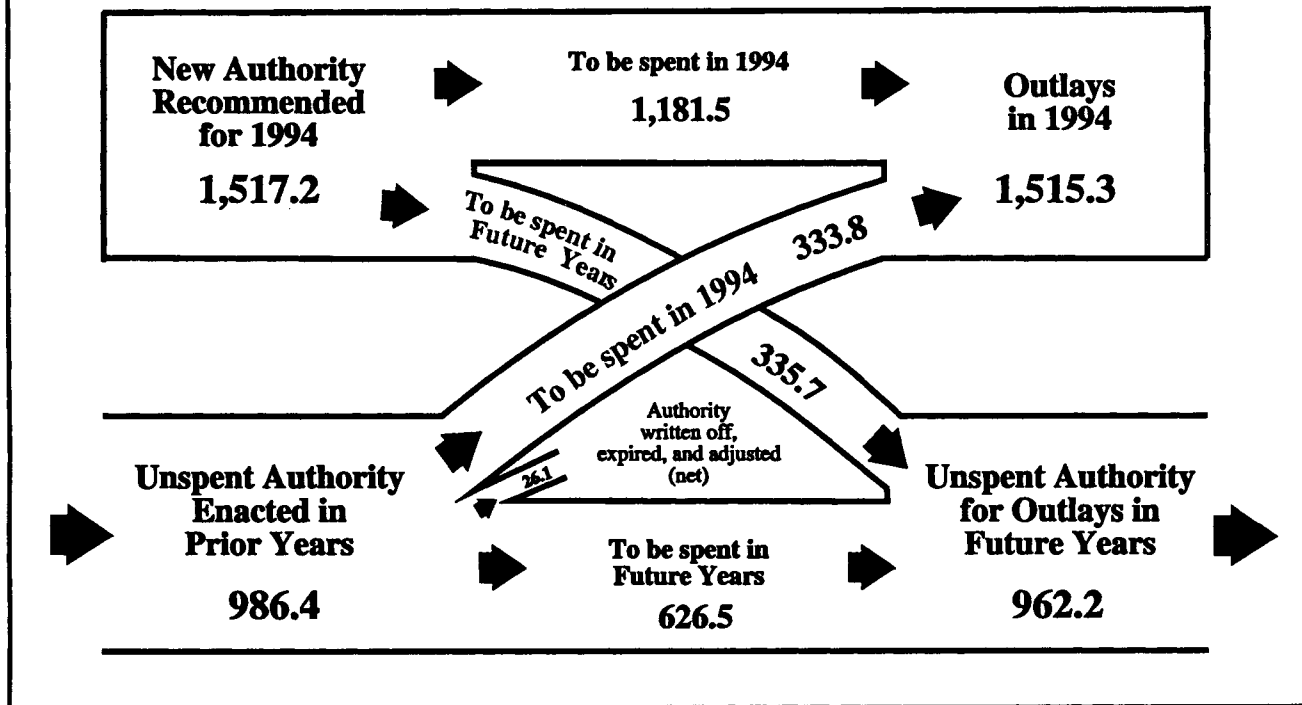
To be consistent with the redefinition of budget authority by the Budget Enforcement Act of 1990, the unobligated balances of special trust funds were reduced as of the end of 1992 to the extent that they are precluded from obligation by a provision of law (such as a benefit formula or limitation on obligations). The amounts precluded from obligation remain earmarked for the purposes of the funds. This change in budget treatment resulted in a \$402 billion reduction in unspent authority as of the end of 1992.

As shown in the following chart, \$333.8 billion of the outlays in 1994 (22 percent of the total) will be made from budget authority enacted in previous years. At the same time, \$335.8 billion of the new budget authority proposed for 1994 (22 percent of the total amount proposed) will not lead to outlays until future years. Thus, although outlays in 1994 are, coincidentally, very nearly equal to budget authority for that year (99.9 percent), the total budget authority for a particular year is not useful for the analysis of that year's outlays, since it combines various types of budget authority that have different short-term and long-term implications for budget obligations and outlays.

<sup>1</sup>This subject is also discussed in a separate OMB report, "Balances of Budget Authority," which can be purchased from the National Technical Information Service shortly after the budget is transmitted.

# RELATIONSHIP OF BUDGET AUTHORITY TO OUTLAYS - 1994

( in billions of dollars )



# DISCRETIONARY PROPOSALS BY APPROPRIATIONS SUBCOMMITTEE

(In millions of dollars)

| Appropriations Subcommittee                           | 1993<br>Enacted |                | 1993<br>Proposed <sup>1</sup> |                | 1994<br>Proposed |                | Change: 1993 Enacted to<br>1994 Proposed |                |
|---|-----------------|----------------|-------------------------------|----------------|------------------|----------------|--|----------------|
|   | BA              | Outlays        | BA                            | Outlays        | BA               | Outlays        | BA                                       | Outlays        |
| <b>Domestic Discretionary</b>                         |                 |                |                               |                |                  |                |  |                |
| Agriculture and Rural Development .....               | 12,505          | 12,186         | 13,054                        | 12,355         | 11,872           | 12,206         | -632                                     | 19             |
| Commerce, Justice, State and the Judiciary .....      | 16,168          | 17,077         | 16,804                        | 17,385         | 16,759           | 17,496         | 590                                      | 419            |
| Defense .....   | 221             | 137            | 221                           | 137            | .....            | 75             | -221                                     | -62            |
| District of Columbia .....                            | 688             | 698            | 716                           | 726            | 705              | 705            | 17                                       | 7              |
| Energy and Water Development .....                    | 9,968           | 10,026         | 10,110                        | 10,059         | 10,385           | 9,748          | 416                                      | -278           |
| Interior and Related Agencies .....                   | 12,793          | 13,247         | 13,538                        | 13,863         | 13,385           | 13,837         | 592                                      | 590            |
| Labor, HHS, and Education .....                       | 63,436          | 64,529         | 68,424                        | 66,759         | 64,420           | 67,822         | 984                                      | 3,293          |
| Legislative .....                                     | 2,275           | 2,387          | 2,275                         | 2,387          | 2,642            | 2,635          | 367                                      | 248            |
| Transportation and Related Agencies .....             | 12,621          | 34,432         | 13,545                        | 34,957         | 12,766           | 37,368         | 145                                      | 2,937          |
| Treasury-Postal Service, and General Government ..... | 11,387          | 12,232         | 11,544                        | 12,340         | 11,336           | 11,991         | -51                                      | -241           |
| Veterans Affairs, HUD, Independent Agencies .....     | 66,627          | 67,671         | 70,963                        | 68,768         | 63,631           | 72,231         | -2,996                                   | 4,560          |
| Allowances .....                                      | .....           | .....          | .....                         | .....          | -838             | -747           | -838                                     | -747           |
| Investment programs .....                             | .....           | .....          | .....                         | .....          | 16,417           | 5,773          | 16,417                                   | 5,773          |
| <b>Total, Domestic Discretionary .....</b>            | <b>208,689</b>  | <b>234,622</b> | <b>221,195</b>                | <b>239,737</b> | <b>223,480</b>   | <b>251,140</b> | <b>14,791</b>                            | <b>16,518</b>  |
| <b>International Discretionary</b>                    |                 |                |                               |                |                  |                |  |                |
| Agriculture and Rural Development .....               | 1,573           | 1,777          | 1,573                         | 1,777          | 1,548            | 1,566          | -25                                      | -212           |
| Commerce, Justice, State and the Judiciary .....      | 5,712           | 5,593          | 5,956                         | 5,870          | 5,830            | 5,793          | 119                                      | 201            |
| Foreign Operations <sup>2</sup> .....                 | 13,819          | 14,207         | 13,833                        | 14,217         | 14,178           | 13,928         | 359                                      | -279           |
| Labor, HHS, and Education .....                       | 11              | 11             | 11                            | 11             | 11               | 11             | .....                                    | .....          |
| <b>Total, International Discretionary .....</b>       | <b>21,115</b>   | <b>21,588</b>  | <b>21,373</b>                 | <b>21,875</b>  | <b>21,567</b>    | <b>21,298</b>  | <b>452</b>                               | <b>-290</b>    |
| <b>Defense Discretionary</b>                          |                 |                |                               |                |                  |                |  |                |
| Defense .....   | 252,586         | 270,459        | 252,597                       | 270,466        | 241,911          | 256,162        | -10,674                                  | -14,297        |
| Energy and Water Development .....                    | 12,067          | 11,664         | 12,067                        | 11,664         | 11,536           | 11,505         | -531                                     | -159           |
| Commerce, Justice, State and the Judiciary .....      | 796             | 753            | 796                           | 753            | 458              | 514            | -338                                     | -239           |
| Military Construction .....                           | 8,484           | 8,785          | 8,484                         | 8,785          | 9,594            | 8,985          | 1,111                                    | 200            |
| Veterans Affairs, HUD, Independent Agencies .....     | 361             | 382            | 361                           | 382            | 336              | 367            | -25                                      | -15            |
| Investment Programs .....                             | .....           | .....          | .....                         | .....          | 331              | 170            | 331                                      | 170            |
| <b>Total, Defense Discretionary .....</b>             | <b>274,293</b>  | <b>292,043</b> | <b>274,304</b>                | <b>292,050</b> | <b>264,166</b>   | <b>277,704</b> | <b>-10,127</b>                           | <b>-14,340</b> |
| <b>Total Discretionary, non-Investment .....</b>      | <b>504,098</b>  | <b>548,253</b> | <b>516,873</b>                | <b>553,662</b> | <b>492,466</b>   | <b>544,199</b> | <b>-11,632</b>                           | <b>-4,055</b>  |
| <b>Total Discretionary, investment programs .....</b> | <b>.....</b>    | <b>.....</b>   | <b>.....</b>                  | <b>.....</b>   | <b>16,748</b>    | <b>5,943</b>   | <b>16,748</b>                            | <b>5,943</b>   |
| <b>Total Discretionary .....</b>                      | <b>504,098</b>  | <b>548,253</b> | <b>516,873</b>                | <b>553,662</b> | <b>509,214</b>   | <b>550,142</b> | <b>5,116</b>                             | <b>1,888</b>   |

<sup>1</sup> 1993 proposed includes enacted appropriations plus supplementals proposed in the 1994 budget.

<sup>2</sup> Amounts for Foreign Operations exclude \$12,063 million in 1993 budget authority for the increase in the U.S. quota for the International Monetary Fund.



## OFF-BUDGET FEDERAL ENTITIES

The Federal Government has used the unified budget concept as the foundation for its budgetary analysis and presentation since the 1969 budget. This concept was developed by the President's Commission on Budget Concepts in 1967. It calls for the budget to include all the Federal Government's programs and all the fiscal transactions of these programs with the public.

Since 1971, however, a number of off-budget Federal entities have been created. Off-budget Federal entities are federally owned and controlled, but their transactions are excluded from the budget totals by law. When a Federal entity is off-budget, its receipts, outlays, and deficit or surplus are not included in budget receipts, budget outlays, or the budget deficit; and its budget authority is not included in the totals of budget authority for the budget. The off-budget entities conduct the same types of programs as those entities included in the budget.

The two social security trust funds, old-age and survivors insurance and disability insurance, were moved

off-budget in 1985, and the Postal Service fund was removed from the budget in 1989. The Budget Enforcement Act of 1990 excludes these entities from the deficit targets and other sequester calculations except for the administrative expenses of social security. Other entities were off-budget in earlier years but were moved onto the budget under subsequent law.

The following table compares the total Federal Government receipts, outlays, and deficit with the amounts that are on-budget and off-budget. Social security is classified as off-budget for all years, in order to provide consistent comparisons over time. The much smaller Postal Service transactions are classified as off-budget starting in 1989. Entities that are now on-budget are classified as on-budget for all years. In 1994 the off-budget receipts are an estimated 27 percent of total receipts, and the off-budget outlays are an estimated 18 percent of total outlays.

**COMPARISON OF TOTAL, ON-BUDGET, AND OFF-BUDGET TRANSACTIONS <sup>1</sup>**

| Fiscal Year         | Receipts |           |            | Outlays |           |            | Surplus or deficit (-) |           |            |
|---------------------|----------|-----------|------------|---------|-----------|------------|------------------------|-----------|------------|
|                     | Total    | On-budget | Off-budget | Total   | On-budget | Off-budget | Total                  | On-budget | Off-budget |
| 1970 .....          | 192.8    | 159.3     | 33.5       | 195.6   | 168.0     | 27.6       | -2.8                   | -8.7      | 5.9        |
| 1971 .....          | 187.1    | 151.3     | 35.8       | 210.2   | 177.3     | 32.8       | -23.0                  | -26.1     | 3.0        |
| 1972 .....          | 207.3    | 167.4     | 39.9       | 230.7   | 193.8     | 36.9       | -23.4                  | -26.4     | 3.1        |
| 1973 .....          | 230.8    | 184.7     | 46.1       | 245.7   | 200.1     | 45.6       | -14.9                  | -15.4     | 0.5        |
| 1974 .....          | 263.2    | 209.3     | 53.9       | 269.4   | 217.3     | 52.1       | -6.1                   | -8.0      | 1.8        |
| 1975 .....          | 279.1    | 216.6     | 62.5       | 332.3   | 271.9     | 60.4       | -53.2                  | -55.3     | 2.0        |
| 1976 .....          | 298.1    | 231.7     | 66.4       | 371.8   | 302.2     | 69.6       | -73.7                  | -70.5     | -3.2       |
| TQ .....            | 81.2     | 63.2      | 18.0       | 96.0    | 76.6      | 19.4       | -14.7                  | -13.3     | -1.4       |
| 1977 .....          | 355.6    | 278.7     | 76.8       | 409.2   | 328.5     | 80.7       | -53.7                  | -49.8     | -3.9       |
| 1978 .....          | 399.6    | 314.2     | 85.4       | 458.7   | 369.1     | 89.7       | -59.2                  | -54.9     | -4.3       |
| 1979 .....          | 463.3    | 365.3     | 98.0       | 503.5   | 403.5     | 100.0      | -40.2                  | -38.2     | -2.0       |
| 1980 .....          | 517.1    | 403.9     | 113.2      | 590.9   | 476.6     | 114.3      | -73.8                  | -72.7     | -1.1       |
| 1981 .....          | 599.3    | 469.1     | 130.2      | 678.2   | 543.1     | 135.2      | -79.0                  | -74.0     | -5.0       |
| 1982 .....          | 617.8    | 474.3     | 143.5      | 745.8   | 594.4     | 151.4      | -128.0                 | -120.1    | -7.9       |
| 1983 .....          | 600.6    | 453.2     | 147.3      | 808.4   | 661.3     | 147.1      | -207.8                 | -208.0    | 0.2        |
| 1984 .....          | 666.5    | 500.4     | 166.1      | 851.8   | 686.0     | 165.8      | -185.4                 | -185.7    | 0.3        |
| 1985 .....          | 734.1    | 547.9     | 186.2      | 946.4   | 769.6     | 176.8      | -212.3                 | -221.7    | 9.4        |
| 1986 .....          | 769.1    | 568.9     | 200.2      | 990.3   | 806.8     | 183.5      | -221.2                 | -238.0    | 16.7       |
| 1987 .....          | 854.1    | 640.7     | 213.4      | 1,003.9 | 810.1     | 193.8      | -149.8                 | -169.3    | 19.6       |
| 1988 .....          | 909.0    | 667.5     | 241.5      | 1,064.1 | 861.4     | 202.7      | -155.2                 | -194.0    | 38.8       |
| 1989 .....          | 990.7    | 727.0     | 263.7      | 1,143.2 | 932.3     | 210.9      | -152.5                 | -205.2    | 52.8       |
| 1990 .....          | 1,031.3  | 749.7     | 281.7      | 1,252.7 | 1,027.6   | 225.1      | -221.4                 | -278.0    | 56.6       |
| 1991 .....          | 1,054.3  | 760.4     | 293.9      | 1,323.8 | 1,082.1   | 241.7      | -269.5                 | -321.8    | 52.2       |
| 1992 .....          | 1,090.5  | 788.0     | 302.4      | 1,380.9 | 1,128.5   | 252.3      | -290.4                 | -340.5    | 50.1       |
| 1993 estimate ..... | 1,145.7  | 833.9     | 311.8      | 1,467.6 | 1,200.4   | 267.2      | -322.0                 | -366.5    | 44.5       |
| 1994 estimate ..... | 1,251.3  | 913.1     | 338.1      | 1,515.3 | 1,235.9   | 279.4      | -264.1                 | -322.8    | 58.7       |
| 1995 estimate ..... | 1,327.7  | 972.3     | 355.3      | 1,574.4 | 1,283.9   | 290.5      | -246.7                 | -311.5    | 64.8       |
| 1996 estimate ..... | 1,412.9  | 1,037.5   | 375.3      | 1,624.6 | 1,325.3   | 299.3      | -211.7                 | -287.8    | 76.1       |
| 1997 estimate ..... | 1,476.1  | 1,084.3   | 391.9      | 1,690.1 | 1,380.8   | 309.3      | -214.0                 | -296.6    | 82.6       |
| 1998 estimate ..... | 1,530.5  | 1,121.0   | 409.5      | 1,781.0 | 1,461.6   | 319.4      | -250.4                 | -340.6    | 90.1       |

<sup>1</sup> Off-budget transactions consist of the social security trust funds for all years and the Postal Service fund as of 1989.



## REDUCTIONS IN ADMINISTRATIVE COSTS

On February 10, 1993, the President issued Executive Order 12837, which requires Executive Branch departments and agencies to reduce administrative expenses. The Executive Order instructs agencies to achieve savings that are calculated as fixed percentage reductions from the amounts of administrative expenses made available for 1993 adjusted for inflation: three percent in 1994, six percent in 1995, nine percent in 1996, and fourteen percent in 1997-1998.

Estimates of the amounts of administrative expenses made available for 1993 were taken from object classification data for contractual services and supplies provided in support of the January 1993 budgetary statement. Expenses for which agencies receive reimbursement from the public or other government agencies were excluded from the baseline, as were expenditures that are programmatic in nature. The reduction percentages were applied against this baseline, and the

savings included in each agency's approved budget totals.

The table below, "Administrative Expense Savings", shows the 1993 base and 1994-1998 savings for non-defense, Executive Branch agencies. Defense agencies (e.g., Department of Defense, portions of Department of Energy and Federal Emergency Management Agency) are subject to the administrative expense reduction, but the savings were included in the calculation of their agency totals rather than being separately calculated.

During the coming year, both the administrative expense base and the reductions will be reviewed to ensure that consistent definitions and methodologies have been applied across the government. Agencies have been asked to ensure that administrative expenses are tracked so that more detailed information can be presented in the 1995 Budget.

### ADMINISTRATIVE EXPENSE SAVINGS<sup>1</sup>

(In millions of dollars)

| Agency  | 1993 base | Savings |       |      |      |      |                 |
|---|-----------|---------|-------|------|------|------|-----------------|
|   |           | 1994    | 1995  | 1996 | 1997 | 1998 | 1994-1998 total |
| <b>Cabinet Agencies:</b>                            |           |         |       |      |      |      |                 |
| Agriculture .....                                   | 2,161     | -67     | -137  | -210 | -335 | -343 | -1,092          |
| Commerce .....                                      | 610       | -19     | -39   | -59  | -95  | -97  | -308            |
| Education .....                                     | 62        | -2      | -4    | -6   | -10  | -10  | -31             |
| Energy .....  | 4,477     | -138    | -283  | -435 | -694 | -711 | -2,262          |
| Health and Human Services .....                     | 4,569     | -142    | -293  | -453 | -726 | -747 | -2,360          |
| Housing and Urban Development .....                 | 203       | -6      | -13   | -20  | -31  | -32  | -102            |
| Interior .....                                      | 1,304     | -40     | -82   | -127 | -202 | -207 | -659            |
| Justice .....                                       | 1,112     | -34     | -70   | -108 | -172 | -177 | -562            |
| Labor .....   | 338       | -10     | -21   | -33  | -52  | -54  | -171            |
| State .....   | 926       | -29     | -59   | -90  | -143 | -147 | -468            |
| Transportation .....                                | 953       | -29     | -60   | -93  | -148 | -151 | -482            |
| Treasury .....                                      | 1,851     | -57     | -117  | -180 | -287 | -294 | -935            |
| Veterans Affairs .....                              | 454       | -14     | -29   | -44  | -70  | -72  | -229            |
| <b>Other Agencies:</b>                              |           |         |       |      |      |      |                 |
| ACTION .....  | 13        | -*      | -1    | -1   | -2   | -2   | -7              |
| Agency for International Development .....          | 198       | -6      | -13   | -19  | -31  | -32  | -100            |
| Arms Control and Disarmament Agency .....           | 18        | -1      | -1    | -2   | -3   | -3   | -9              |
| Commodity Futures Trading Commission .....          | 12        | -*      | -1    | -1   | -2   | -2   | -6              |
| Corps of Engineers .....                            | 173       | -5      | -11   | -17  | -27  | -28  | -88             |
| Environmental Protection Agency .....               | 261       | -8      | -16   | -25  | -40  | -41  | -132            |
| Equal Employment Opportunity Commission .....       | 22        | -1      | -1    | -2   | -3   | -3   | -11             |
| Executive Office of the President .....             | 36        | -1      | -2    | -4   | -6   | -6   | -18             |
| Federal Communications Commission .....             | 14        | -*      | -1    | -1   | -2   | -2   | -7              |
| Federal Emergency Management Agency .....           | 16        | -1      | -1    | -2   | -3   | -3   | -8              |
| General Services Administration .....               | 83        | -3      | -5    | -8   | -13  | -13  | -42             |
| National Aeronautics and Space Administration ..... | 1,288     | -40     | -81   | -125 | -200 | -205 | -651            |
| National Archives and Records Administration .....  | 36        | -1      | -2    | -4   | -6   | -6   | -18             |
| National Gallery of Art .....                       | 16        | -*      | -1    | -2   | -2   | -3   | -8              |
| National Labor Relations Board .....                | 12        | -*      | -1    | -1   | -2   | -2   | -6              |
| National Science Foundation .....                   | 27        | -1      | -2    | -3   | -4   | -4   | -14             |
| Nuclear Regulatory Commission .....                 | 258       | .....   | ..... | -17  | -27  | -27  | -71             |
| Office of Personnel Management .....                | 34        | -1      | -2    | -3   | -5   | -5   | -17             |
| Peace Corps .....                                   | 102       | -3      | -6    | -10  | -16  | -16  | -51             |
| Railroad Retirement Board .....                     | 18        | -1      | -1    | -2   | -3   | -3   | -9              |

**ADMINISTRATIVE EXPENSE SAVINGS <sup>1</sup>—Continued**

(In millions of dollars)

| Agency                                   | 1993 base     | Savings     |               |               |               |               |                 |
|--|---------------|-------------|---------------|---------------|---------------|---------------|-----------------|
|  |               | 1994        | 1995          | 1996          | 1997          | 1998          | 1994-1998 total |
| Securities and Exchange Commission ..... | 72            | -2          | -5            | -7            | -11           | -12           | -37             |
| Small Business Administration .....      | 62            | -2          | -4            | -6            | -10           | -10           | -31             |
| Smithsonian Institution .....            | 141           | -4          | -9            | -14           | -22           | -22           | -71             |
| United States Information Agency .....   | 272           | -8          | -17           | -26           | -42           | -43           | -138            |
| All other agencies .....                 | 128           | -4          | -8            | -12           | -20           | -20           | -65             |
| <b>Total, Executive Branch .....</b>     | <b>22,334</b> | <b>-681</b> | <b>-1,400</b> | <b>-2,171</b> | <b>-3,466</b> | <b>-3,556</b> | <b>-11,275</b>  |

<sup>1</sup> Non-defense, Executive Branch agencies only.



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## Progress Report: High Risk Areas for Management Improvement

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## PROGRESS REPORT: HIGH RISK AREAS FOR MANAGEMENT IMPROVEMENT

The High Risk Program focuses attention and resources on eliminating major risks confronting Federal agencies and programs. High risk areas are those weaknesses that warrant the personal attention of the agency head and the Congress to ensure correction. OMB compiles the List and publishes it in the President's budget in order to assure attention to these matters and to provide a tool for public accountability.

As agencies make progress in correcting high risk areas, they are removed from the List. And as new problems emerge, areas are added to the List. At the beginning of 1993, the List includes 104 high risk areas. For the 93 high risk areas that have been on the List throughout 1992, OMB assessed agency progress in correcting high risk areas. The following is a progress report (originally published in January 1993) on agency efforts to correct high risk areas.

OMB's assessment of agency progress is presented in column 3, "Assessment." The assessment codes are: (1) Significant progress; (2) Active efforts underway to improve progress; (3) Reservations about adequacy of progress and/or plans; (A) Added to High Risk List; and (D) Deleted from High Risk List.

Information on 1993 management investments to correct high risk areas is displayed in columns 4 and 5. Management investments are the critical, marginal amounts of funding needed to ensure that the corresponding program funding is spent efficiently and effectively. Column 4 (1993 Request) represents the management investment as requested in the 1993 President's Budget. Column 5 (1993 Enacted) represents the management investment following Congressional action.

### DEPARTMENT OF AGRICULTURE

| High Risk Area   | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (in thousands of dollars) |              |
|--|--|------------|--|--------------|
|  |  |            | 1993 Request   | 1993 Enacted |
| <p><i>Farmer's Home Administration (FmHA) and Rural Development Administration (RDA) Loan Programs:</i> High total delinquencies (\$10.1B) and high delinquency rates (18.3%) in 1992.</p> <p>There are \$55B in outstanding FmHA and RDA loans. At risk: up to \$10.1B in delinquent loans.</p> | <p>FmHA has taken the following steps to improve credit management: (i) improving underwriting through a second level review of new loans; (ii) expanding the use of contract appraisals; and (iii) contracting for a study of centralized servicing of its single family housing portfolio. FmHA developed an agency-wide Strategic Business Plan in June 1992 that provides guidance on improving credit quality and management of its loan portfolio.</p> <p>Next steps: FmHA will in 1993 (i) determine a course of action for implementing centralized servicing of its single family housing portfolio; (ii) review and implement State Plans for improved underwriting and appraisals; and (iii) initiate an Information Systems Plan (ISP) to guide FmHA automation efforts. Modest resources will be needed to implement single family housing centralized servicing.</p>                     | 2          | 8,764  | 8,764        |
| <p><i>Food and Nutrition Service (FNS):</i> Food Stamp Coupon illegal trafficking for cash, drugs and weapons.</p> <p>1993 Budget includes \$23B for Food Stamp Program. At risk: est. \$100M in benefits diverted annually.</p>   | <p>In 1992, FNS (i) initiated an update of information on authorized retailers (completion in December 1993) and a test case under the Program Fraud Civil Remedies Act (PFCRA) to allow USDA to levy civil damages against retailers (completion in mid-1993); (ii) continued evaluation of the use of electronic benefit transfer (EBT) systems; (iii) implemented program integrity modifications enacted by Congress in the 1990 Food Stamp legislation; and (iv) began hiring and training 12 new staff investigators and 5 new EBT analysts.</p> <p>Next steps: FNS will (i) procure equipment to enhance trafficking investigations; (ii) continue the PFCRA pilot process to determine feasibility of full program implementation; and (iii) update the Retailer Policy handbook. Enforcement action improvements require continued increased funding for investigative and program staff.</p> | 2          | 5,750  | 5,750        |
| <p><i>Federal Crop Insurance:</i> overpayment of claims.</p> <p>Federal Crop Insurance has a \$1B annual operating level. At risk: \$100M in losses paid to reinsurance companies.</p>   | <p>FCIC has implemented a new strategy to strengthen management oversight and monitoring of reinsured companies. This includes: (i) on-site review and reporting of financial activity of reinsurance companies; (ii) systematic operational reviews of policy premiums and indemnities, as well as compliance with Standard Reinsurance Agreement requirements; and (iii) expansion of computer capabilities to perform review of claims data. FCIC reports a reduction in claims overpayments from 26 percent in 1988 to 8 percent in 1991.</p>  | 1          | 0  | 0            |

## DEPARTMENT OF AGRICULTURE—Continued

| High Risk Area   | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (in thousands of dollars) |              |
|--|--|------------|--|--------------|
|  |  |            | 1993 Request   | 1993 Enacted |
|  | Next steps: Continue monitoring reinsurance companies. USDA OIG is conducting an audit of program improvements; report scheduled for issuance by April 1993. No additional resources needed.   |            |  |              |
| <p><i>FmHA, Rural Rental Housing Program (Multi-family loans and Rental Assistance): Multi-family housing (MFH) program lacks adequate oversight and internal controls.</i></p> <p>Outstanding MFH loans total \$10.3B, with \$22M delinquent in 92. At risk: annual losses of approximately \$35M (fraudulent construction and maintenance) and \$79M (interest credit and rental assistance payments).</p> | <p>FmHA plans to reduce vulnerability in the MFH program through a combination of specialized financial analysis training, centralization of the MFH program in the State offices, amended regulations, and new legislation. In 1992, FmHA (i) conducted financial analysis training for its National Office Staff and 800 field employees; and (ii) proposed regulations to (a) strengthen loan underwriting and auditing procedures; (b) require project reserve accounts be deposited in supervised bank accounts; and (c) limit profit layering, subsidy layering and other activities associated with identities of interest problems. Two legislative initiatives were enacted in 1992: rural housing vouchers, and increased equity contributions.</p> <p>Next steps: In 1993, FmHA will (i) continue specialized training program; (ii) finalize the proposed rules; (iii) propose legislation to permit tenant wage matching; and (iv) continue centralization of the MFH program into the State offices. No additional resources needed.</p> | A          | .....  | .....        |

## DEPARTMENT OF COMMERCE

| High Risk Area   | Progress to Date and Next Steps   | Assessment | Investment to Correct High Risk Area (in thousands of dollars) |              |
|--|---|------------|--|--------------|
|  |   |            | 1993 Request   | 1993 Enacted |
| <p><i>DOC computer site security weak.</i></p> <p>1993 budget provides \$514M for ADP. At risk: assurance that this investment and DOC data are protected from loss.</p>   | <p>DOC has developed a methodology for preparing ADP security plans for all sensitive and classified systems. Operating units identified 1,100 sensitive and classified systems, and submitted over 700 security plans. Implementation of each plan is monitored by DOC using a PC-based system and on-site verifications. DOC has an active computer security awareness program. As a result, operating units now routinely scan foreign diskettes for malicious software before use, avoiding the loss of data and time to recover damaged systems and files. Also, incidents of computer hacking have been detected and promptly reported and investigated by the Secret Service.</p> <p>Next steps: (i) Continue to monitor security plan implementation (including on-site verification). (ii) Initiated, beginning in January 1993, an annual assessment of each bureau's security program. Failure to receive funding in 1993 required DOC to reallocate funds from other programs.</p>  | 1          | 1,500  | 0            |
| <p><i>DOC financial systems are seriously outdated, fragmented, inadequately controlled, and costly and difficult to maintain.</i></p> <p>DOC financial systems process \$3B annually. At risk: assurance that these funds are being accounted for in an accurate and timely fashion.</p>  | <p>In 1992, (i) two DOC bureaus implemented cross-servicing arrangements for accounting support from other agencies; (ii) accounting services contract awarded to provide assistance to DOC financial organizations in improving data quality; and (iii) two bureaus prepared 1991 financial statements in accordance with OMB guidance. However, milestone dates for the Department-wide financial system implementation have been slipping due to cuts in the President's 1993 budget request and changes in strategy resulting from them.</p> <p>Next steps: (i) Complete the evaluation of use of the U.S. Army Corps of Engineers core accounting system as DOC-wide system. (ii) Define requirements for travel, procurement, and real and personal property. (iii) Produce 1992 financial statements for all DOC CFOs Act reporting entities. Department-wide financial system improvements in 1994 require funding.</p>   | 2          | 5,200  | 1,000        |
| <p><i>National Weather Service's (NWS) National Oceanographic and Atmospheric Administration (NOAA): Major systems acquisition problems delaying NWS modernization.</i></p> <p>1993 budget provides \$128.6 M for procurement of NWS systems. At risk: \$50-60M in additional annual operating expenses if acquisition costs are not controlled.</p> | <p>NOAA has experienced contract cost overruns, missed deadlines, and contract disputes in its efforts to replace technically obsolete and costly-to-maintain weather systems with those that can analyze and predict destructive weather patterns. In 1992, contract disputes were settled and deadlines are now being met. Contract management problems have been mitigated by the establishment, in 1991, of the Systems Program Office which has consolidated the design, procurement and acceptance of new systems. This Office's effectiveness is measured by the fact that NOAA installed 14 tri-agency Next Generation Weather Radar (NEXRAD) systems, and activated 131 tri-agency Automated Field Operations and Services (ASOS) units. All are performing well.</p> <p>Next steps: In 1993, (i) award Advance Weather Interactive Processing System (AWIPS) development contract; (ii) acquire supercomputer for National Meteorological Center; and (iii) operate prototype Weather Forecast Office in 1993. Funds will be required in 1994 to continue contract management improvements.</p> | 2          | 2,230  | 2,230        |
| <p><i>NOAA: Geostationary Operational Environmental Satellite (GOES) technical development problems.</i></p> <p>1993 budget provides \$118M for GOES. At risk: the loss of weather estimating capability.</p>  | <p>NOAA must overcome the technical development problems affecting GOES-NEXT satellites (under contract to NASA), which have caused increased costs, schedule slippage, and the potential for reduced satellite capacity. Contractor delays resulted in rescheduling launch from 1990 to 1994. In 1992, NOAA closely monitored NASA and GOES contractors to ensure satellite performance and definitive launch date; only limited performance compromises necessary to minimize schedule delay and cost increases were accepted. By providing Government financed expertise to contractors, the Department was able to minimize the effects of poor planning and overall poor effort by the manufacturers of the GOES instruments. GOES-I spacecraft proceeding through testing process without major problems; the program is on schedule to launch in 1994.</p>   | 2          | (1)  | (1)          |

## DEPARTMENT OF COMMERCE—Continued

| High Risk Area | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (In thousands of dollars) |              |
|----------------|--|------------|--|--------------|
|                |  |            | 1993 Request   | 1993 Enacted |
|                | Next steps: Full use of Meteostat 3 implemented by January 1993 (Meteostat 3 is the first step toward a long-term U.S.-European relationship for backup capabilities.) NASA will complete qualification testing of GOES-I spacecraft and the qualification testing of flight instruments by June 1993. Funds will be required in 1994 to continue to monitor systems qualifications and launch of the satellite. |            |  |              |

(1) Included above.

## DEPARTMENT OF DEFENSE

| High Risk Area   | Progress to Date and Next Steps   | Assessment | Investment to Correct High Risk Area (In thousands of dollars) |              |
|--|---|------------|--|--------------|
|  |   |            | 1993 Request   | 1993 Enacted |
| <p><i>DOD and Services:</i> Supply operations inadequate, weakening effective management of inventories.</p> <p>DOD supply inventory almost \$80B in 1992. At risk: \$100M in potential loss or theft.</p>   | <p>DOD's actions in 1992 to implement its first Inventory Reduction Plan (IRP), issued in May 1990, include: (i) 57 directives integrated into a single directive that resolves policy conflicts and reduces redundancy; (ii) new provisioning standards to control entry of new items into the inventory; (iii) issuance of contract modifications/terminations when "buy" requirements are changed (22% of active contracts canceled in 1992); and (iv) direct vendor delivery to reduce inventory investment and distribution costs at DOD storage depots. Depot consolidations (now under the Defense Logistics Agency) have been slowed because final actions are needed on repositioning of stocks and on development of a migratory accounting system.</p> <p>Until reforms are fully operational (expected in 1997), components continue to be affected by (i) excess retail inventories; (ii) unneeded purchases not being canceled; (iii) earlier than needed purchases; and (iv) excessive lead times resulting in unnecessary procurements.</p> <p>Next steps: Implementation of the DOD IRP is scheduled to continue through 1997. DOD projects end of year inventory levels (in constant 1990 dollars) of \$74B (1993), \$62B (1995) and \$55B (1997). Funds will be required in 1994 to support depot consolidations and related activities.</p>   | 2          | 39,100   | 39,100       |
| <p><i>DOD and Service</i> information technology development and ADP security deficient.</p> <p>The \$9.5B DOD Information Technology budget for 1993 includes \$2.5B for development and modernization. At risk: use of old and inefficient processes, and unauthorized access or misuse of sensitive Defense data.</p> | <p>Corporate Information Management (CIM) system designed to improve the business process and eliminate redundant information systems. Accomplishments in 1992 include: (i) planning for standardization of 7 functional area systems (finance, medical, human resources, reserve affairs, procurement, material, and intelligence); (ii) selection of 7 financial migration systems; (iii) identification of 5 logistics migration systems; (iv) establishment of Center for Software Reuse; (v) start-up of Center for Data Administration; (vi) definition of Technical Reference model in support of open systems; and (vii) implementation of a pilot project for purchase of information technology commodities. Use of the Major Automated Information System Review Council (MAISRC) process, to vet new program requirements will identify potential duplication and lead to consolidation of efforts or expansion of CIM into new business areas.</p> <p>DOD has developed a comprehensive strategy to address weaknesses. This strategy includes (i) development of more specific implementation plans; (ii) upgraded ADP security; and (iii) development of adequate ADP equipment and property accountability records. Security measures are being implemented in compliance with P.L. 100-235, and OMB and National Institute of Standards and Technology guidance.</p> <p>Next steps: Ongoing Defense Management Report initiatives involving CIM should produce \$36B in savings and efficiencies by 1997. To meet these budget goals, CIM must be institutionalized in DOD, effective funding controls put in place, and the role of the Office of Secretary of Defense and the military services clearly defined. The CIM initiatives, including improved ADP security, will continue to be monitored under the Program for Priority Systems (PPS) by the Office of Management and Budget. Resources will be needed in 1994 to continue the development of necessary information systems.</p> | 2          | 594,400  | 594,400      |
| <p><i>DOD and Service</i> contract administration controls over DOD property in private contractor possession inadequate.</p> <p>\$77.1B in property and facilities in possession of DOD contractors. At risk: \$17M in potential loss or theft.</p>   | <p>DOD has implemented procedural changes and an automated validation process that controls contractor access to DOD Activity Address Codes to correct previously reported problems associated with unauthorized contractor access to the DOD supply system. DOD is implementing an electronic plant clearance system for disposing of surplus contractor inventory. Systems testing is underway.</p> <p>Next steps: Install Plant Clearance Automated Reutilization Screening System (PCARSS) on the following schedule: test plant clearance and re-test reprogrammed system (April 1993); and begin deployment of system (June 1993). No additional resources are required.</p>  | 2          | N/A  | N/A          |
| <p><i>DOD and Service</i> controls over contracted advisory and assistance services (CAAS) inadequate or non-existent.</p> <p>CAAS contracts estimated at \$1.5B annually. At risk: \$15M in potential fraud or waste.</p>   | <p>In February 1992, DOD implemented new procedures that (i) strengthen management controls and procedures for the use of CAAS resources; (ii) better define CAAS for identification and reporting purposes; (iii) require an annual assessment of component internal management controls; (iv) require component sponsored CAAS training; and (v) require an annual assessment to the Under Secretary of Defense (Acquisitions) of component implementation of CAAS policy and procedures. In April 1992, DOD distributed a "Guide to Contracted Advisory and Assistance Services," to help users of contractor support services better understand the procedures for acquiring and using CAAS. DOD funding for CAAS has been reduced from \$1.6 billion in 1989 to \$1 billion in 1993.</p>   | 1          | N/A  | N/A          |

## DEPARTMENT OF DEFENSE—Continued

| High Risk Area   | Progress to Date and Next Steps   | Assessment | Investment to Correct High Risk Area (in thousands of dollars) |              |
|--|---|------------|--|--------------|
|  |   |            | 1993 Request   | 1993 Enacted |
|  | Next steps: (i) DOD will monitor component execution of the management improvements. (ii) DOD is also working closely with OMB's Office of Federal Procurement Policy to implement a new Government-wide policy letter on management oversight of all nonpersonal services contracting (including CAAS). No additional resources are required in 1994.  |            |  |              |
| DOD and Service financial accountability for real and personal property is inadequate.<br><br>DOD inventory estimated at \$706B. At risk: \$800M in potential lost or stolen property. | The Department must develop a single departmental accounting system to control, track, and value all real and personal property for financial reporting purposes, and then reconcile accounting data with supporting logistics systems. In 1992, DOD centralized finance and accounting functions in the Defense Finance and Accounting Service (DFAS). To improve the quality of real and personal property data, DOD has made systems and procedural changes to facilitate preparation of financial information statements required by the Chief Financial Officers Act; and established an office to coordinate accurate valuation and accounting among procurement, logistics, and accounting functions. Through the CIM initiative, DOD has completed data and process models, but has not selected a migratory accounting system. GAO and Inspector General audits continue to illustrate serious weaknesses in DOD's financial systems. Due to the severity of systems problems, DOD must implement near term actions in addition to moving toward long term improvements.<br><br>Next steps: DFAS to (i) select migratory accounting system in April 1993; (ii) develop standards and reporting procedures for valuing assets; (iii) implement migratory accounting system (1996); and (iv) finalize requirements and systems design for the CIM financial management module (1997). There is a continuing need to provide funds in 1994 to fund system upgrades. | 2          | 28,000   | 28,000       |

## DEPARTMENT OF EDUCATION

| High Risk Area  | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (in thousands of dollars) |              |
|---|--|------------|--|--------------|
|   |  |            | 1993 Request   | 1993 Enacted |
| ED student financial aid program management: Guaranteed Student Loan (GSL) and other SFA program abuses, fraud, and significant management weaknesses.<br><br>1993 appropriation includes \$12.9B for student aid programs. At risk: Capacity to reduce projected annual \$2.9B in defaults to an acceptable level.   | Higher Education Act (HEA) reauthorized with new program integrity provisions; 179 schools with default rates of 35% or higher identified, 139 closed or rendered ineligible; guaranty agency data used to prevent defaulters from getting new loans; guaranty agency operations under review; Office of Postsecondary Education reorganized. Default costs went down from \$3.6B in 1991 to \$2.8B in 1992 for reasons not related to default rates, which have not declined.<br><br>Next steps: (i) Issue HEA regulations; (ii) continue default initiative, including legislative proposal to correct statutory language related to appeals; (iii) implement legislative authority to garnish wages; (iv) continue intensive monitoring of guaranty agencies and lenders; and (v) award National Student Loan Data System (NSLDS) contract to improve information systems. Resources required in 1994 for monitoring, oversight, NSLDS, and default initiative.   | 3          | 38,800   | 21,529       |
| ED inability to produce reliable financial reports due to inadequate financial systems.<br><br>\$31B in loan subsidies, grants and administrative costs supported by these systems. At risk: whether (i) information for reporting and effective management of these programs is reliable, and (ii) investments in new systems are worthwhile.  | ED is redesigning its financial systems to address two major weaknesses: (i) the inability of the core accounting system to produce reliable financial statements due to incorrect information in subsystems which provide data to the core system; and (ii) obsolete and incompatible ADP platforms in support of major elements of core financial systems. In 1992, the Department continued correction of prior year data in the accounting and payment systems, and expanded the project to a broader examination of functional and data requirements, as well as a review of the required ADP platform, for upgrading or replacing core financial systems. The redesign effort will address reconciling both platform and coordination issues in the management of ED's financial systems.<br><br>Congress reduced the President's 1993 S&E request. ED allocated the cuts and decided that programmatic issues were more important than management reform.<br><br>Next steps: (i) Complete analysis of functional and data requirements during 1993 as a basis for detailed work plan for core financial systems redesign. (ii) Continue cleanup of data in both core and major subsystems. (iii) Develop modules to summarize subsystem data to feed core accounting system. Design progress requires funding in 1994 and future years. | 2          | 8,100  | 1,248        |
| ED-Wide Audit Follow-Up and Internal Controls: Audit follow-up improvements needed. Internal control process not identifying material weaknesses.<br><br>Internal Controls: 1993 budget is over \$31B. At risk: assurance that these funds are effectively monitored.<br><br>Audit Follow-Up: ED receives audit reports with monetary findings of \$500M annually. At risk: up to 20% if audit follow-up is not timely and effective. | Internal control problems have been sufficiently corrected to warrant removal from the High Risk List; audit follow-up will remain on the List.<br><br>Internal Controls: ED internal control process is now identifying material weaknesses. In 1992, (i) Management Audit Committee created to increase program office accountability; (ii) inter-office committee of top managers established to monitor progress and lead improvements in internal controls; and (iii) annual training provided to senior and mid-level managers.<br><br>Audit Follow-up: ED is developing a validation strategy for follow-up on audits of ED grantees. In 1992, audit follow-up training was provided; and audit tracking was improved by issuing regular reports from the automated Common Audit Resolution System (CARS). However, new audit follow-up problems have emerged, including an increase in the number of audits overdue for resolution.  | 2          | 3,600  | 3,500        |

## DEPARTMENT OF EDUCATION—Continued

| High Risk Area   | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (in thousands of dollars) |              |
|--|--|------------|--|--------------|
|  |  |            | 1993 Request   | 1993 Enacted |
|  | Next steps: (i) Incorporate grantee audit validation procedures in Audit Resolution Systems handbook. (ii) Increase accountability through inter-office monitoring committees. (iii) Improve tracking by expanding CARS. (iv) Develop policies on prioritizing audits and on documentation needed to close out audits. ED will also need to develop plans to expand the capacity of their audit resolution system due to the increased number of grantee audits mandated by recent statutory and OMB policy changes. Resources will be required for this purpose in 1994.  |            |  |              |
| <p><i>ED-Wide Program Monitoring:</i> compliance and performance monitoring inadequate.</p> <p>1993 Department budget is over \$31B. At risk: assurance that these funds are being spent effectively.</p>  | <p>The Department-wide Monitoring and Performance Measures Team (MPMT) is charged with developing a comprehensive monitoring strategy and performance measurement system. The MPMT reflects ED's plan to expand program monitoring beyond compliance issues to measure program performance. In 1992, the Department, with the assistance of the National Academy of Public Administration, developed draft performance measures for a pilot ED program. The draft measures are now being reviewed by the MPMT. ED also issued a draft discretionary grant monitoring directive. The MPMT is now working to resolve comments on the draft.</p> <p>Congress' cut of President's 1993 request allowed ED to increase overall FTE only by 100. Due to the need to put substantial resources into improving the GSL Program, ED did not fully fund this requirement.</p> <p>Next steps: (i) Develop performance measures for up to 5 pilot programs. (ii) Issue final discretionary grant monitoring directive. (iii) Develop directive on formula grants monitoring. ED will require resources for on-site monitoring in 1994.</p> | 2          | 14,200   | 8,090        |
| <p><i>ED-Wide Computer Security:</i> security of computer systems inadequately reviewed.</p> <p>ED uses computer systems to award and disburse over \$30B in financial assistance annually. At risk: integrity and confidentiality of some data maintained in computer systems, and assurance of the security of funds processed and monitored through ED systems.</p> | <p>15 of 17 planned security reviews of major financial computer systems were completed by December 1992 (however, one review did not meet OMB Circular A-130 requirements). To date, none of these reviews have identified material weaknesses or nonconformances in ED computer systems. Some non-material weaknesses have been identified, and ED has initiated corrective action. Other steps being taken by ED include: (i) an ADP Security Manual update; and (ii) development of an ADP technical controls handbook detailing security procedures for local and wide area networks.</p> <p>Next steps: (i) Complete reviews of remaining major financial computer systems. This requires continued budgetary support in 1994. (ii) Continue correction of non-material weaknesses identified in reviews.</p>  | 2          | 400  | 396          |

## DEPARTMENT OF ENERGY

| High Risk Area   | Progress to Date and Next Steps   | Assessment | Investment to Correct High Risk Area (in thousands of dollars) |              |
|--|---|------------|--|--------------|
|  |   |            | 1993 Request   | 1993 Enacted |
| <p><i>Reconfiguration of DOE Nuclear Weapons Complex:</i> Weapons complex must be reconfigured as policy decisions are made on reducing the nuclear weapons arsenal.</p> <p>The 1993 budget includes \$6.5 billion for nuclear weapons-related programs. At risk: nuclear deterrence capabilities.</p>   | <p>The DOE nuclear weapons production complex contains aging facilities that will require increased maintenance and upgrades if operations are to continue. In FY 1992, DOE (i) completed its Non-nuclear Consolidation Plan; (ii) conducted a power ascension test of the K reactor at Savannah River; (iii) completed the implementation plan for the Programmatic Environmental Impact Statement (PEIS) for the reconfigured complex; (iv) indefinitely deferred construction of a new production reactor; (v) resumed plutonium operations at Building 559 at Rocky Flats; (vi) completed operational readiness review for Building 707 at Rocky Flats; (vii) completed a Nuclear Weapons Complex Reconfiguration Study that was submitted to Congress and released to the public; and (viii) began an environmental assessment for consolidating non-nuclear manufacturing facilities on an accelerated schedule.</p> <p>Next steps: (i) Prepare and complete environmental assessments for consolidation of non-nuclear facilities and reconfiguration of the nuclear weapons complex. (ii) Publish in a Record of Decision DOE's final decision regarding course of action, degree of consolidation, and sites for accomplishing the mission of the nuclear weapons complex referred to as "Complex-21". Increased resources will be required in FY 1994 (within a decreasing total for all nuclear weapons-related activities).</p> | 2          | 175,360  | 175,360      |
| <p><i>Environmental compliance:</i> DOE faces large and complex environmental cleanup problems at many of its facilities.</p> <p>The 1993 budget includes \$5.5B for clean-up activities. At risk: potential long-term adverse impacts to workers, the public or the environment; and failure to comply with external environmental regulations and/or agreements.</p> | <p>Progress has been made in ascertaining levels of compliance and altering DOE's culture to meet changing objectives. However, resolving this issue will be a long-term and costly effort. In 1992, DOE (i) completed nine additional tiger team reviews, bringing the total to 35; (ii) developed a risk-based priority system to help ensure that funding decisions reflect a national strategy and are technically defensible; (iii) conducted environmental training workshops at Headquarters and most field sites; (iv) implemented a self-assessment program continually to evaluate the performance of DOE and contractor line management; and (v) developed a detailed action plan to address cost control, cost estimating and overhead cost allocation recommendations made in the 1992 Interagency Review Group report.</p>  | 2          | 50,800   | 50,800       |

## DEPARTMENT OF ENERGY—Continued

| High Risk Area  | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (in thousands of dollars) |              |
|---|--|------------|--|--------------|
|   |  |            | 1993 Request   | 1993 Enacted |
|   | Next steps: (i) Continue implementing the Environmental Restoration and Waste Management (ERWM) Five-Year Plan. (ii) Implement recommendations of the Interagency Review Group. (iii) Issue Programmatic Environmental Impact Statement for the ERWM program. (iv) Reduce risk of accidental release of radioactivity from underground tanks at Hanford site. (v) Expand environmental training to all levels of DOE. (vi) Continue resolution of mixed waste and materials issues with the EPA. (vii) Continue to work with regulators to negotiate, and where necessary, renegotiate realistic schedules and commitments that reflect risk-based priorities. Continued substantial resources will be needed in 1994.   |            |  |              |
| <p><i>Nuclear safety:</i> Safety deficiencies exist at some DOE nuclear facilities.</p> <p>The 1993 budget includes \$1.3B to address health and safety risks (both nuclear and non-nuclear). At risk: protection of DOE workers, the public and the environment.</p>                 | <p>A new safety culture must be implemented through all levels of the Department and with the contractors that operate DOE facilities. Tiger team reviews have been completed at DOE's 20 nuclear production and processing facilities and corrective actions are underway for problems identified. In 1992, DOE (i) continued the implementation of a self assessment program to evaluate the performance of DOE and contractor line management; (ii) initiated a comprehensive plan to establish a new baseline for nuclear safety; and (iii) published safety enforcement procedures and the first set of rules establishing nuclear safety requirements for DOE contractors in the <i>Federal Register</i>.</p> <p>Next steps: (i) Development of a safety and health five-year plan which identifies nuclear safety milestones and resource requirements. (ii) Study of the feasibility of improving accounting controls through establishing a budget coding system for nuclear safety activities across all program areas. (iii) Compilation of a comprehensive epidemiological database better to define the magnitude of health and safety problems, estimate costs of corrective action, and establish a new baseline for nuclear safety. (iv) Completion of the nuclear safety standards upgrade project. (v) Implementation of approved plans to correct safety deficiencies. Resources will continue to be required in 1994.</p>  | 2          | 13,375   | 13,375       |
| <p><i>Nuclear Waste Storage &amp; Disposal:</i> Nuclear waste storage and disposal capability is inadequate.</p> <p>The 1993 budget includes \$577.6M for this program area. At risk: timely availability of storage and disposal of nuclear waste at a Federal facility.</p>         | <p>Recent legislation allows DOE to begin the experimental program at the Waste Isolation Pilot Plant (WIPP) in New Mexico to demonstrate compliance with disposal requirements for radioactive transuranic wastes. These tests will be initiated following the adoption of rules governing the permanent storage of radioactive waste by the EPA. DOE has renewed in earnest the site characterization of the candidate repository site for spent fuel and high level radioactive waste at Yucca Mountain, Nevada, and the State of Nevada recently provided DOE with the requisite permits to proceed with this characterization effort. Cost estimates for the characterization of Yucca Mountain have increased. DOE must address concerns regarding the significant budgetary growth proposed for the M&amp;O contractor at the Office of Civilian Radioactive Waste Management (OCRWM). Despite progress at Yucca Mountain, important management issues remain. These are: (i) MRC regulations and policy are not sufficiently specific to enable DOE management to draw conclusions about the licensability of the repository, thus limiting management effectiveness; and (ii) receipts are not permanently appropriated, so management cannot properly budget for multi-year projects. Additionally, decisions on building a Monitored Retrievable Storage (MRS) facility remain open.</p> <p>Next steps: (i) Address Yucca Mountain management issues described above and describe progress in the mid-year report to OMB. (ii) Continue negotiations among nuclear waste negotiator, State, local, and tribal governments to identify a volunteer candidate site for Monitored Retrievable Storage (MRS) for spent nuclear fuel or develop an alternative for interim storage of civilian radioactive waste. Increased resources will likely be required in 1994.</p> | 2          | 18,300   | 18,300       |
| <p><i>Reimbursable work:</i> DOE reimbursable work controls need improvement.</p> <p>The 1993 budget includes \$3.2B in apportionment authority for this function. At risk: work accepted fulfills competitive contracting standards and meets DOE's mission.</p>                     | <p>DOE has implemented pricing procedures to address concerns that departmental pricing practices do not recover all allocable costs. However, DOE needs to ensure that DOE reimbursable work programs do not represent attempts by other Federal agencies to avoid the Competition in Contracting Act. In 1992, DOE (i) established a Work for Others (WFO) steering committee; (ii) established minimum requirements for information to be provided by sponsoring organizations and DOE contractors prior to acceptance of reimbursable work; and (iii) completed reimbursable work reviews at major DOE sites (no significant problems identified.)</p> <p>Next steps: Complete departmentwide review of the reimbursable work program and implement resulting corrective actions. Limited resources required in 1994.</p>  | 2          | 286  | 286          |
| <p><i>Contract/Project Management:</i> Weaknesses exist in contract and project management for contractor operated DOE facilities.</p> <p>The 1993 budget includes \$17B for DOE contracting. At risk: assurance that contract funds are being spent efficiently and effectively.</p> | <p>DOE has (i) established an Office of Contractor Management and Administration and designated a Contracts Management Officer and a Property Management Officer at each field office; (ii) developed a program for conducting on-site reviews of contractor business management systems; (iii) implemented a work authorization control system at selected sites; and (iv) re-established its Energy Systems Acquisition Board to improve line management communication and ensure that projects are managed on schedule and within budget. Most field offices and M&amp;O contractors have conducted business management self-assessments and developed corrective action plans. DOE has begun a program to recruit top public and private sector project managers and increase training on managing large and complex projects.</p> <p>Next steps: (i) Implement project managers certification program. (ii) Implement formal change control process for major construction projects and major systems acquisitions. (iii) Negotiate improved accountability requirements to be included in management contracts for DOE labs. Resources will continue to be required in 1994.</p>   | 2          | 3,500  | 3,500        |



## DEPARTMENT OF HEALTH AND HUMAN SERVICES

| High Risk Area  | Progress to Date and Next Steps   | Assessment | Investment to Correct High Risk Area (In thousands of dollars) |              |
|---|---|------------|--|--------------|
|   |   |            | 1993 Request   | 1993 Enacted |
| <i>Health Care Financing Administration (HCFA):</i> Medicare program data systems inadequate to track costs and usage.  | In 1992, HCFA prepared, on a timely basis, the required monthly management report which tracks Medicare costs and usage through beneficiary entitlement, utilization, and claims history data drawn from the Common Working File. HCFA and OMB used the reported information for Medicare program management; future refinements will be made as necessary. DELETED FROM HIGH RISK LIST.  | D          | .....  | .....        |
| HCFA: Medicaid management systems inadequate to predict Medicaid costs.<br><br>1993 projected cost of Medicaid program is \$92.6B. At risk: ability to estimate Medicaid costs accurately. Misestimates have been as high as 10 percent of outlays.   | HCFA has made important progress in developing systems to produce better information for Medicaid budget estimates. HCFA has developed an automated system for tracking changes to State Medicaid plans. HCFA is programming the Budget Pressures Reporting System (BPRS), which will monitor issues effecting Medicaid budgets, such as court cases and proposed State legislation. HCFA actuaries are developing a Medicaid Budget Forecasting System (MBFS) to provide State level Medicaid budget estimates for key States. In May 1992, States were requested to submit documentation and financial data to implement the Medicaid Voluntary Contribution and Provider Specific Tax Amendments of 1991.<br><br>Next steps: (i) Make BPRS and MBFS fully operational. (ii) Publish volume two of first annual State Medicaid plan system report. (iii) Incorporate information from BPRS into mid-session review projections for the 1994 Medicaid Budget. Some resources will be required to maintain these systems in 1994.   | 2          | 410  | 410          |
| HCFA: Medicare making payments which should be made by other insurers.<br><br>1993 projected cost of Medicare program is \$132B. At risk: \$600M-1B annually in payments by Medicare that should have been covered by other insurers.   | HCFA has been attempting to identify Medicare beneficiaries who have other health insurance through a data match with SSA and IRS records. Where the data match for tax years 1987-1989 identified Medicare beneficiaries with other insurance, HCFA has: (i) updated beneficiary files to prevent further inappropriate payments; and (ii) sent mistaken payments reports to contractors instructing them to begin the recovery process. HCFA has completed a plan for an initial enrollment questionnaire and has begun contracting process. Despite HCFA action, there have been delays in contracting for the initial enrollment questionnaire and recovering mistaken payments identified through the data match.<br><br>Next steps: HCFA will (i) continue data match for 1990-1994 tax years; (ii) continue recovery and prevention activities based on data match; (iii) evaluate effectiveness of recovery procedures; and (iv) implement initial enrollment questionnaire. These activities, particularly the data match and recovery efforts, require 1994 funding.  | 2          | 82,000   | 91,700       |
| <i>Indian Health Service (IHS):</i> insufficient financial controls and inattention to management led to weaknesses in IHS programs: IHS was paying higher than Medicare rates for contract health services, had not established effective methods to identify and bill third party payers, and the IHS scholarship program had high default rates.<br><br>1993 cost of IHS programs is \$1.65B. At particular risk: \$318M funding for contract health services. | IHS strategy has been fully to involve the Director and senior staff; build management's ability to detect weaknesses and monitor performance; and charge Total Quality Management teams with authority to make corrections. In 1992, IHS tested a rate quote concept in pilot sites, and completed a first draft of a rate quote manual. Pricing data are now routinely available to IHS physicians. Seventy-two percent of high volume providers now offer IHS services at rates lower than or equal to Medicare. IHS has established business offices in all 76 IHS operated service units and begun using automated billing software. IHS has eliminated the backlog of default cases in the scholarship program and brought the default rate down to 1.2%. New material weaknesses continue to be identified.<br><br>Next steps: IHS will focus on (i) correcting weaknesses in contract health program by expanding the rate quote pilot and implementing new software systems; and (ii) developing effective corrective actions and performance measures for newly identified material weaknesses in cash advances, the Alcoholism program, and procurement. Increases in funds and FTE for the IHS program operations account are required in 1994. | 1          | 9,011  | 2,255        |

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

| High Risk Area  | Progress to Date and Next Steps   | Assessment | Investment to Correct High Risk Area (In thousands of dollars) |              |
|---|---|------------|--|--------------|
|   |   |            | 1993 Request   | 1993 Enacted |
| <i>Section 8 Financial Systems:</i> HUD's existing systems inadequate to verify tenant information in Section 8 subsidy programs and accurately forecast funding needs for expired Section 8 contracts that are renewed.<br><br>The 1993 budget includes \$14B for low-income housing assistance. At risk: assurance that funds are used for eligible recipients, and that there is adequate fund control for over \$100B in long-term contractual funding commitments, serving 3 million families. | HUD is developing a new financial management system, CFS/TRACS, Phase I, to control tenant certification, payment processing, program budgeting and funds control. The system will eventually be re-engineered to function as the "Subsidies System" outlined in HUD's Five Year Financial Systems Integration Plan. (See high risk area "Departmental Financial Systems.") HUD is: (i) making progress with systems development; (ii) testing the first TRACS software release; and (iii) is beginning to collect tenant data with selected volunteer owners/Public Housing Authorities (PHAs). While CFS/TRACS verification of contract data has been delayed, the HUD CFO Office indicates the delay will not negatively affect HUD's overall progress.<br><br>Next steps: (i) Complete Discrepancy Resolution Plan. (ii) Develop Department-wide standards/policies to resolve contract discrepancies identified during data collection. (iii) Implement software releases of CFS/TRACS scheduled for 1993. Continued funding will be required in 1994. | 2          | 3,472  | 3,472        |

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued

| High Risk Area   | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (In thousands of dollars) |              |
|--|--|------------|--|--------------|
|  |  |            | 1993 Request   | 1993 Enacted |
| <p><i>HUD Departmental Financial Systems:</i> HUD lacks an integrated financial management system and existing systems suffer from inefficiencies, incompatibilities, and internal control problems.</p> <p>1993 Budget includes \$16.7M for implementation of the HUD Financial Systems Integration Plan. At risk: assurance that financial systems will provide accurate, timely, and useful financial information to manage \$160B in HUD insurance, guarantees, subsidies, loans and grants.</p> | <p>In November 1991, HUD adopted a financial management systems integration plan that recommended replacing approximately 100 existing financial and mixed systems with nine integrated financial systems. Efforts are underway on three of the integrated financial systems: subsidies (see Section 8 high risk area), core accounting, and mortgage insurance. In 1992 the Core Accounting Project Team was formed and a plan was developed. Also, HUD organized a Management Oversight Committee to begin planning for a Mortgage Insurance System, and a contractor is in place to develop a strategic plan.</p> <p>Historically, HUD schedules for the development and implementation of financial systems have slipped. Recent progress is at best modest, but in keeping with the current schedule.</p> <p>Next steps: HUD will (i) complete core accounting functional requirements; (ii) purchase an off-the-shelf core accounting software package; and (iii) by October 1993 convert Community Planning and Development to the new core accounting system. Continued funding will be required in 1994.</p>  | 3          | 16,728   | 16,728       |
| <p><i>FHA:</i> Single Family Property Disposition controls and oversight of extensive contracted support services with area management brokers (AMBs) are inadequate.</p> <p>1992 property disposition sales proceeds were \$3.2B. At risk: assurance that HUD recovers all net sales proceeds from AMBs.</p>  | <p>This high risk area consists of 5 material weaknesses related to automated systems support and the procurement and administration of extensive contract support services ranging from property management to sales closings. Program management has reported completion of corrective actions on all weaknesses pending verification reviews. In the case of systems support and controls over closing agent activities, the OIG verified that the SAMS system and other corrective actions provided were adequate.</p> <p>Next steps: Perform verification review of three remaining material weaknesses in 1993 and determine the proper allocation of field resources needed effectively to monitor contractor activities. Verification reviews may indicate that additional resources are needed in 1994.</p>   | 1          | 0  | 0            |
| <p><i>Section 8:</i> Moderate Rehabilitation program overpaid developers, lenders, and Public Housing Authorities.</p> <p>Program terminated. At risk: \$70 million in overpayments and \$30 million in excess subsidies.</p>  | <p>Due to inadequate controls and oversight, Public Housing Authorities (PHAs), developers, and lenders obtained excessive subsidy payments. Department has terminated program and is recalculating rents to determine excess subsidies paid. HUD has collected approximately \$300 million of the estimated \$400M in overpayments. For inventory of non-collateralized projects, over \$30 million in excess subsidies has been identified; collection, in the form of repayment agreements between owners and PHAs, is underway. During 1992, HUD conducted verification review of the collection process with satisfactory results. DELETED FROM HIGH RISK LIST.</p> <p>Next steps: Department of Justice is litigating based on HUD's authority to recover estimated \$70 billion in excess subsidies for collateralized Moderate Rehabilitation projects. HUD will continue to track until cases are settled and/or funds are repaid.</p>  | D          | .....  | .....        |
| <p><i>FHA:</i> Single Family Mutual Mortgage Insurance (MMI) fund equity may not be sufficient to cover losses resulting from adverse economic conditions.</p> <p>\$300B in insurance in-force in 1992. At risk: \$1.4B in estimated losses in 1993.</p>   | <p>FHA's 1991 independent annual actuarial study projected the MMI fund to have an economic value of \$380 million at the end of 1992. This is the first time the annual actuarial study showed a positive economic value. Although the fund's estimated capital ratio of 0.1 percent did not meet the 1992 target of 1.25 percent that was mandated for the MMI fund in the National Affordable Housing Act (NAHA) of 1990, over \$1 billion is being contributed to fund capital annually. The study reported that if the reforms enacted in NAHA remain in place, the fund can meet the statutory 2 percent capital ratio target for the year 2000. While the Housing and Community Development Act of 1992 repealed some HUD reforms designed to strengthen the MMI Fund (e.g., the 57 percent financing limit on closing costs), it did not affect other key reforms of NAHA, namely the risk-based premium structure and the financing limit of 97.75 percent of value.</p> <p>Next steps: In 1993, HUD will review options to ensure actuarial soundness and determine next steps. Additional funding may be necessary in 1994 to implement strategies to strengthen the MMI fund to meet the required ratio.</p> | 3          | 100  | 350          |
| <p><i>GNMA:</i> Title I Manufactured Housing and Home Improvement loans made by FHA have excessive claims against GNMA's mortgage-backed securities program. GNMA has suffered losses due to poor underwriting practices, collateral depreciation, and limited (10%) FHA indemnification.</p> <p>\$3B in manufactured home loans outstanding; \$2B in improvement loans outstanding. At risk: estimated 1.5% of outstanding guaranteed loans in GNMA portfolio.</p>                                  | <p>The Title I loan portfolio real estate underwriting procedures should be strengthened. In 1992, HUD implemented regulations (i) establishing higher qualification standards for dealers and lenders; (ii) requiring greater lender oversight of dealers; (iii) strengthening loan collateral positions; (iv) increasing down payments; (v) requiring site inspections; and (vi) encouraging more efficient foreclosure procedures. Also in 1992, HUD's verification review of the claims processing improvements had satisfactory results. However, many portfolios have defaulted to GNMA and approximately \$100M in additional defaults are anticipated due to poor underwriting procedures in effect prior to implementation of new regulations.</p> <p>Next steps: In 1993, HUD will evaluate existing underwriting and servicing guidelines for GNMA issuers/servicers and review options for enhanced monitoring and enforcement procedures. GNMA will perform actuarial analysis of the portfolio, including premium structure. Additional funding in 1994 may be necessary for enhanced monitoring of GNMA contractors.</p>  | 2          | .....  | .....        |
| <p><i>Public and Indian Housing (PIH):</i> Public Housing Modernization project grants inadequately administered by Public Housing Authorities.</p> <p>\$3.1B in new budget authority in 1993. At risk: \$6.9B backlog of funds not yet obligated by grantees (including 1992).</p>  | <p>HUD is revising policy directives, training field staff in new procedures, and developing automated systems to address Public Housing Authority (PHA) grant management problems. In 1992, the Public Housing Management Assessment Program (PHMAP) was developed; PHMAP is an automated system that monitors PHA performance. Through PHMAP, troubled PHAs will be identified, and HUD will be able to target corrective actions and provide technical assistance. Ultimately, unused modernization funds can be deobligated and reallocated. This high risk area is being merged with new high risk area described below, "Public Housing Authority (PHA) Management." MERGED WITH NEW HIGH RISK AREA.</p>   | —          | 15   | .....        |

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued

| High Risk Area  | Progress to Date and Next Steps   | Assessment | Investment to Correct High Risk Area (In thousands of dollars) |              |
|---|---|------------|--|--------------|
|   |   |            | 1993 Request   | 1993 Enacted |
| <p><i>FHA: Multifamily Loan Servicing</i> is inadequate, resulting in excessive growth in acquired properties and assigned notes, and noncompliance with housing quality standards.</p> <p>\$44B of insurance in force. \$7.4B in inventory as of 1992. At risk: \$4.8B reserve for claim losses, and housing quality for low- and moderate-income beneficiaries.</p> | <p>Inadequate multifamily loan servicing has resulted in high levels of foreclosures and note assignments. Since 1987, the number of units in multifamily property inventory has grown from 160,000 to 392,000 in 1992 (145 percent). In 1992, HUD issued revised policies and instructions on loan servicing and workout, and a new Multifamily Property Disposition Management Handbook to program staff. In spite of these efforts, the multifamily inventory continues to rise. HUD has asked for statutory relief from subsidy requirements which impede the sale of acquired property. Congress has neither granted the statutory relief, nor appropriated the subsidies needed to sell acquired property.</p> <p>Next steps: In 1993, HUD will initiate interim integration of multiple multifamily note processing systems into one system and provide OMB a plan to improve loan servicing and property management and disposition. This plan will help determine 1994 funding requirements.</p> | 3          | —  | —            |
| <p><i>Public Housing Authority (PHA) Management:</i> PHAs are mismanaged; 43 PHAs have been identified as "troubled", accounting for 20% of PHA units.</p> <p>PHAs administer 70–80% of HUD appropriations. At risk: assurance that funds are used for intended purposes.</p>   | <p>Recent Inspector General reports have stated that many PHAs are not effectively managed. This results in: (i) vacant units while low-income housing waiting lists continue to grow; (ii) units that do not pass inspection guidelines for safety and sanitation, and (iii) uncollected rents. HUD has developed the Public Housing Management Assessment Program (PHMAP), a database for measuring performance and assessing risk of each PHA so that HUD can intervene appropriately. In 1992, HUD began implementation of PHMAP. ADDED TO HIGH RISK LIST.</p> <p>Next steps: In 1993, HUD will continue to implement PHMAP, identify troubled PHAs, and institute corrective actions. Also in 1993, part of the modernization set-aside of \$5.5 million will be provided specifically to troubled PHAs for technical assistance contracts. Continued funding may be necessary for PHMAP implementation and technical assistance in 1994.</p>  | A          | .....  | .....        |

## DEPARTMENT OF THE INTERIOR

| High Risk Area   | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (In thousands of dollars) |              |
|--|--|------------|--|--------------|
|  |  |            | 1993 Request   | 1993 Enacted |
| <p><i>Bureau of Land Management (BLM):</i> inadequate oil and gas inspection to verify on-shore production and usage.</p> <p>\$500M in revenues are received annually. At risk: \$50–70M in losses due to improper production verification.</p>  | <p>BLM is implementing a nationwide inspection and enforcement (I&amp;E) strategy. In 1992, BLM: (i) held I&amp;E training courses for managers, and nation-wide workshops; (ii) conducted alternative management control reviews; and (iii) revised and distributed an updated I&amp;E strategy. Concerns remain regarding the effectiveness of the revised I&amp;E strategy on field office performance; slippage of self-imposed program targets; and lack of senior management oversight to ensure effective implementation at the Bureau level.</p> <p>The congressional cut of the President's 1993 request means that BLM will be able to hire only an additional 20 oil and gas inspectors rather than the 47 FTE requested.</p> <p>Next steps: During 1993, BLM needs to (i) demonstrate substantial progress at field office level in implementing its revised I&amp;E strategies; (ii) meet self-imposed program targets; (iii) achieve senior management support of revised I&amp;E strategy; and (iv) refine and support DOI's budget request for increased I&amp;E staff in 1994.</p>  | 3          | 3,500  | 1,348        |
| <p><i>Office of Territorial and International Affairs (OTIA):</i> lack of financial management controls and grant oversight, weak technical assistance program for insular areas.</p> <p>OTIA 1993 budget is \$340M. At risk: \$30M due to improper use of grant funds.</p>  | <p>OTIA grant oversight is insufficient; insular governments lack adequate local management controls. In 1992, DOI (i) prepared a report, Improving Financial Management in the Territories, the result of a joint DOI/OMB review team; (ii) added one staff person with financial management and grants administration expertise; (iii) issued guidelines and reporting formats to field staff to improve grant and financial monitoring; and (iv) signed a Memorandum-of-Understanding with the Army Corps of Engineers to provide on-site technical assistance in support of infrastructure grants management in the territories. OTIA has made good progress in strengthening its own operations and procedures regarding this high risk area; but until overall policy issues (including the status of the territories) are determined, systemic changes cannot be accomplished.</p> <p>Next steps: (i) Provide grants administration training for OTIA field and Headquarters staff and insular areas staff. (ii) Complete agreements with each insular area regarding completion of audit resolution agreements. (iii) Complete baseline evaluations of financial management control systems for insular governments. (iv) Form joint working group with American Samoa to address recent GAO report recommendations on financial management. (v) Reach policy decisions on future status of the territories. Continued funding required in 1994.</p> | 3          | 1,800  | 1,785        |
| <p><i>Bureau of Indian Affairs (BIA):</i> seriously deficient financial systems and controls.</p> <p>The program level in BIA is over \$2B in 1992 budget authority. At risk: loan programs of \$15 million annually, guarantee subsidies of \$8 million annually and \$60 million in irrigation and power revenues.</p> | <p>A special improvement team, along with BIA accountants, successfully installed a new core accounting system, reconciled cash with Treasury, and produced accurate external reports. Significant progress was made on the core system in 1991 and 1992. Now, more work is needed on subsidiary systems, e.g., irrigation, power, and loan collections. BIA is experiencing problems with program managers reacting late to reports showing over-expenditure of internal budget limits. Concerns also exist regarding inadequate documentation of processes supporting the new system. The Department's Inspector General has serious concerns about the ability of BIA to maintain the system after the improvement team withdraws.</p>  | 2          | 1,810  | 1,810        |

## DEPARTMENT OF THE INTERIOR—Continued

| High Risk Area  | Progress to Date and Next Steps   | Assessment | Investment to Correct High Risk Area (In thousands of dollars) |              |
|---|---|------------|--|--------------|
|   |   |            | 1993 Request   | 1993 Enacted |
|   | Next steps: BIA and improvement team to develop desk procedures immediately, and finalize plan to transfer systems support back to BIA by the end of 1993. Further work to design subsystems to support irrigation, power, and loan collections also needs to be undertaken during 1993. OMB will monitor readiness of BIA to operate systems. Completion of the design and installation of new subsystems is dependent upon the level of 1994 funding. DOI OIG to audit Anti-Deficiency review conducted by improvement team.  |            |  |              |
| <i>BIA: inability to account for and reconcile Indian Trust Funds.</i><br><br>There are \$2B in Indian Trust Funds. At risk: \$6.3M in potential losses due to mismanagement.   | During 1992, BIA's effort to reconcile and audit Indian trust funds became questionable and an OMB-interior SWAT team increased oversight and management of the project. In June 1992, BIA was directed to restart the reconciliation project for tribal trust funds and to establish Federal-tribal representative working groups to address problems in (i) land records management, (ii) fractionated heirship on reservation land, and (iii) individual Indian monies reconciliation. DOI-BIA prepared draft Indian Trust Funds Strategic Plan. Concerns remain about BIA's ability to implement the corrective actions contained in the strategic plan and to maintain senior management commitment to the improvement program.<br><br>The congressional cut of the President's 1993 budget request means that BIA will be able to hire only an additional 20 FTE rather than the 40 FTE requested. There will be resulting delays in BIA's Office of Trust Funds Management reorganization and systems development.<br><br>Next steps: During 1993, DOI and BIA will: (i) complete reconciliation of tribal judgment accounts; (ii) begin reconciliation of tribal non-judgment accounts; (iii) perform special purpose procedures reviews on 5 tribes' accounts; (iv) begin reconciliation of trust fund finance and investment systems; (v) develop and advertise a contract for an independent entity to certify reconciliation work; and (vi) publish the Indian Trust Funds Strategic Plan. Additional resources will be required in 1994. | 3          | 9,800  | 6,700        |
| <i>BIA: longstanding deficiencies in the management of BIA School Facilities and BIA Dam Safety.</i><br><br>1993 Budget includes \$92M for these programs. At risk: health and safety of the affected Indian communities. | During 1992, BIA took action on both dam safety and school facilities. For dam safety, BIA (i) revised operation and maintenance procedures manual, (ii) contracted with the Bureau of Reclamation for pre-construction safety evaluations of dams, and (iii) assigned responsibility to program managers for maintaining each dam. For school facilities, BIA (i) prepared facilities remedial action plan, (ii) established a "hot line" to report safety violations, and (iii) received additional funding in 1993 for major buildings repair. Concerns remain about BIA's ability to implement the actions in the dam safety and school facilities plans. Additional 1993 funding provided by Congress will support new BIA school construction.<br><br>Next steps: Dam safety: (i) Complete safety evaluations of dams; (ii) establish periodic maintenance of dams in program operations, and (iii) assess improvements in dam operations and maintenance. School facilities: (i) complete implementation of all items in facilities remedial action plan; (ii) DOI/BIA review of facilities and operations; and (iii) begin systematic replacement and repair program (1994 funding required).   | 3          | 24,200   | 35,505       |

## DEPARTMENT OF JUSTICE

| High Risk Area  | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (In thousands of dollars) |              |
|---|--|------------|--|--------------|
|   |  |            | 1993 Request   | 1993 Enacted |
| <i>Departmental debt collection information systems inadequate to support management of litigation and collection activity on an estimated \$13 billion inventory.</i><br><br>There could be more than \$13 billion (1991 estimate) in pending civil debts or claims in Justice inventory, including approximately \$6 billion in receivables referred to DOJ by other agencies. At risk: non-collection of up to 5% of total (representing potential additional collections from improved management information). | In 1992, the Department participated with OMB in a multi-agency Litigation Information Action Team that recommended steps to produce meaningful, accurate management information on DOJ financial litigation and collection activity. DOJ has committed to developing the central system capability to monitor and track litigation and collection of financial litigation claims in all DOJ components and produce periodic reports on the status of claims by agency, program, and type of claim. DOJ issued a request for proposals for a systems development contract on August 31, 1992. The projected contract award date is June 10, 1993. Congressional cuts, however, make it difficult for DOJ to award the contract in 1993.<br><br>Next steps: (i) Resolve 1993 budget shortfall (OMB is requesting user agencies to provide some portion of needed funds). (ii) Award the systems development contract in June 1993. (iii) Provide funding for system development and maintenance in 1994 and beyond. | 2          | 5,307  | 2,977        |

## DEPARTMENT OF JUSTICE—Continued

| High Risk Area  | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (in thousands of dollars) |              |
|---|--|------------|--|--------------|
|   |  |            | 1993 Request   | 1993 Enacted |
| <p><i>Departmental asset forfeiture information systems inadequate to ensure program integrity or achieve full revenue-generating potential of the asset forfeiture program.</i></p> <p>Seized asset forfeiture inventory valued at \$1.8 billion at end of 1992. At risk: \$25–30 million annually in increased revenues and cost savings (made possible through improved management information).</p> | <p>The Executive Office for Asset Forfeiture (EOAF) has lead responsibility for the development and implementation of a centralized Consolidated Asset Tracking System (CATS). CATS is a multi-agency system that will integrate asset seizure and forfeiture information of all Federal agencies participating in the Justice Asset Forfeiture Program. In 1992, detailed systems design was completed, and system testing and equipment acquisition were begun.</p> <p>Congressional cuts to 1993 funding will have minimal effect on implementation, due to (i) changes in the Asset Forfeiture Fund statute providing permanent indefinite authority to use Fund monies for ADP systems, and (ii) the availability of \$3 million in prior year funding.</p> <p>Next steps: CATS will be implemented nationwide in 1993. Key steps in 1993 include telecommunications network analysis, software development, data base conversion, and equipment acquisition. The system should be in place in the first sites by April 1993. Implementation costs in 1994 may be covered by permanent indefinite authority to use Fund monies for ADP systems.</p>   | 2          | 28,970   | 20,500       |
| <p><i>Executive Office of the US Trustees (EOUST):</i> Need to increase oversight to prevent fraud, misappropriation, and breach of fiduciary standards by private trustees.</p> <p>Estimated amount in bankruptcy accounts is \$26B. No risk to Federal funds, but private funds are subject to potential loss or fraud.</p>   | <p>The EOUST must increase staff, upgrade financial analysis training, and increase audit coverage to address demands of a bankruptcy caseload that has increased 82% since expansion of the program in 1986. EOUST has: (i) improved its regulatory framework for supervising private trustees; (ii) acquired additional resources (200 FTE) provided for in the 1993 budget; (iii) issued tougher oversight policies issued for private trustees; and (iv) reamped EOUST training programs to provide financial analysis capability of staff. Overall effectiveness of the program could be strengthened by the development of a performance measurement system for assessing program accomplishments against short and long term goals and objectives. Congressional cuts in 1993 will result in less oversight of private trustees than planned. However, new fees have been authorized that will mitigate the effects of reduced funding.</p> <p>Next steps: (i) Hire new staff provided by the 1993 budget. (ii) Increase criminal enforcement activities. (iii) Increase the number of audits. (iv) Contract for risk analysis to ensure that vulnerabilities are assessed and adequate safeguards are provided in the Automated Case Management System. Additional funding will be required in 1994.</p> | 2          | 70,916   | 57,221       |
| <p><i>Bureau of Prisons (BOP) overcrowding affects safety and security.</i></p> <p>The 1993 budget provides over \$2B for BOP. At risk: the safety and security of prison staff, inmates, and surrounding communities.</p>  | <p>The BOP must reduce prison overcrowding to ensure safe and secure conditions for community, staff, and inmates through new construction and modernization of prisons. Inmate population in the Federal Prison System is 46% over rated capacity as of November 12, 1992, a reduction from the 70% originally reported. Since 1989, the capacity of BOP has increased by 18,000 beds. BOP plans to spend nearly \$3B to add approximately 43,000 beds in the next four years. The plan must be monitored because inmate population may increase faster than capacity due to increased level of criminal litigation in the judicial system.</p> <p>Funding for new construction in 1993 will increase capacity by 3,672 beds; plan projects achieving design capacity of 88,800 by end of 1995.</p> <p>Next steps: Resolution of this high risk area is predicated on effectively using the \$1.8B in unobligated balances made available in 1993 and previous budgets. Delays in obligating these funds were caused by community opposition and/or environmental impact studies.</p>   | 1          | 295,858  | 295,858      |
| <p><i>BOP: Not all prisons comply with fire and/or hazardous waste disposal codes.</i></p> <p>The 1993 budget provides \$20M over 3 years for corrective actions needed. At risk: possible environmental damage, personal injury, fines, or court action if compliance is not achieved.</p>   | <p>All immediate life and health-safety risks due to hazardous waste have been corrected. BOP has now completed Life Safety Surveys of fire code violations for all 48 institutions previously cited. Sixty percent of the 120 fire code violations were corrected. As a precaution, BOP will survey the remaining 20 institutions. Training of safety personnel in hazardous waste management is underway.</p> <p>Next step: Completion of all fire safety corrective actions by September 1994. Additional funds required for 1994.</p>  | 1          | 19,544   | 19,544       |
| <p><i>BOP: Inadequate staff to operate and manage prisons.</i></p> <p>The 1993 budget provides \$1.8B in total operating expenses for BOP. At risk: the safety and security of prison staff, inmates, and surrounding communities.</p>  | <p>The ability to recruit, develop, and retain sufficient staff was constrained by inadequate pay scales, lack of career development potential, and inconsistent planning and recruiting efforts. Special salary rates implemented for correctional officers and psychologists. 83 special salary rates tables established affecting 3000 positions. Retention and hiring of staff increased in 1992 because of the pay reforms instituted in January 1991. The ratio of correctional officers to prisoners has been reduced from 1:3.9 in 1990 to 1:3.2 in 1992 (Goal is 1:3). However, high cost areas continue to show high vacancy rates.</p> <p>Next steps: (i) Assess recruitment techniques (September 1993). (ii) Reorganize staff training and development. (iii) Increase local recruitment advertising over next several years. Resources will be required in 1994.</p>   | 1          | 15,222   | 15,222       |
| <p><i>Immigration and Naturalization Service (INS):</i> Poor management controls and inadequate financial system.</p> <p>Accounting system processes \$972M annually. At risk: assurance that funds are accounted for in an accurate and timely fashion.</p>  | <p>In 1992, INS (i) implemented a new internal control planning process involving top management; (ii) developed an Automated Information Systems Tactical Plan; and (iii) developed a Strategic Financial Management Improvement Plan. INS is using the Department's Distributed Budget Module (DBM) in HQ and 3 field offices. Concerns remain over system implementation issues, and some milestone dates have slipped. Data integrity is improving on a gradual basis. A new fee analysis branch was established to institutionalize the review of costs, revenues, fees, and the rate-making process for the Immigration Fees accounts on an ongoing basis.</p> <p>Congressional cuts in 1993, which would have resulted in delays, have been offset by reprogramming funds from other areas.</p> <p>Next steps: (i) Complete reconciliation of prior year accounts. (ii) Implement DBM in remaining offices. (iii) Implement an Acquisition Control and Tracking System and Debt Collection System. (iv) Complete requirements analysis for financial management system. 1994 funding will be required.</p>  | 2          | 4,053  | 0            |

## DEPARTMENT OF JUSTICE—Continued

| High Risk Area  | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (in thousands of dollars) |              |
|---|--|------------|--|--------------|
|   |  |            | 1993 Request   | 1993 Enacted |
| <p><i>U.S. Marshals Service (USMS):</i> Inadequate financial management system; nonconformances in fund control and asset value reporting.</p> <p>Accounting system processes \$1B annually. At risk: assurance that funds are accounted for in an accurate and timely fashion.</p>   | <p>In 1992, USMS (i) implemented the Department's Distributed Budget Module; (ii) developed a plan that addresses financial system requirements and business practices; and (iii) converted to the National Finance Center payroll/personnel system. Congressional cuts in 1993 will slow implementation of the financial system improvements.</p> <p>Next steps: (i) Conversion to the Department's Financial Management Information System (FMIS) is targeted for completion by the end of 1994; this requires 1994 funding. (ii) Continued development of Departmental FMIS modules for general ledger, collections and receivables, obligations, travel, and drafts/payments is necessary to meet specific USMS requirements.</p>  | 2          | 3,380  | 500          |
| <p><i>USMS and INS:</i> Shortage of detention facilities.</p> <p>The 1993 budget provides \$7.4M for construction. At risk: ability to meet demands of increasing prisoner population.</p>  | <p>The facilities available to house prisoners in the custody of U.S. Marshals and INS are overcrowded or unavailable. Detention resources are continually outdistanced by the dramatic growth in the prisoner population. Since 1990, the resolution of the problem is being addressed through a multi-year Federal detention strategy involving USMS, INS, and BOP for the 280 Federal court cities throughout the country. As of June 1992, 6,917 detention spaces have been acquired at 117 Federal court cities through the cooperative agreement program (CAP) with states. USMS's 11 CAP projects will acquire 302 more detention bed spaces in 1992; BOP detention construction projects funded through 1992 will provide 7,300 more detention bed spaces in 17 Federal court cities. The pace at which the plan is implemented will depend on the availability of budget resources.</p> <p>Next steps: USMS will continue to pursue agreements with State and local governments. The Federal Detention Plan is updated annually on the basis of anticipated long term needs of the participating agencies. At the end of July 1992, daily population exceeded 19,711 and is currently growing at a rate of 23% over the previous year. At this rate, population will exceed the rate at which additional bed spaces can be acquired. Additional funds required in 1994.</p> | 2          | 7,417  | 7,417        |
| <p><i>Departmental:</i> Inadequate security over Departmental ADP sites and systems.</p> <p>At risk: effectiveness of litigation action and law enforcement programs as a result of loss or unauthorized access to sensitive information, as well as control of financial assets.</p> | <p>DOJ now has a program of sustained oversight to reduce the risk from loss, misuse or unauthorized access to the Department's sensitive information in its computer systems. DOJ has initiated a broad spectrum of corrective actions: computer security training, audits and security compliance reviews, risk assessments and contingency planning, and damage assessments from unauthorized release of information stored or processed on computers.</p> <p>Next steps: (i) DOJ will complete reviews of component security plans by July 1993. (ii) DOJ will work with Drug Enforcement Agency to implement an agency-wide computer security program that addresses deficiencies identified by GAO and IG audits. (iii) USMS will complete risk analysis on its ADP systems by June 1993. (iv) U.S. Attorney Offices will be equipped with a secure communications system by October 1993. Resources will be required in 1994 for training and compliance reviews.</p>   | 2          | N/A  | N/A          |

## DEPARTMENT OF LABOR

| High Risk Area  | Progress to Date and Next Steps   | Assessment | Investment to Correct High Risk Area (in thousands of dollars) |              |
|---|---|------------|--|--------------|
|   |   |            | 1993 Request   | 1993 Enacted |
| <p><i>Employment and Training Administration (ETA):</i> Federal equity in real property held by State Employment Security Agencies (SESAs) at risk due to inadequate Federal oversight and guidance on acquisition, use, and disposition of real property.</p> <p>Fair market value (FMV) is \$1B. At risk: up to 10% of FMV.</p> | <p>In November 1992, DOL published a draft General Administrative Letter (GAL) to State grantees which outlines real property requirements. The GAL emphasizes the withdrawal of delegations of prior approval authority, and establishes accounting standards for rent vs. depreciation vs. acquisition costs.</p> <p>Next steps: (i) Publish final GAL after consideration of public comments. (ii) Publish directive to regional offices outlining system responsibilities and tracking requirements. (iii) Evaluate State compliance with requirements on acquisition, use, and disposition of SESA real property. (iv) Reconcile initial real property inventory data base with SESA records. (v) Request States formally to certify DOL's equity in SESA real property.</p>   | 2          | 413  | 346          |
| <p><i>DOL financial systems and operations:</i> inadequate.</p> <p>DOL systems processed over \$7B in grant expenses during 1992. At risk: accurate and timely accounting and cash management for these funds.</p>  | <p>DOL implemented a new core accounting system in 1990. Significant progress was reported in the 1993 budget because the core accounting system produced external financial statements for 1991. However, significant year-end adjustments had to be made due to inadequate controls over accounting and reporting of grant information. In 1992, two major subsystems—grants management and assets management—were designed, tested and put in operation within most of the Department.</p> <p>Next steps: DOL needs to (i) complete implementation of the grants management system in the Employment and Training Administration; and (ii) design interface requirements between that system, the HHS-Payment Management system (used to advance funds to grantees), and the departmental core accounting system. During 1993, additional funds were reallocated internally by DOL to support these projects. Resources will be required in 1994 to maintain these improvements. The non-automated processes and controls which underlie the financial management of the grant programs throughout the Department also need careful review and revision.</p> | 2          | 1,200  | 1,546        |

## DEPARTMENT OF LABOR—Continued

| High Risk Area   | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (In thousands of dollars) |              |
|--|--|------------|--|--------------|
|  |  |            | 1993 Request   | 1993 Enacted |
| <p><i>Job Training Partnership Act (JTPA):</i> Single Audit Act (SAA) not effective in safeguarding JTPA Federal funds.</p> <p>At risk: assurance that \$1.9B in JTPA grants is effectively audited.</p>   | <p>1991 DOL IG review recommended government-wide approach to SAA issues. Unilateral action by DOL in this area is not feasible.</p> <p>The President's Council on Integrity and Efficiency (PCIE) is conducting a study of SAA governmentwide and published a draft report in February 1993. The General Accounting Office (GAO) is conducting a SAA review that will address accounting for funds passed through grant recipients to subrecipients (a central issue in SAA coverage of JTPA funds). The GAO anticipates issuing a draft report in late 1993. This item will be re-evaluated on a governmentwide basis after PCIE and GAO findings are available.</p>   | N/A        |  |              |
| <p><i>JTPA:</i> Inconsistent monitoring and implementation of JTPA grantee systems and financial controls.</p> <p>1993 budget includes \$1.9B for JTPA grantee operations. At risk: assurance that these funds are spent appropriately.</p> <p>This is an expansion of the 1993 Budget high risk area on JTPA Service Delivery Area procurement practices.</p> | <p>Congress has passed the Job Training Reform Amendments of 1992. These amendments, which were based on a DOL legislative proposal, address JTPA cost classification, procurement policy, and on-the-job training processes. The amendments significantly strengthen JTPA monitoring requirements and program accountability. Implementing regulations were published in late December. DOL published a technical assistance guide on program monitoring, and model monitoring instruments were provided to JTPA grantees. This high risk area has been expanded to include all JTPA grantee operations, and not just JTPA procurement.</p> <p>Next step: Monitor grantee compliance with new regulations. DOL will need appropriate funding to work with JTPA grantees to implement changes and assure compliance.</p>   | 2          | 9,352  | 9,352        |
| <p><i>Pension and Welfare Benefits Administration (PWBA):</i> Oversight of pension plans inadequate.</p> <p>PWBA oversees private pension plans with assets of \$2.2 trillion. At risk: pensions guaranteed by the Federal Government valued in billions of dollars.</p>   | <p>DOL submitted a legislative proposal to (i) repeal the limited scope exemption for certain pension plan audits, and (ii) establish triennial peer reviews of Independent Public Accountants (IPAs) who audit pension plans.</p> <p>PWBA (i) implemented a "grace period" for submission of late annual reports—4,000 late reports were filed; (ii) issued 620 letters rejecting inadequate annual pension plan reports (Form 5500); (iii) assessed \$32.2M in fines for submission of inadequate audit reports; (iv) conducted 1,700 in-house reviews of accountant's reports and 39 on-site reviews of IPA audit work papers; and (v) made 60 referrals to the American Institute of Certified Public Accountants (AICPA) and State boards of accountancy. PWBA also worked closely with the AICPA in developing additional technical guidance for pension plan auditors.</p> <p>Congress' cut of \$1 million from the President's 1993 request will slow development and maintenance of the information system used to aid monitoring of pension programs.</p> <p>Next steps: Review audits received to analyze the impact of the revised AICPA audit guide on pension plan audits. Based on this review, PWBA may recommend further changes to the audit guide. 1993 levels will fund 20 additional field investigatory staff. Appropriate 1994 funding will be requested.</p> | 1          | 3,178  | 2,178        |

## DEPARTMENT OF STATE

| High Risk Area  | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (In thousands of dollars) |              |
|---|--|------------|--|--------------|
|   |  |            | 1993 Request   | 1993 Enacted |
| <p><i>Foreign Buildings Office:</i> Rehabilitation and maintenance of real property overseas is inadequate.</p> <p>1993 budget for FBO is \$570M. At risk: the health, safety, and security of employees at overseas posts due to building deterioration.</p> | <p>Department is continuing to implement initiatives consistent with its 5-year plan for rehabilitation and maintenance. In 1992, (i) a survey to determine worldwide maintenance staffing needs was completed; (ii) a 5-year maintenance plan and guidelines were provided to all posts; and (iii) a reinspection program was initiated to keep facilities data current. Maintenance assistance centers in Washington and Europe have done work at over 80 posts. Eight facilities rehabilitation projects are under construction; four more are in the survey/design stage. State's plan includes development of a computerized database on facilities.</p> <p>Next steps: Continue to implement 5-year plan initiatives. Continued budgetary support is needed in 1994.</p> | 1          | 125,758  | 125,758      |
| <p><i>Consular Affairs:</i> Inadequate controls over visa processing increase vulnerability to illegal immigration and diminish the integrity of the U.S. visa.</p> <p>1993 budget for visa processing is \$134M. At risk: potential for visa fraud.</p>      | <p>The Department is designing and implementing control systems, and improving visa issuance processes, to make it more difficult for fraud to occur. Progress has been made through: (i) management and automation improvements (machine readable visas—MRVs—now installed at 37 posts); (ii) improvements to name check systems; (iii) distribution of anti-fraud materials; and (iv) training. An IG audit of the MRV program is to be issued in early 1993.</p> <p>Next steps: (i) Develop procedures for anti-fraud unit at new immigrant visa central facility in early 1993. (ii) Install MRV at 15 posts in 1993. Funding will be required in 1994 for MRV installations.</p>  | 1          | 6,800  | 11,900       |

## DEPARTMENT OF STATE—Continued

| High Risk Area   | Progress to Date and Next Steps   | Assessment | Investment to Correct High Risk Area (In thousands of dollars) |              |
|--|---|------------|--|--------------|
|  |   |            | 1993 Request   | 1993 Enacted |
| <p><i>Departmental</i> management of the overseas security program, including ADP security, is inadequate.</p> <p>1993 budget for the overseas security program is \$150M. At risk: assurance that this investment is adequately protecting U.S. personnel, information and property abroad.</p>   | <p>Thirty-seven interagency security standards have been developed for overseas posts to counter the threat from terrorism, human intelligence, technical intelligence, and crime. As standards are implemented, funding priority for security improvements goes to posts facing the highest threat levels. All standards have been implemented to address the terrorism/crime threat; and necessary improvements are being made through physical security projects. Counter-intelligence standards have been implemented; and posts will be reassessed every two years. Implementation of technical intelligence standards is to be achieved by end of 1993. Concerns remain that serious ADP security vulnerabilities at unclassified mainframes have not been systematically addressed.</p> <p>Next steps: (i) Continue physical security projects. (ii) On ADP security, implement standards at highest threat posts by September 1993, and address domestic security standards. 1994 funding will be required to support physical security projects.</p>   | 2          | 12,768   | 13,173       |
| <p><i>Departmental</i> long-standing ADP operational deficiencies are not being systematically addressed.</p> <p>1993 budget for worldwide ADP operations is \$17.9M. At risk: assurance that this investment provides efficient and continuous ADP operations.</p>  | <p>Department lacks long-term strategy for addressing ADP vulnerabilities. Backup mainframe computer center activated June 1992, but is being used to meet operational requirements because the capacity at the Departmental mainframe has been exceeded. Acquisition of new mainframe is one year behind schedule (thus making it impossible to use the full amount of the President's 1993 request). Issuance of policy on information systems is two years behind schedule. Department has failed to address adequacy of backup capabilities for overseas regional administrative centers, and lacks a strategy to test contingency plans. IG audit of mainframe procurement to be issued in early 1993.</p> <p>Next steps: Award contract for new mainframe by June 1993; funding for mainframe acquisition would be required. Department must develop long-term plan to resolve operational problems.</p>  | 3          | 3,871  | 150          |
| <p><i>Departmental</i> accounting and financial systems have many weaknesses and do not meet standard requirements. A substantial amount of information essential to financial statement production is unrecorded, and a number of subsidiary accounting systems are not interfaced with the core system.</p> <p>Total 1993 appropriations for Department are \$5.21B. At risk: assurance that these funds are being accounted for in an accurate, timely, and useful fashion.</p> | <p>State has (i) implemented enhancements to improve its Central Financial Management System's stability, integrity, and response time, and (ii) completed a study of the Overseas Financial Management System so as to develop a detailed improvement plan. Reorganization of the CFO's Office has focused more attention on financial management and strengthened efforts to improve financial systems and operations, but the problems are serious and long-standing. Some progress is being made. The financial systems planning process is underway, but it requires coordination with other Departmental information systems initiatives.</p> <p>Congress' cuts of the President's 1993 request will result in fewer short-term improvements to financial systems.</p> <p>Next steps: During 1993, (i) reduce the number of accounting and disbursing systems from six to three and the number of payroll systems from three to two; (ii) complete an Information Strategy Plan for integration and standardization of financial systems; and (iii) refine future funding requirements for systems improvements based on this plan.</p> | 2          | 10,640   | 6,910        |
| <p><i>Departmental</i> controls over worldwide disbursing and cashing are inadequate.</p> <p>Over \$5B disbursed annually by Department disbursing officers worldwide. At risk: \$50M, representing funds unreconciled with Treasury.</p>  | <p>Overall strategy is to improve disbursing through stronger management from Washington of overseas financial operations, centralization of disbursing operations, and strengthened controls over cashing. Good progress made on disbursing problems; disbursing functions for 6 of 22 officers have been centralized, with remainder on track; reconciliation of foreign currency bank accounts at RAMC Mexico and RAMC Bangkok nearing completion. New cashing policies issued, but implementation must be aggressively pursued.</p> <p>Next steps: (i) Prepare detailed plan for creation of Office of Cash Management under CFO by June 1993. (ii) Establish system to increase accountability of cashiers and disbursing officers.</p>  | 2          | .....  | 159          |
| <p><i>Departmental</i> vulnerabilities exist in current hardware and software technology for selected information systems.</p> <p>\$300M of hardware and associated software is becoming vulnerable to failure in the next few years. At risk: worldwide systems could suffer from significant downtime and even failure, due to inadequate vendor support.</p>  | <p>State is heavily dependent on proprietary computer systems and software for financial, consular, personnel, and administrative functions. A significant portion of these proprietary computer systems are vulnerable to failure in the next few years. The Department intends to develop and implement a strategy to migrate to an information systems environment that meets government standards for open systems. Significant concerns exist over the adequacy and scope of the plans, and the ability of the Department to implement them effectively. ADDED TO HIGH RISK LIST.</p> <p>Next steps: Develop in 1993 a master plan for migration, with supporting detail (including standards, priorities, and resource implications).</p>   | A          | .....  | .....        |



## DEPARTMENT OF TRANSPORTATION

| High Risk Area  | Progress to Date and Next Steps   | Assessment | Investment to Correct High Risk Area (in thousands of dollars) |              |
|---|---|------------|--|--------------|
|   |   |            | 1993 Request   | 1993 Enacted |
| <p><i>Departmental</i> financial systems are numerous, fragmented, and non-standard.</p> <p>DOT financial systems process over \$30B in outlays annually. At risk: assurance that funds are being accounted for in an accurate, timely, and useful fashion.</p> | <p>DOT is (i) correcting immediate problems in accounting, personnel, payroll, and procurement systems; (ii) establishing standards and developing a strategic systems plan for future modernization; and (iii) fully implementing an integrated systems environment. In 1992, DOT implemented its DAFIS core accounting system at the Maritime Administration—DAFIS is now installed in 7 out of 10 offices and administrations; and completed the conceptual design plan for an Integrated Personnel/Payroll System (IPPS). Significant progress was reported in the 1993 budget because the DAFIS implementations were accomplishing significant consolidation of core accounting system support. However, some accounting weaknesses in DAFIS remain, and significant work on longer-term strategies and plans for integrating subsidiary systems and providing more useful cost information has been delayed due to Congress' cuts in the President's 1993 request.</p> <p>Next steps: Complete (i) installation of DAFIS for remaining three offices by July 1993, and (ii) detailed design for IPPS during 1993. Implementation of IPPS and other systems enhancements will require resources in 1994.</p>   | 2          | 6,213  | 3,668        |
| <p><i>Federal Transit Administration (FTA)</i>: Inadequate grants management oversight.</p> <p>At risk: FTA has over \$35B in active grants. At risk: \$300-500M.</p>   | <p>FTA must improve oversight of grantees' adherence to Federal requirements. In 1992, FTA: (i) received additional staff support (31 FTEs); and (ii) implemented recommendations of the Administrator's Task Force Report on program management oversight. These recommendations included (i) a risk assessment for early identification of problem grantees needing assistance and closer monitoring, (ii) a more comprehensive Triennial Review process, and (iii) targeting of contractor support funds for oversight activities. FTA is also working to revise audit guidance to comply with Federal requirements. FTA has already taken short term steps to separate project oversight from program management activities. Additional resources provided by Congress in 1993 will be used to fund new contractor support activities.</p> <p>Next steps: During 1993, FTA will (i) continue organizational and functional changes to focus on and improve program oversight; (ii) increase the use of funds to hire contractors to perform procurement, management, financial, and safety reviews and audits; (iii) work with OMB to improve audit guidance; and (iv) recruit appropriate oversight staff. Funds will be required in 1994 to provide staffing and contractor support in the discretionary and formula grant programs.</p>  | 2          | 24,977   | 28,368       |
| <p><i>Federal Aviation Administration</i>: major systems acquisition procedures inadequate.</p> <p>FAA procurement plans are estimated at \$8.2B over the next 15 years. At risk: increased costs because of poor contract administration.</p>                  | <p>FAA has developed an internal management control plan to identify and focus on major acquisition weaknesses, and an acquisition plan policy which includes provisions for contract award, administration, modification, and approval by senior management. Program offices must now justify and validate requirement needs at four successive phases from concept to production. FAA has also organizationally separated acquisition review and oversight from acquisition operations.</p> <p>Next steps: DOT will conduct a Procurement Management Review of FAA contract administration activities and contract modifications. Mission needs statements will be improved to include appropriate quantitative, analytical support by implementing a structured mission analysis process which will be closely tied to the budget process. Mission needs will be revalidated throughout the life cycle, operations requirements will be developed, and improvements in performance resulting from acquisitions will be measured. Acquisition policies will be revised and updated. Requirements determination, specification development, and pre-production testing processes will be improved through formation of Quality Action Teams. Additional training will be implemented, including a 20-week course for some project managers. Existing funds will be used to finance corrective actions.</p> | 2          | 5,500  | 5,500        |
| <p><i>U.S. Coast Guard</i>: major systems acquisition procedures inadequate.</p> <p>USCG procurement plans are estimated at \$1.5B over the next 5 years. At risk: increased costs because of poor contract administration.</p>                                 | <p>In 1992, USCG conducted internal management control reviews on major systems acquisitions. These found that improvements are needed to protect source selection information and improve invoice processing. Mission justification now includes detailed cost estimates that are adequately supported and include all costs. Hands-on training in procurement management reviews and accountability is being improved.</p> <p>Next steps: In 1993, continue to improve the mission analysis and mission needs process (closely tied to the budget process), both at USCG and DOT. Mission needs will be revalidated through acquisition life cycle, and improvements in performance resulting from acquisitions will be measured through a structured process every year. Policy will be updated and revised as needed, and a system for correcting procurement errors will be developed. Program managers will continue to be trained at the Defense System Management College, and Warrant Officers assigned to field units with oversight responsibilities. A followup system to track procurement deficiency corrective actions will be developed.</p>  | 2          | 15   | 15           |
| <p><i>Federal Aviation Administration</i>: Inadequate management of spare parts at field activities.</p> <p>At risk: \$130.7M of spare parts at field facilities.</p>   | <p>The FAA must (i) improve management of spare parts at field activities; (ii) reduce inventory holding costs; (iii) take timely disposition action on excess and inactive materials; and (iv) centralize inventory management. FAA has issued revised guidelines to improve inventory management and has developed a supply site management plan.</p> <p>Next steps: Planned actions are to complete a phased inventory of field stock exceeding the threshold cost. Funds will be required in 1994 to complete implementation of the new inventory system and to conduct inspections of field facilities. ADDED TO THE HIGH RISK LIST.</p>   | A          | .....  | .....        |
| <p><i>U.S. Coast Guard</i>: Inadequate logistical support for spare parts at field activities.</p> <p>At risk: \$93.6 M of a \$346.7 M on-hand inventory representing excess inventory.</p>   | <p>The Coast Guard needs to implement internal control objectives and techniques sufficient to minimize its inventory cost for spare parts. Necessary corrective actions include implementation of the new Aeronautical Maintenance Management Information System (AMMIS). AMMIS is intended to improve planning, tracking and accounting capability. ADDED TO THE HIGH RISK LIST.</p> <p>Next steps: Introduction of the AMMIS system is scheduled for 1993 with full implementation in 1995. Funds will be required in 1994 to (i) provide advanced logistics management training, (ii) finance AMMIS, and (iii) complete the reorganization of the warehouse.</p>  | A          | .....  | .....        |

## DEPARTMENT OF TRANSPORTATION—Continued

| High Risk Area   | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (In thousands of dollars) |              |
|--|--|------------|--|--------------|
|  |  |            | 1993 Request   | 1993 Enacted |
| <p><i>Department:</i> Inadequate Department Information Systems Security (ISS)</p> <p>Annual investment of nearly \$38 for information technology.</p> | <p>Security efforts have not kept pace with improved technology to safeguard information systems. Security improvements are needed to safeguard information systems for grant management, funds control, and management and safety of the of the Department's operational systems (e.g., Air Traffic Control Systems). DOT must develop a comprehensive security plan, and revise existing policy, issue procedural guidance, and perform security oversight reviews. ADDED TO THE HIGH RISK LIST.</p> <p>Next steps: (i) Completed revisions to existing policy statements (March 1993); (ii) complete four oversight reviews (September 1993); and (iii) issue guidance in support of ISS policy (September 1995). Funds will be required in 1994 for staffing and training.</p> | A          | .....  | .....        |

## DEPARTMENT OF TREASURY

| High Risk Area   | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (In thousands of dollars) |              |
|--|--|------------|--|--------------|
|  |  |            | 1993 Request   | 1993 Enacted |
| <p><i>Internal Revenue Service (IRS):</i> strategy for collecting and resolving Accounts Receivable (AR) is inadequate.</p> <p>IRS Accounts Receivable \$71B (current estimated collectible value is \$28B). Collections totaled \$24B in 1992. At risk: at least \$28B in collectible receivables; \$43B estimated allowance for doubtful accounts needs to be reconciled and closed out.</p> | <p>Since IRS collections have not kept pace with the growth in unpaid tax debt, significant Federal revenues may be lost. In 1992, the IRS: (i) set targets for AR and other functions and began quarterly performance reviews with OMB and Treasury; (ii) eliminated duplicate penalties from AR and initiated a pilot to eliminate erroneous accounts; (iii) began a feasibility study of the use of private collection agencies to resolve unworked, lower priority accounts; (iv) undertook a series of efforts to accelerate contact with delinquent taxpayers, including an accelerated notice pilot; and (v) modified its installment agreement and offer-in-compromise policies to permit more flexibility and increased collections. During the year, installment agreements have increased 47%; collections from installment agreements have increased 24%; and offers-in-compromise submitted by taxpayers have increased twofold.</p> <p>Next steps: Accounts receivable will be elevated to be an integral part of the Servicewide Compliance 2000 Strategy and related plan. In 1993, the IRS will conduct a private collection agency pilot and expand nationwide its pilot to eliminate erroneous accounts from AR. For 1994, if the private collection agency pilot proves feasible, legislation is needed to fund referral of unworked, low-priority cases to private collection agencies out of a portion of the proceeds. Continued funding of AR improvements will be needed in 1994.</p> | 2          | 16,217   | 15,641       |
| <p><i>Customs Service:</i> Inadequate collecting/accounting systems for revenues on imports.</p> <p>\$20 billion collected annually. At risk: control of revenues, including tracking of \$80M in posted receivables.</p>  | <p>A new core accounting system, Asset Information Management System (AIMS), was implemented to provide general ledger, funds control, and budget execution capabilities. Interfaces between AIMS and Customs administrative and revenue subsystems will provide improved data accuracy. Customs still needs to improve accounting for protested amounts and revenue collection—through the Automated Commercial System (ACS) and its interfaces with AIMS. A system for mail entry of collections was implemented in 1992 to enhance control over receivables. Congress' cut of the President's 1993 request will delay improvements to ACS, and interfaces between Customs subsystems and AIMS.</p> <p>Next steps: Customs reallocated \$4.5M from other activities to (i) continue the redesign of the protest module in ACS; (ii) continue work on ACS and its interfaces with AIMS (needed to support accountability of revenues); (iii) begin work on the cost accumulation capabilities in phase II of AIMS; and (iv) improve data integrity through efforts to develop interfaces between Customs subsystems and AIMS. Additional resources will be needed for this effort in 1994.</p>  | 2          | 1,668  | 0            |
| <p><i>Departmental:</i> Financial system coordination is inadequate.</p> <p>Treasury is investing \$81 million in financial systems development in 1993. At risk: systems developed by bureaus may not support departmental financial management initiatives.</p>  | <p>Treasury has improved system oversight by establishing the Office of Financial Systems and Reports, and issuing Treasury Directive 32-02, "Approval of Financial Management System," which requires departmental review and approval for systems. Efforts are underway to implement the recommendations of the department-wide studies on integration of financial systems and financial report filing procedures. The Financial Management Systems Advisory Committee was established to ensure consistency in the design and enhancement of financial management systems. This committee will initiate efforts to determine department-wide financial management system requirements. The first three priorities will be travel, procurement, and revenue systems. Treasury continues to make progress in further reducing the variety and number of financial management systems by implementing the Federal Financial System (FFS) software at three additional bureaus (IRS, USCS, and FLETC). Current efforts will result in half of the bureaus using FFS by 1993 (accounting for 83% of Treasury's total budget authority).</p> <p>Next steps: Treasury (i) is allocating additional funds (\$320,000) to this project in 1993, (ii) will oversee installation of FFS software at ATF, and (iii) will develop plans for establishing a departmentwide financial management system. Additional resources will be required in 1994 to improve systems oversight.</p>                                  | 2          | 170  | 170          |
| <p><i>Customs, Operations and Maintenance Account, Air and Marine Interdiction Programs</i> lack adequate internal controls.</p> <p>Interdiction Operations and Maintenance accounts in 1993 totalled \$138M. At risk: \$26-50M dollars in unobligated balances.</p>   | <p>Customs identified problems accounting for prior year unobligated balances in this program. Corrective actions to address these problems are underway. Last summer, Customs hired the accounting firm of KPMG Peat Marwick to review the account balances of the air/marine program, and they are now completing their work. Recommendations of Treasury's own study team will be implemented to improve the account's internal controls. Finally, the Inspector General will review results of both efforts. ADDED TO HIGH RISK LIST.</p>  | A          | .....  | .....        |

## DEPARTMENT OF VETERANS AFFAIRS

| High Risk Area   | Progress to Date and Next Steps   | Assessment | Investment to Correct High Risk Area (in thousands of dollars) |              |
|--|---|------------|--|--------------|
|  |   |            | 1993 Request   | 1993 Enacted |
| <p><b>Veterans Benefits Administration (VBA):</b> Compensation and pension benefit overpayments.</p> <p>1993 budget includes \$16.5B for compensation and pension benefits. At risk: \$185M in overpayments to beneficiaries annually.</p>   | <p>The integrity of claimants' income reporting for compensation and pension benefit entitlement purposes requires validation of claimants' income reports. OIG sampling of wage matches and audits have disclosed over \$53 million in overpayments and over 6,000 cases referred for further investigation. Following passage of authorizing legislation, VA obtained income data to perform income verification matches, and undertook matches with IRS and SSA. System now fully operational. With 43,000 cases completed thus far, 7,600 (18%) resulted in termination or reduction of benefits, and 35,400 required no adjustment.</p> <p>Next steps: Continue case-by-case validation of overpayments in remaining cases, which are the most difficult; and complete post-implementation evaluation.</p>   | 1          | 8,357  | 8,357        |
| <p><b>Departmental</b> audit followup systems inadequate.</p> <p>Audit reports received with monetary findings of \$350M annually. At risk: up to 15% if audit followup is not pursued aggressively.</p>   | <p>All corrective actions and milestone dates for improvement of audit followup system deficiencies completed as planned. Independent assessment (December 1991) of revised system conducted by Commerce Department peer review group, which found that VA met all existing OMB and IG Act requirements. <b>DELETED FROM HIGH RISK LIST.</b></p>  | D          | 372  | 372          |
| <p><b>Veterans Health Administration (VHA):</b> Drug inventory controls inadequate. Medical centers and nursing homes dispense large quantities of drugs. Scattered local systems provide poor controls.</p> <p>Drugs and medical supply inventories in VA hospitals replenished at rate of \$450M a year. At risk: \$68M in potential loss of drugs in inventory due to waste, theft or loss.</p> | <p>VA has expanded this High Risk area to address the larger issue of overall medical inventory controls (1991 GAO report had indicated that security and accountability for controlled substances at some medical centers were insufficient to detect and deter the diversion of lower scheduled controlled substances). VA decision to convert to a unit dose (rather than ward stock system) has resulted in the conversion by the end of 1992 of 25 of 46 medical centers (85% of all beds). Field facilities have been surveyed to assess compliance with new requirements for the control over addictive drugs.</p> <p>Next steps: (i) Implement VA task force recommendations to improve employee accountability for pharmaceutical security. (ii) Procure and install bar code readers at all facilities to implement the maintenance of a perpetual medical supply inventory system (requires additional 1994 funding). (iii) In 1995, conduct post-implementation evaluation of new system's effectiveness.</p> | 1          | 6,962  | 6,962        |
| <p><b>VHA:</b> Health care facilities construction planning process lacks design and performance standards.</p> <p>1993 budget provides \$493M for facility construction. At risk: \$50M in additional unnecessary costs, cost overruns, or facilities exceeding actual needs.</p>   | <p>Facilities Program is developing an overall systemic approach to construction planning to improve efficiency and effectiveness, based on facility planning standards. Construction planning models have been developed and tested, and are now in use in all field facilities. IG has concerns about the effect of a recent reorganization and the absence of eligibility data by service area as an analytical element in the construction planning model.</p> <p>Next step: Conduct post-implementation evaluation. No 1994 funding required.</p>  | 1          | 0  | 0            |
| <p><b>Departmental</b> internal management controls program weak.</p> <p>VA budget exceeds \$33.5B. At risk: assurance that funds and operations are adequately protected against fraud, waste and abuse.</p>  | <p>CFO has assumed responsibility for program and put in place key elements for a potentially effective program. Implementation of automated management control system to monitor and manage information on corrective actions, required reviews, etc., is scheduled in 1993.</p> <p>Next steps: (i) Implement action plans to effect improvements in the Department's programs and promote integrity of operations; and (ii) ensure effectiveness of automated system. Continued funding required in 1994.</p>   | 2          | 290  | 290          |
| <p><b>VHA:</b> Physician screening inadequate.</p> <p>1993 budget included \$14.6B for Veterans Health Services. At risk: inadequate assurance that VA patients are treated by qualified physicians.</p>   | <p>Policies and procedures have been developed and implemented including cross-checks of key data, certifications of State medical boards, and a template folder for securing and filing standard reference data on physicians by VA centers. All milestones, and validation of corrective actions through on-site reviews in regional offices, have been completed. Other internal controls have been established to ensure long-term viability of corrective actions. OIG audit report (September 1992), surveying 20 medical centers, Headquarters and 4 regional offices, found substantive compliance with new procedures and concluded that physician screening was no longer a material weakness. <b>DELETED FROM HIGH RISK LIST.</b></p>  | D          | 0  | 0            |

## ENVIRONMENTAL PROTECTION AGENCY

| High Risk Area  | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (in thousands of dollars) |              |
|---|--|------------|--|--------------|
|   |  |            | 1993 Request   | 1993 Enacted |
| <p><b>Agency</b> financial system does not provide reliable data or support accounting for receivables.</p> <p>Accounts receivable, as of September 1992, were \$238M. At risk: assurance that these funds are accounted for in an accurate and timely fashion.</p> | <p>Enhancements to the core financial accounting system have been implemented to improve accountability, general ledger control, and accounts receivable accounting. Efforts are now underway to implement general ledger reconciliation. Modifications to the accounts receivable module are in progress. These will provide needed capabilities to record receivables, interest due, and collections. Additional improvements are needed to improve the accuracy of accounts receivable.</p> <p>Next steps: Complete general ledger data reconciliation, and revise policy and procedures for recording financial transactions in the system in 1993. EPA will reallocate an additional \$94,000 in 1993 for system enhancements to provide better support for determining and collecting accounts receivable. No additional funding is required for 1994.</p> | 2          | 20   | 20           |

## ENVIRONMENTAL PROTECTION AGENCY—Continued

| High Risk Area   | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (in thousands of dollars) |              |
|--|--|------------|--|--------------|
|  |  |            | 1993 Request   | 1993 Enacted |
| <p><i>Superfund</i>: Program lacks adequate controls to ensure timely cleanup of National Priorities List (NPL) sites and consistent management of the Alternative Remedial Contracting Strategy (ARCS) contracts.</p> <p>1993 Budget includes \$1.574B for Superfund. At risk: environmental safety, and assurance that contract funds are being spent efficiently and effectively.</p> | <p>EPA reports correction of the over fifty problem areas identified in the 1989 Management Review of the Superfund Program. Regarding accelerating cleanup of NPL sites, in 1992, EPA: (i) implemented pilot projects for standardizing the remedial planning process; (ii) established policy allowing remedial design to begin prior to entry of the consent decree involving potentially responsible parties; and (iii) established aggressive cleanup targets through the year 2000. For ARCS contract management, EPA: (i) established regional management teams to review the ARCS award fee process; (ii) established policy for the distribution of work between the Army Corps of Engineers and ARCS; (iii) completed an ARCS level of effort capacity projection model; (iv) established requirements for independent government cost estimates; and (v) created an on-line database to track ARCS obligations and expenditures.</p> <p>Next steps: In 1993, action items to accelerate cleanup include (i) developing guidance to standardize the remedial planning process; (ii) developing procedures to expand the flexibility of design contracts; and (iii) implementing policy to permit remedial design to begin prior to entry of the consent decree and improve accounting. For ARCS contract management, action items include (i) developing guidance for establishing independent cost estimates; (ii) issuing final design scoping guidance and revised cost estimating tools; (iii) streamlining the award fee process; and (iv) conducting an evaluation of quality of program management and remedial work. No additional resources will be required in 1994.</p> | 2          | 5,450  | 5,450        |
| <p><i>Agency Contract Management</i>: persistent, widespread problems in contract management.</p> <p>1993 budget includes \$1.2B for contracting. At risk: environmental safety, and assurance that contract funds are being spent efficiently and effectively.</p>  | <p>EPA has established a task force to review and determine the scope of its management problems, and published a report, "Contract Management at EPA: Managing Our Mission," (June 1992). The report delineates problems and recommends actions. As part of its reexamination of contract management practices, EPA (i) has established Senior Procurement Officials within each office and region; (ii) has required contract training for all SES employees; and (iii) is reexamining resource allocations for contract management.</p> <p>Next steps: Implement corrective actions in the following areas: (i) organizational standing of agency procurement functions; (ii) agency oversight of contractor cost and performance; (iii) management and program accountability; (iv) resource allocation, and (v) procurement training. Additional resources may be required in 1994.</p>   | A          | .....  | .....        |

## NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

| High Risk Area  | Progress to Date and Next Steps   | Assessment | Investment to Correct High Risk Area (in thousands of dollars) |              |
|---|---|------------|--|--------------|
|   |   |            | 1993 Request   | 1993 Enacted |
| <p>NASA financial accounting systems are outdated, labor intensive, and not integrated agencywide; weak funds control over contractors.</p> <p>NASA systems process \$15B annually. At risk: assurance that these funds are being properly accounted for in an accurate and timely fashion.</p> | <p>NASA's financial accounting systems do not comply with the requirements of OMB Circular A-127 for a single, standard, integrated agency system. Decision to meet the need for strong financial controls made by top management. Development of a standard, integrated NASA Accounting and Financial Information System (NAFIS) to replace nine installation and six agencywide systems now underway. Functional requirements documents and system/software specifications completed. Preliminary design review completed October 1992.</p> <p>Next steps: (i) Design work to be completed by July 1993. (ii) Coding and testing to be completed by October 1994. (iii) Installation at NASA Centers to begin in September 1995 (requires continued budgetary support).</p>   | 2          | 13,679   | 13,679       |
| <p>NASA contract and subcontract administration and oversight inadequate.</p> <p>92 percent of NASA's annual budget spent on contractors (\$13.5B in 1993). At risk: \$200-500M, representing potential overpayments to contractors through erroneous or fraudulent billings.</p>               | <p>Inadequate oversight over prime contractors has resulted in overpriced subcontracts with excessive profits. Insufficient review of mission support contractors and subcontractors has caused vulnerability to mission failure and financial loss. Aggressive corrective action plan developed following OMB/NASA review team report. NASA has taken key actions to (i) improve training and staffing, and step-up contract audit requests to the Defense Contract Audit Agency; (ii) establish a new contract management division to monitor corrective actions; (iii) implement the first phase of a new Defense Logistics Agency billing system to ensure accountability for contract audits; and (iv) install an improved system of oversight and controls to identify contract management problems earlier and more effectively. Authorized ceilings for NASA procurement offices have been increased by 45 FTE to date (despite an agencywide hiring freeze).</p> <p>Next steps: (i) Continue expansion of contract management training program. (ii) Complete implementation of new procedures for validating DoD billings at NASA centers. (iii) Complete staffing augmentation plans at all NASA centers by the end of 1993. (iv) Validate effectiveness of final corrective actions through a full cycle of Procurement Management Surveys at all NASA centers by 1994. Additional funding is required in 1994.</p> | 1          | 8,171  | 8,171        |
| <p>NASA environmental management and pollution cleanup need priority attention.</p> <p>Since 1988, over \$100M has been spent on environmental cleanup. At risk: health and safety of NASA employees and the public.</p>  | <p>The lack of a cohesive agencywide plan and approach has resulted in non-uniform programs at NASA Centers. These have in many cases not fully addressed all components of the environmental program. NASA has developed an environmental remediation program and has made progress in the identification of hazardous waste sites, and the implementation of a multi-year program for site characterization and cleanup. ADDED TO HIGH RISK LIST.</p> <p>Next steps: NASA now needs to (i) identify potential hazardous waste sites; (ii) implement an agencywide environmental strategy; (iii) establish a NASA Environmental Management Council; and (iv) complete environmental self-assessments at major facilities. Funding will be required in 1994 to implement NASA's environmental strategy.</p>   | A          | .....  | .....        |

AGENCY FOR INTERNATIONAL DEVELOPMENT

| High Risk Area   | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (In thousands of dollars) |              |
|--|--|------------|--|--------------|
|  |  |            | 1993 Request   | 1993 Enacted |
| <p>AID financial management systems and operations are inadequate.</p> <p>Total obligations processed by AID/Washington operations are over \$4B annually. At risk: assurance that these funds are being accounted for in an accurate, timely, and useful fashion.</p>                                     | <p>AID's strategy includes developing a new primary accounting system and instituting management improvements in payments operations. In the systems area, AID completed analyses of 5 of 8 business areas identified in the Financial Management Strategic Information Systems Plan (FMSISP), and completed a cost/benefit analysis for system design alternatives. To improve payments operations, AID reduced centrally-managed advances, and implemented electronic certification.</p> <p>Next steps: In systems development, (i) analyze the remaining three business areas in the FMSISP, and (ii) evaluate specific system alternatives. Future funding needs will be based on this evaluation. In payments operations, (i) introduce additional desk procedures, (ii) conduct project officer training, and (iii) perform management control reviews.</p>  | 2          | 3,830  | 3,791        |
| <p>AID audit coverage of contractors and grantees is inadequate.</p> <p>AID has not obtained adequate audit coverage of overseas projects amounting to hundreds of millions of dollars. At risk: potential misuse of funds by contractors and grantees.</p>  | <p>AID's new Audit Management and Resolution Program (AMRP), when fully implemented, will ensure appropriate audit coverage of recipients of AID funds. Specific responsibilities have been assigned to missions, the Office of Procurement, AID bureaus, and the IG. Guidance on implementing AMRP was finalized in April 1992. The joint OMB/AID SWAT Team report made additional recommendations relating to contracting and audit.</p> <p>Next steps: Implement SWAT Team recommendations: (i) revised policy guidance on project assistance; (ii) strengthened internal control process as it relates to grant and contract audits; (iii) maintenance of a comprehensive inventory of required audits; and (iv) a shift of primary responsibility for scheduling audit coverage from the IG to the Office of Procurement. Plans call for the IG to assess the effectiveness of AMRP one year after the program is implemented. Appropriate 1994 funding is required to implement SWAT Team recommendations.</p> | 2          | 800  | 840          |
| <p>AID automated systems which contain sensitive information are not adequately protected against disasters.</p> <p>1993 budget for information resources management is approximately \$20M. At risk: assurance that this investment and AID data are adequately protected from loss due to disasters.</p> | <p>AID is implementing both technical and procedural improvements to protect its ADP systems. In 1992, AID: (i) implemented and tested long-term disaster recovery service for all mainframe functions, including payroll and personnel processing; (ii) opened an off-site tape storage facility; (iii) installed anti-viral software; (iv) published new policies on password management and classified processing; and (v) conducted risk analyses for three basic systems platforms.</p> <p>Next steps: (i) Evaluate whether adequate action is being taken to implement recommendations made in risk analysis reports. (ii) Revise AID Handbook to include new security policies. (iii) Implement necessary changes to recovery service as regular testing continues. 1994 funding is required to improve network security.</p>   | 1          | 889  | 456          |
| <p>AID cannot provide assurance that its programs are being properly monitored, and that it is meeting appropriate standards for accountability.</p> <p>Total 1993 AID budget is approximately \$7.3B. At risk: assurance that these funds are being spent efficiently and effectively.</p>                | <p>Several recent reviews of AID operations have helped AID better define its management improvement objectives, including improved program monitoring and oversight. In July 1992, an AID/OMB SWAT Team issued 30 recommendations to strengthen AID's management of staff, projects and programs. AID developed an action plan to carry out these recommendations.</p> <p>Next steps: Continue to (i) implement SWAT Team recommendations relating to personnel, contracting, audit and evaluation; (ii) concentrate programs in fewer countries; and (iii) focus country programs on fewer objectives. Implementation of SWAT Team recommendations will require appropriate staff and contractual funding in 1994.</p>   | 2          | 7,000  | 7,877        |

FARM CREDIT ADMINISTRATION

| High Risk Area  | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (In thousands of dollars) |              |
|---|--|------------|--|--------------|
|   |  |            | 1993 Request   | 1993 Enacted |
| <p>Inadequate financial systems and property controls.</p> <p>FCA processed over \$136M in collections for themselves and the Farm Credit System Insurance Corporation during 1992. At risk: lack of adequate controls places all of these resources at risk.</p> | <p>FCA financial systems are not integrated, lack fundamental controls, and do not conform with OMB core requirements. Progress reported in 1992 was inadequate. Progress previously reported in 1991 was overstated by FCA. Further in-house development is doubtful, and FCA is exploring external options for buying accounting services. Project managers were replaced during 1992. OMB assessment is that 1993 management plans are unrealistic.</p> <p>Next steps: OMB and Treasury team will perform an on-site review to determine most appropriate strategy and provide technical assistance to develop strategic plan. 1994 funding requirements unknown.</p> | 3          | 310  | 310          |

## FEDERAL EMERGENCY MANAGEMENT AGENCY

| High Risk Area   | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (in thousands of dollars) |              |
|--|--|------------|--|--------------|
|  |  |            | 1993 Request   | 1993 Enacted |
| <p>Internal control program is not fully developed and implemented.</p> <p>1993 new budget authority for FEMA is \$827M, including flood and crime programs. At risk: assurance that these funds are adequately protected against fraud, waste and abuse.</p>  | <p>FEMA is currently revamping its entire Management Control Program to address significant weaknesses identified by the FEMA Inspector General, OMB and FEMA's Office of Financial Management (OFI). This will be a long term effort (as reflected in FEMA's 5-Year Financial Management Plan).</p> <p>In 1992, FEMA (i) centralized activity by delegating to the newly appointed CFO responsibility for day-to-day administration and operation of the Management Control Program; (ii) defined principles and responsibilities for management controls; (iii) issued Part I of an agency Handbook in draft (for use in 1993); (iv) conducted compliance testing in Headquarters and the ten regions in six financial areas; (v) documented specific weaknesses related to the Financial Management Program; and (vi) prepared reviews of individual assurance letters and supporting documentation. Although FEMA has made progress in 1992, agencywide implementation of the Management Control Program has not occurred. The 1993 Management Control Plan has not yet been developed.</p> <p>Next steps: (i) The 1992 FMFIA report will document specific material weaknesses related to the Financial Management Program. (ii) In 1993, the CFO plans to prepare and implement an agencywide Management Control Plan. (iii) OFI is working on Part II of the Management Control Handbook, and training is planned for agency staff in 1993. Funding continues to be required in 1994.</p> | 3          | 350  | 300          |
| <p><i>Financial Management Systems:</i> FEMA financial/accounting systems are not integrated. They are a collection of independently designed systems held together through a series of manual and automated interfaces.</p> <p>At risk: assurance that FEMA's investment in financial systems results in an integrated system that meets all CORE requirements, and provides accurate and useful financial information.</p> | <p>FEMA is currently addressing short term financial systems fixes (e.g., implementation of the U.S. Department of Education general ledger package). The necessary customizing of this package to bridge with other FEMA systems is almost complete; full implementation is planned for 1993. However, FEMA's maintenance of its financial management system and Education's general ledger package will be on an obsolete ADP platform. FEMA needs to address a longer term perspective for overcoming financial system deficiencies.</p> <p>Next steps: FEMA plans to fully convert to the new General Ledger System in April 1993, and produce agency year end financial reports using the new system in September 1993. This requires continued budgetary support in 1994. FEMA also plans to address the longer term through (i) performing a data requirements analysis; (ii) evaluating available integrated financial management system software packages designed to meet Federal systems standards; and (iii) deciding on an ADP platform to allow the Financial Management System to be fully integrated into the FEMA Wide Area Network.</p>  | 3          | 900  | 300          |

## GENERAL SERVICES ADMINISTRATION

| High Risk Area  | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (in thousands of dollars) |              |
|---|--|------------|--|--------------|
|   |  |            | 1993 Request   | 1993 Enacted |
| <p><i>Information Resources Management Service (IRMS):</i> Oversight of GSA major information systems. This encompasses policies and processes established by GSA's IRM oversight organization to enforce good systems life cycle management practices.</p> <p>IRMS budget: \$99M. At risk: substantial investments in systems which may not perform as intended.</p>     | <p>GSA has taken numerous actions to strengthen its quality assurance program. For example, GSA has incorporated, into the life cycle management of all major systems development efforts, key requirements and principles: top management involvement, experienced project managers, modularly designed and implemented systems, reliance on standards, and use of conventional technology. GSA must now address specific improvements in security, project management, and oversight controls and implementation. This approach will be demonstrated in specific applications, such as the Public Building Service Information Service (PBS/IS), to be completed in 1994.</p> <p>Next steps: GSA IRMS needs to: (i) establish standards for technology throughout the agency, such as communications protocols and user interfaces; (ii) provide experienced project management assistance; and (iii) deliver common use cross-cutting applications to GSA organizations. Continued funding is required in 1994.</p> | 2          | 800  | 800          |
| <p><i>Federal Supply Service (FSS) and Information Resources Management Service (IRMS):</i> Multiple Award Schedule (MAS) susceptible to excessive prices and inadequate central management of agency ordering practices by GSA.</p> <p>MAS program valued at \$5B annually. At risk MAS prices higher than those commercially available and higher government costs.</p> | <p>Under the MAS program, GSA provides Federal agencies with a simplified process for obtaining needed equipment, supplies and services at prices associated with volume buying. Evidence suggests, however, that the government may be paying excessive prices due to (i) problems with contractor data, (ii) agencies improperly using the schedule program, and (iii) lack of latitude given to agencies to choose the most cost-effective option. To ensure that the government receives price discounts resulting from both volume purchasing and ongoing competition, changes are needed in the overall policy governing the program and to the regulatory base upon which it is founded. ADDED TO HIGH RISK LIST.</p>   | A          | .....  | .....        |

## NATIONAL LABOR RELATIONS BOARD

| High Risk Area   | Progress to Date and Next Steps   | Assessment | Investment to Correct High Risk Area (In thousands of dollars) |              |
|--|---|------------|--|--------------|
|  |   |            | 1993 Request   | 1993 Enacted |
| <p><i>NLRB</i>: poor accounting system.</p> <p>Accounting system processes \$162M annually. At risk: assurance that funds are being accounted for in an accurate and timely fashion.</p>     | <p>OMB and the OIG performed a joint review of the new accounting system, determining that the software installation was successful, but additional work on data, procedures, and documentation was needed. NLRB has completed actions on all recommendations made, except for two which are still in process.</p> <p>Next steps: Complete updates to system documentation and complete reconciliation of other advances. No additional resources will be needed in 1994.</p> | 1          | 0  | 22           |
| <p><i>NLRB</i> inventory system not reconcilable.</p> <p>Capitalized property valued at \$618,000. At risk: assurance that these assets are adequately protected against loss and theft.</p> | <p>In 1991, NLRB prepared an inventory of capitalized property, reconciled with accounting system records, and implemented verification procedures between procurement and finance. In 1992, the OIG validated corrective actions made by NLRB in this area. DELETED FROM HIGH RISK LIST.</p>   | D          | .....  | .....        |

## OFFICE OF PERSONNEL MANAGEMENT

| High Risk Area  | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (In thousands of dollars) |              |
|---|--|------------|--|--------------|
|   |  |            | 1993 Request   | 1993 Enacted |
| <p><i>Federal Employees Health Benefits Program (FEHBP)</i>: Inadequate internal control standards and oversight of insurance carrier operations.</p> <p>FEHBP totalled \$17B in 1993. At risk: higher premium costs to employees and agencies as a result of excessive payments to carriers and providers.</p> | <p>FEHBP management control standards and oversight of insurance carriers' performance require strengthening. Five key problem areas identified: insurance contract administration, enrollment and premium reconciliation, administrative sanctions, audit resolution, and pricing of community rated plans. In 1992, (i) on-site reviews were intensified; (ii) new regulations were issued; (iii) a pilot project was undertaken to share data on enrollees between agencies and carriers; (iv) an administrative sanctions program was established; and (v) audit resolution problems were mostly solved. The insurance audit cycle was identified as a new problem area and key component for improving insurance contract administration.</p> <p>Next steps: (i) Target those operations most vulnerable to fraud and abuse and increase audit coverage. (ii) Initiate the on-site contract officer pilot. (iii) Implement cost accounting standards. (iv) Issue carrier internal control standards. Actions to be completed in all areas by 1994. Additional funding will be required in 1994.</p> | 2          | .....  | .....        |

## PEACE CORPS

| High Risk Area  | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (In thousands of dollars) |              |
|---|--|------------|--|--------------|
|   |  |            | 1993 Request   | 1993 Enacted |
| <p><i>PC</i> lacks an effective internal controls program at overseas posts.</p> <p>1993 budget for overseas operations is \$146M. At risk: assurance that these expenditures are adequately protected against fraud, waste and abuse.</p>                                  | <p>PC (i) has implemented a program to review internal controls at overseas posts and ensure that problems are corrected; (ii) has improved management of overseas imprest funds; and (iii) is using additional 1993 funds to develop and implement new personal property management system.</p> <p>Next steps: (i) Acquire equipment for new property management system by June 1993. (ii) Begin training users and implementing system by September 1993. No additional funding is required in 1994.</p>   | 2          | 125  | 324          |
| <p><i>Headquarters</i> financial management system is antiquated.</p> <p>Accounting system expected to process \$218M in 1993. At risk: assurance that funds are being accounted for in an accurate and timely fashion; inefficiencies may be as high as 5% of outlays.</p> | <p>PC (i) implemented a new headquarters financial management system, using an "off-the-shelf" software system, with no major problems; and (ii) identified desirable enhancements to the new system to make it more user-friendly and reduce the number of input errors.</p> <p>Next steps: (i) Complete conversion of historical data from old to new system by the end of 1993. (ii) Evaluate options for improving the integration of overseas accounting with the headquarters system. (iii) Implement enhancements identified by users. OIG will review new system implementation. 1994 funds are needed to provide system support, enhancements and training.</p> | 2          | 300  | 660          |

## PENSION BENEFIT GUARANTY CORPORATION

| High Risk Area   | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (In thousands of dollars) |              |
|--|--|------------|--|--------------|
|  |  |            | 1993 Request   | 1993 Enacted |
| <p>PBGC: weaknesses exist in all major financial systems.</p> <p>Poor controls exercised over \$790M premium income during 1992. At risk: proper billing of billions of dollars in insurance premiums.</p> | <p>Serious weaknesses have included: (i) premium subsystems unable to issue bills since 1988; (ii) inaccurate reporting of the actuarial liability included in financial reports (due to lack of proper supporting data systems); and (iii) an antiquated core accounting system which does not efficiently produce reports. In 1992, manual billings were issued for old overdue premiums and an RFP issued to purchase a modern billing and collection system. Consultants have assisted PBGC analysts in implementing major improvements in computing and documenting actuarial liabilities. Substantial work remains to be done, particularly in current premium and core accounting systems which still are not functioning properly.</p> <p>Next steps: (i) A new premium system must be selected and customized. (ii) Requirements for PBGC's core financial system must be completed as the basis for addressing system weaknesses. Sustained progress is dependent upon hiring permanent and competent project leaders, as well as continuing management commitment. Continued improvements in the core accounting system and the new premium system require resources in 1994.</p> | 2          | 4,874  | 4,874        |

## RAILROAD RETIREMENT BOARD

| High Risk Area   | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (In thousands of dollars) |              |
|--|--|------------|--|--------------|
|  |  |            | 1993 Request   | 1993 Enacted |
| <p>Inadequate management controls and inability to certify the adequacy of controls for the Board's biggest benefit program.</p> <p>\$7.3B in benefits, 950,000 beneficiaries in 1990. At risk: 59,500 backlogged cases of inaccurate insurance benefit payments; 22,500 inaccurate tax statements; unrecovered debt owed RRB.</p> | <p>In 1990 OMB led a management review of RRB resulting in 42 findings and 104 recommendations. RRB and OMB negotiated a \$13.9 million 5-year "contract" to correct past problems. The plan linked specific reductions in backlogs and other problems with specific resource commitments. Through June 1992, RRB was ahead of schedule for reducing backlogs in 7 of the 8 identified categories, and on schedule for the eighth. Combined record correction and tax statement backlog reduced from 54,088 to 22,543 cases. RRB surpassed its 1992 goals in collections of past due monies through income tax refund offset and private collection agencies. RRB is also 6 months ahead of schedule in completing RRB/IRS reconciliations.</p> <p>Next steps: Continue OMB and RRB implementation of the 5-year contract and funding commitments in 1994.</p> | 1          | 3,758  | 3,690        |

## SECURITIES AND EXCHANGE COMMISSION

| High Risk Area   | Progress to Date and Next Steps   | Assessment | Investment to Correct High Risk Area (In thousands of dollars) |              |
|--|---|------------|--|--------------|
|  |   |            | 1993 Request   | 1993 Enacted |
| <p>SEC management of ADP systems development projects needs improvement.</p> <p>1993 Budget includes \$23.5M for SEC computer systems development projects. At risk: assurance that this expenditure will result in systems that produce accurate, timely, and useful information.</p> | <p>SEC is taking steps to strengthen the management of systems development projects. In 1992, (i) SEC's Office of Information Technology was reorganized to integrate the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system with other systems within the SEC; (ii) a new Chief Information Officer was appointed; and (iii) ADP Contract Guidelines were issued and distributed to staff. However, work on a Strategic IRM Plan is just starting.</p> <p>Next step: Complete draft IRM Plan by May 1993. No additional resources are required for 1994.</p>  | 2          | 200  | 200          |
| <p>SEC lacks a long term disaster recovery plan for computer operations.</p> <p>At risk: assurance that SEC data are adequately protected, and agency can perform its mission in the event of a disaster.</p>  | <p>SEC is developing and implementing a comprehensive computer disaster recovery plan. In 1992, a plan was approved which consists of a single facility with multiple sites. The agency leased a data operations center and installed a surplus EPA computer as their main computer (freeing an existing computer for use as backup). Congress' cut of the President's 1993 request resulted in OMB apportioning \$1.7M from excess fee collections to restore this activity to an appropriate level.</p> <p>Next steps: Complete the conceptual design and system architecture for disaster recovery; and bring the second computer site on-line and test it. No additional development funding will be necessary in 1994.</p> | 2          | 3,700  | 1,900        |



## SMALL BUSINESS ADMINISTRATION

| High Risk Area  | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (In thousands of dollars) |              |
|---|--|------------|--|--------------|
|   |  |            | 1993 Request   | 1993 Enacted |
| <p><i>Small Business Investment Company (SBIC)</i> management/liquidation activities inadequately supervised.</p> <p>1993 appropriation supports nearly \$200M in SBIC guarantees; outstanding preferred stock and guaranteed debentures total \$1.5B. At risk: \$518M, representing the size of the current liquidation portfolio.</p> | <p>A variety of corrective measures have been instituted. These include (i) staffing realignments and increased hiring (from 34 to 68 positions); (ii) improved internal control systems; (iii) regulation and policy issuances; and (iv) proposed organizational changes. New staff have been trained and casework backlogs are being worked off (currently 9 cases pending liquidation decision compared to 50 in 1989). Computerized case control management information system developed and in place. Special financial, analytic, and review processes developed. A broad-based Advisory Council comprised of industry personnel has been established to provide advice. Recoveries in 1992 were over \$67M, more than double the amount recovered in any single prior year. 1993 appropriations bill transferred \$2M and 30 staff from OIG to SBIC program office for examinations in addition to other management investment funds appropriated.</p> <p>Next steps: Program oversight and review and validation of Standard Operating Procedures (SOP) implementation planned for 1993. Continued S&amp;E funding in 1994 will be required to maintain new positions and transferred examiners.</p> | 1          | 750  | 750          |
| <p><i>Small Business Development Centers (SBDCs)</i> lack control over program income.</p> <p>1993 appropriation is \$67M for SBDCs. At risk: assurance that appropriated monies are protected from fraud, waste and misuse by grantees.</p>  | <p>Due to restrictive language in its Congressional appropriations (1988-1992), SBA has been prohibited from publishing regulations and operating procedures with respect to SBDCs, and accordingly precluded from conducting adequate program oversight. SBA has, within its administrative discretion, corrected 4 of 5 related material weaknesses in the SBDC program. Newly enacted legislation (the Small Business Credit and Business Opportunity Enhancement Act of 1992) now requires SBA to submit proposed regulations for the SBDC program to Congressional committees by March 3, 1993. Regulations have been written which will define program income and set internal control and accounting guidelines.</p> <p>Next steps: Congressional review of proposed regulations and lifting of restriction to enable SBA to publish the regulations. No additional resources required in 1994.</p>   | 2          | 0  | 60           |
| <p><i>Surety Bond Guaranty Program (SBGP)</i> has weaknesses in its system of management control.</p> <p>1993 level is \$1.5B for SBGP; outstanding share of bonds issued totals \$896M. At risk: \$24.4M in potential claims.</p>  | <p>SBA's strategy is to strengthen operating procedures, automated management information systems, and audit followup processes. A new claims tracking system has been designed and is now operational. On-site reviews are being conducted and some SOPs revised. Program staff has been reorganized and regional office workload assessed and analyzed. According to SBA, budgetary constraints have limited to some degree SBGP staff increases, program reviews and systems work.</p> <p>Next steps: SBA to (i) complete redesign of mainframe; (ii) continue on-site reviews; and (iii) complete revision and publication of remaining SOPs. Resources will be required in 1994 to address these needs.</p>   | 2          | 230  | 230          |

## U.S. INFORMATION AGENCY

| High Risk Area   | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (In thousands of dollars) |              |
|--|--|------------|--|--------------|
|  |  |            | 1993 Request   | 1993 Enacted |
| <p><i>USIA</i> financial management systems and operations are inadequate.</p> <p>The USIA domestic core accounting system processes approximately \$960M of the \$1.2B appropriations total; the rest is processed through the Department of State's overseas accounting system. At risk: assurance that funds are being accounted for in an accurate and timely fashion.</p> | <p>In 1992, USIA (i) completed a Strategic 5-year Financial Management System Plan; (ii) implemented systems to account for personal property and real property; (iii) installed a commercial software package to support small purchasing and contracting activities; and (iv) implemented a new on-line, front-end, obligations system within the core accounting system.</p> <p>Next steps: (i) Integrate accounts payable, accounts receivable and travel advance systems within the core accounting system. (ii) Develop an information systems architecture. (iii) Perform an analysis to determine whether to replace or upgrade the existing accounting system and identify future funding requirements.</p> | 2          | 1,500  | 1,500        |

## UNITED STATES SOLDIERS' AND AIRMEN'S HOME

| High Risk Area  | Progress to Date and Next Steps  | Assessment | Investment to Correct High Risk Area (in thousands of dollars) |              |
|---|--|------------|--|--------------|
|   |  |            | 1993 Request   | 1993 Enacted |
| <p>Financial management controls weak and inaccurate financial data.</p> <p>Over \$150M in funds managed. At risk: assurance that financial transactions are accounted for in an accurate and timely fashion.</p> | <p>Despite being a small agency, USSAH manages nearly \$150 million in funds, some of which are the small personal accounts of resident veterans. To ensure a strong, accurate and timely financial management system, USSAH currently receives accounting cross-servicing from Treasury, Financial Management Service (FMS), for general ledger accounting and trust fund accounting using the accounts receivable subsystem. Congress' cut of the 1993 funding request has resulted in delay of the remaining corrective actions.</p> <p>Next steps: Although most corrective actions have been taken, implementation of the inventory, procurement and member billing interfaces must be completed. Continued budgetary support is required in 1994. Independent validation of the new system is also required.</p> | 1          | 693  | 0            |

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## Budget Enforcement Act Preview Report

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## BUDGET ENFORCEMENT ACT PREVIEW REPORT

The Budget Enforcement Act of 1990 (BEA) contains procedures designed to enforce the deficit reduction agreement of the Omnibus Budget Reconciliation Act of 1990. The BEA divides the budget into two mutually exclusive categories: 1) discretionary programs, and 2) direct spending and receipts. For 1991 through 1995, the BEA limits discretionary spending and establishes a "pay-as-you-go" requirement that legislation changing direct spending and receipts must, in total, be at least deficit neutral.

This Preview Report discusses the status of discretionary, pay-as-you-go, and deficit sequestration based on current law as of March 1, 1993. In addition, it explains the differences between the OMB and CBO estimates of the discretionary caps and the maximum deficit amount. The OMB estimates use the economic and technical assumptions underlying the President's budget submission, as required by the BEA. The OMB Update Report that will be issued in August, and the Final Report that will be issued after the end of the Congressional session, must also use these economic and technical assumptions. Estimates in the Update Report and the Final Report will only be revised to reflect laws enacted since the Preview Report.

### Budget Enforcement Reform

The BEA specifies budget enforcement procedures through 1995. The Administration proposes that certain budget enforcement provisions should be extended. Specifically, control over discretionary spending through caps should be continued through 1998 and pay-as-you-go enforcement should be extended through 2003.

### Discretionary Sequestration Report

Discretionary programs are, in general, those that have their program levels established annually through the appropriations process. The scorekeeping guidelines accompanying the BEA identify accounts with discretionary resources. The BEA limits budget authority and outlays available for discretionary programs each year through 1995. Appropriations that cause either the budget authority or outlay limits to be exceeded will trigger a sequester to eliminate any such breach. There is no requirement that the full amount available under the discretionary limits be appropriated.

For 1991 through 1993, limits are specified for three categories of discretionary programs: defense, international, and domestic. The limits on each of these categories are enforced independently. Thus savings in one category cannot be used to increase spending in another. Similarly, a breach of a category limit will result only in a sequester in the category where the breach occurs. For 1994 and 1995, there are no separate categories for discretionary programs, and the caps

apply to total discretionary budget authority and outlays. The Administration proposes that the caps for 1996 through 1998 also apply to total discretionary budget authority and outlays.

**Adjustments to the limits.**—The BEA permits certain adjustments to the discretionary limits—also known as caps. On October 23, 1992, the Office of Management and Budget submitted the Final Sequestration Report required by the BEA. This report described adjustments permitted by the BEA as of the time the report was issued. The caps resulting from these adjustments are the starting points for this Preview Report. Included in this report are cap adjustments for differences between actual and projected inflation, reestimates of subsidy amounts under credit reform, and changes in concepts and definitions. The table entitled "Discretionary Spending Limits" shows the impact on the caps of these adjustments.

The discretionary caps enacted in the BEA reflect assumptions about inflation, as measured by the gross national product implicit price deflator. These assumptions are presented in the law for 1990 through 1993. The BEA requires an inflation adjustment if the actual rate of inflation for a year is different from the rate identified in the law for that year. Because the actual rate of inflation for 1992 was 2.9 percent, or 1.2 percentage points less than the 4.1 percent assumed in the BEA, a downward adjustment has been made to the discretionary caps for 1994 and 1995.

Certain changes to the caps affect specific accounts, and they produce adjustments only to the category limits in which these accounts are included. An adjustment previously was made to the caps for accounting changes made by the Federal Credit Reform Act of 1990. The table below shows reestimates of these changes that result from better information on subsidy levels in credit programs.

Several cap adjustments represent changes in concepts and definitions resulting from legislative action that reclassified certain programs. These actions shifted programs between the mandatory (i.e., direct spending) category and the discretionary category. For instance, several 1993 appropriations bills included provisions that modified normally mandatory programs. Since funding controlled by appropriations action is considered discretionary, the effects of these provisions are recorded as adjustments to the caps. An example is an adjustment made for interim assistance to States for legalization of aliens. A downward cap adjustment was made since a 1993 appropriations bill increased 1994 and 1995 spending for this mandatory program.

**Other adjustments to the limits.**—The BEA identifies other adjustments to the discretionary caps that can be made only after appropriations have been enacted. These adjustments can be made to reflect appropriations action taken in all years from 1991 through 1995 and include the following:

- **Internal Revenue Service (IRS) funding:** Funding for the IRS compliance initiative above the CBO baseline levels estimated in June 1990. The BEA specifies the amounts of these adjustments.
- **Emergency appropriations:** Funding for accounts that the President designates as emergency requirements and that the Congress so designates in statute. The caps estimated in this report assume enactment of the President's stimulus program, which was designated by the President as an emergency requirement.

In addition, the BEA provides special allowances for budget authority for 1992 through 1995, and for outlays

in 1991 through 1995. The special budget authority allowances apply primarily to the international and domestic discretionary categories. The allowances are based on a percentage of the total adjusted discretionary limits for budget authority in 1991 through 1993. The outlays associated with the budget authority allowances are calculated based on spendout rates contained in the law. These outlays are subtracted from the outlay allowance, reducing the amounts otherwise available. In addition to the budget authority allowances for the international and domestic categories, there is a small budget authority allowance that can be applied to any of the three discretionary categories. The dollar amounts for the outlay allowances are specified in the BEA. In 1991 through 1993, the allowances are \$2.5 billion for defense, \$1.5 billion for international, \$2.5 billion for domestic; and, in 1994 and 1995, \$6.5 billion for total discretionary.

### DISCRETIONARY SPENDING LIMITS

(In millions of dollars)

|  |    | 1991    | 1992    | 1993    | 1994   | 1995   |
|--|----|---------|---------|---------|--------|--------|
| <b>DOMESTIC</b>  |    |         |         |         |        |        |
| Domestic limits, October 23, 1992 end-of-session report .....  | BA | 182,935 | 209,169 | 206,325 | .....  | .....  |
|  | OL | 200,470 | 215,562 | 229,916 | .....  | .....  |
| Adjustments:   |    |         |         |         |        |        |
| 1992 inflation .....   | BA | .....   | .....   | .....   | -1,823 | -1,881 |
|  | OL | .....   | .....   | .....   | -791   | -1,515 |
| Credit reform:   |    |         |         |         |        |        |
| Reestimates of credit reform subsidies .....   | BA | .....   | .....   | .....   | -132   | -135   |
|  | OL | .....   | .....   | .....   | -108   | -120   |
| Statutory and other shifts between categories .....  | BA | .....   | .....   | .....   | -1,047 | -206   |
|  | OL | .....   | .....   | .....   | -821   | -23    |
| Emergency appropriations (release of contingencies) .....  | BA | .....   | .....   | .....   | .....  | .....  |
|  | OL | .....   | .....   | .....   | 48     | 56     |
| Subtotal, domestic adjustments required for preview report .....   | BA | .....   | .....   | .....   | -3,002 | -2,222 |
|  | OL | .....   | .....   | .....   | -1,672 | -1,602 |
| Preview report domestic limits .....   | BA | 182,935 | 209,169 | 206,325 | .....  | .....  |
|  | OL | 200,470 | 215,562 | 229,916 | .....  | .....  |
| Further adjustments to reflect enactment of the President's proposals:                                   |    |         |         |         |        |        |
| IRS funding .....  | BA | .....   | .....   | .....   | 187    | 188    |
|  | OL | .....   | .....   | .....   | 183    | 188    |
| Additional IRS funding proposed in the President's budget .....  | BA | .....   | .....   | .....   | 150    | 157    |
|  | OL | .....   | .....   | .....   | 143    | 156    |
| Stimulus proposals .....   | BA | .....   | .....   | 12,191  | .....  | .....  |
|  | OL | .....   | .....   | 4,995   | 5,696  | 1,865  |
| Special allowances .....   | BA | .....   | .....   | .....   | 1,605  | 1,605  |
|  | OL | .....   | .....   | .....   | 851    | 1,348  |
| Change to special allowance that would result from enactment of the President's Stimulus proposals ..... | BA | .....   | .....   | 12      | 12     | 12     |
|  | OL | .....   | .....   | 6       | 10     | 11     |
| Subtotal, further domestic adjustments .....   | BA | .....   | .....   | 12,203  | 1,954  | 1,962  |
|  | OL | .....   | .....   | 5,001   | 6,883  | 3,568  |
| Estimated end-of-session domestic limits .....   | BA | 182,935 | 209,169 | 218,528 | .....  | .....  |
|  | OL | 200,470 | 215,562 | 234,917 | .....  | .....  |
| <b>INTERNATIONAL</b>   |    |         |         |         |        |        |
| International limits, October 23, 1992 end-of-session report .....                                       | BA | 21,245  | 22,191  | 35,081  | .....  | .....  |
|  | OL | 20,296  | 19,840  | 20,601  | .....  | .....  |
| Adjustments:   |    |         |         |         |        |        |
| 1992 inflation .....   | BA | .....   | .....   | .....   | -366   | -375   |
|  | OL | .....   | .....   | .....   | -105   | -151   |

## DISCRETIONARY SPENDING LIMITS—Continued

(In millions of dollars)

|  |    | 1991    | 1992    | 1993    | 1994    | 1995    |
|--|----|---------|---------|---------|---------|---------|
| Reestimates of credit reform subsidies .....   | BA |         |         |         | 2       | 2       |
|  | OL |         |         |         | 36      | 32      |
| Subtotal, international adjustments required for preview report .....                                    | BA |         |         |         | -364    | -373    |
|  | OL |         |         |         | -69     | -119    |
| Preview report international limits .....  | BA | 21,245  | 22,191  | 35,081  |         |         |
|  | OL | 20,296  | 19,840  | 20,601  |         |         |
| Special allowances .....   | BA |         |         |         | 1,268   | 1,268   |
|  | OL |         |         |         | 583     | 837     |
| Change to special allowance that would result from enactment of the President's Stimulus proposals ..... | BA |         |         | 10      | 10      | 10      |
|  | OL |         |         | 4       | 6       | 8       |
| Subtotal, further international adjustments .....  | BA |         |         | 10      | 1,278   | 1,278   |
|  | OL |         |         | 4       | 589     | 845     |
| Estimated end-of-session international limits .....  | BA | 21,245  | 22,191  | 35,091  |         |         |
|  | OL | 20,296  | 19,840  | 20,605  |         |         |
| <b>DEFENSE</b>   |    |         |         |         |         |         |
| Defense limits, October 23, 1992 end-of-session report .....   | BA | 332,918 | 305,288 | 289,651 |         |         |
|  | OL | 330,802 | 310,299 | 298,861 |         |         |
| Adjustments:   |    |         |         |         |         |         |
| 1992 inflation .....   | BA |         |         |         | -2,026  | -2,078  |
|  | OL |         |         |         | -881    | -1,512  |
| Desert Shield/Desert Storm outlay reestimates .....  | BA |         |         |         |         |         |
|  | OL |         |         |         | -1      | -100    |
| Subtotal, defense adjustments required for preview report .....  | BA |         |         |         | -2,026  | -2,078  |
|  | OL |         |         |         | -882    | -1,612  |
| Preview report defense limits .....  | BA | 332,918 | 305,288 | 289,651 |         |         |
|  | OL | 330,802 | 310,299 | 298,861 |         |         |
| Further adjustments to reflect enactment of the President's proposals:                                   |    |         |         |         |         |         |
| Stimulus proposals .....   | BA |         |         | 6       |         |         |
|  | OL |         |         | 4       | 1       |         |
| Estimated end-of-session defense limits .....  | BA | 332,918 | 305,288 | 289,657 |         |         |
|  | OL | 330,802 | 310,299 | 298,865 |         |         |
| <b>TOTAL DISCRETIONARY</b>   |    |         |         |         |         |         |
| Discretionary limits, October 23, 1992 end-of-session report .....                                       | BA | 537,098 | 536,648 | 531,056 | 515,312 | 522,071 |
|  | OL | 551,568 | 545,701 | 549,378 | 539,877 | 542,285 |
| Adjustments required for preview report:   |    |         |         |         |         |         |
| Domestic .....   | BA |         |         |         | -3,002  | -2,222  |
|  | OL |         |         |         | -1,672  | -1,602  |
| International .....  | BA |         |         |         | -364    | -373    |
|  | OL |         |         |         | -69     | -119    |
| Defense .....  | BA |         |         |         | -2,026  | -2,078  |
|  | OL |         |         |         | -882    | -1,612  |
| Subtotal, discretionary adjustments required for preview report .....                                    | BA |         |         |         | -5,392  | -4,673  |
|  | OL |         |         |         | -2,623  | -3,333  |
| Preview report discretionary limits .....  | BA | 537,098 | 536,648 | 531,056 | 509,920 | 517,398 |
|  | OL | 551,568 | 545,701 | 549,378 | 537,254 | 538,952 |
| Further adjustments for end-of-session report:   |    |         |         |         |         |         |
| Domestic .....   | BA |         |         | 12,203  | 1,954   | 1,962   |
|  | OL |         |         | 5,001   | 6,883   | 3,568   |
| International .....  | BA |         |         | 10      | 1,278   | 1,278   |
|  | OL |         |         | 4       | 589     | 845     |
| Defense .....  | BA |         |         | 6       |         |         |
|  | OL |         |         | 4       | 1       |         |
| Estimated end-of-session discretionary limits .....  | BA | 537,098 | 536,648 | 543,275 | 513,152 | 520,638 |
|  | OL | 551,568 | 545,701 | 554,387 | 544,727 | 543,365 |

The actual adjustments to the discretionary caps to be included in the final sequester report at the end of the current session of Congress cannot be determined until appropriations have been enacted. The "Discretionary Spending Limits" table shows the end-of-session adjustments that would result if the President's discretionary proposals were enacted. The President's request includes funding in 1994 for the IRS compliance initiative. Further, the Administration proposes to revise these amounts in budget enforcement reform legislation to be consistent with increased compliance initiative funding proposed in the budget.

Consistent with the BEA, the President's request assumes an increase in budget authority and outlays based on the special allowance formulas. The adjustment to total discretionary in 1994 would increase budget authority by \$2.9 billion and outlays by \$1.4 billion. In addition, about \$1.1 billion of the outlay allowance has been used by the special budget authority allowances calculated for 1992 and 1993. The remaining outlay allowance available in 1994 would be \$3.9 billion.

The President's budget proposals for discretionary programs are below the adjusted caps, as currently estimated, in 1994 and 1995. The table below displays the President's proposals excluding the discretionary investment proposals. The Administration believes that it is essential that the President's investment proposals be considered as part of the Administration's entire economic plan.

**Sequester determinations.**—Five days after enactment of an appropriations act, OMB must submit a report to Congress estimating the budget authority and outlays provided by the legislation for the current year and the budget year. These estimates must be based on the same economic and technical assumptions used in the most recent President's budget. In addition, the report must include CBO estimates and explain the differences between the OMB and CBO estimates. The OMB estimates are used in all subsequent calculations to determine whether a breach of any of the budget authority or outlay caps has occurred, and whether a sequester is required.

Compliance with the discretionary caps is monitored throughout the fiscal year. The first determination of whether a sequester is necessary for a given fiscal year occurs when the final sequestration report is issued

after Congress adjourns to end a session—near the beginning of the fiscal year. The monitoring process begins again after Congress reconvenes for a new session. Appropriations for the fiscal year in progress that cause a breach in any of the category caps would, if enacted before July 1st, trigger a sequester in that category. When such a breach is estimated, a "within-session" sequestration report and Presidential sequestration order are issued. For a breach that results from appropriations enacted on or after July 1st, reductions necessary to eliminate the breach are not applied to the budgetary resources available in the current year. Instead, the corresponding caps for the following fiscal year are reduced by the amount of the breach.

A within-session sequester can only be caused by newly enacted appropriations. Reestimates of budget authority and outlays for already enacted funds cannot trigger a sequester. A within-session sequester for any of the three discretionary categories for 1993 is possible only if additional appropriations for 1993 are enacted. OMB reported in the Final Sequestration Report to the President and the Congress that enacted discretionary appropriations for 1993 were within the prescribed spending limits.

**Sequester calculations.**—If either the budget authority or outlay caps are exceeded in a discretionary category, an across-the-board reduction of sequesterable budgetary resources in that category would be required to eliminate the breach. The percentage reduction for certain special-rule programs would be limited to 2 percent. Once this limit is reached, the uniform percentage reduction for all other discretionary sequesterable resources in that category would be increased to a level sufficient to achieve the required reduction.

If both the budget authority and outlay caps are exceeded, a sequester would first be calculated to eliminate the budget authority breach. If estimated outlays still remained above the cap, even after applying the available outlay allowance, further reductions in budgetary resources to eliminate the outlay breach would then be required.

**Comparison between OMB and CBO discretionary limits.**—Section 254(d)(5) of the BEA requires an explanation of differences between OMB and CBO estimates for the discretionary spending limits. CBO assumes lower credit subsidy costs than does OMB,

#### BUDGET PROPOSALS

(In millions of dollars)

|  |    | 1994    | 1995    | 1996    | 1997    | 1998    |
|--|----|---------|---------|---------|---------|---------|
| President's discretionary proposals (excluding discretionary investment proposals) ..... | BA | 492,466 | 493,504 | 495,155 | 493,248 | 503,671 |
|  | OL | 544,199 | 539,064 | 531,110 | 517,682 | 525,867 |
| Discretionary limits .....   | BA | 513,152 | 520,638 | .....   | .....   | .....   |
|  | OL | 544,727 | 543,365 | .....   | .....   | .....   |
| President's discretionary proposals below (–) the discretionary caps .....               | BA | –20,686 | –27,134 | .....   | .....   | .....   |
|  | OL | –528    | –4,301  | .....   | .....   | .....   |



and, thus, has a significant decrease in the caps due to credit reestimates. OMB also assumes a slightly layer inflation adjustment than does CBO, due primarily to different outlay spendout rate estimates. Other differences are relatively small and are in the nature of technical estimating differences.

### Pay-As-You-Go Sequestration Report

This section of the Preview Report discusses the enforcement procedures that apply to the remainder of the budget—direct spending and receipts. The BEA defines direct spending as budget authority provided by law other than appropriations acts, entitlement authority, and the food stamp program. Social security and the Postal Service are not subject to pay-as-you-go enforcement. Legislation specifically designated as an emergency requirement and legislation fully funding the Government's commitment to protect insured deposits are also exempt from pay-as-you-go enforcement.

The BEA provides that, as determined by specific provisions of the Act, direct spending and receipts legislation enacted beginning with the 102nd Congress should not increase the deficit in any year through 1995. If it does, and if it is not fully offset by other legislative savings, the increase must be offset by sequestration of direct spending programs. Under these provisions, net savings enacted for one fiscal year can be used to offset net increases in the subsequent year.

**Sequester determinations.**—The BEA requires OMB, within five days after enactment of direct spending or receipts legislation, to submit a report to Congress estimating the change in outlays or receipts for

each fiscal year through 1995 resulting from that legislation. The estimates must use the economic and technical assumptions underlying the most recent President's budget. These OMB estimates are used to determine whether the pay-as-you-go requirements have been met.

The cumulative nature of the pay-as-you-go process requires maintaining a "scorecard" that shows, beginning with the 102nd Congress, the deficit impact of enacted direct spending and receipts legislation and required pay-as-you-go sequesters. The pay-as-you-go Preview Report is intended to show how these past actions affect the upcoming fiscal year.

As of March 1, 1993, OMB had issued 141 reports on legislation affecting direct spending and receipts. Most of these (80 percent) either had no effect on the deficit or changed it by less than \$10 million in each year. Less than 10 percent of the pay-as-you-go legislation had a deficit impact greater than \$50 million in any one year.

The first table below shows OMB estimates for legislation enacted through March 1, 1993. In total, pay-as-you-go legislation has reduced the combined 1993 and 1994 deficits by \$3.6 billion. This balance of pay-as-you-go savings can be used to offset legislation that increases direct spending or reduces receipts in 1993 and 1994. Legislation that increases the combined 1993 and 1994 deficits by a greater amount will cause a sequester.

### Deficit Sequestration Report

The BEA specifies maximum deficit amounts for 1991 through 1995 that reflect the on-budget current law

#### PAY-AS-YOU-GO LEGISLATION ENACTED AS OF MARCH 1, 1993

(In millions of dollars)

|   | Change in the Baseline Deficit |        |        |
|---|--------------------------------|--------|--------|
|   | 1993                           | 1994   | 1995   |
| Revenue impact of enacted legislation ..... | -5,127                         | -1,401 | -1,337 |
| Outlay impact of enacted legislation .....  | 2,450                          | 491    | 534    |
| Total impact of enacted legislation .....   | -2,676                         | -910   | -803   |

#### MAXIMUM DEFICIT AMOUNTS

(In billions of dollars)

|   | 1994  | 1995  |
|---|-------|-------|
| Current maximum deficit amounts .....             | 351.2 | 346.6 |
| Current estimated deficit .....                   | 349.5 | 344.9 |
| Excess deficit .....                              | -1.7  | -1.7  |
| Memorandum:                                       |       |       |
| Current maximum deficit amounts .....             | 351.2 | 346.6 |
| End-of-session cap adjustments <sup>1</sup> ..... | 7.5   | 4.4   |
| Pay-as-you-go emergencies <sup>2</sup> .....      | 2.3   | -0.0  |
| Related debt service .....                        | 1.1   | 1.6   |
| Subtotal .....                                    | 10.9  | 6.0   |
| End-of-session maximum deficit amounts .....      | 362.1 | 352.7 |

<sup>1</sup> Assumes enactment of Presidential policy.

<sup>2</sup> The calculations required in the end-of-session report have the practical effect of adjusting the MDA for mandatory emergencies.

levels for direct spending and receipts, and the spending limits for discretionary programs. These deficit amounts reflect the economic and technical assumptions as of the time the BEA was enacted. For the 1992 and 1993 budgets, the BEA required OMB to adjust the maximum deficit amounts to reflect up-to-date economic and technical assumptions. The BEA gives the President the option of adjusting the maximum deficit amounts in 1994 and 1995. On January 21, the President chose to adjust the maximum deficit amount to reflect current economic conditions and technical assumptions. Since the President chose to make this adjustment in 1994, the BEA provides him with the same opportunity in 1995.

The "Maximum Deficit Amounts" table shows for 1994 and 1995 the current maximum deficit amounts and the current deficit estimates calculated using BEA

rules. The current deficit estimates are below the maximum deficit amounts by the amount of pay-as-you-go savings enacted and the associated debt service. Therefore, no sequestration is projected at this time. The table also shows adjustments to reach the end-of-session maximum deficit amounts. The adjustments are primarily for enactment of the President's stimulus package.

In its preview report, CBO estimates a maximum deficit amount for 1994 of \$345.1 billion, \$6.1 billion below the OMB estimate. CBO estimates a maximum deficit amount for 1995 of \$354.2 billion, \$7.5 billion above the OMB estimate. As presented in the table entitled "Differences Between OMB and CBO Maximum Deficit Amounts," these differences are the result of the different technical assumptions used by OMB and CBO, primarily for receipts and deposit insurance.

#### DIFFERENCES BETWEEN OMB AND CBO MAXIMUM DEFICIT AMOUNTS

(In billions of dollars)

|                                   | 1994  | 1995  |
|-----------------------------------|-------|-------|
| OMB maximum deficit amounts ..... | 351.2 | 346.6 |
| Differences:                      |       |       |
| Receipts .....                    | -1.6  | -4.9  |
| Outlays:                          |       |       |
| Discretionary .....               | -0.0  | -0.2  |
| Deposit insurance .....           | -3.2  | 10.8  |
| Other mandatory .....             | 0.7   | 1.4   |
| Interest .....                    | -2.0  | 0.5   |
| Total, Differences .....          | -6.1  | 7.5   |
| CBO maximum deficit amounts ..... | 345.1 | 354.2 |

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## Current Services Estimates

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## CURRENT SERVICES ESTIMATES

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

The current services baseline can be useful for several reasons:

- It warns of future problems, either for Government fiscal policy as a whole or for individual tax and spending programs.
- It provides a starting point for formulating the annual budget.
- It is a "policy-neutral" benchmark against which the President's budget and other budget proposals

can be compared to see the magnitude of the proposed changes.

- It is the basis, under the Budget Enforcement Act (BEA), for determining the amount that would be sequestered from each mandatory account and the level of funding that would be available after sequestration.

The following table shows current services estimates of receipts, outlays, and deficits for 1992 through 1998. They are based on the economic assumptions described later in this chapter. The estimates are shown on a unified budget basis. The off-budget receipts and outlays of the Social Security trust funds and the Postal Service Fund are added to the on-budget receipts and outlays to calculate the unified budget totals.

The table also shows the current services estimates by major component. These estimates assume that nondefense discretionary funding is held constant in real terms at the 1993 enacted level and that national defense discretionary funding is at the levels under President Bush's policies adjusted for economic reestimates, potential underfunding of defense pro-

### CURRENT SERVICES ESTIMATES, 1992-1998

(In billions of dollars)

|   | 1992<br>actual | Estimate |         |         |         |         |         |
|---|----------------|----------|---------|---------|---------|---------|---------|
|   |                | 1993     | 1994    | 1995    | 1996    | 1997    | 1998    |
| Receipts .....  | 1,090.5        | 1,149.1  | 1,215.2 | 1,284.3 | 1,350.7 | 1,398.0 | 1,454.0 |
| Outlays:  |                |          |         |         |         |         |         |
| Discretionary .....   | 536.0          | 548.3    | 549.0   | 558.4   | 564.8   | 573.9   | 584.1   |
| Mandatory:  |                |          |         |         |         |         |         |
| Deposit insurance .....   | 2.6            | 2.8      | 7.7     | -1.1    | -13.0   | -10.7   | -7.0    |
| Medicaid .....  | 67.8           | 80.5     | 92.2    | 106.4   | 120.2   | 134.9   | 150.0   |
| Federal retirement .....  | 75.7           | 78.3     | 82.7    | 84.7    | 88.6    | 93.5    | 96.8    |
| Means-tested entitlements .....   | 74.5           | 82.8     | 89.6    | 95.0    | 97.2    | 104.1   | 109.2   |
| Medicare .....  | 116.2          | 129.8    | 147.0   | 165.0   | 186.2   | 207.5   | 229.5   |
| Social security .....   | 285.2          | 302.2    | 318.1   | 333.2   | 348.4   | 364.3   | 380.6   |
| Unemployment compensation .....   | 37.0           | 32.6     | 24.4    | 23.8    | 23.8    | 24.0    | 24.3    |
| Undistributed offsetting receipts .....                                   | -39.3          | -37.2    | -38.0   | -39.0   | -40.1   | -41.8   | -43.9   |
| Other .....   | 25.7           | 37.2     | 30.0    | 25.6    | 18.8    | 20.6    | 20.0    |
| Subtotal, mandatory .....   | 645.4          | 709.1    | 753.8   | 793.6   | 830.2   | 896.4   | 959.5   |
| Net interest .....  | 199.4          | 201.5    | 214.0   | 233.1   | 253.6   | 274.5   | 297.8   |
| Total outlays .....   | 1,380.9        | 1,458.8  | 1,516.8 | 1,585.1 | 1,648.5 | 1,744.8 | 1,841.4 |
| Deficit (-) .....   | -290.4         | -309.7   | -301.6  | -300.8  | -297.8  | -346.8  | -387.4  |
| On-budget .....   | -340.5         | -354.4   | -360.2  | -365.7  | -373.8  | -429.2  | -477.4  |
| Off-budget .....  | 50.1           | 44.7     | 58.6    | 64.9    | 76.0    | 82.4    | 90.0    |
| <b>MEMORANDUM</b>   |                |          |         |         |         |         |         |
| With discretionary spending at BEA caps:                                  |                |          |         |         |         |         |         |
| Discretionary outlays .....   | 536.0          | 558.3    | 544.7   | 543.4   | 550.0   | 562.1   | -574.8  |
| Deficit (-) .....   | -290.4         | -320.1   | -296.6  | -283.0  | -279.4  | -330.5  | -372.4  |
| With discretionary spending at 1993 enacted level adjusted for inflation: |                |          |         |         |         |         |         |
| Discretionary outlays .....   | 536.0          | 548.3    | 554.5   | 568.2   | 580.2   | 594.2   | 609.7   |
| Deficit (-) .....   | -290.4         | -309.7   | -306.1  | -308.5  | -312.4  | -367.2  | -414.4  |

grams, and potential overestimates of savings from management reform.

Other assumptions about discretionary funding are plausible. For example, all discretionary funding could be held constant in real terms at the level enacted for 1993, or it could be equal to the discretionary cap levels set in the BEA through 1995 with adjustments for inflation thereafter. Total discretionary outlays and the deficit under each of these assumptions are shown as a memorandum in the table.

### Conceptual Basis for Estimates

Receipts and outlays are divided into two categories that are important for calculating the current services estimates: those controlled by authorizing legislation (direct spending and receipts) and those controlled through the annual appropriations process (discretionary spending). Different estimating rules apply to each category.

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

The current services baseline assumes that receipts and direct spending programs continue in the future as specified by current law. That is exactly what will occur without enactment of new legislation. The effects of legislation passed subsequent to March 1, 1993 are not included in the estimates.

Provisions of law providing spending authority and the authority to collect taxes or other receipts that expire under current law are usually assumed to expire as currently scheduled. However, the current services baseline assumes extension of two types of authority that, in fact, normally are extended in some form by Congress. Expiring provisions affecting excise taxes dedicated to a trust fund, such as airport and airway taxes, are assumed to be extended at current rates. In addition, direct spending programs that will expire under current law are assumed to be extended if their 1993 outlays exceed \$50 million. The budgetary impact of anticipated regulations and administrative actions that are permissible under current law are also reflected in the estimates.

**Discretionary spending.**—Discretionary programs differ in one important aspect from direct spending programs—Congress usually provides spending authority for discretionary programs one year at a time. The spending authority is normally provided in the form

of annual appropriations. Absent appropriations of additional funds in the future, discretionary programs would cease to exist after existing balances were spent. For this reason, the definition of current services for discretionary programs is somewhat arbitrary.

For 1993 the current services estimates for discretionary programs are equal to the enacted 1993 appropriations. In subsequent years, the baselines for defense and nondefense discretionary programs are constructed differently. For nondefense discretionary programs, funding is equal to the 1993 level adjusted for inflation. For defense programs, funding is equal to President Bush's policies adjusted for economic reestimates, potential underfunding of defense programs, and potential overestimates of savings from management reform.

### Economic Assumptions

The current services estimates are based on the same economic assumptions as the President's budget, which are the same as those developed by the Congressional Budget Office.

The economy and the budget interact. Economic conditions significantly affect the estimates of tax receipts, unemployment benefits, entitlement payments that are automatically adjusted for changes in the cost-of-living (COLAs), income support programs for low-income individuals, and interest on the Federal debt. In turn, Government tax and spending policies influence prices, consumption, savings, and investment.

Because of these interactions, it would be reasonable, from an economic perspective, to assume different economic paths for the current services baseline and the President's budget. However, this would diminish the value of the current services estimates as a benchmark for measuring proposed policy changes, because it would be very difficult to separate the effects of proposed policy changes from the effects of differences in economic assumptions. By using the same economic assumptions for current services and the President's budget, this potential source of confusion is eliminated.

The economic assumptions underlying the budget and the current services estimates are summarized in the following table. They are discussed in greater detail in the Economic Projections section.

### Major Programmatic Assumptions

A number of programmatic assumptions must be made in order to calculate the baseline estimates. These include assumptions about the number of beneficiaries who will receive payments from the major benefit programs and annual cost-of-living adjustments in the indexed programs. The table on the following page shows caseload projections for the major benefit programs and other selected programmatic assumptions.

### Current Services Receipts, Outlays, and Budget Authority

**Receipts.**—The table below shows baseline receipts by major source. Total receipts are projected to increase by \$66.1 billion from 1993 to 1994 and by \$238.8 billion

### ECONOMIC PROJECTIONS

(Calendar years; dollar amounts in billions)

|  | 1991<br>actual | Projections |       |       |       |       |       |       |
|--|----------------|-------------|-------|-------|-------|-------|-------|-------|
|  |                | 1992        | 1993  | 1994  | 1995  | 1996  | 1997  | 1998  |
| <b>Gross Domestic Product (GDP):</b>                       |                |             |       |       |       |       |       |       |
| Levels, dollar amounts in billions:                        |                |             |       |       |       |       |       |       |
| Current dollars .....                                      | 5,678          | 5,943       | 6,254 | 6,594 | 6,942 | 7,288 | 7,626 | 7,952 |
| Constant (1987) dollars .....                              | 4,821          | 4,918       | 5,054 | 5,204 | 5,354 | 5,497 | 5,628 | 5,740 |
| Implicit price deflator (1987 = 100), annual average ..... | 117.8          | 120.8       | 123.8 | 126.7 | 129.7 | 132.6 | 135.5 | 138.5 |
| Percent change, fourth quarter over fourth quarter:        |                |             |       |       |       |       |       |       |
| Current dollars .....                                      | 3.5            | 5.1         | 5.4   | 5.4   | 5.2   | 4.9   | 4.5   | 4.1   |
| Constant (1987) dollars .....                              | 0.1            | 2.7         | 2.8   | 3.0   | 2.8   | 2.6   | 2.2   | 1.8   |
| Implicit price deflator (1987 = 100) .....                 | 3.3            | 2.4         | 2.5   | 2.4   | 2.3   | 2.2   | 2.2   | 2.2   |
| Percent change, year over year:                            |                |             |       |       |       |       |       |       |
| Current dollars .....                                      | 2.8            | 4.7         | 5.2   | 5.4   | 5.3   | 5.0   | 4.6   | 4.3   |
| Constant (1987) dollars .....                              | -1.2           | 2.0         | 2.8   | 3.0   | 2.9   | 2.7   | 2.4   | 2.0   |
| Implicit price deflator (1987 = 100) .....                 | 4.0            | 2.6         | 2.4   | 2.4   | 2.3   | 2.3   | 2.2   | 2.2   |
| <b>Incomes, billions of current dollars:</b>               |                |             |       |       |       |       |       |       |
| Personal income .....                                      | 4,828          | 5,050       | 5,308 | 5,617 | 5,952 | 6,282 | 6,602 | 6,913 |
| Wages and salaries .....                                   | 2,812          | 2,912       | 3,055 | 3,226 | 3,404 | 3,576 | 3,737 | 3,891 |
| Corporate profits before tax .....                         | 335            | 376         | 432   | 457   | 480   | 509   | 534   | 551   |
| <b>Consumer Price Index (all urban):<sup>1</sup></b>       |                |             |       |       |       |       |       |       |
| Level (1982-1984 = 100), annual average .....              | 136.2          | 140.3       | 144.6 | 148.5 | 152.5 | 156.6 | 160.9 | 165.2 |
| Percent change, Q4/Q4 .....                                | 3.0            | 3.1         | 2.8   | 2.7   | 2.7   | 2.7   | 2.7   | 2.7   |
| Percent change, year/year .....                            | 4.2            | 3.0         | 3.0   | 2.7   | 2.7   | 2.7   | 2.7   | 2.7   |
| <b>Unemployment rate, civilian, percent:<sup>2</sup></b>   |                |             |       |       |       |       |       |       |
| Fourth quarter level .....                                 | 6.9            | 7.3         | 6.9   | 6.4   | 6.1   | 5.9   | 5.7   | 5.7   |
| Annual average .....                                       | 6.7            | 7.4         | 7.1   | 6.6   | 6.2   | 5.9   | 5.8   | 5.7   |
| <b>Interest rates, percent:</b>                            |                |             |       |       |       |       |       |       |
| 91-day Treasury bills <sup>3</sup> .....                   | 5.4            | 3.5         | 3.2   | 3.7   | 4.3   | 4.7   | 4.8   | 4.9   |
| 10-year Treasury notes .....                               | 7.9            | 7.0         | 6.7   | 6.6   | 6.6   | 6.5   | 6.5   | 6.4   |

<sup>1</sup> CPI for all urban consumers. Two versions of the CPI are now published. The index shown here is that currently used, as required by law, in calculating automatic adjustments to individual income tax brackets.

<sup>2</sup> Percent of civilian labor force, excluding armed forces residing in the U.S.

<sup>3</sup> Average rate (bank discount basis) on new issues within period.

### PROGRAMMATIC ASSUMPTIONS, 1993-1998

|   | 1993   | 1994   | 1995   | 1996   | 1997   | 1998   |
|---|--------|--------|--------|--------|--------|--------|
| <b>Beneficiaries (annual average, in thousands):</b>  |        |        |        |        |        |        |
| <b>Social security (OASDI):</b>                       |        |        |        |        |        |        |
| Old age and survivors insurance .....                 | 36,635 | 37,034 | 37,376 | 37,678 | 37,965 | 38,237 |
| Disability insurance .....                            | 4,963  | 5,238  | 5,480  | 5,699  | 5,924  | 6,156  |
| Railroad retirement .....                             | 845    | 828    | 808    | 785    | 761    | 736    |
| Federal civil service retirement .....                | 2,212  | 2,249  | 2,272  | 2,296  | 2,322  | 2,351  |
| Military retirement .....                             | 1,739  | 1,769  | 1,793  | 1,815  | 1,838  | 1,861  |
| Veterans compensation .....                           | 2,500  | 2,503  | 2,502  | 2,495  | 2,482  | 2,469  |
| Veterans pensions .....                               | 909    | 864    | 824    | 790    | 760    | 735    |
| Supplemental security income .....                    | 5,362  | 5,926  | 6,369  | 6,684  | 6,969  | 7,225  |
| Maintenance assistance (AFDC) <sup>1</sup> .....      | 14,140 | 14,139 | 14,127 | 14,248 | 14,438 | 14,643 |
| Food stamps .....                                     | 27,300 | 27,242 | 27,140 | 27,035 | 26,881 | 26,729 |
| Medicaid .....  | 32,633 | 34,046 | 35,350 | 36,368 | 37,628 | 38,937 |
| <b>Medicare:</b>                                      |        |        |        |        |        |        |
| Hospital insurance .....                              | 35,078 | 35,685 | 36,251 | 36,767 | 37,227 | 37,633 |
| Supplementary medical insurance .....                 | 34,172 | 34,760 | 35,295 | 35,771 | 36,182 | 36,533 |
| <b>Automatic benefit increases (percent):</b>         |        |        |        |        |        |        |
| Social security and veterans pensions (January) ..... | 3.0    | 3.0    | 2.7    | 2.7    | 2.7    | 2.6    |
| Federal employee retirement (January) .....           | 3.0    | 3.0    | 2.7    | 2.7    | 2.7    | 2.6    |
| Food stamps (October) .....                           | 3.4    | 2.7    | 2.7    | 2.7    | 2.7    | 2.7    |
| <b>Unemployment rate (percent, annual average):</b>   |        |        |        |        |        |        |
| Total (civilian and military) .....                   | 7.1    | 6.6    | 6.2    | 5.9    | 5.8    | 5.7    |
| Insured <sup>2</sup> .....                            | 2.8    | 2.8    | 2.6    | 2.5    | 2.4    | 2.3    |

<sup>1</sup> Average number of monthly cases.

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

## BASELINE RECEIPTS BY SOURCE

(In billions of dollars)

|  | 1992<br>actual | Estimate       |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |                | 1993           | 1994           | 1995           | 1996           | 1997           | 1998           |
| Individual income taxes .....                  | 476.0          | 516.4          | 536.5          | 574.0          | 610.7          | 635.0          | 661.5          |
| Corporation income taxes .....                 | 100.3          | 108.6          | 114.1          | 117.7          | 122.1          | 122.0          | 126.0          |
| Social insurance taxes and contributions ..... | 413.7          | 426.8          | 462.0          | 485.0          | 510.6          | 530.3          | 552.1          |
| On-budget .....                                | (111.3)        | (115.0)        | (123.9)        | (129.8)        | (135.4)        | (138.6)        | (142.8)        |
| Off-budget .....                               | (302.4)        | (311.8)        | (338.1)        | (355.2)        | (375.2)        | (391.7)        | (409.3)        |
| Excise taxes .....                             | 45.6           | 47.6           | 48.7           | 49.7           | 46.6           | 47.5           | 48.5           |
| Other .....                                    | 55.0           | 49.7           | 53.9           | 57.9           | 60.7           | 63.3           | 65.9           |
| <b>Total</b> .....                             | <b>1,090.5</b> | <b>1,149.1</b> | <b>1,215.2</b> | <b>1,284.3</b> | <b>1,350.7</b> | <b>1,398.0</b> | <b>1,454.0</b> |
| On-budget .....                                | (788.0)        | (837.3)        | (877.2)        | (929.1)        | (975.5)        | (1,006.4)      | (1,044.7)      |
| Off-budget .....                               | (302.4)        | (311.8)        | (338.1)        | (355.2)        | (375.2)        | (391.7)        | (409.3)        |

from 1994 to 1998, largely due to assumed increases in incomes resulting from both real economic growth and inflation.

Individual income taxes are estimated to increase by \$20.1 billion from 1993 to 1994 under current law. This growth of 3.9 percent is primarily the effect of increased collections resulting from rising personal incomes. Individual income taxes are projected to grow at an annual rate of 5.4 percent between 1994 and 1998. These estimates reflect expiration of the current law limitations on itemized deductions and personal exemptions on December 31, 1995 and December 31, 1996, respectively. The estimates also reflect the expiration of the accelerated estimated tax payment rules, which were enacted under the Emergency Unemployment Compensation Act of 1991, and are scheduled to expire on December 31, 1996.

Corporation income taxes under current law are estimated to grow by \$5.5 billion or 5.1 percent from 1993 to 1994, in large part due to higher corporate profits. Corporation income taxes are projected to increase at an annual rate of 2.5 percent from 1994 to 1998. These estimates reflect expiration of the accelerated tax payment rules for large corporations, which were modified under the Tax Extension Act of 1991 and the Unemployment Compensation Amendments of 1992, and are scheduled to expire on December 31, 1996. The environmental tax on corporate taxable income, which is deposited in the Hazardous Substance Response Superfund, is assumed to expire on its scheduled expiration date of December 31, 1995.

Social insurance taxes and contributions are estimated to increase by \$35.1 billion between 1993 and 1994, and by an additional \$90.2 billion between 1994 and 1998. The estimates reflect assumed increases in total wages and salaries paid, scheduled increases in the social security taxable earnings base from \$57,600 in 1993 to \$68,700 in 1998, and increases in the medicare taxable earnings base from \$135,000 in 1993 to \$161,700 in 1998. The estimates also reflect expiration of the temporary unemployment surtax of 0.2 percent imposed on employers, which expires on December 31, 1996.

Excise taxes are estimated to increase by \$1.1 billion from 1993 to 1994, in large part due to increased eco-

nomie activity. They are estimated to decrease by \$0.3 billion from 1994 to 1998, however, in large part due to the expiration of the taxes on vaccines used to prevent certain diseases that expired on December 31, 1992, the 5 cents per barrel tax on domestic and imported crude oil during the summer of 1993, and the 2.5 cents per gallon tax on gasoline and special motor boat fuels that is deposited in the General Fund of the Treasury on September 30, 1995. Excise taxes deposited in the Airport and Airway Trust Fund, the Hazardous Substance Response Superfund, and the Leaking Underground Storage Tank Trust Fund, which are all scheduled to expire on December 31, 1995, are assumed to be extended.

Other baseline receipts (estate and gift taxes, customs duties, and miscellaneous receipts) are projected to increase by \$16.3 billion from 1993 to 1998. The estimates of estate and gift taxes reflect the decline in the top estate and gift tax rate from 55 percent to 50 percent, effective for transfers occurring after December 31, 1992.

**Outlays.**—Current services outlays are estimated to be \$1,458.8 billion in 1993 and \$1,516.8 billion in 1994, a 4.0 percent increase. Between 1994 and 1998, they are projected to increase at an average annual rate of 5.0 percent. These increases occur mainly in entitlement and other mandatory programs, such as social security, medicare and medicaid, Federal employee retirement, and deposit insurance. Most of the changes in mandatory spending are due to changes in the number of beneficiaries, to automatic cost-of-living adjustments and other adjustments for inflation, and to the assumed pattern of spending to resolve insolvent commercial banks and savings and loan associations. Net interest payments to the public also increase substantially, mainly as a result of the increased borrowing by the Government that is estimated to occur over this period.

The following tables show current services outlays by function and by agency, respectively. The next table shows current services outlays for direct spending and related programs. A more detailed presentation of outlays (by function, subfunction, and program) appears at the end of this chapter.



## CURRENT SERVICES OUTLAYS BY FUNCTION

(In billions of dollars)

| Function   | 1992<br>actual | Estimate       |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |                | 1993           | 1994           | 1995           | 1996           | 1997           | 1998           |
| National defense:  |                |                |                |                |                |                |                |
| Department of Defense—Military .....                       | 286.9          | 277.2          | 269.8          | 269.2          | 269.2          | 270.8          | 272.8          |
| Other .....  | 11.5           | 13.4           | 14.1           | 14.5           | 14.9           | 15.3           | 15.7           |
| International affairs .....                                | 16.1           | 18.1           | 19.0           | 19.2           | 19.6           | 20.1           | 20.6           |
| General science, space and technology .....                | 16.4           | 17.0           | 17.5           | 18.0           | 18.5           | 18.9           | 19.4           |
| Energy .....   | 4.5            | 5.4            | 4.2            | 4.2            | 4.3            | 4.0            | 3.9            |
| Natural resources and environment .....                    | 20.0           | 21.3           | 21.3           | 22.8           | 23.6           | 23.8           | 23.6           |
| Agriculture .....  | 15.2           | 21.8           | 16.7           | 14.8           | 14.3           | 14.0           | 14.6           |
| Commerce and housing credit .....                          | 10.1           | 9.7            | 13.6           | 3.9            | -10.5          | -9.3           | -6.9           |
| On-budget .....  | (9.5)          | (8.0)          | (12.0)         | (2.6)          | (-9.8)         | (-8.2)         | (-5.5)         |
| Off-budget .....   | (0.7)          | (1.6)          | (1.6)          | (1.3)          | (-0.7)         | (-1.1)         | (-1.4)         |
| Transportation .....                                       | 33.3           | 36.4           | 37.1           | 37.9           | 38.8           | 40.1           | 41.0           |
| Community and regional development .....                   | 6.8            | 9.2            | 8.6            | 8.8            | 8.7            | 8.5            | 8.6            |
| Education, training, employment, and social services ..... | 45.2           | 51.8           | 51.6           | 51.5           | 47.8           | 52.8           | 54.5           |
| Health .....   | 89.5           | 104.9          | 118.0          | 132.8          | 147.6          | 163.7          | 180.1          |
| Medicare .....   | 119.0          | 132.7          | 150.0          | 168.0          | 189.5          | 210.9          | 233.1          |
| Income security .....                                      | 197.0          | 205.5          | 211.0          | 220.1          | 228.2          | 239.5          | 248.6          |
| Social security .....                                      | 287.6          | 304.8          | 320.7          | 335.9          | 351.2          | 367.1          | 383.5          |
| On-budget .....  | (6.2)          | (6.0)          | (6.5)          | (6.9)          | (7.0)          | (7.2)          | (7.4)          |
| Off-budget .....   | (281.4)        | (298.8)        | (314.2)        | (329.0)        | (344.1)        | (359.9)        | (376.1)        |
| Veterans benefits and services .....                       | 34.1           | 35.5           | 37.9           | 37.8           | 37.4           | 39.6           | 41.0           |
| Administration of justice .....                            | 14.4           | 15.3           | 15.7           | 16.8           | 17.5           | 17.7           | 18.3           |
| General government .....                                   | 12.9           | 14.7           | 14.0           | 14.8           | 14.4           | 14.7           | 15.1           |
| Net interest .....   | 199.4          | 201.5          | 214.0          | 233.1          | 253.6          | 274.5          | 297.8          |
| On-budget .....  | (223.1)        | (228.4)        | (243.6)        | (265.9)        | (290.3)        | (316.0)        | (344.5)        |
| Off-budget .....   | (-23.6)        | (-27.0)        | (-29.5)        | (-32.9)        | (-36.7)        | (-41.4)        | (-46.7)        |
| Undistributed offsetting receipts:                         |                |                |                |                |                |                |                |
| Employer share, employee retirement (on-budget) .....      | -30.7          | -28.5          | -28.5          | -29.5          | -30.1          | -31.2          | -32.7          |
| Employer share, employee retirement (off-budget) .....     | -6.1           | -6.4           | -6.7           | -7.1           | -7.6           | -8.1           | -8.7           |
| Rents and royalties on the Outer Continental Shelf .....   | -2.5           | -2.3           | -2.8           | -2.4           | -2.4           | -2.4           | -2.4           |
| Total, Undistributed offsetting receipts .....             | -39.3          | -37.2          | -38.0          | -39.0          | -40.1          | -41.8          | -43.9          |
| On-budget .....  | (-33.2)        | (-30.8)        | (-31.2)        | (-31.9)        | (-32.5)        | (-33.6)        | (-35.2)        |
| Off-budget .....   | (-6.1)         | (-6.4)         | (-6.7)         | (-7.1)         | (-7.6)         | (-8.1)         | (-8.7)         |
| <b>Total .....</b>   | <b>1,380.9</b> | <b>1,458.8</b> | <b>1,516.8</b> | <b>1,585.1</b> | <b>1,648.5</b> | <b>1,744.8</b> | <b>1,841.4</b> |
| On-budget .....  | (1,128.5)      | (1,191.7)      | (1,237.3)      | (1,294.7)      | (1,349.4)      | (1,435.6)      | (1,522.1)      |
| Off-budget .....   | (252.3)        | (267.1)        | (279.5)        | (290.3)        | (299.1)        | (309.2)        | (319.3)        |

## CURRENT SERVICES OUTLAYS BY AGENCY

(In billions of dollars)

| Agency  | 1992<br>actual | Estimate  |           |           |           |           |           |
|---|----------------|-----------|-----------|-----------|-----------|-----------|-----------|
|   |                | 1993      | 1994      | 1995      | 1996      | 1997      | 1998      |
| <b>Cabinet Agencies:</b>  |                |           |           |           |           |           |           |
| Agriculture .....   | 56.4           | 66.5      | 62.3      | 62.2      | 63.2      | 63.6      | 64.3      |
| Commerce .....  | 2.6            | 3.1       | 3.0       | 3.2       | 3.5       | 3.6       | 3.6       |
| Defense .....   | 286.6          | 277.3     | 270.1     | 269.4     | 269.4     | 271.0     | 273.1     |
| Education .....   | 26.0           | 30.5      | 30.5      | 29.9      | 25.6      | 29.8      | 30.7      |
| Energy .....  | 15.5           | 17.5      | 17.5      | 18.1      | 18.3      | 18.8      | 19.2      |
| Health and Human Services .....                                 | 538.8          | 590.6     | 641.6     | 690.3     | 742.3     | 800.1     | 857.5     |
| On-budget .....   | (257.3)        | (291.8)   | (327.4)   | (361.3)   | (398.1)   | (440.2)   | (481.4)   |
| Off-budget .....  | (281.4)        | (298.8)   | (314.2)   | (329.0)   | (344.1)   | (359.9)   | (376.1)   |
| Housing and Urban Development .....                             | 24.5           | 25.3      | 27.5      | 29.4      | 30.1      | 30.3      | 30.8      |
| Interior .....  | 6.5            | 7.1       | 7.1       | 7.3       | 7.6       | 7.7       | 8.0       |
| Justice .....   | 9.8            | 10.6      | 10.3      | 11.1      | 11.1      | 11.1      | 11.5      |
| Labor .....   | 47.2           | 42.8      | 34.7      | 34.4      | 34.7      | 35.3      | 35.9      |
| State .....   | 5.0            | 5.3       | 5.6       | 5.8       | 6.0       | 6.2       | 6.4       |
| Transportation .....  | 32.5           | 35.9      | 36.6      | 37.5      | 38.4      | 39.6      | 40.5      |
| Treasury .....  | 293.0          | 301.5     | 320.6     | 347.7     | 374.9     | 402.0     | 432.1     |
| Veterans Affairs .....  | 33.9           | 35.3      | 37.7      | 37.6      | 37.2      | 39.4      | 40.8      |
| <b>Major Agencies:</b>  |                |           |           |           |           |           |           |
| Corps of Engineers, Military Retirement and Other Defense ..... | 28.3           | 29.5      | 30.7      | 32.0      | 33.2      | 34.4      | 35.7      |
| Environmental Protection Agency .....                           | 6.0            | 6.4       | 6.6       | 6.9       | 7.1       | 7.3       | 7.4       |
| Executive Office of the President .....                         | 0.2            | 0.2       | 0.2       | 0.2       | 0.2       | 0.3       | 0.3       |
| Federal Emergency Management Agency .....                       | 1.4            | 3.1       | 1.9       | 1.4       | 1.1       | 1.0       | 1.0       |
| Funds Appropriated to the President .....                       | 11.1           | 11.8      | 12.0      | 11.8      | 11.9      | 12.0      | 12.3      |
| General Services Administration .....                           | 0.5            | 1.3       | 0.9       | 1.4       | 0.4       | 0.4       | 0.4       |
| Judicial Branch .....   | 2.3            | 2.5       | 2.6       | 2.7       | 2.8       | 2.9       | 3.0       |
| Legislative Branch .....  | 2.7            | 2.8       | 2.9       | 3.0       | 3.1       | 3.2       | 3.3       |
| National Aeronautics and Space Administration .....             | 14.0           | 14.1      | 14.5      | 14.9      | 15.4      | 15.8      | 16.2      |
| National Science Foundation .....                               | 2.2            | 2.8       | 2.8       | 2.8       | 2.9       | 3.0       | 3.1       |
| Office of Personnel Management .....                            | 35.6           | 37.2      | 38.8      | 40.1      | 43.8      | 47.0      | 49.5      |
| Postal Service .....  | 0.7            | 1.6       | 1.6       | 1.3       | -0.7      | -1.1      | -1.4      |
| Railroad Retirement Board .....                                 | 4.8            | 4.8       | 4.8       | 4.8       | 4.8       | 4.8       | 4.8       |
| Small Business Administration .....                             | 0.6            | 0.8       | 0.7       | 0.5       | 0.5       | 0.6       | 0.6       |
| All Other Agencies .....  | 9.5            | 9.6       | 15.4      | 7.2       | -4.2      | -1.9      | 2.2       |
| Undistributed Offsetting Receipts .....                         | -117.1         | -119.0    | -124.9    | -130.0    | -136.3    | -143.3    | -151.1    |
| On-budget .....   | (-87.4)        | (-85.6)   | (-88.6)   | (-90.0)   | (-92.0)   | (-93.7)   | (-95.7)   |
| Off-budget .....  | (-29.7)        | (-33.3)   | (-36.3)   | (-40.0)   | (-44.3)   | (-49.6)   | (-55.4)   |
| Total .....   | 1,380.9        | 1,458.8   | 1,516.8   | 1,585.1   | 1,648.5   | 1,744.8   | 1,841.4   |
| On-budget .....   | (1,128.5)      | (1,191.7) | (1,237.3) | (1,294.7) | (1,349.4) | (1,435.6) | (1,522.1) |
| Off-budget .....  | (252.3)        | (267.1)   | (279.5)   | (290.3)   | (299.1)   | (309.2)   | (319.3)   |

## OUTLAYS FOR DIRECT SPENDING AND RELATED PROGRAMS

(In billions of dollars)

|  | 1992<br>actual | Estimate |       |       |       |       |         |
|--|----------------|----------|-------|-------|-------|-------|---------|
|  |                | 1993     | 1994  | 1995  | 1996  | 1997  | 1998    |
| Human resources programs:  |                |          |       |       |       |       |         |
| Social Security .....  | 285.2          | 302.2    | 318.1 | 333.2 | 348.4 | 364.3 | 380.6   |
| Medicare:  |                |          |       |       |       |       |         |
| Hospital Insurance .....   | 80.8           | 90.2     | 101.7 | 113.4 | 126.3 | 137.8 | 148.8   |
| Supplementary Medical Insurance .....                                | 48.6           | 54.6     | 62.7  | 71.3  | 81.0  | 91.6  | 103.5   |
| Medicare premiums and collections .....                              | -13.2          | -15.1    | -17.4 | -19.8 | -21.0 | -21.9 | -22.7   |
| Subtotal, medicare .....   | 116.2          | 129.8    | 147.0 | 164.9 | 186.2 | 207.5 | 229.5   |
| Health:  |                |          |       |       |       |       |         |
| Medicaid .....   | 67.8           | 80.5     | 92.2  | 106.4 | 120.2 | 134.9 | 150.0   |
| FEHB and other .....   | 3.7            | 4.7      | 5.0   | 5.0   | 5.3   | 6.1   | 6.8     |
| Subtotal, health .....   | 71.5           | 85.2     | 97.2  | 111.4 | 125.5 | 141.1 | 156.8   |
| Income security:   |                |          |       |       |       |       |         |
| General retirement and disability:                                   |                |          |       |       |       |       |         |
| Railroad retirement .....  | 4.1            | 4.2      | 4.2   | 4.2   | 4.2   | 4.2   | 4.2     |
| Other .....  | 0.9            | 0.7      | 0.9   | 0.9   | 0.9   | 0.9   | 0.9     |
| Subtotal, general retirement and disability .....                    | 5.0            | 4.9      | 5.1   | 5.1   | 5.1   | 5.0   | 5.0     |
| Federal Employee retirement and disability:                          |                |          |       |       |       |       |         |
| Civilian employees retirement .....                                  | 33.9           | 34.9     | 36.4  | 37.7  | 41.2  | 43.6  | 45.4    |
| Military retirement .....  | 24.5           | 25.6     | 26.8  | 27.9  | 29.0  | 30.2  | 31.3    |
| Other .....  | -0.9           | -0.8     | -0.8  | -0.8  | -0.8  | -0.7  | -0.7    |
| Subtotal, federal employees retirement and disability .....          | 57.5           | 59.6     | 62.4  | 64.9  | 69.5  | 73.0  | 76.0    |
| Unemployment compensation .....                                      | 37.0           | 32.6     | 24.4  | 23.8  | 23.7  | 24.0  | 24.3    |
| Food and nutrition assistance:                                       |                |          |       |       |       |       |         |
| Food stamps .....  | 21.8           | 23.5     | 24.5  | 25.1  | 25.8  | 26.5  | 27.2    |
| Child nutrition and special milk .....                               | 6.1            | 6.8      | 7.4   | 7.9   | 8.5   | 9.1   | 9.7     |
| Other .....  | 1.6            | 1.5      | 1.6   | 1.5   | 1.6   | 1.6   | 1.6     |
| Subtotal, food and nutrition assistance .....                        | 29.5           | 31.8     | 33.4  | 34.6  | 35.9  | 37.2  | 38.5    |
| Other income security:   |                |          |       |       |       |       |         |
| Supplemental security income .....                                   | 17.2           | 21.2     | 24.7  | 25.2  | 25.1  | 29.3  | 31.3    |
| Family support payments .....  | 15.1           | 15.8     | 16.0  | 16.5  | 16.9  | 17.4  | 18.0    |
| Earned income tax credit .....                                       | 7.3            | 8.4      | 9.5   | 12.9  | 13.5  | 14.1  | 14.9    |
| Other .....  | 0.1            | 0.1      | 0.1   | 0.1   | ..... | ..... | .....   |
| Subtotal, other income security .....                                | 39.8           | 45.5     | 50.3  | 54.6  | 55.6  | 60.9  | 64.2    |
| Subtotal, income security .....                                      | 168.8          | 174.5    | 175.6 | 183.0 | 189.9 | 200.1 | 208.0   |
| Veterans' benefits and services:                                     |                |          |       |       |       |       |         |
| Compensation .....   | 12.6           | 13.1     | 14.6  | 14.0  | 13.3  | 14.6  | 14.8    |
| Pensions .....   | 3.7            | 3.6      | 3.6   | 3.3   | 3.1   | 3.3   | 3.6     |
| Other .....  | 2.2            | 2.2      | 2.4   | 2.5   | 2.5   | 2.6   | 2.7     |
| Subtotal, veterans benefits and services .....                       | 18.5           | 18.8     | 20.6  | 19.8  | 18.8  | 20.4  | 21.2    |
| Education, training, employment, and social services:                |                |          |       |       |       |       |         |
| Guaranteed student loans .....                                       | 3.2            | 4.9      | 3.9   | 3.1   | -1.8  | 1.8   | 1.9     |
| Other .....  | 8.3            | 9.3      | 9.4   | 9.4   | 9.8   | 10.2  | 10.6    |
| Subtotal, education, training, employment, and social services ..... | 11.5           | 14.1     | 13.3  | 12.5  | 8.0   | 12.0  | 12.5    |
| Subtotal, human resources programs .....                             | 671.7          | 724.7    | 771.8 | 825.0 | 876.8 | 945.3 | 1,008.7 |
| Other mandatory programs:  |                |          |       |       |       |       |         |
| Agriculture:   |                |          |       |       |       |       |         |
| Farm price supports (CCC) .....                                      | 9.7            | 17.1     | 12.2  | 10.6  | 10.5  | 10.0  | 10.3    |
| Other .....  | 1.3            | 0.3      | ..... | -0.5  | -0.9  | -0.8  | -0.7    |
| Subtotal, agriculture .....  | 11.0           | 17.4     | 12.2  | 10.2  | 9.6   | 9.1   | 9.6     |
| Commerce and housing credit:   |                |          |       |       |       |       |         |
| Deposit insurance .....  | 2.6            | 2.8      | 7.7   | -1.1  | -13.0 | -10.7 | -7.0    |
| Other .....  | 4.3            | 3.2      | 2.2   | 1.1   | -1.5  | -2.9  | -4.3    |
| Subtotal, commerce and housing credit .....                          | 7.0            | 6.0      | 9.9   | -0.1  | -14.6 | -13.6 | -11.3   |

## OUTLAYS FOR DIRECT SPENDING AND RELATED PROGRAMS—Continued

(In billions of dollars)

|   | 1992<br>actual | Estimate |       |         |         |         |         |
|---|----------------|----------|-------|---------|---------|---------|---------|
|   |                | 1993     | 1994  | 1995    | 1996    | 1997    | 1998    |
| Other functions .....   | -5.0           | -1.8     | -2.2  | -2.5    | -1.6    | -2.7    | -3.6    |
| Subtotal, other mandatory programs .....                      | 13.0           | 21.6     | 19.9  | 7.6     | -6.6    | -7.2    | -5.3    |
| Undistributed offsetting receipts:                            |                |          |       |         |         |         |         |
| Employer share, employee retirement .....                     | -36.8          | -34.9    | -35.2 | -36.6   | -37.7   | -39.4   | -41.4   |
| Rents and royalties on the Outer Continental Shelf .....      | -2.5           | -2.3     | -2.8  | -2.4    | -2.4    | -2.4    | -2.4    |
| Subtotal, undistributed offsetting receipts .....             | -39.3          | -37.2    | -38.0 | -39.0   | -40.1   | -41.8   | -43.9   |
| Subtotal, mandatory programs .....                            | 645.4          | 709.1    | 753.8 | 793.3   | 830.2   | 896.4   | 959.5   |
| Net interest:   |                |          |       |         |         |         |         |
| Interest on the public debt .....                             | 292.3          | 294.6    | 311.5 | 334.0   | 358.5   | 383.6   | 411.6   |
| Interest received on trust funds .....                        | -77.8          | -81.8    | -86.1 | -91.0   | -96.2   | -101.5  | -107.2  |
| Other interest .....  | -15.1          | -11.3    | -11.4 | -9.9    | -8.7    | -7.5    | -6.7    |
| Subtotal, net interest .....                                  | 199.4          | 201.5    | 214.0 | 233.1   | 253.5   | 274.5   | 297.8   |
| Total, outlays for direct spending and related programs ..... | 844.9          | 910.5    | 967.8 | 1,026.6 | 1,083.7 | 1,170.9 | 1,257.3 |

**Budget authority.**—The following two tables show current services estimates of budget authority and outlays by function and by agency respectively.

## CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION

(In billions of dollars)

| Function   | 1992<br>actual | Estimate       |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |                | 1993           | 1994           | 1995           | 1996           | 1997           | 1998           |
| National defense:  |                |                |                |                |                |                |                |
| Department of Defense—Military .....                       | 282.1          | 258.9          | 260.8          | 262.6          | 262.7          | 268.6          | 277.0          |
| Other .....  | 12.9           | 13.9           | 14.3           | 14.7           | 15.1           | 15.5           | 15.9           |
| International affairs .....                                | 21.2           | 30.7           | 32.1           | 32.6           | 33.3           | 34.1           | 35.1           |
| General science, space and technology .....                | 17.3           | 17.2           | 17.7           | 18.2           | 18.7           | 19.2           | 19.7           |
| Energy .....   | 6.1            | 4.0            | 3.8            | 4.9            | 5.0            | 4.8            | 4.7            |
| Natural resources and environment .....                    | 21.3           | 20.9           | 22.0           | 23.2           | 23.5           | 24.1           | 24.0           |
| Agriculture .....  | 22.4           | 20.4           | 16.3           | 14.8           | 13.4           | 13.9           | 13.7           |
| Commerce and housing credit .....                          | 46.8           | 60.7           | 21.7           | 10.2           | 7.2            | 5.5            | 8.9            |
| On-budget .....  | (44.6)         | (56.2)         | (18.3)         | (8.2)          | (5.2)          | (4.7)          | (4.4)          |
| Off-budget .....   | (2.2)          | (4.5)          | (3.3)          | (2.0)          | (1.9)          | (0.8)          | (4.4)          |
| Transportation .....                                       | 36.9           | 40.3           | 41.2           | 41.6           | 42.1           | 44.6           | 45.9           |
| Community and regional development .....                   | 12.3           | 8.2            | 8.4            | 8.5            | 8.7            | 8.9            | 9.2            |
| Education, training, employment, and social services ..... | 48.7           | 51.4           | 52.1           | 52.4           | 48.6           | 53.6           | 55.2           |
| Health .....   | 92.6           | 108.5          | 115.1          | 133.8          | 149.2          | 165.2          | 181.5          |
| Medicare .....   | 133.6          | 134.7          | 149.9          | 168.0          | 189.7          | 210.9          | 233.0          |
| Income security .....                                      | 200.6          | 211.7          | 214.3          | 223.5          | 238.0          | 250.1          | 258.2          |
| Social security .....                                      | 289.5          | 306.5          | 322.2          | 337.3          | 352.6          | 368.7          | 385.1          |
| On-budget .....  | (6.2)          | (6.0)          | (6.5)          | (6.9)          | (7.0)          | (7.2)          | (7.4)          |
| Off-budget .....   | (283.4)        | (300.6)        | (315.7)        | (330.5)        | (345.6)        | (361.4)        | (377.7)        |
| Veterans benefits and services .....                       | 34.2           | 35.4           | 36.8           | 38.0           | 38.8           | 39.7           | 41.2           |
| Administration of justice .....                            | 14.8           | 15.1           | 15.8           | 16.3           | 17.4           | 17.9           | 18.5           |
| General government .....                                   | 13.1           | 14.2           | 13.7           | 14.0           | 14.4           | 14.9           | 15.4           |
| Net interest .....   | 199.5          | 201.5          | 214.0          | 233.1          | 253.6          | 274.5          | 297.8          |
| On-budget .....  | (223.1)        | (228.4)        | (243.6)        | (265.9)        | (290.3)        | (316.0)        | (344.5)        |
| Off-budget .....   | (-23.6)        | (-27.0)        | (-29.5)        | (-32.9)        | (-36.7)        | (-41.4)        | (-46.7)        |
| Undistributed offsetting receipts:                         |                |                |                |                |                |                |                |
| Employer share, employee retirement (on-budget) .....      | -30.7          | -28.5          | -28.5          | -29.5          | -30.1          | -31.2          | -32.7          |
| Employer share, employee retirement (off-budget) .....     | -6.1           | -6.4           | -6.7           | -7.1           | -7.6           | -8.1           | -8.7           |
| Rents and royalties on the Outer Continental Shelf .....   | -2.5           | -2.3           | -2.8           | -2.4           | -2.4           | -2.4           | -2.4           |
| Total, Undistributed offsetting receipts .....             | -39.3          | -37.2          | -38.0          | -39.0          | -40.1          | -41.8          | -43.9          |
| On-budget .....  | (-33.2)        | (-30.8)        | (-31.2)        | (-31.9)        | (-32.5)        | (-33.6)        | (-35.2)        |
| Off-budget .....   | (-6.1)         | (-6.4)         | (-6.7)         | (-7.1)         | (-7.6)         | (-8.1)         | (-8.7)         |
| <b>Total .....</b>   | <b>1,466.6</b> | <b>1,517.0</b> | <b>1,534.3</b> | <b>1,608.7</b> | <b>1,691.9</b> | <b>1,792.9</b> | <b>1,896.0</b> |
| On-budget .....  | (1,210.8)      | (1,245.3)      | (1,251.6)      | (1,316.2)      | (1,388.7)      | (1,480.2)      | (1,569.3)      |
| Off-budget .....   | (255.8)        | (271.7)        | (282.7)        | (292.5)        | (303.2)        | (312.7)        | (326.7)        |

## CURRENT SERVICES BUDGET AUTHORITY BY AGENCY

(In billions of dollars)

| Agency  | 1992<br>actual | Estimate       |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   |                | 1993           | 1994           | 1995           | 1996           | 1997           | 1998           |
| <b>Cabinet Agencies:</b>  |                |                |                |                |                |                |                |
| Agriculture .....   | 66.3           | 67.4           | 66.8           | 67.0           | 66.8           | 68.4           | 68.3           |
| Commerce .....  | 3.0            | 3.1            | 3.2            | 3.3            | 3.5            | 3.7            | 3.8            |
| Defense .....   | 281.9          | 259.1          | 261.0          | 262.9          | 263.0          | 268.9          | 277.2          |
| Education .....   | 28.8           | 30.4           | 30.1           | 30.1           | 26.0           | 30.2           | 31.1           |
| Energy .....  | 17.2           | 17.2           | 17.8           | 18.4           | 18.8           | 19.4           | 20.0           |
| Health and Human Services .....                                 | 559.6          | 597.6          | 640.3          | 692.6          | 744.5          | 802.3          | 859.7          |
| On-budget .....   | (276.3)        | (297.0)        | (324.6)        | (362.1)        | (398.9)        | (440.8)        | (482.0)        |
| Off-budget .....  | (283.4)        | (300.6)        | (315.7)        | (330.5)        | (345.6)        | (361.4)        | (377.7)        |
| Housing and Urban Development .....                             | 25.0           | 26.3           | 25.9           | 27.1           | 34.5           | 36.2           | 36.2           |
| Interior .....  | 7.1            | 6.8            | 7.2            | 7.4            | 7.7            | 7.9            | 8.1            |
| Justice .....   | 10.0           | 10.4           | 10.3           | 10.6           | 10.9           | 11.3           | 11.6           |
| Labor .....   | 48.2           | 43.5           | 35.6           | 35.3           | 35.5           | 36.0           | 36.6           |
| State .....   | 5.2            | 5.5            | 5.6            | 5.8            | 6.0            | 6.2            | 6.4            |
| Transportation .....  | 36.2           | 39.8           | 40.8           | 41.1           | 41.6           | 44.2           | 45.4           |
| Treasury .....  | 295.7          | 302.3          | 321.8          | 348.7          | 375.9          | 403.1          | 433.2          |
| Veterans Affairs .....  | 33.9           | 35.2           | 36.6           | 37.8           | 38.6           | 39.5           | 40.9           |
| <b>Major Agencies:</b>  |                |                |                |                |                |                |                |
| Corps of Engineers, Military Retirement and Other Defense ..... | 28.4           | 29.4           | 30.7           | 32.0           | 33.2           | 34.5           | 35.7           |
| Environmental Protection Agency .....                           | 6.5            | 6.7            | 6.8            | 7.0            | 7.2            | 7.4            | 7.6            |
| Executive Office of the President .....                         | 0.2            | 0.2            | 0.2            | 0.2            | 0.3            | 0.3            | 0.3            |
| Federal Emergency Management Agency .....                       | 4.8            | 0.8            | 0.9            | 0.9            | 0.9            | 0.9            | 1.0            |
| Funds Appropriated to the President .....                       | 13.4           | 23.6           | 23.9           | 24.1           | 24.5           | 24.9           | 25.7           |
| General Services Administration .....                           | 0.4            | 0.8            | 0.5            | 0.5            | 0.6            | 0.6            | 0.6            |
| Judicial Branch .....   | 2.4            | 2.6            | 2.7            | 2.8            | 2.9            | 3.0            | 3.1            |
| Legislative Branch .....  | 2.6            | 2.7            | 2.9            | 3.0            | 3.1            | 3.2            | 3.3            |
| National Aeronautics and Space Administration .....             | 14.3           | 14.3           | 14.7           | 15.2           | 15.6           | 16.0           | 16.4           |
| National Science Foundation .....                               | 2.6            | 2.8            | 2.8            | 2.9            | 3.0            | 3.1            | 3.1            |
| Office of Personnel Management .....                            | 35.8           | 39.3           | 39.7           | 41.8           | 46.1           | 49.1           | 51.6           |
| Postal Service .....  | 2.2            | 4.5            | 3.3            | 2.0            | 1.9            | 0.8            | 4.4            |
| Railroad Retirement Board .....                                 | 4.7            | 4.9            | 5.0            | 5.0            | 5.0            | 5.0            | 5.0            |
| Small Business Administration .....                             | 1.9            | 1.0            | 1.0            | 0.9            | 0.8            | 0.9            | 0.9            |
| <b>All Other Agencies</b> .....                                 | <b>45.4</b>    | <b>58.0</b>    | <b>21.0</b>    | <b>12.3</b>    | <b>9.7</b>     | <b>9.5</b>     | <b>10.0</b>    |
| <b>Undistributed Offsetting Receipts</b> .....                  | <b>- 117.1</b> | <b>- 119.0</b> | <b>- 124.9</b> | <b>- 130.0</b> | <b>- 136.3</b> | <b>- 143.3</b> | <b>- 151.1</b> |
| On-budget .....   | (-87.4)        | (-85.6)        | (-88.6)        | (-90.0)        | (-92.0)        | (-93.7)        | (-95.7)        |
| Off-budget .....  | (-29.7)        | (-33.3)        | (-36.3)        | (-40.0)        | (-44.3)        | (-49.6)        | (-55.4)        |
| <b>Total</b> .....  | <b>1,466.6</b> | <b>1,517.0</b> | <b>1,534.3</b> | <b>1,608.7</b> | <b>1,691.9</b> | <b>1,792.9</b> | <b>1,896.0</b> |
| On-budget .....   | (1,210.8)      | (1,245.3)      | (1,251.6)      | (1,316.2)      | (1,388.7)      | (1,480.2)      | (1,569.3)      |
| Off-budget .....  | (255.8)        | (271.7)        | (282.7)        | (292.5)        | (303.2)        | (312.7)        | (326.7)        |

**Current Services Outlays and Budget Authority by Function and Program.**—The following tables present current services budget authority and outlays, respectively, in function order, with subfunction and program level detail.

### CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM

(In millions of dollars)

| Major missions and programs   | 1992<br>actual | Estimate |         |         |         |         |         |
|---|----------------|----------|---------|---------|---------|---------|---------|
|   |                | 1993     | 1994    | 1995    | 1996    | 1997    | 1998    |
| <b>050 National defense:</b>  |                |          |         |         |         |         |         |
| 051 Department of Defense—Military .....                              | 282,127        | 258,859  | 260,777 | 262,638 | 262,717 | 268,606 | 276,966 |
| 053 Atomic energy defense activities .....                            | 11,980         | 12,067   | 12,403  | 12,732  | 13,057  | 13,390  | 13,731  |
| 054 Defense-related activities .....                                  | 964            | 1,831    | 1,896   | 1,957   | 2,016   | 2,076   | 2,142   |
| Total, National defense .....   | 295,070        | 272,757  | 275,076 | 277,327 | 277,790 | 284,072 | 292,859 |
| <b>150 International affairs:</b>                                     |                |          |         |         |         |         |         |
| 151 International development and humanitarian assistance:            |                |          |         |         |         |         |         |
| Agency for International Development .....                            | 3,216          | 3,770    | 3,880   | 3,987   | 4,091   | 4,199   | 4,309   |
| Enterprise for the Americas Initiative .....                          |                | 180      | 185     | 190     | 194     | 199     | 204     |
| Multilateral development banks .....                                  | 1,516          | 1,493    | 1,534   | 1,574   | 1,613   | 1,653   | 1,695   |
| Food aid .....  | 1,486          | 1,533    | 1,575   | 1,616   | 1,656   | 1,698   | 1,740   |
| Refugee programs .....  | 670            | 670      | 688     | 706     | 724     | 742     | 761     |
| Voluntary contributions to international organizations .....          | 280            | 325      | 334     | 342     | 351     | 360     | 369     |
| State Department narcotics assistance .....                           | 148            | 148      | 152     | 156     | 160     | 164     | 168     |
| Peace Corps .....   | 198            | 220      | 227     | 235     | 242     | 250     | 258     |
| Other programs .....  | 117            | 133      | 136     | 139     | 142     | 145     | 148     |
| Credit liquidating accounts .....                                     | -483           | -945     | -583    | -717    | -443    | -364    | -340    |
| Offsetting receipts .....   | -494           | -403     | -389    | -389    | -366    | -357    | -345    |
| Subtotal, International development and humanitarian assistance ..... | 6,655          | 7,125    | 7,740   | 7,839   | 8,366   | 8,689   | 8,969   |
| 152 International security assistance:                                |                |          |         |         |         |         |         |
| Foreign military financing .....                                      | 3,979          | 3,395    | 3,486   | 3,577   | 3,666   | 3,758   | 3,852   |
| Economic support fund .....   | 3,228          | 2,690    | 2,762   | 2,834   | 2,905   | 2,978   | 3,052   |
| Other programs .....  | 141            | 93       | 117     | 120     | 123     | 126     | 130     |
| Foreign military credit sales repayment .....                         | -374           | -414     | -427    | -416    | -455    | -420    | -303    |
| Credit liquidating accounts .....                                     | -291           | -191     | -252    | -267    | -228    | -184    | -204    |
| Subtotal, International security assistance .....                     | 6,682          | 5,572    | 5,687   | 5,848   | 6,011   | 6,258   | 6,526   |
| 153 Conduct of foreign affairs:                                       |                |          |         |         |         |         |         |
| State Department salaries and expenses .....                          | 2,031          | 2,174    | 2,260   | 2,337   | 2,412   | 2,489   | 2,569   |
| Foreign buildings .....   | 539            | 560      | 577     | 592     | 608     | 624     | 640     |
| United Nations programs .....   | 1,305          | 1,379    | 1,416   | 1,453   | 1,490   | 1,527   | 1,565   |
| Other programs .....  | 188            | 186      | 191     | 198     | 204     | 210     | 217     |
| Subtotal, Conduct of foreign affairs .....                            | 4,063          | 4,299    | 4,444   | 4,580   | 4,713   | 4,850   | 4,991   |
| 154 Foreign information and exchange activities:                      |                |          |         |         |         |         |         |
| U.S. Information Agency .....   | 1,084          | 1,190    | 1,232   | 1,271   | 1,309   | 1,349   | 1,389   |
| Board for International Broadcasting .....                            | 202            | 220      | 226     | 232     | 238     | 244     | 250     |
| Other programs .....  | 17             | 18       | 19      | 19      | 19      | 20      | 20      |
| Subtotal, Foreign information and exchange activities .....           | 1,303          | 1,428    | 1,477   | 1,522   | 1,566   | 1,612   | 1,659   |
| 155 International financial programs:                                 |                |          |         |         |         |         |         |
| Export-Import Bank .....  | 641            | 777      | 773     | 771     | 775     | 791     | 811     |
| International monetary fund .....                                     | 326            | 12,063   | 12,389  | 12,711  | 13,028  | 13,354  | 13,688  |
| Exchange stabilization fund .....                                     |                |          |         |         |         |         |         |
| Foreign military sales trust fund (net) .....                         | 2,168          | 1,243    | 460     | 80      | -480    | -910    | -1,040  |
| Other programs .....  | 53             |          |         |         |         |         |         |
| Credit liquidating accounts .....                                     | -515           | -1,670   | -800    | -621    | -620    | -484    | -427    |
| Offsetting receipts .....   | -151           | -100     | -102    | -104    | -106    | -108    | -110    |
| Subtotal, International financial programs .....                      | 2,523          | 12,312   | 12,720  | 12,837  | 12,598  | 12,843  | 12,921  |
| Total, International affairs .....                                    | 21,227         | 30,736   | 32,067  | 32,626  | 33,254  | 34,053  | 35,066  |

## CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

| Major missions and programs                                       | 1992<br>actual | Estimate |        |        |        |        |        |
|---|----------------|----------|--------|--------|--------|--------|--------|
|   |                | 1993     | 1994   | 1995   | 1996   | 1997   | 1998   |
| <b>250 General science, space and technology:</b>                 |                |          |        |        |        |        |        |
| <b>251 General science and basic research:</b>                    |                |          |        |        |        |        |        |
| National Science Foundation programs .....                        | 2,591          | 2,692    | 2,766  | 2,839  | 2,911  | 2,984  | 3,060  |
| Department of Energy general science programs .....               | 1,459          | 1,482    | 1,524  | 1,565  | 1,606  | 1,647  | 1,690  |
| DoD general science programs .....                                | 75             |          |        |        |        |        |        |
| Subtotal, General science and basic research .....                | 4,125          | 4,174    | 4,290  | 4,404  | 4,516  | 4,631  | 4,749  |
| <b>252 Space flight, research, and supporting activities:</b>     |                |          |        |        |        |        |        |
| Research and program management .....                             | 1,291          | 1,313    | 1,380  | 1,437  | 1,493  | 1,550  | 1,610  |
| Space flight control and data communications .....                | 5,352          | 5,086    | 5,223  | 5,359  | 5,493  | 5,630  | 5,771  |
| Construction of facilities .....                                  | 483            | 475      | 488    | 500    | 513    | 526    | 539    |
| Research and development .....                                    | 6,058          | 6,173    | 6,339  | 6,504  | 6,667  | 6,833  | 7,004  |
| Other .....   | 14             | 15       | 16     | 16     | 17     | 18     | 18     |
| Subtotal, Space flight, research, and supporting activities ..... | 13,199         | 13,062   | 13,446 | 13,817 | 14,182 | 14,557 | 14,942 |
| Total, General science, space and technology .....                | 17,324         | 17,236   | 17,737 | 18,222 | 18,699 | 19,189 | 19,692 |
| <b>270 Energy:</b>  |                |          |        |        |        |        |        |
| <b>271 Energy supply:</b>   |                |          |        |        |        |        |        |
| Research and development .....                                    | 3,835          | 3,434    | 3,930  | 3,974  | 4,079  | 4,186  | 4,297  |
| Naval petroleum reserves .....                                    | -271           | -180     | -272   | -277   | -258   | -229   | -229   |
| Federal power marketing .....                                     | -123           | -8       | -516   | -212   | -255   | -177   | -180   |
| Tennessee Valley Authority .....                                  | 2,411          | 1,521    | 978    | 1,832  | 1,419  | 1,094  | 1,033  |
| Uranium enrichment .....  | -397           | -176     |        |        |        |        |        |
| Nuclear waste program .....                                       | 278            | 277      | 285    | 293    | 300    | 308    | 316    |
| Nuclear waste fund receipts .....                                 | -567           | -417     | -375   | -540   | -577   | -586   | -595   |
| Subsidies for nonconventional fuel production .....               |                | -41      | 2      | -6     | -7     | -8     | -8     |
| Rural electric and telephone .....                                | 201            | 250      | 233    | 239    | 246    | 252    | 259    |
| Isotopes .....  | 8              | 5        | 5      | 5      | 5      | 6      | 6      |
| Credit liquidating accounts .....                                 | -588           | -1,480   | -1,480 | -1,504 | -1,439 | -1,593 | -1,750 |
| Subtotal, Energy supply .....                                     | 4,789          | 3,184    | 2,790  | 3,805  | 3,513  | 3,255  | 3,149  |
| <b>272 Energy conservation .....</b>                              | 511            | 563      | 579    | 595    | 610    | 626    | 642    |
| <b>274 Emergency energy preparedness .....</b>                    | 282            | 60       | 191    | 197    | 202    | 207    | 213    |
| <b>276 Energy information, policy, and regulation:</b>            |                |          |        |        |        |        |        |
| Nuclear Regulatory Commission (NRC) .....                         | 23             | 21       | 22     | 22     | 401    | 414    | 427    |
| Other energy programs .....                                       | 490            | 214      | 226    | 235    | 245    | 254    | 264    |
| Subtotal, Energy information, policy, and regulation .....        | 513            | 235      | 247    | 258    | 646    | 668    | 691    |
| Total, Energy .....   | 6,095          | 4,043    | 3,808  | 4,854  | 4,970  | 4,756  | 4,695  |
| <b>300 Natural resources and environment:</b>                     |                |          |        |        |        |        |        |
| <b>301 Water resources:</b>                                       |                |          |        |        |        |        |        |
| Corps of Engineers .....  | 3,832          | 3,921    | 4,019  | 4,174  | 4,504  | 4,510  | 4,729  |
| Bureau of Reclamation .....                                       | 1,029          | 931      | 934    | 1,010  | 1,032  | 1,046  | 1,059  |
| Other .....   | 306            | 295      | 305    | 315    | 324    | 333    | 343    |
| Offsetting receipts .....   | -399           | -432     | -383   | -461   | -678   | -596   | -686   |
| Subtotal, Water resources .....                                   | 4,768          | 4,715    | 4,876  | 5,037  | 5,182  | 5,293  | 5,444  |
| <b>302 Conservation and land management:</b>                      |                |          |        |        |        |        |        |
| Forest Service .....  | 2,926          | 2,899    | 2,877  | 2,962  | 3,046  | 3,125  | 3,227  |
| Management of public lands (BLM) .....                            | 910            | 930      | 966    | 999    | 1,032  | 1,065  | 1,100  |
| Mining reclamation and enforcement .....                          | 298            | 301      | 309    | 318    | 327    | 337    | 346    |
| Conservation reserve program .....                                | 1,611          | 1,579    | 1,768  | 1,852  | 1,916  | 1,927  | 1,232  |
| Other conservation of agricultural lands .....                    | 894            | 860      | 1,321  | 1,399  | 956    | 987    | 1,019  |
| Other .....   | 360            | 360      | 374    | 386    | 398    | 410    | 422    |
| Offsetting receipts .....   | -2,347         | -2,629   | -2,815 | -2,481 | -2,460 | -2,523 | -2,616 |
| Subtotal, Conservation and land management .....                  | 4,652          | 4,298    | 4,800  | 5,436  | 5,214  | 5,327  | 4,731  |
| <b>303 Recreational resources:</b>                                |                |          |        |        |        |        |        |
| Federal land acquisition .....                                    | 296            | 256      | 293    | 301    | 308    | 315    | 323    |
| Urban park and historic preservation funds .....                  | 40             | 37       | 38     | 39     | 40     | 41     | 42     |
| Operation of recreational resources .....                         | 2,475          | 2,402    | 2,458  | 2,563  | 2,635  | 2,721  | 2,802  |



## CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

| Major missions and programs                           | 1992<br>actual | Estimate |         |         |         |        |         |
|---|----------------|----------|---------|---------|---------|--------|---------|
|   |                | 1993     | 1994    | 1995    | 1996    | 1997   | 1998    |
| Offsetting receipts .....                             | -121           | -211     | -152    | -157    | -161    | -165   | -170    |
| Subtotal, Recreational resources .....                | 2,690          | 2,484    | 2,637   | 2,746   | 2,822   | 2,912  | 2,997   |
| <b>304 Pollution control and abatement:</b>           |                |          |         |         |         |        |         |
| Regulatory, enforcement, and research programs .....  | 2,591          | 2,694    | 2,799   | 2,886   | 2,971   | 3,058  | 3,148   |
| Hazardous substance superfund .....                   | 1,600          | 1,574    | 1,621   | 1,667   | 1,712   | 1,758  | 1,805   |
| Oil pollution funds (gross) .....                     | 122            | 183      | 186     | 189     | 192     | 195    | 199     |
| Water infrastructure financing .....                  | 2,400          | 2,550    | 2,619   | 2,687   | 2,754   | 2,823  | 2,894   |
| Leaking underground storage tank trust fund .....     | 75             | 75       | 77      | 79      | 81      | 83     | 85      |
| Superfund recoveries and other .....                  | -184           | -214     | -275    | -275    | -275    | -275   | -275    |
| Subtotal, Pollution control and abatement .....       | 6,605          | 6,882    | 7,028   | 7,234   | 7,436   | 7,643  | 7,856   |
| <b>306 Other natural resources:</b>                   |                |          |         |         |         |        |         |
| Program activities .....                              | 2,591          | 2,569    | 2,652   | 2,741   | 2,828   | 2,918  | 3,011   |
| Offsetting receipts .....                             | -16            | -16      | -16     | -17     | -17     | -18    | -18     |
| Subtotal, Other natural resources .....               | 2,575          | 2,553    | 2,636   | 2,724   | 2,811   | 2,900  | 2,993   |
| Total, Natural resources and environment .....        | 21,290         | 20,913   | 21,977  | 23,178  | 23,464  | 24,076 | 24,022  |
| <b>350 Agriculture:</b>                               |                |          |         |         |         |        |         |
| <b>351 Farm income stabilization:</b>                 |                |          |         |         |         |        |         |
| Commodity Credit Corporation .....                    | 16,635         | 15,796   | 11,919  | 10,792  | 9,731   | 9,814  | 9,500   |
| Crop insurance .....                                  | 583            | 596      | 567     | 583     | 598     | 614    | 630     |
| Agricultural credit insurance .....                   | 597            | 494      | 491     | 506     | 521     | 536    | 552     |
| Emergency food assistance program .....               | 165            | 165      | 169     | 174     | 178     | 183    | 187     |
| Other .....   | 727            | 763      | 742     | 764     | 786     | 808    | 830     |
| Credit liquidating accounts .....                     | 944            | -80      | -370    | -873    | -1,320  | -1,067 | -1,161  |
| Subtotal, Farm income stabilization .....             | 19,651         | 17,734   | 13,519  | 11,946  | 10,494  | 10,887 | 10,538  |
| <b>352 Agricultural research and services:</b>        |                |          |         |         |         |        |         |
| Research programs .....                               | 1,169          | 1,136    | 1,176   | 1,213   | 1,249   | 1,286  | 1,324   |
| Extension programs .....                              | 419            | 425      | 437     | 448     | 460     | 471    | 483     |
| Marketing programs .....                              | 188            | 187      | 188     | 189     | 192     | 193    | 196     |
| Animal and plant health programs .....                | 470            | 461      | 479     | 496     | 512     | 528    | 545     |
| Economic intelligence .....                           | 255            | 253      | 263     | 273     | 282     | 291    | 301     |
| Other programs and unallocated overhead .....         | 345            | 324      | 336     | 347     | 358     | 368    | 380     |
| Offsetting receipts .....                             | -121           | -120     | -117    | -114    | -113    | -110   | -109    |
| Subtotal, Agricultural research and services .....    | 2,725          | 2,665    | 2,762   | 2,851   | 2,938   | 3,027  | 3,120   |
| Total, Agriculture .....                              | 22,376         | 20,399   | 16,282  | 14,797  | 13,432  | 13,915 | 13,658  |
| <b>370 Commerce and housing credit:</b>               |                |          |         |         |         |        |         |
| <b>371 Mortgage credit:</b>                           |                |          |         |         |         |        |         |
| Government National Mortgage Association (GNMA) ..... |                |          | -*      |         |         |        |         |
| Mortgage credit (FHA) .....                           | 264            | 268      | 313     | 323     | 334     | 344    | 355     |
| Rural housing programs .....                          | 1,020          | 1,157    | 1,120   | 1,154   | 1,187   | 1,221  | 1,256   |
| Federal housing enterprise oversight and other .....  |                |          |         |         |         |        |         |
| Credit liquidating accounts .....                     | 3,230          | 1,538    | 1,091   | 770     | 303     | -124   | -744    |
| Subtotal, Mortgage credit .....                       | 4,514          | 2,962    | 2,523   | 2,247   | 1,824   | 1,442  | 868     |
| <b>372 Postal Service:</b>                            |                |          |         |         |         |        |         |
| Payments to the Postal Service fund (On-budget) ..... | 511            | 161      | 164     | 167     | 170     | 173    | 176     |
| Postal Service (Off-budget) .....                     | 2,198          | 4,509    | 3,320   | 2,027   | 1,943   | 790    | 4,446   |
| Subtotal, Postal Service .....                        | 2,709          | 4,669    | 3,484   | 2,194   | 2,113   | 963    | 4,622   |
| On-budget .....                                       | (511)          | (161)    | (164)   | (167)   | (170)   | (173)  | (176)   |
| Off-budget .....                                      | (2,198)        | (4,509)  | (3,320) | (2,027) | (1,943) | (790)  | (4,446) |
| <b>373 Deposit insurance:</b>                         |                |          |         |         |         |        |         |
| Resolution Trust Corporation Fund .....               | 25,000         | 28,000   |         |         |         |        |         |
| Bank Insurance Fund .....                             | 1,864          | 3,015    | 5,011   | 538     |         |        |         |
| FSLIC Resolution Fund .....                           | 10,059         | 2,428    | 1,181   | 1,359   | 318     | 42     | 284     |
| Savings Association Insurance Fund .....              |                | 17,000   | 6,672   | 1,101   |         |        |         |
| National Credit Union Administration .....            |                |          |         |         |         |        |         |
| Other mandatory .....                                 | 6              |          |         |         |         |        |         |

## CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

| Major missions and programs                            | 1982<br>actual | Estimate |          |         |         |         |         |
|--|----------------|----------|----------|---------|---------|---------|---------|
|  |                | 1993     | 1994     | 1995    | 1996    | 1997    | 1998    |
| Discretionary .....                                    | 31             | 34       | 35       | 37      | 38      | 40      | 41      |
| Subtotal, Deposit insurance .....                      | 36,961         | 50,476   | 12,900   | 3,034   | 356     | 82      | 325     |
| <b>376 Other advancement of commerce:</b>              |                |          |          |         |         |         |         |
| Small and minority business assistance .....           | 762            | 640      | 662      | 683     | 703     | 724     | 745     |
| Science and technology .....                           | 306            | 414      | 428      | 442     | 455     | 469     | 483     |
| Economic and demographic statistics .....              | 331            | 347      | 362      | 375     | 388     | 401     | 415     |
| Payments to copyright owners .....                     | 202            | 290      | 340      | 375     | 380     | 390     | 400     |
| Regulatory agencies .....                              | 349            | 326      | 343      | 357     | 372     | 384     | 399     |
| International trade and other business promotion ..... | 317            | 366      | 434      | 447     | 573     | 589     | 607     |
| Credit liquidating accounts .....                      | 309            | 252      | 174      | 65      | 9       | 9       | 9       |
| Subtotal, Other advancement of commerce .....          | 2,575          | 2,634    | 2,743    | 2,743   | 2,879   | 2,965   | 3,057   |
| Total, Commerce and housing credit .....               | 46,759         | 60,742   | 21,650   | 10,219  | 7,172   | 5,451   | 8,872   |
| On-budget .....  | (44,561)       | (56,233) | (18,330) | (8,192) | (5,229) | (4,661) | (4,426) |
| Off-budget .....                                       | (2,198)        | (4,509)  | (3,320)  | (2,027) | (1,943) | (790)   | (4,446) |
| <b>400 Transportation:</b>                             |                |          |          |         |         |         |         |
| <b>401 Ground transportation:</b>                      |                |          |          |         |         |         |         |
| Highways .....   | 18,137         | 21,021   | 21,197   | 21,146  | 21,126  | 21,143  | 21,671  |
| Highway safety .....                                   | 378            | 395      | 429      | 436     | 442     | 451     | 463     |
| Mass transit .....                                     | 3,827          | 3,867    | 3,993    | 3,918   | 3,843   | 5,894   | 6,040   |
| Railroads .....  | 948            | 988      | 1,070    | 1,095   | 1,145   | 1,172   | 1,202   |
| Regulation (ICC) .....                                 | 41             | 44       | 46       | 47      | 48      | 50      | 51      |
| Offsetting receipts .....                              | -42            | -60      | -62      | -64     | -65     | -66     | -67     |
| Subtotal, Ground transportation .....                  | 23,290         | 26,255   | 26,672   | 26,578  | 26,540  | 28,643  | 29,359  |
| <b>402 Air transportation:</b>                         |                |          |          |         |         |         |         |
| Airports and airways (FAA) .....                       | 8,887          | 9,168    | 9,507    | 9,815   | 10,116  | 10,427  | 10,748  |
| Aeronautical research and technology .....             | 1,117          | 1,254    | 1,295    | 1,334   | 1,372   | 1,410   | 1,451   |
| Payments to air carriers .....                         | 39             | 39       | 39       | 39      | 39      | 39      | 39      |
| Subtotal, Air transportation .....                     | 10,043         | 10,461   | 10,840   | 11,187  | 11,526  | 11,876  | 12,237  |
| <b>403 Water transportation:</b>                       |                |          |          |         |         |         |         |
| Marine safety and transportation .....                 | 3,264          | 3,199    | 3,322    | 3,435   | 3,550   | 3,669   | 3,800   |
| Ocean shipping .....                                   | 152            | 152      | 154      | 160     | 163     | 166     | 170     |
| Panama Canal Commission .....                          | 12             | .....    | 1        | 5       | 4       | 2       | 2       |
| Offsetting receipts .....                              | -109           | -98      | -105     | -103    | -40     | -41     | -42     |
| Subtotal, Water transportation .....                   | 3,320          | 3,253    | 3,372    | 3,496   | 3,678   | 3,796   | 3,930   |
| <b>407 Other transportation:</b>                       |                |          |          |         |         |         |         |
| Miscellaneous programs .....                           | 291            | 324      | 351      | 354     | 364     | 375     | 386     |
| Offsetting receipts .....                              | -14            | -37      | -37      | -39     | -39     | -40     | -41     |
| Subtotal, Other transportation .....                   | 277            | 288      | 314      | 315     | 325     | 335     | 345     |
| Total, Transportation .....                            | 36,929         | 40,257   | 41,199   | 41,577  | 42,069  | 44,649  | 45,872  |
| <b>450 Community and regional development:</b>         |                |          |          |         |         |         |         |
| <b>451 Community development:</b>                      |                |          |          |         |         |         |         |
| Community development block grants .....               | 3,419          | 4,025    | 4,134    | 4,241   | 4,347   | 4,456   | 4,567   |
| Community investment program .....                     | .....          | 500      | 514      | 527     | 540     | 554     | 567     |
| Pennsylvania Avenue Development Corporation .....      | 9              | 14       | 15       | 15      | 15      | 16      | 16      |
| Other .....  | 360            | 322      | 362      | 374     | 391     | 401     | 412     |
| Subtotal, Community development .....                  | 3,788          | 4,861    | 5,024    | 5,157   | 5,293   | 5,426   | 5,563   |
| <b>452 Area and regional development:</b>              |                |          |          |         |         |         |         |
| Rural development .....                                | 659            | 661      | 678      | 697     | 715     | 734     | 754     |
| Economic development assistance .....                  | 332            | 232      | 239      | 245     | 252     | 258     | 265     |
| Indian programs .....                                  | 1,529          | 1,526    | 1,562    | 1,525   | 1,534   | 1,565   | 1,596   |
| Appalachian Regional Commission .....                  | 195            | 195      | 200      | 205     | 210     | 215     | 220     |
| Tennessee Valley Authority .....                       | 135            | 135      | 141      | 146     | 151     | 156     | 161     |
| Credit liquidating accounts .....                      | 776            | 523      | 413      | 298     | 273     | 228     | 258     |

## CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

| Major missions and programs                                       | 1992<br>actual | Estimate |        |         |         |         |         |
|---|----------------|----------|--------|---------|---------|---------|---------|
|   |                | 1993     | 1994   | 1995    | 1996    | 1997    | 1998    |
| Offsetting receipts .....   | -340           | -568     | -467   | -402    | -361    | -361    | -361    |
| Subtotal, Area and regional development .....                     | 3,285          | 2,704    | 2,766  | 2,714   | 2,774   | 2,795   | 2,893   |
| <b>453 Disaster relief and insurance:</b>                         |                |          |        |         |         |         |         |
| Small business disaster loans .....                               | 858            | 159      | 163    | 167     | 171     | 176     | 180     |
| Disaster relief .....   | 4,178          | 292      | 300    | 308     | 315     | 323     | 331     |
| Other .....   | 187            | 151      | 167    | 172     | 178     | 183     | 188     |
| Credit liquidating accounts .....                                 |                |          |        |         |         |         |         |
| Subtotal, Disaster relief and insurance .....                     | 5,223          | 601      | 630    | 647     | 684     | 682     | 700     |
| Total, Community and regional development .....                   | 12,296         | 8,167    | 8,419  | 8,518   | 8,731   | 8,903   | 9,157   |
| <b>500 Education, training, employment, and social services:</b>  |                |          |        |         |         |         |         |
| <b>501 Elementary, secondary, and vocational education:</b>       |                |          |        |         |         |         |         |
| School improvement programs .....                                 | 1,578          | 1,531    | 1,572  | 1,613   | 1,654   | 1,695   | 1,737   |
| Compensatory education .....                                      | 6,706          | 6,709    | 6,890  | 7,069   | 7,246   | 7,427   | 7,613   |
| Special education .....   | 2,855          | 2,966    | 3,046  | 3,125   | 3,203   | 3,283   | 3,365   |
| Impact aid .....  | 834            | 750      | 770    | 790     | 810     | 830     | 851     |
| Vocational and adult education .....                              | 1,443          | 1,481    | 1,521  | 1,561   | 1,599   | 1,639   | 1,680   |
| Indian education programs .....                                   | 493            | 517      | 534    | 550     | 565     | 581     | 598     |
| Other .....   | 321            | 152      | 249    | 255     | 261     | 268     | 275     |
| Subtotal, Elementary, secondary, and vocational education .....   | 14,230         | 14,106   | 14,582 | 14,963  | 15,339  | 15,724  | 16,119  |
| <b>502 Higher education:</b>                                      |                |          |        |         |         |         |         |
| Student financial assistance .....                                | 6,928          | 7,549    | 7,753  | 7,955   | 8,150   | 8,354   | 8,563   |
| Family education loan program .....                               | 2,652          | 2,161    | 2,314  | 2,504   | 2,741   | 2,901   | 3,040   |
| Higher education .....  | 827            | 838      | 860    | 883     | 905     | 927     | 951     |
| Federal direct loan program .....                                 |                | 10       | 41     | 66      | 65      | 71      | 64      |
| Other .....   | 281            | 303      | 303    | 319     | 330     | 343     | 355     |
| Credit liquidating accounts (Family education loan program) ..... | 1,477          | 2,874    | 1,617  | 738     | -4,268  | -925    | -916    |
| Subtotal, Higher education .....                                  | 12,166         | 13,735   | 12,889 | 12,464  | 7,923   | 11,670  | 12,056  |
| <b>503 Research and general education aids</b> .....              | 2,082          | 2,121    | 2,143  | 2,216   | 2,278   | 2,345   | 2,414   |
| <b>504 Training and employment:</b>                               |                |          |        |         |         |         |         |
| Training and employment services .....                            | 4,511          | 4,390    | 4,510  | 4,629   | 4,746   | 4,865   | 4,988   |
| Trade adjustment assistance .....                                 | 72             | 75       | 76     | 76      | 75      | 75      | 76      |
| Older Americans employment .....                                  | 395            | 390      | 401    | 411     | 421     | 432     | 443     |
| Payments to States for AFDC work programs .....                   | 1,000          | 1,000    | 1,100  | 1,300   | 1,000   | 1,000   | 1,000   |
| Federal-State employment service .....                            | 1,201          | 1,181    | 1,215  | 1,247   | 1,279   | 1,312   | 1,346   |
| Other .....   | 73             | 76       | 79     | 82      | 85      | 88      | 91      |
| Subtotal, Training and employment .....                           | 7,252          | 7,112    | 7,381  | 7,745   | 7,606   | 7,772   | 7,944   |
| <b>505 Other labor services</b> .....                             | 894            | 933      | 973    | 1,009   | 1,043   | 1,079   | 1,116   |
| <b>506 Social services:</b>                                       |                |          |        |         |         |         |         |
| Social services block grant .....                                 | 2,800          | 2,800    | 2,800  | 2,800   | 2,800   | 2,800   | 2,800   |
| Community services block grant .....                              | 437            | 441      | 453    | 465     | 476     | 488     | 500     |
| Rehabilitation services .....                                     | 2,077          | 2,183    | 2,251  | 2,279   | 2,340   | 2,403   | 2,467   |
| Payments to States for foster care and adoption assistance .....  | 2,614          | 2,924    | 2,995  | 3,332   | 3,683   | 4,055   | 4,437   |
| Children and families services programs .....                     | 3,898          | 3,659    | 3,760  | 3,860   | 3,958   | 4,059   | 4,162   |
| Aging services program .....                                      |                | 839      | 862    | 884     | 907     | 929     | 953     |
| Domestic volunteer programs .....                                 | 199            | 202      | 208    | 215     | 221     | 227     | 234     |
| Interim assistance to States for legalization .....               |                | 311      | 812    | 135     |         |         |         |
| Other social services .....                                       | 15             | 15       | 15     | 16      | 16      | 16      | 17      |
| Subtotal, Social services .....                                   | 12,041         | 13,373   | 14,156 | 13,985  | 14,401  | 14,978  | 15,570  |
| Total, Education, training, employment, and social services ..... | 48,665         | 51,380   | 52,124 | 52,383  | 48,591  | 53,568  | 55,219  |
| <b>550 Health:</b>  |                |          |        |         |         |         |         |
| <b>551 Health care services:</b>                                  |                |          |        |         |         |         |         |
| Medicaid grants .....   | 69,766         | 82,596   | 89,060 | 106,379 | 120,231 | 134,922 | 150,013 |
| Health insurance earned income credit .....                       | 418            | 513      | 607    | 680     | 737     | 772     | 809     |
| Federal employees' health benefits .....                          | 2,504          | 4,149    | 3,458  | 4,181   | 5,074   | 5,689   | 6,384   |
| Coal miners retirees health benefits .....                        |                | 207      | 292    | 251     | 247     | 243     | 239     |
| Indian health .....   | 1,705          | 1,863    | 1,927  | 1,987   | 2,045   | 2,105   | 2,167   |

## CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

| Major missions and programs   | 1992<br>actual | Estimate      |               |               |               |               |               |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |                | 1993          | 1994          | 1995          | 1996          | 1997          | 1998          |
| Substance abuse and mental health services .....  | 1,931          | 2,039         | 2,095         | 2,150         | 2,204         | 2,260         | 2,317         |
| Other health care services .....  | 3,764          | 4,196         | 4,304         | 4,432         | 4,554         | 4,651         | 4,711         |
| Subtotal, Health care services .....  | 80,087         | 95,562        | 101,744       | 120,060       | 135,093       | 150,642       | 166,639       |
| <b>552 Health research and training:</b>  |                |               |               |               |               |               |               |
| National Institutes of Health .....   | 8,927          | 10,332        | 10,630        | 10,918        | 11,202        | 11,494        | 11,793        |
| DoD breast cancer and other health research .....                                       |                | 210           | 216           | 221           | 227           | 232           | 238           |
| Clinical training .....   | 362            | 344           | 370           | 377           | 371           | 366           | 361           |
| Substance abuse and mental health research .....  | 1,159          |               |               |               |               |               |               |
| Other research and training .....   | 254            | 267           | 277           | 286           | 295           | 304           | 313           |
| Subtotal, Health research and training .....  | 10,703         | 11,153        | 11,492        | 11,802        | 12,095        | 12,396        | 12,706        |
| <b>554 Consumer and occupational health and safety:</b>                                 |                |               |               |               |               |               |               |
| Food safety and inspection .....  | 473            | 490           | 513           | 533           | 552           | 573           | 594           |
| Other consumer safety .....   | 800            | 828           | 886           | 918           | 949           | 981           | 1,015         |
| Occupational safety and health .....  | 490            | 493           | 513           | 531           | 549           | 567           | 586           |
| Subtotal, Consumer and occupational health and safety .....                             | 1,764          | 1,811         | 1,912         | 1,982         | 2,050         | 2,121         | 2,194         |
| Total, Health .....   | 92,554         | 108,526       | 115,148       | 133,845       | 149,238       | 165,158       | 181,539       |
| <b>570 Medicare:</b>  |                |               |               |               |               |               |               |
| <b>571 Medicare:</b>  |                |               |               |               |               |               |               |
| Hospital insurance (HI) .....   | 92,489         | 91,811        | 102,959       | 114,667       | 127,917       | 139,276       | 150,289       |
| Supplementary medical insurance (SMI) .....   | 54,342         | 56,268        | 64,340        | 73,082        | 82,805        | 93,527        | 105,465       |
| Medicare premiums and collections .....   | -13,233        | -13,381       | -17,352       | -19,761       | -21,016       | -21,881       | -22,741       |
| Total, Medicare .....   | 133,599        | 134,698       | 149,948       | 167,988       | 189,706       | 210,922       | 233,013       |
| <b>600 Income security:</b>   |                |               |               |               |               |               |               |
| <b>601 General retirement and disability insurance (excluding social security):</b>     |                |               |               |               |               |               |               |
| Railroad retirement .....   | 4,427          | 4,652         | 4,764         | 4,761         | 4,761         | 4,694         | 4,711         |
| Special benefits for disabled coal miners .....   | 1,392          | 1,371         | 1,391         | 1,353         | 1,313         | 1,267         | 1,216         |
| Pension Benefit Guaranty Corporation .....  |                |               |               |               |               |               |               |
| Other .....   | 170            | 190           | 204           | 220           | 236           | 253           | 272           |
| Subtotal, General retirement and disability insurance (excluding social security) ..... | 5,989          | 6,214         | 6,360         | 6,334         | 6,309         | 6,214         | 6,199         |
| <b>602 Federal employee retirement and disability:</b>                                  |                |               |               |               |               |               |               |
| Civilian retirement and disability programs .....                                       | 33,540         | 35,176        | 36,627        | 37,971        | 41,433        | 43,843        | 45,644        |
| Military retirement .....   | 24,557         | 25,591        | 26,789        | 27,914        | 29,029        | 30,172        | 31,320        |
| Federal employees workers' compensation (FECA) .....                                    | 190            | 288           | 293           | 296           | 296           | 295           | 288           |
| Federal employees life insurance fund .....   | 14             | 12            | 2             | 15            | 18            | 19            | 21            |
| Subtotal, Federal employee retirement and disability .....                              | 58,301         | 61,067        | 63,711        | 66,197        | 70,775        | 74,330        | 77,273        |
| <b>603 Unemployment compensation .....</b>  | <b>39,534</b>  | <b>34,887</b> | <b>26,765</b> | <b>26,172</b> | <b>26,168</b> | <b>26,443</b> | <b>26,817</b> |
| <b>604 Housing assistance:</b>  |                |               |               |               |               |               |               |
| Subsidized housing .....  | 6,578          | 8,779         | 9,016         | 9,250         | 9,481         | 9,718         | 9,961         |
| Renewal of Section 8 contracts .....  | 7,585          | 6,926         | 6,278         | 7,342         | 14,450        | 15,709        | 15,171        |
| Public housing .....  | 2,500          | 2,332         | 2,369         | 2,405         | 2,465         | 2,527         | 2,590         |
| Supportive housing program .....  | 150            | 150           | 154           | 158           | 162           | 166           | 170           |
| Emergency shelter grants .....  | 73             | 50            | 51            | 53            | 54            | 55            | 57            |
| Home investment partnerships program .....  | 1,500          | 1,060         | 1,089         | 1,117         | 1,145         | 1,173         | 1,203         |
| Shelter plus care .....   | 111            | 267           | 274           | 281           | 288           | 295           | 302           |
| Community partnerships against crime .....  | 165            | 175           | 180           | 184           | 189           | 194           | 199           |
| HOPE grants .....   | 361            | 661           | 679           | 696           | 714           | 732           | 750           |
| Rural housing assistance .....  | 398            | 399           | 410           | 421           | 431           | 442           | 453           |
| Other housing assistance .....  | 325            | 214           | 310           | 320           | 330           | 340           | 350           |
| Subtotal, Housing assistance .....  | 19,746         | 21,013        | 20,809        | 22,227        | 29,709        | 31,351        | 31,207        |
| <b>605 Food and nutrition assistance:</b>   |                |               |               |               |               |               |               |
| Food stamps .....   | 22,650         | 27,064        | 29,535        | 30,140        | 30,864        | 31,552        | 32,236        |
| Nutrition assistance for Puerto Rico .....  | 1,002          | 1,040         | 1,091         | 1,133         | 1,133         | 1,133         | 1,133         |
| Child nutrition and special milk .....  | 6,191          | 6,841         | 7,452         | 8,024         | 8,617         | 9,191         | 9,811         |
| Special supplemental food program for women, infants, and children (WIC) .....          | 2,600          | 2,860         | 2,937         | 3,014         | 3,089         | 3,166         | 3,245         |

## CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

| Major missions and programs                                      | 1992<br>actual | Estimate  |           |           |           |           |           |
|--|----------------|-----------|-----------|-----------|-----------|-----------|-----------|
|  |                | 1993      | 1994      | 1995      | 1996      | 1997      | 1998      |
| Other nutrition programs .....                                   | 1,015          | 1,211     | 1,112     | 1,035     | 1,052     | 1,069     | 1,087     |
| Subtotal, Food and nutrition assistance .....                    | 33,459         | 39,016    | 42,127    | 43,346    | 44,755    | 46,112    | 47,513    |
| <b>609 Other income security:</b>                                |                |           |           |           |           |           |           |
| Supplemental security income (SSI) .....                         | 18,488         | 23,347    | 27,086    | 27,700    | 27,739    | 32,097    | 34,286    |
| Family support payments .....                                    | 15,460         | 15,695    | 15,916    | 16,528    | 16,954    | 17,474    | 18,058    |
| Earned income tax credit (EITC) .....                            | 7,345          | 8,396     | 9,506     | 12,907    | 13,515    | 14,114    | 14,869    |
| Refugee assistance .....   | 411            | 381       | 392       | 402       | 412       | 422       | 433       |
| Low income home energy assistance .....                          | 1,500          | 1,346     | 1,437     | 1,475     | 1,436     | 1,472     | 1,509     |
| Payments to states for day-care assistance .....                 | 825            | 893       | 917       | 941       | 964       | 988       | 1,013     |
| Other .....  | 259            | 161       | 168       | 171       | 175       | 179       | 183       |
| Recovery of SSI overpayments .....                               | -668           | -680      | -860      | -905      | -910      | -1,065    | -1,165    |
| Subtotal, Other income security .....                            | 43,618         | 49,539    | 54,562    | 59,218    | 60,286    | 65,681    | 69,186    |
| Total, Income security .....                                     | 200,649        | 211,736   | 214,333   | 223,495   | 238,002   | 250,131   | 258,196   |
| <b>650 Social security:</b>                                      |                |           |           |           |           |           |           |
| <b>651 Social security:</b>                                      |                |           |           |           |           |           |           |
| Old-age and survivors insurance (OASI) .....                     | 257,685        | 272,005   | 284,685   | 297,219   | 309,734   | 322,617   | 335,689   |
| Disability insurance (DI) .....                                  | 31,846         | 34,512    | 37,547    | 40,122    | 42,906    | 46,037    | 49,427    |
| Interfund transactions .....                                     | 1              | -*        |           |           |           |           |           |
| Total, Social security .....                                     | 289,532        | 306,517   | 322,233   | 337,341   | 352,640   | 368,654   | 385,116   |
| On-budget .....  | (6,167)        | (5,953)   | (6,547)   | (6,871)   | (7,034)   | (7,211)   | (7,437)   |
| Off-budget .....   | (283,365)      | (300,565) | (315,686) | (330,471) | (345,606) | (361,444) | (377,680) |
| <b>700 Veterans benefits and services:</b>                       |                |           |           |           |           |           |           |
| <b>701 Income security for veterans:</b>                         |                |           |           |           |           |           |           |
| Compensation .....   | 12,531         | 13,018    | 13,647    | 13,995    | 14,304    | 14,587    | 14,859    |
| Pensions .....   | 3,667          | 3,509     | 3,396     | 3,334     | 3,303     | 3,281     | 3,648     |
| Burial benefits and miscellaneous assistance .....               | 105            | 116       | 117       | 119       | 121       | 123       | 124       |
| National service life insurance trust fund .....                 | 1,494          | 1,455     | 1,399     | 1,373     | 1,332     | 1,280     | 1,232     |
| All other insurance programs .....                               | 38             | 33        | 25        | 35        | 36        | 36        | 36        |
| Insurance program receipts .....                                 | -424           | -377      | -322      | -309      | -300      | -291      | -259      |
| Subtotal, Income security for veterans .....                     | 17,412         | 17,754    | 18,261    | 18,547    | 18,796    | 19,017    | 19,640    |
| <b>702 Veterans education, training, and rehabilitation:</b>     |                |           |           |           |           |           |           |
| Readjustment benefits (GI Bill and related programs) .....       | 635            | 814       | 947       | 1,212     | 1,309     | 1,386     | 1,454     |
| Post-Vietnam era education .....                                 | -19            | -13       | -10       | -6        |           |           |           |
| All-volunteer force educational assistance trust fund .....      | -16            | -103      | -101      | -120      | -107      | -100      | -88       |
| Other .....  | -*             | 1         | 1         | 1         | 1         | 2         | 2         |
| Subtotal, Veterans education, training, and rehabilitation ..... | 600            | 700       | 839       | 1,088     | 1,203     | 1,287     | 1,368     |
| <b>703 Hospital and medical care for veterans:</b>               |                |           |           |           |           |           |           |
| Medical care and hospital services .....                         | 13,626         | 14,643    | 15,274    | 15,830    | 16,371    | 16,931    | 17,510    |
| Medical administration, research, and other .....                | 281            | 314       | 328       | 340       | 352       | 364       | 376       |
| Construction .....   | 710            | 684       | 702       | 721       | 739       | 757       | 776       |
| Third-party medical recoveries .....                             | -216           | -100      | -49       | 168       | -76       | -20       | 22        |
| Fees and other charges for medical services .....                | -144           | -355      | -473      | -530      | -375      | -456      | -407      |
| Subtotal, Hospital and medical care for veterans .....           | 14,256         | 15,185    | 15,782    | 16,529    | 17,011    | 17,576    | 18,278    |
| <b>704 Veterans housing:</b>                                     |                |           |           |           |           |           |           |
| Loan guaranty .....  | 175            | 137       | 120       | 117       | 116       | 116       | 116       |
| Direct loans .....   | 1              | 6         | 7         | 7         | 7         | 7         | 7         |
| Guaranty and indemnity .....                                     | 581            | 489       | 505       | 505       | 508       | 505       | 506       |
| Credit liquidating accounts .....                                | 57             | 112       | 163       | 100       | 42        | 19        |           |
| Subtotal, Veterans housing .....                                 | 815            | 745       | 794       | 730       | 672       | 647       | 630       |
| <b>705 Other veterans benefits and services:</b>                 |                |           |           |           |           |           |           |
| Cemeteries, administration of veterans benefits, and other ..... | 979            | 946       | 986       | 1,022     | 1,056     | 1,092     | 1,130     |

## CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

| Major missions and programs   | 1992<br>actual | Estimate |        |        |        |        |        |
|---|----------------|----------|--------|--------|--------|--------|--------|
|   |                | 1993     | 1994   | 1995   | 1996   | 1997   | 1998   |
| Non-VA support programs .....   | 90             | 92       | 95     | 98     | 101    | 103    | 106    |
| Subtotal, Other veterans benefits and services .....                          | 1,070          | 1,037    | 1,081  | 1,119  | 1,157  | 1,196  | 1,236  |
| Total, Veterans benefits and services .....                                   | 34,152         | 35,421   | 36,756 | 38,013 | 38,839 | 39,723 | 41,151 |
| <b>750 Administration of justice:</b>   |                |          |        |        |        |        |        |
| <b>751 Federal law enforcement activities:</b>                                |                |          |        |        |        |        |        |
| Criminal investigations (DEA, FBI, FinCEN, OCDE) .....                        | 3,110          | 3,212    | 3,464  | 3,590  | 3,691  | 3,810  | 3,934  |
| Alcohol, tobacco, and firearms investigations (ATF) .....                     | 347            | 368      | 385    | 399    | 413    | 428    | 443    |
| Border enforcement activities (Customs and INS) .....                         | 3,299          | 3,280    | 3,386  | 3,525  | 3,427  | 3,539  | 3,659  |
| Customs and INS fees .....  | -1,152         | -1,288   | -1,372 | -1,458 | -722   | -742   | -766   |
| Protection activities (Secret Service) .....                                  | 504            | 509      | 530    | 548    | 566    | 584    | 603    |
| Other enforcement .....   | 582            | 644      | 671    | 695    | 718    | 742    | 767    |
| Subtotal, Federal law enforcement activities .....                            | 6,690          | 6,706    | 7,063  | 7,300  | 8,094  | 8,362  | 8,640  |
| <b>752 Federal litigative and judicial activities:</b>                        |                |          |        |        |        |        |        |
| Civil and criminal prosecution and representation .....                       | 2,317          | 2,525    | 2,597  | 2,683  | 2,767  | 2,854  | 2,944  |
| Federal judicial activities .....   | 2,449          | 2,563    | 2,671  | 2,767  | 2,860  | 2,957  | 3,057  |
| Representation of indigents in civil cases .....                              | 351            | 357      | 367    | 376    | 386    | 395    | 405    |
| Other .....   | 14             | 14       | 14     | 15     | 15     | 16     | 16     |
| Subtotal, Federal litigative and judicial activities .....                    | 5,130          | 5,459    | 5,649  | 5,840  | 6,028  | 6,222  | 6,423  |
| <b>753 Federal correctional activities</b> .....                              | 2,101          | 2,035    | 2,168  | 2,244  | 2,317  | 2,394  | 2,472  |
| <b>754 Criminal justice assistance</b> .....                                  | 872            | 856      | 878    | 903    | 928    | 953    | 980    |
| Total, Administration of justice .....  | 14,793         | 15,055   | 15,758 | 16,286 | 17,367 | 17,931 | 18,515 |
| <b>800 General government:</b>  |                |          |        |        |        |        |        |
| <b>801 Legislative functions</b> .....  | 2,137          | 2,114    | 2,202  | 2,282  | 2,361  | 2,442  | 2,527  |
| <b>802 Executive direction and management</b> .....                           | 212            | 248      | 253    | 261    | 269    | 278    | 286    |
| <b>803 Central fiscal operations:</b>   |                |          |        |        |        |        |        |
| Collection of taxes .....   | 6,680          | 7,112    | 7,420  | 7,696  | 7,964  | 8,241  | 8,529  |
| Other fiscal operations .....   | 343            | 199      | 250    | 291    | 328    | 371    | 403    |
| Subtotal, Central fiscal operations .....                                     | 7,022          | 7,310    | 7,670  | 7,987  | 8,292  | 8,613  | 8,932  |
| <b>804 General property and records management:</b>                           |                |          |        |        |        |        |        |
| Federal buildings fund .....  | 169            | 662      | 351    | 365    | 380    | 395    | 410    |
| Property and other receipts .....   | -27            | -44      | -37    | -46    | -46    | -46    | -46    |
| Records management .....  | 153            | 166      | 170    | 174    | 179    | 183    | 188    |
| Other .....   | 214            | 203      | 208    | 214    | 220    | 228    | 235    |
| Subtotal, General property and records management .....                       | 508            | 987      | 692    | 707    | 733    | 760    | 787    |
| <b>805 Central personnel management</b> .....                                 | 171            | 439      | 186    | 193    | 200    | 207    | 214    |
| <b>806 General purpose fiscal assistance:</b>                                 |                |          |        |        |        |        |        |
| Payments and loans to the District of Columbia .....                          | 376            | 664      | 685    | 703    | 720    | 737    | 757    |
| Payments to States and counties from Forest Service receipts .....            | 336            | 366      | 396    | 328    | 311    | 314    | 329    |
| Payments to States from receipts under the Mineral Leasing Act .....          | 432            | 431      | 518    | 507    | 529    | 548    | 565    |
| Payments to States and counties from Federal land management activities ..... | 153            | 104      | 52     | 56     | 57     | 60     | 61     |
| Payments in lieu of taxes .....   | 104            | 104      | 107    | 110    | 112    | 115    | 118    |
| Payments to territories and Puerto Rico .....                                 | 211            | 223      | 230    | 239    | 244    | 251    | 256    |
| Other .....   | 281            | 278      | 275    | 270    | 266    | 263    | 258    |
| Subtotal, General purpose fiscal assistance .....                             | 1,893          | 2,170    | 2,262  | 2,212  | 2,237  | 2,289  | 2,343  |
| <b>808 Other general government:</b>  |                |          |        |        |        |        |        |
| Compact of free association .....   | 163            | 161      | 142    | 143    | 146    | 130    | 132    |
| Territories .....   | 115            | 112      | 105    | 107    | 109    | 111    | 114    |
| Treasury claims .....   | 794            | 609      | 599    | 599    | 599    | 594    | 594    |
| Civil liberties public education fund .....                                   | 500            | 500      | 100    |        |        |        |        |
| Presidential election campaign fund .....                                     | 30             | 30       | 29     | 29     | 29     | 29     | 29     |
| Other .....   | 111            | 148      | 153    | 159    | 164    | 170    | 177    |
| Subtotal, Other general government .....                                      | 1,712          | 1,561    | 1,127  | 1,037  | 1,048  | 1,034  | 1,045  |

## CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

| Major missions and programs   | 1992<br>actual | Estimate       |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   |                | 1993           | 1994           | 1995           | 1996           | 1997           | 1998           |
| <b>809 Deductions for offsetting receipts .....</b>                 | <b>-524</b>    | <b>-677</b>    | <b>-691</b>    | <b>-700</b>    | <b>-710</b>    | <b>-710</b>    | <b>-710</b>    |
| Total, General government .....                                     | 13,131         | 14,152         | 13,702         | 13,978         | 14,430         | 14,912         | 15,425         |
| <b>900 Net interest:</b>  |                |                |                |                |                |                |                |
| <b>901 Interest on the public debt .....</b>                        | <b>292,330</b> | <b>294,583</b> | <b>311,513</b> | <b>334,038</b> | <b>358,518</b> | <b>383,579</b> | <b>411,745</b> |
| <b>902 Interest received by on-budget trust funds:</b>              |                |                |                |                |                |                |                |
| Civil Service retirement and disability .....                       | -22,383        | -23,653        | -25,014        | -26,144        | -27,393        | -28,427        | -29,435        |
| Military retirement .....   | -9,017         | -9,630         | -10,534        | -11,676        | -12,966        | -14,338        | -15,972        |
| Medicare .....  | -11,770        | -12,194        | -12,252        | -11,608        | -10,308        | -8,337         | -5,949         |
| Other on-budget trust fund interest .....                           | -11,023        | -9,357         | -8,713         | -8,755         | -8,821         | -8,974         | -9,184         |
| Subtotal, interest received by on-budget trust funds .....          | -54,193        | -54,834        | -56,513        | -58,183        | -59,488        | -60,076        | -60,540        |
| <b>903 Interest received by off-budget trust funds .....</b>        | <b>-23,637</b> | <b>-26,967</b> | <b>-29,542</b> | <b>-32,859</b> | <b>-36,714</b> | <b>-41,423</b> | <b>-46,677</b> |
| <b>908 Other interest:</b>  |                |                |                |                |                |                |                |
| Interest on loans to Federal Financing Bank .....                   | -14,716        | -11,490        | -10,545        | -9,774         | -8,543         | -7,226         | -6,302         |
| Interest on refunds of tax collections .....                        | 3,253          | 2,595          | 2,720          | 2,869          | 3,032          | 3,144          | 3,251          |
| Payment to the Resolution Funding Corporation .....                 | 2,328          | 2,328          | 2,328          | 2,328          | 2,328          | 2,328          | 2,328          |
| Interest paid to loan guarantee financing accounts .....            | 97             | 287            | 551            | 750            | 907            | 1,037          | 1,178          |
| Interest received from direct loan financing accounts .....         | -97            | -586           | -1,023         | -1,460         | -1,894         | -2,332         | -2,807         |
| Interest on deposits in tax and loan accounts .....                 | -804           | -564           | -730           | -890           | -995           | -1,030         | -1,050         |
| Other .....   | -5,087         | -3,884         | -4,710         | -3,756         | -3,576         | -3,453         | -3,303         |
| Subtotal, Other interest .....                                      | -15,025        | -11,314        | -11,409        | -9,934         | -8,741         | -7,531         | -6,705         |
| Total, Net interest .....   | 199,475        | 201,469        | 214,049        | 233,063        | 253,575        | 274,549        | 297,823        |
| On-budget .....   | (223,112)      | (228,436)      | (243,591)      | (265,922)      | (290,289)      | (315,972)      | (344,500)      |
| Off-budget .....  | (-23,637)      | (-26,967)      | (-29,542)      | (-32,859)      | (-36,714)      | (-41,423)      | (-46,677)      |
| <b>950 Undistributed offsetting receipts:</b>                       |                |                |                |                |                |                |                |
| <b>951 Employer share, employee retirement (on-budget) .....</b>    | <b>-30,680</b> | <b>-28,494</b> | <b>-28,473</b> | <b>-29,500</b> | <b>-30,082</b> | <b>-31,234</b> | <b>-32,727</b> |
| <b>952 Employer share, employee retirement (off-budget) .....</b>   | <b>-6,101</b>  | <b>-6,373</b>  | <b>-6,731</b>  | <b>-7,125</b>  | <b>-7,601</b>  | <b>-8,128</b>  | <b>-8,722</b>  |
| <b>953 Rents and royalties on the Outer Continental Shelf .....</b> | <b>-2,498</b>  | <b>-2,299</b>  | <b>-2,758</b>  | <b>-2,352</b>  | <b>-2,383</b>  | <b>-2,396</b>  | <b>-2,449</b>  |
| Total, Undistributed offsetting receipts .....                      | -39,280        | -37,165        | -37,962        | -38,977        | -40,066        | -41,758        | -43,898        |
| On-budget .....   | (-33,179)      | (-30,793)      | (-31,231)      | (-31,852)      | (-32,465)      | (-33,630)      | (-35,176)      |
| Off-budget .....  | (-6,101)       | (-6,373)       | (-6,731)       | (-7,125)       | (-7,601)       | (-8,128)       | (-8,722)       |
| Total .....   | 1,466,635      | 1,517,039      | 1,534,304      | 1,608,734      | 1,691,904      | 1,792,855      | 1,895,991      |
| On-budget .....   | (1,210,811)    | (1,245,305)    | (1,251,571)    | (1,316,220)    | (1,388,689)    | (1,480,172)    | (1,569,264)    |
| Off-budget .....  | (255,824)      | (271,734)      | (282,733)      | (292,514)      | (303,234)      | (312,683)      | (326,726)      |

\* \$500 thousand or less.

## CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM

(In millions of dollars)

| Major missions and programs   | 1992<br>actual | Estimate |         |         |         |         |         |
|---|----------------|----------|---------|---------|---------|---------|---------|
|   |                | 1993     | 1994    | 1995    | 1996    | 1997    | 1998    |
| <b>050 National defense:</b>  |                |          |         |         |         |         |         |
| 051 Department of Defense—Military .....                              | 266,892        | 277,178  | 269,779 | 269,175 | 269,194 | 270,752 | 272,820 |
| 053 Atomic energy defense activities .....                            | 10,619         | 11,664   | 12,215  | 12,590  | 12,937  | 13,237  | 13,575  |
| 054 Defense-related activities .....                                  | 839            | 1,768    | 1,861   | 1,942   | 1,998   | 2,058   | 2,123   |
| Total, National defense .....   | 298,350        | 290,610  | 283,875 | 283,707 | 284,130 | 286,047 | 288,517 |
| <b>150 International affairs:</b>                                     |                |          |         |         |         |         |         |
| 151 International development and humanitarian assistance:            |                |          |         |         |         |         |         |
| Agency for International Development .....                            | 2,912          | 3,070    | 3,485   | 3,732   | 3,909   | 4,032   | 4,126   |
| Enterprise for the Americas Initiative .....                          |                | 104      | 129     | 155     | 177     | 195     | 199     |
| Multilateral development banks .....                                  | 1,447          | 1,368    | 1,588   | 1,683   | 1,666   | 1,678   | 1,594   |
| Food aid .....  | 1,349          | 1,737    | 1,563   | 1,604   | 1,644   | 1,685   | 1,728   |
| Refugee programs .....  | 671            | 658      | 683     | 701     | 718     | 737     | 755     |
| Voluntary contributions to international organizations .....          | 270            | 330      | 350     | 357     | 357     | 360     | 367     |
| State Department narcotics assistance .....                           | 134            | 146      | 150     | 152     | 156     | 160     | 164     |
| Peace Corps .....   | 196            | 215      | 228     | 234     | 242     | 249     | 257     |
| Other programs .....  | *              | 1        | 1       | -46     | -55     | -53     | -61     |
| Credit liquidating accounts .....                                     | -353           | -911     | -523    | -590    | -459    | -377    | -350    |
| Offsetting receipts .....   | -494           | -403     | -389    | -389    | -366    | -357    | -345    |
| Subtotal, International development and humanitarian assistance ..... | 6,133          | 6,316    | 7,266   | 7,592   | 7,989   | 8,309   | 8,434   |
| 152 International security assistance:                                |                |          |         |         |         |         |         |
| Foreign military financing .....                                      | 4,399          | 4,636    | 3,657   | 3,518   | 3,522   | 3,599   | 3,688   |
| Economic support fund .....   | 2,936          | 3,170    | 3,098   | 3,028   | 3,009   | 3,025   | 3,063   |
| Other programs .....  | 218            | 153      | 122     | 125     | 130     | 124     | 127     |
| Foreign military credit sales repayment .....                         | -374           | -414     | -427    | -416    | -455    | -420    | -303    |
| Credit liquidating accounts .....                                     | 310            | 359      | 368     | -125    | -228    | -184    | -204    |
| Subtotal, International security assistance .....                     | 7,490          | 7,905    | 6,818   | 6,130   | 5,977   | 6,143   | 6,370   |
| 153 Conduct of foreign affairs:                                       |                |          |         |         |         |         |         |
| State Department salaries and expenses .....                          | 2,029          | 2,145    | 2,238   | 2,319   | 2,396   | 2,473   | 2,553   |
| Foreign buildings .....   | 382            | 427      | 509     | 577     | 636     | 654     | 672     |
| United Nations programs .....   | 1,336          | 1,399    | 1,416   | 1,452   | 1,489   | 1,526   | 1,564   |
| Other programs .....  | 147            | 183      | 194     | 196     | 202     | 208     | 215     |
| Subtotal, Conduct of foreign affairs .....                            | 3,894          | 4,155    | 4,358   | 4,544   | 4,723   | 4,861   | 5,003   |
| 154 Foreign information and exchange activities:                      |                |          |         |         |         |         |         |
| U.S. Information Agency .....   | 1,052          | 1,155    | 1,220   | 1,259   | 1,298   | 1,337   | 1,377   |
| Board for International Broadcasting .....                            | 210            | 282      | 286     | 291     | 281     | 244     | 250     |
| Other programs .....  | 18             | 18       | 19      | 20      | 19      | 20      | 20      |
| Subtotal, Foreign information and exchange activities .....           | 1,280          | 1,455    | 1,524   | 1,569   | 1,599   | 1,600   | 1,647   |
| 155 International financial programs:                                 |                |          |         |         |         |         |         |
| Export-Import Bank .....  | 124            | 411      | 499     | 614     | 710     | 757     | 771     |
| International monetary fund .....                                     | -686           | 11       | 13      | 19      | 19      | 19      | 19      |
| Exchange stabilization fund .....                                     | -2,345         | -1,000   | -1,100  | -1,100  | -1,100  | -1,100  | -1,100  |
| Foreign military sales trust fund (net) .....                         | 258            | 130      | 310     | 470     | 320     | -30     | -50     |
| Other programs .....  | 355            | 42       | -13     | -57     | -25     | 17      | 14      |
| Credit liquidating accounts .....                                     | -243           | -1,264   | -534    | -451    | -526    | -412    | -379    |
| Offsetting receipts .....   | -151           | -100     | -102    | -104    | -106    | -108    | -110    |
| Subtotal, International financial programs .....                      | -2,689         | -1,769   | -927    | -609    | -708    | -857    | -835    |
| Total, International affairs .....                                    | 16,107         | 18,061   | 19,040  | 19,226  | 19,579  | 20,057  | 20,619  |
| <b>250 General science, space and technology:</b>                     |                |          |         |         |         |         |         |
| 251 General science and basic research:                               |                |          |         |         |         |         |         |
| National Science Foundation programs .....                            | 2,249          | 2,753    | 2,744   | 2,784   | 2,866   | 2,928   | 3,002   |
| Department of Energy general science programs .....                   | 1,263          | 1,416    | 1,502   | 1,550   | 1,591   | 1,632   | 1,674   |
| DoD general science programs .....                                    | 59             | 13       | 2       | 1       |         |         |         |
| Subtotal, General science and basic research .....                    | 3,571          | 4,183    | 4,248   | 4,335   | 4,457   | 4,560   | 4,676   |
| 252 Space flight, research, and supporting activities:                |                |          |         |         |         |         |         |
| Research and program management .....                                 | 1,465          | 1,306    | 1,374   | 1,433   | 1,488   | 1,545   | 1,605   |



## CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

| Major missions and programs                                       | 1992<br>actual | Estimate |        |        |        |        |        |
|---|----------------|----------|--------|--------|--------|--------|--------|
|   |                | 1993     | 1994   | 1995   | 1996   | 1997   | 1998   |
| Space flight control and data communications .....                | 5,118          | 5,031    | 5,124  | 5,271  | 5,414  | 5,555  | 5,699  |
| Construction of facilities .....                                  | 409            | 459      | 484    | 488    | 497    | 508    | 520    |
| Research and development .....                                    | 5,834          | 6,045    | 6,250  | 6,417  | 6,580  | 6,744  | 6,913  |
| Other .....   | 12             | 15       | 16     | 16     | 17     | 18     | 18     |
| Subtotal, Space flight, research, and supporting activities ..... | 12,838         | 12,856   | 13,248 | 13,625 | 13,995 | 14,371 | 14,754 |
| Total, General science, space and technology .....                | 16,409         | 17,039   | 17,496 | 17,960 | 18,452 | 18,930 | 19,430 |
| <b>270 Energy:</b>  |                |          |        |        |        |        |        |
| <b>271 Energy supply:</b>   |                |          |        |        |        |        |        |
| Research and development .....                                    | 3,432          | 3,648    | 3,749  | 3,958  | 4,009  | 4,027  | 4,012  |
| Naval petroleum reserves .....                                    | -278           | -184     | -270   | -282   | -261   | -239   | -230   |
| Federal power marketing .....                                     | -10            | 225      | -513   | -254   | -388   | -286   | -271   |
| Tennessee Valley Authority .....                                  | 1,374          | 1,226    | 835    | 919    | 939    | 724    | 738    |
| Uranium enrichment .....  | -275           | -78      |        |        |        |        |        |
| Nuclear waste program .....                                       | 327            | 280      | 282    | 289    | 297    | 304    | 312    |
| Nuclear waste fund receipts .....                                 | -567           | -417     | -375   | -540   | -577   | -586   | -595   |
| Subsidies for nonconventional fuel production .....               | 132            | 96       | 98     | 35     | 26     | 23     | 23     |
| Rural electric and telephone .....                                | 45             | 128      | 165    | 191    | 200    | 219    | 247    |
| Isotopes .....  | 8              | 5        | 5      | 5      | 5      | 6      | 6      |
| Credit liquidating accounts .....                                 | -961           | -570     | -906   | -1,143 | -1,265 | -1,498 | -1,691 |
| Subtotal, Energy supply .....                                     | 3,226          | 4,357    | 3,069  | 3,178  | 2,986  | 2,694  | 2,551  |
| <b>272 Energy conservation</b> .....                              | 468            | 516      | 538    | 581    | 597    | 612    | 628    |
| <b>274 Emergency energy preparedness</b> .....                    | 319            | 360      | 356    | 368    | 265    | 204    | 210    |
| <b>276 Energy information, policy, and regulation:</b>            |                |          |        |        |        |        |        |
| Nuclear Regulatory Commission (NRC) .....                         | 50             | 12       | 14     | 16     | 394    | 407    | 420    |
| Other energy programs .....                                       | 437            | 172      | 208    | 51     | 56     | 59     | 64     |
| Subtotal, Energy information, policy, and regulation .....        | 486            | 184      | 222    | 67     | 450    | 466    | 483    |
| Total, Energy .....   | 4,499          | 5,416    | 4,186  | 4,195  | 4,297  | 3,977  | 3,873  |
| <b>300 Natural resources and environment:</b>                     |                |          |        |        |        |        |        |
| <b>301 Water resources:</b>                                       |                |          |        |        |        |        |        |
| Corps of Engineers .....  | 3,731          | 3,939    | 3,993  | 4,146  | 4,473  | 4,489  | 4,698  |
| Bureau of Reclamation .....                                       | 984            | 1,174    | 910    | 982    | 1,013  | 1,026  | 1,041  |
| Other .....   | 243            | 353      | 329    | 325    | 317    | 335    | 367    |
| Offsetting receipts .....   | -399           | -432     | -383   | -461   | -678   | -596   | -686   |
| Subtotal, Water resources .....                                   | 4,559          | 5,033    | 4,849  | 4,992  | 5,125  | 5,253  | 5,420  |
| <b>302 Conservation and land management:</b>                      |                |          |        |        |        |        |        |
| Forest Service .....  | 2,850          | 2,856    | 2,861  | 2,944  | 3,029  | 3,108  | 3,209  |
| Management of public lands (BLM) .....                            | 936            | 977      | 954    | 992    | 1,025  | 1,059  | 1,093  |
| Mining reclamation and enforcement .....                          | 293            | 264      | 320    | 331    | 366    | 326    | 335    |
| Conservation reserve program .....                                | 1,669          | 1,781    | 1,839  | 1,852  | 1,916  | 1,927  | 1,232  |
| Other conservation of agricultural lands .....                    | 821            | 890      | 928    | 1,245  | 1,330  | 1,080  | 1,023  |
| Other .....   | 359            | 364      | 374    | 382    | 387    | 399    | 411    |
| Offsetting receipts .....   | -2,347         | -2,629   | -2,815 | -2,481 | -2,460 | -2,523 | -2,616 |
| Subtotal, Conservation and land management .....                  | 4,581          | 4,504    | 4,460  | 5,265  | 5,593  | 5,375  | 4,689  |
| <b>303 Recreational resources:</b>                                |                |          |        |        |        |        |        |
| Federal land acquisition .....                                    | 313            | 278      | 270    | 269    | 272    | 279    | 286    |
| Urban park and historic preservation funds .....                  | 38             | 43       | 46     | 43     | 40     | 40     | 41     |
| Operation of recreational resources .....                         | 2,148          | 2,437    | 2,490  | 2,542  | 2,601  | 2,673  | 2,760  |
| Offsetting receipts .....   | -121           | -211     | -152   | -157   | -161   | -165   | -170   |
| Subtotal, Recreational resources .....                            | 2,378          | 2,547    | 2,653  | 2,697  | 2,751  | 2,826  | 2,918  |
| <b>304 Pollution control and abatement:</b>                       |                |          |        |        |        |        |        |
| Regulatory, enforcement, and research programs .....              | 2,373          | 2,612    | 2,777  | 2,876  | 2,973  | 3,028  | 3,117  |
| Hazardous substance superfund .....                               | 1,291          | 1,599    | 1,631  | 1,696  | 1,702  | 1,713  | 1,725  |
| Oil pollution funds (gross) .....                                 | 108            | 176      | 183    | 187    | 191    | 194    | 197    |
| Water infrastructure financing .....                              | 2,421          | 2,397    | 2,422  | 2,582  | 2,679  | 2,716  | 2,748  |
| Leaking underground storage tank trust fund .....                 | 67             | 74       | 76     | 78     | 80     | 82     | 84     |

## CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

| Major missions and programs                           | 1992<br>actual | Estimate |         |         |         |          |          |
|---|----------------|----------|---------|---------|---------|----------|----------|
|   |                | 1993     | 1994    | 1995    | 1996    | 1997     | 1998     |
| Superfund recoveries and other .....                  | -184           | -214     | -275    | -275    | -275    | -275     | -275     |
| Subtotal, Pollution control and abatement .....       | 6,075          | 6,646    | 6,814   | 7,144   | 7,350   | 7,459    | 7,597    |
| <b>306 Other natural resources:</b>                   |                |          |         |         |         |          |          |
| Program activities .....                              | 2,447          | 2,556    | 2,566   | 2,688   | 2,783   | 2,867    | 2,959    |
| Offsetting receipts .....                             | -16            | -16      | -16     | -17     | -17     | -18      | -18      |
| Subtotal, Other natural resources .....               | 2,432          | 2,541    | 2,549   | 2,672   | 2,766   | 2,850    | 2,941    |
| Total, Natural resources and environment .....        | 20,025         | 21,271   | 21,326  | 22,771  | 23,585  | 23,763   | 23,564   |
| <b>350 Agriculture:</b>                               |                |          |         |         |         |          |          |
| <b>351 Farm income stabilization:</b>                 |                |          |         |         |         |          |          |
| Commodity Credit Corporation .....                    | 9,742          | 17,134   | 12,239  | 10,642  | 10,519  | 9,985    | 10,305   |
| Crop insurance .....                                  | 954            | 867      | 901     | 957     | 978     | 1,002    | 985      |
| Agricultural credit insurance .....                   | 371            | 498      | 490     | 508     | 520     | 535      | 551      |
| Emergency food assistance program .....               | 165            | 167      | 169     | 174     | 178     | 182      | 187      |
| Other .....   | 628            | 504      | 568     | 576     | 585     | 592      | 680      |
| Credit liquidating accounts .....                     | 805            | -18      | -370    | -870    | -1,321  | -1,262   | -1,149   |
| Subtotal, Farm income stabilization .....             | 12,666         | 19,153   | 13,997  | 11,966  | 11,459  | 11,035   | 11,559   |
| <b>352 Agricultural research and services:</b>        |                |          |         |         |         |          |          |
| Research programs .....                               | 1,068          | 1,103    | 1,153   | 1,177   | 1,214   | 1,250    | 1,289    |
| Extension programs .....                              | 404            | 424      | 420     | 443     | 455     | 466      | 478      |
| Marketing programs .....                              | 177            | 186      | 180     | 186     | 191     | 194      | 200      |
| Animal and plant health programs .....                | 448            | 498      | 473     | 493     | 509     | 525      | 542      |
| Economic intelligence .....                           | 258            | 250      | 254     | 267     | 274     | 278      | 285      |
| Other programs and unallocated overhead .....         | 305            | 311      | 331     | 343     | 354     | 365      | 377      |
| Offsetting receipts .....                             | -121           | -120     | -117    | -114    | -113    | -110     | -109     |
| Subtotal, Agricultural research and services .....    | 2,539          | 2,653    | 2,696   | 2,795   | 2,883   | 2,970    | 3,062    |
| Total, Agriculture .....                              | 15,205         | 21,805   | 16,693  | 14,782  | 14,342  | 14,005   | 14,621   |
| <b>370 Commerce and housing credit:</b>               |                |          |         |         |         |          |          |
| <b>371 Mortgage credit:</b>                           |                |          |         |         |         |          |          |
| Government National Mortgage Association (GNMA) ..... | -4             | -4       | -4      | -4      | -4      | -3       | -2       |
| Mortgage credit (FHA) .....                           | 207            | 249      | 303     | 323     | 333     | 343      | 354      |
| Rural housing programs .....                          | 704            | 1,008    | 1,071   | 1,125   | 1,165   | 1,205    | 1,240    |
| Federal housing enterprise oversight and other .....  | -1             | -*       | *       | -1      | -*      | -*       | -*       |
| Credit liquidating accounts .....                     | 3,414          | 1,213    | 341     | -423    | -1,146  | -2,041   | -3,191   |
| Subtotal, Mortgage credit .....                       | 4,320          | 2,466    | 1,712   | 1,020   | 348     | -496     | -1,599   |
| <b>372 Postal Service:</b>                            |                |          |         |         |         |          |          |
| Payments to the Postal Service fund (On-budget) ..... | 511            | 161      | 164     | 167     | 170     | 173      | 176      |
| Postal Service (Off-budget) .....                     | 659            | 1,627    | 1,574   | 1,269   | -675    | -1,109   | -1,373   |
| Subtotal, Postal Service .....                        | 1,169          | 1,788    | 1,738   | 1,436   | -505    | -936     | -1,197   |
| On-budget .....                                       | (511)          | (161)    | (164)   | (167)   | (170)   | (173)    | (176)    |
| Off-budget .....                                      | (659)          | (1,627)  | (1,574) | (1,269) | (-675)  | (-1,109) | (-1,373) |
| <b>373 Deposit insurance:</b>                         |                |          |         |         |         |          |          |
| Resolution Trust Corporation Fund .....               | -8,953         | -3,940   | -4,324  | -7,268  | -8,286  | -3,707   | -1,344   |
| Bank Insurance Fund .....                             | 3,666          | 4,009    | 2,974   | 4       | -3,275  | -4,674   | -4,530   |
| FSLIC Resolution Fund .....                           | 8,469          | 3,837    | 1,332   | 1,359   | 222     | -184     | 189      |
| Savings Association Insurance Fund .....              | -292           | -909     | 7,881   | 4,986   | -1,490  | -1,961   | -1,116   |
| National Credit Union Administration .....            | -231           | -203     | -167    | -193    | -206    | -219     | -234     |
| Other mandatory .....                                 | -46            | -7       | -6      | 2       | -1      | -2       | -1       |
| Discretionary .....                                   | -94            | 50       | 65      | 66      | 68      | 69       | 71       |
| Subtotal, Deposit insurance .....                     | 2,518          | 2,839    | 7,754   | -1,044  | -12,969 | -10,677  | -6,965   |
| <b>376 Other advancement of commerce:</b>             |                |          |         |         |         |          |          |
| Small and minority business assistance .....          | 592            | 690      | 671     | 679     | 692     | 713      | 734      |
| Science and technology .....                          | 240            | 325      | 319     | 364     | 436     | 454      | 482      |
| Economic and demographic statistics .....             | 342            | 436      | 361     | 378     | 371     | 416      | 412      |
| Payments to copyright owners .....                    | 238            | 290      | 340     | 375     | 380     | 390      | 400      |
| Regulatory agencies .....                             | 313            | 336      | 334     | 352     | 366     | 377      | 392      |

## CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

| Major missions and programs                            | 1992<br>actual | Estimate |          |         |          |          |          |
|--|----------------|----------|----------|---------|----------|----------|----------|
|  |                | 1993     | 1994     | 1995    | 1996     | 1997     | 1998     |
| International trade and other business promotion ..... | 251            | 389      | 365      | 376     | 505      | 522      | 541      |
| Credit liquidating accounts .....                      | 134            | 101      | 24       | -45     | -82      | -91      | -92      |
| Subtotal, Other advancement of commerce .....          | 2,111          | 2,567    | 2,413    | 2,479   | 2,668    | 2,781    | 2,870    |
| Total, Commerce and housing credit .....               | 10,118         | 9,660    | 13,617   | 3,890   | -10,458  | -9,328   | -6,891   |
| On-budget .....  | (9,459)        | (8,032)  | (12,043) | (2,621) | (-9,783) | (-8,219) | (-5,518) |
| Off-budget .....                                       | (659)          | (1,627)  | (1,574)  | (1,269) | (-675)   | (-1,109) | (-1,373) |
| <b>400 Transportation:</b>                             |                |          |          |         |          |          |          |
| <b>401 Ground transportation:</b>                      |                |          |          |         |          |          |          |
| Highways .....   | 15,410         | 17,613   | 17,896   | 18,025  | 18,466   | 18,933   | 19,397   |
| Highway safety .....                                   | 363            | 352      | 355      | 367     | 377      | 381      | 393      |
| Mass transit .....                                     | 3,667          | 3,567    | 3,674    | 3,846   | 3,823    | 4,077    | 4,209    |
| Railroads .....  | 908            | 779      | 1,001    | 1,084   | 1,011    | 1,035    | 1,062    |
| Regulation (ICC) .....                                 | 40             | 44       | 46       | 47      | 48       | 50       | 51       |
| Offsetting receipts .....                              | -42            | -60      | -62      | -64     | -65      | -66      | -67      |
| Subtotal, Ground transportation .....                  | 20,347         | 22,296   | 22,910   | 23,306  | 23,661   | 24,411   | 25,044   |
| <b>402 Air transportation:</b>                         |                |          |          |         |          |          |          |
| Airports and airways (FAA) .....                       | 8,155          | 8,779    | 8,860    | 9,235   | 9,589    | 9,919    | 10,231   |
| Aeronautical research and technology .....             | 1,122          | 1,221    | 1,284    | 1,322   | 1,359    | 1,398    | 1,437    |
| Payments to air carriers .....                         | 35             | 43       | 39       | 40      | 41       | 43       | 43       |
| Subtotal, Air transportation .....                     | 9,313          | 10,044   | 10,184   | 10,598  | 10,990   | 11,359   | 11,712   |
| <b>403 Water transportation:</b>                       |                |          |          |         |          |          |          |
| Marine safety and transportation .....                 | 3,167          | 3,416    | 3,365    | 3,449   | 3,537    | 3,642    | 3,761    |
| Ocean shipping .....                                   | 369            | 435      | 423      | 360     | 370      | 358      | 220      |
| Panama Canal Commission .....                          | 3              | -6       | -3       | 3       | 3        | *        | -*       |
| Offsetting receipts .....                              | -109           | -98      | -105     | -103    | -40      | -41      | -42      |
| Subtotal, Water transportation .....                   | 3,430          | 3,746    | 3,680    | 3,708   | 3,870    | 3,959    | 3,939    |
| <b>407 Other transportation:</b>                       |                |          |          |         |          |          |          |
| Miscellaneous programs .....                           | 258            | 332      | 342      | 355     | 362      | 373      | 384      |
| Offsetting receipts .....                              | -14            | -37      | -37      | -39     | -39      | -40      | -41      |
| Subtotal, Other transportation .....                   | 244            | 296      | 305      | 317     | 322      | 333      | 344      |
| Total, Transportation .....                            | 33,333         | 36,381   | 37,079   | 37,929  | 38,844   | 40,062   | 41,039   |
| <b>450 Community and regional development:</b>         |                |          |          |         |          |          |          |
| <b>451 Community development:</b>                      |                |          |          |         |          |          |          |
| Community development block grants .....               | 3,090          | 3,150    | 3,645    | 4,338   | 4,329    | 4,288    | 4,379    |
| Community investment program .....                     |                |          | 200      | 395     | 516      | 529      | 543      |
| Pennsylvania Avenue Development Corporation .....      | 60             | 183      | 214      | 165     | 100      | 16       | 16       |
| Other .....  | 492            | 481      | 419      | 360     | 387      | 399      | 374      |
| Subtotal, Community development .....                  | 3,643          | 3,814    | 4,479    | 5,258   | 5,332    | 5,232    | 5,311    |
| <b>452 Area and regional development:</b>              |                |          |          |         |          |          |          |
| Rural development .....                                | 240            | 463      | 554      | 612     | 664      | 688      | 715      |
| Economic development assistance .....                  | 169            | 239      | 272      | 279     | 284      | 274      | 257      |
| Indian programs .....                                  | 1,399          | 1,499    | 1,552    | 1,509   | 1,502    | 1,533    | 1,565    |
| Appalachian Regional Commission .....                  | 135            | 136      | 161      | 195     | 202      | 207      | 213      |
| Tennessee Valley Authority .....                       | 95             | 138      | 127      | 140     | 143      | 149      | 156      |
| Credit liquidating accounts .....                      | 616            | 722      | 397      | 323     | 261      | 209      | 163      |
| Offsetting receipts .....                              | -340           | -568     | -467     | -402    | -361     | -361     | -361     |
| Subtotal, Area and regional development .....          | 2,315          | 2,629    | 2,595    | 2,656   | 2,696    | 2,700    | 2,707    |
| <b>453 Disaster relief and insurance:</b>              |                |          |          |         |          |          |          |
| Small business disaster loans .....                    | 183            | 494      | 358      | 213     | 195      | 191      | 185      |
| Disaster relief .....                                  | 902            | 2,526    | 1,342    | 803     | 309      | 317      | 325      |
| Other .....  | 90             | 228      | 157      | 153     | 402      | 273      | 208      |

## CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

| Major missions and programs                                       | 1992<br>actual | Estimate |         |         |         |         |         |
|---|----------------|----------|---------|---------|---------|---------|---------|
|   |                | 1993     | 1994    | 1995    | 1996    | 1997    | 1998    |
| Credit liquidating accounts .....                                 | -294           | -535     | -370    | -276    | -229    | -188    | -155    |
| Subtotal, Disaster relief and insurance .....                     | 881            | 2,714    | 1,486   | 894     | 677     | 593     | 563     |
| Total, Community and regional development .....                   | 6,838          | 9,157    | 8,560   | 8,808   | 8,705   | 8,524   | 8,581   |
| <b>500 Education, training, employment, and social services:</b>  |                |          |         |         |         |         |         |
| <b>501 Elementary, secondary, and vocational education:</b>       |                |          |         |         |         |         |         |
| School improvement programs .....                                 | 1,502          | 1,702    | 1,805   | 1,593   | 1,611   | 1,650   | 1,691   |
| Compensatory education .....                                      | 6,159          | 6,878    | 6,642   | 6,847   | 7,051   | 7,229   | 7,410   |
| Special education .....   | 2,243          | 2,762    | 3,446   | 3,186   | 3,146   | 3,196   | 3,276   |
| Impact aid .....  | 795            | 854      | 788     | 810     | 812     | 826     | 847     |
| Vocational and adult education .....                              | 1,079          | 1,309    | 1,416   | 1,513   | 1,557   | 1,596   | 1,635   |
| Indian education programs .....                                   | 407            | 501      | 523     | 539     | 555     | 571     | 587     |
| Other .....   | 217            | 260      | 266     | 263     | 256     | 261     | 268     |
| Subtotal, Elementary, secondary, and vocational education .....   | 12,402         | 14,265   | 14,887  | 14,752  | 14,988  | 15,328  | 15,713  |
| <b>502 Higher education:</b>                                      |                |          |         |         |         |         |         |
| Student financial assistance .....                                | 7,071          | 7,542    | 7,900   | 8,153   | 8,388   | 8,623   | 8,892   |
| Family education loan program .....                               | 1,732          | 2,171    | 2,162   | 2,282   | 2,487   | 2,660   | 2,799   |
| Higher education .....  | 718            | 808      | 843     | 853     | 881     | 903     | 926     |
| Federal direct loan program .....                                 |                | 10       | 29      | 54      | 63      | 66      | 60      |
| Other .....   | 225            | 368      | 290     | 290     | 285     | 309     | 314     |
| Credit liquidating accounts (Family education loan program) ..... | 1,522          | 2,750    | 1,761   | 876     | -4,172  | -837    | -851    |
| Subtotal, Higher education .....                                  | 11,268         | 13,649   | 12,985  | 12,508  | 7,931   | 11,725  | 12,140  |
| <b>503 Research and general education aids</b> .....              | 1,996          | 2,135    | 2,175   | 2,214   | 2,269   | 2,332   | 2,400   |
| <b>504 Training and employment:</b>                               |                |          |         |         |         |         |         |
| Training and employment services .....                            | 4,281          | 4,535    | 4,185   | 4,430   | 4,609   | 4,729   | 4,849   |
| Trade adjustment assistance .....                                 | 65             | 71       | 74      | 76      | 76      | 75      | 76      |
| Older Americans employment .....                                  | 398            | 376      | 392     | 402     | 412     | 422     | 433     |
| Payments to States for AFDC work programs .....                   | 594            | 833      | 849     | 930     | 992     | 1,000   | 1,000   |
| Federal-State employment service .....                            | 1,064          | 1,201    | 1,196   | 1,229   | 1,261   | 1,294   | 1,327   |
| Other .....   | 77             | 69       | 75      | 80      | 82      | 85      | 88      |
| Subtotal, Training and employment .....                           | 6,479          | 7,085    | 6,772   | 7,147   | 7,433   | 7,606   | 7,773   |
| <b>505 Other labor services</b> .....                             | 884            | 920      | 958     | 994     | 1,030   | 1,065   | 1,102   |
| <b>506 Social services:</b>                                       |                |          |         |         |         |         |         |
| Social services block grant .....                                 | 2,708          | 2,845    | 2,803   | 2,800   | 2,800   | 2,800   | 2,800   |
| Community services block grant .....                              | 442            | 447      | 449     | 460     | 472     | 484     | 496     |
| Rehabilitation services .....                                     | 1,992          | 2,207    | 2,241   | 2,270   | 2,325   | 2,386   | 2,450   |
| Payments to States for foster care and adoption assistance .....  | 2,505          | 2,946    | 2,965   | 3,277   | 3,553   | 3,914   | 4,290   |
| Children and families services programs .....                     | 3,870          | 4,170    | 3,721   | 3,808   | 3,907   | 4,007   | 4,109   |
| Aging services program .....                                      |                | 574      | 838     | 876     | 898     | 921     | 944     |
| Domestic volunteer programs .....                                 | 194            | 199      | 205     | 211     | 217     | 224     | 230     |
| Interim assistance to States for legalization .....               | 501            | 357      | 564     | 135     |         |         |         |
| Other social services .....                                       | 8              | 22       | 18      | 18      | 16      | 16      | 17      |
| Subtotal, Social services .....                                   | 12,221         | 13,767   | 13,805  | 13,856  | 14,189  | 14,751  | 15,335  |
| Total, Education, training, employment, and social services ..... | 45,250         | 51,821   | 51,581  | 51,470  | 47,840  | 52,807  | 54,464  |
| <b>550 Health:</b>  |                |          |         |         |         |         |         |
| <b>551 Health care services:</b>                                  |                |          |         |         |         |         |         |
| Medicaid grants .....   | 67,827         | 80,511   | 92,229  | 106,379 | 120,231 | 134,922 | 150,013 |
| Health insurance earned income credit .....                       | 418            | 513      | 607     | 680     | 737     | 772     | 809     |
| Federal employees' health benefits .....                          | 2,950          | 3,538    | 3,665   | 3,669   | 3,897   | 4,728   | 5,421   |
| Coal miners retirees health benefits .....                        |                | 207      | 292     | 251     | 247     | 243     | 239     |
| Indian health .....   | 1,558          | 1,806    | 1,905   | 1,959   | 2,015   | 2,074   | 2,134   |
| Substance abuse and mental health services .....                  | 1,778          | 1,936    | 2,036   | 2,102   | 2,159   | 2,214   | 2,270   |
| Other health care services .....                                  | 3,188          | 4,047    | 4,065   | 4,249   | 4,391   | 4,498   | 4,562   |
| Subtotal, Health care services .....                              | 77,719         | 92,557   | 104,799 | 119,289 | 133,678 | 149,451 | 165,448 |
| <b>552 Health research and training:</b>                          |                |          |         |         |         |         |         |
| National Institutes of Health .....                               | 8,376          | 9,157    | 10,132  | 10,623  | 10,970  | 11,276  | 11,577  |
| DoD breast cancer and other health research .....                 |                | 116      | 287     | 237     | 227     | 232     | 238     |

## CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

| Major missions and programs   | 1992<br>actual | Estimate |         |         |         |         |         |
|---|----------------|----------|---------|---------|---------|---------|---------|
|   |                | 1993     | 1994    | 1995    | 1996    | 1997    | 1998    |
| Clinical training .....   | 320            | 341      | 360     | 369     | 364     | 359     | 354     |
| Substance abuse and mental health research .....  | 1,086          | 674      | 223     | 74      | 24      | 8       | 3       |
| Other research and training .....   | 240            | 264      | 266     | 273     | 281     | 290     | 299     |
| Subtotal, Health research and training .....  | 10,021         | 10,552   | 11,269  | 11,576  | 11,867  | 12,166  | 12,471  |
| <b>554 Consumer and occupational health and safety:</b>                                 |                |          |         |         |         |         |         |
| Food safety and inspection .....  | 466            | 490      | 500     | 531     | 551     | 571     | 592     |
| Other consumer safety .....   | 792            | 829      | 894     | 916     | 946     | 977     | 1,010   |
| Occupational safety and health .....  | 499            | 490      | 509     | 527     | 544     | 562     | 581     |
| Subtotal, Consumer and occupational health and safety .....                             | 1,757          | 1,809    | 1,903   | 1,974   | 2,041   | 2,110   | 2,183   |
| Total, Health .....   | 89,497         | 104,919  | 117,971 | 132,839 | 147,586 | 163,728 | 180,102 |
| <b>570 Medicare:</b>  |                |          |         |         |         |         |         |
| <b>571 Medicare:</b>  |                |          |         |         |         |         |         |
| Hospital insurance (HI) .....   | 81,971         | 91,545   | 103,039 | 114,804 | 127,748 | 139,312 | 150,373 |
| Supplementary medical insurance (SMI) .....   | 50,285         | 56,232   | 64,292  | 72,995  | 82,771  | 93,510  | 105,452 |
| Medicare premiums and collections .....   | -13,232        | -15,099  | -17,352 | -19,761 | -21,016 | -21,881 | -22,742 |
| Total, Medicare .....   | 119,024        | 132,678  | 149,979 | 168,038 | 189,503 | 210,940 | 233,083 |
| <b>600 Income security:</b>   |                |          |         |         |         |         |         |
| <b>601 General retirement and disability insurance (excluding social security):</b>     |                |          |         |         |         |         |         |
| Railroad retirement .....   | 4,505          | 4,577    | 4,598   | 4,587   | 4,561   | 4,513   | 4,500   |
| Special benefits for disabled coal miners .....   | 1,457          | 1,435    | 1,399   | 1,358   | 1,316   | 1,271   | 1,220   |
| Pension Benefit Guaranty Corporation .....  | -654           | -789     | -624    | -598    | -569    | -536    | -502    |
| Other .....   | 175            | 181      | 196     | 211     | 226     | 242     | 260     |
| Subtotal, General retirement and disability insurance (excluding social security) ..... | 5,483          | 5,405    | 5,569   | 5,559   | 5,533   | 5,490   | 5,478   |
| <b>602 Federal employee retirement and disability:</b>                                  |                |          |         |         |         |         |         |
| Civilian retirement and disability programs .....                                       | 34,001         | 34,943   | 36,483  | 37,824  | 41,286  | 43,685  | 45,482  |
| Military retirement .....   | 24,491         | 25,591   | 26,789  | 27,914  | 29,029  | 30,172  | 31,320  |
| Federal employees workers' compensation (FECA) .....                                    | 207            | 250      | 230     | 238     | 244     | 252     | 258     |
| Federal employees life insurance fund .....   | -1,126         | -1,070   | -1,037  | -1,024  | -1,009  | -998    | -986    |
| Subtotal, Federal employee retirement and disability .....                              | 57,572         | 59,714   | 62,465  | 64,953  | 69,550  | 73,111  | 76,075  |
| <b>603 Unemployment compensation</b> .....  | 39,466         | 34,853   | 26,850  | 26,257  | 26,253  | 26,529  | 26,906  |
| <b>604 Housing assistance:</b>  |                |          |         |         |         |         |         |
| Subsidized housing .....  | 13,642         | 13,393   | 14,146  | 14,939  | 14,887  | 14,556  | 14,244  |
| Renewal of Section 8 contracts .....  | 1,510          | 3,082    | 4,112   | 5,011   | 5,850   | 6,790   | 7,804   |
| Public housing .....  | 2,301          | 2,527    | 2,537   | 2,429   | 2,482   | 2,536   | 2,591   |
| Supportive housing program .....  | 69             | 85       | 101     | 135     | 136     | 162     | 189     |
| Emergency shelter grants .....  | 71             | 70       | 58      | 59      | 53      | 54      | 55      |
| Home investment partnerships program .....  | 3              | 276      | 757     | 1,032   | 1,178   | 1,117   | 1,135   |
| Shelter plus care .....   |                | 10       | 43      | 71      | 99      | 128     | 158     |
| Community partnerships against crime .....  | 37             | 210      | 179     | 178     | 183     | 187     | 192     |
| HOPE grants .....   |                | 80       | 220     | 375     | 477     | 574     | 642     |
| Rural housing assistance .....  | 368            | 419      | 465     | 487     | 501     | 512     | 525     |
| Other housing assistance .....  | 913            | 1,030    | 1,159   | 979     | 997     | 1,017   | 1,037   |
| Subtotal, Housing assistance .....  | 18,914         | 21,182   | 23,777  | 25,695  | 26,842  | 27,633  | 28,571  |
| <b>605 Food and nutrition assistance:</b>   |                |          |         |         |         |         |         |
| Food stamps .....   | 21,804         | 23,503   | 24,518  | 25,119  | 25,837  | 26,528  | 27,212  |
| Nutrition assistance for Puerto Rico .....  | 996            | 1,043    | 1,091   | 1,133   | 1,133   | 1,133   | 1,133   |
| Child nutrition and special milk .....  | 6,146          | 6,810    | 7,373   | 7,948   | 8,540   | 9,115   | 9,729   |
| Special supplemental food program for women, infants, and children (WIC) .....          | 2,545          | 2,840    | 2,942   | 3,008   | 3,082   | 3,159   | 3,238   |
| Other nutrition programs .....  | 1,131          | 1,093    | 1,066   | 1,034   | 1,050   | 1,068   | 1,085   |
| Subtotal, Food and nutrition assistance .....   | 32,622         | 35,288   | 36,989  | 38,240  | 39,643  | 41,003  | 42,398  |
| <b>609 Other income security:</b>   |                |          |         |         |         |         |         |
| Supplemental security income (SSI) .....  | 19,445         | 23,444   | 27,086  | 27,700  | 27,739  | 32,097  | 34,286  |
| Family support payments .....   | 15,104         | 15,768   | 16,020  | 16,500  | 16,928  | 17,441  | 18,020  |
| Earned income tax credit (EITC) .....   | 7,345          | 8,396    | 9,506   | 12,907  | 13,515  | 14,114  | 14,869  |

## CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

| Major missions and programs                                      | 1992<br>actual | Estimate  |           |           |           |           |           |
|--|----------------|-----------|-----------|-----------|-----------|-----------|-----------|
|  |                | 1993      | 1994      | 1995      | 1996      | 1997      | 1998      |
| Refugee assistance .....   | 381            | 388       | 389       | 397       | 406       | 415       | 426       |
| Low income home energy assistance .....                          | 1,142          | 1,040     | 2,048     | 1,534     | 1,516     | 1,548     | 1,586     |
| Payments to states for day-care assistance .....                 | .....          | 412       | 979       | 1,057     | 1,014     | 969       | 986       |
| Other .....  | 152            | 261       | 164       | 169       | 173       | 178       | 182       |
| Recovery of SSI overpayments .....                               | -668           | -680      | -860      | -905      | -910      | -1,065    | -1,165    |
| Subtotal, Other income security .....                            | 42,901         | 49,029    | 55,333    | 59,358    | 60,380    | 65,697    | 69,189    |
| Total, Income security .....                                     | 196,958        | 205,472   | 210,982   | 220,063   | 228,203   | 239,464   | 248,617   |
| <b>650 Social security:</b>                                      |                |           |           |           |           |           |           |
| <b>651 Social security:</b>                                      |                |           |           |           |           |           |           |
| Old-age and survivors insurance (OASI) .....                     | 256,289        | 270,112   | 283,501   | 296,052   | 308,547   | 321,394   | 334,448   |
| Disability insurance (DI) .....                                  | 31,295         | 34,641    | 37,224    | 39,862    | 42,615    | 45,712    | 49,076    |
| Interfund transactions .....                                     | -*             | .....     | .....     | .....     | .....     | .....     | .....     |
| Total, Social security .....                                     | 287,585        | 304,753   | 320,725   | 335,913   | 351,162   | 367,106   | 383,525   |
| On-budget .....  | (6,166)        | (5,953)   | (6,547)   | (6,871)   | (7,034)   | (7,211)   | (7,437)   |
| Off-budget .....   | (281,418)      | (298,801) | (314,179) | (329,043) | (344,129) | (359,895) | (376,088) |
| <b>700 Veterans benefits and services:</b>                       |                |           |           |           |           |           |           |
| <b>701 Income security for veterans:</b>                         |                |           |           |           |           |           |           |
| Compensation .....   | 12,637         | 13,115    | 14,558    | 13,992    | 13,297    | 14,564    | 14,836    |
| Pensions .....   | 3,666          | 3,550     | 3,643     | 3,336     | 3,074     | 3,283     | 3,622     |
| Burial benefits and miscellaneous assistance .....               | 105            | 116       | 125       | 119       | 113       | 123       | 124       |
| National service life insurance trust fund .....                 | 1,329          | 1,157     | 1,201     | 1,236     | 1,265     | 1,270     | 1,293     |
| All other insurance programs .....                               | -18            | 18        | 38        | 35        | 51        | 68        | 37        |
| Insurance program receipts .....                                 | -424           | -377      | -322      | -309      | -300      | -291      | -259      |
| Subtotal, Income security for veterans .....                     | 17,296         | 17,578    | 19,243    | 18,409    | 17,498    | 19,017    | 19,654    |
| <b>702 Veterans education, training, and rehabilitation:</b>     |                |           |           |           |           |           |           |
| Readjustment benefits (GI Bill and related programs) .....       | 746            | 824       | 1,182     | 1,210     | 1,269     | 1,372     | 1,450     |
| Post-Vietnam era education .....                                 | 55             | 39        | 39        | 39        | 38        | 33        | 32        |
| All-volunteer force educational assistance trust fund .....      | -16            | -103      | -101      | -120      | -107      | -100      | -88       |
| Other .....  | -2             | -*        | 1         | 1         | 1         | 1         | 1         |
| Subtotal, Veterans education, training, and rehabilitation ..... | 783            | 759       | 1,121     | 1,130     | 1,201     | 1,306     | 1,396     |
| <b>703 Hospital and medical care for veterans:</b>               |                |           |           |           |           |           |           |
| Medical care and hospital services .....                         | 13,567         | 14,410    | 15,105    | 15,666    | 16,205    | 16,759    | 17,333    |
| Medical administration, research, and other .....                | 254            | 309       | 324       | 336       | 348       | 360       | 373       |
| Construction .....   | 629            | 682       | 705       | 699       | 701       | 720       | 740       |
| Third-party medical recoveries .....                             | -216           | -103      | -50       | 168       | -76       | -20       | 21        |
| Fees and other charges for medical services .....                | -144           | -355      | -473      | -530      | -375      | -456      | -407      |
| Subtotal, Hospital and medical care for veterans .....           | 14,091         | 14,943    | 15,610    | 16,340    | 16,803    | 17,364    | 18,060    |
| <b>704 Veterans housing:</b>                                     |                |           |           |           |           |           |           |
| Loan guaranty .....  | 175            | 137       | 119       | 117       | 116       | 115       | 116       |
| Direct loans .....   | 1              | 2         | 3         | 4         | 5         | 7         | 7         |
| Guaranty and indemnity .....                                     | 581            | 489       | 504       | 505       | 508       | 505       | 508       |
| Credit liquidating accounts .....                                | 140            | 427       | 247       | 182       | 98        | 71        | 31        |
| Subtotal, Veterans housing .....                                 | 896            | 1,055     | 873       | 788       | 727       | 699       | 659       |
| <b>705 Other veterans benefits and services:</b>                 |                |           |           |           |           |           |           |
| Cemeteries, administration of veterans benefits, and other ..... | 955            | 1,028     | 969       | 1,005     | 1,036     | 1,071     | 1,107     |
| Non-VA support programs .....                                    | 111            | 102       | 101       | 98        | 100       | 103       | 105       |
| Subtotal, Other veterans benefits and services .....             | 1,065          | 1,130     | 1,071     | 1,103     | 1,136     | 1,173     | 1,213     |
| Total, Veterans benefits and services .....                      | 34,133         | 35,466    | 37,918    | 37,770    | 37,365    | 39,559    | 40,982    |
| <b>750 Administration of justice:</b>                            |                |           |           |           |           |           |           |
| <b>751 Federal law enforcement activities:</b>                   |                |           |           |           |           |           |           |
| Criminal investigations (DEA, FBI, FinCEN, OCDE) .....           | 3,006          | 2,991     | 3,246     | 3,590     | 3,661     | 3,767     | 3,889     |
| Alcohol, tobacco, and firearms investigations (ATF) .....        | 336            | 370       | 383       | 398       | 412       | 426       | 442       |
| Border enforcement activities (Customs and INS) .....            | 3,199          | 3,459     | 3,320     | 3,489     | 3,428     | 3,518     | 3,637     |
| Customs and INS fees .....                                       | -1,152         | -1,288    | -1,372    | -1,458    | -722      | -742      | -766      |
| Protection activities (Secret Service) .....                     | 497            | 508       | 514       | 537       | 554       | 572       | 591       |

## CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

| Major missions and programs   | 1992<br>actual | Estimate |         |         |         |         |         |
|---|----------------|----------|---------|---------|---------|---------|---------|
|   |                | 1993     | 1994    | 1995    | 1996    | 1997    | 1998    |
| Other enforcement .....   | 577            | 625      | 658     | 687     | 713     | 737     | 762     |
| Subtotal, Federal law enforcement activities .....                            | 6,462          | 6,665    | 6,749   | 7,242   | 8,046   | 8,278   | 8,554   |
| <b>752 Federal litigative and judicial activities:</b>                        |                |          |         |         |         |         |         |
| Civil and criminal prosecution and representation .....                       | 2,383          | 2,465    | 2,608   | 2,697   | 2,747   | 2,833   | 2,923   |
| Federal judicial activities .....   | 2,329          | 2,561    | 2,655   | 2,723   | 2,803   | 2,900   | 3,000   |
| Representation of indigents in civil cases .....                              | 329            | 357      | 365     | 375     | 384     | 394     | 403     |
| Other .....   | 13             | 14       | 15      | 11      | 13      | 15      | 16      |
| Subtotal, Federal litigative and judicial activities .....                    | 5,054          | 5,397    | 5,643   | 5,806   | 5,948   | 6,141   | 6,341   |
| <b>753 Federal correctional activities</b> .....                              | 2,114          | 2,268    | 2,539   | 2,738   | 2,576   | 2,367   | 2,445   |
| <b>754 Criminal justice assistance</b> .....                                  | 795            | 965      | 751     | 997     | 903     | 927     | 952     |
| Total, Administration of justice .....  | 14,426         | 15,294   | 15,682  | 16,783  | 17,473  | 17,713  | 18,292  |
| <b>800 General government:</b>  |                |          |         |         |         |         |         |
| <b>801 Legislative functions</b> .....  | 2,124          | 2,227    | 2,214   | 2,285   | 2,342   | 2,420   | 2,503   |
| <b>802 Executive direction and management</b> .....                           | 188            | 238      | 251     | 267     | 257     | 265     | 273     |
| <b>803 Central fiscal operations:</b>   |                |          |         |         |         |         |         |
| Collection of taxes .....   | 6,396          | 7,126    | 7,367   | 7,681   | 7,931   | 8,208   | 8,494   |
| Other fiscal operations .....   | 216            | 238      | 247     | 311     | 341     | 378     | 392     |
| Subtotal, Central fiscal operations .....                                     | 6,612          | 7,363    | 7,614   | 7,992   | 8,272   | 8,586   | 8,887   |
| <b>804 General property and records management:</b>                           |                |          |         |         |         |         |         |
| Federal buildings fund .....  | 314            | 1,066    | 688     | 1,207   | 231     | 250     | 161     |
| Property and other receipts .....   | -27            | -44      | -37     | -46     | -46     | -46     | -46     |
| Records management .....  | 226            | 310      | 212     | 167     | 172     | 176     | 180     |
| Other .....   | 179            | 317      | 216     | 224     | 226     | 229     | 235     |
| Subtotal, General property and records management .....                       | 692            | 1,649    | 1,078   | 1,553   | 583     | 609     | 531     |
| <b>805 Central personnel management</b> .....                                 | 206            | 162      | 171     | 192     | 198     | 205     | 213     |
| <b>806 General purpose fiscal assistance:</b>                                 |                |          |         |         |         |         |         |
| Payments and loans to the District of Columbia .....                          | 367            | 674      | 685     | 703     | 720     | 737     | 757     |
| Payments to States and counties from Forest Service receipts .....            | 338            | 358      | 388     | 345     | 315     | 314     | 325     |
| Payments to States from receipts under the Mineral Leasing Act .....          | 432            | 431      | 518     | 507     | 529     | 548     | 565     |
| Payments to States and counties from Federal land management activities ..... | 145            | 108      | 56      | 56      | 57      | 60      | 61      |
| Payments in lieu of taxes .....   | 101            | 104      | 107     | 110     | 112     | 115     | 118     |
| Payments to territories and Puerto Rico .....                                 | 205            | 223      | 230     | 239     | 244     | 251     | 256     |
| Other .....   | 278            | 279      | 275     | 270     | 266     | 263     | 258     |
| Subtotal, General purpose fiscal assistance .....                             | 1,865          | 2,177    | 2,259   | 2,228   | 2,242   | 2,288   | 2,339   |
| <b>806 Other general government:</b>  |                |          |         |         |         |         |         |
| Compact of free association .....   | 160            | 161      | 142     | 143     | 146     | 130     | 132     |
| Territories .....   | 109            | 114      | 106     | 106     | 109     | 112     | 113     |
| Treasury claims .....   | 792            | 609      | 599     | 599     | 599     | 594     | 594     |
| Civil liberties public education fund .....                                   | 500            | 500      | 100     |         |         |         |         |
| Presidential election campaign fund .....                                     | 148            | 7        |         | 23      | 185     | 4       |         |
| Other .....   | 74             | 170      | 167     | 158     | 164     | 170     | 176     |
| Subtotal, Other general government .....                                      | 1,782          | 1,561    | 1,113   | 1,029   | 1,203   | 1,009   | 1,016   |
| <b>809 Deductions for offsetting receipts</b> .....                           | -524           | -677     | -691    | -700    | -710    | -710    | -710    |
| Total, General government .....   | 12,945         | 14,701   | 14,010  | 14,846  | 14,388  | 14,673  | 15,052  |
| <b>900 Net interest:</b>  |                |          |         |         |         |         |         |
| <b>901 Interest on the public debt</b> .....                                  | 292,330        | 294,583  | 311,513 | 334,038 | 358,518 | 383,579 | 411,745 |
| <b>902 Interest received by on-budget trust funds:</b>                        |                |          |         |         |         |         |         |
| Civil Service retirement and disability .....                                 | -22,383        | -23,653  | -25,014 | -26,144 | -27,393 | -28,427 | -29,435 |
| Military retirement .....   | -9,017         | -9,630   | -10,534 | -11,676 | -12,966 | -14,338 | -15,972 |
| Medicare .....  | -11,770        | -12,194  | -12,252 | -11,608 | -10,308 | -8,337  | -5,949  |

## CURRENT SERVICES OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

| Major missions and programs                                  | 1992<br>actual | Estimate    |             |             |             |             |             |
|--|----------------|-------------|-------------|-------------|-------------|-------------|-------------|
|  |                | 1993        | 1994        | 1995        | 1996        | 1997        | 1998        |
| Other on-budget trust fund interest .....                    | -11,023        | -9,357      | -8,713      | -8,755      | -8,821      | -8,974      | -9,184      |
| Subtotal, Interest received by on-budget trust funds .....   | -54,193        | -54,834     | -56,513     | -58,183     | -59,488     | -60,076     | -60,540     |
| 903 Interest received by off-budget trust funds .....        | -23,637        | -26,967     | -29,542     | -32,859     | -36,714     | -41,423     | -46,677     |
| <b>908 Other Interest:</b>                                   |                |             |             |             |             |             |             |
| Interest on loans to Federal Financing Bank .....            | -14,716        | -11,490     | -10,545     | -9,774      | -8,543      | -7,226      | -6,302      |
| Interest on refunds of tax collections .....                 | 3,253          | 2,595       | 2,720       | 2,869       | 3,032       | 3,144       | 3,251       |
| Payment to the Resolution Funding Corporation .....          | 2,328          | 2,328       | 2,328       | 2,328       | 2,328       | 2,328       | 2,328       |
| Interest paid to loan guarantee financing accounts .....     | 97             | 287         | 551         | 750         | 907         | 1,037       | 1,178       |
| Interest received from direct loan financing accounts .....  | -97            | -586        | -1,023      | -1,460      | -1,894      | -2,332      | -2,807      |
| Interest on deposits in tax and loan accounts .....          | -804           | -564        | -730        | -890        | -995        | -1,030      | -1,050      |
| Other .....  | -5,123         | -3,891      | -4,710      | -3,756      | -3,576      | -3,453      | -3,303      |
| Subtotal, Other interest .....                               | -15,061        | -11,321     | -11,409     | -9,934      | -8,741      | -7,531      | -6,705      |
| Total, Net interest .....                                    | 199,439        | 201,461     | 214,049     | 233,063     | 253,575     | 274,549     | 297,823     |
| On-budget .....  | (223,076)      | (228,428)   | (243,591)   | (265,922)   | (290,289)   | (315,972)   | (344,500)   |
| Off-budget .....   | (-23,637)      | (-26,967)   | (-29,542)   | (-32,859)   | (-36,714)   | (-41,423)   | (-46,677)   |
| <b>950 Undistributed offsetting receipts:</b>                |                |             |             |             |             |             |             |
| 951 Employer share, employee retirement (on-budget) .....    | -30,680        | -28,494     | -28,473     | -29,500     | -30,082     | -31,234     | -32,727     |
| 952 Employer share, employee retirement (off-budget) .....   | -6,101         | -6,373      | -6,731      | -7,125      | -7,601      | -8,128      | -8,722      |
| 953 Rents and royalties on the Outer Continental Shelf ..... | -2,498         | -2,299      | -2,758      | -2,352      | -2,383      | -2,396      | -2,449      |
| Total, Undistributed offsetting receipts .....               | -39,280        | -37,165     | -37,962     | -38,977     | -40,066     | -41,758     | -43,898     |
| On-budget .....  | (-33,179)      | (-30,793)   | (-31,231)   | (-31,852)   | (-32,465)   | (-33,630)   | (-35,176)   |
| Off-budget .....   | (-6,101)       | (-6,373)    | (-6,731)    | (-7,125)    | (-7,601)    | (-8,128)    | (-8,722)    |
| Total .....  | 1,380,860      | 1,458,799   | 1,516,806   | 1,585,076   | 1,648,504   | 1,744,817   | 1,841,395   |
| On-budget .....  | (1,128,521)    | (1,191,711) | (1,237,326) | (1,294,748) | (1,349,366) | (1,435,582) | (1,522,079) |
| Off-budget .....   | (252,339)      | (267,088)   | (279,480)   | (290,328)   | (299,139)   | (309,235)   | (319,316)   |

\* \$500 thousand or less.